SENATE—*Wednesday, October 25, 1995*

The Senate met at 10 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

God of power and providence, we begin this day of work in this Senate with the assurance that You will be with us, You will never leave us or forsake us, and we remember Your assurance to Joshua, "Be strong and of good courage."

You have chosen to be our God and elected us to be Your servants. You are the Sovereign Lord of this Nation and have destined us to be a land of righteousness, justice, and freedom. Now Your glory fills this historic Chamber.

Through Your grace, You never give up on us. With Your judgment, You hold us accountable to the absolutes of Your Ten Commandments. In Your mercy, You forgive us when we fail. By Your spirit, You give us strength and courage.

You also call us to maintain unity in the midst of diversity of differing solutions to the problems that we must address together. So, today, guide us in our discussion of the issues of the Budget Reconciliation Act and lead us to solutions that maintain our oneness. When the debate is ended and the votes are counted, enable us to press on to the work ahead with unity. I pray this in Jesus' name. Amen.

Mr. SIMPSON. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. FORD. Mr. President, I do not believe that the bill has been laid down yet this morning.

I ask unanimous consent that I may proceed as in morning business for no more than 5 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE BRIDGE CONNECTING KENTUCKY AND INDIANA

Mr. FORD. Mr. President, in 1987, a study was made of a major bridge connecting my State of Kentucky and the State of Indiana. It was determined—this was on a major highway—that the bridge's life would be no more than 15 years as it related to the ability to carry major loads. At that time, Gov. Wallace Wilkinson decided that he would do everything he could to replace that bridge, and $10 million of Kentucky money was put up front.

To make a long story short, the people of that area approached then Congressman William H. Natcher, who was on the Appropriations Committee in the House, and was chairman a little bit later of the Appropriations Committee in the House. And after much study and discussion, in order to speed up the ability to have the funds as it related to that particular bridge, it was decided that it should become a demonstration project. Otherwise, it could have been delayed for a long, long time. The bridge was then designated, through Congressman Natcher's effort, as a demonstration project, and the construction started through the design, and almost 7 miles of road now has been built. That road has been built up to the river bank. The approach has been built on the Indiana side. And two piers have been built in the middle of the Ohio River.

Mr. President, Congressman Natcher was an unusual individual. Using his influence in the Appropriations Committee, he could have funded this bridge up front, some $80 million, the State paying the balance. But instead of doing that, Congressman Natcher would only take what was necessary for that one 12-month period, leaving the balance of the money then for his colleagues on the committee to use as they saw necessary.

Unfortunately, the death of Congressman Natcher eliminated a powerful voice and one who could be depended upon to fund the bridge. After the demonstration projects were eliminated on the House side and on the Senate side, Congressman Natcher was able to get some money in the bill as it related to appropriations and directed a line item for this particular bridge. After Congressman Natcher's untimely and unfortunate death, no funds were included on the House side as it related to the bridge.

I worked with my colleagues on the Appropriations Committee here in the Senate. We were able to make a modest contribution to the construction.

Now we have a budget going through the House and Senate with not one thin dime in there for that bridge.

As I said, there has been a lot of work done, four lanes now, for 7 miles on the Kentucky side, right up to the river bank. On the other side, the approach has been constructed by the State of Indiana. Two piers stick out of the Ohio River. We say, no, we are not going to finish or complete that bridge, with $58 million already expended.

I have an amendment I wanted to put on reconciliation to fund the bridge because it is a very necessary bridge because we are getting close to the day when the present bridge will not be able to carry traffic. That means trucks will have to go at least 100 miles out of their way in order to make deliveries in order to serve our area.

It is very important to the economic development of both the northern part of western Kentucky and the southern part of Indiana, a very key economic development tool, the life of that particular area.

In checking, Mr. President, on this particular amendment, I understand that the Budget Committee—which has the right to do so—would make a point of order against my amendment and that it would require 60 votes, a supermajority, in order for me to pass the amendment. Of course, I know I cannot do that.

There are things in this life that you realize cannot be done. You accept that and move on. Well, I accept this for the moment. I accept this for the moment. We are going to revisit this question time and time again because it is an abomination for a major highway to have a major bridge constructed to a point—two piers sticking out of the Ohio River—and not a dime to complete it.

My State is not a wealthy State, but the money is available by the State to pay for its part, and it has paid more than its part in the designation of the highway to the bridge and the four-lane facility, and the bridge will be a four-lane facility and has been recognized as one of the outstanding designs for not only design but safety that we have had in this country.

Mr. President, I regret the attitude of the Budget Committee. At least I thought I might have a fighting chance to be able to secure the funds for this bridge. However, if the Members on the other side stick together, then I have no chance.

I just wanted the record to reflect this morning that my constituents and those in Indiana are being denied infrastructure, that $58 million of our tax dollars have been spent, and they say, "No, we will not build the rest of it." It seems to me that it is no longer a demonstration project, with $58 million having been spent, the piers being built in the river, and the span now is all that is lacking.

This new majority here in the Congress has said to my people, "We are not going to finish it. It is up to you."

They even reduced the funds to my State by some $45 million for this fiscal year compared to last fiscal year, and they say, "Just take it out of your funds and build it."

Well, that is not easy to swallow. I do not intend to see my people denied something that is real, something that is necessary, and something I do not think you could hold fault with, take umbrage with, because of its need, and we are in the position which we are in.

Mr. President, I will file my amendment. I will not call it up. I want it to be on record. It will be there. I will offer it this afternoon, at least file it at the desk and let my colleagues know of my interest and how much damage they are doing to the commerce from south to north that goes through Tennessee, Kentucky, on into Indiana, that hooks up with interstate highways.

It will cause major economic devastation to our area. Many companies that have built there, that have come there, have been depending on this mode of transportation because trucks are important to the new development of new businesses that have come into that area.

Mr. President, again, I regret that the majority has said to my people and those in southern Indiana that we are just going to let the piers stick out of the river like two sore spots and not complete the bridge.

Mr. President, I imagine my 5 minutes are up. I know the Chair is patient, and I appreciate that, but I did want the record to reflect that I am very disappointed in the way that the constituents in Indiana and Kentucky have been treated in this particular budget for this particular item.

I yield the floor.

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

RECONCILIATION

Mr. DORGAN. Mr. President, today, the Senate will begin deliberating something called the budget reconciliation bill, which for most Americans is a term that does not mean very much. The reconciliation bill means reconciling spending on Federal programs to the terms of the budget agreement that was agreed to earlier this year by the Congress.

The reconciliation bill is probably one of the most significant pieces of legislation that has been considered in this Chamber in several decades. Yet we were provided with the reconciliation bill late yesterday afternoon.

For purposes of illustrating what the Senate is going to be considering, this bill is contained in these two volumes, about 2,000 pages of legislation. It is 1,949 pages, to be exact, and was delivered late yesterday to our desks.

Because there was a World Series game last night and I was preoccupied, unfortunately, until the 11th inning of that game—until quarter to 1 in the morning—I did try to muddle my way through these 2,000 pages but without great success. This is not a very good way to legislate.

However, I want to make two points about this bill. First, even though there will be a lot of criticism back and forth, and much of it justifiable, we should recognize that there are some provisions in this bill on which both political parties agree. There are things in this reconciliation bill that make a lot of sense, and I commend the majority party for a number of things that they intend to do. For instance, we do need to cut spending.

There are a number of areas of spending cuts offered by the majority party for which I say to them, "Good job; I support you." There are areas here where there is agreement. The American people in most cases hear only about where we disagree—for good reason, because there is no need to stand up and debate for hours about an issue where there's already agreement. In those areas where we agree, I think we should recognize there has been some good work done, bringing some of this to the floor of the Senate. I commend the people who worked to do that.

I do note, however, that some of the proposals in this bill are very troublesome and those are the ones that will engender a substantial amount of debate.

One of my colleagues took to the floor yesterday, and I am sure it took a fair amount of courage to do so. Senator SPECTER spoke at length about this reconciliation bill, and one thing he said struck me. He said, and I am paraphrasing, "I have concern that the tax cuts are unfair or at least give the perception of unfairness." Senator SPECTER said, "I express this concern because much of the pain of the spending cuts goes to the elderly, the young, the infirm, while allowing tax cuts for corporate America and those in higher brackets."

It is not often that someone in the Chamber speaks in such an unvarnished way. I am sure it was not easy for Senator SPECTER to do, because I do not think that is the prevailing message on that side of the aisle. Yet that is what is in these 2,000 pages.

It seems to me that, while containing some good recommendations and some commendable work, this bill is also a vehicle making profound changes in Medicare and Medicaid. It is also going to make it harder for middle-income parents to send their kids to college. It represents a set of priorities that I think Senator SPECTER properly says will impose most of the burden on lower income folks and will bestow most of the benefits on those who are very privileged in our country.

There is reason for us to be having a disagreement if we each believe in a different approach. I happen to agree that we should cut spending, but I do think there are some areas of spending that are more important than others. I personally do not support the star wars program. I do not think we have to build 20 more B-2 bombers at $30 billion. I could go through a whole list of items I think we should cut. But I do think it is valuable to keep the Head Start Program running and fully funded. I do not think it is wise to kick 55,000 kids off Head Start. I think it is valuable to keep kids in Head Start. That is a priority of mine. This is going to be a debate over the next 3 or 4 days about priorities.

Again, I have said this several times in the last couple of weeks, but people should not lament the fact that we are debating and aggressively disagreeing in this Chamber. The way you reach compromise is to take different positions that you might believe in very strongly, debate them aggressively, and from that debate comes compromise. My hope is that there will be a compromise on this reconciliation bill after these 2,000 pages are most likely passed by the Congress without my vote and then vetoed by the President of the United States. Following that veto, there must follow, by necessity, some kind of compromise. This system is predicated on compromise.

I think this is a sign of strength. We come to the floor. We discuss 2,000 pages. It is not a sign of strength that we get 2,000 pages in the late afternoon and are told, "By the way, we will start in the morning." That is not the right way to do it.

But we will have, I think, in the next few days, a pretty aggressive debate about priorities, and I hope at the end, after this bill is vetoed, we will come back to another set of priorities that better represents this country's interests.

Mr. BYRD. Mr. President, will the distinguished Senator yield?

Mr. DORGAN. I will be happy to yield to the Senator.

Mr. BYRD. It is a sign of strength just to be able to lift this monstrosity. Does anybody in this Senate know what is in this bill; 1,949 pages? We will be flying deaf, dumb, and blind, because we do not know what we are voting on here. I suppose there are a few members of the Budget Committee who will know something about it, but the rest of us, though, do not. It is a monstrosity. It is an abomination. And we have all of 20 hours—20 hours for debate, for amendments, motions, et cetera. It is ridiculous.

I thank the Senator for yielding.

Mr. DORGAN. I could not agree more with the Senator. Again, I think this will be vetoed and perhaps after that, we will have a more orderly process that results in better priorities.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

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

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

Mr. DOLE. Mr. President, as soon as Senator DASCHLE or Senator EXON are on the floor, I will call up the reconciliation package, but I will await their arrival and go ahead and make my remarks.

THE RECONCILIATION BILL

Mr. DOLE. Mr. President, 31 years ago this Friday, Ronald Reagan delivered a nationally televised speech that began his career in politics. The speech was called "A Time for Choosing."

Ronald Reagan made clear that the choice facing America was not one between right or left—rather it was one between up or down.

More than three decades later, this Congress now faces that same choice.

We can either go down the path of the status quo—a path that will lead America into a downward spiral of bigger government, higher deficits, more taxes, and a financially bankrupt Medicare system.

Or we can move America up to a brighter future, a future where our children and grandchildren are free from staggering deficits. A future where power flows from our States to Washington, and not the other way around. A future with a strong and secure Medicare Program.

Mr. President, I believe the choice is clear.

For this historic Republican Congress, the vote on the reconciliation bills will be a defining moment. It will be the moment when the American public will see that we are not business as usual. We are not the status quo. Rather, this Congress is one that keeps its promises to the American people.

There will be plenty of debate in the coming days, and I know the American people will be listening closely. Judging from what has been coming out of the White House lately, I know they will hear a lot of rhetoric, and a lot of scare tactics.

But I believe that in the end, they will see through this smokescreen, and they will see the truth.

And the truth is that the Republican budget contained in this bill is a realistic, thoughtful budget blueprint for America. The truth is that it will ratchet down the deficit by roughly $30 billion a year during the next 7 years. The truth is that it will balance the budget in the year 2002. And the truth is that it is the only real honest budget plan before the American people.

The truth also is that a balanced budget means a brighter future for our children and grandchildren. Our national debt is now so huge that a child born in 1995 will pay more than $187,000 in taxes over his or her lifetime just to pay their share of the debt. We owe our children a far better future.

A balanced budget will create lower interest rates, which means that more Americans will be able to own a house, buy a car, or go to college, or to borrow money. Lower interest rates also mean business will have more money to invest and hire workers.

The truth also is that the American people are more able to decide how to spend their hard earned money than are Government bureaucrats.

And with the $245 billion tax cut contained in this bill, millions of American families will have more money to spend. Our $500-per-child tax credit will mean that over the coming years, families will have thousands and thousands more dollars to spend on college tuition or braces for their kids.

We will include in the RECORD during the debate how such money will be coming to each State, such as my own State of Kansas. There are a lot of families with children. They are not rich. But a $500 tax credit—if you have two or three children, that is $1,500. They can spend it better on their families than any bureaucrat I know of in Washington, DC, or any Member of Congress, for that matter, on either side of the aisle.

By rewarding those who save and invest, our capital gains tax cut will also create jobs and opportunity.

There is an undeniable truth that the President has tried to ignore for months and months. And that is the fact that three of the President's own Cabinet members tell us that if no action is taken, Medicare will be completely broke by the year 2002.

This bill makes the tough decisions necessary to preserve, protect, and strengthen Medicare. And we have been aided a great deal in this effort by the Presiding Officer, the Senator from New Hampshire, Senator GREGG.

We do it by slowing its rate of growth, and by giving seniors more options in selecting their health care.

And despite the phony talk you may hear of "cutting Medicare," the Republican plan will increase Medicare spending from $4,800 per beneficiary in 1995 to $6,700 per beneficiary in 2002.

Let me repeat: The Republican plan will increase Medicare spending from $4,800 per beneficiary in 1995 to $6,700 per beneficiary in 2002.

I know that during the next few days, some of my friends on the other side of the aisle will be painting horrible pictures. They will tell us that passage of this bill means we are turning our backs on children, on seniors, and on the disabled. They will repeat it again and again. But no matter how many times they repeat it, it does not make it true.

Mr. President, I wish all Americans could read the column by budget expert James Glassman that was printed in the October 17 edition of the Washington Post. Mr. Glassman's column—and I ask unanimous consent that it be printed in the RECORD following my remarks—makes clear the falsehoods contained in some of the emotional rhetoric we have been hearing.

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

(See exhibit 1.)

Mr. DOLE. Mr. Glassman writes that under the Republican plan, Federal spending will rise between 1995 and 2002 by $358 billion—or 24 percent. It is going to rise 24 percent over the next 7 years. Is that devastation? Is that cutting programs? No. Only in Washington would a $358 billion increase be called a cut.

The media bought onto the President's spin for the most part; they keep talking about it. Turn on NBC, and Katie Couric is talking about "big cuts, big cuts." She does not know anything about the budget. All she is picking up on is the liberal spin which the Democrats have been dishing out there with no facts, no effort to save Medicare, to balance the budget, or tax cuts; a lot of talk, but that is about all.

Mr. Glassman makes very clear that President Clinton was absolutely off the mark when he said—and I quote—"I will not let balancing the budget serve as a cover for destroying the social compact."

The truth is, as Mr. Glassman writes, if the budget becomes law, the social compact will actually be strengthened, for not only will the Government keep its commitments to the elderly and the poor, it will also meet an even more important obligation to the public—the obligation to spend no more than it takes in.

Throughout this process, on every major issue contained in this legislation, the Speaker and I have invited President Clinton to join with us in giving the American people the fundamental change they want. Instead of sitting down with us, however, the President has flown around the country making speeches, playing politics, taking polls, and avoiding the work and making policy decisions. The President apparently believes that the American people do not really want a balanced budget. He believes that the people are so dependent on the Federal Government that they will not tolerate slowing its rate of growth. He believes the American people are willing to sacrifice the future of their children and grandchildren so that the Government can continue its free spending ways, and he is wrong, and he will find out that he is wrong. And one of these days he is going to find out how to contact the majority leader in the Senate and the Speaker of the House, and when he does we are willing to sit down with the President of the United States.

But right now it is all rhetoric. It is all politics. It is all polls. It is all scaring seniors, scaring veterans, scaring children, and all a week before Halloween. Maybe by the time Halloween comes he will have everybody in a state of frenzy and we will be in that funk the President talked about. He said America is in a funk. America is not in a funk. They want fundamental change, and we are about to give them fundamental change. We would like to do it with the President's cooperation.

I am reminded of the words of Winston Churchill who said:

We have not journeyed all the way across the centuries, across the oceans, across the mountains, across the prairies, because we are made of sugar candy.

I say to President Clinton: Mr. President, the American people are not made of sugar candy. They are far stronger and wiser than you think.

I also say that this Republican Congress is not made of sugar candy. We promised we would balance the budget, and we will. We promised we would cut taxes, and we will. We promised we would preserve and protect and strengthen Medicare, and we will. We promised we would have welfare reform, and we will. October 1995 is a time for choosing, and I invite all Senators on both sides of the aisle and all Americans, regardless of their party, regardless of their philosophy, to stand with us as we move our country up to a future of unlimited hope, freedom, and opportunity. That is what this debate is going to be all about.

There will be some policy differences, obviously—some legitimate policy differences, but there will also be a lot of politics, and we prepared for that. And I just urge my colleagues on this side of the aisle, this is the most historic moment in my memory in the Congress of the United States. And I have been here for some time. Never before have we tried to bring about such fundamental change. It is going to be up to us. We have the majority. It is our responsibility. And we need 53 Republicans standing together when the final vote comes.

So I urge my colleagues to pay attention. I know that both Senators DOMENICI and EXON will be explaining in detail all the different amendments and their opposition or support for the different amendments.

EXHIBIT 1

[From the Washington Post, Oct. 17, 1995]

THE NO-CUT BUDGET

(By James K. Glassman)

Despite what you've read and heard, the Republican budget—now moving toward passage in its final, "reconciliation" form—does not cut total federal spending, nor does it cut tax revenues. Not by a long shot.

An illuminating way to look at this budget is to take what the government actually spent and raised over the past seven years and compare it to what Republicans propose to spend and raise over the next seven years. The results:

Spending will increase by $2.6 trillion.

Revenues will increase by $3.3 trillion.

These figures may surprise you; they run counter to what you've seen in the press, which continually uses the word "cuts" when referring to both spending and taxes. But in the misleading baseline-budgeting nomenclature of Washington, a cut is a reduction from a previously projected increase.

The real spending and revenue numbers show something quite different: that the Republican revolution is more modest than both Republicans and Democrats claim.

During the seven years from 1989 to 1995, federal spending totaled $9.5 trillion. During the next seven years, the congressional budget agreement calls for spending of $12.1 trillion.

As for revenues: During the seven years just past, the government collected $7.9 trillion in taxes. Over the next seven years, the Republican plan will raise $11.2 trillion in taxes—even taking into account the $500-per-child credit and GOP changes to capital gains that will reduce expected tax revenues by $245 billion.

If Congress did not make any changes to the budget, spending would rise by 37 percent and revenues by 44 percent, the Congressional Budget Office (CBO) estimates. But under the GOP seven-year plan, spending will rise by 27 percent and tax revenues by 41 percent.

Stop and think about those numbers. They seem to represent a reasonable path toward an objective that most Americans share: a zero deficit.

In the fiscal year that ended on Sept. 30, 1995, the government ran a deficit of $161 billion. If nothing is done, CBO says the annual deficit will continue to rise in 1996 and each successive year, reaching $256 billion in 2002.

Any business or household facing such a prospect would quickly reduce its spending. But the federal government doesn't have to do that—mainly because the U.S. economy, even growing at a moderate 2.4 percent a year, is so powerful that it will generate vastly higher tax revenues.

The aggregate numbers I've just cited—1989-95 vs. 1996-2002—are probably the best way to look at budget changes. But, in case you think I'm pulling a fast one, let's look simply at two specific years: the one just past (fiscal 1995) and the one in which the congressional resolution requires a zero deficit (fiscal 2002).

In 1995, federal spending was $1.5 trillion. If current policies were to continue, spending, according to the CBO, would be $2.1 trillion in 2002. That's an increase of $600 billion, or 40 percent. Under the GOP plan, spending will rise between 1995 and 2002 by $358 billion, or 24 percent. (That's slightly ahead of inflation if prices increase 3 percent annually.)

Only in Washington would a $358 billion increase be called a "cut." In fact, Republicans who want to sound as if they're making big changes and Democrats who want to frighten the public both say that the GOP budget "cuts" total about $1 trillion. This absurd figure is derived by taking the difference between the CBO's projection and the Republicans' proposed spending for each year from 1996 to 2002, then adding all seven numbers up.

Consider Medicare. Politicians talk about $271 billion in cuts, but actually, under the GOP plan, spending in 2002 will be $86 billion higher than in 1995, an increase of more than 6 percent annually.

The real question for voters assessing the GOP budget is where the additional $358 billion in federal spending in 2002 is going. The answer is entitlements: Social Security will cost $146 billion more in 2002 than in 1995, Medicare (for the elderly) will cost $86 billion more and Medicaid (for the poor) will cost $35 billion more.

Miscellaneous entitlements (food stamps, the earned income tax credit, military retirement, etc.) will rise $63 billion. Add interest on the national debt (there's nothing we can do about that one), and the total additional spending exceeds $358 billion.

By deciding to preserve and increase these entitlements, Congress had nothing left for increasing the "discretionary" side of the budget, where outlays will total $515 billion in 2002, down from $548 billion in 1995.

Defense comprises most of discretionary spending, and it will be flat at roughly $270 billion. Transportation spending will fall from $39 billion to $32 billion; education and training will drop from $39 billion to $35 billion; foreign aid and other spending on international affairs from $21 billion to $15 billion.

Intelligent folks can differ on where to spend the government's money. Maybe defense should be cut and transportation increased.

But once the nation has decided to balance the budget, keep Social Security intact and pare back expected tax revenues slightly (and voters made those decisions last November), the choices are pretty limited.

President Clinton knows this very well, but with a devotion to the first-person singular exceeded only by Sen. Phil Gramm's, he said on Friday, "I will not let balancing the budget serve as a cover for destroying the social compact."

The truth is that, if Congress's budget becomes law, the social compact will actually be strengthened. Not only will the government keep its commitments to the elderly and the poor on health care, it will also meet an even more important obligation to the public that it abrogated 30 years ago—to spend no more than it takes in.

THE BALANCED BUDGET RECONCILIATION ACT OF 1995

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 1357, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 1357) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996.

The Senate proceeded to consider the bill.

Mr. DOLE. I ask unanimous consent that Senator DOMENICI be recognized for up to 60 minutes for debate only and Senator EXON for up to 30 minutes for debate only.

Mr. EXON. Reserving the right to object, I would like to make a clarification on this, if I might, and I do not think we have a difference of opinion on this.

It is the desire of the majority to move as quickly as we can into the amendment process, and as Senator DOMENICI knows—and I suspect he has told the majority leader—we are working to try to cut these down to move this proposition along. However, since we are limited to 10 hours each, as I understand the unanimous-consent request that has just been offered by the majority leader, there would be 1 hour off of the Republican 10 hours, if we agree to this, and a half an hour on our side, which would mean that you are giving up an hour; we are giving up a half an hour of our 10. Is that right?

Mr. DOLE. We would like to have you give up more but we will settle for that.

Mr. EXON. Let us not press it at this time.

Mr. DOMENICI. That is correct.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object.

Mr. DOLE. Let me just say—and I am going to depart here. I first want to say I hope we can work out some agreement so that we are not having 50 votes here before final passage when you do not have any time to debate the amendments. And I think I could speak for my colleagues on this side that we would be prepared, if there were a number of basic major amendments the Democrats wanted to offer period, we might be able to convince our colleagues not to second degree those amendments, if there were no other amendments following that. And I know that is being worked on, and we hope to reinvestigate that shortly after noon.

I now have to leave, but I would be happy to work with the Senator from Nebraska. We have in the past. Maybe we can this time around.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object, we have no objection to Senator EXON's restatement of the proposition so long as it is not intended to in any way change the allocation other than this hour and this half-hour.

Mr. EXON. No, no.

Mr. DOMENICI. We are not agreeing on different allotments of time or different treatment of amendment times. I have no objection.

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

Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, would Senator EXON like to proceed with part of his time?

Mr. EXON. For clarification of all, I was advised the chairman of the Budget Committee, and Senator ROTH, the chairman of the Finance Committee, would be speaking, as I understand it, during part of the 1 hour that the Senator has reserved. As a result of that, I have alerted Senator MOYNIHAN, the ranking Democrat on the Finance Committee, and basically I would simply say that the opening remarks beginning on this side would be essentially 15 minutes for myself and 15 minutes for the ranking Democrat on the Finance Committee, which I think will basically take up most of the half hour. Then it is up to the Senator to allot the time on that side.

Is the chairman suggesting that he would like to have me proceed with my opening statement at this time?

Mr. DOMENICI. Yes, I think so other than if the Senator would give me 3 minutes for a little kind of housecleaning work.

Mr. EXON. Yes. And I would ask unanimous consent that this housekeeping work not be charged to either side.

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

Mr. DOMENICI. I thank the distinguished Senator.

Mr. President, I ask unanimous consent that the following staff of both the majority and minority on the Budget Committee be permitted to remain on the Senate floor during consideration of S. 1357 and that the list be printed in the RECORD.

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

MAJORITY STAFF

Karen Bilton, Lisa Cieplak, Jim Hearn, Keith Hennessy, Bill Hoagland, Carol McGuire, Anne Miller, Roy Phillips, Denise G. Ramonas, Cheri Reidy, Ricardo Rel, J. Brian Riley, Mike Ruffner, Melissa Sampson, Jennifer Smith, Austin Smythe, Bob Stevenson, Beth Wallis.

MINORITY STAFF

Amy Abraham, Annanias Blocker, Bill Dauster, Kelly Dimock, Tony Dresden, Jodi Grant, Matt Greenwald, Joan Huffer, Phil Karsting, Jim Klumpner, Daniela Mays, Sue Nelson, Jon Rosenwasser, Jerry Slominski, Barry Strumpf.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the presence and use of small electronic calculators, as we have done heretofore, be permitted in the Chamber during the consideration of this measure.

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

Mr. DOMENICI. Mr. President, 1 minute off my time at this point and then I will yield. To Republican Senators, this is, as I understand it for the last few weeks, a very important couple of days. Many of you want to speak on subject matters before the Senate and some want to just speak about a balanced budget. I want to say to all the Republican Senators I am going to do my very best to accommodate you, but I would tell Senators that it is not easy to just give you a time when you want it. So I would hope that Senators would be flexible, and if we call on you, if you turn in your names, if you really want to speak and if we call on you, you be able to do it on a half-hour's notice or so because I just cannot arrange the floor in any other way.

Having said that, I yield the floor at this time.

The PRESIDING OFFICER. The Senator in Nebraska.

Mr. DOMENICI. Before the Senator proceeds, will the Senator engage me in a little dialog about our efforts to see if we can better manage?

Mr. EXON. Yes.

Mr. DOMENICI. I believe, Senator EXON, we are going to have some time during this hour and a half, you and I, and perhaps your leader and I understand you have a small task force.

Mr. EXON. Yes.

Mr. DOMENICI. I have asked our leader if we could use his office, so I wonder if maybe looking at the clock, if you could arrange a meeting at maybe 20 after, 25 after. You would be finished speaking. And we would have our side start going. Could we meet in the leader's office about trying to reduce the number of amendments and make some accommodation?

Mr. EXON. It sounds reasonable. Are you suggesting the timeframe of 11:20?

Mr. DOMENICI. Yes. I said 10 but let us say 11:20.

Mr. EXON. Agreed.

Mr. DOMENICI. Let me make sure in this dialog, in this exchange that everybody understands——

Mr. MOYNIHAN. Will Senator ROTH have spoken by then?

Mr. DOMENICI. I hope so. We have sent word for him to come.

I thank the Senator very much.

Mr. MOYNIHAN. I thank the Senator.

Mr. DOMENICI. Everybody knows hopefully that the Senator from New Mexico on most matters coming before the Senate that he has anything to do with tries to be fair, and I truly intend to do that. But I do want to state right up front that there are many Republican Senators, if not every one, who do not want to have the Senate go through 50 or 60 votes on single targeted issues.

I might just suggest right up front, for those who are going to do that and insist, with the Senator's leadership, that they are going to do that, they will not get a vote on their amendment. I mean, they can be assured that they will not, because we will indeed second degree those kinds of amendments. And we have as much stamina, I think—I do not know—as much stamina as the other side of the aisle.

Mr. EXON. And more votes.

Mr. DOMENICI. And more votes. The Senator got it. That is very important. We only need 50. Let us make sure that is understood on both sides.

On the other hand, we are meeting to try to see if we can accommodate a more amicable approach. And let us hope that we can. I yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank my friend and colleague. I want to continue to work together. We have sharp differences on these things, but I think over the period of time for the 18 years that we have served on the committee together we have been accommodating to each other. I think that is the desire.

I will simply say that the chairman of the committee has indicated that people on that side are very much concerned about how we proceed on this. That is true on this side. Unfortunately, with the time constraints that we have, with the mammoth bill we have before us, the Senator from Nebraska is going to have to be an unpopular traffic cop, trying to direct traffic to say no, since we do not have time. But at this time I yield myself 15 minutes, and ask that I be notified if I exceed that time.

Mr. President, there was a marriage on Monday, a marriage that did not quite make the wedding notices. As my colleagues know, the Republican majority on the Budget Committee generously provided $224 to $245 billion in tax breaks for the wealthiest Americans and wedded it officially to the $270 billion in Medicare cuts. The seniors of America paid for that wedding, and they will pay and pay and pay again over the years. The Congressional Budget Office issued the marriage license. In an October 20 letter to me, CBO Director O'Neill wrote that without the drastic cuts in Medicare, the tax break for the wealthy would not have been possible.

I ask unanimous consent that her letter be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. EXON. The happy couple of tax breaks and Medicare cuts are now before the Senate in the form of the reconciliation bill. They are asking for our blessing. We should not give it. This marriage should be annulled. Had the question been asked, "Is there anyone present who objects to the joining of these two, speak now or forever hold your peace?" I would have objected.

Mr. President, it has been almost 4 months since the Senate passed the conference report on the budget resolution which begat this reconciliation bill, a bill that has now grown to grotesque proportions.

This reconciliation bill was created behind closed doors. It is the first of the illegitimate births of this union. By comparison, it makes "Rosemary's Baby" look like a dream child. They brought it out into the light of the day for the first time at midday last Friday. There were no hearings on Medicare. There were no hearings on Medicaid. There were no hearings on the cuts of the earned income tax credit. There were no hearings on the cuts in education. There were no hearings on how this budget cuts a huge swath like a tornado through rural America.

Last Friday, during the markup of this reconciliation bill, I asked if we could not hear from just four witnesses who could describe how this Republican budget would do great violence to their lives. I asked for an hour. That is just 1 minute for each $4.5 billion in Medicare cuts. But my offer was spurned.

Why the hurry, Mr. President? Why is the majority so breathless about sealing the deal on this budget? Why are they now moving in convoy fashion to pass this bill? The great pitcher, Satchel Paige, might have had the answer. He once said, "Don't look back. Something might be gaining on you." Something is gaining on the Republicans. They are hearing footsteps. They are hearing the American people gaining on them. More and more Americans are finding out what is in this monstrous bill. And they feel deceived and betrayed.

Mr. President, I will speak in a moment about the particulars of this reconciliation bill and the terrible hardships that it inflicts. But I would like to take a moment to discuss what I believe is the large picture here.

When we get into these debates about budget resolutions and budget reconciliation bills, Senators can all too easily lose sight—lose sight—of the ordinary Americans. The stage overshadows the people on it. In this same vein, my colleagues on the other side cannot see beyond the gesture of the moment. They cannot see beyond the scaffolding they have erected in this reconciliation bill. They cannot see the people that they will harm. They cannot see the Nation that they are tearing apart. This Republican budget does not speak to the American values that I know and the ones that I cherish, values that I see every day in my fellow Nebraskans. The greatest of these values are shared sacrifice, fairness, and compassion for our neighbors. That is the social fabric that runs through our great Nation. But this Republican budget is tugging at every thread to unravel it.

In spite of the inflated rhetoric, the Republican budget reached a shallow bottom in no time at all. Some have called it social Darwinism at its shabby worst, I say, where citizens are pitted against citizens, young against the old, rural Americans against urban Americans.

Last week Speaker GINGRICH feigned that he wants no class warfare. What nonsense. It is this bill that fires the first shot of class warfare. It is this bill that goes to war against the working people on behalf of the wealthy.

Mr. President, the more this budget is exposed to the sunlight, the more we are finding that this is not the right key to open a complicated problem which we all agree is necessary—balancing the budget.

I am one of the few Senators who has actually balanced budgets and used the line-item veto to do it. I did it for 8 years as Governor of Nebraska. But I say to my colleagues today, this Republican budget is not the way to do it. Tax breaks for the wealthy are writ large all over this reconciliation bill. Tax breaks for the wealthy have riveted the attention of the Republicans to the exclusion of everything else. Tax breaks for the wealthy have established primacy over time-honored commitments to provide a safety net for our fellow citizens.

Medicare became the most convenient laboratory for conducting these tax breaks. The Republican Medicare plan cuts the program three times more than necessary to keep it solvent through the year 2006, just to pay the freight for the tax breaks.

The Republican reconciliation bill doubles the premiums under part B Medicare. It doubles the deductibles under part B. It increases the Medicare eligibility age from 65 to 67, all for the tax breaks.

And on October 2, in an editorial in the New York Times, the Times states, and I quote:

> Right now, Medicare makes up less than 12 percent of the Federal budget. But Medicare cuts account for more than twice that percentage of the lower spending in the Republican approved budgets over the next 7 years. Not withstanding Mr. Gingrich's appeal, the facts clearly demonstrate that health programs for the elderly are bearing a disproportionate share of the austerity pushed by the Republicans.

Mr. President, I ask unanimous consent that the full editorial that I have referenced in the New York Times be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 2.)

Mr. EXON. Mr. President, the shocking truth is that more than 88 percent of the Republican mandatory cuts come from means-tested programs, those which serve predominantly low- and moderate-income Americans, and from Medicare, where three-quarters of the beneficiaries have annual incomes under $25,000.

A Joint Economic Committee study also concluded that the poorest fifth of Americans would shoulder fully half of the proposed program cuts, for an average loss of nearly $2,500 per family in the year 2002. There are no breaks for these folks in this Republican bag of tricks.

The Republicans trumpet that their tax breaks will benefit all Americans, especially the middle class. The truth, however, sounds a different note, and it is definitely sour.

Last week, the Joint Committee on Taxation confessed that families making up to $30,000 a year—and that is about half of all taxpayers—would actually see their taxes go up under the Republican tax plan. Yes, Mr. President, their taxes would go up. They would pay more for increased Medicare premiums and deductibles. They would pay more for new student loan fees. They would pay more for higher taxes on State and local employees. They would pay more for higher contributions for GI bill benefits.

What about the other side of the gilded reconciliation bill? The Treasury Department estimates that nearly half—nearly half—of the Senate's tax breaks would go to 12 percent of the American families making $100,000 a year or more.

The New York Times also said, and I quote:

The Republicans are rushing through Congress the greatest attempt in modern history to reward the wealthy at the expense of the poor.

Earlier in my statement, I mentioned that the Republicans are not only pitting young against old and rich against the middle class, but our rural areas against urban industrialized centers throughout the many States of our great land.

This Republican reconciliation bill is a cruel joke, above everything else, upon rural America. More than 9 million rural Americans will pay higher out-of-pocket costs for second-class Medicare programs. The typical rural hospital could find its annual budget cut by a third, forcing many to close and causing many physicians to leave and to never return. Medicaid cuts will eliminate coverage for 2.2 million rural Americans, including 1 million children. Net farm income will decline by $9 billion over the next 7 years. And for what, Mr. President? Once again, for the almighty tax breaks for the wealthy.

The evidence clearly keeps mounting. It is compelling. It is heartwrenching. This reconciliation bill is wrong for our great Nation. For the good of our Nation, it should be defeated. At a time when we should be formulating a balanced budget that unites America and unites its people, this one only seeks to divide us.

We know that this reconciliation bill will be vetoed by the President. Those of us who reject the extremism of the day, both Republicans and Democrats, should be looking beyond this doomed reconciliation bill. We should be looking to a workable alternative, a compromise. We should be looking toward building on the structures and values of our great Nation, not tearing them down.

I have offered before, and I offer again now, to my Republican colleagues: Come, let us reason together and develop a true and workable compromise. If we can stop this Republican juggernaut and stop it now, we can get on with fashioning a reasonable formula to balance the budget.

The PRESIDING OFFICER. The Senator has used his time.

Mr. EXON. I allocate myself 2 additional minutes.

Mr. President, if we pass this bill, it will certainly receive a Presidential veto, and we will belatedly start all over again.

The American woman of letters, Lillian Hellman, once commented: "I cannot and will not cut my conscience to fit this year's fabric."

Nor will I, Mr. President. I will vote against this budget, and I urge my colleagues to do the same.

I reserve the remainder of my time, and I yield the floor.

EXHIBIT 1

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 20, 1995.

Hon. J. JAMES EXON,
Ranking Minority Member, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR SENATOR: Pursuant to Section 205(a) of the budget resolution for fiscal year 1996 (H. Con. Res. 67), the Congressional Budget Office on October 18 provided the Chairman of the Senate Budget Committee with a projection of the budget deficits or surpluses that would result from enactment of the reconciliation legislation submitted to the Budget Committee as of that date. As stated in the letter to Chairman Domenici, CBO projected that there will be a total-budget surplus of $10 billion in 2002, using the economic and technical assumptions underlying the budget resolution, and assuming the level of discretionary spending specified in that resolution. If the estimated Medicare savings in 1996 through 2002 resulting from the legislation submitted by the Finance Committee were excluded from the calculation, CBO would project a deficit of $82 billion in 2002. Similarly, if any other savings submitted to the Budget Committee were excluded from the calculation, CBO would project a higher deficit.

CBO also stated in the letter to the Chairman that the estimated deficit reduction would likely reduce federal interest costs and increase revenues by an amount similar to the fiscal dividend that CBO discussed in its August report, The Economic and Budget Outlook: An Update. If deficit reduction in each year were lower by the amount of the estimated Medicare savings (and the associated debt service), the fiscal dividend would likely be lower than the estimated CBO published in August.

If you wish further details on this projection, we will be pleased to provide them. The staff contact is Jim Horney, who can be reached at 226-2880.

Sincerely,

JUNE E. O'NEILL.

EXHIBIT 2

[From the New York Times, Oct. 22, 1995]

CLASS CONFLICT IN WASHINGTON

How touching it was for House Speaker Newt Gingrich to appeal for brotherly love at the end of the titanic debate over Medicare last week. "We want no class warfare," he declared. "We want no conflict between generations." Even by Mr. Gingrich's standards, this was a remarkable statement. The Republicans are rushing through Congress the greatest attempt in modern history to reward the wealthy at the expense of the poor. They are also sacrificing the health needs of the elderly to pay for a tax cut for the affluent. Incredible, Mr. Gingrich was accusing the *Democrats* of fomenting class and generational resentments by pointing this out. President Clinton can do no less than veto the Republican legislative package that is roaring toward passage in Congress.

We have long argued that Medicare, the health insurance program for elderly Americans, is in need of reform. Many Republican ideas for introducing competition into the health care system and forcing providers to deliver care more efficiently are sound. But the cuts being pushed through Congress are so big they threaten to dry up money for medical training, devastate nursing homes and drive hospitals and doctors away from taking care of Medicare patients. Right now, Medicare makes up less than 12 percent of the Federal budget. But Medicare cuts account for more than twice that percentage of the lower spending in the Republican-approved budgets over the next seven years. Notwithstanding Mr. Gingrich's appeal, the facts clearly demonstrate that health programs for the elderly are bearing a disproportionate share of the austerity pushed by the Republicans.

The charge that Democrats have been playing on American resentments has also been sounded by Bob Dole, the Senate majority leader, who recently accused Mr. Clinton of encouraging "envy and class warfare." He made it sound almost Marxist to discuss which classes gain and which lose in any legislation. True, the Democrats are playing the politics of winners and losers, but their criticisms are rooted in a certain reality.

It was the Republican-controlled Joint Taxation Committee that acknowledged last week that families making up to $30,000, about half of all taxpayers, would actually see their taxes go up under the tax package heading toward approval in the Senate. The reason is that the Republicans are insisting on scaling back the earned-income tax credit, which goes to low-income workers to keep them out of poverty. The Treasury Department estimates that nearly half the Senate's $43 billion in tax cuts, meanwhile, would go to the 12 percent of Americans in families earning $100,000 or more.

On the spending side, it takes ideological blinders to argue that Republicans are not waging their budget wars on the poor. The budget bills racing through Congress embody a gargantuan $1.1 trillion in spending cuts over the next seven years, according to the nonpartisan Congressional Budget Office. Out of this sum, the Center on Budget and Policy Priorities, a liberal group, estimates that welfare, Medicaid, food stamps, housing and other programs for the poor are being cut by 37 to 47 percent. That is far more than seems fair given that only 21 percent of the Federal budget is spent on the poor.

Another way of looking at this is to see how the Republicans are approaching the two biggest health care programs in the country. Medicare is for everyone and Medicaid is for the poor. Both have been growing out of control and have to be reined in. But cost estimates of the Congressional Budget Office show that Medicare is being kept by Republican legislation at a 6.4 percent growth rate in the next several years and Medicaid is being kept as a 4 percent growth rate. There is no way to see this except as a deliberate effort to inflict greater hardship on those delivering health care to the poor.

The Republican Congressional handiwork of the last week provides a reminder of a grim truth. It is much easier to destroy something than it is to create it. Reform of many of these programs is surely in order. But reform is certain to be undermined if it is coupled with a reactionary redistribution of government resources.

In the coming weeks and months, the House and Senate will be struggling to reconcile their differences and put them in one massive piece of legislation, possibly attaching it to a measure keeping the United States out of default, Mr. Clinton must not be rattled by the threat. If he stands firm, the Republicans will be forced to scale back their assault and confront the reality that a huge and regressive tax cut is inappropriate as a matter of social equity and fiscal common sense.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, under the unanimous-consent agreement, we have almost 1 hour on this side?

The PRESIDING OFFICER. Fifty-nine minutes.

Mr. DOMENICI. I yield myself 15 minutes, and then I am going to excuse myself for a half hour or so and see what we can negotiate with the Democrats in terms of a more orderly process than confronts us today.

Mr. President, to all those interested in today's debate, let me suggest the other side, including my good friend, Senator EXON, plays very loose with words like "truth" and "right." As a matter of fact, before this debate is finished, I believe most of the contentions about the poor and about the rich will be dispelled and be disposed of. I think the Joint Committee on Taxation will acknowledge before this day is out that their estimates of the tax bill were wrong and based on erroneous assumptions. I believe we will prove that this is a fair budget.

Frankly, for those who think only of 10 days and of the next election, obviously they can come up with something much easier. But we are not talking about 10 days and the next election; we are talking about 10 years, we are talking about 50 years, and we are talking about our children and grandchildren.

Anybody who does not want to do that and wants to just say to America, "Don't worry about it, seniors, don't worry about it; we have amendments that will leave everything status quo," just listen. That is how America will fall. That is how America's money will become worthless. That is how interest rates will skyrocket. That is how our standard of living, which is already in jeopardy for a lot of things, will come falling and tumbling down. Because if we do not tell the truth about the fact that we are incurring debt at such an outrageous amount, we are saying we are talking about only 10 days or 6 months, do not worry about 10 years, do not worry about the future, worry about politics.

I believe when we are finished and when the President of the United States finally agrees to a real budget, the seniors are going to say, "What was this argument all about?" Medicare will be intact. Seniors will be taken care of across the land and, yes, they may be even surprised. They may decide to join some institutions that will deliver services differently, and they may save money. As a matter of fact, they may find in the next 2 or 3 years that they get more care and better care than under the Medicare Program we have today.

Let me dispose of two items. The distinguished Senator from Nebraska says we are doing all these things to the poor people of the country. I assume he is suggesting that we are cutting food stamps, child nutrition, AFDC, and that he really means they are being cut.

I want to insert in the RECORD just one simple chart. Food stamps, AFDC, child care, child nutrition, SSI, Medicaid, and EITC. In the year 1996, we will spend $195 billion on those programs. The next year, $202 billion; the next year, $211 billion; the next year, $221 billion; the following year, $235 billion. In summary, by the year 2002, these programs, which today are at $195 billion, will be $253 billion. Now, that is not contending anything. It is merely stating the facts of this reconciliation bill, as found by the Congressional Budget Office.

How about hearings? Just one little statement about hearings. The last time the Democrats controlled this body, they did the President's bidding. I believe some of them are sorry they did because, of late, he has suggested they had been duped. He did not want all those taxes you all voted for—only $270 billion, the largest tax increase in history. He is suggesting that somebody made him do it. As an aside, I want to say to the Democrats in this institution that that is not only bunk, he actually asked for $360 billion; you reduced it to $270 billion, because he had the Btu tax in there.

Mr. MOYNIHAN. Against my better judgment. We reduced it against my better judgment.

Mr. DOMENICI. Senator MOYNIHAN wanted to keep it higher. This is the chronology for the budget process. When they were in control, the number of hearings held by the then Democrat Budget Committee was 7; the number we held was 22. The number of witnesses who offered testimony in the Senate Budget Committee, throughout their hearings, was 10; we had 110. The number of days the Budget Committee spent in markup, they had 3; we had 4, giving them more opportunity to express themselves. The number of days spent in conference, they had 6; we had 18. We make no apologies with reference to hearings. We had plenty of hearings and the Budget Committee set the targets.

Mr. President, I want to suggest, by using just two quotes, what this issue is about. Thomas Jefferson said:

> The question of whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts and are morally bound to pay them ourselves.

That is what this debate is about. Do we want to pay our debts, or do we want our children and grandchildren to pay for the Government we want to give to people that we cannot afford?

To put it another way, a modern lawyer and thoughtful person on America's Constitution, Laurence Tribe, philosophically a liberal lawyer from Harvard, said:

> Given the centrality in our revolutionary origins of the precept that there should be no taxation without representation, it seems especially fitting in principle that we seek somehow to tie our hands so we cannot spend our children's legacy.

Now, we are bent today and tomorrow on this floor to decide what kind of legacy we are going to leave our children—a legacy of debt, of diminished standard of living, a legacy which says to them, "We want you to work perhaps 30 or 40 percent of your working lives to pay our bills," for they will have to do that. It is estimated, Mr. President, that every child born today will spend at least $100,000 in new income tax to pay just the interest on the national debt. What kind of legacy is that? Is that a legacy that should permit us to hide from reality and to say to our seniors and our young people and our veterans and our students—every American—"You do not have to worry about it, we are going to leave everything alone. Whatever you are getting from your Government, you can keep getting." The legacy for that kind of leadership is a bleak future for the greatest Nation on Earth—$4.7 trillion in debt, and rising at the rate of $420 million a day; $420 million a day, just tick it off, tick it off. We will be here for 2 days, so that is $420 million times two while we decide a Republican proposal that says we have to stop it.

Now, before you pass judgment, fellow Senators and fellow Americans, about the bill and the summaries that will be given from the other side, hear from those who put the package together and put the programs together on our side. Somewhere you can pass judgment upon whether we are being fair or unfair. I believe you will come down on the side of saying that this is fair to our children and to our children's future, and everybody has to be part of the change that will bring that into fruition a couple of nights from now.

I must say to the President of the United States that veto and veto threats, as you might want to issue them day by day, do not get you a balanced budget; nor does it get you close to eliminating a legacy for our children and grandchildren of servitude, or perhaps a partial servitude of that next generation to ours, for they will work to pay our bills. Mr. President, is that the kind of leader you want to be? Democrats on the other side, is that what you want to be? You are going to bring before us, one at a time, amendments to strike pieces of this, and each one is going to sound neat, sound worrisome. I hope every single one of them is defeated, and I hope we take this budget resolution to conference and then to the President of the United States and let us see what he does; let us see what he offers. Mr. President, we extend that to you now, and we say it is going to happen. So get ready, Mr. President. Be prepared for what you are going to do when we give you this package. Fellow Democrats, we understand you differ with us. We will try our best to be truthful and to point out where you are wrong. In many of the statements made to the American people you are wrong on the facts. We will try to get them before you.

Having said that, I assume I have used 15 minutes, is that correct?

The PRESIDING OFFICER. The Senator has used 11 minutes.

Mr. DOMENICI. I do not want to reserve any of my time.

Mr. KENNEDY. May I have 15 seconds for a question?

Mr. DOMENICI. Sure.

Mr. KENNEDY. I am wondering when the Senator is going to explain the justification for the tax cuts. I have been on the floor listening to the justification that the Senator has given, without a single word about what the justification is in this bill for the tax cuts for the wealthiest individuals. I have not heard a discussion about the implications of that in those terms.

Mr. DOMENICI. You can rest assured that we will answer that. Many issues have been raised, and I am trying to give an overview. That will be answered a number of times.

Mr. MOYNIHAN. Could it be that you delegated that joyous task to the chairman of the Finance Committee?

Mr. DOMENICI. My friend knows that each committee does their work. He is in charge of that work. I will not take a back seat to anybody on explaining the tax bill. I do not know it in detail, but I think it is a very good tax bill. When the American people understand where the tax cuts really go, they are going to find out that what we said we would do was get a balanced budget, and we did; and then the economic dividend that comes from that, we would use to give American people back some tax dollars so they could spend it themselves. We think the tax writing committee has come very close to doing that in a way that almost all of that money will go to middle-income Americans, making $110,000 and under. We will show that unequivocally, and I believe the Joint Tax Committee will be saying that, too.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska [Mr. EXON] is recognized.

Mr. EXON. Mr. President, point of inquiry; how much time does the Senator from Nebraska have under the unanimous-consent agreement in place now?

The PRESIDING OFFICER. The Senator from Nebraska has 14 minutes.

Mr. EXON. Mr. President, upon his seeking recognition, I ask unanimous consent the Chair recognize the Senator from New York, and the remaining time under my discretion is allocated to the Senator from New York.

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

Mr. DOMENICI. Mr. President, one observation, please and then I yield the time that Senator BROWN desires, with the Senator from Michigan controlling our time after that.

Mr. President, I forgot to mention on the tax cuts, obviously the President thinks the taxes were raised too much last year under his proposal. One way of looking at it, we are getting set to right that wrong which the President complained about in Houston, about which he was beginning to say he should not be blamed for that tax increase.

We will accommodate and reduce some taxes so that maybe he can support us on that.

I yield to Senator BROWN.

Mr. BROWN. Mr. President, I rise for just a short comment because I think it is important for the American people to keep this perspective in mind.

This package has been attacked by those opposed to it. That is the privilege and indeed the obligation of Members who find this unacceptable. No one should be fooled as to the contents of this package. This package ensures that Federal spending goes up 3 percent a year instead of 5 or 6 percent.

Now, some Members find that unacceptable, some find that cruel and inhumane. As a matter of fact, the description that was just given by the Democratic Budget Committee leader compared the package to "'Rosemary's Baby'—a look-alike dream child."

Mr. President, indeed, there are some Americans, particularly in Congress, particularly on the spending side, who think that increasing spending only 3 percent a year is the worst thing that has ever happened in Western civilization. We will hear a lot about that in debate.

The American people ought to keep in mind what this is. This is a plan to increase spending 3 percent a year instead of 6 percent a year. The difference is our future. By controlling the increases to a moderate rate we are able to offer a future to our children and our grandchildren. We are able to focus on the deficit. Mr. President, without doing that we consume their future with debt, deficits, and economic stagnation.

Mr. President, I simply want to make one other point that I think is relevant to this debate and very important. I hope the American people who listen to this, who listen to the rhetoric that has been made about this budget plan, will understand that we are not talking about cuts in most programs. What we are talking about is slowing the rate of increase.

In the discussion of tax cuts, let me simply mention that I hope Members will be on guard, or Americans will be on guard, as they listen. I have heard the most incredible debate of the tax cuts that I have ever heard or I ever thought I would hear in my life. Pinocchio's nose would be a world-record length if he had to listen to the discussions that we have had put on.

Let me give an example. I have heard of tax credits that are not yet implemented as being called increases in taxes. That is ludicrous. I have heard welfare programs that are being controlled in the rate they spend money as being increases in taxes.

Mr. President, an increase in spending is an increase in spending. A cut in spending is a cut in spending. Frankly, the American people have the good judgment to see through this kind of rhetoric.

What we need are real valid estimates. What we need is a solid budget that gets us where we want to go.

Mr. President, there is only one budget that is considered here today that will do that. There is only one budget that has been certified by the Congressional Budget Office as meeting those targets. There is only one alternative that brings us to a real balanced budget. That is the budget before us. This is the only game in town.

Are there critics? Of course there are critics. Are there people who simply cannot live with limiting growth of Federal spending? Of course there are.

Everyone knows this country does not have a future if we do not do the kind of things that are in this budget.

The question is whether or not we will act for blue smoke and mirrors, for invalid assumptions that the President suggests, or whether we will opt for the real thing.

Mr. President, this is the real thing. It offers a future to Americans. I retain the balance of our time.

Mr. MOYNIHAN. Mr. President, we are awaiting the arrival of the distinguished chairman of the Finance Committee who will set forth the proposals of the tax cut in this measure.

I say to my friend from Colorado that it might surprise him, there are those on this side of the aisle who see the debt crisis in the same crisis terms that he does and have a feeling that we know when it arose in the 1980's, and it was not from this side of the aisle—and we want to get hold of it.

We do not think you can solve a deficit problem by cutting taxes.

Mr. BROWN. Mr. President, I simply observe—and I greatly respect the distinguished Senator from New York, both his intellect and his integrity—from this Member's viewpoint, I believe an objective review of the programs that have risen in increased spending would indicate that the programs that are in question were not adopted during the 1980's.

I think any objective review of the question of the deficit will indicate that.

Second, I observe that there were valiant efforts made during the 1980's, a few by this Member. I am not sure I describe my efforts as valiant but they were persistent and they were consistently rejected by Democratic majorities in the House of Representatives where I served.

At least from this Member's point of view, if you want to talk about the history of the deficit, you look at when those programs were passed and who put them on automatic pilot.

Second, I think you cannot but look at the record and recognize that the Democratic-controlled Congress, at least in the House of Representatives during the 1980's, consistently opposed efforts to control that spending and limit the increase in spending.

I retain the balance of our time.

Mr. KENNEDY. Mr. President, where is the current time being charged?

The PRESIDING OFFICER. The time is under the control of the Senator from Michigan and the Senator from New York.

Mr. KENNEDY. Mr. President, who is being charged with the current time?

The PRESIDING OFFICER. If neither side yields time the time is distributed equally between the two sides.

Mr. KENNEDY. Could we have the attention of the Senator from New York? As I understand, the time is being charged against us at the present time. I just had a question for the Senator from Colorado for 15 seconds.

The PRESIDING OFFICER. Time is running equally at this time.

Mr. MOYNIHAN. Mr. President, I yield 15 seconds to the Senator from Massachusetts.

Mr. KENNEDY. Could the Senator from Colorado, regarding his review of the period of the 1980's—does the Senator understand every year what was actually appropriated by the Congress, with the exception of 1 year, was less than what was actually requested by President Reagan during that period of time?

Mr. BROWN. Let me say to the Senator, at least from this Member's viewpoint, that the relevant facts are not what was appropriated in the original. It was what Congress ended up spending.

If you look at what is totally spent by Congress versus what they did with the congressional budget, you come up with a much different viewpoint.

The fact is during that period Congress continuously overspent its own budget; so to compare it with official budget requests I think does not give the accurate picture.

The PRESIDING OFFICER. Who yields time?

Mr. ABRAHAM. I yield the Senator from Iowa 10 minutes.

Mr. GRASSLEY. We ought to be very proud, Mr. President, of delivering in this Congress on a promise that Congresses have made probably for the last 15 years and maybe even longer than that, that we are going to balance the budget and that we have a nonpartisan Congressional Budget Office certification that we are balancing the budget.

Balancing the budget is the most important goal that we have accomplished since I have been a member of the Budget Committee, and I am glad we are able to do that.

Some people question whether or not we ought to decrease taxes as well as balance the budget. There are people that might say we ought to decrease taxes and forget about balancing the budget; there are other people that would say we might balance the budget and forget about decreasing taxes.

To me, it is a question of priority. The priority is to balance the budget. And if we can have tax cuts, and they are paid for, and the nonpartisan budget office will certify that we have a balanced budget, then it seems to me we ought to give the people back some of the money that the President took in OBRA '93. He said that he understands that he raised taxes too much 2 years ago. This will not give back all the money obtained when the President raised taxes then, but it will go a long way toward correcting that inequity.

So, in a very historic way—at least historic as far as the last 15 years is concerned—we have a chance today and tomorrow, during this 20 hours of debate, to show the people that the promises of the last election are delivered, those are the promises of a balanced budget and of a paid-for tax decrease. It seems to me that a balanced budget will go far in making our children's and grandchildren's futures much brighter and more hopeful.

I think this is a very, very good national program. It is good for all 50 States. But I can look at it and say it is good for my State as well as it is for the country as a whole. I look at the $500-per-child tax credit. This credit will bring approximately $300 million back into the pockets of Iowans, the pockets of middle-class working families in my State.

For the first time since 1986, students in my State, as well as those in the Nation as a whole, will be able to claim a tax credit for the interest on student loans because this bill provides a credit for 20 percent of the qualified interest, up to $500 per student.

This legislation is not partisan. This legislation is bipartisan because it is identical to the bill that I introduced earlier this year with my distinguished colleague from Illinois, Senator MOSELEY-BRAUN. The Joint Committee on Taxation estimates that this credit will send over $1 billion to young people all over the country who are just starting out in life after college. This change should especially aid young people who plan to stay in rural America instead of having to seek high-paying jobs in the cities to meet loan payments.

In addition to that, for the benefit of the country as a whole and the benefit of people in my State, there is a capital gains tax cut that will reduce an individual's effective capital gains tax rate by 50 percent. In Iowa we will be able to watch and see a lot of farmland and a lot of other capital assets that have been tied up begin to change hands. People have been waiting for the correct incentive and opportunity to sell because they naturally do not want to pay a high tax on inflation because that is not taxation, that is confiscation. You are going to see formerly less productive property change hands at record rates. This is going to be very beneficial for families passing on to younger generations the fruits of their labors and their investment in that business or that farm. Of course, when property is tied up in the Tax Code, that means our farm population is going to continue to get older, the average farmer in my State is 62 years old. Young people are not going into farming because they cannot. Only 3 percent of the farmers in my State are under 30 years of age. We have lost a whole generation of farmers because of bad tax policy and depression in agriculture in the 1980's. This will help that.

The same for the changes we are making in the estate tax; especially it is going to help family farmers and small business people. Family-owned businesses and farms do not have to be sold anymore in order to just pay the Federal taxes. The estate tax system will now serve small businesses instead of consume them.

While we are fixing the business of taxing small business, this bill also ratchets up the unified credit exemption equivalent all the way from $600,000 to $750,000. It has been at $600,000 since 1980 and, of course, it has been depleted considerably by the inflation of the last 15 years. The legislative move from $600,000 toward $700,000 recognizes both the fact of inflation and the fact that every asset in Iowa is not a member of a qualified family-owned business.

For my colleagues who are going to rant and rave about an estate tax exemption helping rich people, I hope they will take a little bit of time to understand that when you are talking about a family farm operation, operated just by family members who are providing the capital, providing the labor, providing the management, that you do not provide a job on a family farm for the same cost that you do in industrial America, about a $50,000 investment. For the American service industry, you can create a job for about $10,000 to $15,000 a year. Jobs on farms in America are created by the investment or the borrowing—and in most cases to get started it is borrowing—of hundreds of thousands of dollars in land and machinery to create one job, or an income for one family. I am not talking about hiring a lot of labor in the process. I am talking about the family doing the labor.

So you have, after a life of work, one half million dollars invested in land and machinery to create one job and one family income. Some people in this body might think small farmers are rich. Maybe a lot of America will think small farmers are rich. But, remember, small farmers create income for one family. It is not like the economy does in an industrial job, one income for a family with $50,000 investment and somebody else is investing it, somebody else is managing it; or in a service job where the economy needs only $10,000 or $15,000.

We are also providing, in this bill, tax changes that are meaningful in ending the marriage penalty for nonitemizers. We are answering the pleas of a lot of young people everywhere who want to know why their Government is penalizing them for exchanging marriage vows.

This bill says we are not going to tax reasonable dues to farm organizations. This IRS ruling, as stupid as it is, creates a lot of problems for a lot of cooperatives and nonfarm organizations out there. Just like the President's tax increase last year—albeit in that instance it was something passed by a Democrat controlled Congress, and not some uninformed ruling by the Internal Revenue Service.

Finally, I would like to highlight that this bill also improves and expands IRA's. We are reinstating an IRA to which working people can make tax-deductible contributions. Even homemakers and even nonworking spouses will be able to make contributions for the first time ever. There will be penalty-free taxable withdrawals for qualified uses.

Everyone knows that we need to double the current savings rate of 4 percent. Young people in my State know that they will have to save for their own retirements while they are financing the retirements of baby boomers, and the IRA incentives in this bill will provide the opportunity. Expanding and strengthening the individual retirement accounts is something I supported for many years. I am glad to see those efforts bear fruit, and I compliment the new chairman of the Finance Committee, Senator ROTH, for getting that job done.

The PRESIDING OFFICER. The 10 minutes of the Senator has expired.

Mr. GRASSLEY. I am going to yield the floor. I am not done, but I want to inform my colleagues I have spoken all I wanted to on the tax provisions. I do have something I want to say on the Medicare provisions, and I will get time on that later on.

Mr. MOYNIHAN. Mr. President, I yield myself the balance of the opening Democratic time. I had hoped to speak in response to my good friend, the distinguished chairman of the Finance Committee. He is unavoidably detained. So I will go ahead as if in rebuttal.

But first to continue the exchange I was having with the Senator from Colorado, there are those on this side of the aisle who are deeply offended by the continuing deficits which have increasingly produced stalemate in our Government. This sequence began in the late 1970's, early 1980's, and there was an idea behind it—the idea was that, if you wanted to paralyze the Federal Government you simply put it into a paralyzing debt by the reduction of revenues and simultaneously increasing spending on defense and such matters. Indeed, that happened. We forecast it. We tracked it. And we are here today to say that it is the case.

Just a few years ago in a wonderful book "The Deficit and the Public Interest," Joseph White, and the late revered Aaron Wildavsky, said: "Strife over the deficit has affected procedure as well as policy, monopolizing the congressional agenda, encouraging paralyzing and deceptive legislation like Gramm-Rudman, frustrating our public officials, and stalemating the Government."

As regards deceptive legislation, Mr. President, I have to place this present proposal in that category. We are not balancing the budget. We are adding $700 billion to the debt in the next 7 years. One of the ways we are doing it is, while talking about the deficit, while talking about the debt, we are going to cut taxes. Well, no. No, Mr. President. I correct myself. I correct myself. We are going to raise taxes on half the population, and cut taxes on the other half.

Mr. President, here is a table from data produced by the Joint Committee on Taxation, which is an authoritative, intermittently nonpartisan, body which calculates the effects of tax measures taken by the Committee on Ways and Means and the Committee on Finance. In the course of our markup, as we say, voting out the tax bill, I requested that the Joint Committee give us the distribution of the $245 billion tax cut, and they did, including the reductions in the earned income tax credit which are tax increases, in my view. If you have to pay more tax, you have had a tax increase.

Sir, here is the data: 51 percent of American taxpayers will have a tax increase; 49 percent will have a tax decrease. How we can do this, and then talk about fiscal responsibility eludes this Senator.

Now a second table from the Treasury, showing the actual distribution of the tax cuts and tax increases across the population of taxpayers, by income. It shows a tax increase for taxpayers with incomes of $30,000 or less. I should point out that according to the analysis of the Joint Committee on Taxation, 51 percent of American taxpayers make $30,000 or less. Once we get above $30,000, then we see tax cuts for everyone.

I am embarrassed for my friends on the other side of the aisle. This is a caricature. A comic Democrat might have come along and have said, "Let me show you what a Republican tax cut looks like."

Families with incomes above $200,000 will have a tax cut of $3,416. Families with incomes under $10,000 will have a tax increase. That simply is unacceptable.

Mr. President, the distinguished chairman of the Budget Committee earlier spoke about what Thomas Jefferson had to say on the subject of debt. I have not met Mr. Jefferson, but you can sense his presence in these precincts. The Senator said what Laurence Tribe has said about the accumulation of debt. I taught at the same university, and I know him well. And the legacy of debt of which the chairman spoke—we are the ones appalled by that legacy. We did not create it.

At the end of the 1970's, at the end of the administration of President Carter, the national debt was in the neighborhood of $800 billion. That was at the end of nearly two centuries in this Republic. After 15 years it is now approaching $5 trillion. That did not happen accidentally, and it did not happen as a consequence of activities on this side of the aisle.

To the contrary, 2 years ago the Democrats put together, in the Omnibus Budget Reconciliation Act of 1993, a combination of program spending cuts and "tax increases"—I do not forbear to use the term—of $500 billion. And we brought a deficit, which in that year, in fiscal 1992 was $290 billion. We started a glidepath down to where this fiscal year just concluded, the deficit will be somewhere between $160 and $170 billion. We cut the deficit in half.

In consequence of what we did, the so-called deficit premium on interest rates was reduced. The deficit premium is simply that extra charge which lenders exact when governmental deficits are running very high—because in the end the way governments typically have handled their debt was through inflation, to wipe it out, wipe out the currency, and wipe out the society frequently. But it happens. It happened enough that this premium exists. The "deficit premium" being charged on interest rates went down, and resulted in a savings to the Federal Government of about $100 billion more. So in total we achieved deficit reduction of $600 billion as a result of the 1993 legislation—

passed without a single Republican vote.

What have we to show for that? First, let we say that the average length of recovery for 10 postwar business cycles has been 50 months, but the current recovery has now lasted 55 months and is still going. The annual rate of growth in real gross domestic product has been 3.3 percent, more than twice what it was in the previous 4 years. Unemployment has fallen to 5.6 percent, which is very close to full employment. The annual inflation rate has dropped to 2.5 percent.

If you correct for the CPI overstatement, you may have something very close to zero inflation. The New York Times this morning devotes a lead article in its business section to it. "Has inflation finally been whipped?" It did not just happen. It was made to happen by what we did in 1993, and we do not apologize for a thing. We would rather state we have shown the way—shown what you can do, if you have the courage to govern. There are things in this present proposal from the majority with which I would disagree. There are things with which I would not disagree in the least. I do not object in the least to the statement of the Senator from Colorado that a reduction in the rate of increase is not a cut.

However, to cut taxes is an act of unforgiven irresponsibility. I did not say "unforgivable." I said the consequences will be unforgiving at this moment in our business cycle expansion. We do not need to do this and, Mr. President, we would not be doing it save for the House of Representatives.

In our hearings on this subject, in the Finance Committee, one Republican Senator after another said no, we have to bring the budget into balance. This is no time to cut taxes.

We do not have to stimulate the economy. The economy is in its 55th month of expansion; we are practically at full employment; inflation has practically disappeared. Business investment is at the highest rate in 30 years—investment savings is at the highest rate in 30 years. This is not the time to get into an inflationary stimulus. We know enough about our economy to know that.

One Senator after another from the other side of the aisle said no, certainly not; we would never pass a $245 billion tax cut. And then we learned that—and I do not mean in any way to seem to ridicule, but it turns out that the Contract With America written in the other body required this tax cut. And so here it is today. But it is not a tax cut for all. It is a tax cut for half the population and a tax increase for the other half. That surely is something we would not wish to do in ordinary circumstances.

Has the prospect of a Presidential election brought us to this? I hope not, Mr. President. I hope we would not be doing things we are doing in the process of cutting, cutting Medicare as much as we do, cutting Medicaid as much as we do.

Mr. President, before this decade is out, we are going to have a crisis in our teaching hospitals and our medical schools because of the measures in this bill. We currently have in Medicare a provision to provide medical schools and teaching hospitals with some extra support. We currently have a provision on disproportionate share which in effect compensates those hospitals, including teaching hospitals, that treat large proportions of the uninsured. They are already in a precarious financial position, and the bill before us will exacerbate their problems. They will be in genuine jeopardy if this bill becomes law. At the greatest moment of medical science for this country's institutions, we are decimating their finances in order to give a tax cut to people with incomes over $200,000.

Sir, I believe my time has expired.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOYNIHAN. I thank the Chair for its courtesy, and I hope I will have the attention of my friends on the other side of the aisle. It is not too late to do the right thing.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Could I inquire as to how much time is remaining?

The PRESIDING OFFICER. Thirty minutes of the 1 hour remains.

Mr. ABRAHAM. Mr. President, I will take 2 minutes on our side and then I will yield the remainder of our time to the Senator from Delaware. I use my 2 minutes very briefly to be responsive to some of the comments that have been made here already about the nature of the tax cut. I am sure the Senator from Delaware, the chairman of the Finance Committee, will elaborate in more detail. But I was very concerned recently when I began to see this chart appear and some of the comments related to it that suggested somehow the tax cut that is being proposed as part of this reconciliation bill would disproportionately fall on the shoulders of the less affluent and tremendously benefit the wealthiest among us which is the frequently used term that we hear.

So I said to myself, gee, that does not sound like the tax bill the Finance Committee passed. And indeed, I then began looking into the tax bill the Finance Committee passed, and according to the Joint Tax Committee calculations, in the first year of this tax bill 90 percent of the tax cuts will go to people whose earnings are below $100,000 a year. Over three-quarters or 77 percent of the proposal's tax cuts will go to those making under $75,000 in the first year. Less than 1 percent of the proposal's tax cuts will go to those making over $200,000 in the first year. Over four-fifths, 84 percent, of the proposal's tax cuts will go to those making under $100,000 in the first 5 years; 70 percent of the proposal's tax cuts will go to those making under $75,000 in the first 5 years, and so on and so on.

Indeed, charts and statistics can always yield certain kinds of inferences, but those are the actual numbers that the Joint Tax Committee produced when it evaluated this plan.

I said maybe there has to be a discrepancy here. What could it be? Let me look at the individual provisions of this tax cut and see. In order to fulfill the numbers we have been hearing, they must all be tax cuts that benefit the wealthiest people in America. So I looked and I found a $500 per child tax credit; $141 billion of the total tax cut is the child tax credit, and it is phased out for people beginning at family incomes of $110,000.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. ABRAHAM. I would yield myself 1 additional minute.

In addition, we have an adoption credit, marriage penalty relief, student loan interest deduction, individual retirement accounts, and countless other provisions in the bill that are aimed at people in the income categories I have already referenced, primarily people making under $75,000 a year and to a large extent, approximately 85 percent of this tax cut to people making less than $100,000 a year. It is a middle-class tax cut.

That is why yesterday, in describing the reconciliation bill, the Washington Post in referencing the tax sections described it as family friendly. It is family friendly to middle-class families, to people who have felt the squeeze for so many years. That is why it is part of this legislation and why we are supporting it.

Mr. President, at this time I yield the remainder of our side's time to the Senator from Delaware, the chairman of the Finance Committee.

ORDER FOR MORNING BUSINESS

Mr. ROTH. Mr. President, I ask unanimous consent there now be a period for the transaction of routine morning business with Senators permitted to speak for up to 10 minutes each.

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

Mr. MOYNIHAN addressed the Chair.

Mr. ROTH. Mr. President, I would like to make a further unanimous-consent request to finish my statement as in morning business for up to 10 minutes, and have my remarks appear in the RECORD as uninterrupted.

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

Mr. ROTH. I would say, morning business will be until 1:15.

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

The Senator from Delaware.

PRIVILEGE OF THE FLOOR

Mr. ROTH. Mr. President, I ask unanimous consent that Mr. Andrew Eschtruth, a detailee to the Senate Finance Committee from GAO, be granted Senate floor privileges for the duration of the Senate's consideration of the budget reconciliation legislation.

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

A MOMENTOUS TIME

Mr. ROTH. Mr. President, this is certainly a momentous time. Change is the order of the day. And it is a time to renounce old and unworkable programs and philosophies and adopt those that will move America forward, those that will offer prosperity, security, opportunity, and growth to our families and to our communities.

As Henry George once said, "The sailor who raises the same sail regardless of changes in the direction of the wind will never reach his port."

In this Congress, we have not only trimmed the sails but we have set a bold new course for the future. For the first time in more than a decade, we are serious about balancing the budget, and we have a plan to do it. For the first time in 50 years, we have changed the dynamics of the welfare State, creating incentives that encourage work and strong families, incentives that balance rights with responsibilities.

At last, we have changed the questions concerning Government. No longer do we ask: "How big can we make it?" No longer do we ask: "How can we control the States? How can we concentrate more power in Washington?"

These are not the questions anymore. Rather, the new questions are: "What is Government's proper role? How can we make it more cost-effective and efficient? And what do we need to do to create an environment of security for those who legitimately need Government assistance but an environment for economic growth and opportunity for the valiant taxpayers who provide that assistance?" And for the first time in my memory, we are returning power back to where it belongs, back to the States.

This is what we were sent here to do. It is the message we heard last November. And the job is getting done. At home we have energetic Governors with innovative plans, many with success stories. We have friends, neighbors, and constituents who want, once again, to feel like they have a powerful voice in the system. These are men and women who over the years have come to build this franchise as their Government has moved further and further away.

We are in the process of putting the power back where it belongs, in the States, where our friends, our neighbors, our constituents have a stronger voice and are more active.

As I watched this 104th Congress move forward, I have thought on many occasions that I can think of no other Congress in which I have been more honored to call myself a Member than this one. And I am grateful for my colleagues, colleagues on both sides of the aisle, who have come to agree that the old way just is not good enough, not for America, not for Americans.

In many ways there has been an immeasurable amount of cooperation in this Congress, and it should not be overlooked. In other areas I would like to see more. But I believe a part of the cooperation that is apparent, of course, is borne by the fact that we all know what needs to be done. Republican and Democrat, we all realize the challenges that must be addressed.

Even President Clinton, from time to time, has indicated his insight and understanding, saying that his record-setting tax increase was a mistake and finally agreeing with House and Senate Republicans that the budget could be balanced in 7 years.

With the reconciliation bill we bring to the floor today, we again need this cooperation, perhaps more than ever, as we turn our attention to saving and strengthening the Medicare system, toward curbing runaway spending and toward giving Americans what they most need now after a decade of tax increases: a real, workable, economy-expanding tax cut.

Frankly, Mr. President, there should be cooperation. President Clinton himself has been a most certain voice in expressing the importance of making real and lasting changes. As I said, he has admitted his tax increases were too high. He knows spending is out of control. He has proposed his own child credit, a credit of up to $800 per child. He has stated that it is possible to balance the budget in 7 years. And almost 2 years ago, he took a firm stand on Medicare, saying that—and I quote—"Today * * * Medicare [is] going up three times the rate of inflation. We propose to let it go up at two times the rate of inflation. This is not a Medicare * * * cut." End of the President's quote.

President Clinton understands what needs to be done. After all, he was the one who ran on the platform of bringing change to Washington. Now, he cannot have it both ways. We either change the old and failed ways of doing business, or we keep business as usual.

Well, Mr. President, I vote for change. I encourage my colleagues on the other side of the aisle to join us in making change possible, rather than retreating into gridlock and defending 30-year-old policies that have spent some $3 trillion to have more children living below the poverty line today than when those programs began. This is not progress.

According to economist Walter Williams, the taxpayers' money that Washington has spent on these programs to cure social ills over the last three decades could have bought the entire assets of the Fortune 500 companies and virtually all the U.S. farmland. But today the problems not only remain, they are even worse. The fact is, we cannot afford business as usual. Americans do not deserve business as usual, especially those Americans who in the last 30 years have fallen prey to the pathologies that attend poverty: dependency, crime, unwed mothers, broken families, decaying neighborhoods.

Certainly we must keep a safety net. None here argues that we should not. But we must change the system.

I believe that except for politics, President Clinton and many of his allies in Congress would be with us on most of the proposals we have included in the reconciliation package, even on our historic efforts to save and to strengthen Medicare.

Remember, it was the President's own Medicare trustee report that so vividly outlined the problems we are attacking today. According to that report:

> . . . the Hospital Insurance Trust Fund (Part A) continues to be severely out of financial balance and is projected to be exhausted in about seven years. The SMI Trust Fund (Part B), while in balance on an annual basis, shows a rate of growth of costs which is clearly unsustainable. Moreover, this fund is projected to be 75 percent or more financed by general revenues, so that given the general budget deficit problem, it is a major contributor to the larger fiscal problems of the Nation. The Medicare program is clearly unsustainable in its present form.

Mr. President, as I said, this is from the administration's own trustees.

There has been no question about the absolute need to restore the integrity of the Medicare Program, to save, to strengthen it, so that Government can meet its contract with the American people. Similarly, there has been no question concerning the need to control runaway Government spending. Government has grown accustomed to living beyond its means.

This must change, and reform efforts must be real. They must maintain the agreements Washington has made with the American people. They must see that the needy are cared for. They must keep the contract that exists between the Government and our retired constituents concerning Medicare. They must ensure the integrity of the program for a sufficient period of time to allow us to chart the distant future of that program so it can absorb the baby-boom generation.

And in doing all this, our efforts at reform must also create conditions, an environment, if you will, where our economy can expand and the harvest for coming generations can be planted. The reconciliation package we present today accomplishes just that. It keeps our promise to the American people.

Our proposal does not engender dependency on Government like the failed policies of the past. It does not perpetuate the negative incentive that feed the welfare bureaucracy and those who maintain their political power base by pandering to that bureaucracy.

Of course, our policies address the needs of citizens who cannot care for themselves, but, more importantly, they create conditions for upward mobility, conditions for economic opportunity, incentives for self-reliance. And I cannot express how important it is that we create these kinds of conditions.

At the moment our economy is not growing as strongly as it should be growing, and perhaps this is why President Clinton now believes his record-setting tax increases were a mistake. At the moment, there is little incentive for Americans to save and invest. Perhaps this is why today the average 50-year-old is so ill-prepared for retirement and why, among the industrial nations of the world, we lag behind even our competitors in our rate of personal savings. Incidentally, this, according to Federal Chairman Alan Greenspan, is one of the most pressing problems confronting our Nation economically.

At the moment, the Medicare Program stares into the abyss of bankruptcy, and this is why many of our seniors are living with fear and uncertainty. But not just our seniors; fear and uncertainty grip their children and grandchildren because they know that, left unchecked, entitlement spending is growing so fast that, along with interest on the national debt, it will consume almost all Federal revenues in the year 2010, just 15 short years from now. Left unchecked, by 2030, Federal revenues will not even cover entitlement spending alone.

Though we live in a Nation of infinite possibilities, we are, of course, a land of finite resources. At the moment, the Federal debt is approaching $4.9 trillion, deficit spending is well over $150 billion a year, and the fact is, Medicare, Medicaid, and earned income tax credit are some of the fastest growing entitlement programs on the books. Strengthening and restoring the integrity of these programs will not only benefit those who should appropriately receive them, but it will also help us balance the budget, and this, Mr. President, is what the vast majority of Americans not only want but demand.

A balanced budget is necessary for economic security. A balanced budget would increase job opportunity. Some forecast that over 6 million jobs would be created if the budget were balanced. Interest rates would be lower. They would fall by almost 2 percent, some say even higher. And Americans everywhere would enjoy a higher standard of living. There would be a reduced burden of debt on our children and our grandchildren, and people would be able to keep more of their hard-earned money rather than sending it to Washington.

To balance the budget, we must control the growth of entitlements. I am not suggesting these programs be abolished or even cut. We simply need to get them back within our budget, within our ability to pay for them. It is easy to see how they got out of control.

Simply put, these programs escape the discipline of the annual budget process. Increased entitlement spending occurs automatically, covering any individual who meets eligibility criteria. These increases are heavily influenced by the rapid rise in health care costs, the growing number of beneficiaries and real benefit expansion.

Of course, today America is aging. Our population is getting older as people are living longer. This is a good thing. It is indicative of progress. These changing demographics, however, must be accompanied by changing policies and programs. Programs that were created in 1965 when the average American lived to be 61 and when our Nation had five workers to support every one retiree must be modified to reflect current reality. Today, the average American lives more than 76 years, and there are less than four workers to support each retiree.

In 1965, when Medicare was enacted, the average American who reached retirement age could expect to collect benefits for 15 years. Today, the average 65-year-old will receive benefits for 18 years.

This is where we are now, Mr. President. Looking into the future gives us even greater reason to make the necessary changes we are proposing. The chart, which we will bring out a little later, demonstrates just how important it is that we begin now to make necessary changes in entitlement programs.

Today, there are less than 40 million Americans who qualify to receive Medicare. By the year 2010, the number will be approaching 50 million. By 2020, it will be over 60 million. While these numbers are increasing, there will be fewer workers to support each retiree, and while we have almost four workers per retiree today, we will have about two workers per retiree by the year 2030.

So, Mr. President, we must change the program. We cannot move into the future with blueprints that were designed for the past. Medicare and Medicaid have been the most significant contributors to entitlement growth in recent years. It is projected that these programs will cripple as a share of the economy within the next 35 years. Thus, they are unsustainable.

In 1994, Medicare spending was $160 billion. Over the past decade, Medicare grew by about 10 percent per year, and CBO projects similar growth over the next decade. Because of this rapid growth, the Medicare Hospital Insurance Trust Fund, part A, is projected to go bankrupt in 2002.

As the baby-boom generation retires, Medicare costs will continue to soar. The Medicare trustees project that between 1995 and 2020, Medicare will grow from 2.6 percent of the economy to 6 percent, an increase of over 200 percent. Likewise, Medicaid is out of control. This program alone is scheduled to grow at an annual rate of 10.4 percent between fiscal year 1995 and 2002, devouring both Federal and State budgets. Already, Medicaid consumes about 20 percent of State budgets, exploding from $15 billion in 1980 to a projected $180 billion in 2002.

These are serious concerns, and keeping in mind the demographics that I cited earlier, it is easy to see that without real change in policies and programs, there is no way the Federal Government will meet its obligation. There is no way that we can offer assurance to even the next generation of retirees that they will have coverage under Medicare and Medicaid.

The year 2002 is only 74 months away. However, as I have said on many occasions, I am an optimist. I am an optimist because we know what works. We know the right kinds of policy and program changes that need to be made, changes that will allow Medicare and Medicaid to meet their current obligations while at the same time saving these programs for future beneficiaries.

We know how to restore sound financial practices to the Federal Government, practices that can strengthen the economy, create an environment for employment growth and an environment where Americans are encouraged to work, save and invest. And achieving these conditions should be our primary responsibility.

Toward this end, we must see our proposal in this budget reconciliation process in its entirety, for its overall balance and how all components work together to benefit Americans at all ages and in all income groups. To single out one reform in our proposal, without looking at the others, is to do a great disservice to what this reconciliation package offers.

It is balanced, it is workable, and it is long, long overdue. It changes business as usual in Washington. It answers the clarion call from our constituents to make the kind of changes that so obviously need to be made.

I remember that an astute political adviser once warned his boss that there is nothing more difficult to take in hand, more perilous to conduct or more uncertain than to take the lead in the introduction of a new order of thing. I believe, with some of the inflammatory rhetoric we have heard surrounding this important debate, there is good reason to say that this adviser knew what he was talking about.

Change is difficult, but change is more necessary now than ever before. Where some may feel they lose in one aspect while single-mindedly absorbing one component of these changes, they are sure to gain in others. What we seek to achieve here is balance, balance that improves conditions and opportunities for all. It is not the voices of individual special interest groups that govern our actions, but the collective voice of America. And we understand one fundamental truth about reform—a truth stated eloquently by Vaclav Havel:

The more half-measures we take, and the longer they drag on, the greater the sacrifices will be, the longer they will have to be made, and the more pointless sacrifices will have to be piled on top of those that are unavoidable.

We must be resolved; we must have confidence in the balance that our program offers. I have that confidence—as do other Members who join me today in introducing this reconciliation package.

Quite simply, there are four components to our program—promises we made to the American people—promises we are now keeping:

First, we provide for a balanced budget;

Second, we strengthen and preserve Medicare and Medicaid, thus allowing these two important programs to continue to protect Americans into the future;

Third, we reform welfare; and finally, once we show that the budget is balanced;

We create an environment for economic expansion through tax cuts that offer relief to our families and encourage Americans to work, to save, and to invest.

To give a little history, the EITC was a bipartisan program, created to offset the sting of payroll taxes on working families with children. The fact is, each dollar Government taxes creates a disincentive to work, while each dollar that people keep for themselves is an incentive to work. History has proven this point. The economies of nations that have cut taxes have thrived, while those nations who have increased taxes—even to the point of taking everything the people earn—have fallen into ruin.

The EITC was to create incentives for low-income parents to work. It was that simple. But as they say about too much of a good thing becoming dangerous, such is what happened to this once-well-intended program. Over the years, the EITC has been expanded by a welfare-oriented Congress into another Federal handout. And today, some 85 percent of the EITC is a Federal outlay paid directly to individuals. No longer do individuals need to have families or children to qualify; no longer does the EITC encourage work, as it once did; no longer is the program fair and cost-effective. Much of the EITC cannot even be considered tax relief because those who receive a direct payment from the Government pay no income taxes at all. Make no mistake about it, most of the EITC is a welfare check.

Beyond this, the EITC is plagued by fraud and abuse. It sports a fraud and error rate between 24 and 40 percent, making it the most fraudulent welfare program on the books. Though the administration has worked to reduce these high rates, there is no evidence that current rates are below double digits. Many of those who commit fraud are not even legally able to work in the United States. And the fact is, since the program's inception, American taxpayers have lost $25 billion to fraud, waste, and abuse in the program. The GAO estimates that if this kind of fraud continues over the next 5 years, the EITC could waste another $37 billion. We can't afford this.

We need to get the program back to its original purpose: to help families with children offset the sting of payroll taxes. And that is exactly what we do with our proposal. We focus the program on the population for whom it was originally intended. We return it from being just another welfare program to where it belongs as a legitimate tax break for lower income working Americans with children.

Our reforms will place an important degree of control on this program. They successfully address the problems of rampant growth, fraud, and abuse. The key phrase here is "controlling growth." Remember, EITC will continue to grow. It will continue to meet the needs of those most vulnerable among us.

According to the Joint Committee on Taxation, families with children, who now receive the maximum earned income tax credit, will continue to receive a larger earned income credit in the future. When combined with the $500 child credit and marriage penalty relief—issues that I will speak about in a minute—low-income working families will be better off under our bill than they are today. Finally, we will continue to spend in excess of $20 billion on the EITC, keeping it as a significant program for the working poor.

MEDICARE

Our second major objective with the proposal we are introducing is to strengthen, preserve, and protect the Medicare system—not only for those who depend on the system today, but for those who will need Medicare tomorrow. We accomplish this by allowing the program to grow at about twice the rate of inflation, and by introducing choice in the system. In this way, seniors are guaranteed continued coverage as well as the ability to choose those plans and health care providers that best meet their needs.

In our proposal, Medicare spending increases form $178 billion in 1995 to $286 billion in 2002. Average spending per beneficiary grows from $4,800 to $7,000.

Our proposal controls runaway costs by introducing choice into the system, giving our seniors the ability to remain in the current fee-for-service plan, if that is what they want. On the other hand, we also offer them an unlimited number of health care plan options that they may choose to better meet their needs. We call this Medicare choice, and it includes, beyond the current fee-for-service plan, the opportunity for our seniors to join plans sponsored by local hospital and physician groups, health maintenance organizations, point-of-service plans, or preferred provider organizations. It also allows for seniors to join high deductible medical savings account plans, union or association plans, and, in fact, any other kind of health plan that meets the standards we set to protect the beneficiaries. Beneficiaries will be protected under our proposal. Despite the plan they choose, all seniors will receive coverage for the same services and items that are currently covered by the traditional Medicare Program. The good news is that as these new plans compete with each other for business, it's likely that they will offer even more benefits and improved services.

The private sector, which has done much better in keeping costs down than the Government, has proven that choice creates competition, and competition is good for the consumer. And the fact is, in our proposal we are offering seniors even more efficient and effective health care plan options than are available to most working Americans through their employers.

By introducing private market incentives into the Medicare Program—by giving consumers options and encouraging providers to compete for business—we could control program growth sufficiently enough to save it in the longterm. It is no surprise that the private sector has been much more successful at controlling health care costs, with innovative programs based on market principles, than the Government, which has depended largely on price controls. To survive, the Medicare system must allow patients and providers to use health resources efficiently through a choice of plans.

This is not a new idea; it is an approach that's been tested and proven.

Offering choice in Medicare is based on the highly successful Federal employees health benefit plan. Largely because of choice, this year the average FEHBP premium was reduced by 3.3 percent. Next year, the average increase will only be 0.4 percent, proving that choice brings competition and savings. In fact, choice could work so well that our current projctions—projections that keep Medicare solvent through 2020—could be understated.

Beyond using choice to strengthen the program, beneficiaries will continue to pay 31.5 percent of the premium for part B. In 1997 we will phase out the taxpayer subsidy of the affluent for part B; we will increase the deductibles from $100 to $150, and then increase it $10 every year, thereafter. Savings will also be made on the part of Medicare providers, predominantly through reductions in scheduled payment increases. Despite these restraints, providers will continue to enjoy annual growth rates of between 4 and 10 percent over the next 7 years.

Our proposal also aggressively attacks fraud and abuse in the Medicare Program. The GAO estimates that the loss to Medicare from fraud and abuse equals some 10 percent of the program's total spending, and law enforcement officials claim that the majority of Medicare fraud goes undetected. What we propose is to earmark a portion of trust fund money, starting in its first year with $200 million, to use for investigation and prosecution of health care fraud. We also offer a number of new tools to assist investigators and prosecutors in attacking this problem. The CBO has estimates that our provisions in this area will save the program more than $4 billion over 7 years.

Under our program, reforms would extend the solvency of Medicare for about 18 years. According to the CBO estimates, under our proposal, the Medicare HI trust fund balance will total $300 billion in the year 2005. The CBO states, "the HI trust fund would meet the Trustees' test of short-range financial adequacy." In other words, for the next 10 years, the HI trust fund balance, at the end of every year, will be more than enough to pay Medicare benefits for the following year.

More importantly, using the CBO's estimates through 2005, our Finance Committee staff, in consultation with the Office of the Actuary within the Department of Health and Human Services, estimates that the Medicare Hi trust fund will be solvent through about the year 2020. That's 10 years—10 years—after the baby-boom generation begins to retire, a quarter of a century from today.

Concerning Medicaid, our objective is, again, quite simple, to control the unsustainable growth rate of this program—a rate which reached as high as 30 percent in 1993. Even at its current 10.4 percent, the growth rate is too high. We bring it down to a manageable and more realistic 5 percent. We can accomplish this by moving the program back to where it belongs—back to the States. In fact, Governors have said that they can manage the program with the more moderate spending increases if the Federal Government will simply get out of their way.

Medicaid is best addressed by giving States adequate funds and the authority necessary to meet the needs of their most vulnerable citizens, without interference and excessive regulation from Washington. Governors have been asking for this authority since 1989, when Bill Clinton, then Arkansas' chief executive, signed a resolution calling for a freeze on the enactment of further Medicaid mandates. By extending States' authority, allowing Governors the opportunity to find innovative ways to provide for the unique needs of their respective States, we can keep the program at a manageable 40 percent growth rate by 2002, rather than the 100-percent increase in spending now projected by CBO.

Certainly, under this new structure, the States will have certain requirements that must be met. For example, they will be accountable for how Federal dollars are spent. States will spend 85 percent of what they are now spending on mandatory benefits for the three of the most vulnerable populations: low-income pregnant women and children, the disabled, and the elderly. There will also be protection from nursing home costs against impoverishing spouses living at home. Likewise, States will be allowed to use Medicaid funds to see that children are immunized.

We must remember that Medicaid was designed to be an equal partnership between the Federal Government and the States. However, the Federal Government in recent years has effected what can only be seen as a takeover. Toward this end, all three branches of the Federal Government have played critical roles. Congress and the courts have expanded eligibility while the bureaucracy has paralyzed the States with regulations. The time has come to release the choke hold.

Medicaid now consumes 20 percent of State budgets—20 percent. That means fewer dollars for education, for fighting crime, and rebuilding infrastructure.

Since 1990, the number of Medicaid recipients have increased by nearly one-third, as the current law has created over 70 different ways for people to become eligible for benefits. Promising more benefits for more people plus using the political system to negotiate supply and demand is a prescription for failure. The price for this now includes annual deficits of up to $200 billion and a second mortgage on the future which our children and grandchildren will be forced to pay.

Today we change these dynamics. Today business as usual is over.

The reconciliation package we offer allows us to meet the needs of low-income individuals, while at the same time controlling costs, improving the program, and working toward a balanced budget. Under our proposal, Medicaid spending continues to grow, but at a slower, more predictable rate. The money is given to the States with the flexibility to design effective and innovative programs—programs to meet the individual needs of their low-income citizens.

States can cover individuals and families with income below 250 percent of the Federal poverty level—that's $31,475 for a family of three.

What we get away from are the thousands of pages of Federal mandates that stifle creativity and our States' ability to develop programs that are both efficient and effective. Under our proposal, we repeal all mandates. We allow States to standards and provider payment rates. And we no longer require Federal waivers to implement many of the innovative delivery systems that have proven to be so successful in the private sector. In fact, we encourage States to combine programs and experiment. However, as a safeguard, we ask States to develop a State plan and to submit annual reports and independent evaluations as well as provisions for fighting fraud and abuse.

As under current law, the Federal Government will match State funding, up to an aggregate cap. Under this proposal, total Federal Medicaid spending will continue to increase over the period 1996–2002. In this period, the Federal Government will provide $776 billion to the States to meet the needs of poor children, the elderly, and people who are disabled. This is the equivalent of half of the total of today's Federal budget.

Between 1995 and 2002, total Federal spending on Medicaid will still grow by over 40 percent.

Mr. President, the States will make these reforms work. Federal funding will continue to increase while we provide the States with control over how these funds will be spent. After 30 years of Federal control, it is time to put the State in charge. Capping Federal spending will allow the States to enforce fiscal discipline. They will clearly know that the deep pockets of the Federal Government are not bottomless.

With firm control over these funds, we will unleash the creativity of the States in meeting the needs of the low-income citizens. The States will be able to expand managed care without asking permission of the Washington bureaucracy. Coupled with the welfare reform package just passed, the States will be able to experiment with ways to move families off welfare and into work. The States will be able to design health insurance coverage so that the loss of Medicaid will no longer be a barrier to leaving welfare.

The States will plan, design, and implement Medicaid reform which will meet their own unique needs in ways Washington has not even started to think about. Taxpayers and beneficiaries alike will benefit from Medicaid reform and from achieving a balanced budget.

TAX REFORM

These are important reforms. Without them, the Medicare trust fund will become insolvent within a few years, and Medicaid will eat away at our children's future, forcing Federal and State governments to borrow money for generations yet unborn. According to University of California economist Alan Auerbach, if current spending trends and benefit formulas continue, "the tax burden would be very close to absorbing all the lifetime income of future workers."

To escape from this, we must prepare to move quickly and successfully beyond our first objective of passing the budget resolution to embrace what should be our second, adopting initiatives that create an environment for economic growth. The only way to break out of deficit spending, without cutting off essential services and forfeiting on the contracts the Federal Government has made with our senior citizens, is to renew healthy economic growth—growth which is above the 2.3- or 2.5-percent range currently projected by official forecasting agencies.

This environment will be created only as Government adopts real tax reform—reform that shifts the bias against savings and investment in the current Tax Code to a system that encourages saving and investment over consumption. Among the means to tap into the consumption base are: The flat tax, a national sales tax, or an expanded IRA.

While some have emphasized the differences between these three plans, they are grounded in the same economic concept of taxation, and I am pleased to see their growing acceptance among Americans. Ultimately some kind of compromise, possibly including elements from all of them, should be possible.

The current income tax system has not only undermined economic growth, it has also undermined the economic position of American families. We must act to provide tax relief for families that are already facing intense pressures on other fronts. It is my desire to provide tax relief in the context of the current reconciliation package, but I also believe we must not overlook the opportunity to provide the additional tax relief in future tax reform, financed by continued restraint in Federal spending growth.

The tax relief offered in this reconciliation package is very much in the realm of current possibilities. We offer a $245 billion tax cut which goes into effect only when the CBO has certified that deficit reduction is being achieved. Despite what some may say for political reasons, this tax relief does not come at the expense of Medicare. As the generally more liberal Washington Post admitted, "The Democrats have fabricated the Medicare-tax cut connection because it is useful politically." In an earlier editorial, the Post opined that,

> The Democrats are engaged in demagoguery, big time. And it's wrong. . . . [The Republicans] have a plan. Enough is known about it to say it's credible; it's gutsy and in some respects inventive—and it addresses a genuine problem that is only going to get worse. What Democrats have [on the other hand] is a lot of expostulation, TV ads and scare talk.

That is the end of the quote from the Washington Post.

Under the bill we propose today, using Medicare savings for tax cuts is illegal. The law requires that money saved on the Medicare Program will stay in the Medicare Program. These are trust funds, the assets of which may not be used for any other purpose. And to say otherwise, as the Post points out, is little more than politically motivated scare tactics.

The fact is, our efforts preserve and strengthen the Medicare trust fund. This is a promise made and a promise kept. Likewise our efforts bring the Federal budget into balance and provide substantial tax relief for middle-income Americans. Again, promises made and kept. I can only guess that these scare tactics are being used by some because for so long these individuals have gotten by politically by making promises without keeping them. Well, you cannot have it both ways. You are either working for the kinds of changes the American people want, or you are locked into business as usual. You are either working for reform, or you are an agent of big Government, runaway spending, and political gridlock.

Let this reconciliation package show Americans who stands where on these important issues.

Our plan offers a $500-a-child tax credit, encourages savings and investment, and offers other incentives for economic growth. Our proposal to cut taxes by $245 billion, offers relief for our middle class—with over 70 percent of the $245 billion going to families making less than $75,000 a year. These provisions mean more security for our families, more jobs for Americans, and greater stability in our communities.

Of the $245 billion Senate relief package, a full $223 billion will go to families. The remaining $22 billion will strengthen businesses and lead to increased employment opportunity. It will also improve America's ability to compete in the global community, with other nations that provide their businesses with strong incentives to compete with us.

The four pillars of our proposal are: First, a $500 child tax credit; second, restoration and strengthening of individual retirement accounts; third, relief from overbearing estate taxes on families and businesses; and, fourth, reduction of the top rate of capital gains on individuals and corporations.

These measures meet our promise to the American people. They represent a bold beginning in our effort to break with the failed policies of the past. The current tax system double-taxes savings, thwarts investment, hinders productivity, increases prices, stifles wages, and hurts exports. It is complex, controlled by special interest groups, and places disincentives on work.

We move to correct these deficiencies, and because we have cut spending, our bill balances the budget while making room for tax relief. Americans need relief. Our economy needs a shot in the arm. Even Bill Clinton has admitted as much. I call on him to join us in our efforts to unleash the potential our economy has to move us into a bold and exciting future.

The PRESIDING OFFICER. The time of the Senator from Delaware has expired.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. ROTH. Mr. President, will the distinguished Senator from New York yield? I have about three more pages. May I finish?

Mr. MOYNIHAN. Of course. Could we then extend morning business until 1:30?

Mr. KENNEDY. Reserving the right to object—and I do not intend to object—if we can have the morning business time, whatever morning business there was, divided equally between the two sides, whatever amount of time, since we are off the bill. If we could have whatever amount of time to be divided equally, then I would not object. If we are not going to have that allocation of time, then I feel compelled to object.

Mr. MOYNIHAN. Mr. President, may I make the suggestion that morning business be continued to 1:30 and that the time be equally divided?

Mr. KENNEDY. Reserving the right to object, that does not include the last 10 minutes—just from the time we go to morning business, divided equally.

Mr. GRASSLEY. Mr. President, I have to object momentarily for the leader. We want to find out if Senator DOLE wants this time extended.

The PRESIDING OFFICER. Objection is heard. The Senator from New York has the floor.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MOYNIHAN. 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. MOYNIHAN. Mr. President, I ask unanimous consent that the period of morning business be extended until 1:30 and that the time be equally divided. I believe it is the desire of the majority that the speakers alternate, if that is convenient.

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

Mr. ROTH. Reserving the right to object, may I finish?

Mr. MOYNIHAN. Yes.

The PRESIDING OFFICER. Hearing no objection, without objection it is so ordered.

The Senator from Delaware.

Mr. ROTH. Mr. President, as I was stating, that is what this reconciliation package is all about—the future.

As Lincoln said, "The struggle of today is not altogether for today—it is for a vast future, also"—a future that I believe will be very bright if we succeed in our endeavors here today.

Our objective is to strengthen the American Dream—in our homes, in our schools, in our communities, in our States, and all across the land. Some have said that the dream is dead, that our children cannot expect to lead a better life than that led by their parents. I strongly disagree. However, I do believe that in order to meet the domestic challenges before us—as we look to put our house in order here at home—as we seek to maintain influence and leadership abroad, that we must reinvent America to reflect the profound changes that are taking place throughout the world as well as here in the United States.

We must build on principles that are tried and proven and good. We know what works. We know what's failed. And we cannot march boldly into the future with blueprints prepared for the past. This reinventing of America must be thorough, it must create a nation that is compassionate, responsible, and economically viable from the houses in our neighborhoods to the Houses of Congress. It must encourage self-reliance, risk-taking, and the confidence that diligent labor will be rewarded with security and even greater opportunity for reward.

These are the principles that built America, and they are the principles that will see us into a bright and expansive new millennium.

Mr. President, I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I wish to congratulate the chairman of the Finance Committee on a very thoughtful and deeply felt exposition of his views. They are not entirely shared on this side, but they are, nonetheless, admired for the grace in which he has presented them.

REPUBLICAN BUDGET PLAN

Mr. MOYNIHAN. Mr. President, earlier in the day, this morning, I was speaking without notes. I stated that under the Republican budget plan the national debt will increase by $700 billion in the next 7 years. I would like now to correct that to be the precise number, which is $669 billion. That is how much more we will borrow.

I surely cannot think of any figure more explicitly to state the irresponsibility of a $245 billion tax cut. We will borrow every penny of that tax cut. If that were not the last thing to say, it turns out that the tax cut is a tax increase on average for taxpayers with income up to $30,000—half of all taxpayers—because of the reduction in the earned income tax credit. For the rest the bill reduces taxes. And we will borrow every penny of the tax cut, and persons working, paying taxes, and trying to get along will pay for every cent of the tax increase.

Mr. President, there is no way to get rid of a $5 trillion debt. I hope we know. Once again, to say, if it were not for that Contract With America, we would not be talking about a $245 billion tax cut on this floor, in this Chamber. We know it. We all know it. And I need not repeat it again.

I thank the Chair. I appreciate the courtesy.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

MEDICARE

Mr. ROCKEFELLER. Mr. President, I have a motion here in my hand. It is a motion to recommit with instructions. And I would like to say to every one of my colleagues on both sides of the aisle that the first amendment that we deal with today in the U.S. Senate—that we are dealing with today, the day that we meant for dealing with amendments of absolutely enormous importance to the future of our country—is going to be the Medicare amendment.

I do not care how many meetings are held in the majority leader's office, I do not care how many long speeches are given, I do not care how many morning businesses are taken, and I do not care even to the fact that no Democrat, other than the chairmen of the Budget Committee and the Finance Committee, has been able to say a word on this day, the day we meant to be devoting an hour to a series of extraordinarily important amendments on Medicare, EITC, Medicaid, and other matters, this amendment is going to be the first amendment laid down. It will recommit the Republican $270 billion cut in Medicare to the Finance Committee for further work.

I just want my colleagues to be fully aware of that fact. That will be the first amendment, the Medicare amendment. And it will come regardless of what tactics are used or whatever dilatory procedures are adopted.

I will say that the reason we on the Democratic side are laying this motion down is that the Republicans are cutting three times as much out of Medicare as they need to do in order to make the hospital insurance trust fund solvent to the year 2006. There is no need to do $270 billion of cuts.

So between the $89 billion that the trustees of the trust fund say is needed to make the Medicare hospital insurance trust fund solvent, which is what all the rhetoric is around here, to make the thing solvent—they all say, the trustees, that is, $89 billion—and the majority party taking $270 billion out of Medicare to do the work for which only $89 billion is required, therefore, there is a gap of $181 billion, to which I would think an ordinary inquiring citizen would say: What is this $181 billion for if all we need is $89 billion to make the Medicare trust fund solvent? And the answer, of course, is oft proclaimed, oft denied on the other side but a matter of irrefutable fact, and that is that it is going to be used to give in part an enormous tax break to families and institutions of wealth, and that emanates from the fact that this was part of the contract. It had its genesis when NEWT GINGRICH on a sunny day went with a band of very committed, newly elected House Members and in front of all kinds of American flags pronounced the 10 commandments, of which the greatest was a tax cut, the crown jewel was a tax cut.

That having been done, obviously no less could be done in this body and so the $245 billion, or $225 billion tax cut became the mantra. So that tax cut has to be achieved. We do not have that kind of money laying around, nor does the average American family, and therefore where do we get it? We go to Medicare and to Medicaid, and we cut them egregiously in order to do that.

I have no idea of how I am going to explain the damage done to the people of West Virginia, to the seniors of West Virginia, to the health institutions of West Virginia, to the veterans of West Virginia by this Medicare cut. And I will be talking at length about that at the time we actually do lay the amendment down. But the amendment is simply to say on our side we will not accept a $270 billion cut when $89 billion will do the job, stamped and approved by those whose responsibility it is to do the job, the trustees of the hospital insurance trust fund, in order to not have to do the $270 billion cut which the majority party is doing for the purpose of raising enough money to give a tax cut to those who do not need it.

I find this extraordinary. I find it certainly worth the meager 1 hour that we are going to be able to have on each side to discuss the Medicare amendment. But the Medicare amendment there will be, and it will be the first one and it will happen.

I thank the Presiding Officer.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, how much time do we have? I see my friends from Minnesota and North Dakota. How much time do we have on this side under the consent agreement?

The PRESIDING OFFICER. There are 9 minutes and 20 seconds.

Mr. KENNEDY. I will yield myself 3 minutes. I think Senator MIKULSKI wanted time.

I yield myself 3 minutes, Mr. President.

IGNORING THE RECOMMENDATION OF THE MEDICARE TRUSTEES

Mr. KENNEDY. Mr. President, for 2 hours I have been on the floor of the Senate and the one thing we did not hear, which is at the heart of this whole program, is how our Republican friends possibly justify not taking the recommendation of the trustees, which is the amount to ensure solvency for Medicare is $89 billion, and for them to justify a $270 billion cut. For 2 hours we have waited to hear the reasons for that. We have not heard it. There is silence on the other side for the reasons that the Senator from West Virginia will point out and the reasons why we will have an opportunity to vote.

The Republican proposal is to provide not just the $87 billion, not just solvency for the Medicare Program but lavish tax breaks for the wealthiest individuals. That is what this is about. The Republicans have not made that case. They have not justified why that is necessary and what the impact is going to be on senior citizens. It will be double their deductible, double their copay, a raise in the premium, and raise the age eligibility from 65 to 67.

Have you heard that explained by our Republican colleagues? No, you have not, Mr. President. And squeeze the elderly so they will no longer have a choice of doctors. That is what this legislation is about. We want answers. We want answers from those who are trying to jam this through the Senate of the United States.

Why should we accept it? We will have an opportunity to reject it, and I hope that the Senate will speak for the American people and seniors this afternoon.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield myself 10 minutes.

CHANGES IN MEDICARE PROVISIONS

Mr. GRASSLEY. Mr. President, I want to touch on portions of this reconciliation bill that deal very effectively with the changes in Medicare provisions that are very good nationally and provisions that are very good for rural America.

The bill will put the financial situation of the Medicare Program, particularly the part A hospital trust fund, but also part B for physician services, on a sounder, more sustainable footing. This will ensure that current and future Medicare beneficiaries in Iowa and elsewhere can continue to depend on the program.

In addition to putting the program in good shape financially so that it lasts into the future, for the baby boomers particularly, we also create a new reformed Medicare alongside this traditional Medicare Program that we have known for the last 30 years.

The Medicare reforms in the Senate bill will increase substantially the per capita payments that Medicare programs make to low-reimbursement States like my State of Iowa, and other rural States of our Nation.

This is a very important component of this Medicare reform. If we are able to retain this reform by getting it through the Senate, by getting it through conference with the House, it would be a great benefit to rural communities of my State and of the United States—all of them. The critically important issue is whether Medicare's per capita payment will be reformed. I have to emphasize that. Reform of Medicare's per capita payment is the essential element of bringing fairness and soundness to the system. The payment Medicare makes to health plans for those who enroll is the core element in the new reform program.

Currently, those per capita payments vary greatly from one part of the country to another. The per capita payments in the highest reimbursement areas are as much as 300 percent greater than the per capita payments in the low-reimbursement areas.

I would now refer my colleagues to this map. Many of the counties on this map are in darker colors. All of those with darker colors are way below the national average in per capita reimbursement for Medicare.

The red areas make up only 10 percent of the counties. Dade County, FL, counties in California, counties in the metropolitan area of the East, and metropolitan counties of the South, particularly Texas and Louisiana. Those counties in red are the highest per capita reimbursement counties in the United States. The variation from the dark, low-reimbursement counties to the high-reimbursement counties, can be as much as 300 percent from the county with the highest per capita payment to the county with the lowest.

Now, remember that this map shows per capita reimbursement. So the rating of our counties from low-reimbursement to high-reimbursement does not depend in any way upon the numbers of Medicare beneficiaries in the area. There are differences in input prices around the country, of course. But those differences cannot account for the very substantial reimbursement differences between the low-cost areas, the dark areas, versus the red areas, the very high-cost reimbursement areas.

The differences then reflect the fact that providers in those high-cost counties, high-reimbursement counties, are getting more money for each beneficiary that passes through the system. The more you go through the system, the more services allowed, the more times you see the doctor, the more times you go to the hospital, the more payment you get.

There is no rational justification for such gross payment disparities from one region to another under the present Medicare system. This bill reforms that. Furthermore, I might say, the citizens in the low-reimbursement areas pay the same payroll taxes and the same Medicare premiums and the same deductibles as their cocitizens in the higher reimbursement areas. This is a problem that we should fix and fix soon. We have gone a long way toward fixing it in this bill. And if we can retain that through the House-Senate conference, we will have very good provisions for most of the United States because most of the United States is rural.

On the traditional Medicare side, the bill does call for a spending slowdown, but it contains several provisions which I helped get in this bill which will help sustain health care services in rural America. We reinstituted the Medicare-dependent hospital program, which will provide additional reimbursement for Iowa's 30 small rural counties that are very dependent on Medicare programs and in a lot of other States as well.

We establish a critical access hospital program which will help the very smallest hospitals in rural America, including Iowa, redefine their mission, receive better reimbursement and thereby continue to provide services in their communities.

We increase next the bonus payment for physicians who work in communities where there is a physician shortage. We do that from a 10-percent to a 20-percent bonus.

Next, we included for the third time in legislation sent from the Senate to the House my legislation which would reimburse physicians' assistants and nurse practitioners at 85 percent of the physician's rate when they provide the same services. I hope and believe that the bonus payment and the physician's assistance, nurse practitioner legislation will increase the availability of primary health care services in rural America, including my State of Iowa.

Finally, we authorize a program of telemedicine grants which could be very helpful in Iowa with our developing telemedicine services. And, of course, Medicare beneficiaries may continue to participate in the traditional Medicare Program and continue to choose their own doctors if that is what they want to do. They are going to have a choice for the first time, a choice of keeping exactly what the Government has offered for 30 years or a choice of choosing an HMO, a medical savings account, or their traditional association or union plan that they had where they last worked when they retired.

So, Mr. President, if we can hold the line in discussions with the House on these provisions, this Medicare reform could be good for the United States but also very good for our low-reimbursement rural counties.

Mr. President, how much time do I have left of the 10 minutes that I allotted myself?

The PRESIDING OFFICER. One minute fifteen seconds.

Mr. GRASSLEY. Mr. President, I want to respond to a point made by the distinguished Senator from New York earlier, Senator MOYNIHAN, when he said you cannot balance the budget by cutting taxes. I do not respond just to what Senator MOYNIHAN said; I respond to this point because it is made continually by people on the other side of the aisle.

First of all, it certainly is ironic to be getting lectures from the other side about how to balance the budget. The only alternative on their side was voted down yesterday 96 to 0. That was the President's budget. And it would never balance. A chimpanzee with a typewriter will bang out by accident the entire Encyclopedia Britannica before the President's budget would be balanced.

The question is whether or not Republicans then can walk and chew gum at the same time. And, of course, we can. We can balance the budget and then cut taxes at the same time. We must do this. We can do this with minimal risk because we use very conservative and very credible CBO estimates, unlike the President who has been afflicted, like some of his predecessors, with the narcotic of optimism.

I yield the floor.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I yield myself 3 minutes.

SAVING MEDICARE

Ms. MIKULSKI. Mr. President, I rise in strong support of a Democratic leadership amendment that will be offered to save Medicare. I support it because it will save lives and save American seniors from bankruptcy.

The Republican budget reconciliation before us would cut Medicare by $270 billion. And it does so for one reason: to pay for tax breaks for the wealthy.

In contrast, the Democratic amendment would eliminate all but $89 billion of this Medicare cut. This would guarantee enough savings to keep Medicare solvent, but we would eliminate the provisions which the Republicans have proposed as a new tax cut on senior citizens.

We want to eliminate the Republican plan to double Medicare premiums. We want to eliminate the Republican plan to double the out-of-pocket deductibles for seniors. We want to eliminate the Republican plan to force seniors who want to keep their own doctor to pay for higher charges for Medicare care. We believe that the American senior citizens should get to pick their own doctor and be able to have health care that they can afford and not have these increased premiums and deductibles. And we can do it by focusing on solvency and efficiency.

Mr. President, this amendment is not about partisan politics; it is about the men and women that I call the GI Joe generation. These are the men and women like my uncles and my father, ordinary men, who during World War II were called to do extraordinary things. They fought over there so we could be free here.

Those are the women in my community we call affectionately Rosie the Riveter, women who worked at Martin Marietta, in shipyards helping to keep the homefront going while our men were overseas.

Those are our senior citizens of today, the men and women of the World War II generation. They helped save Western civilization. So now it is up to us to save their Medicare. It is the very least we can do, that on the brink of a new century we give our honor and our respect to those who saved us during this last century.

Mr. President, in 1965, a great Democratic President knew that one illness could devastate a family, and they organized to be able to pass Medicare. That stands today. We have to keep the "care" in Medicare.

The Republican plan will mean less access to health care, fewer doctor visits, less necessary tests and less of a focus on prevention. This is not what we should be doing. Yes, we all want to balance the budget, but I believe we can save Medicare and focus on solvency.

Let us go after that waste, let us go after that fraud, let us be more efficient, but let us also remember the GI generation. They fought to save us, and the very least we can do now is to fight to save their health care.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair has been instructed to alternate between sides. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield the remainder of time on this side of the aisle in morning business to Senator COATS.

The PRESIDING OFFICER. The Senator from Indiana.

ONE FINAL ACT OF COURAGE AND VISION

Mr. COATS. Mr. President, just 8 short months ago, when Democrats defeated the balanced budget amendment, the minority leader challenged us by saying: "The budget is not going to be balanced in 2002 unless the responsible people in 1995 start to focus on their share of the work."

Well, Mr. President, I submit that responsible people in Congress have focused on their work, and now it is up to the minority to show whether their statements supporting a balanced budget were a conviction or an alibi.

The reconciliation bill we are debating not only makes sense, it makes history. For most of us, a balanced Federal budget is a distant memory. For decades, it has been an empty political promise, but now it is just one final vote away. All that remains is one final act of courage and vision.

That courage will be tested in the Congress by some difficult choices that we will have to make here in the next 3 days. That vision will be measured in the President, as he becomes either a partner in the process or a partisan opponent. If either he or we are unequal to this task, the patience of the public will be exhausted. We will have squandered a unique opportunity, and we will feed a dangerous disillusionment with American politics.

I am confident that this chance will not be missed; that this new Congress will show a new determination. But this bill involves more than fiscal restraint. It represents a radical shift of resources away from Government, directly to families. It contains the single-most practical, compassionate way to provide immediate help and support to children. That is a fact that Americans must understand and that opponents cannot be allowed to ignore, because this budget matches its commitment to cuts with commitments to families. It reduces both the reach of Government and the level of taxes, and it embodies important values that cannot be represented in a balance sheet.

Let me take three provisions of this budget as examples—priorities that I have championed for years. These are measures that would directly improve the lives of families and children in my State and people around the country. We have proposed them again and again, only to see them ignored or defeated. Now they are one step short from reality.

First, this budget includes a $500 child tax credit. This sounds somewhat abstract, so let me be specific. The reconciliation package would provide nearly $600 million of tax relief to Indiana families. Over 1 million Indiana children would be eligible for the credit, and nearly 100,000 Hoosier taxpayers would have their entire tax liability eliminated by this single measure alone.

Democrats in this debate have tried to draw attention to children, and that is precisely where our attention should be. But children are not raised by bureaucrats, they are raised by parents. If the choice is between $600 million spent by Government in Indiana and $600 million spent by parents, there is no choice. Parents are more compassionate and more capable than any Government program can ever be.

In reality, nearly 90 percent of the child tax credit will go to families making less than $75,000 a year. Over 50 million American children will be eligible. Cutting Government and cutting taxes are part of the same movement in America, the movement to limit our Government and empower our people. One idea implies and requires the other. When we reduce public spending, we should increase the resources to families to meet their own needs. The theory is simple: A dollar spent by families is more useful than a dollar spent by Government.

Second, this package also includes an adoption credit of $5,000. Along with the child tax credit, these two provisions represent about 60 percent of the entire tax package. There is no more compassionate act than to provide an abandoned or abused child with a loving family, and the number of children who need those families is rising sharply. Yet, at the same time, the number of adoptions has dropped by nearly 50 percent over the last 25 years and, on any given day, 37,000 children are waiting to be adopted.

Thousands of families would be eager to adopt if it were not for the prohibitive cost, now about $14,000 on average. A $5,000 credit would make this a reasonable option for more parents.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. WELLSTONE addressed the Chair.

Mr. COATS. Mr. President, I ask unanimous consent for 2 additional minutes. Is that permitted?

Mr. WELLSTONE. Reserving the right to object, I wonder whether morning business can be extended, in which case it will not be a problem. If we extend 2 minutes on both sides, that will be fine.

The PRESIDING OFFICER. With unanimous consent, morning business would be extended.

Mr. GRASSLEY. Reserving the right to object, I think probably we ought to give 2 minutes here and 2 minutes over there to be fair, which is the way we have done it in the past. In addition, I want to be careful we do not extend the time because we have been clearing that with the managers of the bill. I do not think I can just willy-nilly allow the expansion of time. I think 2 minutes is appropriate.

Mr. WELLSTONE. My understanding is 2 minutes will be extended to the Senator from Indiana and I will have 2 minutes on top of what I already have.

The PRESIDING OFFICER. The time on the minority side is 4 minutes and 6 seconds. That would extend the time to 6 minutes and 6 seconds. The majority side would have 2 minutes.

Is there objection? Without objection, it is so ordered.

Mr. COATS. Mr. President, thousands of families would be eager to adopt were it not for the prohibitive cost, now about $14,000 on average. A $5,000 credit would make this a reasonable option for more parents.

Encouraging adoption is one of the most effective ways to care for children in need and at risk. Abused and abandoned children require loving homes more than they require any amount of bureaucratic spending in the status quo bill presented by the Democrats.

Third, this reconciliation bill includes medical savings accounts, an idea that I was the first to introduce in the Senate. These accounts will give families independence and choice on health care, the opposite of the President's approach. It delivers security without bureaucracy, providing families the resources to care for their own needs.

The centerpiece of this reconciliation bill is a balanced budget. In the future, this will be recalled as our contribution to history. If we ignore our budget crisis, the child born this year will pay $187,000 over his lifetime just for interest on the national debt.

The argument for a balanced budget comes down to something simple: It is one of our highest moral traditions for parents to sacrifice for the sake of their children. It is the depth of selfishness to call on children to sacrifice for the sake of their parents.

If we continue on our current path, we will violate a trust between generations and earn the contempt of the future.

There is no doubt we must balance the budget, but in passing this bill, we will accomplish even more, because this bill displays a passion for limited Government, yet it also displays compassion for American families. It finally returns responsibility to the Federal budget, yet it also helps return abused and abandoned children to adoptive families.

It will improve the long-term health of our economy, and yet it will also deliver short-term help to families and to children, relief that will be felt next year and every year beyond.

These are not sideshows or distractions. This plan includes real relief that will be felt and appreciated by the American people, and that relief is specifically directed toward families with children. This is actual, meaningful compassion, not the synthetic, failed compassion of Government programs.

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. The work before us is difficult. But it is nothing more than most Americans expect.

We have come to a time that is unique—an authentic moment of decision. It is a moment to act worthy of our words, and to keep faith with the future.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER (Mr. FAIRCLOTH). The Senator from Minnesota.

NO COMPASSION

Mr. WELLSTONE. Mr. President, I want to talk about an amendment we are going to have coming up on Medicare. Just for the record, let me briefly respond to the Senator from Indiana. In all due respect, I do not see this compassion. I see $35 billion of cuts in nutrition programs.

I had an amendment on the floor of the Senate that asked my colleagues to go on record saying that if, as a result of this reconciliation bill with its cuts disproportionately targeted on vulnerable children in America, there was more hunger and there was a situation where more children went without medical coverage, that we would revisit this question next year and take corrective action, and I could not get that sense-of-the-Senate amendment adopted. I do not see too much compassion in that vote, Mr. President.

Mr. President, I hope we start this debate soon on the Medicare. I want to start out by responding to my friend from Iowa. I just quote my friend from Illinois, Senator SIMON. He has said it once, twice, 10 times, that to say we are serious about deficit reduction and then to have $245 billion of tax giveaways is like saying to somebody we are going to put you on a strict diet but first we are going to give you dessert. It is a huge contradiction. I do not find people in cafes in Minnesota saying to me: Senator WELLSTONE, we are serious about deficit reduction, but would you first give us more tax breaks? That is not what I hear from people. They know it is a huge contradiction and that you being cannot dance at two weddings at the same time. It makes no sense.

Second point. Mr President, $89 billion is the figure for the trust fund. Instead, we have $270 billion. People in Minnesota know how to add and subtract. What we have going on here on the floor of the U.S. Senate today is no less than an effort to make Medicare the piggy bank for tax cuts, or tax giveaways. That is bad enough. What makes it worse is it is tax giveaways in inverse relationship to those people who least need the tax breaks. Mr.

President, that is simply unconscionable.

The third point. This is a rush to recklessness. I was surprised to hear my colleague from Iowa talking about the benefits of this for rural Iowa or rural Minnesota. I say to my colleague from Iowa, understand that in your proposal you have reimbursement to hospitals, rural hospitals, 2.5 percent less than rate of medical inflation. I tell you right now that our hospitals and clinics in rural America, in greater Minnesota, do not have the large profit margin; that is point one. Point two, they have a disproportionate amount of their patient mix—60 percent, 70 percent.

What I am saying to people watching this debate is that, in rural America, many of the people that come to our hospitals and clinics are elderly. Medicare is hugely important for them. That makes up a large share of the payments that go to these hospitals. They do not have the profit margin. They have a large percentage of the population that are elderly, who depend upon adequate Medicare reimbursement, and you have in your formula 25.5 percent less than the rate of inflation. In rural Minnesota and in North Dakota and in Kentucky and in rural Iowa, the rural heartland all across this country, the issue, Mr. President, is not just whether we can afford a doctor, it is whether we can find a doctor.

This is a rush to recklessness. This is a fast track to foolishness. Ask your providers, ask your nurses, ask your physician assistants, ask your doctors, ask your elderly, ask their children, ask their grandchildren. What you are about to do is very reckless with the lives of people.

Mr. President, I will tell you something. I just get more than a little bit angry when I see this stereotype and hear this stereotype about the elderly. You would think that the elderly are a bunch of "greedy geezers" that are traveling all over the country playing golf at the swankest golf courses there are. Mr. President, in my State of Minnesota, 70,000 seniors live below the Federal poverty line. In my State, of the 635,000 Medicare recipients, half of them have annual incomes under $20,000 a year. Mr. President, in my State of Minnesota, of the 635,000 Medicare beneficiaries, they are paying, on the average, over $2,000 out-of-pocket. Right now, for many seniors, catastrophic health care costs are a nightmare. They are terrified of prescription drug costs.

Mr. President, what we have here is an effort to make Medicare the piggy bank for tax cuts—rather tax giveaways, which flow in the main to the highest income citizens of the United States of America. There is no standard of fairness behind this proposal. People will see through it.

The second thing that is so unfortunate, so unconscionable, so unthinking about this proposal, will be its impact on the people of this country. Mr. President, $89 billion is not $270 billion. Please do not tell senior citizens their premiums will not go up, their copays will not go up, and in no way, shape, or form do you have to worry, and your hospitals, clinics, and providers will all get adequate reimbursement, and eligibility will not change, and we will just take $270 billion out of this health care sector.

Mr. President, senior citizens do not believe it, they should not believe it, they will not believe it. That is why this amendment that will be laid down by my colleague, the Senator from West Virginia, deserves the full support of every Senator in this Chamber.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has expired.

THE BALANCED BUDGET RECONCILIATION ACT OF 1995

The Senate continued with the consideration of the bill.

Mr. DOLE. Mr. President, the pending business is what?

The PRESIDING OFFICER. S. 1357 is the pending business.

Mr. DOLE. It is my understanding that the ranking member, Senator EXON, is now prepared to offer the Medicare amendment. We have not yet reached an overall agreement. So I cannot say it will not be second-degreed, or whatever. At least we can start on that amendment. I guess it is a motion to recommit. I did not see the leader on the floor. I think we can start on that. That would give us some time to start talking back and forth.

Mr. DASCHLE. Mr. President, parliamentary inquiry. How much time has been consumed thus far?

The PRESIDING OFFICER. The majority leader has used 1 hour 15 minutes, and the minority leader has used 30 minutes.

Mr. DASCHLE. Mr. President, it would be our intention to devote an hour on this particular amendment.

Mr. DOLE. On each side?

Mr. DASCHLE. An hour on this side, and whatever amount of time the majority would care to use.

Mr. DOLE. I ask unanimous consent that we have an hour on each side on the motion to recommit.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The senior Senator from Nebraska is recognized.

Mr. EXON. Mr. President, in view of the agreement just reached, we are prepared to offer the Medicare amendment. I hope that the chair will recognize the Senator from West Virginia for whatever time he might need. I remind him that we have an hour each, which can be divided between the managers of this particular amendment.

Mr. DOLE. Mr. President, we will later debate what the Senator from Minnesota had to say. I have these figures, which show that about $477 million per year would go into Minnesota to help families with children. I assume those families with children would be happy to have tax relief.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from West Virginia.

MOTION TO COMMIT

Mr. ROCKEFELLER. Mr. President, I move to commit Senate bill 1357 to the Committee on Finance with instructions to report the bill back to the Senate within 3 days, not to include any day the Senate is not in session, making changes in legislation within that committee's jurisdiction to eliminate any reductions in Medicare beyond the $89 billion necessary to maintain trust fund solvency through the year 2006, and to reduce revenue reductions for upper-income taxpayers by the amount necessary to ensure deficit neutrality.

The PRESIDING OFFICER. Was the Senator asking unanimous consent?

Mr. ROCKEFELLER. No. The Senator was laying down a motion, and the Senator wishes to speak on that motion.

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

The text of the motion to commit is as follows:

MOTION TO COMMIT WITH INSTRUCTIONS

Mr. President, I move to commit the bill S. 1357 to the Committee on Finance with instructions to report the bill back to the Senate within 3 days not to include any day the Senate is not in session making changes in legislation within that Committee's jurisdiction to eliminate any reductions in Medicare beyond the $89,000,000,000 necessary to maintain trust fund solvency through the year 2006 and to reduce revenue reductions for upper-income taxpayers by the amount necessary to ensure deficit neutrality.

Mr. ROCKEFELLER. In about 2 hours, I guess, every U.S. Senator will be asked to vote on the future of a program that makes the difference between security and insecurity, peace of mind and terror, health and illness, and sometimes, obviously, life or death for 30 million older Americans—including 330,000 seniors from my own State of West Virginia.

We offer this amendment, Democrats, to give Senators one more chance to preserve Medicare, and stop the destruction of one of America's proudest, most enduring achievements.

We make a very straightforward proposition with our amendment to save Medicare.

This amendment calls for sending the Medicare part of this package back to the Senate Finance Committee, and says Medicare should not be cut beyond the $89 billion needed to keep the trust fund solvent for another 10 years. That means we want to restore the $181 billion of unnecessary, dangerous Medicare cuts back to the trust fund, back to the health care system that seniors depend on every single day of their lives.

This amendment is a final opportunity, quite frankly, for our colleagues on the other side of the aisle to defend the Medicare trust fund from a mind boggling raid that will cut health care benefits, increase seniors' costs, and threaten the very existence of hospitals—a raid that is designed purely and simply to pay for tax breaks tilted in favor of the most affluent, comfortable households in this land.

The reconciliation bill on the floor cuts Medicare by $270 billion over 7 years. We all know that now.

We have all been told that this will save Medicare, keep it solvent, and, indeed, make the program stronger. Wrong, wrong, and wrong. The professional experts in charge of keeping the books for Medicare say exactly $89 billion is needed to keep Medicare solvent for the same number of years.

Hospitals, doctors, nurses, and other health care providers in every one of our States believe with absolute certainty that cuts of this size will disintegrate the kind of health care coverage that 30 million American senior citizens have counted on for over three decades.

When the average income of senior citizens is, in fact, $17,750 on a national basis, and closer to $10,700 in my own State, and when they pay 21 percent of their income for health expenses as it is now—that is, unless they are over 84, in which case the figure rises to 34 percent—no wonder they are incredulous, no wonder they are petrified to hear their Medicare is being used to pay for tax breaks, tax giveaways to far, far wealthier Americans and every imaginable kind of corporation.

I have no way that I can think of to explain to the 330,000 Medicare beneficiaries in my State why their Medicare deductibles will double, their premiums will skyrocket, and West Virginia hospitals are threatened with the possibility of losing $25 million in 1996 and more than $681 million over the next 7 years.

I keep saying I wish this were some kind of a dream. I keep expecting to wake up and find something different. I wish this were some kind of a dream. But the threat is real. It is written into the pages of the bill before the Senate unless we send it back.

I can only report what I read in the budget package. Mr. President, $270 billion will be cut out of Medicare. That is fact. Mr. President, $225 billion will be given away in tax breaks and giveaways. That is fact. Then there is the $187 billion sliced out of Medicaid, subject to another amendment leaving it in tatters as it is chopped into a block grants which States are not ready, in fact, to handle, with virtually none of the guarantees left for Americans hurting the most.

The response on the other side will be that we are exaggerating, that we are trying to scare seniors, that we do not understand.

Mr. President, this budget is a scary budget. It is a very scary budget. I am the very first to admit that I fear for my State. I fear for 330,000 older West Virginians. I fear for the health care system in America. I do not say that as a Democrat or as a Republican. I say that as a citizen of the State of West Virginia. I am afraid of the consequences of what it is likely we are going to do here, and hence this amendment.

When the very people who are trustees of Medicare say only $89 billion is needed to keep the trust fund solvent for 10 years, it is frightening to see a budget that sucks $270 billion out of the lifeline for older Americans. That is what older Americans are now coming to truly believe on their own, not because of what we say but because of what they are beginning to find out on their own. Their fear is genuine and justified.

Today, we offer one last chance to Senators to protect Medicare and older Americans. Vote for this amendment to ensure the solvency of Medicare for another 10 years. There is plenty of time for a bipartisan, thoughtful effort to plan Medicare's future for the 50 years beyond that period of time. Vote for this amendment to protect Medicare from highway robbery, from being used to pay for tax breaks, to take money from seniors with an average income of $17,500 and hand it over to Americans with incomes from $75,000 all the way up to millions. Vote for the right way to balance the budget and for a balance in the Nation's priorities.

We offer this amendment to remind every Senator that he and she can respond to the seniors, the families, and the health care providers of America who are scared by rejecting the part of this budget that casts a dangerous, deep, and dark shadow over Medicare—that is, unless this amendment is passed.

Mr. President, I yield 5 minutes to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, if this Republican bill becomes law, it will devastate senior citizens, working families, and children in every community in America. It is a transparent scheme to take from the needy to give to the greedy. It makes a mockery of the family values the Republican majority pretend to represent.

The Republican assault on Medicare is a frontal attack on the Nation's elderly. Medicare is part of Social Security. It is a contract between the Government and the people that says, "Pay into the trust fund during your working years, and we will guarantee good health care in your retirement years."

It is wrong for the Republicans to break that contract. It is wrong for Republicans to propose deep cuts in Medicare in excess of anything needed to protect the trust fund. It is doubly wrong for the Republicans to propose those deep cuts in Medicare in order to pay for tax breaks for the wealthy.

The cuts in Medicare are too harsh and too extreme. Mr. President, $280 billion over the next 7 years—premiums will double, deductibles will double, the age of eligibility will be raised to 67, and senior citizens will be squeezed hard to give up their own doctors and HMO's.

The fundamental unfairness of this proposal is plain. Senior citizens' median income is only $17,750. Mr. President, 40 percent have incomes of less than $10,000. Because of gaps in Medicare, senior citizens already pay too much for the health care they need. Yet the additional premiums alone under the Republican plan will add $2,400 to the health care of the average elderly over the next 7 years.

The Medicare trust fund trustees have stated clearly $89 billion is all that is needed to protect the trust fund for a decade—not $280 billion. The Democratic alternative provides that amount. It will not raise premiums an additional dime. It will not raise deductibles a dime. It will give senior citizens real choices, not force them to give up their own doctor.

The Republican Medicare plan also deserves to be rejected because of the lavish giveaways to special interest groups in the House and Senate proposals. Insurance companies got what they wanted—the opportunity to get their hands on Medicare and obtain billions of dollars in profits. The American Medical Association got what it wanted—lower reduction in doctors' fees and little on malpractice awards. The list goes on and on.

Clinical labs no longer have to meet Federal standards to guarantee the accuracy of tests. Federal standards to prevent the abuse of patients in nursing homes will be eliminated. Pharmaceutical firms will be given the right to charge higher prices for their drugs.

Because of this unjust Republican plan, 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, or paying for medical care.

Senior citizens have earned their Medicare benefits. They paid for them and they deserve them. The Republican attacks on Medicare will make life harder, sicker, and shorter for millions of elderly Americans who built this country and made it great. They deserve better from Congress. Our Democratic alternative protects senior citizens and preserves Medicare, and that is just what the Rockefeller proposal offers.

I see my colleague and friend from North Dakota here. I will be interested if he would tell us what his understanding of the implications of this program would be to those in rural America.

The PRESIDING OFFICER. Who yields time?

Mr. ROCKEFELLER. Mr. President, I yield 5 minutes to the Senator from North Dakota.

The PRESIDING OFFICER. The Chair recognizes the Senator from North Dakota.

Mr. DORGAN. Mr. President, we have been told by some that the $270 billion reduction to Medicare is not a cut, that Medicare spending will still increase under this budget reconciliation bill. That is true. But, Mr. President, 200,000 new Americans every month become eligible for Medicare. More Americans are becoming eligible for Medicare and health care costs are increasing.

We have determined what it will cost for the Medicare Program over the next 7 years based on these facts. The plan is to cut $270 billion from that projection, so of course it is a cut. This plan will end up offering senior citizens this kind of Faustian bargain: We will offer you a deal in which you get less health care and you pay more for it.

In our country, we have talked about labels recently. When you go to the grocery store, there is a label on the food. Pick up a can of peas or a box of pasta, and the label says what is in it—how much sodium, how much fat. You have to be honest and truthful about labels on a can of peas in a grocery store. No such requirement exists here in the Congress. You can label it whatever you want to label it and do it with impunity.

This proposal is labeled "A Proposal To Save Medicare." The very people who opposed Medicare when it was created 30 years ago—97 percent of the present majority party voted against Medicare because they said they did not believe in it—are now telling us they are the ones who are going to save it.

If these folks were physicians in an emergency room and you came in with an ingrown toenail, they would cut off your leg and then boast about how your toe does not hurt anymore.

The fact is, you do not have to cut $270 billion to save Medicare. We should make an adjustment in Medicare but it need only be about a $89 billion adjustment. That is what the experts tell us is needed to extend the hospital insurance trust fund. So what is this debate all about? It is about getting money from the Medicare Program, with substantial cuts, in order to provide tax relief to some other folks. That is about pols and pals—politicians and their pals.

Who gets the tax cut? Well, first of all, let's consider who gets the tax increase? The Joint Tax Committee says 50 percent of the people in this country are going to pay higher taxes as a result of reconciliation bill. Here's a multiple choice question—which people will pay higher taxes, those with incomes in the lowest 50 percent or those in the highest 50 percent? Guess what, the majority party has said to us that the lowest 50 percent of the income earners should pay higher taxes, but the top 1 percent shall pay substantially lower taxes.

Where does all that money come from, to provide for the tax break to the upper income folks? Out of the $270 billion cut in the Medicare Program.

As I have said repeatedly, this is all about choices and priorities. If one thinks Medicare has not been worthwhile in freeing senior citizens from the fear of getting sick and not having the money to attend to their health care needs, then just decide there should be no Medicare Program. I respect that. I do not agree, but I respect that.

But this is about choices. Those of us who believe there ought to be a Medicare Program that senior citizens can rely on—and we are the ones who started Medicare, still believe in it and believe it should be there in the future—we say, send this legislation back, recommit it, and bring it back to the Senate floor with an adjustment in the tax cut and use that money to reduce the cuts to Medicare.

I had an amendment on the floor of the Senate 2 days ago that was very simple. It said, let us at least limit the tax cut to those whose incomes are at or below $250,000 a year. Just limit the tax cut for at least those who make less than a quarter of a million dollars a year, and use the $50 billion in savings from that over 7 years to reduce the hit on Medicare—to reduce the hit on senior citizens.

Do you know what? We could not get that passed. It was a party-line vote. Every single Member of the majority party voted against that simple amendment.

This debate is about choices and priorities. Our choices are to save Medicare for the long term. Our choice is not to provide tax cuts to the richest Americans and send the bill for those tax cuts to some of the most vulnerable Americans.

By far the majority of the senior citizens in North Dakota live on less than $15,000 a year in income. To say to those folks that we are going to take from your Medicare Program so we can offer tax cuts to the richest Americans makes no sense at all. Those are priorities that are not in keeping with what the American people would like us to do.

We need to balance the budget. We need to agree on a sensible way to do that. But we do not need to dismantle programs that work. We do not need to injure the Medicare Program and place a higher burden on senior citizens in order to provide a tax cut to the richest Americans. That is a terrible choice and I hope Members of both sides of the aisle will vote for this amendment offered by Senator ROCKEFELLER, Senator KENNEDY, and others.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. ROCKEFELLER. Mr. President, I ask the Senator from New Hampshire or the Senator from Michigan—a number of questions have been raised on this side. We have been listening for months now to the attack on an $89 billion cut as opposed to a $270 billion cut.

I raised the question, what has happened to the $181 billion? Is this really going to a tax cut? What about the doubling of the deductible in the premiums? Things of this sort.

I ask if any on the other side care to explain why they would vote against my amendment, if, in fact, they are going to? I would just be interested if they have anything they choose to say?

Mr. GREGG addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from——

Mr. GREGG. If the Senator will yield on his time, I will be happy to respond.

The PRESIDING OFFICER. Will the Senator from West Virginia yield?

Mr. ROCKEFELLER. I will not yield. Because I would like to hear the response from the majority party as to some of the reasons for their certainty as to the need for the $270 billion cut which is causing so much consternation throughout the land.

Mr. GREGG. If the Senator from West Virginia is going to propound a question to myself and the Senator from Michigan——

Mr. ROCKEFELLER. The Senator does not have to answer.

Mr. GREGG. I will be happy to respond to the question in the context of his timeframe. It seems rather unusual in speeches to be propounding questions and not wish to seek response.

The PRESIDING OFFICER. Does the Senator——

Mr. ROCKEFELLER. No; the Senator is not going to engage in this kind of game. It is clear the majority does not want to answer some of these basic questions. So at this point I will call on the Senator from Iowa.

Mr. WELLSTONE. Mr. President, while we are waiting I would like to be added as an additional cosponsor.

The PRESIDING OFFICER. Who yields time?

Mr. ROCKEFELLER. There are Democratic Members on their way down here to speak. They have not gotten down here to speak, and I hope they recognize they will have to get here very quickly. But I will yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, one of the things that most concerns me about all of this is the concept of senior citizens being able to keep their own physician. And one of the things that most scares me, that puts genuine fear in the heart not just of this Senator but of the seniors that I represent, is the fear they are going to lose their right to choose their own doctor.

I say this with a special feeling because, over the last couple of years, when we were debating health care, that was one of the things that was absolutely going to be able to happen. People are going to be able to have their own doctor. But there is this enormous movement in the private sector to move people into health maintenance organizations to cut costs down.

I read this, this morning, in the newspaper, that Washington General Hospital, now DC General, which is kind of the last resort for the people of Washington DC, is thinking, now, of closing down, merging with Howard University. That is happening now in the private sector. I hesitate to even imagine what happens if you take tens of millions of dollars away from them, or institutions like them, over the next number of years.

How many essential services in our city—I know in the city of Chicago, I know either seven or eight emergency rooms of hospitals have closed down under the current free-market system. And the exacerbation of all that, under these drastic Medicare cuts, is something which I think is truly terrifying.

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

Mr. ROCKEFELLER. I will be glad to yield.

Mr. KENNEDY. What is the Senator's understanding of the effect of this particular provision in the Republican budget bill and the impact on the people of West Virginia, in terms of the seniors there, their incomes, and what the Senator thinks would be the impact?

Mr. ROCKEFELLER. I will answer the Senator from Massachusetts that for the average senior in West Virginia, their income would be about $10,700 a year, and 21 percent of that they already spend on health care. There is little left on the margin just to survive. If this happens, the deductible will double, and the premiums will go up. All kinds of costs will increase, and services I believe, particularly in the rural areas, will decrease.

I think that, No. 1, they are going to feel like they have been abandoned. Whether or not they will be is yet to be fully determined. But they are going to believe they are going to be abandoned. Hospitals in rural areas are going to close down. They already are closing. That will pick up.

So in a State which is 97 percent mountain and 3 percent flat, as the Senator knows, they are going to feel cut off from health care, and in many cases they will be cut off from health care because they will have no acute care beds that will be available to them because of hospitals that are closing down.

So expenses will go up. Their fear will skyrocket. Their hospitals will begin to close down. Doctors are going to become much more reluctant to go into the rural areas of West Virginia because of the cuts in the graduate medical education. You are going to find the kinds of doctors who have traditionally gone into rural areas to service seniors are not going to be trained because they are no longer going to be funded by the Republican cuts under Medicare because of the cuts in graduate medical education.

So I do not know any way that they win. I can think of no way that they win, and I can think of 10 ways they lose.

Mr. KENNEDY. Just finally, if part B goes up, that is directly deducted from your Social Security check. Do you anticipate that part B premiums will go up, and, therefore, the Social Security checks will be affected for those in West Virginia as well?

Mr. ROCKEFELLER. It is not necessary to anticipate it. It is a fact. They will go up. They will double.

Mr. KENNEDY. What is the impact on the Social Security check?

Mr. ROCKEFELLER. That is just more money out of pocket. Of course, the ironic thing there is that 40 percent of what it is that the majority party is cutting out of Medicare—$100 billion—cannot even be used to help the trust fund, cannot even be used because it is from part B.

I yield to the Senator from Iowa.

Mr. HARKIN. I thank the Senator for yielding. He makes an excellent point to the Senator from Massachusetts.

This comes right out of the Social Security checks. That is where it is coming from. It is not coming from some other place when an elderly person gets that Social Security check. The amount that they pay in that monthly premium is going to double under what the Republicans have before us.

Mr. President, Halloween is just around the corner. It is trick-or-treat time. This is a trick-or-treat bill. The trick is on American seniors, and the treats are the $245 billion tax cuts for the wealthiest in this country. That is what it is. They are saying we are trying to scare our seniors. It is not a scare. It is an actual assault on the seniors of this country so that we can treat the wealthiest.

What is this debate really about? Mr. President, here is what the debate is about right here on this poster. This is what the debate is about. Make no mistake about it. Notice the date on these words. October 24, 1995. That was yesterday. Last night in a speech to the American Conservative Union here in Washington, here is what the majority leader of the Senate said:

"* * * I was there fighting the fight—voting against Medicare—one of 12—because we knew it wouldn't work in 1965.

There you have it. The majority leader is saying he is proud of the fact that he voted against Medicare in 1965 because he says, "We knew it wouldn't work." It will not work? Prior to 1965, only 46 percent of our elderly had health care. Today, 99 percent of our seniors have health care coverage. Tell me it has not worked. I want the majority leader to come out here on the Senate floor and tell the American public that Medicare has been a failure, that it has not worked, that he was right in 1965 when he voted against it. I wish he would tell me. I wish he would tell me. I wish he would tell me about my own family.

When my father was on Social Security and an ex-coal miner, we had no income. All he had was a Social Security check. We lived in a small town of 150 people. He had black lung disease. He was in his seventies. He had no health care. We had no money. We had no life savings. We had a little house and a half acre of property.

Every winter he would get sick and they would have to take him in to Mercy Hospital in Des Moines, and, thank God, the Sisters of Mercy would take care of him, and they would send him home. It happened like clockwork every year. That was the only health care he had when he was sick as a dog and they would have to rush him to the hospital. But before he died, Medicare came into existence in 1965. And the last 2 years of his life was by far the best years he had in his later years because then he could get health care. He got it when he needed it, not later on when he was so sick. But he got it up front, and he got it with his head held high and not coming in the back door to get charity.

I often think that if my father had had Medicare during the 1950's and in the early 1960's, he would have lived longer and he would have been a lot healthier.

So the majority leader better not try to tell this Senator that Medicare was a mistake and that it has not worked. I have seen too many in my own family. I have seen too many elderly people in Iowa who, before 1965, did not have health care living in those small towns and communities. Their lives were made better and healthier, and their children's lives were made better because Medicare came in and provided health care for the elderly.

I delight in talking to young people about Medicare. They think it is just for the elderly. I do this a lot of times with college students. I always ask them. I say, "How many of you have grandparents that are on Medicare?" Most of them raise their hands. I say, "After you get out of school and you start earning money, for every $100 that you earn, how much of that money is going to go into the Medicare trust fund to pay for Medicare? Out of every $100 you earn, how much goes in so that your grandparents get Medicare?" I tell you, you should hear the answers I get: $20 out of $100, $10 out of $100, and all kinds of wild guesses. When I tell them it is $1.45, for every $100 they earn, they spend $1.45 so their grandparents do not have to live with them, so their grandparents get quality, affordable health care, they are amazed.

I asked them. "Do you think it is worth it? Is it worth $1.45 out of $100 to put into the Medicare trust fund?" When you put it that way, they think it is a darned good deal.

So, yes. We have some problems with the Medicare trust fund, long term, short term, and we can address those. The other side is always talking about the trustees; how the trustees said it is broke and we have to fix it. There is nothing in the trustees' report that says we have to take $270 billion out of Medicare. That is what the Republicans want to do to—give a $245 billion tax break for the wealthiest in our country.

What our amendment does is send the bill back to Finance, and come back with an $89 billion cut in Medicare to make it secure but to keep it and to save it for our elderly. Let us not have this trick-or-treat bill that the Republicans have brought out here to trick our elderly and to take away their hard-earned savings and put it in a $245 billion tax break for the wealthiest in our country. That is what this battle is about. Make no mistake about it.

I yield back my time. I thank the Senator for yielding me that time.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, what is the time remaining?

The PRESIDING OFFICER. The Senator from West Virginia has 28½ minutes remaining, and the Senator from Michigan has 60 minutes.

Mr. ROCKEFELLER. Does the Senator from Michigan wish to allocate time to anyone?

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER (Mr. FRIST). The Senator from Michigan.

Mr. ABRAHAM. At this time I yield myself such time as I may need, and I will be very brief. Then I will yield to other Members—the Senator from New Hampshire, who has been in the chair.

We have obviously been hearing a number of claims, accusations, and allegations both about the motives of the Republicans as well as the substance of the legislation before us. I know that other speakers will get into more detail in responding, but I will just point out a few things.

The comments with respect to the condition of the part A trust fund are not just whimsical comments, they are inaccurate comments, and they are very important comments to America's seniors. They should know today that starting in 1996, for the first year the part A trust fund will begin to run a deficit. We are no longer talking about problems that are somewhere out in the future that we cannot visualize. We are talking about concrete problems that are going to be before us in the very immediate sense soon.

Just last year we heard from the entitlement commission, a bipartisan group of Members of Congress who reported to us that at the rate of growth in entitlement spending in this country in just 15 to 20 years, entitlement spending and interest on the Federal debt alone would exceed all Federal tax collections combined. These are not problems that can be fixed by the old process of finding a few extra dollars and throwing them into the Medicare trust fund. These are problems that can only be fixed through substantive changes of the sort which we are offering here.

The Medicare Program is like a ship that is badly damaged. It is leaking water. There are two ways you can deal with the problem. You can pour more water over the side and try to bail your way out, but that will not solve the problem in a long-term sense. The alternative is to repair the damage. That is what we are trying to do because we do not want to just guarantee that Medicare will be safe for an additional 1 year or 2 years. We want to change the program to make it stronger, to protect it, to preserve it well into the future. We want to give seniors the right to choose a program that is best for them, and we want to make sure that we do that in a way that is not just cover us for the next election but, rather, in a way that truly protects seniors in the long-term sense.

And so at this time, I will yield the floor and grant whatever time he may need to the Senator from New Hampshire.

Mr. GREGG. I thank the Chair.

I associate myself with the comments of the Senator from Michigan. I wish to respond to some of the points made here by members of the other side who, I am sure, have done so with sincerity but who have been inaccurate to say the least.

Initially, let me state that the purpose of the Medicare reform which has been put into this bill is to significantly strengthen the program which has cared for our seniors well but which was designed in the 1960's and which is not functioning well as we move into the year 2000. It is like a 1960 automobile trying to drive on a turnpike in 1995. The fact is that the muffler has fallen off, the pistons are not working very well, the chassis is out of line, and it needs to be fixed.

In fact, it needs to be significantly strengthened, and that is what we have proposed. The basic thrust of the Republican plan is to give seniors essentially the same options which Members of Congress have.

Now, why is that so outrageous? We are saying to seniors, "You shall have choice. You shall have the ability to go into the marketplace, if you wish, and choose other options than what you are presently supplied under Medicare." We are not saying they have to do that. In fact, we are making it very clear, under the Senate plan, if a senior decides to stay with fee for service, which is what most seniors have today, which is where they go out and choose their doctor individually, they can continue in that framework, they can continue to do that. That is their decision.

What we are saying, however, is if they should choose, they will have other choices. If they should choose, as like many people, their sons and daughters, who are in the workplace, to go with some group of doctors who practice together in what is known as a PPO, they will have that option. If they choose, as many of their sons and daughters do today who are in the workplace, to go with an HMO, where you have an affiliation of doctors and hospitals and delivery systems, they will have that option.

There are a variety of other options which we cannot even anticipate because the marketplace has not created them yet that we will make available to our seniors.

And in giving our seniors those choices, what else do we do? We also say we are going to give you some economic benefit from being a thoughtful purchaser of your health care. Under the Senate plan, if a senior chooses a plan which delivers the same or better care than they are presently getting from their fee-for-service plan but happens to cost less, we are going to allow the senior to keep that savings. We are going to create an incentive amongst seniors to look at other options. We are not going to say they have to look at them. We are not going to say they even have to take them. We are simply going to say you have that option.

So what is so dastardly about giving seniors the same option which Members of Congress have? I do not understand it myself. But the other side is outraged for some reason. I think their outrage functions more from politics than from substance.

Let us talk a little bit about substance, about some of the points that have been made by the other side. First, they say there is a $270 billion cut. That is an interesting concept. Only in Washington would a program where you are going to increase spending by $346 billion over the next 7 years be deemed a cut in spending.

This is the chart, ladies and gentlemen. Medicare spending goes up $349 billion—I was off by $3 billion; I apologize— $349 billion over the next 7 years. That is a cut in spending? It still remains, under that spending increase, the fastest growing, most significant expenditure in the Federal budget. In fact, if you compare the rate of growth of Medicare spending over the next 7 years to the rate of Medicare spending over the last 7 years, you would have to conclude that over the last 7 years we "savaged it," under the Democrat terms, because in the last 7 years it grew to $923 billion spent on Medicare, but over the next 7 years we are going to spend $1.6 trillion on Medicare.

So clearly there is no cut here in spending on Medicare. In fact, per beneficiary, spending on each beneficiary will go up by approximately $2,000 between this year and what would be spent on that beneficiary in the year 2002.

We heard this equally rather interesting argument: Well, there are going to be more people in the system; therefore, more should be spent. Actually, demographically, there will not be a significant increase in seniors going into the system until we hit the year 2007. So that is not an accurate statement on its face.

We heard the statement of essentially, well, but really, to meet the obligations of Medicare we have to spend $8,700, or something like that, per senior in the year 2002. What does that presume? It presumes a rate of growth of Medicare which would be 10 percent per year for the next 7 years—10 percent per year. If that is what my colleagues on the other side of the aisle want for Medicare, they have just signed on to a prescription which the Medicare trustees have said will lead to bankruptcy, because it is that 10 percent rate of growth that the Medicare trustees, three of whom happen to be members of this administration, stated was totally unsustainable—totally unsustainable—and that if it is allowed to continue at that rate, if Medicare is allowed to continue to grow at an annual rate of 10 percent, the trust fund becomes bankrupt.

They gave us a rather definitive chart which reflects that, and that is this chart here. It is a plane crash, ladies and gentlemen. A 10-percent rate of growth leads to insolvency in the trust fund in the year 2002. So when my colleagues on the other side of the aisle say, "But you are simply not increasing spending enough when you are increasing spending by $2,000 per beneficiary over the next 7 years, you have to increase it by another $2,000," what they are really saying is we want insolvency of the trust fund.

We heard some other rather interesting comments, something about, well, the trustees never said that there had to be anything like $270 billion saved in order to accomplish the rescue of the Medicare trust fund. I think my colleague from Iowa said there is no place in the trustees' report where that occurs; all we need is $89 billion.

I strongly suggest that my colleagues on the other side of the aisle read the trustees' report. I will read it for them. I have to put on my glasses, though.

> The trust fund fails to meet the trustees' test of long-range close actuarial balance by an extremely large margin. To bring the HI program into actuarial balance even for the first 25 years—

Which happens to be their minimum year——

Mr. HARKIN. Will the Senator yield?

Mr. GREGG. I am sorry. I will not yield. The other side did not yield. I will not yield.

Mr. HARKIN. I wanted to clarify a point.

Mr. GREGG. I am not yielding to the Senator from Iowa.

> To bring the HI program into actuarial balance even for the first 25 years under the intermediate assumptions, would require an increase in the HI payroll tax of about 0.65 percentage points per employee or employer each or a comparable reduction in benefits.

What does that language mean in English if you convert it to numbers? That means that the trustees are stating that under their most conservative approach, on an actuarial basis, which they did not even agree should occur because they think it is too short of a timeframe, it would take $386 billion—$386 billion—of adjustment over a 5-year period in order to accomplish actuarial solvency. So this $89 billion number is specious on its face.

And then we have heard, "But the premiums of our seniors are going to double." That is a very interesting argument, because it just happens to ignore one major point. This plan that the Republicans have put forward does not increase the burden of the seniors on the percentage of premium that they pay in the part B premium.

Under the part B premium—I think this should be explained for those who may not be familiar with it; I know most in this room are—but under the part B premium, the senior citizen pays 31 percent of the cost, the general taxpayers, specifically the senior's children and grandchildren who are working, pay 69 percent of the cost.

Under the Republican proposal, the senior citizen will continue for the next 7 years to pick up 31 percent of the cost of his or her part B premium, and his children or her children and his or her grandchildren will continue to pay 69 percent of the cost of the part B premium.

We do not change that. Sure, it goes up. Health care costs go up. Of course it is going to go up. But as a percentage of the cost that is being borne between the senior citizen and their children who are paying the taxes, the subsidy, it will remain the same. Now, if we are to follow the logic of my colleagues from other side of the aisle, what they are saying is that the subsidy that the senior citizens' children should pay and their grandchildren should pay should go up.

That is the only logical conclusion from what they are saying. They are essentially saying that the senior citizens should receive a greater subsidy from their children and their grandchildren, so that they will not be paying 31 percent of the cost of their part B premium, so that they may be paying 28 percent or 25 or 26 percent of that cost. Who is going to pick up the difference? The senior citizens' children and grandchildren.

Their commitment, their subsidy to that premium paid for by the children and grandchildren of seniors will go from 69 percent to 70 percent, 75 percent. I do not know where they are going to end that number. But essentially they are pandering, on that side of the aisle, to one constituency at the expense of another constituency.

It is basically generational politics that are being played. What we have said in our bill is, "Listen, there's a fair distribution of subsidy between seniors and their children, the wage earners and the payers of their subsidy. Sixty-nine percent is paid for by their children; 31 percent by the seniors." We are saying we should continue it in that reference. We are not suggesting it be changed at all.

I think most seniors in this country would view that as a reasonable approach. I find very few seniors in this country who wish to pass on to their children either, one, a country that is bankrupt, two, a Medicare trust fund that is bankrupt, or, three, feel their children should be hit with a further charge for bearing the cost of their health care.

What else do we say in this plan? We say, let us ask the wealthy senior citizens to pay the whole cost or at least a larger percentage of the cost of the part B premium. You explain to me why a person who is working 40, 50, 60 hours a week on a computer assembly line in New Hampshire or at a restaurant or at a garage, why that person should have to subsidize the top 100 retirees from IBM last year. But that is exactly what is happening.

Under the present law, the top 100 retirees from IBM may make $150,000 a year when they retire. And they have a 69-percent subsidy of their part B premium paid for by John and Mary Jones who are working real hard just to make ends meet and take care of their families. It is not right.

We have corrected that in this bill. We have said if you have more than $75,000 as income as an individual, more than $120,000 of income as a married couple, then you have to begin paying a higher percentage of your part B premium. In fact, if your incomes get into the real high levels, $120,000, I think it is, for individuals and $150,000 or $160,000—I have forgotten the number for married folks—then you will not get any more subsidy.

What is wrong with that policy, my friends? Talk about income transfer from moderate income to wealthy, this part B premium, as it is presently structured, is the ultimate in the wrong way to approach income transfer. So we corrected that.

This whole premium argument is really inaccurate, as I mentioned a number of other points they have made. And then I think the core issue here becomes this question of solvency. How do you make the trust funds solvent so that seniors will have it, so that their children will have it? And what we have proposed is to put in place a system which generates a marketplace competition atmosphere which will help control the rate of growth of costs.

As I mentioned earlier, the trustees have made it very clear that a 10-percent rate of growth of the Medicare trust fund leads to bankruptcy. It leads to this horrendous event. It seems that some of my colleagues on the other side are willing to accept a 10-percent rate of growth. The trustees were not. I am not. Republicans on this side are not.

So what we have proposed is to try to slow that rate of growth from three times the rate of inflation to twice the rate of inflation. That still is a very generous increase. As I mentioned, there is a $349 billion increase in spending in the Medicare trust fund over the next 7 years. It is not a dramatic reduction in the rate of growth. You are still talking about a rate of growth which is twice the rate of inflation. In fact, if you compare it to what is happening in the private sector in health care, it happens to be six times the rate of growth of premium costs in the private sector today.

Last year, for example, the health care system which all of us here in the Congress benefit from had actually a drop in the rate of growth of our premium costs. Why? Because there was competition, because there was choice. What we are suggesting is that seniors should have those same types of choices that we as Members of Congress have, and as a result we will hopefully see a significant drop in the rate of growth in premium costs.

What we are projecting is a drop of 30 percent. We are not even expecting to get the same drop as in the Congress. But this is a reasonable drop. That is what this chart shows.

Instead of a 10-percent rate of growth, which my colleagues on the other side seem to be ready to endorse, which leads to bankruptcy, we are saying let us have a 6.4-percent rate of growth.

Ironically, the President, when he sent his budget up here in June—it was just a sheaf of papers that did not happen to make a lot of sense in other areas—the numbers in the Medicare area were not that far from our number. In fact, they were a lot closer to our number than they are to the 10-percent which my colleagues on the other side of the aisle seem so enthused for because the administration understands that it cannot absorb a 10 percent rate of growth in the Medicare trust fund.

So we have put forward a plan which will lead to a slowing of the rate of growth of the Medicare trust fund to 6.5 percent approximately. And how do we do it? We do it by using the marketplace and by giving seniors more choices, more options, a stronger health care system, rather than a weaker health care system. From my standpoint, that is what reforming and improving and strengthening the Medicare system is all about. That is what this whole issue is all about.

We have heard a lot of misrepresentation on this by the other side of the aisle already. We have only been at this for, what, about 45 minutes of debate from the other side of the aisle, and we have already heard about seven major misrepresentations, all of which I just noted.

I would hope, however, as we go into the rest of this debate, that we will have some integrity in the discussion, we will get back to talking about what we need to do in order to make the Medicare trust fund solvent, and get off of this issue of trying to scare seniors through politics, versus addressing the issue through substance.

I thank the Senator from Michigan for his courtesy and for his time and would yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I yield 30 seconds to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I just have to respond to my friend from New Hampshire. He is absolutely wrong. Here is a statement of a managing trustee of the Social Security trustees. Let me just read this paragraph:

Simply said, no Member of Congress should vote for $270 billion in Medicare cuts believing that reductions of this size have been recommended by the Medicare trustees or that such reductions are needed now to prevent an imminent funding crisis. That would be factually incorrect.

So I say to my friend from New Hampshire, he is incorrect. The trustees never said, and in fact here is a statement just to the contrary, as the managing trustee said, it would be factually incorrect to say that $270 billion in cuts were recommended by the trustees. That was never the case.

Mr. ROCKEFELLER. Mr. President, I yield 4 minutes to the Senator from Louisiana.

The PRESIDING OFFICER (Mr. GREGG). The Senator from Louisiana.

Mr. BREAUX. Mr. President, I thank the manager for yielding the time. I was in the New Orleans Airport coming back from Washington one time during the debate on health care 2 years ago. This elderly lady came up to me in the airport and said, "Senator, are you all working on health care in Washington?"

I said, "Yes, ma'am, we sure are."

She said, "No matter what you do, please don't let the Federal Government take over my Medicare."

This was a senior citizen who thought the Medicare Program was working just fine. She thought it was the best thing she ever had. It was taking care of her and taking care of her family. But it showed how concerned they were about Congress messing with Medicare.

Today, Congress is messing with Medicare in a way that is not necessary and is not essential.

Mr. President, 77 percent of the people in my State of Louisiana, who are on Medicare, earn less than $15,000 a year. Do we wonder why a lady would come up to me in an airport and say, "Please don't mess with Medicare"? Because if we destroy Medicare, where are these people going to go?

I understand that for some, earning $15,000 a year is something that they do not even think exists, that nobody can be that poor. I say that because I noticed a quote in the paper this morning from one of our colleagues in the other body which I think is just terrific and it says something about how some people think. A Congressman from North Carolina said:

When I see someone who is making anywhere from $300,000 to $750,000 a year, that's middle class.

Middle class? It is not middle class in Louisiana. It is not middle class for 100 percent of the people who are on Medicare in Louisiana who earn less than $15,000 a year. I would agree with the Congressman if middle class is people earning up to $750,000, we do not even need Medicare. Let them go buy private insurance. Maybe let them buy a hospital if they earn that much money, or buy their own doctor.

But, Mr. President, seriously, we are talking about people who can least afford to be left without some kind of security in their senior years with Medicare.

Why is the Republican plan cutting $270 billion? Very simple, no magic about it: They need it to pay for the tax cuts.

The House created this. It was created over there. It was conceived over there. It was born over there. They decided they wanted to put the cart before the horse:

"We are going to decide if we want to cut taxes by over $300 billion. You know what, we have to pay for it."

"How are we going to pay for it?"

"Oh, I have an idea. Let's cut Medicare, let's cut Medicaid, let's cut earned income tax credit, let's cut welfare. By golly, that will do it."

So, today we have $270 billion taken out of Medicare, not to fix Medicare. This is not reform of Medicare. It is the same old status quo. It just has less money in it, by $270 billion.

Is that needed? No. It is very clear that actuaries—these are the guys who wear green shades. They are not Democrats or Republicans, they are actuaries, CPA's. What do they say we need to do to fix Medicare? It is very clear. The actuary for Health and Human Services says clearly you can fix Medicare to the year 2006 by reducing the spending $89 billion.

Guess what the Democratic package does? It reduces spending by $89 billion, not $270 billion, because that is not needed. You wonder why the people come up to us in airports and on Main Street and say, "Don't let Congress take over Medicare," because they are scared to death we might do exactly what this plan does: It rips it up, it cuts it up in an extreme manner and not to fix it. There is not a real innovative idea in their plan, but there are a lot of cuts, and the cuts are more than are necessary to fix it.

That is clear; that is simple. Nonpolitical people have said it, and we should get about the business of fixing it with $89 billion, which is difficult to do but must be done, and then I will suggest a bipartisan commission, with our colleagues on the Republican side working with us to come up with a long-term fix. It "ain't" going to get done by themselves, and we are not going to be able to do it by ourselves. Do the short-term fix, appoint a bipartisan commission and get the job done.

Mr. DORGAN. Will the Senator yield? We saw somebody stand up with a chart on the other side of the room and say, "What cut? We are not cutting Medicare." Can the Senator respond to that?

Mr. BREAUX. It is $270 billion less money than they had last year. You can call that whatever you want to call it, but if it looks like a duck, walks like a duck and quacks like a duck, it is probably a duck where I come from. This is a duck.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ROCKEFELLER. I yield 5 minutes to the Senator from Nebraska.

Mr. KERREY. Mr. President, I hope the Senator from Louisiana was not referring to me in his animal comparison.

I regret to say I support this amendment, not because I believe that it is wrong but because I believe Medicare does need to be reformed. I do not believe, in fact, we need another bipartisan commission. We have a bipartisan commission recommendation that lays out what needs to be done long term with Medicare. Unfortunately, in the budget resolution, we do not do that. Unfortunately, in this reconciliation agreement, we do not do it.

What we have done is we have identified a short-term need, which is to come up with money to fund a series of tax breaks, and we are using, among other things, significant reductions in Medicare over the next 7 years to do it. And worse, Mr. President, we leave the long-term problem unchecked. If you doubt it, just look at the cost of mandated programs this year versus the cost of mandated programs at the end of 2002. It is one of the biggest reasons that I seriously doubt that this body or the House is going to be able to hang in there and vote these kinds of cuts over the next 7 years.

At the end of this budget cycle, at the end of this 7-year period, we will have 25 percent of our budget for appropriated items. That will be $400 billion this year for defense and nondefense, and anybody with just a rudimentary understanding of the budget would know it is unlikely that we are going to be able to get the job done.

First of all, Mr. President, it does, as many have already said, try to come up with savings in the short term in order to be able to fund tax breaks. It leaves the long-term problem unchecked. Do not waste another million on a bipartisan commission. There is one that Jack Danforth and I did. It will not be pleasant when you look at the recommendations. The long-term recommendations to phase in changes contain many of the things that are asked for by the Republicans, only even more so, but over a long period of time, giving people a chance to plan.

One of the reasons that seniors are frightened by this whole debate is, as many people have already said, their incomes tend to be low. They have a difficult time purchasing insurance and buying health care. It tends to be a very high percentage of their disposable income, and they are terrified that tomorrow they might receive some health care bill that they are unable to pay.

Second, as far as generational warfare, it is the concern of their children and of their grandchildren that they may get stuck with these bills as well. So this terror that seniors feel does not come as a consequence of Democratic rhetoric, it comes as a consequence of an honest evaluation of income and likely expenditures.

Third, I find objectionable the deals that were made with the AMA, particularly on the House side, to get an agreement over there.

Fourth, it does not reform the system and really use the market and allow competition. Mr. President, $152 billion of the savings comes from cuts to providers; $71 billion in increased payments by beneficiaries; $43 billion by reducing payments to HMO's; only $2 billion come from increased use of competitive market forces.

Next, rather than taking a step toward universal coverage, which we ought to be doing if we want to have a market economy in the late 20th century, when we say to businesses, "Go out there and be competitive, try to keep your costs under control and still have a civil society," we have to have universal coverage.

Republicans now have reached a conclusion that they want to preserve Medicare. I suspect Leader DOLE will come and say that his remark last night was taken out of context. If you want to preserve Medicare, that means you recognize at some point the market does not work. Well, it does not work for an awful lot of people—over a million in 1994 alone—who moved into the ranks of the uninsured.

We need a safety net that provides universal coverage. The problem, of course, is that to be able to do that, we are going to have to dramatically change the Medicare/Medicaid income tax deduction and the VA.

Next, I have heard it said that we want to give seniors exactly what Federal employees have. Please, let us not overpromise again. Our salaries are $133,000 a year. Look at the comparisons. We pay $44 a month; seniors pay $46, and under the GOP plan, it goes to $89. We have unlimited hospital care; theirs is limited. Our prescription drugs are covered; theirs are not covered. We have a deductible of $350; they are at $816. Here are more extensive services under preventive services, an out-of-pocket of $37.50. We do not want to say to seniors—and I have heard it said and I know the marketing is going on and this has been tested very well. Let us not overpromise here. If we say to seniors what we are doing in this proposal is giving you what Federal employees have, there is going to come a substantial and a rude awakening.

In conclusion, Mr. President, I hope that in fact a majority does vote for this amendment. I hope we recommit this to the Budget Committee and Finance Committee. I would love to participate now in a bipartisan effort to control the long-term cost of entitlement and mandated spending. I think we are extinguishing our capacity to invest in education, transportation, research, child care—those things you need in an active economy.

Mr. President, most particularly, I hope there can be a bipartisan consensus begin to emerge as a result of seeing the value of Medicare, that we need a new safety net that says if you are a citizen or legal resident, you will know with certainty that you are going to be covered.

This proposal takes us away from those goals rather than toward it. Therefore, I support the amendment offered by the Senator from West Virginia. I hope that a majority of Democrats and Republicans who understand the short- and long-term proposal will vote for this amendment so we can, hopefully, reach some kind of bipartisan consensus.

Mr. ABRAHAM. Mr. President, how much time is left?

The PRESIDING OFFICER. The Senator from Michigan has 40 minutes left. The Senator from West Virginia has 15½ minutes.

Mr. ABRAHAM. At this time, I yield 9 minutes to the Senator from Utah.

Mr. BENNETT. Mr. President, on Monday, October 16, there was a very interesting article that ran in the Wall Street Journal. At the appropriate time, I am going to ask unanimous consent that it be printed in the RECORD.

The headline says: "Clinton Recruits Campaign Team of 'Nasty Boys' With Reputation as Tough, Savvy Hired Guns."

Then the lead paragraph says:

> Gearing up for 1996, President Clinton is fielding a motley crew of re-election strategists with reputations for shrewdness and ruthless tactics. A mainstay on his team, New Yorker Henry Sheinkopf, readily boasts, "I subscribe to terror."

That is a very interesting statement, Mr. President. I have had it put on a chart—we are debating this whole thing with charts—"I subscribe to terror."

He goes on to say in the article:

> Terror tends to work . . . because it is so easy to make people hate.

Now, back to the article, quoting:

> Mr. Sheinkopf doesn't deny the remarks, but says they were taken out of context. He says he was addressing the strategy for a noncandidate campaign . . .

A noncandidate campaign. That is very interesting because what we have running on the airwaves today is a series of television ads that are terrorizing our senior citizens, and this is a noncandidate campaign. Mr. Sheinkopf was the architect of this summer's unprecedented ad campaign on crime.

This is the next statement that I have here on a chart. He is part of the group that wanted to start the Medicare ads early this summer. Quoting now:

> The team wanted to attack the GOP with Medicare ads in early September . . . they got the go ahead.

Again, he said, "I subscribe to terror." That is the statement of the President's strategist on noncandidate campaigns.

There is more in the article. I will quote a few before I turn directly to the Medicare debate. But this demonstrates what we are faced with, as far as the ads currently running on television are concerned. Quoting:

> Already, friends of the administration peg these mercenaries "The Nasty Boys." Like Mr. Clinton, many of them are accused of lacking an ideological rudder, allowing them to roam from left to right on policies.

Elsewhere in the article, it says:

> Elizabeth Holtzman will never forget when she first heard about Mr. Sheinkopf. The former New York congresswoman was running for Brooklyn district attorney in the 1980s when, she says, her opponent fired off one of the "nastiest, sexist ads" she had ever heard. . . . She found out the spot was created by Mr. Sheinkopf.
>
> Her reaction? She hired him for her next campaign.
>
> "He's very creative," Mrs. Holtzman says. And, like other members of this media team, he'll bat for most anyone—as long as they are paying clients.

Mr. President, I ask unanimous consent that the entire article be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. BENNETT. Mr. President, I found this interesting because it demonstrated what is happening to political debate in this country when we are not debating the merits or demerits of the proposal before us. Instead, we are mounting 30-second spots to attack each other in the spirit of terror. That is not my word, but the word of the man whom the President of the United States has chosen to advise him on this particular issue.

By contrast, Mr. President, I am aware of some focus groups that have been held in an attempt to understand this issue, where the Republican plan was described in as neutral a term as possible and the Democratic proposal is described in as neutral a term as possible; they were presented to a group of senior citizens in a focus group, with the first called the Smith plan and the second one called the Green plan. Discussion was held, without any prejudice one way or the other. When it was over, they found that by about an 80 percent to 20 percent margin, in virtually every section of the country where this attempt has been made to find out people's reaction, the Smith plan out-polled the Green plan. And only then was it unveiled to these people that they had, in fact, by a vote of 4 to 1, subscribed to the Republican position rather than the Democratic position on this issue.

I find this very encouraging for this reason, Mr. President. I go back to the debate in the last Congress over health care when the President unveiled his health care proposal. A very substantial majority of Americans were in favor of it. We on this side of the aisle felt very lonely in our opposition to it, but we were sustained by this knowledge: The more people that knew about the President's plan, the less they approved of it. The more the information got out, the more the poll numbers fell. So that by the time we finally got to the resolution of that issue on this floor, they had switched completely. Instead of being 2 to 1 in favor of the President's plan, they were 2 to 1 in opposition to the President's plan.

Based on the research that has been done in this nonideological fashion, we find that the more people know the facts of the Republican proposal on Medicare, the more they support it. So that, over time, the American people—as they did with President Clinton's plan—are going to move in the direction of supporting the Republican position.

Right now, if you look at the polls, they are virtually identical. If you poll Americans, about 50–50 are saying we are for the Democrat position or we are for the Republican position. That would bother me a great deal if I did not know that the more people know about the particulars of our plan, the more they support it.

So I urge my fellow Republicans to stand firm with where we are, knowing that time is on our side, that facts are on our side, and do not be terrorized by the deliberate program of terror that is being mounted primarily out of the White House and from the Democratic National Committee.

I yield the floor.

EXHIBIT 1

[From the Wall Street Journal, Oct. 16, 1995]

CLINTON RECRUITS CAMPAIGN TEAM OF "NASTY BOYS" WITH REPUTATION AS TOUGH, SAVVY HIRED GUNS

(By Michael K. Frisby)

WASHINGTON.—Gearing up for 1996, President Clinton is fielding a motley crew of reelection strategists with reputations for shrewdness and ruthless tactics. A mainstay on his team, New Yorker Henry Sheinkopf, readily boasts, "I subscribe to terror."

Already, friends of the administration peg these mercenaries "The Nasty Boys." Like Mr. Clinton, many of them are accused of lacking an ideological rudder, allowing them to roam from left to right on policies. Bill Lacy, a strategist for GOP frontrunner Sen. Robert Dole of Kansas, says he expects "a scorched earth campaign" from this group.

The Clinton-Gore re-election campaign will be headed by a prominent Democrat, perhaps a cabinet member, who will set the grand blueprint with the president. But every campaign relies on its savvy strategists and creative media team to fire up voters. And Mr. Clinton has loaded his campaign with the most aggressive war counselors available.

Led by Dick Morris, of Connecticut, the president's media-message team also includes the New York polling firm Penn & Schoen Associates Inc. It's anchored by Washington veteran Robert Squier, a firebrand himself, who plays a calming role on this feisty group. "We are putting together an exciting creative team that can pick up where the strategic thinking leaves off," Mr. Squier says.

It is Mr. Sheinkopf, a whiz at low-budget ads, who has raised the most eyebrows. A year ago, he shared his trade secrets at a convention of political consultants and talked about using fear to win campaigns. Mr. Sheinkopf told the gathering, "Terror tends to work . . . because it is so easy to make people hate."

Mr. Sheinkopf doesn't deny the remarks, but says they are often taken out of context. He says he was addressing the strategy for a noncandidate campaign, such as a referendum fight, in which the clients don't have much money. "I'm tough, but I'm not ruthless," he insists. "I fight for my clients."

Elizabeth Holtzman will never forget when she first heard about Mr. Sheinkopf. The former New York congresswoman was running for Brooklyn district attorney in the 1980s when, she says, her opponent fired off one of the "nastiest, sexist ads" she had ever heard. "The voice said, 'She's a very nice girl. I might like her for my daughter, but not district attorney,'" Ms. Holtzman recalls. She found out the spot was created by Mr. Sheinkopf.

Her reaction? She hired him for her next campaign.

"He's very creative," Ms. Holtzman says. And, like other members of this media team, he'll bat for most anyone—as long as they are paying clients.

Mr. Sheinkopf's claim to fame is hot radio spots for African-American candidates, many of whom are liberals. Yet, he and his partner, Gerry Austin, in the wake of the riots after the Rodney King case, worked on behalf of Los Angeles police officers fighting a reform measure on the ballot. Mr. Morris, a long-time associate of Mr. Clinton, has worked for conservative Republicans, such as Mississippi Sen. Trent Lott. Mark Penn, a partner in Penn & Shoen, worked for maverick Ross Perot in 1992, and the firm does considerable work for corporations.

Thus far, the consultants, with Mr. Morris calling the shots, have helped bring Mr. Clinton back to life after last fall's GOP sweep. "They have presented a disciplined and controlled message," said Democratic strategist Robert Beckel. "It has put the president back in the dance."

PUSH FOR BUDGET PLAN

Even Mr. Morris's critics tip their hats to his pushing the president to offer up a balanced-budget plan last spring, a move that embittered other Democrats. Mr. Morris argued it would gain the president credibility on economic issues, opening the door for him to now hammer the GOP for squeezing Medicare and education funds without appearing to be a tax-and-spend Democrat.

Mr. Sheinkopf was the architect of this summer's unprecedented ad campaign—16 months before the election—portraying Mr. Clinton as tough on crime. Using his connections, the former New York City police officer lined up cops around the country for the ads.

Inside the White House, the acceptance of Mr. Morris and his crew is growing, but there are still spats. The team wanted to attack the GOP with Medicare ads in early September, but were blunted by Deputy Chief of Staff Harold Ickes, who doesn't want to get caught short on campaign cash next summer. By late September, however, the media team got the go-ahead.

Aides say that while Mr. Clinton values his hired guns, the president is comfortable with Mr. Ickes controlling the purse strings and taking charge of relations with the Democratic base—unions, liberals and minority voters.

The team may prepare one more media hit before January; it is likely to be either a package on the budget battle or about Mr. Clinton cherishing the same values as average Americans.

Some Democrats privately raise concerns about whether this crew is ready for prime time, however. Mr. Morris, for one, is described by many as brilliant, but has his share of bloopers. Last year, he produced an ad for Tennessee GOP gubernatorial candidate Don Sundquist that people still talk about. It was a high-tech TV spot with a car driving in a video game, crashing into barriers with signs carrying the theme that the candidate was against taxes.

"It didn't have the desired effect," concedes Ray Pohlman, the campaign manager. But in the next breath, he says Mr. Morris is fabulous at deciphering polling data and crafting a message. And Mr. Sundquist won the election.

The strategizing on the Clinton campaign goes right down to bringing in an outside expert to do the video work. Mr. Morris, who was responsible for hiring Mr. Sheinkopf, also recruited Marius Penczner, who runs a video production house in Memphis, Tenn. Mr. Penczner, whom Mr. Morris met on the Sundquist campaign, is known more for country music videos than political work. Mr. Clinton has marveled at the quality of Mr. Penczner's Oval Office video shots, which are in most of the president's TV spots.

CONTROVERSIAL POLL

Mr. Morris also picked Penn & Schoen as the campaign pollsters, virtually ousting old Clinton hand Stan Greenberg. Their results, however, are sometimes controversial. Their poll put then-Ohio Rep. David Mann up 28 points in his Democratic primary fight against State Sen. William Bowen. A short time later, fund-raising letters went to political action committees, citing Mr. Mann's lead. He won the race, but by two percentage points. "We laughed at that poll," recalls Mr. Bowen. "It was just part of their tactical strategy to show him way in front; that wasn't the case."

The poll was five months before the election, and undecided voters later turned against the incumbent, says Douglas Schoen. "We always thought it would be close," he says, noting a poll closer to the election showed a tighter contest.

The new Clinton campaign team raises concerns among presidential scholars. While applauding their cleverness, experts search for the intellectual thrust. Mr. Clinton likes to be compared to President Truman, who overcame a hostile Congress to win re-election. But Fred Greenstein, a Princeton University historian, notes Truman's comeback was fueled by the intellectual energy of Clark Clifford and others—not image-makers. And that, he says, is missing from a Clinton team searching for the best political answer.

"Maybe you need someone with substantive fiber to give you advice," Mr. Greenstein says.

The PRESIDING OFFICER. Who yields time?

Mr. BREAUX. I yield 30 seconds.

Mr. WELLSTONE. Mr. President, I say on behalf of my good friend, Senator HARKIN, and myself, the Senator from Utah says the more people learn about the plan—we just got there. There has not been one hearing. How many pages are there?

Mr. HARKIN. There are 2,000 pages.

Mr. WELLSTONE. Mr. President, 2,000 pages, and people do not know what is in here. We did not have experts come to committee. People in Iowa, Minnesota, and across the country——

Mr. HARKIN. How many days of hearings have we had?

Mr. WELLSTONE. Not anything.

Mr. HARKIN. Zero. The American people have no idea what is in this.

Mr. WELLSTONE. The people do not know about this.

Mr. JOHNSTON. Mr. President, 23 years ago I came to the U.S. Senate as what we call a Southern conservative. There are not as many of us left as I would like there to be, but throughout that time, Mr. President, I have frankly given my party some consternation by opposing some things which I thought were too liberal, particularly when it came to what I thought was income redistribution.

I can recall opposing the CETA Program because I thought it was sort of a make work program that would take money and give it to poor people, just sort of without working.

Now, Mr. President, in spite of the fact that I remained through all those 23 years as a Southern conservative, I oppose strongly this program.

Mr. President, this program goes in the exact opposite direction because it is income redistribution from bottom to the top.

Mr. President, I will be leaving this institution in another year. I must say that we are leaving, if this passes, we are leaving in its wake a real difficult situation for people of modest means in this country.

While we are taking care of those who are better off—the tax credit for children goes up to $110,000, people with those incomes—the top 1 percent, Mr. President, in this country, are going to get almost $5,000 per person.

Mr. President, what this does to poor people, what it does to people of modest means in my State—this is not scare tactics, Mr. President—we are going to have 4,700 fewer people on Head Start, school loans are going to be restricted, summer jobs are eliminated by the thousands in my State.

There will be 406,000 children in Louisiana whose nutrition is going to be cut because of this program. Mr. President, 60,000 people of modest means in my State are going to have to pay more for housing.

Mr. President, going right down the line—look at Medicare. We will have 17 million low and moderate-income people in this country who will have an average tax increase of $352. The Medicare people who are having their Medicare cut, their average income is $17,750, while we are giving tax cuts to those of greater income.

Now, Mr. President, there is a blizzard of propaganda——

The PRESIDING OFFICER. The 3 minutes yielded to the Senator has expired.

Mr. JOHNSTON. Mr. President, I oppose this program because it is income redistribution from the bottom to the top.

Mr. ABRAHAM. Mr. President, I yield 5 minutes to the Senator from Delaware.

Mr. ROTH. Mr. President, as chairman of the Finance Committee, I must oppose the Democrats' amendment for one simple reason: It does not preserve the Medicare Program for this generation, and, especially important, not for future generations. That was the conclusion that the Finance Committee came to when it voted down this amendment during our deliberations.

My good friends and distinguished colleagues, Senators MOYNIHAN and ROCKEFELLER, offered a similar amendment during the Finance Committee markup to save $89 billion from the Medicare Program over the next 7 years. Frankly, it did not go far enough then and it does not go far enough now.

The Congressional Budget Office did a preliminary estimate of the Medicare trust fund effects of the Democrats' amendment to save $89 billion from the Medicare Program. Remember, it is the CBO office that the President himself said is the one that should be making these kind of determinations.

Here is what CBO's preliminary estimates showed would happen to the Medicare HI trust fund if only $89 billion is saved over the next 7 years. The Medicare HI trust fund would only be solvent through the year 2004. In other words, it would get us through the next election.

CBO further said that the Medicare HI trust fund would have a negative balance of $8.4 billion in the year 2005. This would mean that Medicare could not pay its bills on time in the year 2005.

Even more alarming under the Democrats' proposal, CBO says that the Medicare trust fund could not even pay a full year's Medicare benefits starting in the year 2001. Mr. President, that is only 6 years from now.

In contrast, CBO says that our proposal meets the Medicare trustees. Remember, those trustees are primarily appointed by the President. It says it meets the Medicare trustees' 10-year test of financial adequacy. In other words, Medicare has enough money in the HI trust fund at the end of every year—that is critically important—at the end of every year for the next 10 years, to pay the entire next year's Medicare benefit.

Mr. President, the Medicare HI trust fund has a $300 billion balance in the year 2005. The Medicare trust fund balance is increasing—would be increasing instead of decreasing every year.

Using CBO's estimate through 2005, we went to the Office of the Actuary to get their preliminary estimate of how long solvency would be extended under our proposal. The Medicare HI trust fund solvency will be extended until about the year 2020 under the proposal. That is our estimate, in consultation with the Office of the Actuary. That is a quarter of a century from today.

What a contrast to what would happen under the proposal before when it would only be solvent to 2005.

Mr. President, $89 billion in Medicare savings just is not enough. Even the President earlier this year said that at least $127 billion in Medicare savings are necessary.

Let me just say, Mr. President, a few words about the need for savings to Medicare part B. Most attention has been focused on the need to restore solvency in the part A trust fund.

But part B spending is a big, big problem. According to Medicare public trustees—again, appointed by President Clinton—the Medicare part B spending shows a rate of cost which is clearly unsustainable. Medicare part B spending was $2 billion in 1970. In 1995 the Congressional Budget Office estimates Medicare part B spending to be about $66 billion.

The PRESIDING OFFICER (Mr. GORTON). The time yielded to the Senator from Delaware has expired.

Mr. ABRAHAM. I yield the Senator from Delaware an additional minute of time.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, let me conclude by saying that without savings in the part B program we cannot say that we have effectively tackled the problem of fixing Medicare. Therefore, I oppose the Democrats' amendment because we have already debated and voted down this amendment in the Finance Committee. It does not go far enough to help the Medicare HI trust fund, and we do not want to do it in small steps that will only cost more and create greater hardship. It appears to do nothing, to be candid, to slow Medicare part B spending, which is a significant problem. For that reason, I must oppose the amendment.

I yield back the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ABRAHAM. Mr. President, I inquire as to how much time is left at this point?

The PRESIDING OFFICER. The Senator from Michigan has 25 minutes. The Senator from West Virginia has 11½ minutes.

Mr. ABRAHAM. At this time I yield 5 minutes to the Senator from Georgia.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. COVERDELL. Mr. President, this whole debate baffles me. I think it really boils down to those who want the status quo and those who want to confront the fiscal dilemma.

The entitlement commission was chaired by the distinguished Senator from Nebraska who is on the floor right now and that sets the predicate for everything that has to be done. I commend the Senator for that work. I wish a lot more was being said about it.

But, in essence, that report says that within 10 years all U.S. revenue and wealth is exhausted by five programs: Social Security, Medicare, Medicaid, Federal retirement, and the interest on our debt. And then there is nothing left.

So it is entirely appropriate that the new majority confront these issues. In the discussion, with repeated frequency, the other side tries to link the tax reduction that we are proposing to Medicare. Over and over and over we hear that somehow, something is being taken away from Medicare to help a tax reduction.

The President, of course, has already admitted that he raised taxes too much in 1993. We are trying to help him fix it, even without the support of his colleagues here on the Senate floor.

But this is not a vacuum in which we are operating. What happens to the $245 billion in tax reductions? First of all, the savings on Medicare by law stay in Medicare and extend the solvency, which is why we have been given assurances that our Medicare proposal will assure solvency for a quarter century, 25 years. Their suggestion gives us 24 months. Is America looking for a Band-Aid or a solution for these senior citizens?

Let us step aside. Why are we coming forward with a tax reduction? I read here, from Llewellyn H. Rockwell, of the Ludwig Von Mises Institute in Auburn, AL. He says:

> Even as family income has declined since 1970, the Federal Government's tax hike in real terms has increased more than 600 percent.

An average family, making $40,000 a year, with two children, is seeing half their total income absorbed and taken away by a Government. In 1950, Ozzie and Harriet, the quintessential family, sent 2 cents out of every dollar off to Washington. If Ozzie was here today, he would be sending 24 cents to Washington.

The point is we have marginalized the average family. We have taken so much of their resource away from them that they are unable to fulfill their principal obligations to their children—to housing, to clothing, to education and health. So, it is important that there is a tax reduction. Their President has already acknowledged it. And we are fulfilling it.

Mr. President, 70 percent of this tax relief will go to families with incomes under $75,000. This proposal alone, for this family that makes $40,000, the combination of the tax reduction and the balanced budget, will put between 2,000 and 3,000 new dollars on the kitchen table of every family home. That is an equivalent increase of their disposable income of 10 to 20 percent, depending on the family. That relief is long overdue.

We will lower their interest payments on their mortgage, probably about $50,000, by $1,081. We will lower the interest expense on their car loan by about $180 a year; on the student loan, by $220 a year; on their credit card. With the two children, they will get $500 for each child.

This is just the beginning, and that is $2,500 to that average family. Given the fact we are taking half their income now, do we not think it is about time that something got back to the average family? This tax relief does not disappear. This goes to real working families, real people who are having a hard time making ends meet. To extend solvency and to help the middle-income family is entirely appropriate.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. ABRAHAM. Mr. President, I yield 5 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, what I would like to do this afternoon, briefly, is to address the so-called part B premium situation. It seems to me, in all of this political maneuvering around here, the Democratic Party has overlooked the unfairness that is occurring in the part B premium.

What is the part B premium? The part B premium is an insurance program that those on Medicare take out if they wish. When Medicare was set up, under the part B proposal the Federal Government was going to pay half the cost of the premium, and the insured was going to pay the other half. But over the years that has deteriorated so now, currently, the insured is paying 31.5 percent. Not 50 percent of the premium, but 31.5 percent.

Do we change that? No, we do not change that at all. That remains constant at 31.5. I do not know how anybody could complain about that. You get 100 percent of the premium and you only pay 31.5 percent for it.

We then go on to say, wait a minute, this is costing the Federal Government a lot of money. It is costing the Federal Government $42 billion a year to subsidize that part B premium, the other 69 percent. So we say, is it not fair for the richer people to pay more of that premium? So that is what we provide. We provide for individuals with $50,000 of income—this is not some pauper, this is an individual with $50,000 of income—or a couple with $75,000 of income, that they will then start paying more of that premium than 31.5 percent. Apparently they do not think that is fair. I think it is eminently fair. Why should some jewelry worker in the city of Providence have his or her wages deducted and go into the general Treasury and come out to pay some wealthy person's premium under part B of Medicare?

But does that person at $50,000, or $75,000 a couple, have to pay all the premium?

The answer is no, they do not. They just start paying more than the 31.5 percent. When do they start paying the full part of the premium? When the individual reaches $100,000 and the couple reaches $150,000.

So, Mr. President, this is a very fair program. By the way, if the person does not want that insurance, they do not have to take it. It is an optional program. I do not know. Apparently, over on the other side they think it is wonderful that the Federal Government subsidizes these insurance programs.

Jack Kent Cooke, the owner of the Redskins, is having 70 percent of his doctors' bills paid for by some worker, somebody who cleans up the halls or works in a restaurant. I do not think that is fair.

I think the program that the Republicans have submitted in connection with Medicare is an eminently fair program, and, Mr. President, I urge its support in this Chamber.

I think there is no need for this recommittal motion whatsoever.

The PRESIDING OFFICER. Who yields time?

The Senator from West Virginia.

Mr. ROCKEFELLER. I yield 4 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Thank you, Mr. President. I thank my friend from West Virginia.

Mr. President, the Senator from Rhode Island said that he thinks it is eminently fair. Let me try to just reduce it to the simplest, and I think the most truthful assessment of what is fair and what is not fair. Most Americans, when they stop and look at what is about to happen, are going to wind up asking if it is fair to take an assessment by the trustees of Medicare that says there is a $90 billion problem, and turn it, through political sophistry, into a $270 billion problem so that you can give a $245 billion tax cut. That is absolutely what this comes down to.

This is a zero-sum game. This is a process of balancing the budget. And in their balanced budget, they are offering a $245 billion tax reduction to Americans. How do they get it? They do not pull it out of the sky. It has to be balanced against other items in the budget. And in order to find the room to balance the budget and provide the $245 billion tax cut, they give a $270 billion definition to a Medicare problem that the trustees themselves call an $89 billion problem. It is that simple. Take away the smoke, take away the mirrors, and take away the rhetoric. You cannot balance the budget with a $245 billion tax break without finding the money somewhere. And they find the money by taking it from seniors. Is that fair?

They say to Americans they are giving every American family a tax break for having children—the $500 credit. But analysis will show that, too, is not only not fair, but it is not truthful because not every American family will get the tax credit because not every American family qualifies because of income to have an income tax reduction. Most American families pay their taxes—a large burden—many, through the payroll tax. And because the tax credit is not refundable to them at the lower end of the income scale, they will not get the benefit. So not only do you have a skewed tax relief, so to speak, but you have a discrimination against the hard-working average taxpayer of America.

But it is even worse than that, Mr. President. Because while they give a tax break of about $5,000-plus to the person earning more than $350,000 a year, they raise the taxes on the person earning less than $30,000 a year.

That is an extraordinary definition of fairness. I do not know where you get that definition of fairness. The Medicare cuts themselves are going to be devastating, devastating. There are more and more post-World War II baby boomers who are reaching the age of 65, and the number of people paying taxes to pay for them is diminishing. Today you have an estimated four taxpayers supporting a Medicare part A beneficiary, four people supporting one. But when the baby boomers retire between the years 2010 and 2015 you are going to go down to about two people paying for each one of those on part A.

The result of that with these cuts is going to be that you are going to have an overall population increase of 2 percent, but are you are going to have a 30-percent increase of people on Medicare looking for their retirement benefits under Medicare? The problem is under the cuts and the reductions of the total pot that will be made available by the Republicans, you are going to be having people come in at a 30-percent increase saying, "Where are the benefits that I am due?" And they are not going to have them.

Mr. President, this is not fair. It is not sensible. And I hope that we will adopt the amendment of the Democrats to have a fair distribution of solving the problem.

Mr. President, the Medicare and Medicaid cuts proposed by the Republicans hurt people and families.

The Republican cuts eliminate jobs, and these Democratic amendments protect jobs.

Republican cuts affect the quality of care for nursing home patients, and these Democratic amendments maintain care—for seniors, for people with disabilities, and for children while still containing costs.

These Democratic amendments scale back tax breaks for the wealthy to help people in my State and around the country who are struggling to make ends meet.

My Republican colleagues are offering a $270 billion solution—at least $160 billion more than is necessary to ensure the financial solvency of Medicare.

We have been told by the Medicare trustees that there is a pending financial disaster that could result in the total collapse of the Medicare part A program unless changes are enacted.

According to the trustees, the magnitude of the crisis is around $89 billion. The Republican solution is to make changes impacting both beneficiaries and providers that would save $270 billion—three times the amount necessary to fix the current financial crisis.

It is important that people across America recognize that Medicare is faced with a short-term crisis that can be fixed without totally dismantling a program that has provided economic health security to millions of retired Americans since its inception.

While I fully recognize that there is a financial crisis confronting Medicare, and believe it is probably somewhere beyond $89 billion, but substantially less than the Republican solution, the Gingrich solutions are anything but solutions.

The solutions being put forth fail once again to take into consideration the changing composition of the over-65 population. For example, do the solutions being proposed really fit the acute and long-term care needs of current and future generations of retired Americans?

With more and more post World War II so-called baby boomers beginning to reach age 65, the number of workers paying taxes will continue to decline, while the number of Medicare recipients continues to increase.

Today, an estimated four taxpayers support a Medicare part A beneficiary. However, when the baby boomers retire between 2010 and 2015, the estimated number of taxpayers paying for each Medicare part A beneficiary will have dropped by two.

Thus we will have gone from a 4-to-1 ratio to a 2-to-1 ratio in just a few years.

By 2008, our overall population will increase by 2 percent, but our retired population will increase by 30 percent.

The Medicare changes will, however, cause one additional problem—a reduction in health care employment and other jobs that indirectly benefit from the health care sector.

Let us look at the impact on my State: Jim Howell of the Howell Group has recently issued a study that shows that the proposed combined cuts in Medicare and Medicaid of $452 billion will conservatively result in a $13 billion loss to the State over 7 years.

Massachusetts could lose 71,000—71,000—health sector jobs and the indirect employment impact could result in $165,000 lost jobs.

The hardest hit towns would be Boston, Brockton, Cambridge, Fall River, Farmingham, New Bedford, Salem, Springfield, and Worcester.

The proposed $1 billion cut in funds for graduate medical education will have a devastating impact on institutions and it will hurt Massachusetts' knowledge-based economy by disrupting the network of medical schools, research institutions, health care providers, and biotech firms.

The proposed cuts would result in aggregate personal income losses in the State of $2.1 billion.

The health of seniors and children, and the loss of jobs at a time when working families are struggling to make ends meet is just too high a price to pay.

The problems for Massachusetts are intensified when we examine the potential impact of the proposed cuts in Medicaid—the health care program for poor children, disabled persons, and seniors.

Under the Republican plan, Massachusetts would lose approximately $4.6 billion.

With regard to children, one out of every three low-income who is currently receiving health insurance coverage from Medicaid is in jeopardy of losing their coverage.

For elderly persons in Massachusetts, the impact is more severe. Currently, 75 percent of all patients in Massachusetts nursing homes are dependent upon Medicaid to help pay for the costs of nursing home care.

Under the Republican plan, more than 25,000 seniors would lose their Medicaid eligibility by 2002.

I believe the Republican response to the Medicare crisis can best be summed up as follows: it does not focus on the future of the overall program; it does not address the growing long-term care crisis facing Americans of all ages but particularly elderly Americans; and it does not address or take into consideration the impact such dramatic cuts will have on employment in the health care sector, and on those communities who have become dependent upon this sector as a means of fighting or deterring rising unemployment.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ABRAHAM. Mr. President, at this time I yield to the Senator from Tennessee 7 minutes.

How much time remains?

The PRESIDING OFFICER. The Senator from Michigan has 15 minutes-plus remaining, and the Senator from West Virginia has almost 7 minutes.

The Senator from Tennessee.

Mr. FRIST. Mr. President, I rise to speak against the motion. Why? Because the plan we have on the table addresses three central issues.

First, it prevents bankruptcy of not just for part A, not just the hospital part of the trust fund, but it prevents the bankruptcy of the entire program.

Second, our plan, our underlying bill, increases spending, increases spending from $4,800 by nearly $2,000 per beneficiary to $6,700. That is an increase in spending.

And, third, our program improves Medicare as we know it today.

As has been pointed out by my colleagues before, we have a program that is a good program. I say that as a physician who has taken care of thousands of Medicare patients. It is a good program. But it is an antiquated, out-of-date program that locks seniors' hands, that deprives them of choice. We want to give them choice. We want to give them the opportunities that you have, that I have, that most people, the majority of people have who are less than 65 years of age today.

The Democratic motion ignores the fundamental problem. The problem is twofold. It really has not been discussed very much over the last hour and a half.

The first part of the problem is that it is an outdated program. It does not meet the needs of our senior citizens today, or individuals with disabilities, or why would 70 percent of them have to go outside and buy additional coverage for Medicare? Why is it that Medicare today does not cover prescription drugs?

As a heart surgeon, as a lung surgeon, as somebody, again, who has taken care of so many Medicare patients, I can tell you our senior citizens need help with their prescription drugs. Today, we deny choice. We deny the right to choose to our senior citizens. Is that fair? Does the other side not want to offer the same choice that we have to our seniors?

That is the first part of the problem. To me, that is what is most exciting about our solution that is in the underlying bill—is that we improve the program.

Second, it is the program that has unsustained growth. The growth has been at about 10 percent a year. It is of the entire program. We talk a lot about the trust fund, part A. I think people broadly need to know that part A is one part of the problem. Part A is the hospitals. Part B is the doctors. This particular proposal by the Democrats today addresses the part A part of the trust fund without addressing the overall connection, without addressing the overall program.

That is really in spite of the fact that the trustee report says very specifically—and, again, this is the trustee report, six trustees, trustees of Medicare, three of whom are in the Clinton

Cabinet, and they say very clearly, "We strongly recommend that the crisis"—we cannot just put another Band-Aid on this—"presented by the financial condition of the Medicare trust funds"—funds, not just part A, funds, the overall program—"be urgently addressed on a comprehensive basis."

We cannot just throw $89 billion at part A, one part of these trust funds, and expect to solve the problem long term.

We address the program in a comprehensive way. We address part A, the hospitals; part B, physicians, the complex interaction that comes between the two. As a physician who works in a hospital and works in a clinic, I can tell you it is a complex interaction and you cannot address just part A. If you squeeze part A, part B will balloon out.

The Democratic motion addresses only part A. And, again, if you go back to the trustee report, the trustees say it is not a problem just with part A. It is both trust funds. "Both the Hospital Insurance Trust Fund"—that is part A—"and the Supplemental Medical Insurance Trust Fund show alarming financial results." The part A "trust fund continues to be severely out of financial balance and is projected to be exhausted in about 7 years."

The distinguished chairman of the Finance Committee just read the report from the CBO that says maybe the $89 billion which is in this proposal by the Democrats today will extend that trust fund, just that part A, for 2 years, maybe 2 years. It does not address the underlying problem.

Going back to the Medicare trustees report: "The HI Trust Fund continues to be severely out of financial balance. * * * The SMI Trust Fund"—part B, not addressed by this proposed amendment today—"shows a rate of growth of costs which is clearly unsustainable." Clearly unsustainable.

My point is, we have a program here you cannot just address one part without addressing the overall program.

Let me go back to a chart that was shown earlier by my colleague from New Hampshire that shows that we are going bankrupt in 7 years. In 7 short years there will be no Medicare part A trust fund.

Again, the distinguished chairman of the Finance Committee said that the CBO's preliminary estimate shows what will happen to the Medicare trust fund if only $89 billion is saved over the next 7 years. Their conclusion: The Medicare HI trust fund is solvent through the year 2004.

So what we have done is taken this curve and shifted it 2 years, put a Band-Aid on it without addressing the underlying problem—again, short-term solutions. That seems to be so much the approach here.

We are addressing it long term.

Let me see the next chart. Again, this is a chart that shows next year, if we do nothing, we will begin deficit spending in the year 1996. Again, what we do with the motion in the Chamber now is to shift this curve out, not change the slope of the curve at all but shift the curve out 2 years for some commission to decide in the future.

In summary, the problem today is an antiquated, outdated system which serves senior citizens well but not as well as the private system serves people under 64 years of age.

We address that problem. The proposal in the Chamber currently, which I oppose, by the Democrats does not address the overall antiquation of the system.

Second, the Democratic proposal in the Chamber ignores this complex relationship between A and B, touches just upon A.

And third, the Democratic proposal, as Senator ROTH pointed out, the only thing it does is move these problems out another 2 years beyond the next election.

Ours is a long-term solution.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, I yield 3 minutes to the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. BIDEN. I will be necessarily brief, Mr. President.

Mr. President, I find it fascinating to hear none of my Republican colleagues stand up and say the Medicare system is bad. They say things like it is antiquated and outdated, but it serves the senior citizens well. How in the heck can that be done? How can it be antiquated, outdated, and serve the senior citizens well?

The second thing I would like to say is in response to my friend from Georgia talking about Ozzie and Harriet. Let me tell you how Ozzie and Harriet are going to work under this proposal. They are going to find out that their mother and their father on Medicare are going to pay $800 or $900 a year more come the year 2002. Then when grandmom and grandpop come to Ozzie and Harriet, because they have the same middle-class values as the Senator from Georgia and I do, and mom says, "Ozzie, I tell you what, these Republicans gave me a choice; I can pay $800 more or I can go into one of these HMO things, but I do not get to see Dr. Jones anymore," do you think Ozzie is going to stand there and say, "Hey, Mom, tough."

Ozzie is going to reach in his pocket, like all the Ozzies in this Chamber, and say, "Don't worry, mom. Even though I can't pay my taxes, even though I can't get my kid to school, I am going to increase my taxes, in effect, 800 bucks to pay for you and 800 bucks to pay for dad because I know your median income is about $18,000, so I will take care of it for you."

This is a tax increase for middle-class people who care about their parents.

And wait until we get to Medicaid, when Ozzie and Harriet get the phone call midyear and mom says, "Hon, they tell me I got to come home; it's June. I gotta come home from the nursing home." Watch what happens then to decent, honorable, middle-class people who are being crunched on the one hand by their children with the cost of a college education and the cost of maintaining their standard of living, which is slipping from them, and on the other hand, having to pick up the costs for mom and dad.

The last point I would like to make is one of the reasons to send this bill back, and that is, fraud, although Senator ROTH did much better than our House Members did. Everyone acknowledges there is about $34 billion a year in fraud in Medicare and Medicaid. This bill hardly touches the problem. This is the case, I might add, because health care providers do not like us dealing with fraud.

I have been working to combat health care fraud for over 3 years now—ever since I first introduced a health care fraud bill in the U.S. Senate and held hearings on health care fraud in the Senate Judiciary Committee.

I found in those hearings—and it has been reported elsewhere ever since—that fraud in the entire health care sector accounts for up to 10 percent of all health care spending.

The same, unfortunately, is true for Medicare.

The General Accounting Office estimates that fraud in the Medicare Program will total up to $18 billion this year alone. Medicaid fraud is another $16 billion.

Now, the vast majority of doctors and other health care providers are honest professionals. But, a few dishonest manipulators are ripping off the taxpayers and threatening the integrity of Medicare and Medicaid. A few cynical criminals are preying on those who need health care the most.

Going after these crooks and thieves who are defrauding the system must be our top priority. If this motion to commit is adopted—and I hope it will be—the first place we should try to find savings is in Medicare fraud.

Later in the debate, Mr. President, I will be joining Senator HARKIN and Senator GRAHAM in offering an amendment specifically on Medicare fraud—and I hope my colleagues will support that as well.

According to one estimate, for every dollar we spend fighting Medicare fraud, we save $10. One example of this: in 1994, in the Middle District of Pennsylvania, the Justice Department recovered almost $7 million in fraudulent Medicare and Medicaid payments—

more than what it cost to run the entire Justice Department office in that district.

This is an excellent return on our investment. So, before we raise costs to senior citizens—before we impose draconian cuts on benefits—we need to root the robbers out of Medicare.

Let me say up again that the Senate bill is much better than the House bill on this front. The House bill would make it much more difficult to prosecute health care fraud.

The House bill would change the standard of proof in a civil fraud case from "knows or should know" to "deliberate ignorance" or "reckless disregard."

The House bill would change the standard for enforcing the Federal antikickback laws. The current standard prohibits kickbacks when one of the purposes is to induce referrals. But, the House bill would prohibit kickbacks only for the significant purpose of inducing referrals.

Fortunately, these provisions are not in the Senate bill. But, let me mention one thing about the Senate bill that troubles me from the fraud perspective.

The Senate bill would repeal all Federal safety protections for seniors in nursing homes. Last week, in Delaware, I held a forum on Medicare fraud. At that forum, Federal prosecutors said that elimination of nursing home standards would create a significant problem in both the investigation and prosecution of patient abuse.

In addition, Mr. President, I believe the antifraud provisions in the Senate bill could be—and should be—stronger.

We need to guarantee that there will be funding to fight fraud—so that there are more investigators and prosecutors in the field to go after the crooks.

We should collect the costs of our investigations from those who are found guilty. And, we should require the guilty to pay restitution to the victims.

We need to strengthen the penalties for those found guilty of health care fraud—including increased fines for those who violate the antikickback laws.

And, we should provide rewards for consumers and patients who uncover fraud.

So, Mr. President, I hope my colleagues will support the motion to commit—so that fraud can be made the top priority in achieving Senate savings. And, I hope my colleagues will later adopt the Harkin-Graham-Biden antifraud amendment.

Now is not the time to make it easier for the crooks and con artists to get away with ripping off the American taxpayer. Instead, we need to renew and strengthen our efforts to fight Medicare fraud.

The PRESIDING OFFICER. The 3 minutes have expired.

Mr. BIDEN. I yield my time. Fraud is a problem. This bill does not address it.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I yield 1½ minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I have been in the Chamber for 5 hours, and what we have not heard from the other side is the justification for a $245 billion tax cut for the wealthiest individuals, the wealthiest corporations and an increase in the taxes on the working families.

The challenge of the Rockefeller amendment is to join with us, Republicans and Democrats alike, put aside the tax cuts for the wealthy, put aside the tax breaks for the large corporations, put aside the tax increase on the working families, and join with us in taking the recommendations of the trustees' report for $89 billion, work with us for a program that will mean no increase in premiums, no increase in copays, no increase in deductibles, not lifting the age eligibility issue and assuring the senior citizens of a meaningful choice.

We can do that. We should do it. That is the challenge. That effectively is the challenge of the Rockefeller amendment, and I hope it will be accepted.

The PRESIDING OFFICER. Who yields time?

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, as I said at the beginning of this debate, all of this comes out of the Contract With America. All of the $270 billion cut in Medicare comes out of the desire to find the tax breaks for wealthy families and corporations.

When you are looking for that kind of money in the budget that we now have, you cannot look to the military. You cannot look to education. You have to look to the places where the money is. That is in Medicare, that is in Medicaid, to some degree in the earned income tax credit and, of course, to some degree in welfare.

So the Republicans have pounced upon Medicare, and they have decided not to solve the Medicare problem but to bury Medicare with the idea of making absolutely certain that they could get the most amount of money from Medicare for the purposes of their tax breaks for the wealthy that they possibly could.

This vote is about nothing else than that. If it is simply a matter of trying to solve the Medicare problem, then the Democratic solution in this amendment, which I hope people will support, is the answer: $89 billion will do it. If it is tax breaks for the wealthy, and that is what you are after, then you will want to vote against this amendment because that is not what we on this side are trying to do.

I hope my colleagues will understand the genesis and the nature of what this whole argument has been about from the very beginning.

This is a historic vote. It is a defining moment. It is an extremely dangerous moment for the seniors of our country.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Parliamentary inquiry.

What is the time situation?

The PRESIDING OFFICER. The Senator from New Mexico has just under 8 minutes remaining. The Senator from West Virginia has 28 seconds remaining.

Mr. DOMENICI. Mr. President, I yield myself 7 minutes of that.

Mr. President, there is no question this is a defining moment. It is a defining moment because today and tomorrow we are going to decide whether we want to have a Medicare Program for the senior citizens of the United States or whether we want, under this amendment, to protect one little part of it for a couple of years.

Which do the seniors really want? Do they want a Democratic proposal which essentially ignores more than half of the Medicare Program, does not even talk about it? It is in big trouble. And then it says we are only going to reform the hospital program sufficiently to keep that fund solvent for how many years, I ask Mr. FRIST?

Mr. FRIST. Two additional years.

Mr. DOMENICI. Two additional years, two additional years.

Now, for all the talk on that side of the aisle, the truth of the matter is, they do not really care about senior citizens. They would rather win this fight than protect the senior citizens. They are crisscrossing America and using the airwaves to frighten them to death. And what is their proposal? Their proposal is to extend the trust fund 2 years.

Now, let me suggest, nobody should believe with that dose of reality that this is anything more than a political exercise. It has little or nothing to do with American senior citizens. It has to do with trying to win at the ballot box. And let me say to the seniors, once we have resolved this issue, you will find the reality and you will not be duped by the debates of today. Rather, you will be convinced by the reality of tomorrow, which means we are going to have a Medicare System that is solvent, that we can afford, and that our young people who are helping pay for it can be proud of.

Now, there is no question that once again it is proven that the other side of the aisle, the Democrats, would rather tax and spend than to reduce expenditures and cut the American people's taxes. For what else is this? If there are no tax cuts in this bill, part A of Medicare goes broke. Take them off the table and it goes broke. That is not this Senator speaking. That is the trustees, four of whom work for the President. Forget the tax cut, it goes broke. So what are they talking about? They are talking about a political issue, not the reality of what we as leaders must do.

Frankly, there is no question that the trustees talked to us about both parts of Medicare. Seniors, you understand very few of you go to hospitals every year, but a lot of you go to see your doctors. The hospital coverage is the part that will be protected for 2 additional years, but the rest of the program will be, according to the Democratic version, will be left in the doldrums.

The trustees told us both part A and part B are in serious, serious trouble. And we have explained to everyone, we do not have to change things a lot to make this a far better program for the future and give seniors a choice rather than have them rattled by the bureaucracy and paperwork that frustrates them more than the doctors that serve them.

If you have ever heard a senior complain, they say, "Why do we have to fill out all these papers? We don't even understand them. We are getting defrauded. We can never find out what it costs." That will all change once we defeat this amendment today and move on with the Republican agenda.

Let me make one last remark. We used to hear that it was the House plan that was going to give all these tax cuts to the rich. And we used to come down here and say, "What plan are you talking about?" They would say, "The House plan." They cannot talk about it anymore because right here before us is the Senate plan. And the Senate plan does not cut taxes for the rich as described on the floor of the Senate by the distinguished Democratic Senators. Let me say, once and for all, 90 percent of the tax cut in this bill—not 60 percent, not 50 percent—90 percent will go to Americans with $100,000 in income or less. And that is not DOMENICI, that is the Joint Tax Committee—90 percent.

Now, they can get up and hypothetically say we are giving the rich back tax cuts. Ninety percent go to $100,000 earners and less. Are those the rich people of America or are those the people with families that need some help in raising their children? That is what this Senate bill is about. We have decided that our families raising children ought to get a better economic break because years ago we used to give them a break. We took it away.

In fact, I would close by saying a piece of this tax bill goes to correct what the Democrats did last time. They raised the marital deduction. They made it cheaper to be unmarried than married with the same income, another enticement not to get married, not to stay together and raise your kids because you get a break if you do not.

We have fixed that in this bill. Is that helping rich people of America or is that helping thousands of Americans that would like the benefit of not being treated inferior because they happen to file jointly as husband and wife?

It seems to me we are on the right side of these issues. And all we are going to hear is political rhetoric, half-truths. And by the time we are finished, and this program is implemented, I suggest it will be those prophets of gloom who predict what is unpredictable—because it will not happen—they will be the ones to suffer, not the Senators on this side who are going to stand up and be counted today.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, I will use leader time to accommodate my remarks.

Mr. President, I was told that the previous speaker just has indicated that it is his view that Democrats do not care about senior citizens. If that is what he said, I am very disappointed. He knows better than that. In fact, the issues in this debate are about finding the best approach for senior citizens, and finding a way to ensure that the commitment we made three decades ago will remain for as many decades as this country exists. These are the issues.

I think it is all too convenient—all too convenient—that at the very time our Republican colleagues propose a $245 billion tax cut, it just so happens they also propose to cut Medicare $270 billion.

I know there are some who say it is sheer coincidence. I know there are some who say we could come up with the tax cut or the tax break revenue in other ways. But I also know that there are not many pools out there that are big enough to accommodate a tax cut, a tax break of that size. This is the biggest rollback in health benefits to senior citizens in American history. This is the biggest financial transfer from low- and middle-income families to the upper-income brackets in American history. So no one should be misled. This will be the most important vote we will cast during the budget debate.

So, Mr. President it is with a great deal of concern, grave concern, that we offer this amendment this afternoon. There is no question about what this proposal in the reconciliation package means for senior citizens. I do not think there is any doubt. Any analytical report will show that this proposal will cause senior couples to pay more than $2,800 more in Medicare premiums and deductibles.

We know it will double premiums. We know it will double deductibles. We know it will increase the age of Medicare eligibility from 65 to 67. We know that it eliminates protections for seniors by providing doctors and managed care plans with opportunities to charge seniors more than a Medicare-approved rate. We know all of that. There is no doubt about it. No dispute.

No one should be misled. This proposal is going to hurt. And if it were in some way designed to really reform Medicare, and to bring the trust fund into solvency in ways beyond what the Democrats have offered, I could understand it. If we were in a position where it was this plan or bankruptcy, I could see that we might have to suck it in and do it.

But we know with certainty that is not the case. The actuaries and the trustees have told us that we need $89 billion to keep the trust fund solvent into the year 2006. Not a penny more. In an analysis of the House plan to cut $270 billion, the actuaries also indicated a solvency date in 2006. Where does the extra money go?

Again, no one should be misled. This is not a question about solvency. It is a question about where we go for revenue to pay for the tax cut that we have been debating now for several months.

Let me just say, Mr. President, the damage done under this plan reaches beyond seniors. The problem with the health care provisions in the reconciliation package is that 9 million people in rural America could find their clinics closed when they need health care in the future. Under these proposals, we know the hurt will be widespread.

We know that in South Dakota 10 to 15 rural hospitals would likely close.

We know that these proposals will undermine health care provided in rural America.

We know that huge cuts to teaching hospitals will decimate medical research and training programs.

We know that up to $100 billion is going to be cost-shifted on to those with insurance in the private sector, according to the Lewin-VHI study.

We know all of these things, and more. So this is not just an issue for senior citizens. This is an issue affecting rural America, and every single person with private insurance in the country.

And so, Mr. President, I just hope before we cast this vote that no one misunderstands our choices. If we choose to protect the trust fund by ensuring its solvency, to recognize the importance of this issue to senior citizens and their families, to say no to tax breaks in areas where they are not necessary, and to say no to tax breaks to the wealthy, then the choice is very clear. Democrats have presented an alternative that makes sense, that ensures solvency, that assures, in the long term, senior citizens are going to continue to get the best care that we could possibly provide and that protects a commitment that is now more than 30 years old. We owe them that. We ought to adopt this amendment.

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. Parliamentary inquiry, Mr. President. How much time remains and who has time?

The PRESIDING OFFICER. Fifty-seven seconds to the Senator from New Mexico; 28 seconds to the Senator from West Virginia.

Mr. DOMENICI. Does the Senator from West Virginia want to save his 28 seconds?

Mr. ROCKEFELLER. I yield back my time.

Mr. DOMENICI. Mr. President, I just want to finish wrapping up. There is a suggestion when we talk about how much is being reformed, how many dollars are going to be saved, nobody talks about how much we are going to spend. The senior citizens ought to know we are really not intent on denying them money for health care. In fact, over 7 years on Medicare alone, we will spend $1.65 trillion. In the seventh year, we will spend $104 billion more than in the year it starts. It will go up to $104 billion more, a total of $1.65 trillion, which we cannot hardly understand.

With that, I yield back any time I might have and yield the floor.

The PRESIDING OFFICER. The time of the Senator from New Mexico has expired.

Mr. BROWN addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

AMENDMENT NO. 2949 TO THE INSTRUCTIONS OF THE MOTION TO COMMIT

Mr. BROWN. Mr. President, I rise to offer an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Colorado [Mr. BROWN] proposes an amendment numbered 2949 to the instructions to the motion to commit S. 1357 to the Finance Committee.

Strike all after "Finance" and insert the following: "With instructions to report the bill back to the Senate forthwith to include the findings of the Trustees of the Federal Insurance Trust Fund that, in order to save Medicare and to keep the Hospital Insurance Trust Fund solvent for future generations, Congress must address both the long-term and short-term shortfalls in the Medicare program."

Mr. BROWN addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. BROWN. Mr. President, the underlying amendment that is before the body suggests that this measure be returned to the committee and deal only with the amount of money that would need to keep the fund from going bankrupt or being insolvent through the year 2006.

That figure is based on their intermediate projections. I as one am familiar, as I think most Members are familiar, with our process. We do a conservative projection. We do an optimistic projection. We do an intermediate projection. I might remind Members that in Social Security projections, for most of the years we have had those Social Security projections, the optimistic projection has not proved to be correct. As a matter of fact, the intermediate projection has not proved to be correct. As a matter of fact, the conservative projection has not proved to be correct. Through most of the years we have had those Social Security projections, as a matter of fact, even the conservative one proved to be far too optimistic.

None of us have a crystal ball, but I think it would be foolish in the first order for us to assume that the $89 billion is going to be enough to keep this fund solvent through the year 2006. If history is to be the judge in looking at the projections we have had, it is quite clear that we may well see this fund go insolvent if the underlying amendment is adopted.

I think men and women of honesty and fortitude who have discussed this issue today can honestly disagree about the projections. It could be the intermediate projection is just fine. It could be that the conservative projection is far too optimistic, as history has shown. But one thing I do know and one thing is incontrovertible. If you read the report of the trustees—and let me remind the Members, the trustees are appointed by the President of the United States and all but one of them are Democrats; that is, of the seven trustees, all seven have been appointed by the President and all but one of them are Democrats—they say in their report that after the 10 years that is contemplated in the underlying amendment that this fund goes belly up, even if you do the $89 billion with the intermediate projections.

They say, in the long run, it does not meet the 7-year solvency test and they say, moreover, it becomes much, much more difficult to meet it, as you have the baby boomers coming in after this 2006 period.

So the suggestion in the underlying amendment is that you should deal only with the current crisis and close your eyes to the real insolvency that is coming in Medicare. I believe Americans deserve better. Frankly, Mr. President, I think Americans expect better. If you go out to the working men and women of this country and you tell them that we are going to come up with a program that will let you pay taxes for another 10 years, but at the end of 10 years, according to our intermediate projections, there will not be anything left for you to collect on, I think they would be outraged.

Frankly, I think they deserve to be outraged. The proposal that is before the body says, "Let us slip by for now, make working people pay another 10 years and then have nothing for them when we get to the end of 2006."

That is not HANK BROWN projecting with regard to the Medicare trust fund. That is not a group of Republicans projecting. That is a report by Presidential appointees themselves, six of the seven who are Democrats, all appointed by the President of the United States. That is not a Republican projection; that, if you want one, is a Democratic projection.

I think we need to do better than that. I think we need to say to the working men and women of this country, "We're not only going to take your money for the next 10 years," which the current law does, "but we're going to make sure there is something there for you when we finish."

That is what this amendment does. This amendment makes it quite clear that what we are to look at is not just the short term, but the long term as well. I believe that is a proper focus. I believe it meets our commitment.

We have a choice with this amendment. We can go with the short-term outlook that leaves the fund insolvent after 10 years, or we can go with the long-term outlook that requires that this end up being solvent in the long run as well.

Mr. President, I suppose one of the saddest things to see, with respect to Federal programs which we have put in place for working men and women, where they rely on the Federal Government themselves, is the Government being in a position where we cannot meet our obligations. This is by a Federal Government that, through ERISA, has come forward and said, with regard to private pension plans, that you are required to make them financially sound, and we put in place very tough rules on the private sector that forces them to fund them, with extreme penalties on anyone who would not.

I do not think anyone would fail to be uncomfortable with the proposition that says in the private sector we are going to mandate these to be actuarially sound, but in the public sector, trust us. Why would people not want to trust us? For exactly the reason for the underlying amendment. The amendment says we will fix it in the short term and leave a problem for the long term. That is the difference in the private sector. What we have done is impose on them burdens to be sound, to fund their obligations, and to face up to them. And in the public sector what we have done with the underlying amendment is say we are only going to fix it up and get by, and at the end of 10 years, after taking your money, there will not be a balance left there to help you meet your obligations.

I believe we have to do better. We have had a lot of people quoted here. Let me quote the President's nominees on this board. These are the conclusions of the board of trustees:

Under the trustees' intermediate assumptions—

My own view is that the assumptions are far too optimistic.

Under the trustees' intermediate assumptions, the present financing schedule for the HI program is sufficient to ensure the payment of benefits only over the next 7 years. As a result, the HI trust fund does not meet the trustees' short-range test of financial adequacy. Under the high-cost alternative, the fund is projected to be exhausted in the year 2001, approximately 6 years from present. Under the low-cost alternative, the conservative one, the trust fund is projected to be exhausted in the year 2006. Currently, about four covered workers support each HI enrollee. This ratio will begin to decline very rapidly in the next century. By the middle of that century, only about two covered workers will support each enrollee.

Let me pause here, Mr. President. I want to reiterate that because it underlines the problem we have and the reason we should address it. "By the middle of the next century"—quoting the Democratic majority on the board—"only about two covered workers will support each enrollee."

Mr. President, that is our problem and that is what needs to be addressed long term.

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

Mr. BROWN. Yes.

Mr. GREGG. I think the Senator highlighted a critical point, which was not made by the Senator or by anybody on our side, but made by the trustees of the hospital insurance trust fund, three of whom are members of this administration—Secretary Rubin, Secretary Shalala, and Secretary Reich—which is that the trust fund is headed toward insolvency, and that in order to correct the insolvency, there would have to be a significant adjustment in the trust fund, either in the way of revenue or benefit costs.

I would like to ask the Senator from Colorado if he noted also on page 27 that they put a number on what that adjustment would have to be. Their number, as I read it, is .65 percentage adjustment in payroll rates for employees and employers, which translates into $387 billion of adjustment which must occur over a 7-year period. This is the trustees speaking, saying an adjustment must occur over a 7-year period in order to get actuarial solvency, under their intermediate assumptions—which you say are rather rosy—for a 25-year period, which they consider to be a short time. They would rather it be for 75 years. That means when the other side comes forward with a proposal that only does $89 billion, they are missing the mark, according to their own trustees, by somewhere in the vicinity of $300 billion. Is that not correct?

Mr. BROWN. Let me say to the distinguished Senator that I believe his analysis is correct. It points out the enormous problem we have here. We will have an absolutely catastrophic impact if we do not address it now. The longer we wait, the more difficult the problem gets. I am reminded by staff that we need to make it clear in this amendment that we are exempting part B of the Medicare.

AMENDMENT NO. 2949, AS MODIFIED

Mr. BROWN. Mr. President, I send to the desk a modification of my amendment that clarifies that aspect.

The PRESIDING OFFICER. The Senator has that right.

The amendment is so modified.

The amendment (No. 2949), as modified, is as follows:

I modify the text of my amendment to read as follows: "with instructions to report the bill back to the Senate forthwith providing that all savings to Part B of Medicare made by the Balanced Budget Reconciliation Act of 1995 shall be transferred from the general fund of the Treasury to the Federal Hospital Insurance Trust Fund; to include the findings of the trustees of the Federal Insurance Trust Fund that, in order to save Medicare and to keep the Hospital Insurance Trust Fund solvent for future generations, Congress must address both the long-term and short-term shortfalls in the Medicare program."

Mr. BROWN. Mr. President, I want to continue, if I may, to make available in the RECORD the exact words of the board of trustees. I think they have credibility not only because this is a contentious issue between parties and they happen to be—six of them—Democratic members, all appointed by the President. I think that renders at least—even though they are partisan in their majority, it brings certain credibility to these deliberations. Frankly, I think that for most Americans looking at this, that is the first question they will have about this aspect of it.

Continuing on with this:

Not only are the anticipated reserves and financing of the HI program inadequate to offset the demographic change, but under all sets of assumptions, the trust fund is projected to become exhausted even before the major demographic shift begins to occur.

What we are talking about here, Mr. President, is before you have that adjustment from four workers down to two workers supporting the persons who receive the benefits—even before that demographic change begins, you have problems with the solvency of the fund. The trustees go on:

The trustees note that some steps have been taken to reduce the rate of growth in payments to hospitals, including the implementation of prospective payment systems for most hospitals, and experience to date suggests that this mechanism, together with provisions enacted by Congress, has restrained the growth in hospital payments that improve the efficiency of the hospital industry.

In their overview, they continue on, and I think this is more significant for our purposes:

Extension of this payment system to other providers of hospital insurance services in further legislation limits payment increases to all hospital insurance providers, could postpone the depletion of the HI trust fund for about another 5 to 10 years. Much more substantial steps would be required, however, to prevent trust fund depletion beyond 2010 when the baby boom generation begins to reach age 65.

Mr. President, that is the nub of it. The trustees have put their finger on it. They hit it exactly. You can do a quick fix for 5, 10 years. That is, apparently, what is behind the thinking of the underlying amendment. But in the Democratic trustees' own words:

Much more substantial steps would be required, however, to prevent trust fund depletion beyond 2010 when the baby boom generation begins to reach age 65. Under present law, as shown by the projections in this report, the Hospital Insurance program costs are expected to far exceed revenues over the 75 year long-range period under any reasonable set of assumptions.

Under any reasonable set of assumptions, Mr. President. As a result, the hospital insurance program is severely out of financial balance, and the trustees believe that the Congress must take timely action to establish long-term financial stability for the program.

The President's own nominees are admonishing Congress to take timely action to establish long-term financial stability.

I have listened on this floor to Members stand up and say, "Heavens, we do not need to take long-term timely action. No, that is not what the trustees said." Mr. President, it is in their report. It is in black and white. It is on page 4.

The cost to the hospital insurance program is projected to increase over 1.6 percent of gross domestic product in calendar year 1994, to 4.4 percent of GDP in the year 2065. This rapid growth is attributable primarily to anticipated increases in hospital admissions and in the complexity of the services provided, together with expected changes in demographics.

With the magnitude of the projected actuary deficit in the hospital insurance program and the high probability that the hospital insurance trust fund will be exhausted in less than 10 years, the trustees urge the Congress to take additional actions designed to control hospital insurance program costs and to address the projected financial imbalance in both the short range and the long range through specific program legislation. As part of a broad-based health care reform, the trustees believe that prompt, effective, and decisive action is necessary.

Mr. President, how much more clearly can it be said? The President's own nominees, six of the seven of them

Democrats, say it as clearly as is humanly possible: You have to take prompt, effective, and decisive action.

What is before the Senate is a suggestion we take a short-term view, that we patch it up for 10 years and leave people who paid in all their life without any coverage. That is not responsible. It does not conform with the guidelines set forth by the President's own nominees.

They go on:

To facilitate this effort, the trustees further recommend legislation to establish an advisory council for the Medicare program. This action would help provide critical information that will be needed by the administration and Congress as they deliberate the future of the hospital insurance program.

Let me pause and simply mention this: The Republican leader himself asked the President—he was joined by the Speaker of the House—asked the President to help set up a commission to work this through, as it was done in Social Security, to come up with an answer in this area that was bipartisan, that would lend integrity to the commitments we have made to the men and women of this country who have paid into this program—some of them for almost all of their lives.

The President was unwilling to cooperate in that venture in a timely manner to get an alternative before Congress.

Now, Mr. President, the reality is this: This should be a bipartisan effort. I do not believe that my Democratic colleagues want this fund to go bankrupt in the long run. The American public is wise enough to know that many of the things each party says about the other are somewhat taken with the heat of the moment and not necessarily meant seriously.

I do not believe Democrats, any more than Republicans, want this program to go belly up. I believe the vast majority of Americans, whether Democrats or Republicans, would be shocked to know that this program will be out of funds in 10 years and we would not have taken care of it.

I do not think anybody—Democrat, Republican, or independent—feels that is responsible. I honestly believe that the people of this country expect us to come up with the long-term answer. That is why this amendment is offered. It talks about looking at the long run, not just the short run.

Mr. President, that is the essence of what this debate is all about. Members will have an option. They can vote "no" on this amendment and opt for a short-term solution only; or they can vote "yes" on this and help ensure that a long-term solution is in sight.

Mr. President, let me add a word of warning. The amounts of money in this bill are estimated to be adequate with other changes that would be made in the long run to help put us on sound footing and make it actuarily sound.

Mr. President, I must say, my own belief is that this does not go far enough. My own belief is that we should not be looking at the immediate projection. My own belief is we should do much more than what is suggested in this bill.

While we accept the immediate funds, and some would say what we need to do is have an $89 billion fix and others would say a fix in excess of $270 billion, my own estimate is that the problem is much greater than that; that the projections are far too optimistic.

If we are to be responsible, we should not only do what is in this bill, we should set about seriously in an effort to make sure that we have solved the problem for all time, that we have adopted the actuarial soundness principles that we impose on the private sector. We ought to be willing to stand up and do as this Congress does—begin to live by the same laws that we impose on others.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself such time as I might consume.

Mr. President, no one is going to be fooled by this amendment. Our Republican friends are scared of this vote. They do not want this vote to happen. It is Halloween and they are running scared. It is clear the people who are running scared are the Republicans trying to cut the Medicare.

No one is fooled by this Halloween trick. The American people know what is at stake. Medicare is at stake and Democrats are trying to save it.

Now, Mr. President, I have been on the floor since the first hours, about 10:30 this morning, when we began that debate. I have listened hour after hour after hour after hour how our Republican friends justify the measure before the U.S. Senate. They talked about the different proposals of it. Why it was fair, why it was just, why it was equitable, how it was going to enhance health care for our senior citizens.

That is what they have talked about. They would not talk about the $240 billion tax cut for the wealthiest individuals, for the corporations, the tax increases on working families, the fact that they are raising the eligibility age from 65 to 67, the pressures that will be on the senior citizens in reducing their options to be able to choose their own doctors.

No, they did not address those particular issues. They did not address those particular issues. They said what we have here makes sense. It makes sense for those who are interested in the balanced budget. It makes sense for those who are interested in quality health care.

Now, our Republican friends have come, on top of this amendment that was offered by the Senator from West Virginia, and effectively eliminated, emasculated in a way which would have, if it had been accepted, preserved what had been recommended by the trustees, the $89 billion, and ensured there would be no increase in the copays and deductible premiums for our seniors.

But, no, they would not give the Senate a chance to vote on that. Instead, they are here saying, instead of your amendment, why not just have a study about the medium- and long-term interests of the Medicare system.

We are all for it. Why did you not do it when you had a chance? You had the votes to do it. Why did you not do that earlier? You could have reported out some kind of measure in the meantime, but you did not do it.

All Members are concerned about what is going to happen after 10 years of solvency for the Medicare system. Many of us believed that what you are concerned about and have offered recommendations and suggestions, when you recognize that there is nothing in this legislation that is going to do anything about providing preventive health care for our senior citizens. I am interested in that. What about the 30 percent of overutilization in our hospitals because of Medicare entries into the hospitals? I am interested in that.

What are we doing to expand long-term care? Or home care for our seniors? I am interested in that. What are we doing about prescription drugs so we can keep people out of the hospital and treat people in their homes and save billions of dollars? I am interested in that. Many of us are interested in that.

None of those issues was addressed by our Republican friends. No, none of those issues that would have had an impact on the medium- and long-term health care needs, none of those issues was addressed.

But, instead, after 5 hours of debate and justification of their own position, they refused—absolutely refused—the effort of many of us who want to try to protect Medicare, who want to defend Medicare. If they are so correct, as we have been listening to them say for 5 hours, why will they not let us vote? Why will they not go and make the speeches they have been making here on the floor of the U.S. Senate, back into the nursing homes, back in the senior citizens homes, back in the plants and factories, and to the elderly people all over this country, if they believe that they are so right about it? If they think the merits are on their side, why do they take this and defend it for 5 hours and then say, "But we will not defend it any longer. We will not defend it anymore. We will not defend it at all. We are going to try and emasculate what you are trying to do with regard to the protection of Medicare."

You do not have to be around here a long time to understand what this is all about. You only have to be around here about 2 or 3 months to know exactly what it is about, and that is you do not want to vote on it. You do not want to know about it.

You came up with this proposal without a hearing on the Medicare cuts. You refuse to listen to the elderly people about the impact it was going to have on them. You jam this through the Finance Committee and the Budget Committee. And you say that it is justified to provide $240 billion to the wealthy individuals and corporations and increase the taxes for working families.

You have done all that. You have it going your way, Senators. We have a time limitation, restriction in terms of being able to take some days and provide some debate on this so the country can know what it is all about. You have it going all your way. You can try to jam us because you have the votes that way.

But, no, you refuse to even let us have a vote on accountability. Come on. Come on. Your program did not make any sense before and you are now demonstrating here on the floor of the U.S. Senate it does not make any sense to you either, because you refuse to defend it. You refuse to defend it.

We listened to all those speeches about how correct you were. Why will you not let us have a vote on it? No. No, we are, instead, going to have a vote on something else, a long-term study on it. We are interested in long-term studies. We are interested in intermediate studies. What you do not want to face is your $245 billion tax cut that is coming out of the Medicare premiums, deductibles and copays for the seniors of the country—you do not, and refuse to let us have a vote on it.

Why? Why is it? Why have the Republicans not spoken about that? Why did you not at least say, "OK, we have addressed the short term and medium term of the Medicare. Now we think it is right to get a tax cut for the wealthiest individuals and we are proud to defend that position." I have not heard that. I have not heard that speech. I do not think we are going to hear it because it is indefensible, when you are looking at what they are attempting to do, and that is to undermine the Medicare system which has been a compact with the seniors of this country since 1965.

You know, when I look at the conduct of our colleagues and friends I can kind of understand why they do not want to vote on it. I was here in 1964 when the Medicare amendment was defeated. I was here 8 months later, in 1965, when it passed. I was here when 19 Members who voted "no" in the fall of 1964 voted "yes" in April of 1965. Do you know what had intervened? An election. An election intervened. Our colleagues who were opposed to it then went back home and gave the same kinds of comments that were given, evidently, by the majority leader last night, according to TOM HARKIN, saying the majority leader was proud to oppose Medicare when it first came up and is still proud to oppose it. Those were the speeches then.

And then they got a little awakening because the seniors knew what was out there. The American people understood what was out there. Not just the elderly, but their sons and daughters had a fundamental recognition that, when people grow older in our society, they have additional kinds of health care needs and, by and large, their incomes go down. That is what happens, not only industrial societies, but in other societies around the world. And, therefore, if we are going to be a compassionate Nation and care about our seniors—the men and women who fought in the wars, brought the country out of the Depression, sacrificed for their children, many of whom are sitting in the U.S. Senate—that there was going to be a compact. They were going to pay in and then they were going to be able to receive out.

The Democratic alternative is not perfect, but it provides for the fundamental integrity of the Social Security system for 10 years. That has been testified to by the trustees themselves. But what we have not done is included the tax goodies for wealthy individuals.

You ought to be ashamed of yourself. I am not surprised that you do not want to vote on this turkey. I can understand that. Refuse? I would certainly hope the leader would say, if we are not going to get the vote on this one, we are going to keep coming back and coming back and coming back, every single time that we have in the 10 hours left, and we are going to make every attempt to get a vote on it and let our Republican friends pull every kind of trick in the book on it and let us take that issue all across this country and let you defend it. You cannot defend it. You cannot defend it.

You come up here and say, "Let's get back to that trustees' report now. Let's see what is going to happen in 10, 15, 20 years down there." It is wonderful to hear all those voices now. We were attempting to deal with the medium- and long-term interests of this health care system in our country a year or so ago. It is wonderful suddenly to find they are all interested in this now, really interested in long-term care.

Where are the initiatives in home care? Where is a single proposal from someone on the other side of the aisle on prescription drugs? That is a No. 1 problem for our seniors. Where is it? If you provide prescription drug assistance for our seniors you will probably do as much or more in terms of reducing long-term costs, because seniors will be able to stay home instead of going to the hospitals in order to get their prescription drugs. And that is going to be true in a wide variety of different areas. Sure we need some advice and counsel on those.

What are we doing on home care, so we can give alternatives to our seniors whether they want to go into a nursing home or remain home and get some help and assistance? Where is the Senators' proposal on that? Where are these proposals on it, to demonstrate that suddenly we are interested in the long-term interests of our elderly people? Why do we not keep them out of high-cost facilities? Where are your proposals on that? Where are these proposals, that, suddenly we really care about these long-term interests?

They are not there. They are not there because at the core of it, this program on Medicare has not been a program that you supported over its history, and the record shows it. Suddenly, to find out that you care about this after, in the House of Representatives, they used $80 billion of part A for their tax program, and then a month later said, "Oh, my goodness, there is some difficulty in the insurance fund." And some said,

"Don't you think we ought to go back and restore the $80 billion?"

"Oh, no, we are going to need that for the tax cut, a tax cut which is even greater in the House of Representatives."

The reason we are debating this is they had no opportunity to do it in the House of Representatives—none, closed down. Here we have 1 hour, and were thinking we were going to at least have a chance to get some kind of result, at least get a chance so we can speak on these issues, to try to work out, in the time that is available, a series of amendments which would be defining in terms of what this debate is all about.

But we are even denied that opportunity, evidently. We are denied that opportunity on the first amendment out; denied the chance to have a rollcall vote on this issue.

So, Mr. President, I would have suggested to the minority leader and to our friends, Senator ROCKEFELLER and Senator EXON, that if they have that amendment and just use that as an add-on, as an add-on to this amendment, to have the language included. I had it here a moment ago. It is not the wording. Words can be worked out, that you send it back the way we suggested that it be sent back with a report for the $89 billion, and then we also include, if you want, recommendations in terms of meeting long-term care.

I do not understand why the Senator is so concerned about it, why that route would not be acceptable. But, oh, no, you cannot have it that way. We are not that concerned. We are not that concerned about medium and long term. But the Senator is hoping the whole thing will go down, that all of it will go down.

Do not fool us. We know what is going on around here. I do not know if the American people do. I hope that they have been watching—at least today—this debate and discussion to try to find out who is attempting to defend the Medicare system, who believes in it, who, by history and tradition, is a party of defending it and supporting it. They will know because they sure will not know it on the first proposition in defense of the majority leader's legislation that is before us.

So, Mr. President, everyone ought to have a very clear idea. I am sure the seniors do. There may be those around here who think they do not just because they are challenged with various physical illnesses and have difficulty sometimes in being able to hear all of the different words or read because their sight is facing difficulty, or unable to get around. They know when they are being fooled or when there is an attempt to be made a fool of. They can look through.

If they take the time to read this debate over the time here today, they will know who is on their side. It is not those who have promulgated this amendment, but it is those who have said, take back the giveaways, take back those tax breaks to the wealthy individuals and corporations, take back that age restriction for an eligibility increase, take back those additional taxes on working families. And let us get something out here that will assure our seniors that there will not be increases in the copays and deductibles, and that they will have the choice of their doctors.

We have asked to try to work that out together so we can have something that will deal with the economic challenges, but, most importantly, assure that our senior citizens are going to have their contract maintained with the American people and with the Congress.

Mr. President, I see my friend from Minnesota. I am glad to divide up the time.

How much time is on each side?

The PRESIDING OFFICER. The Senator's side has 42 minutes and 45 seconds, and the majority has 39 minutes and 34 seconds.

Mr. WELLSTONE. Mr. President, I would be pleased to alternate, if my colleagues want to do that.

Mr. COVERDELL. Mr. President, I yield 1 minute to the Senator from Colorado.

Mr. BROWN. Mr. President, we have taken more time than the other side. I will try to be brief so the distinguished Senator from Minnesota can go ahead. I simply want to respond to the discussion with regard to taxes.

My amendment does not deal with the tax portion. Mr. President, I am firmly committed to making sure the money in Medicare stays in Medicare, that none of it gets used for any other purposes. Frankly, that is what is in the bill.

Let me suggest this. Sometimes people organize demonstrations and they make the signs in advance, and it turns out the signs do not have anything to do with what the reality is. That is what has happened here. They made up their signs about tax cuts for millionaires, and it turned out they no longer apply. What they have done is used the signs anyway.

Mr. President, the biggest portion of this bill deals with the child tax credit, and it makes clear that higher income people do not get it. They not only do not get what everybody else gets, they do not get anything at all from the child tax credit. So the discussion about how you are somehow helping the millionaires out is quite misplaced, at least in this Member's view. What they have done basically is made up their signs in advance and have not been able to adjust them.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Who yields time?

Mr. KENNEDY. I yield 10 minutes.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I really welcome this debate, and in the spirit of debate, colleagues, I say to my colleague from Colorado that the problem with the tax credit proposal is that it is not refundable and that if you are a family with an income under $29,000 a year, you are not going to receive it. It makes no sense whatsoever.

Where is the standard of fairness? In my State of Minnesota, we are talking about a significant percentage of the population, families with incomes under $29,000 a year. If it is not a refundable credit, it does not do any good at all for that family.

Mr. President, I just want to respond to a couple of comments by my colleague that were made earlier. And in the main, what I would like to speak to is this argument that somehow part of this debate is a scare tactic or this is an effort to "terrorize senior citizens."

Mr. President, I think that, as a matter of fact, that is a bit insulting to senior citizens. It is a bit insulting to citizens in our country, period. People have their own wisdom.

I was in a debate the other day with several of my colleagues at U.S. News and World Report. I said, forget all of this discussion about scare tactics. I wish we were talking about scare tactics so I would not use it. People have their own intelligence. People can figure this out for themselves.

And, one more time, we have an amendment here that now is in the second degree. Why are my colleagues afraid to have an up-or-down vote on this? We had the debate. Now the rubber meets the road.

We have been saying to you that $89 billion—which is what you needed for the trust fund—what you are doing is cutting $270 billion for Medicare.

In addition, we have said, what is the meaning of $270 billion of cuts in Medicare juxtaposed with tax giveaways, in the main, and $245 billion that goes to people with higher income?

You can vote that up or down, colleagues. It is time now to match your votes with your rhetoric. Why are you afraid of an up-or-down vote?

Mr. President, the only people that are terrorized here right now are some of my colleagues on the other side who are in terror that they might have to vote what they have said they believe all along.

Mr. KENNEDY. Will the Senator yield?

Mr. WELLSTONE. I am pleased to yield.

Mr. KENNEDY. Will the Senator agree with me that if our friends on other side of the aisle are really interested in reforming Medicare, they would drop the tax cuts for the wealthy and large corporations, drop that, and let us see if we cannot find some way of trying to deal with this in a medium and long-term way?

Does the Senator believe, and is it the Senator's view, if they were prepared to do that, that this particular proposal would be the difference?

Mr. WELLSTONE. Mr. President, I would say to my colleague from Massachusetts his question is right on the mark, because what people are saying in Minnesota and around the country is, please permit us to be suspicious because you are cutting much more than is necessary for the trust fund, and we think you are making Medicare the piggyback for tax cuts for wealthy people. And if, in fact, you would give up on these tax giveaways—and we were not talking about the $245 billion—then I think we can get down to a discussion where we can focus on what we need to do, I say to my colleague from Massachusetts, for real reform.

Real reform, Mr. President, is universal coverage. Real reform is making sure that elderly people can afford prescription drug costs. Real reform is home-based care so that people can live at home in as near a normal circumstance as possible, with dignity, and not have to be institutionalized. Real reform is where there is a standard of fairness.

I tell you what is not real reform—reverse reform, where we cut $270 billion from Medicare and at the same time we have a $245 billion tax giveaway.

I have been in debates with colleagues, and they have said, I say to my colleague from Massachusetts, over and over and over again, no, this is all for Medicare. This is what we need to do. This makes Medicare solvent. This reforms Medicare. This is for the good. This amendment puts them to the test.

If that is the case, then vote against this amendment. Vote it up or down.

I find it just unbelievable that after all the speeches that have been given and after all the reassurances that have been given, my colleagues are unwilling to vote on this. That is what the second-degree amendment is all about. It is a huge dodge from a vote that people should have the courage to make.

One more time, in my State of Minnesota, 50 percent of senior citizens have incomes under $20,000 a year. In my State of Minnesota, many of our elderly live in rural communities, and those hospitals and those clinics have a huge percentage of their patient payment from Medicare and they do not have a profit margin. If you go ask those providers—has anybody asked them? Anybody asked the clinics? Anybody asked the doctors? Anybody asked the nurses? Anybody asked the physician's assistants much less the beneficiaries? They will tell you that they cannot survive some of these reductions. They will not be there to deliver health care.

So this is not about scare tactics, I say to my colleagues. This is about some unpleasant realities. And one more time, we have in our State 635,000 Medicare beneficiaries. It will be about 685,000, or 675,000, I believe, by 2002. Later on, we will talk about medical assistance. We have 425,000 beneficiaries of medical assistance. It will go up to 535,000. And anybody who wants to look at the policy carefully and understand its impact on citizens understands that the way you view health care is you look at the number of people who are going to be eligible, what the existing benefits are that people will need to have for quality health care and what the medical inflation level is, and these reductions fall far short of that.

I say to my colleagues, you just do not have the credible argument. You cannot cut $270 billion from Medicare at the same time you have $245 billion of tax giveaways, mainly going to wealthy people. You cannot do it. It makes no sense. And with this amendment, introduced by Senator ROCKEFELLER, we give you the chance to vote on what you say you believe in. We give you the chance for an up-or-down vote where you can match all of your speeches with your votes, where you can look the American people in the eye and you can say we believe that all $270 billion is necessary in order to, as you say, save Medicare.

I do not think you are saving Medicare. I think in the name of saving Medicare you are destroying part of Medicare. That is what this vote would have been about. I think the only people who are terrorized are colleagues on the other side of the aisle who are terrorized that they have to vote what they have been talking about for the last 6 or 7 months.

Mr. KENNEDY. Will the Senator yield?

Mr. WELLSTONE. I will be pleased to yield.

Mr. KENNEDY. Again for a question. If this is such a great deal for the seniors, why do all of the seniors themselves and their principal representatives, the American Association of Retired Persons, Council of Senior Citizens, National Committee to Preserve Social Security/Medicare testify in opposition to the plan? If this is such a great deal—we listened to these Senators talk about it this morning for 5 hours—5 hours—and then the time came to call the roll. Oh, no, you cannot even have a vote on your amendment, even though we think it is so great. If it is so great, why will they not defend that back home to their seniors? Why will they not be able to go into their senior citizens homes and be able to justify it?

They cannot do it. They cannot do it. And the proposal and the idea that we want to look at medium or long term, they could have done that before. They could have reported out something with those kinds of provisions. But no, suddenly when they are just about to call the roll, they pull this amendment out and send it to the desk.

As we have said before, this is Halloween, and it is trick or treat time. This amendment is a trick on the seniors of this country, and it should not be accepted.

Mr. WELLSTONE. Mr. President, let me respond and then just simply yield the floor to some of my other colleagues who would like to speak.

First of all, let me just say to the Senator from Massachusetts and my colleague from Iowa—if I could get their attention just for a moment—it is very interesting; you asked the question, if this is so good for senior citizens and represents such good reform, with all the promises that have been made, how come all of the organizations and all the people who are going to be affected by this are opposed to it?

The answer is there is a huge disconnect between these proposals and the lives of people back in the States. These proposals are very reckless with the lives of senior citizens. And it is the intelligence of senior citizens in Minnesota not because anybody is leading them around by their noses; it is their own intelligence and their own insight which tells them that these proposals are not in their best interests.

I have to say to my colleagues on the other side of the aisle that your refusal to vote on your own proposal does nothing to reassure them. We have been hearing your speeches forever. We have been seeing your ads on television. You have been telling the senior citizens this is going to be so great, and now you have a chance to vote what you say you believe in, and all of a sudden, I say to my colleague from Iowa, we see them just running away, running away.

That is my first point. My second point is that—I do not even remember my second point.

Mrs. BOXER. Will the Senator yield to me for a question?

Mr. WELLSTONE. I would be pleased to yield for a question and then by then I will get my second point.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. WELLSTONE. Mr. President, I ask unanimous consent for 3 more minutes so I can come up with my second point.

The PRESIDING OFFICER. The Senator has 3 more minutes off his side's time.

Mrs. BOXER. What I would love to do is simply say to my friend the reason he did not get to his second point is his first point was so good. But I have to say that in listening to my colleagues—and I truly was not going to participate in this particular amendment. I had come over here expecting a vote on it. What do I find? We are blocked from voting. What is the other side afraid of if they are so excited about their plan? They are afraid to vote.

I will tell you why they are afraid. Because they know that the American people are waking up and they understand now it only takes $89 billion to keep Medicare solvent, and they are cutting $270 billion. We know they need to cut that much to come up with what NEWT GINGRICH calls the crown jewel of the contract, the tax breaks for the wealthy. And I say to my friend, because he has been working on these issues a long time, in his hometown and his home State, do seniors understand why the Republicans want to give $5,500 a year back to people who earn over $350,000 while they destroy Medicare, Medicaid, student loans, and for God sakes repeal nursing home standards? Do the people in his State understand that?

Mr. WELLSTONE. Mr. President, I would say to the Senator from California, no. And I think this becomes an issue of Minnesota fairness and people just do not find it credible—$270 billion in cuts in Medicare but only $89 billion needed for the trust fund, and at the same time $245 billion in tax cuts, disproportionately going to people on the top. No, that violates the Minnesota standard of fairness.

My second point, which came to me, is that this whole business about some sort of a study of what the consequences of all this will be, Senators, we have this that just came to us—2,000 pages. And my colleague from Utah, whom I deeply respect, said the more people in the country get to know about our plan the better they like it. People do not know what is in this plan.

I say to my colleague from California, I have said for the last month this is a rush to recklessness, and it is because when you talk to the people who live in the communities that are affected by this and deliver the care to Medicare beneficiaries, they are saying this will not work. There is a disconnect. Anyone can add numbers and subtract numbers, but, for gosh sakes, colleagues, look at the connection between your numbers and people's lives.

We never had one hearing on your final set of proposals, not one hearing, not one expert flown in from anywhere in the country, much less the opportunity to take this back to our homes and ask the people who are affected by this whether or not it will be beneficial to them. If we had an up-or-down vote on this amendment——

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. WELLSTONE. Then I think we would have had an opportunity for everybody to speak.

I yield the floor. I thank my colleagues.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, this is an interesting——

The PRESIDING OFFICER. Who yields the Senator time?

Mr. ROCKEFELLER. The Senator from Massachusetts, I believe, is yielding me time.

Mr. KENNEDY. I yield the remainder of the time to the Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, I guess it is my general impression that the other side, the Republican party, does not want to vote on this amendment which we started hours and hours ago. We have had all kinds of delaying tactics and we had second-degree and first-degree amendments, talks about all kinds of time agreements, but not a vote, not a vote.

I have not been on the floor. I have been working with our leader, but I assume that this point had been made over and over again. One of the things that I think seniors should be aware of is—which has not been talked about at all in the Republican amendment for Medicare, which cuts $270 billion out of Medicare—is something called the BELT agreement. It is not GATT, it is not NATO, it does not have forces, but it has lethal effect, absolutely lethal effect. And it is tucked away inside the Republican Medicare plan. And BELT, because I know you are anxious to find out, stands for the "budget expenditure limit tool." Interesting phraseology.

It is a budget gimmick that poses a very dangerous threat to our senior citizens. And when our colleagues on the other side of the aisle say we are trying to scare senior citizens, one of the things that comes back at me is, do our senior citizens even know the beginning of what they would be getting into if we ended up with the Republican amendment to cut $270 billion and other matters, for example, the BELT agreement?

Now, let me tell you what the BELT agreement does. This is the Republican device that will make automatic cuts in Medicare for years to come—for years to come—automatic cuts, no legislative authority, automatic cuts. And what will the cuts be made for? They will be made for the GOP tax breaks for the wealthy.

The budget gimmick is labeled, as I indicated, the "budget expenditure limit tool." And it is the Republican secret plan to make automatic cuts in the traditional—now catch my words—fee-for-service Medicare Program. Now, remember what we have been hearing this afternoon at great length is that "No, no, no, don't worry about these things called HMO's. Don't worry about that, because 90 percent of seniors are already in the fee-for-service program. Of course they'll be staying in the fee-for-service program."

So all seniors are meant to relax when they hear that argument. But they do not understand the BELT agreement, the BELT agreement, which is the "budget expenditure limit tool." And what it does is makes automatic cuts in the traditional fee-for-service Medicare Program, without any action by Congress or the President, for the next 7 years into the future.

Now, how would it work to hit seniors? First of all, it would put GOP, Republican, priorities ahead of seniors' health care needs in three ways.

First, the BELT—this budget limitation tool for seniors on fee-for-service Medicare, ordinary Medicare, 90 percent of seniors—it would set a fixed annual target on Medicare spending. Oh, we have not talked about that this afternoon. We have not talked about a fee or an expenditure limit on Medicare spending. I have not heard that from the other side this afternoon, because everything was geared to have seniors believe, so long as they were in the Medicare fee-for-service portion that they are now in, that life continues to be cheerful and wonderful and there is no worry. "Don't worry about that, HMO's." But they did not tell us about BELT.

So a fixed annual target is set on Medicare expenditures representing the amount necessary to secure the funds that Republicans need for tax cuts for the wealthy. And it becomes an absolute limit on what Medicare will contribute to seniors' health care. May I repeat that? It becomes an absolute limit, a ceiling, on what Medicare will contribute to Medicare regular enrollees, non-HMO seniors' health care.

Second, if Medicare's bill exceeds this limit, the BELT, which is the budget expenditure limit tool, imposes automatic—what is my next word?—reductions, reductions, arbitrary in nature, in key Medicare spending in the following year, imposing cuts in Medicare; for example, inpatient hospital services, reductions in expenditure for inpatient hospital services, inpatient hospital services for seniors; home health services, reductions; hospice care services, reductions; diagnostic tests, reductions; physician services and outpatient hospital services, reductions, Mr. President.

I am sorry, I am sorry, this is in the Republican plan. No, we have not heard about it because we did not have much time. And, no, we did not hear about it in the Finance Committee because we spent about a total of 10 minutes debating this entire thing—10 minutes per side.

Mr. HARKIN. Would the Senator yield?

Mr. ROCKEFELLER. I would be happy to, although I have my third Draconian measure that I would like to mention.

Mr. HARKIN. This is startling news to this Senator. I am not on the Finance Committee.

Is the Senator saying that this BELT provision, which sounds to me like the old sequestration, whereas, if you do not hit certain targets, there is automatic across-the-board cuts, is that what is going to happen, automatic, in all these services?

Mr. ROCKEFELLER. The word "sequestration" is the perfect word.

Mr. HARKIN. Well, what the Senator from West Virginia is talking about, are these BELT provisions, are they in this 2,000-page reconciliation bill? Is that what the Senator is saying? They are in this big thick bill someplace?

Mr. ROCKEFELLER. Yes.

Mr. HARKIN. I wonder what else is hidden in here. Two thousand pages, and we got it yesterday—2,000 pages. Who knows what is hidden in here—2,000 pages. We have not had 1 day of hearings on it, not 1 day. And now the Senator from West Virginia has brought up something that this Senator was totally unaware of, I will be frank to admit to everyone.

Why? We have not had a chance to look at this or have hearings and know what is in it. What the Senator is saying is buried in these 2,000 pages, which no one knows what is in there, is a provision that will allow for services to the elderly, in all the areas the Senator just outlined, to be automatically cut, automatically without any vote of this body or of the Congress of the United States. I find that incredible. I almost cannot believe it.

Mr. ROCKEFELLER. If the Senator will yield to his incredulity and mine. I would add that under the Republican $270 billion cut, Medicare will be squeezed in its growth rate at 4.9 percent per person. Now, you go into the private market, private health insurance, that is going to grow at 7.1 percent. But they are going to hold it down to 4.9 percent for Medicare.

Now, this is for your Medicare. So what is going to happen? Obviously, spending for Medicare, because you do not reduce the price of health services simply because you reduce the amount of money that you are willing to pay, to make available to pay for them, the price will continue to rise as it has in the past, but the amount of money will be much less. So what, in fact, you have guaranteed is this BELT procedure.

Mr. HARKIN. Not only that, if the Senator would yield further, not only that, not only the price increase, but the number of elderly is going to increase. People are living longer. They are healthier so they are living longer. So you will have more people in that bracket in the future.

So the belt is going to tighten even harder and faster because of both of those. I am just shocked about this. I am glad that the Senator brought this up. I daresay, there are very few people who understand this. We are indebted to the Senator from West Virginia for pointing this out. I just still find this incredible that this would be buried in this bill.

Mr. ROCKEFELLER. That is the point, I say to my friend from Iowa. And what is absolutely incredible is I have sat here under limited time, to be able to discuss any of this, this afternoon for hours, and I have heard all of this talk about this glorious—"All those seniors in the fee-for-service Medicare Program are going to be happy. We don't do anything. They are just there. They don't have to join the HMO's. They will be in that 90 percent of happy folks that we are going to do nothing to cut their services and life will go on." But this BELT procedure is reserved exclusively for them, I say to the Senator from Iowa.

So they are going to cap this at 4.9 percent, even though the private cost of health care costs are going to be 7.1 percent. So it is automatically guaranteed there is going to be a shortfall, at which point the sequester falls in, the BELT falls in, the reductions are made in inpatient hospital services, home health services, hospice care, diagnostic tests, physician services—that means visiting a doctor—and outpatient hospital services. That is the whole ball game in health care. There is not much else you can do.

I will say, I made a mistake, because the third part of this is that under the plan, since the first-degree amendment of the Senator from Colorado wiped out the $89 billion reduction in Medicare and supplanted it with a $270 billion Republican one, what I failed to say was that, in fact, they have been at least kind enough to say that the Congress could adjust this BELT or do something with this BELT procedure, but only under a supermajority.

I am not sure what a supermajority is, but it has to be at least 60 percent. It is probably closer to 66⅔ percent, which means that the Congress would not do it, so the BELT would be in effect.

Of course, BELT threatens access to choice. It applies only to Medicare fee-for-service expenditures. It hits only seniors who want to keep their current doctors. As a result, this budget gimmick will discourage doctors from accepting fee-for-service patients, senior patients, which, for reasons which we now understand much more clearly because of what is hidden in this Republican plan since obviously their payments will be cut, the physician payments will be cut, threatening the access of seniors to doctors' offices of their choice.

If there is anything you can say to a senior that will justifiably terrify that senior, it is that you are going to take that senior's doctor away.

All afternoon we have been hearing that is not going to happen, but it is the current beneficiaries who are going to be hit the hardest. I just would very much like for my colleagues to understand a new concept called BELT, budget expenditure limit tool, which automatically, if costs go up too much—which, of course, they will—it automatically sequesters and then reduces virtually all health care services for seniors. Nobody in this building knows about it.

Mr. HARKIN. Will the Senator yield?

Mr. ROCKEFELLER. Virtually nobody in the Finance Committee knew about it, because we only debated the thing for about 10 minutes. Now, the Senator from Iowa and the Senator from West Virginia know about it, and perhaps some others do, too.

Mr. HARKIN. Will the Senator yield for another question?

Mr. ROCKEFELLER. Of course, I will.

Mr. HARKIN. Again, I want to thank the Senator for pointing this out. I daresay, not too many people know about this hidden in these 2,000 pages. I just received a piece of paper on this which indicates that BELT applies only to Medicare fee for service. So it would hit only those elderly who want to keep their current doctors; is that right?

Mr. ROCKEFELLER. That is correct. The Senator is 100 percent correct.

Mr. HARKIN. Wait a minute. I had been led to believe by the other side that they want to give seniors choices, more choices; that they do not want to shoehorn or force the elderly into managed care systems but leave them their choices and their options.

But now what this says is that this BELT, this thing which would have these across-the-board cuts in all these areas, would apply only to fee for service. Again, am I correct, I ask the Senator from West Virginia, in saying that with this BELT provision, it is just another way of taking away more choice for the elderly?

Mr. ROCKEFELLER. The Senator is correct, but I will add a further dimension. It is another aspect in what it is that our Republican colleagues have to do, driven by this Contract With America, in order—you see, there is a reason for this. You do not do it because you want to do it, you do it because you have to get that tax-break money.

Mr. HARKIN. I am beginning to see.

Mr. ROCKEFELLER. That is why you have to come up with gimmicks like this which you do not talk about on the floor of the U.S. Senate, because you do not want anybody to know about it.

Mr. HARKIN. I ask the Senator from West Virginia if he will yield for another question. Then in the substitute that was offered by the Senator from West Virginia earlier today, on which they will not allow us to vote, it looks like, that BELT provision is not in the substitute of the Senator from West Virginia?

Mr. ROCKEFELLER. There is nothing—nothing—in the Democratic amendment which has that.

Mr. HARKIN. And one last question of the Senator from West Virginia, then. The only reason he can discern for having this provision in there is only so the Republicans can get their $270 billion cut in Medicare to fund the $245 billion tax break; is that correct?

Mr. ROCKEFELLER. To the Senator I say, you have to get your money somehow. If you are going to cut to get all this tax-break money, you have to go to where the money is. The money is in Medicare. The money is in Medicaid. There is some money in the earned income tax credit, which they call a welfare program, which is very interesting to me, because how come those same people then pay a personal income tax and Social Security tax? I did not think people on welfare paid those taxes.

It is just a very depressing aspect of how far they will go.

Mr. HARKIN. I am going to ask the Senator to yield. Again, I hold up this poster. I talked about it earlier. But just in light now of what I have found out from the Senator from West Virginia of what is hidden in this bill reminds me of what the majority leader said just last night, and I will quote again for the RECORD:

> I was there fighting the fight—voting against Medicare—one of 12—because we knew it wouldn't work in 1965.

That was the majority leader just last night.

So I guess I would say, who do you trust? I keep hearing from the other side that they want to save Medicare. From what the Senator from West Virginia just pointed out on this BELT, it ought to be called the "knife," because it is really cutting Medicare. That is what they are doing.

I thank the Senator. He has done a great service in bringing this to our attention.

Mr. ROCKEFELLER. I thank the Senator from Iowa. I just simply say that it is a shocking thing. It is a hidden thing. It is malicious to seniors, and it is particularly embarrassing, I think, in the context of fair debate, when people all afternoon have been talking about the fact that seniors on Medicare in the regular fee-for-service Medicare system, which is 90 percent of the system now, will continue to have this wonderful existence, when they know perfectly well that what they are doing is they are capping expenditures. They are capping expenditures several percentage points below what they know the cost of expenditures will rise in health care and then guaranteeing, therefore, the sequestering followed by the reduction in services on all fronts of health care for Medicare patients. Then the only way you can get out of it is through a supermajority, which I would assume is two-thirds of the Congress, both the House and the Senate, which I think would be very hard to do.

It is also interesting that—well, Medicare recipients on top of this will pay more out-of-pocket expenses. In other words, there is going to be $700 less per beneficiary in the year 2002. It is going to double deductibles, raise premiums, raise the Medicare eligibility age to 67. These are all very important, very troublesome problems. Private health premiums will be increased, as the minority leader indicated, by cost-shifting. Hospital closings will take place in States like West Virginia and, I assume, Iowa. I think most rural States.

Frankly, it is my judgment that doctors will be driven out of the program and will be turning away Medicare recipients.

Mr. HARKIN. If the Senator will yield again on that point, I will just say, if you have fee for service and the doctor is taking fee for service, and then you have this automatic provision to cut all these provisions, then it would be very discouraging to doctors to take fee-for-service elderly. Thus, once again, that would be lying—the intention of the Senators on the other side of the aisle that they want to provide more choices for seniors. They can say it all they want. You can say the Moon is made out of cheese, but that does not make it so. The facts are that this bill is going to push the seniors out of their fee for service.

If the Senator will yield further for a question, I want to ask the Senator what the Republicans are trying to do here with their $270 billion cut—and now with this BELT gimmick that I never heard about before—how that would work for an elderly person who just wrote me this letter from Iowa. A husband and wife—I will not use their names, because I do not have their permission yet. I will get in touch with them to ask for permission. Their total income per year with Social Security, plus they have an old house rental, is $20,000 or less. She adds up all of their health expenses and premiums, which totals $7,668 a year, out of a $20,000 income. She has diabetes and her husband has heart disease and a fractured hip socket. She had a stroke 3 months ago. She is talking about how wonderful Medicare has been for them. She said, "People around here are worried that Congress is destroying the best programs in our country, which have made people's lives so much better. My late grandparents lived in poverty receiving $40 a month welfare. Could we live on that?"

I ask the Senator from West Virginia, how could someone like this, making $20,000 a year—and I might add this: When I hear people on the other side of the aisle talk about the elderly, I swear all the elderly they know live in Beverly Hills, or Palm Beach, or something like that, because in my State of Iowa, 80 percent of the senior citizens make less than $20,000 a year, and 50 percent of the elderly in Iowa have incomes of $10,000 a year or less. That is what we are talking about.

Mr. WELLSTONE. Will the Senator yield for a second? How much out-of-pocket do they pay on health care expenses right now?

Mr. HARKIN. Well, right now about 21 percent of their income. So if they have $20,000 a year, you can figure right away that 21 percent of that—about $4,000 a year—is going for out-of-pocket expenses. One-fifth of their income is going out. Under the Republicans' proposal, that will go up, over the next several years, to 31 or 32 percent. So it will be one-third of their income that would go out. Right now, for us who are working, it is around 7 percent, 8 percent of our total income that goes for health care. So in Iowa, where we have 50 percent of our people making less than $10,000—and I have this letter which is a heartbreaking letter, where she talks about how much they have to pay for their premiums, what they have to pay for their deductibles and their prescription drugs. Their income is $20,000 a year, Mr. President, and they are paying $7,668 a year out-of-pocket. I ask the Senator from West Virginia, what hope would there be for this couple under the Republican proposal, cutting $270 billion out of Medicare? What could you tell this couple when their premiums and deductibles are going to double, yet, their income is not going to go up?

Mr. ROCKEFELLER. Well, of course, Social Security will be cut, too, will it not, under the Republican plan?

Mr. HARKIN. That is right. Not only that, but for some of the low-income elderly in Iowa making less than $10,000 a year, they are cutting the Low-Income Home Energy Assistance Program where they get a measly $80 or $100 a year to help out in that respect.

Mr. ROCKEFELLER. If the Senator will yield, after a period of 7 years, I believe it is, they are saying that you can no longer get Medicare when you are 65; you can only get it when you are 67.

Mr. HARKIN. It is going to go up to 67, right. The Senator is absolutely right.

If the Senator will yield further, the only thing I can come up with—and I really do not know why they are doing what they are doing on the other side of the aisle. I know they want to give tax breaks to their special interest friends. I understand that. That is what they want to do. They made their agreements and their contract, and they want to do that. But why do they believe they can take it out of the elderly? The only thing I can assume is that they think the elderly are so gullible that they are not going to pay attention. Maybe they are so busy, like this couple, paying their bills and making ends meet that they are not going to pay attention to what happens here. Maybe they feel that. I hope not because, I am telling you, the elderly have to understand that this is going to hurt and hurt badly for the next 7 years.

Mr. ROCKEFELLER. If the Senator will yield, I think there is a very interesting point that goes along with all of this. The majority party—the Republican Party—has accused us of "fear mongering," and scaring seniors. Yet, for a long period of time—and in telling the truth, everybody is entitled to their own opinion but not their own facts. We have been talking about some of the facts which the Senator and I have discussed this afternoon, a relatively new fact in that 2,000 pages. But, hopefully, more people will know about that. What is interesting is that the American Hospital Association really did not get very much—even though they are getting terrible cuts, they did not get involved too much in taking all of this on.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Michigan has 38 minutes.

Mr. ABRAHAM. At this time, I yield 7 minutes to the Senator from Minnesota.

Mr. GRAMS. Mr. President, if this is a contest of volume and rhetoric and half truths, we are going to probably come in second best. I would like to try to concentrate on some common sense and some truth about what we are trying to debate here on the floor.

We are really talking about a couple of major issues, and that is that a lot of the debate is whether we are going to put a Band-Aid over the Medicare

Program and extend it for maybe 2 years into the future of solvency, as the Democrats have proposed, and then be back here in another year or two and debate this all over again, or we are going to look at some real reform. We are going to talk about extending this program to 2012 and into the next generation, to make sure that we secure, that we improve, and that we protect the Medicare system, not only for those who depend on it today, but for the next generation as well.

If we do not begin real basic reform—that is, to reduce the rate of growth in this program, and we are not talking about cuts, we are talking about trying to put some common sense into this program and put out there a Medicare Program that not only provides good service but is one that we can afford. If we do not, the alternatives are just a couple. Either we can do as the Democrats have proposed, and that is extend the life of this program for just 2 years so we can come back here and debate this all over again after the next election. Or we can do nothing and we can let the trust fund go broke, as the trustees have told us it will do, in the year 2002. Or the other option would be that we can go back to the taxpayers with business as usual and say we need another $388 billion to keep this program status quo—business as usual.

That is what the Democratic answer has been over the last 30 years. Seven times they have gone to the taxpayers and said, "We need more money for this program," and raising taxes has always been the answer—never real reform, never restructuring the program, never trying to make it sound. Just more taxes. Throw more money at the problem and get us by another couple of years; just limp into the next century, and we will come back and address the question then. Then the linkage, the demagoging, of always $270 billion in reduced growth—not in cuts, but reduced growth—and they link this always to $245 billion in tax relief. They seem to have some kind of an objection to letting Americans keep more of their own money.

If this were a repeat of the 1993 record increase in taxes they would be down here in a second to vote to raise your taxes. But if there is any talk about tax relief for American families, hard-working families, they just demagog this to death. They do not want you to keep any more of your money.

Somehow, somehow the thought and the notion in this Capital City has been that the money belongs to Washington. We are going to decide how much to dole back to you, the hard-working Americans.

Those who get up every morning, go to work and put in 40-plus hours a week, husband and wife trying to take care of their family—they do not think you can spend their money as wisely as they can in Washington. If they allow you to keep this $245 billion over the next 7 years, you might spend it foolishly—like on food, clothing, shelter, education for your children. You might do something stupid with your money. So, send it to Washington and they will make sure that it is spent more wisely.

And talk about the scare tactics. Fearmongering—they do not fearmonger. They are not throwing out scare tactics. For the last hour, we have sat here and listened to nothing but scare tactics, that we are somehow gutting this program, that there will not be a dime for Medicare, for our senior citizens over the next 7 years or beyond.

If that is not a scare tactic, telling every senior citizen in America if we do not buckle under and not give any tax relief or raise taxes, that somehow all Medicare will disappear. My grandmother is one that got one of these scare tactic letters from her Democratic Congressman in northern Minnesota. It said that somehow the Republicans are going to put you into the street because they are going to take away Medicare.

Now, for a 92-year-old bedridden woman to get a letter like this, if this is not scare tactics, I do not know what is. To hear the rhetoric we have heard and will continue to hear, if that is not scare tactics, without addressing the problem, if the problem is so bad, where have the Democrats been over the last 30 years? How come all of a sudden we are on the brink of disaster, if they have all the answers today?

I do not know why a $500 per child tax credits somehow does not work in with their plan.

Another thing, the $270 billion in reforming Medicare. Now, if we do not do this, again, the trustees are saying it will go broke, that somehow Medicare—we know that over the next 7 years any savings in Medicare has to remain within the trust fund. There is a firewall.

In fact, Republicans have an amendment, as our amendment notes, using Medicare savings for tax cuts would be illegal under the Finance Committee bill. The Senate committee bill says it would be illegal to use it for anything but Medicare.

There is no linkage. The only way we can have tax relief is if we reform it and balance the budget. If we can do that, then the benefits are going to be some tax relief for hard-working Americans who have been paying $245 billion—do you realize that is only 1.5 percent of our total expenditures over the next 7 years?

But it sounds like that if somehow we give this small tax relief to American residents and hard-working middle-class families, that somehow this whole country is going to unravel; if we take this $245 billion and shift it out of Washington and into the hands of families, that somehow this whole country is going to collapse, because we have taken another $245 billion from bureaucrats in Washington to spend as they want.

So, again, one other thing I want to mention, if the Government is going to somehow pay for all of this, if we cannot afford it ourselves, how can we afford to pay taxes to let the Government do it? We cannot.

If we cannot as a society, as individuals or as families, somehow afford this, is the Government automatically going to have enough money in Washington? They will tax it away. Washington does not create wealth. It collects it and redistributes it.

Is this good for seniors? Yes, Mr. President, it is good for seniors. It will make sure that Medicare is protected and preserved.

Mr. WELLSTONE. Will the Senator yield?

Mr. GRAMS. I just have a few minutes left.

The PRESIDING OFFICER (Mr. ABRAHAM). All time has expired.

Mr. GRAMS. I think this is something that is so important that we cannot ignore it, and we have to make sure that Medicare is preserved and protected not for an additional 2 years but for the next generation.

I yield the floor.

Mr. FRIST. Mr. President I yield 8 minutes to the Senator from Wyoming.

Mr. THOMAS. Thank you, Mr. President.

I come to change the tone a little bit. I have been sitting here for 5 hours and have heard nothing but negative, depressing kind of things.

I am excited about the opportunities that we have. I am excited about the opportunities that we will have to do something that the people who have been complaining here have not done for 30 years. We will have a chance to balance the budget. We have not done it for 26 years. We will have a chance to do something about welfare. We have not done it for all these years. We will save Medicare. We have not had a plan to do that. We will leave a little more money in the pockets of Americans.

Now, that is not a bad idea. That is a pretty positive kind of a thing, it seems to me.

Frankly, I get a little weary of the same folks that have been here, who have brought us where we are, that we need changes, and they resist changes, and expect something different to happen by doing the same thing. I do not understand that.

That is what we have heard all afternoon. Do not change anything. Things are not good, but do not change them.

Someone mentioned the difficulty in rural States. I come from a rural State. As a matter of fact, there are a number of things here that I think will be greatly strengthened, including the health program in rural areas.

There are several specific things here that I want to mention. One is limited service hospitals. We have, over time, developed hospitals. We were encouraged over the years—properly—to develop full service hospitals in small towns. Quite a few of them sometimes were just 20 miles apart.

In Wyoming, we had a hospital with 4 percent occupancy. It cannot exist at that. So it has to fail.

So we will change in this bill the qualifications of a hospital so that you can have a limited service hospital, still be reimbursed by HCFA, the Federal Government for stabilizing facilities, for emergency facilities, so you can move to the next hospital. It would be a great asset. You need something in a town but you will not be able to have a full service hospital. That will be done here.

Medicare dependent hospitals—the 1993 budget let this program expire. We are going to reinstate that. The purpose is to assist facilities in high Medicare patient loads to continue.

The extension of the sole community hospital status, hospitals that have less than 50 beds, 35 miles away from the nearest hospital, will continue. This is good stuff for rural America.

It levels HMO payments in Medicare. There is a great disparity now. We settled that on the basis of fee-for-service as it existed. In Bronx County, New York, $678 can be paid per month for HMO's and Medicare; Fall River County, South Dakota, on the other hand, gets $177. We will fix that. That is good for rural America.

Medicare bonus payments to physicians will be increased from 10 percent to 20 percent. We talk about bringing service providers into the rural area. This will do that. Telemedicine grants—we have a great opportunity to increase services with telemedicine grants in rural communities.

I understand the marketing device, of being opposed—there are some very positive things here, starting with the fact if you do not do something, it fails. Second, you can preserve it for 2 years or you can preserve it for longer than that, and we are going for the long haul.

There are positive things here. One of them is the help for rural areas, like my State of Wyoming. I am very pleased we are looking forward, in these next 2 days, to do some positive things. I hope we begin to talk about the benefits that can accrue, benefits that will accrue, rather than seeking to worship the depressing scenario we have been going through for the last couple of hours.

I yield the floor.

Mr. SARBANES. Mr. President, I rise today to join my Democratic colleagues in expressing deep disappointment and outrage at the way in which those on the other side of the aisle have chosen to handle this critical issue.

Several weeks ago, I participated in hearings organized by Senators KENNEDY and ROCKEFELLER because it was—and remains—my view that the public ought to have the opportunity to review and understand what is being proposed by congressional Republicans with respect to the Medicare Program.

During these hearings, we heard testimony from the trustees of the Medicare Trust Fund. We believed it was important to hear from the trustees in order to give them the opportunity to clarify any misrepresentation of their annual report on the future solvency of the Hospital Insurance Trust Fund and to get their analysis of the Republican proposal to cut $270 billion from the Medicare Program.

What we found was that the Medicare trustees do not even suggest that $270 billion is required to address the problems of the trust fund. In fact, the trustees made it very clear that $89 billion over the 7 years is all that is required to address short-term solvency issues of the Hospital Insurance Trust Fund. In a recent letter to Republican leaders DOLE and GINGRICH, Secretary Rubin specifically states, and I quote him:

> No member of Congress should vote for $270 billion in Medicare cuts believing that reductions of this size have been recommended by the Medicare Trustees or that such reductions are needed now to prevent an imminent funding crisis.

The amendment offered by Senator ROCKEFELLER gets right to the heart of this issue. Senator ROCKEFELLER's amendment would recommit the Medicare portion of the reconciliation bill with instructions to the Finance Committee to eliminate cuts beyond the $89 billion that the Medicare actuaries certify is necessary to ensure solvency of the trust fund through 2006.

Now, we find out that we will not be permitted a straight up-or-down vote on this amendment. I say to my colleagues on the other side of the aisle, if you believe as you say you do, that a $270 billion cut is needed to save the Medicare Program, then this vote should be simple and we should all have the opportunity to make our position clear on this important matter.

The effort to prevent a clear, recorded vote on Senator ROCKEFELLER's motion is even more distressing in light of the absolute refusal of the Republican leadership to hold the kind of open, public hearings that an issue of this magnitude requires. What they have done is spring the legislation on us and then immediately move to mark it up and report it to the floor without any chance for careful examination or thought as to what its implications are for our senior citizens. They try to move it so fast that people cannot, in effect, identify what is being done.

The best description of what they are doing was given, in my judgment, by the Republican political analyst, Kevin Phillips, in a recent radio interview where he was quoted as saying—now this is not me talking; this is the Republican political analyst Kevin Phillips. And he said, and I quote him:

> This revolutionary ideology driving the new Republican Medicare proposal is all so simple. Cut middle-class programs as much as possible and give the money back to private-sector business, finance and high-income taxpayers. Rhetoric about the cuts being to save Medicare is politics, not underlying GOP motivational reality. Remember, at the same time as the Republicans propose to reduce Medicare spending by $270 billion over seven years, they want to cut taxes for corporations, investors and affluent families by $245 billion over the same period. This is no coincidence.

The fact of the matter is, the Republican Medicare reform proposals are not about saving Medicare or about protecting senior citizens. They are not about true reform. To reform, by definition, means to make better or improve by removing faults. I submit that this entire reconciliation package is driven by an insatiable desire to give further large tax benefits to very wealthy people.

Mr. President, it would be truly irresponsible for the Congress to approve sweeping and drastic changes to the Medicare system without a thorough discussion of what those proposals mean to our Nation's health care system, and to the people it serves. We have not been afforded the opportunity for such a discussion and I regret that we will also not be afforded the opportunity to have straight up-or-down vote on this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. FRIST. Mr. President, I yield 4 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, the amendment that has been offered by the other side of the aisle is a statement that the Members on the other side of the aisle have lost their nerve. They have lost their nerve to really do something big about Medicare before it is too late.

We all know from the President's own people that Medicare will be bankrupt in the year 2002. This bill put forth by the majority party guarantees that Medicare will not be bankrupt by the year 2002.

The plan that is put before us addresses only the part A trust fund. We all admit that there is a crisis in part A, because it is growing at a very robust clip of 8.4 percent. But their plan does nothing to address part B. Part B is growing, as we know, at 14.5 percent, an unsustainable rate. So I think we all have to question their logic, that they raise a point about 8.4 percent being a crisis but will forget about the part of Medicare that is growing almost twice as fast, at 14.5 percent.

It is a simple fact, if we do not act now, there will not be a system around when baby boomers retire. The longer we put this off, the harder it will be to address. Just look at how difficult a time we are having to apply a stitch in time. The scare tactics being used now by the Democrats, of course, will look like Halloween compared to what we will see if we continue to put these reforms off until the years 1999, 2000, 2001. Maybe they will not even be dealing with it in the year 2002.

Then I look at the recent discussion from the other side of the aisle on the provisions dealing with what is called the BELT.

We have been fed a lot of horror stories by the other side. If I get any message from the seniors of America, it is this. They think the cost of medical care is too high and they blame us, because it is a Government program, for it being too high. They expect us to do something about the bills. They expect us to do something about the cost of Medicare. This provision only makes sure that Congress lives within its spending targets.

Ask any senior anywhere in America if they believe in a balanced budget. They will tell you that they do believe in a balanced budget.

Ask them if they think there ought to be some limits on what is spent on a Government program, health care or anyplace else, and they will say, yes, there should be.

That provision is in the bill to guarantee that costs do not exceed spending targets.

The impression was left from the debate between my colleague from Iowa and my colleague from West Virginia that this has never happened before. It did happen before. In 1987 there was a reduction of 2 percent, so do not say this is a provision that has never been applied before. It has been applied before. Do not say that this is a system Congress has no control over, because the law provides for a review by Congress. And if Congress wants to bite the bullet and take action before the President does, we can and we should and we will.

The PRESIDING OFFICER. Who yields time?

Mr. FRIST. Mr. President, I yield 7 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, first I wish to compliment Senator FRIST, Dr. FRIST from Tennessee, for his leadership on this issue. I think he has brought a great deal of experience and expertise on the entire health care issue. I compliment him for it.

I also wish to compliment the Senator from Colorado for this amendment. The amendment that we have basically says this reports with instructions back to the Finance Committee to make sure that we have a lockbox provision to make sure all the savings or changes that we have in part B go into the savings in part A so it will help make sure part A does not go bankrupt.

Our colleagues on the other side do not have that in their provision, but I think it is a very good, solid provision. It is one the Finance Committee adopted. This is kind of a second key on the lockbox to make sure that of any of the costs that would be incurred by beneficiaries, that 100 percent of those costs go directly into the solvency of part A. I think that is an excellent amendment, so I compliment my colleague and I urge my colleagues to support this amendment.

Some people have alluded to the fact, well, we do not really have a problem with Medicare. I beg to differ. The trustees report clearly states we do. We have seen charts that next year under Medicare we start paying out more money than we take in, and that over a 7-year period of time the trust fund is totally used up and then they cannot pay the bills. That is not acceptable. That is not an alternative that is agreeable or acceptable to anyone.

Some say the $89 billion would solve the problem. It does not solve the problem. It does not even come close to solving the problem. If we take the changes that we have proposed in the Finance Committee, reiterated by the amendment that we have from the Senator from Colorado, we are ensuring the trust fund. We are saying we are going to make some changes in part B, as the trustees said we should, because the part B trust fund has problems, it is running out of money. We take those savings and use that to ensure the solvency of part A. That makes sense.

We are going to keep part A solvent, not just for 2 years but, really, for more than 10 years. I think that is an excellent step in the right direction. What have we done in the past when we had a problem under Medicare? In the past we have had problems. We have had reports from the trustees, as was alluded to by some of our colleagues, that it is running out of money. What have we done? Every time in the past what we have done is we have increased payroll taxes and we have had big, big increases in payroll taxes.

There are only two ways you can solve the Medicare trust fund problem. You either increase the money going in—that is paid for by a payroll tax. Presently we are paying 1.45 percent; the employee pays that. The employer matches that. So it is 2.9 percent of payroll going to fund Medicare. That is what we are doing today.

When we have had problems in the past, how have we financed it? We have financed it with a big increase in payment, in taxes. That is what the trustees said we are going to have to do. We are going to have to have big payroll tax increases to solve the problems in the trust fund or we are going to have to reduce the rate of growth of expenditures.

We elected not to increase taxes. That is unheard of. Because I will tell you something—I want to put something in the RECORD. In the past, all Congress has ever done is increased payroll taxes. I just ask a question, does anyone know what the maximum tax rate is, if someone paid maximum taxes in Medicare in 1978, what the total tax was for them and their employer combined? It was $177.

Do you know what the maximum tax rate was in 1993? It rose a little bit. It went from $177 to $3,915. And today it is even more, because we took the cap off. So it went from $177 to over $4,000 in a period of 15, 17 years. There are unbelievable increases in premiums, and that is still not enough. It is an unbelievable increase in taxes, and it is still not enough.

So what did we do? We said, let us reduce the rate of growth in spending. Some people said, you are cutting $270 billion. We are spending, today, $178 billion in Medicare; in the year 2002 we are going to spend $286 billion. That is an increase. I am going to put into the RECORD how much Medicare spending is increasing every year. Most people said 6.4 percent. I have said that. Actually, it averages out right at 7 percent. So I will put this into the RECORD.

It is interesting. I went back to see what the President's figures were when he revised his budget on June 22, 1995, what the President's figures were for Medicare. Guess what? He proposed changes. He uses OMB. He uses a different baseline, uses different growth rates, but the differences in outlays are minuscule.

In 1995, he estimates we are going to spend $4 billion less than what CBO does. He says 174. In 1996, we estimate we are going to spend 193 in our proposal; the President says we are going to spend 192—almost identical. In 1997, we estimate we are going to spend $207 billion, a 7 percent increase. The President says we are going to spend $208 billion. In 1998, there is only $3 billion difference. In 1999, the President said we should spend $5 billion more.

My point being there is very little difference in outlays estimation. Granted, the President is using OMB, he is using a rosier scenario, forecasting a lower growth rate in Medicare costs, but there is very little difference in outlays between what the President is estimating we are going to spend in Medicare than what we estimate using the Congressional Budget Office. Why did we use the Congressional Budget Office? Because that is what we agreed to use. That is what the President said he would use when he gave his State of the Union Message. He said he was going to use the Congressional Budget Office. Now he is not doing it. Now he is not doing it. But we are.

Mr. President, I am going to ask unanimous consent to have printed in the RECORD the Medicare spending comparisons, both by this budget resolution that we have before us and by the President, and tell my colleagues that over the 7 years, our plan says we should spend $1.655 trillion, and the President, over that same period of time, spends $1.676 trillion, a minuscule difference in the total spending over that period of time, of $21 billion—the difference in outlays between the President's budget and our budget granted that he uses OMB and a rosy scenario.

Also, Mr. President, I am going to ask unanimous consent to have printed in the RECORD the growth rates of the maximum amount taxable for Medicare, the tax rates, and the maximum amount paid, because it will shock our colleagues to find out that in 1978 we were spending total taxes of $177, and today the maximum tax is over $4,000. That is still not enough. That says we need to reduce the rate of growth in this program, not increase taxes.

I compliment my colleagues for this amendment.

I yield the floor.

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

MEDICARE SPENDING COMPARISONS

[Gross mandatory outlays; dollar amounts in billions]

	1995	1996	1997	1998	1999	2000	2001	2002	7-yr total	7-yr average
Senate Reconciliation	$178	$193	$207	$220	$234	$250	$267	$286	$1,655	
Growth over 1995		$16	$29	$42	$56	$72	$89	$108	$411	
Percent growth		9	7	6	6	7	7	7	61	7.0
President II	$174	$192	$208	$223	$239	$254	$271	$289	$1,676	
Growth over 1995		$18	$34	$49	$65	$80	$97	$115	$458	
Percent growth		10	8	7	7	6	7	7	66	7.5

Sources: CBO & OMB: Provided by Senator Don Nickles, 10/24/95.

INTENSIVE CARE—MEDICARE TAX RATES AND WAGES SUBJECT TO TAX FOR A SELF-EMPLOYED INDIVIDUAL 1966 THROUGH 1995

Year	Maximum taxable amount	Contribution rate (percent)	Amount
1966	$6,600	0.35	$23.10
1967	6,600	0.50	33.00
1968	7,800	0.60	46.80
1969	7,800	0.60	46.80
1970	7,800	0.60	46.80
1971	7,800	0.60	46.80
1972	9,000	0.60	54.00
1973	10,800	1.00	108.00
1974	13,200	0.90	118.80
1975	14,100	0.90	126.90
1976	15,300	0.90	137.70
1977	16,500	0.90	148.50
1978	17,700	1.00	177.00
1979	22,900	1.05	240.45
1980	25,900	1.05	271.95
1981	29,700	1.30	386.10
1982	32,400	1.30	421.20
1983	35,700	1.30	464.10
1984	37,800	2.60	982.80
1985	39,600	2.70	1,069.20
1986	42,000	2.90	1,218.00
1987	43,800	2.90	1,270.20
1988	45,000	2.90	1,305.00
1989	48,000	2.90	1,392.00
1990	51,300	2.90	1,487.70
1991	125,000	2.90	3,625.00
1992	130,200	2.90	3,775.80
1993	135,000	2.90	3,915.00
1994	no limit	2.90	unlimited
1995	no limit	2.90	unlimited
Total taxes paid (1966–93)			22,938.70

Mr. FRIST. Mr. President, parliamentary inquiry. How much time remains?

The PRESIDING OFFICER. The Senator has 13 minutes and 40 seconds.

Mr. FRIST. I yield 7 minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I too listened with great interest to some of the rather vigorous debate, I believe is the phrase. It was rather strained a time or two, and almost a little bit hysterical, I thought a time or two also, just hearing snatches of it from those on the other side of the aisle. It would, indeed, as my good old friend from Wyoming has indicated, make you weary. And indeed it will.

What will make you even more weary is to read once again, which has been alluded to many times in this debate, "The Status of the Social Security and Medicare Programs in the United States of America," this wonderful little yellow pamphlet which has been recommended to all Americans for many months now. And I wish I could put it in more earthly vernacular, and I could ordinarily, but this forum does limit one in that particular dependency, so let us just say that Social Security is going to go broke and Medicare is going to go broke. So if you want to have another TV ad of somebody smashing into their oatmeal with the pitch that the Republicans are doing something horrid, get a real picture of someone who is watching Medicare go broke in the year 2002, where you do not have a "less" benefit in the years out; you have "no" benefit. Try that one on.

So too even with the hard work we have done here, be of stout heart. For Medicare will not go broke in the year 2002. It will now go broke in the year 2008. So gird your loins, cheer yourselves, and know that the draconian activity we have undertaken here on our side of the aisle—and we will do it, and we will do it by ourselves—will "save" it till then. And in a year we will tell the American people what we did, and they will be very pleased. This is what we are about.

I have not heard a single recommendation from the other side of the aisle that would do anything, and certainly $89 billion is not going to do anything because they did not even talk about part B. How phony can you get to come in and talk about you only need $89 billion to save Medicare, and leave off part B? How really phony can you get when you want to know, ladies and gentleman of America, that part B premiums are totally voluntary, they are not part of any Contract With America, and they were not part of any contract with senior citizens. In every sense, it is an income transfer. It is a welfare program because right now the senior citizen who has chosen to accept this is paying 30 percent of the premium, and the people who maintain this magnificent building at night when we are not here are paying 70 percent of the premium. I hope somebody will figure that one out.

So I want to watch the votes. Again, how we are going to handle part B premiums when we have this peculiar situation, to say the least, where "Joe Six-Pack" is paying 70 percent of the premium for somebody who is "Mr. Megabucks." If you want to get into this business about "the little guy," let us get really into this one. This is about the little guy, the guy that does not have anything, and he or she is going to work every day to pay 70 percent of the premium for everybody in Medicare part B. That is absolutely absurd.

So I am anxious that we do cast some votes in that area. We will smoke them out and see who really is for "the little guy."

Then, of course, we will see a unique and remarkable experience. We will get there in conference. The President of the United States has said that Medicare will not be allowed to go up over 7.1 percent, and we are saying we will not let it go up over 6.4 percent.

Does anybody in America believe we will not get there? There is not a single person on the other side of the aisle that does not know the President of the United States of America has already recommended that Medicare not be allowed to increase over 7.1 percent and not 10.5. We all know that. I hope the American people cut through the babble on that one.

We all know the President of the United States has now said we will have a 7-year budget instead of a 10-year budget. It is good that he is calling it a 7-year budget because his 10-year budget thing was just a thing. It was not a budget. So we will address that.

Now he has admitted that he went too far in raising taxes. I saw a fellow get beat on that once in a campaign—two of them, in fact. Now, surely, perhaps three.

So we are ready to go. We will go over the cliff together. We will not get a single vote from the other side of the aisle. And between now and next October, next election season, we will describe to the American people just exactly what we did, how we saved Medicare, how we began to get on track again all over the United States, and all over the world with our work, with our debt limit, our deficit, our savings rate with all of the things that are critical to us, and be a solvent country.

But in the next few days, and weeks, we will be accused of being the party that broke all the ketchup bottles over the heads of every child in the first grade, threw all the bed pans out of the nursing homes, destroyed every possible facility that shelters the homeless, the aged, and the infirm. And be ready for that.

And the charge may be led by the AARP, which is a group of 33 million Americans bound closely together by a love of airline discounts, automobile discounts, and insurance discounts—one of the biggest businesses in America who even have a thing called "tax advice" for their members. And this is a group that has paid the IRS $135 million in back taxes. Boy, I would love to have them giving tax advice. They need all the money they can to figure out how to get back $135 million. So be ready for it. Dig in. We are going to have a lot of fun. And when it is all over, we will have the votes. And when it is really completed, the American people are going to be very excited and pleased months from now when they figure it all out as to what we did and what they on the other side of the aisle did not do.

Mr. D'AMATO. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. FRIST. Mr. President, I give the Senator from Wyoming an additional 2 minutes.

Mr. D'AMATO. Mr. President, will the Senator comment on—how much? I think the Senator previously talked about, how much does the AARP have in investments?

Mr. SIMPSON. They are a ragged lot. They are just a tattered band of ragamuffins. They have a building downtown here which could be described as "the Taj Mahal," and their lease rental there per year is $17 million—$17 million a year on a 20-year lease. They have $314 million in the bank in T bills. They get $106 million a year from Prudential Life Insurance, taking 3 percent of every premium. They get premiums and royalties from Scudder on investments, from New York Life, from the R.V. insurance. They are a big, big, big business, and they also get $86 million from the U.S.A. to run some of their programs on top of all that.

Mr. D'AMATO. I thought it was interesting that they have over $300 million in Treasury bills that they have invested.

Mr. SIMPSON. That is true. But they are just struggling along. And we want to continue to send our $8 dues to them because my mail is running 16 to 1 against the AARP, and most of it comes from their own members who say, "I am still going to pay the 8 bucks, but go hit 'em a lick." And I am certainly going to be delighted to do that.

Mr. FRIST. Mr. President, parliamentary inquiry. Time?

The PRESIDING OFFICER. Five minutes remain on the Senator's side, no time remaining on the other side.

Mr. FRIST. I would like to yield the remaining 5 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. D'AMATO. Mr. President, I thank the Senator from Tennessee. He has done a magnificent job in attempting to combat the demagoguery that comes from nothing but partisan politics. And I have to tell you something. If it is not the drumbeat of the AARP, which is bad enough, scaring seniors, you cannot make a call into my office because they have got these poor people absolutely frightened. And I wish to apologize to the senior citizens for all of the fright that they have gone through. I think it is a shame. I think it is a shame that maybe we have not done a better job of getting the message through. I think it is a shame that some people who call themselves champions of the underprivileged have engaged in demagoguery that has hit new heights.

Only in Washington can you spend $110 billion more for a program, which we will be doing in Medicare over the next 7 years, $110 billion more, increasing expenditures at twice the rate of inflation, and call that a cut. Only in Washington can you be taking the average recipient who gets about $4,800 a year in benefits and almost increasing it by $2,000 so they will be getting $6,700 a year and call that a cut. Only in Washington can my colleagues on the other side demagog it and get up there with the big voice: Oh, we are going to cut; we are going to kill, totally negate, forget what is going to take place and come forth with not one constructive suggestion as it relates to how you are going to keep Medicare from going bankrupt.

They do not come forth and say anything. No, just spend it and spend it and bankrupt us in less than 7 years. There will not be any Medicare. Then what happens to the seniors? What do they say? They say you are cutting so you can give taxes to the wealthy. Nonsense. Mr. President, 70 percent of any tax advantages are going to go to working families in America; $141 billion out of the $224 billion that will be coming in cuts go just for the $500 per child tax credit— $141 billion. That is about 60 percent.

We hear yelling and screaming about the families, when we do something for adoption, when we do something to take care of the marriage penalty, when we do something to equalize and strengthen the family and give people IRA's, working families, middle-class families, not millionaires, not businesses, when we say, by the way, that those people who have incomes of $150,000 should pay for their own health insurance. A retired person with $150,000, by gosh, should pay for it, not working middle-class families subsidizing the wealthy.

That is what we do here. We hear nothing but demagoguery. I cannot believe it. I wish to tell you something. You do a great disservice to the American people with that kind of rhetoric. I think we will demonstrate quite clearly that we are the party that is responsible.

Here is the President's status of Social Security and Medicare Program, a summary. This comes out by the President, his commission. Three of his Cabinet officials are there. And I read the first page. It says, "The Federal Hospital Insurance Trust Fund will be able to pay benefits for only about 7 years and is severely out of financial balance long range."

What do our friends on the other side say about correcting that? Nothing. And we come forth with a program. They have had months and months to work with us. Do they offer any constructive suggestions? No. They demagog the issue. They say to people, they are going to cut your benefits. That is not true. They say, they are going to cut your benefits and give tax breaks to the wealthy. That is not true. They say, they are going to give you less. And, indeed, we are increasing that program again by $110 billion more.

Somehow we have to do a better job to get the message out. But that does not negate the negativism, the demagoguery, the sheer hypocrisy that comes from the other side. I have to tell you something. I make no apologies for branding their brand of legislative acumen in that manner because that is what it amounts to—sheer demagoguery.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time? There are 25 seconds.

Mr. DOMENICI. How much time do I have to yield?

The PRESIDING OFFICER. The Senator has 25 seconds.

Mr. DOMENICI. Just 25 seconds. Does anybody want 25 seconds on our side? Does the majority leader want 25 seconds?

Mr. DOLE. No. Keep counting.

Mr. DOMENICI. Let me thank Senator BROWN from Colorado for originally coming to the floor with this second-degree amendment and helping us out. He did a very good job. And for those who spoke the last 2½ hours on our side, I think we have all done a good job.

The PRESIDING OFFICER. Time has expired.

Mr. DOMENICI. Now, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Ms. SNOWE). Without objection, it is so ordered.

Who yields time to the Senator from Washington?

Mr. ABRAHAM. Madam President, the majority leader yields to the Senator from Washington such time as he needs off the bill.

The PRESIDING OFFICER. The Senator may proceed.

Mr. GORTON. I thank the Senator from Michigan.

Madam President, we are at the beginning of a debate over the most important piece of legislation that this body has considered during the course of the last decade. We have before us a proposal which will lead the United States to its first balanced budget in 26 years. Yes, Madam President, 26 years.

That proposal includes with it a plan to preserve, to protect, and to strengthen Medicare to see to it that the Medicare trust fund or hospital insurance does not go bankrupt; fairly to distribute the costs of Medicare part B, fees for physicians and for medical care across the course of the population; to provide our seniors with a greater degree of choice than they have at the present time and the selection of the way in which they receive their health care, one which will allow the expenses for Medicare to increase in each and every year during the time during which we are balancing the budget; a plan, a budget which will also ultimately include in it genuine welfare reform, reform of a system which has actually made worse the very conditions it was designed to alleviate in the first place, a welfare reform which will emphasize work, families, and hope for the future; and finally, but not at all incidentally, Madam President, tax relief for the hard-working American families in the middle class, those who are working and contributing to their society, those who are providing for their families and for their future.

Madam President, in the almost 13 years during which I have served in this body, we have never previously had an opportunity to do correctly and well any one of these things, much less all four of them together.

It is not as though we were presenting one alternative vision of the future and the opponents were presenting another valid, arguable vision of the future. We are presenting a plan, an idea, a course of action, and the other side is defending the status quo. They do not wish to propose an alternative.

The President of the United States has, in vague and general terms, proposed an alternative budget, a budget based not on projections made by our Congressional Budget Office, the office the President himself said should be the common ground of all proposals on future spending and tax policies. No, the President's proposal is based on his own figures, taken almost out of thin air, but, nonetheless, it is a proposal, Madam President, a proposal which was rejected by a vote of 0 to 96 in this body earlier this week. The President's party in this body does not propose to follow the course of action that the White House has outlined.

It simply proposes to vote no on all of the changes which we have advanced in this reconciliation bill.

But perhaps most significant, I believe, in connection with this debate is the estimate, the projection that our Congressional Budget Office has made conditioned upon our adopting these spending reforms and passing a statute which will lead to a balanced budget even 7 years from now in the year 2002.

The Congressional Budget Office has said that if there is in law a realistic and effective set of statutes, which it and independent economists can say with a high degree of confidence will balance the budget even after the turn of the century, then, in its view, the economy will grow sufficiently to provide an additional $170 billion in revenue as a result of a growth of the economy itself and as a result of lower inflation and lower interest rates—$170 billion, Madam President, for the Government of the United States. But that figure is not the total of the benefit to the people of the United States; it is only the share of the Federal Government. The total benefit—roughly four times that—will approach $1 trillion.

Where will the balance over that $170 billion be? It will be in the pockets of the American people in the form of higher wages, in the form of lower interest payments on the homes that they purchase, in the form of better jobs because of greater opportunity that the society will create. That is the reward—the cautious and conservative reward—that this country and its economy and its people can and will receive from a balanced budget. That is an argument which has been almost totally overlooked in this debate over specific programs and precise benefits, tax breaks, and the like, that simply by engaging in this action we will provide Americans with a brighter and a better economic future.

Of course, Madam President, that $170 billion of additional resources for the Government of the United States represents, itself, the overwhelming bulk of the tax relief which is contained in this proposal, and is conditioned upon this proposal becoming law in a way that will in fact balance the budget. When you add to that the closure of various corporate loopholes, the overwhelming majority of the tax reductions have as their source either those loophole closings or the fiscal dividend—the $170 billion dividend we get—simply because we will have balanced the budget. And it is our firm view that that dividend ought to be returned to the American people in the form of lower taxes and not retained by the Government for its programs.

As I said, Madam President, we do not have an alternate vision; we have an alternate set of criticisms. No, we cannot do this. No, we dare not do that. No, we cannot reduce that program and, above all, we do not dare reduce taxes on the American people. That alternative course of action is one which says, essentially, that the status quo is the best we can do; that whatever we have done in the past, we ought to continue to do in the future; that we can afford to ignore almost completely, but not quite, all of the challenges and problems of the most rapidly growing of our major entitlements—Medicare; that we can and should continue to say that the overwhelming bulk of the cost of Medicare should be paid by today's working people, even when that means that hard-working, middle-income Americans are paying for more than two-thirds, almost three-quarters, of the health expenses of wealthy, retired Americans—millionaire retired Americans. No, we cannot make these reforms. We should not make any changes. Everything that Congress has done in the past, all of the programs it has passed in the past should and must be continued.

Well, Madam President, I must say that the choices are relatively easy choices. With all of the difficulties and with all the changes in direction, with all of the groups with genuine or imagined concerns, we have a plan, we have a vision that will lead to a stronger America. Our opponents do not. It is time for us to move ahead, to do what we committed ourselves to do during the course of last year's election campaigns—to pass this proposal, to settle our differences with the House, and then, from a position of strength, to persuade the President to keep the commitments that he has made at one time or another, which, of course, included all of these elements—a reform in our Medicare system, a balanced budget, changing welfare as we know it, and a tax cut for middle-income Americans.

Every one of these four elements in our program is something that the President of the United States has promised or committed to at some time in the past and has since, to a greater or lesser degree, repudiated. We want to keep our commitments; we want to keep his commitments. The only way we can do so is by passing this reconciliation bill.

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

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

Mr. ABRAHAM. Madam President, I yield myself such time as needed.

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

Mr. ABRAHAM. We have heard today a number of arguments made on each side relative to the topic of the tax cut provisions in this legislation, and I think it is important for the American people to understand the clear distinction that exists on the two sides of the aisle over the issue of taxes.

Today, the Republican tax cuts that are part of this legislation have been described as tax cuts for wealthy Americans. They have been described as unfair. They have been described as unneeded. They have been described in a variety of other ways.

I think it is important before we analyze those tax cuts and who they really benefit, to begin by just stepping back from today and looking at some of the things that have transpired here in Congress in recent years. I find it interesting that the people who are on this floor attacking the tax cut provisions of this legislation are the very same people who just in the last Congress voted to raise the taxes of working Americans by $270 billion, the largest tax increase in history.

Indeed, it is very simple, I think, to differentiate between the parties and their positions on taxes. There is one party, the Republican Party, that is presenting Americans today with middle-class tax cuts; there is another party that in the last Congress raised taxes a record level of $270 billion.

I think that the opposition to the Republican tax cuts that are proposed in this legislation should not surprise anyone. It is coming from the people who already raised our taxes by a record amount, and who would hate to see those taxes go down at all.

The fact of the matter is, Madam President, that taxes represent the hard work of people in this country who are out playing by the rules. In my State of Michigan they are doing the things we need to keep our economy strong. They are average men and women whose income, at least in my State, for a family is about $32,000. They work hard for those dollars.

Some time ago in the 1950's and 1960's, those average families in Michigan like my own sent $1 to Washington for every $50 they earned; today that average family in Michigan spends $1 in Washington for every $4 it earns.

In part, I came here to the U.S. Senate and ran for this office so that families who are sending too many of their dollars to Washington would get a chance to keep more of what they earn.

We talk a lot today, and we have seen charts in the Senate over the last few months in which we talk about the problems of the so-called middle-class squeeze, the economic pressure on hard-working average middle-class families in our country to make ends meet.

We are often told it is so unfortunate today that it is now necessary often for two people in the household to work in order to be able to attain the same economic conditions that used to be available to middle-class families with only one person out there in the work force.

A lot of speculation goes on in the U.S. Senate as to why it is; why is that middle-class squeeze happening? Why is it that two people have to work to make ends meet?

A big part of the answer, Madam President, is the taxes have gone up so dramatically during the last 30 to 40 years in this country, and dramatically in just the last 2 years alone.

The fact is if the average family in Michigan was still sending $1 in Washington for every $50 it earned, the financial security of those families would be a lot greater today. The combination of paying higher taxes and paying higher interest rates on all the sorts of things that people in my State have to pay interest on, whether it is a mortgage for a home or interest on a car payment or interest with regard to consumer items or interest on student loans, if those interest rates were lower, people in my State would be better off as well. But they are not low.

One reason they are not low is because the Federal Government has not balanced its budget in the last quarter of a century. As we run up red ink in Washington, as the Federal Government is forced to borrow money from lending institutions, from individuals, from whomever, we have driven up interest rates.

The middle-class families find themselves in two separate ways dramatically affected by the policies here in Washington. On the one hand, it does not get to keep as many dollars as it earns because it has to send more dollars to Washington in taxes; and then with those fewer dollars that remain it has to pay more in the way of interest because Government policies have helped to drive up interest rates, because we cannot live here in Washington within our means.

That is why in this legislation we are trying to correct the two problems that afflict those middle-class families.

On the one hand, we are trying to give middle-class families the kind of Federal Government fiscal responsibility they have to exercise in their own homes. What we are trying to do is to bring about ultimately at the end of 7 years the balanced budget that has eluded us here in Washington for a quarter of a century.

As we bring down the deficit and as we maintain a balanced budget, and as we maintain a balanced budget after the year 2002, the impact of that will be a dramatic effect on middle-class families, because as we bring down the deficit, as we recognize in our own CBO reports here, interest rates that the Federal Government has to pay will go down.

That will save money for the Federal Government. It also will mean that interest rates in the private sector go down. It means the interest that people who are watching today and hearing all these frightening stories, as they go out into the housing market, as they go out to buy a car for the family, as they go out to make other purchases that are affected by interest rates, they will find their interest rates, just like the Federal Government interest rates that they have to pay, will be coming down, which will make items more affordable.

That is one reason we are trying to bring this budget into balance. At the same time, we are trying to address the other problem that affects average American families, the problem of sending too many dollars to Washington. That, of course, leads us to the issue of our tax cut.

There have been many, many descriptions of the tax cut. The tax cut was being described before it was ever even talked about in the Senate, before it was addressed, before anybody put a pen to paper to try to draft a tax cut. It was always described the same way it is being described today, as a tax cut principally desired by Republicans to be given to the wealthiest of Americans.

I was astonished when the other day in our Budget Committee meeting when we finally passed the reconciliation package to the floor, to hear talk that over half—over half—of those benefits from the tax cut were going to go to the wealthiest families in America.

That was not the tax cut I had heard about. It was not the way I had seen it described. I had even read the Washington Post in which the Washington Post described the tax cut as "family friendly."

I went out and asked for statistics and I was presented with the Joint Committee on Taxation's specific results of their analysis. Here is what I found: In the first year of this tax cut, 90 percent of the tax cut goes to those making under $100,000 in the first year; 77 percent of the proposal's tax cuts go to those making under $75,000 in that first year. Less than 1 percent of the proposal's tax cuts will go to those making over $200,000 in the first year. Over four-fifths, 84 percent of the proposal's tax cuts go to those making under $100,000 in the first 5 years. And 70 percent of the proposal's tax cuts go to those making under $75,000 in those first 5 years. Less than 6 percent of the proposal's tax cuts will go to those making over $200,000 in the first 5 years.

That is a completely different set of statistics than the ones presented to us at the Budget Committee. It is not the case that over half of the tax cuts are going to people making over $100,000, quite the contrary.

This is a family friendly tax cut. It is designed to address the second problem I earlier mentioned, the problem that middle-class families have had, the squeeze that has been put upon them because they have had to send too many dollars to Washington.

I did not want to just leave it at the Joint Tax Committee's numbers. Now, we had competing sets of statistics so I thought the next and most important thing I could do would be to look at the specific components of the tax cut to see which of the two versions was accurate. What I discovered was that, of course, the Joint Tax Committee's version, their statistics, are right on the mark.

Let us tell the American people some of the things that comprise this tax bill.

First, it provides a $500 per child tax credit for American families. That constitutes $141 billion of the $225 billion in tax relief under this bill, over 62 percent.

Some say for some of those children, they are part of families that make lots of money. That may be true. But, of course, this tax bill has been limited in its scope. Indeed, the $500 per child tax credit begins to be phased out, in the case of families with a single head of household at $75,000, in the case of a couple at $110,000. So, unless people between $100,000 and $110,000 have a vastly disproportionate number of children, the argument that many of the tax breaks from the family tax credit are going to go to wealthy people, as defined by some people here in Washington, just is simply not the case. Of course it is not the case.

Madam President, $141 billion, 62 percent of the tax cut, is the family tax credit, $500 per child, letting families keep $500 per child to spend, to try to make ends meet to provide those children with a better way of life.

Another important part of our tax credit in the family tax relief section is an adoption credit. That accounts for almost $2 billion of this tax cut. It is a nonrefundable tax credit allowing for the exclusion of up to $5,000 in adoption costs. The credit phases out. This is important. It phases out between the taxable income levels of $60,000 and $100,000 for both individuals and couples. In other words, not $1 of the adoption credit, the $2 billion of tax cuts that form the basis for that tax relief, will go to anybody making more than $100,000. Indeed, again, it is aimed at helping people in this country, middle-income categories, to be able to expedite the adoption of children, to provide children with loving homes and a few of the dollars necessary to make it possible for those adoptions to be carried out in a way that provides children with a better chance for their future.

The next part of it, another family-related tax section, is $12.3 billion to try to provide relief from the marriage penalty that we impose under our Tax Code. Maybe some people who make more than $100,000 will benefit from the elimination of the marriage penalty, but I hardly think anybody wants to come to the floor of the U.S. Senate and argue we should not eliminate this marriage penalty. It makes no sense for us to have ever done it in the first place.

Another part of our family tax relief is student loan interest deduction. That is another $1 billion. Once again, it is limited in scope to people who have adjusted gross incomes of between $40,000 and $55,000 for singles and between $60,000 and $75,000 for married couples. After that, this deduction is not available. Again, a deduction aimed at helping people of moderate means to try to better and more easily finance college educations.

On and on I went through this tax program. What I discovered was that in almost every section, the entire focus has been to try to provide middle-class families with tax relief, to try to let people keep more of what they earned, to try to allow families in this country to offset some of the hardships that come about when the Federal Government consumes too many of their dollars.

That does not mean that every part of the bill primarily benefits people of middle-income backgrounds. Yes, there are sections aimed at trying to create growth in our economy, that disproportionately benefit people and, to some extent corporations, people of greater means and corporations. Interestingly, though, a very substantial percentage of the benefits of those pro growth tax reductions and tax cuts go to the benefit of average working families in this country because, as we unleash the benefits of some of these growth-oriented tax cuts, what will it produce? It will produce more jobs, better paying jobs. As companies expand and grow, we will hire more people, we will provide more opportunities for Americans.

Remember this, too, Madam President, a great number of the people who benefit from capital gains tax cuts are families who are selling the family home, who are selling other capital assets, who own or are part of pension programs that invest in stocks and corporations and ultimately realize capital gains.

Moreover—and I think it is important to note—this bill does not have simply an up side for those in these wealthy categories or for corporations, because we are also closing a substantial number of tax loopholes. In fact, the closing of loopholes largely offsets the tax advantages that are provided to corporations and upper-income individuals under this bill.

In short, we are paying for most of the benefits derived by those individuals by the closing of these loopholes. In short, once again, this tax cut bill is designed to aid families in the middle class above all other families in this country.

For those reasons, I intend to come to the floor again as may be necessary to keep reminding our colleagues exactly who the beneficiaries of this tax cut are. It is simply, as you analyze the data as to where the tax cuts go and how specifically the tax cuts have been developed, you realize once again that the claims that our tax cut is designed to help so-called wealthy people simply miss the point. It is a tax bill designed to help middle-income families to address a problem that has been growing in this country for the last 40 years, the problem of the Federal Government getting too big, consuming too many resources, making it much more difficult for average families to make ends meet. By balancing the budget and thereby bringing down interest rates, by giving families tax cuts, we can try to help alleviate the middle class squeeze. That is what we are trying to accomplish in no small measure with this legislation.

At this time, I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. Who yields time to the Senator from Iowa?

Mr. ABRAHAM. I yield to the Senator from Iowa such time as he may need off the bill.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Madam President, first of all, I thank the Senator from Michigan for an outstanding review of all of the various profamily, progrowth tax measures that are in this bill. This tax bill is a memorial to the proposition that we believe taxpayers' money comes to the Treasury for legitimate Government purposes, and the expenditure for those purposes and not one more penny should come from the pockets of the taxpayers. When we give this tax cut this year, we are just giving people back money that was ruthlessly taken from them in the last Congress by the President's budget.

We give it back in the way of helping middle-class working families who pay the bulk of the taxes in this country. We do it in a way that says that the foundation of our society is families and that we want to encourage the family as an institution. That is why three-quarters of the tax cuts in this bill go to families, primarily through the $500 per child tax credit. That is a tax credit that is off the bottom line of taxes otherwise owed to the Federal Treasury.

Whereas, the Senator from Michigan gave a very good explanation of what is in the tax provision, I want to speak about our efforts to balance the budget, our efforts to reduce the role of Government in our economy by reducing the size of the budget, by reducing the percentage of the budget to the gross national product over time, meaning a lessening of the amount of money that is run through the inefficient operation of the Federal budget, because we believe that the free market, the segment of the economy out there that comes from the private sector, the nonpublic part of our budget, is the most efficient distributor of goods and services, where the jobs are created, where we have efficiency within our economy.

Getting to a balanced budget sets a very, very good starting point for the reduction of interest rates. And it is projected that interest rates will go down 1.5 to 2 percent if we pass this year a budget that will balance by the year 2002. And we are gradually and responsibly reducing expenditures to get to that point that interest rates will go down. In fact, we started to reduce Government expenditures with a rescissions bill of $14 billion for fiscal year 1995, just completed.

By reducing interest rates, we are setting the stage, then, for growing the economy, for creating jobs and expanding, as we must be. There is so much of the job creation which comes from the private sector and the small business sector of the private sector that with interest rates going down, it is really going to encourage small businesses to create more jobs. They are the engine. Small business is the engine that drives our economy.

Getting to this point has been about a 10-month process. Remember, just 12 months ago there was a Republican program called the contract that had 10 features in it that was in a sense a national program. When normally we have 435 different races for Congress and campaigns for Congress, the Republican Party had one national campaign. And the centerpiece of that national campaign was to deliver a balanced budget. Twelve months ago we may not have foreseen a Republican victory the size that it was, we may not have foreseen the people's response to the program, but that program called for a balanced budget.

We took control of both Houses of Congress in January for the first time in 40 years. In a sense, when we took over in January we transformed our contract into New Year's resolutions with the American people. We said that we are going to put this bloated Government on a diet. Then for the last 10 months, we have been following a regime to achieve our resolution.

What happens in the Senate on Wednesday, Thursday, and Friday of this week, as far as delivering upon one of the major promises of the last campaign—to balance the budget, to reduce taxes, and to reduce taxes that are paid for by cutting spending—that is all of that 10 months of work. Everything that the people have been expecting since they voted 12 months ago for a new Congress is coming to an end on Wednesday, Thursday, and Friday. What decides whether or not we are successful is if we have 50 votes to pass this reconciliation bill. We Republicans then have been following a regime to achieve our resolution that we started on last January.

The other side of the aisle, meaning my Democratic friends, have been carping with neither shame nor credibility. They have no credible alternatives. Oh, the President said in June, after 6 months of finally waking up to what the people decided in the last election, that he was for a balanced budget, not in 7 years as the Republicans planned but in 10 years. But when the Congressional Budget Office, the nonpartisan Congressional Budget Office, looks at the President's program to balance a budget in 10 years, they do not find a budget balance in 10 years. They still find $200 billion deficits as far as you can see into the future.

That is no different than the President's program of 1993, which he claims has reduced deficits more than in any other 3-year period than any other President ever had. But the point is the President's program of 1993 still saw beyond the year 1997 $200 billion deficits as far as the eye can see. Two years later, in June 1995, the President says he is for a balanced budget by 2005. But when you score it the same way we score our budgets, it is still the same old story—unbalanced budgets as far as you can see into the future.

Maybe I should not say the other side has no alternative, because the President did say the budget ought to be balanced. He did not send up a program to do it. He just said that is something that he is for. But never before was he for a balanced budget. Then later on he said, well, maybe it can be done in 9 years. Then I believe it was just last week, or near to now, he said he could agree with the Republicans, that it ought to be done in 7 years and can be done in 7 years.

But for the most part, all we have heard from the opposition is naysayers. This diet that we Republicans want to put the Federal bureaucracy on, the other side has been saying no to, naysayers. It is kind of like those little voices that you hear in your head when each of us say that we ought to go on a diet, or we are going to go on a diet. That little voice in our head says, "I cannot do this. I cannot do this." That little voice says, "Let us wait until manana." Or it says, "I do not feel like doing anything today, do it tomorrow. Maybe tomorrow I will start, I will start my diet." Then you hear those little voices with millions of excuses why you cannot go on a diet.

The Republican program is putting the Federal bureaucracy and Federal programs on a diet. It is being downsized. That is the essence of our reconciliation bill before us. The other side, without shame or credibility, are naysayers to this process.

Madam President, sometimes to achieve the best results we ought to tune out those little voices, not listen to those little voices in our head who say, "I cannot do this," or, "I will do it tomorrow," or any of those other million excuses that we hear. Tune out those little voices.

So that is why I speak to my colleagues, particularly my colleagues on the other side of the aisle, because this is a very important debate about turning things around and no longer business as usual when it comes to the fiscal policy of the Federal Government because business as usual has been for 30 years, do not be concerned about a balanced budget. Or maybe I can say the last 10 years, be concerned about a balanced budget, but not really doing anything about it. That is business as usual.

The people in the last election sent us a clear signal that they no longer want business as usual in Washington. And the reconciliation bill up for debate on Wednesday, Thursday, and Friday for 20 hours of debate in this body, and then hence to final passage, is our statement of no longer business as usual, that we are going to deliver on the promises of the last election. For once, Congress is going to perform according to the rhetoric of the last campaign. Our performance will be commensurate with what we said in the last election. And the essence of that is our Government programs and our bureaucracy must go on a diet.

And so during this debate then, just tune out those little voices that say, "I can't do this. I can't go on a diet." Because we will. We must. And we sense the responsibility not only because it philosophically comports with what we feel Government must do, but it is also a behavioral change that comes from the large voice of the electorate that spoke in the last election.

This very important debate can be summed up in just one word. That one word is six letters, future, f-u-t-u-r-e. This budget plans for the future; this budget provides for the future; and by so doing gives our children and our grandchildren a future, the sort of future that we have a responsibility to leave them. It is not a responsibility that we judge our own. It is a responsibility that we have inherited from past generations of Americans who have given my generation and younger generations a great country to live in, a better future than our ancestors had and the generation that preceded it.

That would not be possible, Madam President, without providing a balanced budget and the secure future that it allows. In effect, it is a necessary forerunner to a guaranteed future as we know it and better for our younger generations.

This budget provides a positive vision for our country's future, a future in which we have a balanced budget that will help increase productivity, lower interest rates, create more jobs and, most importantly, lessen the tax burden we are placing on today's children.

Let us be clear. We talk about fiscal policy. We talk about doing economic good. We talk about a secure future in materialistic terms. But this is not just a debate about material betterment. It is not a debate about abstract fiscal policy or economic issues. This is more a moral issue than anything else.

The Republican Party simply believes it is not right for our generation to live high on the hog and to pass the bills on to the next generation of young people. We are saying that finally Congress realizes that is just not right. That is what we said in the last election. We did not know when we said it that people would respond positively to it. But the voters did respond positively to it by the biggest shakeup in Congress since the 1930 election. That 1930 election turned things around politically so much in Congress and Washington, DC, that there has not been a change from that direction until now.

Now, whether there was a whole new political environment ushered in by the election in 1994, I do not know for sure. I suppose the 1996 and 1998 elections will answer that question for me. But I do know this, that we got the message of the last election. We are responding to it. And we are passing a budget that is balanced based upon the fact that it is immoral for us to go in the hole, to deficit spend and not care who pays the bill while we live good and live well.

While we are worried about what the 1996 election or the 1998 election might mean for securing a long-term political change in Washington, DC, we have the responsibility to do what the voters asked us to do in the last election. So this budget states that we believe Americans know how to spend their hard-earned dollars better than bureaucrats as we decrease the size of Government as a proportion of the gross national product, as we reduce the number of Government employees, as we reduce and eliminate deficits by the year 2002. We show our faith in the American people by giving back to them $224 billion of their hard-earned tax dollars for them to decide how to spend for their future because we believe it will be more efficiently spent by them than by Government.

Finally, this budget ensures that the future of our seniors and the baby boomers who will soon be retiring is secure because we preserve Medicare in this budget and we ensure that it does not go bankrupt. Republicans have offered a comprehensive vision of the future. We have kept the promise of the last election. If we pass this resolution in the next 2 days, we have kept our New Year's resolution to the voters to put Government on a diet. We have not listened to those little voices in the minds who say, "I can't go on this diet. I can't do this today. I will do it tomorrow." We have listened to the loud voice of the electorate.

Now, incredibly, I have heard the President claim that the Republican balanced budget would mortgage our future—would mortgage our future. Can you imagine the nerve of the President saying the Republican balanced budget will mortgage our future when we have been mortgaging our future for the last 30 years because it was 1969—not quite 30 years, 26 years—since we have had a balanced budget. He did not say that out of ignorance because the President is a very intelligent person. I do not know really why he said it. I would like to know why. It seems to me that it could be part of a program to muddy the waters.

It is clear to the people what is going on up here on the Hill because this budget, this reconciliation bill before us, does not mortgage the future. The failed policies of the big spenders have already done that. We Republicans, with this balanced budget resolution, are successfully ridding ourselves of the deficit, the so-called mortgage that is on our future, so that we can have a bright future for our young people.

Unfortunately, the Democratic side offers nothing for the future. It seems the White House is happy to have a growing deficit that continues to mortgage our future. The White House, by not cooperating with Congress to balance the budget, is sending a clear message that they want in essence to take out a second mortgage to fund increased spending instead of doing the responsible thing of balancing the budget.

The White House policy will have our children and grandchildren continuing to pay not only the first mortgage but the second mortgage.

I guess, Mr. President, the essence is that the other side of the aisle has no New Year's resolution. They can only offer working families more of the same. They do not even want to sit down at the table with us to negotiate. Right after our summer recess in August, we returned after Labor Day, the President was invited to the Hill—not to the Hill, wherever the President wants to sit down with Republican leadership to talk compromise, work out differences. The President then would have to put his wares on the table for the whole world to see. Evidently, he was not ready to do that. No response.

October 1 comes, the end of the fiscal year. We have to move forward. We moved the time ahead to November the 13th, but we could not wait any longer to fulfill the constitutional responsibilities that the Congress has to provide a budget; and implicit in our Constitution, a balanced budget, because we have had more balanced budgets in peacetime than we have deficits throughout the history of our country.

Just last Thursday, the Speaker of the House and the Senate majority leader offered the President to sit down and talk. No response. So we move forward. I think this can be resolved. But it cannot be resolved by the other side having no program and at the same time carping and criticizing what the majority is doing. More of these same policies are going to bankrupt Medicare.

This bill before us solves that problem, as the trustees, the Democrat trustees, asked us to do on April 2. Not the President's proposal, it is going to provide for more out-of-control spending, with $200 billion deficits that will destroy our children's futures because that is what the President's 10-year balanced budget program—even though he did not give us specifics—would provide. That is not my determination. That is the determination of the nonpartisan Congressional Budget Office. And you know in this proposal it is going to still continue to give us more taxes, more taxes, and more taxes. And if there are not more taxes this day, because the President may not be proposing to change tax policy—he did it with the biggest tax increase in the history of the country in 1993—for the young people of America it is going to mean into the next century tax increases of 80-some percent because of irresponsible spending today.

So I think it is clear which New Year's resolution the American people want us to keep. It is the one of promising a future for our young people, a future for our country, a future for the world, as this engine of the United States, this economic engine of the United States, drives the rest of the world.

We have that opportunity to fulfill that promise for our future generations by adopting this resolution and to avoid being influenced by the carping from the other side of the aisle and from the White House that has no program to reach the goals that we do.

I yield the floor.

Mr. EXON addressed the Chair.

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

Mr. EXON. Mr. President, I am pleased to yield 5 minutes to the Senator from Arkansas and, following that

5 minutes, to the Senator from Alabama from our time.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, we have now been on this bill 6 hours—let us see, I believe a little over 6 hours, 6 hours, 30 minutes, and we have yet to vote. We only have 20 hours on the entire bill. And my question is this: This bill, which everybody on the other side of the aisle is so proud of, why do you not want to let us offer the amendments and let you defend it?

That is all we want. If you are so proud of that tax cut, let us offer an amendment to make that tax cut refundable for the people who really need it. You call it a middle-class tax cut. That does not even stand the giggle test. A family with four children, making $20,000 a year, probably pays no income tax. And they do not get the $500 per child tax credit. They get nothing. The $500 credit is only available if you pay $500 in income tax.

Contrast that situation with this: A man and wife with one child, and they pay, we will say, $500 in taxes. Under the Republican budget, they will get that $500 back through the child tax credit. But if you happen to have a house full of kids, your dependent exemptions will probably result in you paying no income taxes, so you will not be eligible for the same credit wealthier families get. That is a middle-class tax cut? We all know now that 49.5 percent of the people in this country make less than $30,000 a year. What do they get out of this middle-class tax cut? They get a tax increase, 50 percent of the people in this country are going to wind up paying more.

Now, I will never forget in 1981 when Ronald Reagan came to town on the promise he was going to balance the budget, and I was hot for him. I am one of three Senators in the U.S. Senate—I want to cleanse my skirts—who voted for every one of President Reagan's spending cuts, but I voted against that massive tax cut. If everybody had voted the way FRITZ HOLLINGS, BILL BRADLEY, and DALE BUMPERS voted, we would have had a balanced budget. But, no, we had to give the store away. General Electric made——

Mr. INHOFE. Will the Senator yield?

Mr. BUMPERS. No.

General Electric made $3.7 billion in 1983 and got a $700 million tax cut. That was all $3 trillion ago, $3 trillion from the promise of a balanced budget. In only 8 years, our $1 trillion debt went to $3 trillion. You talk about snake oil.

So what are we doing here? Are we going to pass an amendment that says the tax cut cannot come out of the Social Security trust fund? If you want to balance the budget, forget the tax cut. CBO says that without the tax cut we can balance the budget in the year 2001, a year earlier than under this budget. How is the tax cut being paid for? Out of Medicare, out of school lunches, out of Social Security, out of student loans, out of the earned income tax credit, out of agricultural programs. It does not make any difference which spending cut you say is the source of the tax cut. It does not matter.

What matters is that we are giving away $220 billion to $240 billion in taxes that ought to go on the deficit or, at a minimum, be placed back in those programs like school lunches and Head Start and student loans and things that give people at the bottom of the ladder a fighting chance to become somebody.

I got that chance when I went to one of the best law schools in the country on the GI bill, and I have been trying to pay it back ever since by reaching from the top of the ladder down to people on the bottom rung and bringing them up, because I think that makes me better and it makes our country stronger.

I consider this 2,000-page monstrosity of a bill, that must weigh at least 10 pounds, I consider it one of the worst disasters to befall this institution called Congress. You think of it—penalizing the elderly, penalizing poor children, penalizing the most vulnerable among us while we give away 76 percent of the capital gains tax cut to the wealthiest people in America. Meanwhile, we continue to sell lands for $100 an acre when the mineral rights are worth thousands of dollars an acre. So the StillWater Mining Co. in Montana will pay $200,000 for a plot of land worth $38 billion in platinum and palladium. We are giving away taxpayers' property while we penalize the most vulnerable among us.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 minutes.

Mr. HEFLIN. Mr. President, the Senate will soon be faced with an up-or-down vote on proposals of mammoth proportions. These proposals will directly affect virtually every segment of the government and every citizen of this country. For some, the consequences will be positive. For the vast majority, however, the consequences will be bad—in some cases, like for the elderly, students, and working class, the effects will be economically devastating.

While this package as written will significantly reduce the deficit, at least in the short term, there is considerable doubt as to whether or not it will ultimately balance the budget by 2002. Some of the savings are artificial or even lose money despite producing CBO-scored savings. As we all know, future congressional action is likely to reduce other savings currently assumed by this plan. A major portion of the projected savings in this plan come from Medicare and Medicaid. Welfare reform, nutrition programs, the earned income tax credit, farm programs, and student loans are other areas facing enormous cuts.

I am strongly in favor of deficit reduction and, ultimately, the elimination of the national debt. I have long supported a balanced budget amendment to the Constitution. I supported the 1993 reconciliation bill which has already led to significant reductions in our annual deficits. But as with any omnibus legislation of this type, there is a right and wrong way to pursue the same goal. Themes and patterns emerge. Priorities and process do matter, and it appears that on balance, the priorities in the package before us are seriously misguided.

What our colleagues on the other side are attempting is to place a vastly disproportionate share of the pain which will inevitably result from cuts of this magnitude on those least able to absorb it—working people, the elderly, students. There is a bitter flavor that this package produces, and you do not have to bite off and chew on its details to taste its bitterness. Its basic ingredients were listed in the blueprint the Senate passed several months ago, but as they have been mixed together and as they have simmered in the context of this reconciliation package, they have become dramatically more bitter.

The theme throughout is to benefit those who have already benefitted greatly in this society, and to punish those who are simply trying to get by or to realize a share of the American dream.

I have several major concerns surrounding this legislation, but the most disturbing are the cuts in Medicare and Medicaid. The plan is to cut Medicare growth by $270 billion over 7 years. In addition to slowing the growth of spending from 10 percent a year to about 6.4 percent, it mandates a major restructuring of the program to supposedly give Medicare enrollees a wide range of options to join private health plans. I am concerned that instead of options, however, senior citizens will instead be faced with fewer alternatives, and will be forced into certain plans because they have no choice.

It is my understanding that $89 billion in savings would rescue the Medicare Program, but we are considering a bill which cuts it by $270 billion. The proposed $270 billion of savings is vastly more than is needed to preserve the solvency of the program. Therefore, we need honest answers as to why we are attempting to write into law a $270 billion reduction.

The direction we are going will ultimately cause senior citizens to be charged more for health care while receiving less in Medicare, all the while financing a tax break for those in the upper income brackets.

A great portion of the savings in Medicare would result by raising the part B premium. The premiums that our senior citizens pay would rise from the $46.10 per month to more than $90 by the year 2002.

I have reservations and misgivings with regard to any Medicare reform that threatens the access to, and quality of, health care for senior citizens. Specifically, this bill would cut inpatient hospital service, home health care services, extended care services, hospice care, physicians services, outpatient hospital services, diagnostic tests, and other important services to our senior citizens.

In addition to reduction in services, the following immediate burdens would be placed on our senior citizens: For fiscal year 1996, the monthly premium would rise to $54. Participants in the part B program would be required to pay the first $150 of expenses out-of-pocket rather than the current $100 deductible. This would rise by $10 annually through the year 2002. All these in combination with the proposal to raise the eligibility age to 67 leads me to believe that seniors are being singled out to bear the brunt of budget cuts.

We all realize that the Medicare Program cannot continue functioning indefinitely as it is now, but the cure is certainly not the Republican plan.

Not only do these proposals cut Medicare, but Medicaid is being reduced by $187 billion over the next 7 years. For the past 30 years, the Medicaid Program has been America's health and long-term care safety net. The Republican proposal is to repeal Medicaid, slash its Federal funding over the next 7 years by 20 percent, and to turn remaining Federal funds over to the States in the form of a block grant. According to the American Health Care Association, in 1993, 43 percent of the cost of Medicaid payments was born by the States. Under the block grant proposal, by 2002, the state share would be 56 percent—a 13-percent increase in just 7 short years. In a State like Alabama, which is habitually faced with budget proration, the effects of such additional burdens will be huge and devastating.

The National Association of Counties strongly opposes the block granting of Medicaid and the loss of a Federal guarantee to benefits. In a letter sent to my office yesterday, its executive director, Larry E. Naake, wrote,

> We do not believe that states will find enough budgetary efficiencies without reducing eligibility . . . Individuals will continue to have health needs, regardless of the payor source. That is why we have always supported the intergovernmental nature of the Medicaid program and the assurance that there is some minimum level of coverage guaranteed to eligible individuals, regardless of the state in which they reside.

The Democratic plan would reform Medicaid, not repeal it. It would restrain the rate of growth in Federal Medicaid spending in a responsible manner, not slash spending so much that huge cutbacks in eligibility, benefits, and payments to providers are inevitable. It would maintain a Federal fiscal partnership with the States for health and long-term care, not break the commitment to assist States and localities in paying for care to vulnerable Americans.

These proposed cuts in Medicare and Medicaid funding would also have a devastating impact on hospitals and health care systems since providers will take the brunt of $270 billion Medicare reductions. Alabama would get $1.45 billion less in Federal Medicaid assistance over the next 7 years. Such a drastic cut will have a profound effect on the ability of health care providers to meet the ever-increasing needs of the community and will also increase costs for those with private insurance plans. On the other hand, the right kinds of decisions could set the course for restructuring these programs in ways that will enable providers to deliver quality care more efficiently.

These extreme cuts to Medicare also threaten health care for millions of people of all ages living in rural America. Medicare spending in rural communities will be cut by $57.9 billion over the next 7 years—a 21-percent reduction by 2002. Since rural hospitals rely on Medicare for a significant proportion of their revenue, they will be particularly hard hit. Some will be forced to close altogether. Hospitals in rural areas are few and far between. A hospital closing affects all rural residents in the vicinity, not just seniors on Medicare. Under the GOP plan, these Americans will be forced to drive further to the nearest hospital, putting lives at risk.

As an alternative to closing, rural hospitals could turn to local residents to pay more for services or to pay higher taxes to subsidize their hospitals. So, taxpayers in rural America will be forced to pay more in order to protect access to health care as well as the quality of their services. Seniors in rural areas already have a limited choice for doctors and this plan will result in fewer doctors accepting Medicare patients or doctors charging seniors more.

Also with regard to rural America and agriculture, there are several provisions which have potential hidden costs. The savings from the Wetlands Reserve Program, for example, do not continue in the years beyond 2002. CBO anticipates that in those years, the program would actually be more expensive under this legislation than under current law. In addition, the removal of the requirement to purchase crop insurance will expose additional farmers to losses from poor weather, floods, and other natural disasters. In the past, Congress has responded to such events with supplemental appropriations for disaster relief. The removal of the crop insurance requirement provides budget savings for reconciliation but undermines a key element of last year's crop insurance reforms, which were intended to end the temptation for Congress to pass costly disaster assistance bills. If our past experience is any guide, the end result will be even higher Federal spending.

I am also deeply dismayed over the $10.8 billion cuts in student loans, most of which will come out of students' and parents' pockets through higher interest payments. Each school would be required to pay a 0.85 percent fee on the amount of Federal loans made for students attending the school. This would undoubtedly be passed on to the students in some form. It would cap the direct lending program at 20 percent of student loan volume. Rather than saving money, this change would only produce paper savings as a result of new scoring rules adopted by the majority.

Mr. President, in this Nation, we have prided ourselves on the quality and accessibility of our system of higher education. Today, through student loans, Pell grants, work-study, and other programs, virtually every person who wants to attend college is able to do so. We have made the correct decision that economic circumstances should not prevent a bright, young mind from being able to obtain a college degree if that is what they want to pursue. Why on Earth would we want to retreat from that commitment by making higher education less accessible to millions of academically qualified students? The bottom line is that to the vast majority of families who depend on student loans to pay tuition, slashing student loans will mean the difference between enrolling their children in college and not sending them.

Finally, Mr. President, I want to discuss my concerns over the changes to the earned income tax credit, which former President Reagan once described this way: "The EITC is the best anti-poverty, the best pro-family, the best job-creation measure to come out of Congress." Republicans in the Senate as well have supported the EITC for many years.

The plan before us dramatically increases taxes on the working poor by scaling back the EITC that so many Republicans have strongly supported in the past. The plan increases taxes by $43 billion over the next 7 years. This means an immediate $281 average tax increase on 17 million low-income American taxpayers. By the year 2005, 21 percent of all families currently eligible for the EITC would no longer be eligible. While its supporters praise hard work and self-reliance, their plan will make life more difficult for millions working in demanding, low-paying jobs.

In 1993, when the EITC was expanded, the Treasury Department estimated that approximately 374,700 Alabama families would qualify for a financial break under the plan. Actually, almost 388,000 families ultimately qualified under the EITC, a total of 22 percent of the entire returns filed. If this plan is adopted, these hundreds of thousands of families and millions of others across the country will see this benefit evaporate. Approximately 17 million low-income working Americans will see an immediate tax increase averaging $302; that tax increase will grow to an average of $471 per year by 2005. Treasury Secretary Robert Rubin has stated: "Low-income working families will suffer if the Senate Finance Committee's cut to the earned income tax credit becomes law. It is fundamentally unwise to raise income taxes on America's working families while high-income taxpayers are receiving the benefits of a tax cut."

As I stated before, this reconciliation package's priorities are misplaced, its effects unfair, and its assumptions dubious. In its current form, it will and should be vetoed. We should and will be forced to start over after the veto. It would be to our benefit and the benefit of the American people to return this legislative bitter pill back to its container now and come up with a plan that is equitable and that gets the job done the right way.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I want to take a moment from our time, if I might, to thank both my friend from Alabama and my friend from Arkansas, who preceded the Senator from Alabama, for excellent remarks.

The Senator from Alabama is the former chief justice of that State. I have served with the distinguished Senator from Arkansas since 1971 when we both were elected and began service to our States as Governors. They are extremely talented and dedicated people. I want to thank them for their excellent comments to try and recognize the serious problems with this budget bill that I addressed at some length at the beginning of the morning, about 10:30 this morning.

To all I want to say that while I am disappointed that we have not had a single vote yet, I advise all that some progress is being made, and I suspect that in the possibly not too distant future we may have some kind of an announcement by the majority leader and the minority leader, or the chairman of the Budget Committee, Senator DOMENICI, who is on the floor, and we can maybe move more progressively ahead and stop the talking and start the voting.

I thank the Chair.

Mr. INHOFE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New Mexico yield time?

Mr. DOMENICI. Yes, are we just open-ended on time?

The PRESIDING OFFICER. The time is off the resolution, so the Senator can yield time.

Mr. DOMENICI. Mr. President, how much time does the Senator want?

Mr. INHOFE. Three minutes.

Mr. DOMENICI. I yield 3 minutes to the junior Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. INHOFE. Mr. President, I thank the Senator from New Mexico for yielding. I wanted to ask a question of the distinguished Senator from Arkansas when he was very eloquently expressing his position. He was unable to yield to me.

What I was going to ask him is, I heard him state several times on the floor of this body the tax reductions that took place under the Reagan administration. There is a fact that has to be stated at this time, every time someone talks about that, and that is the total revenues for marginal rates in 1980 amounted to $244 billion; in 1990, from the marginal rates that had been decreased, the total tax amounted to $466 billion. In other words, we almost doubled the revenue during that 10-year period, and what happened during that period, as was pointed out by the Senator from Arkansas, is that we had the most significant tax reductions during that period of time. In other words, we increased revenue by reducing taxes, and that has gotten lost in this debate somehow.

Then another observation I had after listening to the Senator from Arkansas was that those same individuals who are fighting the tax reduction that we are proposing in this resolution are the same ones that supported the largest tax increase in the history of America, as it was characterized by not a conservative Republican, JIM INHOFE, but by the chairman of the Senate Finance Committee in 1993: The Clinton tax increase was the largest single tax increase in the history of America or the history of public finance.

Who are the ones who voted for that? Those individuals who voted for that tax increase were the big spenders as ranked by the National Taxpayers Union, National Tax Limitation Committee and all of the other organizations that ranked big spenders in Congress.

So you had the big spenders who were for a tax increase at that time. All we are trying to do is say, "Mr. President, you made a mistake back in 1993 by passing a big tax increase. We want to repeal some of that tax increase."

So the same individuals that are opposing our reduction in taxes now, to give some of the taxes back to individuals in America, are the ones who were supporting a major tax increase.

The last thing I want to mention is that those individuals who in 1993 supported the huge tax increases, a very large percentage of them are not around to vote today because those who came up for reelection during the 1994 election, when that was the major issue in their campaign, were defeated. We have shown that with charts on the floor many times before.

I thank the Senator for yielding.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ABRAHAM. 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. ABRAHAM. Mr. President, I ask unanimous consent that the pending ROCKEFELLER motion and the amendment thereto be laid aside in the status quo and that I may be recognized to offer an amendment.

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

AMENDMENT NO. 2950

(Purpose: To provide for beneficiary incentive programs)

Mr. ABRAHAM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Michigan [Mr. ABRAHAM] proposes an amendment numbered 2950.

At the end of chapter 6 of title VII, insert the following:

SEC. . BENEFICIARY INCENTIVE PROGRAMS.

(a) PROGRAM TO COLLECT INFORMATION ON FRAUD AND ABUSE.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 3 months after the date of the enactment of this Act, the Secretary of Health and Human Services (hereinafter in this section referred to as the "Secretary") shall establish a program under which the Secretary shall encourage individuals to report to the Secretary information on individuals and entities who are engaging or who have engaged in acts or omissions which constitute grounds for the imposition of a sanction under section 1128, section 1128A, or section 1128B of the Social Security Act, or who have otherwise engaged in fraud and abuse against the medicare program for which there is a sanction provided under law. The program shall discourage provision of, and not consider, information which is frivolous or otherwise not relevant or material to the imposition of such a sanction.

(2) PAYMENT OF PORTION OF AMOUNTS COLLECTED.—If an individual reports information to the Secretary under the program established under paragraph (1) which serves as the basis for the collection by the Secretary or the Attorney General of any amount of at least $100 (other than any amount paid as a penalty under section 1128B of the Social Security Act), the Secretary may pay a portion of the amount collected to the individual (under procedures similar to those applicable under section 7623 of the Internal Revenue Code of 1986 to payments to individuals providing information on violations of such Code).

(b) PROGRAM TO COLLECT INFORMATION ON PROGRAM EFFICIENCY.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 3 months after the date of the enactment of this Act, the Secretary shall establish a program under which the Secretary shall encourage individuals to submit to the Secretary suggestions on methods to improve the efficiency of the medicare program.

(2) PAYMENT OF PORTION OF PROGRAM SAVINGS.—If an individual submits a suggestion to the Secretary under the program established under paragraph (1) which is adopted by the Secretary and which results in savings to the program, the Secretary may make a payment to the individual of such amount as the Secretary considers appropriate.

Mr. ABRAHAM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. 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. Mr. President, on our time, I know a lot of Senators are in their offices and are wondering what we are doing. They have a right to wonder. I will explain that we had an understanding with the Democratic leadership that we would set aside in a status quo the previous motion to recommit and the amendment to it, leave it in a status quo format, and proceed to another amendment.

The other amendment is the amendment that Senator ABRAHAM offered. It is being reviewed, but I believe we ought to proceed with it. Why are we doing this? I think everyone knows that, since shortly before noon, we have been working with the Democratic leadership, and they have been working very hard, from what I can tell—and I truly believe that—to see if we cannot narrow down the number of amendments and establish some process which will be more orderly than just waiting until the end and having hundreds of amendments just offered. We are working on that, and we have not yet reached an agreement. We have agreed to take up the Abraham amendment in the normal course. We will take an hour, and that side can take what time they need. This will give us some time to further our negotiations, which will continue in a very lively manner.

I yield the floor.

Mr. FORD. Will the chairman of the Budget Committee answer a question?

Mr. DOMENICI. Of course.

Mr. FORD. As I understand it, we have a motion before the Senate and then we have a first-degree amendment. We do not have an amendment in the second degree here; is that right?

Mr. DOMENICI. We have a motion to recommit.

Mr. FORD. And then we have an amendment in the first degree. We have used up all of the time allotted, unless we get unanimous consent on both of those; is that correct?

Mr. DOMENICI. That is correct.

Mr. FORD. We have set both of those aside in this agreement here, and we have an amendment in the first degree.

Mr. DOMENICI. Which is totally separate and distinct, yes.

Mr. FORD. Now, this amendment has 2 hours. At the end of the 2-hour period, an amendment in the second degree, which would have an hour, would be in order; is that right?

Mr. DOMENICI. Correct.

Mr. FORD. I thank the Senator.

Mr. EXON. Will the Budget Committee chairman yield for a further question?

Mr. DOMENICI. Sure.

Mr. EXON. If I have understood what you have said, this is a Republican amendment, and 1 hour is allocated on that side and 1 hour on this side. If this side of the aisle only uses 5, 10, 15, or 20 minutes, then we would only be charged with that on our total 10-hour allotment; is that correct?

Mr. DOMENICI. The Senator is correct.

The PRESIDING OFFICER. That is not correct.

Mr. DOMENICI. What would happen, Senator, is 1 hour and 10 minutes is charged against the bill if you use 10 minutes and we start from that point to allot time again; if you used an hour and we use 10 minutes, 1 hour and 10 minutes would be charged against the total hours of the bill and we start from that new point.

That is no different than it has been forever.

The PRESIDING OFFICER. The time is divided equally in that case.

Mr. DOMENICI. Thereafter, the time is divided equally.

The PRESIDING OFFICER. The time is allocated equally.

Mr. DOMENICI. That is a different way of saying what I said.

Mr. FORD. Mr. President, the question is, What happens if the Democrats just take 10 minutes? They lose half of 50 minutes, which is 25 minutes?

The PRESIDING OFFICER. The Senator from Kentucky is correct.

Mr. FORD. So we are caught in the dilemma here now that if the Republicans take a full hour and we do not take but say 10 minutes, then we lose 25 minutes of which they could get on the next amendment.

It seems like there ought to be some other way. If we did not want to use our time or the Republican side did not want to use their time, we could save that for an amendment we would like. But the rules are the rules, and I understand.

Mr. DOMENICI. Maybe I ought to clarify it.

I think I expressed it my way but I would rather express it this way: It has been the rule since we had reconciliation on the floor in the Senate that whatever amount of time is used on an amendment by both sides is charged equally to both sides.

Is that not correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. I told that to the distinguished Senator yesterday. We were discussing it. We are not changing a thing here. The shoe is on both sides. Sometimes it works the other way. It has worked both ways in the times I have managed the bills.

It will come out all right in the end. You will have your amendments, from what I can tell. We can use more time this way.

Mr. EXON. If I might just add some editorial comment here, the problem that we have is that at 9 o'clock this morning I was in the first meeting. We have been meeting and talking and advising and cajoling now going on almost 12 hours.

The point I make is that I think it is time we start voting. I simply say that the delaying tactics thus far are just cutting down the time that I think we would like to use on this side of the aisle on several very key, very important amendments.

I am not saying that the amendment being offered by the Senator from Michigan is not an important one. It probably is. But compared with the many amendments we have ready to offer and want to vote on this side—another way of saying this, I am very much disturbed by the fact we are continuing to use up the time.

We only have a total of 20 hours to debate the most far-reaching reconciliation bill, maybe the most far-reaching bill that has ever been presented to the U.S. Senate, when you consider all of its implications.

I recognize we may be playing by the rules but the rules in this particular instance might not be fair. I appeal once again as one who has worked on this all day long, I wish we could start voting up or down on the important amendments.

I do not believe that we should or could under the dictates of the 20-hour maximum limit, that we should be taking an hour on each side to debate the amendment that is being offered by the Senator from Michigan. It may be something, when I know more, that I will fully vote for.

I think time is wasting and I wanted to make that point. I yield the floor.

Mr. DOMENICI. I just want to say I think we have explained that we are using the time usefully. We are using the time usefully to try to make a better arrangement for the rest of the bill. We ought to be through with that soon.

Mr. ABRAHAM. Mr. President, I have sent an amendment to the desk which has been read.

Mr. President, the savings necessary to rescue the Medicare Program from bankruptcy will not be found solely through eliminating waste, fraud and abuse. Nevertheless, I believe it is incumbent upon us to diligently pursue and root out every vestige of inefficiency in the system.

Therefore, I am offering this amendment which I think will produce additional vigilance in the ballots against Medicare waste and fraud. This amendment calls on the Secretary of Health and Human Services to establish programs that enlist Medicare beneficiaries in our efforts to eliminate waste, fraud and abuse in the Medicare system.

These beneficiary incentive programs, as they would be called, would come in two forms: One program would reward individuals who report fraudulent activities; the other program would reward individual beneficiaries for suggestions they make which result in greater efficiency and overall savings to the program.

The Secretary of Health and Human Services would be responsible for setting up each program and for providing financial remuneration to those individuals reporting instances of tangible fraud and waste.

The Senate Finance Committee's reconciliation package currently does not contain a beneficiary incentive program or provision. The amendment I offer would include in the Senate reconciliation bill language which is similar to that currently in the House proposal.

It is difficult to explain to Medicare beneficiaries why dramatic changes in the program are necessary to keep it from going bankrupt when many of these same individuals have firsthand experience with waste and fraud in the system.

Indeed, Mr. President, in my own State we recently had an incident where a Congressman had a constituent come to him with an overcharging of something in the vicinity of $400,000 that was made in error. Nevertheless, it has been paid.

Those kind of circumstances make at least my constituents who are part of the Medicare Program frustrated, angry, and especially concerned when they hear about changes we are making in the program. They do not want to see us just address the growth issues or just the solvency issues. They also want us to address the problems they see every day with fraud, waste, and abuse in the program.

That, in my judgment, has to be addressed in our bill. That is why I offered this amendment.

If our efforts at Medicare reform are to succeed we must demonstrate our seriousness about ending these abuses. I believe enlisting the aid of Medicare beneficiaries, showing our resolve to combat the problem can prove to be a valuable asset in exposing and eliminating waste and fraud from the system.

Just to clarify, Mr. President, my amendment authorizes the Secretary of HHS to, within 3 months, establish two separate programs, one which would basically be called a beneficiary incentive program designed to allow seniors to report fraud, waste and so on, and if the fraud is significant, allow the Secretary to provide a financial reward to the individual who reports it.

The second program, also designed to allow Medicare beneficiaries to benefit from ideas and suggestions in improving the program, would provide Medicare beneficiaries awards for providing us with recommendations specifically to the Secretary of HHS for improvements to the Medicare Program by way of promoting greater efficiency. Once again, if the savings are significant, the Secretary of HHS may provide a financial award to the individual whose recommendation was submitted.

Mr. President, we are addressing the growth of Medicare and its expense in many different ways in this legislation. I think a key component in the long-term control of those costs has to be ferreting out this abuse and waste.

I believe this amendment, as part of a package of similar reform, can make a significant impact in reducing those kind of costs that stem from either inefficiencies in the program or fraud or mismanagement in the program.

I am pleased to offer this amendment tonight and I urge my colleagues to support the amendment.

Mr. EXON. Mr. President, I yield 10 minutes to the Senator from California.

Mrs. FEINSTEIN. Mr. President, all day I have listened attentively to both sides of this debate. Increasingly, I have grown deeply saddened because I see the polarization that is taking place between the two sides of the aisle. I tried to reflect on the profound impact this bill will have on people, specifically, the 32 million people in the State of California.

In a sense, it is ironic that this bill is called a "reconciliation" bill, for in reality, other than in Washington-speak, it is far from a reconciliation that we have here on the floor today.

If one just looks at the size of the Medicaid and Medicare cuts, one cannot help but be staggered by what its impact will likely be. Overall, the $450 billion cut in Medicaid and Medicare would affect my State of California to the tune of $54 billion in losses during the next 7 years. That breaks down as $36 billion in Medicare cuts and $18 billion in Medicaid cuts. Those cuts will have an enormous impact on the people of California.

Let me give you an example of this bill's harsh consequences. In California, 15 percent of the current Medicare recipients are also receiving Medicaid. That is 540,000 of the poorest seniors in the State of California. They need Medicaid to meet their Medicare premiums and copayments. Premiums are being doubled and, under the bill, they will not have the assistance of Medicaid. What is, obviously, the likely result? Without Medicaid to assist these seniors meet their payments, many will lose their benefits and be placed at higher risk.

Further, for people suffering with HIV/AIDS, Medicaid is the most important program in the Nation. With these Medicaid cuts, what happens? It puts added stress on the public hospital, the county hospitals, in the State.

So let's turn and look and see what is happening to the county hospital. In the 58 counties of my State, county hospitals—like San Francisco General in San Francisco or Martin Luther King, Jr., General in Los Angeles, will lose an estimated $150 million over the next 7 years.

Now let's turn to the great teaching hospitals in my State. The University of California system is a great system, probably the best in the world, with five great, major teaching hospitals. They are projected to lose $444 million over the next 7 years.

In a letter from the university system, they inform me that, for the first time in history, the University of California's teaching hospitals will go into deficit.

Great teaching hospitals going into deficit.

Public hospitals not being able to keep up.

Medicaid cuts that will prevent the poorest in our Nation from being able to use Medicare.

I really had to ask myself the question—is it really necessary to do it this way? This is where the bill becomes, I must honestly say, immoral. Because the answer to the question has to be, no, it is not necessary.

When you add it all up, you know that these cuts are as deep as they are for one reason, and one reason alone—to provide an enormous tax cut in this bill, while the poor get hit hard by the changes in the earned income tax credit.

I am one Democrat who supports a cut in capital gains, but not on the backs of poor people. It is simply not what we are supposed to do—either party, Republican or Democrat.

I have a basic philosophical belief. What Government should do is those things that the private sector cannot do. So Medicare and Medicaid are an important part of that philosophy. To take these deep cuts at this time, all at once, without any hearings or full knowledge of how these cuts will fall?

What does happen to the five great teaching hospitals?

When do they have a chance to give testimony and indicate what they can or what they cannot save? What does happen to 540,000 seniors who depend upon Medicaid to make their Medicare premium and copayments? What happens to them? We have not discussed it. Nobody knows.

What happens to the county hospitals, already cut deeply, the major providers of indigent care in many areas across California? The DSH payments are not going to be enough. What happens to the affected AIDS/HIV community, more dependent on Medicaid than any other single program?

These are questions that deserve a hearing. These are questions that deserve the wisdom of both parties sitting down and working it out.

Mr. President, I am delighted to see the Senator from Arizona in the chair, because we just had an example of where we can work together. He and I both know that the majority leader, and you as a major author, did not have to compromise on the Jerusalem bill we recently considered on the floor.

You had the votes to do it without it. And, yet, your feeling was—and I think correctly so—that it would be a better bill, with less divisiveness, if we sat down and tried to work out our differences. And, Mr. President, you and I and others sat down at least twice and we worked out our differences and we were able to produce a bill that got all but five votes in this esteemed body.

I really think that is the way our people—those people who elected us—think that is what they elected us to do. They didn't elect us to be so partisan that we drive a divisive wedge into two of the most important programs, Medicaid and Medicare, that touch human lives in this country.

I will tell you honestly—God strike me dead if it is wrong—I do not know how the State of California is going to cope with these cuts. They are deep, they are wide and they are enormous for a State that has a growing poor population, that is the site of 40 percent of all of the foreign born, that has more illegal immigrants in it than all the other States, combined, and has probably the largest number of needy people.

We recently considered welfare reform on the Senate floor. I voted for welfare reform, yet welfare reform is a $7 billion cut to California—no question—by any independent analyses. I voted for it because I felt there was a redeeming value in making the necessary changes and moving off chronic dependency.

Yet, how can I vote for this budget bill and show up back in California when I know the reason the cuts are so deep is simply to give a tax cut?

Who benefits?

My husband is a merchant banker. He deals in this kind of financial area. He would love to have a capital gains cut. He pays major income taxes. They went up in 1993, just like 275,000 other families out of 13 million taxpayers in the State of California.

But does he want to get a capital gains cut under these conditions? Anybody can call him and he will say no. It is morally wrong. It is not right to do it this way. And that is the gut-level problem that I have with this bill that so saddens me.

The Republican Party has been known as the party that is most concerned about the national debt. True, we have a national debt of $4.9 trillion, which has developed, largely, over the past 25 years. But this budget bill will add to the deficit over its 7 years. Under this bill, the Nation's debt will increase by about $670 billion over the next 7 years—about $245 billion more than if no tax cut is enacted. This is not fiscally responsible action.

Further, I recently learned that June O'Neill of the Congressional Budget Office reports that, if off-budget items, such as Social Security, where not incorporated into the deficit calculation, the budget would show a $105 billion deficit in 2002 under the Republican leadership's plan, not the balanced budget they claim. Now is not the time for an excessive, and misdirected, tax cut.

The current deficit is $160 billion and that is too high and needs to be eliminated. But the deficit has been as high as $290 billion only a few years ago. True, the deficit picks up in the outyears of this decade. And true, Medicaid and Medicare are partially responsible for it and need to be changed.

I will support changes in these programs, like an age of eligibility change. I will support means testing of premiums, not because I want to, but because I believe it has to be done.

But to take the cuts this way, for the purpose of being able to rationalize a tax cut directing billions to the investment banker types of this country, is absolutely wrong. It is morally wrong.

And to go back to California and tell senior citizens, some of whom, in my State are eating dog food—true story, eating dog food, and using Medicaid to pay their premiums, is something I cannot accept. The lower you are on the economic ladder the more difficult it is.

I am sure I have exceeded my time. I apologize. I got a bit wound up. But I think it suffices to say that I do not know how anyone can vote for this bill and return to their people and say, "You are not going to be hurt by it." I know I cannot.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I want to thank my friend and colleague from the State of California for a very excellent statement, and, as usual, she puts it into perspective so we can all understand it. I think the personal remark that she made with regard to her husband should set the tone of understanding that I think is very lacking on the budget reconciliation document that we have been addressing and that I addressed along similar lines this morning.

Mr. President, I would simply like to say that, subject to their recognition by the Chair, I yield 10 minutes, first to the Senator from Nebraska, Senator KERREY, and followed by that 10 minutes to the Senator from Arkansas, Senator PRYOR.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 10 minutes.

Mr. KERREY. I thank the Chair.

Mr. President, several Members, Republicans and Democrats, have come to the floor and have decided to use the bipartisan Entitlement Commission—actually established by President Clinton last year—as either the basis for supporting the reconciliation agreement or the basis for opposing it. My opposition I must say is reluctant. I would love to be able to join with Senator GREGG, Senator SIMPSON, and others who participated in this effort and understand that the severity of the long-term problems with entitlements is not just Medicare and Medicaid, and other entitlements, but the big one, Social Security. The long-term problem is not something that we can afford to put off. Every year that we wait the problem gets worse.

All of us who look at the situation of retirement understand that the sooner you begin to plan the less you have to put away.

So those that say we will wait until 1997 to deal with Social Security are not doing beneficiaries any favor. The longer we wait the more severe the problem is, and the more the severe the adjustments we have to make. And we should recognize that when you are dealing with retirement or with health care, if there is a requirement to save money and accumulate reserves, as there is with our trust funds, that you have to do it over a prolonged period of time.

Mr. President, the reconciliation agreement does not solve that long-term problem. The appropriated accounts this year are about 26 percent of the whole budget at the end of the 7-year period. We are seeing a decrease in the appropriated accounts—a continuation. I mean it is the most dramatic chart that we have in the entitlement report. I commend it to colleagues who are interested in it, because when you get to the back and see what Senator DANFORTH, I, and Senator SIMPSON recommended you can see that you are dealing with real tough choices.

So I am not objecting to making tough choices. I am not objecting to saying that I will cast a vote for something that might be unpopular. I am not going to criticize the Republicans, for example, for choosing to increase the eligibility age. I think it has to be increased. But what we observe is a long-term problem. Again, when you say long-term problem the presumption is that we can wait a long time before we deal with it. You cannot because the longer you wait the more serious the issue becomes.

Mr. President, I want Members to understand that there are facts here in the Entitlement Commission report, as well as recommendations in the Entitlement Commission, that I believe need to be considered. I regret the President did not take those recommendations and make it a part of his budget. I think we would be in a different shape right now, if, in fact, the observations of the recommendations of the Entitlement Commission were accepted by the administration. But they were not. But there is still bipartisan support for action, and a willingness to risk political careers using facts and using the truth, and hoping the American people trust that we have to make change.

In short, Mr. President, the goal for us in this exercise cannot just be to balance the budget because, if all we do is balance the budget, we have other problems that will still need to be addressed. I have identified a second one.

The second one is the growing cost of entitlements as a percent of our Federal budget. With all the rhetoric on both sides of the issue, the amount of money that the Congress extracts from the U.S. economy has remained relatively constant over the last 50 years. It went up during World War II, and it went up during the Vietnam war, but it remained roughly 19 percent of GDP. It is unlikely that is going to change. It is likely that is going to remain the same even with the proposal to reduce taxes that is in this piece of legislation. It really does not make a dent in that. You are still going to be pulling about 19 percent of GDP. That means the more that we allocate for mandated programs the less we have; not just for defense but for nondefense appropriations accounts. It severely restricts our ability to build roads, our ability to educate our people, to do training, and to do things that I think Republicans and Democrats can agree need to occur.

So not only do we need to balance the budget but we need to interrupt this trend where America is moving in a direction which our Federal Government is moving in—a direction of becoming an ATM machine. Again, time is not on our side. You may say, "Oh, my gosh. I do not want to increase the eligibility age because that will make me unpopular. I do not want to deal with Social Security because it is too controversial." But we have to.

We have obligations on the table right now that we cannot meet. We can meet them over the next 5 or 6 years. We are not going to be able to meet them long term.

The flaw in the Republican proposal, in my opinion, comes from the need to satisfy a relatively small number of people that campaigned on a promise to reduce taxes. It is the tax cut that makes it imperative to get more over the short term and less over the long term. That is why I think this thing may have run aground. But Americans should not suffer under the illusion that there is an absence of bipartisan willingness to look at the future, and say, "We are going to change our laws so as to change that future." Not only should we be moving toward the balanced budget, but, second, we need to get consensus that we are going to cap all entitlement programs at a fixed percent of our budget—64 percent this year. I would be thrilled to get an agreement on 70 percent instead of the 74 percent that it is going to be in the year 2002.

Third, Mr. President, I have strong objections to this proposal because instead of building a new safety net for a changed economy, which I think we need, we are saying as businesses are downsized they become more productive, and more competitive. But as they do it dictates that we examine our safety net and build a different one. I think on the top of the list, if you are trying to rebuild a safety net, is to change the way we establish eligibility for health insurance in this country. And rather than saying we are going to just change Medicare and reform Medicare, we ought to be reforming Medicare, Medicaid, the income tax deduction, and the VA system—establishing a simplified system of eligibility saying, if you are an American and a legal resident, you are in but you have to participate personally in controls. We are not going to subsidize you, if you do not need to be. We have to, rather than block granting for budgetary reasons, have a new safety net.

If we want to remain an aggressive market economy where our businesses have an incentive to maintain their productive edge, we have to have a safety net that enables people when they find themselves out of work to still know that they have health insurance, and still know that they are going to be able to pay the medical bills.

I was down in Texas over the weekend and discovered in the State of Texas, a relatively conservative State, that 50 percent of all babies delivered in the State of Texas are paid for by Medicaid—Medicaid, Mr. President. This is supposed to be a poverty program, and it is supposed to be a minimal safety net.

The reason that it is increasingly being used by working people is that we do not have a very good and a very flexible program. We are saying, as many Republicans have come to the floor and said, there is something wrong when I have working people without insurance paying a 2.9 percent payroll tax to fund health care programs for some that can afford to pay the bills. There is something wrong with that.

But to reconstruct the health care safety net, we cannot just adjust the payment system in Medicare. We cannot just block grant Medicaid. We ought to be saying let us re-establish a fundamentally different way of becoming eligible for health care, and then let us make sure subsidies go to those who need it, and make sure we provide people with the basis as well, as both Republicans and Democrats have talked about, and accumulating the resources to be able to pay for it.

Mr. President, if this proposal in addition to balancing the budget fixes the cost of entitlements, instead of the Republicans looking across the aisle and saying we are in the majority, we have looked at this Entitlement Commission report, we agree, we have to control the cost of entitlements, here is the proposal to fix it—if the Republicans had said we now come to the table in an understanding that, as well as the market working right now to control the cost of health care, there are some individuals that are not going to be able to purchase it, that is the basis for Republicans supporting Medicare.

We understand that after 65, a lot of people cannot afford to pay the bills because health care gets more expensive. Well, if it is true for 75-year-old people, it is also true for 25-year-old people in the work force. We ought not just be changing Medicare to save money. We ought to reform our health care system so that every single American knows with certainty they are going to be covered.

If the Republican proposal did those three things at a minimum, then I would be standing here as a Democrat supporting it. I would love to be able to get to that point. I know there are many people on the other side of the aisle very uncomfortable with the tax cuts, very uncomfortable in particular with the Joint Tax Committee that has disclosed to Americans that every single person with a family income of $30,000 or under is going to have a tax increase. I know they are not comfortable about that and would prefer to have it changed. I know they understand that the entitlements are a problem, that we have to do more, not less, if we expect to have the resources to invest in our future.

I know there is the basis to produce a bipartisan reconciliation bill that we could send on to the President hopefully for his signature.

Unfortunately, that does not appear to be the direction we are heading. Unfortunately, we appear to be heading in a direction where we are going to sort of rigidly hold on, have a minimum amount of debate, limit the number of amendments offered, pass legislation for the short term and hope the people do not discover we left the long-term problem in place; that we have constructed a safety net that is not adequate for the kind of market economy we face today and unfortunately will have left our children, rather than blessed in the future, still cursed by an insufficient amount of investment.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Arkansas.

Mr. PRYOR. Mr. President, I thank the Chair for recognizing me.

I am just going to speak a very few moments on a subject that is and has been very near and dear to my heart during my entire period, you might say, in the field of public life. It relates to nursing home standards, Mr. President.

The legislation that we are considering tonight in this Chamber—I do not know how many thousands of pages, about 2,000, I think—includes what we might think of as just about everything, that nothing was forgotten, nothing was left out, nothing was omitted from the budget reconciliation bill that we are considering this Wednesday evening in the Senate. But there is something very critical left out of the budget reconciliation brought to us by our friends from the other side of the aisle. What was left out, what is notably absent is any Federal national nursing home standards.

Mr. President, only this week, in Time magazine, we see a remarkable article entitled "Back to the Dark Ages," which predicts what is going to happen in the American nursing home to some 2 million residents if we totally do away with Federal standards.

Mr. President, it was in 1987 when the late John Heinz, the Senator from Pennsylvania, the former Senator from Maine, Senator Mitchell, and many of us joined on this side of the aisle with our friends on the other side of the aisle to enact for the first time Federal standards for nursing homes.

If I might, Mr. President, I ask unanimous consent to place in the RECORD this article from Time magazine.

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

BACK TO THE DARK AGES

(By Margaret Carlson)

Anyone pondering his or her sunset years will remember the exposé of the shocking conditions in nursing homes circa 1970. Woefully undertrained workers strapped patients to hard-backed chairs, fed them cheap diets and kept them in a whimpering state of sedation. There were tales of urine-soaked hospital gowns and of false teeth collected at night and thrown into a communal vessel that patients had to fish through in the morning. All this and more was documented by the National Academy of Sciences in 1986. The next year Congress passed legislation to address decades of abuse of the elderly by profiteering nursing-home operators.

But in the blink of an eye these days, a carefully built construct of regulations can be blown away without so much as a formal hearing. As part of a crusade to curb federal authority, and with only a simple assertion that the regulations are burdensome, two congressional committees have sent to the floor for a vote this week legislation that would repeal federal standards. There would be no protection against patients being restrained, no standards on staffing or when someone could be discharged after using up all his or her money. Niceties like nurses would be optional, since there is no requirement in the new legislation that a licensed nurse be present. Instead there would be so-called patient rights—to receive mail, keep personal belongings and be free from abuse and forced labor—rights that may duplicate, but do not exceed, the Geneva Conventions for prisoners of war.

Republicans justify the changes by saying the states know best how to run nursing homes. Of course, it was the failure of state regulation that got the reforms passed in the first place. It is unlikely that with $182 billion less in federal Medicaid money over seven years the states will embrace high-quality care. The market solution would be to replace that nurse's aide at $10 an hour with an unskilled worker at $5 and to substitute thin soup and macaroni for meat and vegetables.

In fact, it turns out that being humane actually saves money. Catherine Hawes of the nonprofit Research Triangle Institute estimated that after the 1987 reform legislation was passed, $2 billion was saved by 269 nursing homes from fewer emergency hospitalizations, less malnutrition, a 30% decrease in the use of catheters and a 25% reduction in the use of restraints. Says Sarah Burger of the National Citizens Coalition for Nursing Home Reform: "Operators didn't know until they were forced to stop doing it that the main cause of incontinence and bedsores is being restrained and not being able to get to the bathroom." But wholesale budget slashing will no doubt pressure some facilities to cut corners. Senator William Cohen of Maine, one of the few Republicans to oppose the rollback, warns, "If we weaken federal enforcement, we will be sent back to the dark days of substandard nursing homes, with millions of elderly at risk."

Republicans may have entered the slaphappy phase of their revolution, killing regulations simply because they can. Indeed, the nursing-home industry has not even asked for regulatory relief, in part because it would allow unscrupulous operators to flourish and bring shame on all of them. But Speaker Gingrich is hurtling along, fearless about sending Mom and Dad back to the future, to the day of nursing homes that lack nurses and feel nothing like home.

Mr. PRYOR. I shall read only one sentence. "Indeed, the nursing home industry has not even asked for regulatory relief, in part because it would allow unscrupulous operators to flourish and bring shame on all of them."

Mr. President, that is going to be exactly the status of the residents who are living today in the American nursing home.

First, I would like, if I might, to show our colleagues the projected growth in the nursing home population. Today, we have approximately 2 million residents in American nursing homes. By the year 2003, just a few years from now, we are going to see 4.3 million American citizens residing in American nursing homes. In fact, most of the people who reach the age of 65 are going to be in this category. They are going to be living in a nursing home.

I can only imagine. If the 2 million nursing home residents in this country could be surveyed or polled on how they felt about removing all Federal nursing home standards, it does not take a great amount of imagination to know what the results would be. Of course, in overwhelming numbers, undoubtedly, they would vote to continue these present Federal standards.

For example, the choice of a physician, the care and the treatment in choosing a physician, the freedom from chemical and physical restraints, is this something that our colleagues on the other side of the aisle want to remove? Just last week in the Senate Finance Committee, on a vote of 10 to 10, every Democrat voted for retention of these Federal standards, every Republican except one, Senator CHAFEE of Rhode Island, voted to eliminate all Federal standards in nursing homes.

What about the issue, Mr. President, of privacy in receiving mail and communications? What about the confidentiality of medical records? What about the protection from unwarranted transfer to another nursing home or discharge in the middle of the night from the particular nursing home the resident finds himself or herself in?

Mr. President, another chart indicates something that I think is extremely dramatic and once again indicates the real need for us to retain at least the minimum of Federal standards for nursing homes. Look at the characteristics of the nursing home patient or resident today: 77 percent need help in dressing; 63 percent need help in toileting; 91 percent need help in bathing; 66 percent have a mental disorder. And there is one more figure that did not make it to the chart, Mr. President. That is that over 70 percent of the patients today residing in America's nursing homes have no relative and no advocate out there on a daily basis visiting them or advocating their cause or trying to support bringing them a better quality of life.

Mr. President, there is also a letter being circulated dated October 24 addressed to our colleague, Senator DOLE, making one final plea to Senator DOLE and all of us in this body to restore these meaningful nursing home standards. It is signed by the American Health Care Association, by the American Association of Homes and Services for the Aging, by the Catholic Health Association, and down the line.

I ask unanimous consent that this letter all of us received in the Senate be printed in the RECORD.

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

OCTOBER 24, 1995.

DEAR SENATOR DOLE: As providers of long-term care services, we are concerned that the current Finance Committee proposal to impose a block grant financing mechanism for Medicaid fails to ensure that adequate resources will be made available to meet the needs of our nation's elderly, disabled, and infirm. We fear that the proposed annual increases in federal Medicaid funding for state programs will be insufficient to meet the quality of care needed by residents of long-term care facilities and subsequently reduce access to services. Furthermore, the failure to meet the resources needs anticipated in future years for these services will negate the many advances made in this area as a result of the enactment of the nursing home reform provisions of OBRA '87.

We urge you to support the retention of federal oversight of nursing home quality linked to a statutory provision ensuring that adequate financial resources are made available to meet prescribed levels of service. Although this linkage can take several forms, the current formulation which backs the nursing home reforms of OBRA '87 to a statutory direction that payors of services (both federal and state) must ensure the payment of adequate rates has proven a workable mechanism and should not be repealed.

Federal nursing home reform standards, joined with existing reimbursement standards have resulted in a steady improvement in the quality of long-term care services. Without such a linkage, this quality of care can not be sustained. It is our sincere desire to move forward with the quality of care provided in nursing homes, and recognize that the ability to do so is dependent upon the provision of adequate financial resources.

Sincerely,

American Health Care Association (AHCA)

American Association of Homes and Services for the Aging (AAHA)

Catholic Health Association

InterHealth

Horizon CMS

Clinton Village Nursing Home, Oakland, California

Qualicare Nursing Home, Detroit, MI

Westmoreland Manor, Greensburg, PA

Services Employees International Union (SEIU)

American Federation of State, County, and Municipal Employees (AFSCME)

United Auto Workers (UAW)

STATEMENT OF STEWART BAINUM, JR., SUBMITTED TO THE SENATE SPECIAL COMMITTEE ON AGING, OCTOBER 26, 1995

As the Chairman and Chief Executive Officer of Manor Care, Inc., I want to express our strong support for retention of the Nursing Home Reform Act of 1987 (OBRA '87). Manor Care owns and operates 170 skilled nursing facilities in 28 states, and provides care to over 20,000 residents.

The OBRA '87 reforms represent the most comprehensive revision of nursing home regulations since the inception of the Medicare and Medicaid programs in the sixties. As I recall, the bill was over 1000 pages long, and addressed critical areas of care, such as resident assessment and care planning, nurse aide training and testing, resident rights, nurse staffing ratios, and enforcement. The final product reflected the agreement reached among 60 national organizations, representing consumers, seniors, providers, and state regulators. It was a painstaking process that worked. In fact, OBRA might depict one of the finest collaborative achievements ever in the history of health care legislation.

Manor Care proudly supported OBRA in 1987 because the legislation offered a valuable means of protecting and promoting the quality of life for one of the most vulnerable segments of our population. We must afford nursing home residents an environment which is safe and ensures their physical and mental well-being. OBRA '87 has been widely successful in accomplishing this goal.

Manor Care pledges to continue to meet these federal quality standards because they are reasonable, and have led to significant improvements in the care delivered to our residents. As a national company, we are supportive of the uniformity and consistency these standards provide across the states.

OBRA created a system of care delivery to help guarantee the dignity and respect of institutionalized seniors. Do not undo the valuable work that has been done. We ask that Congress support retention of the Nursing Home Reform Act and its standards. Stated most simply, it is the right thing to do.

Mr. PRYOR. Mr. President, these particular standards which have been on the books now not even for quite a decade are already paying dividends. For example, if we would just look at an additional chart to see what is happening in improved resident outcomes, the maintenance of the ADL function, what it takes to daily exist, we see the pre-OBRA functional status in the purple, we see the red, the post-OBRA functional status showing a dramatic increase in the very basic quality of life because of these nursing home standards.

We look, Mr. President, and see what is happening in improved care for the nursing home resident. "Decreases in Problem Areas." Physical restraints are going down; dehydration is going down; indwelling urinary catheters, 29 percent, going down.

What we are seeing here, Mr. President, are hard-won gains that we are about to eliminate in one fell swoop simply because this particular budget reconciliation does not contain Federal nursing home standards to protect the American nursing home resident.

Finally, Mr. President, let me ask, how would we vote in this body—when this issue comes before the Senate, how would we vote if we knew that Monday our mother or our father or our son or our daughter or even ourselves were about to enter a nursing home and become yet another statistic? How would we vote, Mr. President?

I ask my colleagues to strongly consider the opportunity, when it becomes available, to retain these basic nursing home standards and to continue them as a part of the law of this land and the basic protections that we must not take away from these 2 million, and going to soon be 4 million, American citizens residing in our nursing homes.

Mr. President, I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Parliamentary inquiry.

How much time is left on each side?

The PRESIDING OFFICER. The Senator from Michigan has 48½ minutes, and the other side has 26 minutes.

Mr. ABRAHAM. Thank you, Mr. President.

Mr. President, I yield myself such time as I may need to make a few brief comments with regard to my amendment, which I would like to bring us back to for a moment.

First of all, the issue of fraud and abuse in Medicare is a problem that has been widely recognized by Members of the Senate, and I would like to call attention to several Members who have been actively engaged in trying to ferret out these problems so that we might address them in ways such as the amendment I am presenting here tonight.

First, I would like to acknowledge the efforts of Senator KYL and Senator MCCAIN—Senator MCCAIN in particular, who has worked in this area a lot, who has separate legislation, I know, on this topic; and his leadership on this issue has helped to bring it to our attention.

More recently, I would also like to acknowledge, and then quote, from a report, an ongoing, actual effort by Senator COHEN, who is also chairman of our Senate Special Committee on Aging, an investigative staff report which he conducted and which was released July 7, 1994. It has identified countless examples of Medicare fraud and abuse, the kind of abuse and fraud that, hopefully, this amendment which I have presented tonight can address.

Without going into all the details at this time—although I may from time to time during the debate mention specific cases—let me just focus on an area that was just touched on by the Senator from Arkansas; namely, the area of nursing homes.

The investigative report revealed a considerable number of cases involving direct targeting of nursing home patients in which both the industries that supply products and services to the homes and the owners and administrators of the homes are involved in fraudulent and abusive practices.

> Nursing home owners have been convicted of charging personal luxury items like swimming pools to Medicaid cost reports. HCFA, the HHS [inspector general's office], and the Minority committee staff are continuing to investigate nursing homes * * *

as was the case at the time this report was revealed.

Let me cite two specific cases.

> A Minnesota speech therapist submitted false claims to Medicare for services provided to nursing home residents. The therapist also received Medicaid payments for speech therapy he never actually performed—and the investigation revealed that he had been paid for services "rendered to patients" several days after they had died. He was also observed using flash cards with a blind resident, and then billing for reimbursement.

Another case:

> The owner of a Pennsylvania rehabilitation service was indicted for allegedly operating a scheme to defraud Medicare by submitting false claims for speech therapy provided to patients in nursing homes. The

owner allegedly told speech therapists to recruit Medicare clients even though he knew their therapy would not be covered under Medicare.

Before submitting the paperwork for reimbursement, the speech therapists would rewrite their patient reports so that they would appear to be medically necessary rehabilitation services. The employees then allegedly falsified bills submitted to Medicare, including certifications by doctors that patients needed continued speech therapy, and also falsified patients' medical records.

Mr. President, we can talk about the different problems in the nursing home issue, one many of us are concerned about. One of the reasons this amendment which I have offered tonight is before us is because it helps to address some of the problems that do go on in nursing homes.

I will cite other examples in other contexts in which Medicare fraud is running up the costs of Medicare, costs that we should address through this amendment that I am offering, as well as some of the other items included in the reconciliation bill before us.

At this time, Mr. President, I would like to yield 10 minutes of our remaining time to the Senator from Ohio.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Let me thank my colleague from Michigan for yielding time and say that I rise in strong support of the Abraham amendment.

My friend from Michigan said a moment ago that he has many examples of constituents who have had firsthand experiences. My guess is that there is not a Member of this body who could not say the same thing. As I travel the State of Ohio, I talk to people about the Medicare issue and what we need to do, the steps that we will have to take to preserve and protect and strengthen Medicare. And people will always talk to me about the fraud, talk to me about abuse. Many times I travel the State. And they have specific examples. I suspect that every single Member of this body could say the same thing.

I have had my staff go through some of the letters that we have received. Here are just a few of them, people who have written to us, people who I have talked to personally, who have described specific incidents that they believe constitute fraud.

I think my colleague from Michigan is right on point, because I think one of the things that we have to do is to enlist the public's help in this effort to deal with the fraud and abuse. It has been my experience, Mr. President, that the American people are generally right. And in this particular case, the American people, the people who are on Medicare, the children of people who are on Medicare who have been involved in maybe paying the bills or overseeing some of the finances, they are not wrong. They are right. There is fraud. There is abuse. There are things that need to be done.

So I would like to congratulate my colleague from Michigan and give him my full support for this particular amendment.

Mr. President, the reconciliation bill that we are debating tonight and will be debating tomorrow, probably also into Friday, has great historic significance. It has many different parts to it, as has already been pointed out tonight.

One of the provisions in this bill that my colleague from Michigan mentioned several hours ago when he was on the floor I would also like to briefly comment about, and that has to do with the tax credit, the $500 tax credit for those couples, those families, who have children. There has been a lot of talk about what this might do to help stimulate the economy, a lot of talk about what impact this has on this particular bill.

But I think the main reason, Mr. President, for having this provision, and why so many of us on this floor tonight insisted that this provision be in the bill, is because it is a question of fairness, it is a question of equity.

If we look at the tax burden that our Government has placed on working men and women and on their families, what we find is that that burden has really impacted how people live their lives today. Let me give you a statistic. If you took a family with four children in 1960 and compared them with a family of four children in 1995, what you find when you strip away inflation is that the tax burden on that family has gone up in real dollars 220 percent—220 percent. So each one of us has constituents back in our home States who are working second jobs, or third jobs or where the spouse has taken a second job or maybe taken a first job, who would not do that but for the fact that this tax burden has been imposed on them.

And so you have one of the spouses working one job full-time just to pay the taxes, just to keep the family standard of living where they believe it should be and to help educate their children. That is the perverse impact that the Tax Code has had on families, and the fact that the Tax Code has not, over the years since 1960, for example, kept up in any way, shape or form with inflation.

What this $500 tax credit does is helps to rectify that injustice and bring some equity to the tax system.

Mr. President, another major provision of this bill that we have in front of us has to do with welfare. I believe that this bill is an essential step toward creating jobs and opportunity for the American people, and I believe that the welfare provision goes a long way in doing that.

This particular provision encourages the culture of work instead of the culture of welfare. In the case of the welfare provision, again, there has been a lot of talk about dollars and cents, and those certainly are important. In the long run, I think this provision is going to save money, but that is really not the main reason it is in this bill.

It is really not the most significant thing about this welfare provision, because in this bill, we are changing the culture. In this bill, we are turning our back on the last 30 years where what we really have been doing in this society—it has been unintended—but what we really have been doing is keeping people alive. We have been feeding people, we have been keeping them on welfare.

I guess we have done a pretty good job in that respect. But what we really should be doing is what we are doing with this bill, and that is, moving from a system of welfare, whose goal is to maintain people, to a system of welfare whose goal is to help people realize the American dream, to help them get themselves off welfare so they can fully participate in the great American dream.

Let me briefly discuss, if I can, Mr. President, how this bill does this. This bill promotes work, not welfare. It proposes radical change based on the principle that the only way to succeed in reforming welfare is to get welfare out of Washington, DC. We are only going to change welfare when we turn the power back to the local communities, we turn the money back to the local communities. Washington, DC, has demonstrated for decades that it cannot reform welfare.

The innovation that has occurred in the welfare area in the attempt to get people to work has not occurred over the last few years in Washington. Where you see the innovation is in the 50 States. The States have truly become the laboratories of democracy. And so what we have seen in the last few years is Governors and State legislatures who have had to petition Washington, have had to come hat in hand to Washington and deal with some unelected bureaucrat to ask permission to be bold and innovative and to try a new program back in their home State.

What we are saying with this bill is enough is enough, we trust the States. That is where the innovation has been. That is where the changes are going to be made. Let us get the money out of Washington, get the power out of Washington.

Real change is only going to come, Mr. President, at the State level. And so the thrust of this bill is, as I said, to get the power and the money and the decisions out of Washington, DC.

It will take the States time to fix this broken system. I think we have to be very realistic about this. Welfare did not become a wreck overnight, and it is not going to be fixed overnight. In fact, it will not get fixed at all if the power course stays here at the Federal level.

The welfare provisions contained in this bill will help accomplish this historic transfer of power away from Washington. It will transfer welfare responsibility to the States in the form of block grants.

The bill would also establish a tough new uniform work requirement for welfare. Next year, under this legislation, to continue receiving block grant money, States will have to make sure that at least 25 percent of the people on welfare are working in return for the benefits that they receive.

I ask for 3 additional minutes.

Mr. ABRAHAM. Mr. President, I yield 3 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, that percentage will continue to rise every year, and by the year 2000 at least 50 percent of those receiving welfare will have to work.

The only long-term solution to welfare is work. This reconciliation bill recognizes this basic commonsense fact.

I am especially pleased by some of the improvements we were able to make during floor consideration of the bill. We established, when we were debating the welfare bill, a rainy-day fund to help cover economic emergencies, creating a grant fund of Federal money that will help tide States over in the event of a recession.

We also made it easier to track deadbeat parents. We know that we could reduce the welfare rolls by up to two-thirds if deadbeat parents would just pay their child support. Years ago, I was a prosecutor in Greene County, OH, and I learned then firsthand how difficult it can be to track down these deadbeat parents. You get banking information about them on a yearly basis, you find out their assets, find out their location, just in time to discover they vanished once again.

This bill would provide this vital tracking information on a quarterly basis, once every 3 months, not once a year. It will be a big plus for our efforts to track down the deadbeats and, thus, reduce welfare costs and, perhaps most important of all, we will give States credit for helping people avoid falling into the welfare trap.

We have found that helping people before they get on welfare through job training, job search assistance, and similar measures is a cheaper and more effective way to help them than simply waiting for them to fall off the economic cliff and become full-fledged welfare clients.

In conclusion, Mr. President, I strongly support the idea that we have to make welfare recipients work, but we need to make sure that meeting the work requirement does not become an end in and of itself. The goal, after all, is to help people avoid getting caught in the welfare trap in the first place. This bill gives States credit toward the work requirements for the efforts they make to help people stay off welfare. It will help keep States focused on the real problem: Making sure fewer and fewer people need welfare in the first place.

With these changes and the underlying idea of promoting work and getting welfare out of Washington, the Senate welfare reform package is a major step toward breaking the cycle of welfare dependency once and for all.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, I yield 10 minutes to the Senator from Tennessee.

Mr. THOMPSON. Does the Senator from North Dakota wish to go next?

Mr. DORGAN. How much time remains on each side?

The PRESIDING OFFICER. There are 26 minutes on the minority side and 30 minutes on the majority side.

Mr. DORGAN. I defer to the Senator from Tennessee.

Mr. THOMPSON. Mr. President, I thank the Senator from Michigan. I also am strongly in support of his amendment. I think, as he says, eliminating fraud and abuse from the Medicare system certainly is not, in and of itself, going to cure the problem we are faced with. But it has to be part of the package and it represents doing something. I applaud his efforts in that regard. I also applaud the comments just made by the distinguished Senator from Ohio and his comments about the welfare portion of the reconciliation package.

Mr. President, I speak from a little bit different perspective than many of those who have spoken on the reconciliation package. I am a new Member to this body. I have not run for elected office before. I ran for the U.S. Senate. I decided to run for this body because I felt—as I think a lot of other people in this country feel today—that our country is at a crossroads, that our chickens have come home to roost, and it is time to make some strong decisions; and they are going to have to be made by people of courage and conviction. I felt that I could play a small part in making the difference, in helping make that happen.

It is all coming down now to these last few days, and that opportunity is going to be given to me, and it is going to be given to everybody in this body. Everything we have done in the last 10 days has led up to this time, has led up to this day of judgment. This is a day of judgment for ourselves as individuals. Some would say it is for our party, but it is more importantly for us as a body and us as a Nation. I think those difficult choices have to be made.

We are talking essentially here about change, Mr. President—change from the way that we have done things in the past. Change is always somewhat painful. Change is never easy, but change we must have.

There are legitimate issues to be debated and discussed, without question. I think it is quite clear that there are basically two different philosophies in this Chamber, as we approach these issues and problems. One believes that the Government, by growing larger and spending more money, can solve these problems, in the face of all the evidence to the contrary. We, on the other hand, believe that Government ought to do those things that Government does best, that we should shrink the size of the influence of the Federal Government on people's lives, give more power back to the States, back to the localities, and leave more dollars in the pockets of people who earn those dollars. It is a pretty simple proposition.

But there are legitimate issues. There is a legitimate issue as to how far we should go with regard to Medicare. Should we apply a Band-Aid? Sometimes a Band-Aid can work perfectly well for short periods of time. But the question is whether or not we should apply that Band-Aid or do something more serious for the future. Although, surely, we agree that something must be done.

There is legitimate debate as to what extent we should keep centralized here, control of the welfare program, or to what extent we should give those responsibilities back, closer to where the problem is. Although, surely, there can be no debate that we indeed have a failed welfare system and that something must be done.

There is even a legitimate debate with regard to a balanced budget. A while back, some were thinking maybe we did not really need one. Apparently, now we are all in agreement. We can debate those priorities, but, surely, we are all in agreement that we cannot continue down the road we are traveling on now, and that the next generation does not deserve it.

We can debate tax cuts. We can debate the effects of those tax cuts. But, apparently, we even agree across party lines and with the White House with regard to the need for tax cuts—the President having acknowledged that tax cuts are indeed needed.

So these are legitimate items of debate, and I have been looking forward to a discussion of those issues. We are in the midst of it now. I think the discussion tonight has been good. I must say that, throughout the day, it has not always reached a level that I would like to see reached in this Chamber. We have seen some mean-spiritedness, and we have seen some calls to fear. We have seen appeals to envy and appeals to greed. One Member, today, suggested that those who espouse our philosophy should be ashamed of ourselves. Another Member today, on the other side, said that apparently the only elderly people we know are those who live in Beverly Hills, which would come as a real shock to my mama in Franklin, TN. But that was said today. It has been implied that those on the other side of the aisle are the only ones who have any concern, any care, any compassion because, indeed, they are the ones who are willing to send out more dollars from Washington to solve those problems, as they have solved them in times past.

Mr. President, it has come now to a time where we must put partisanship aside. We can have legitimate debate on legitimate issues. I think the time is well past when we should be attacking other people's motivations as we reach to solve these problems, because some of us must take note of the fact that some of the ones arguing and screaming so loudly about these changes being made have been here for some time and have witnessed this legislation that has come out of this body and the other body, which has contributed to the problem over the last 40 years—much more than it has contributed to the solution, it has contributed to the policy of neglect and one that has, in every respect, failed. It has operated under false assumptions and false policies that must now be corrected. It is on our watch now—those who are coming in and who have been here a while. It is on our watch now, and we have to do something about what has been going on here for the last 40 years.

We have a lot of talk about the blame and partisanship on this side of the aisle and the other side of the aisle. I suggest that there is enough blame to go around, Mr. President. But we are now cleaning up after the act of the last few decades that was based on the proposition that we can eradicate welfare in this country, that we can eradicate poverty by spending more dollars on it. We spent $5 trillion and got about the same level of poverty, along with a lot of other socially undesirable results, which we surely must all agree on.

In 1965, the Ways and Means Committee estimated that the hospital insurance part A Medicare would cost $9 billion to finance by 1990. In 1990, hospital insurance actually cost $67 billion. That is quite a bit of disparity, even by congressional standards. Medicaid was intended to cost a billion dollars annually. Expenditures ballooned to $76 billion in 1992. In 1995, it went to $89 billion. That is just the Federal Government part alone. The States contributed $67 billion, in addition to that. False assumptions, which led to bad policies, which basically said, let us put this down and get to the next election and get an issue for the next election and on down as far as we can carry it, election after election, and let somebody else take care of the consequences. Well, we are now taking care of the consequences, we are taking care of those estimates that turned out to be so wrong.

What has that wrought? It is certainly more than an academic exercise. It has wrought a Medicare trust fund that is virtually bankrupt, a welfare system that is morally bankrupt; it has wrought a fiscal situation that is going to bankrupt the next generation if we do not do something about it. It has led us to a point where we have the lowest savings rate in the industrialized world. We have one of the lowest investment rates. We have a growth rate now that is about half of what it should be, about half of what it normally is coming out of a recession. That has resulted in leaving a legacy to those who come after us in a few short years of even higher and higher payroll taxes, of even higher interest rates, of not being able to compete in the international marketplace, and depending more and more on foreign dollars to subsidize our debt. That is what these miscalculations have wrought.

Yet, from everybody in this body, on both sides of the aisle, all you hear talk about is the "working person," or the "working family." Everybody is looking out for the working family. Everybody is taking care of those workers, and talking about the people in the upper income levels as if they were born that way and none of them ever worked. We know who we are talking about.

What have we done for the working family? Those are the folks who put me where I am standing here today. Those are the folks that elected most of us in this body. We ought to be looking out for them. But have we been doing that? Do our actions belie the words "looking out for the working family"? We have seen income levels stagnate, and in looking out for the working family we have seen among young working people actually income levels decline in this country.

Among working people, we have seen greater and greater tax burdens laid upon them, up to 220 percent. The Senator from Ohio a minute ago was exactly right. The very people who benefit from this $500-per-child tax credit—that is what we have been doing for the working family. I can hear working folks all across America saying, "Please don't help us out anymore. We can't stand it."

What is the solution to all of this? We have seen the President's first budget which gave $200 billion deficits as far as the eye could see. Nobody took it seriously, and it did not get one vote in this Chamber.

We saw the President's second so-called budget that created $245 billion out of thin air by changing some assumptions. Nobody is taking that seriously either. Apparently it did not get one vote in this Chamber.

Apparently, the idea is not to come forth with any constructive idea at all, not to help contribute to the solution, but lay the wood on those who are trying to solve the problem, and to keep on taxing and keep on spending.

With regard to the Medicare solution, my friends on the other side are correct in claiming that their $90 billion solution would keep the Medicare trust fund solvent until 2006, but in 2010, the last year the Republicans would keep the trust fund in the black, the Democrats would leave it in the red.

That date is important, because 2010 is the year the human wave of baby boomers really hits—those baby boomer retirees. Everyone acknowledges that further changes in Medicare will undoubtedly need to be made at that time. It is a different situation entirely. To meet it on an equilibrium is what we are trying to do, or not to meet it already $300 billion in arrears.

My time is running out. I want to address the tax component that we have heard so much about. The claim, of course, that the problem here really is that we want tax cuts for those who do not need them, and, therefore, the Medicare problem would not be as big, I can only hope the Washington Post—every knowledgeable observer, Mr. President, and traditionally Democratic, have basically made the same statement. The Washington Post on September 25, 1995, said, "The Democrats have fabricated the Medicare tax cut connection because it is useful politically."

Mr. President, this business about tax cuts for those who do not really need them—I find it interesting, kind of parenthetically, and this is historically espoused by those who want higher and higher taxes. We just had the largest tax increase in the history of the country and now that is supposed to be locked in and not touched.

We meet every year, practically, in this body, and decide who does need it, who deserves it. This group this year deserves a tax break. This group this other year does not deserve a tax break. So we have a tax bill. We had a tax bill in 1969, in 1971, 1976, 1978, 1980, 1981, 1982, 1984, 1986, 1990, 1993—major tax bills. That does not include the miscellaneous tax bills. And every time, we in this body decide who is deserving and who is not—passing judgment on our fellow citizens as to whose money we ought to take and who we ought to give a little back to, continuously focusing on the "who," the "who"—not the what.

In other words, who is going to be hit? Continuing to focus on how to divide up the pie, not focusing on policies as to how to make the pie bigger.

My time, I am sure, is close to being expired, so I will address this in a little bit more detail at a later time.

In conclusion, I urge that we get down to serious business, that we put the details of this aside. It is painful. There are things in this bill of this magnitude that are going to pain us in various areas.

The bottom-line question is whether or not we will get this fiscal house in order. We take the first step, which is only a first step. If we do everything we are talking about and go through all the pain, this is just the first step. We will have to continue to do it year after year after year. I suggest we get used to it and get on with it.

Mr. EXON. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 26 minutes 50 seconds, and the other side has 15 minutes.

Mr. EXON. Mr. President, in order of their recognition by the Chair in this order, I wish to allocate the time remaining with 8 minutes to the Senator from North Dakota, followed by 10 minutes to the Senator from Illinois, and then 5 minutes to the Senator from New Mexico. I yield myself 3 minutes at this time.

All day long, Mr. President, we have had Republicans beating up on the President of the United States. I simply say that today the President announced that the year-end budget deficit was 160-some billions of dollars. That is the lowest deficit we have had for a long, long time in the United States of America.

I simply say to those who have been in this body now not a full year, none of them can hardly take any credit for the deficit going down dramatically under the leadership of the President of the United States.

While we all tend to beat up on the President of the United States once in a while, I think it is well to note that under his leadership and under his direction, under his determination, and in the policies that he has fostered, he has put his political muscles where his mouth is, and the deficit has come down dramatically.

I simply say that the last time we had a deficit this low was way back in 1989 at $153 billion. The intervening years it has been $221 billion, $270 billion, $290 billion, $255 billion, $203 billion, and so forth.

I simply say, Mr. President, that once again the President of the United States should be saluted for at least bringing the deficit down into the $160-billion range. I want to get that for the record because there have been so many brick bats thrown at the President of the United States today.

I yield the floor.

Mr. DORGAN. Mr. President, I have listened in recent hours to discussions by people who talk about what has been going on around here for the past 40 years in some disappointing way. Let me put in a good word for what has been going on in this country for the past 40 years.

I wonder how many people think that somebody would like to live elsewhere? Do you think that we have not progressed in this country in 40 years? Do you think Medicare does not matter to people? Do you think things are not better for a lot of Americans than they used to be? Do you think in this century the fact that we decided to provide electricity to the farms, that somehow that was not relevant? Created a Social Security system; that did not matter? Marshaled the will and the strength to beat back the forces of fascism and Nazism? Survived the Depression and created a period post-Second World War of unprecedented growth and opportunities?

I guess it is fine to talk about what has been going on the last 40 years. I happen to think this is a pretty good place. I do not see people rushing to leave. If they go, I do not know where they would go. Would they go to Tegucigalpa because the mail service is better? Krakow, because they have better roads? Budapest, because they have a better telephone system? I do not think so.

The fact is we ought to talk about what is right in this country for a while. Some of the things that are right in this country are now to be taken apart by 1,950 pages of legislation on which there has been no hearings, which we received yesterday afternoon about 4 o'clock, and on which we now have 10 hours of debate left.

It is a fairly disappointing thing to watch here in the Senate today. This 1,950 pages contains substantial policy changes—Medicare especially. Medicare matters to a lot of senior citizens. We offered an amendment today about 8 hours ago. It is very simple. It does not take 10 staff people to explain it to anybody here. It is not rocket science. It is very simple. It says those who propose to reduce the amount needed for Medicare by $270 billion—and that is what the proposal is—$270 billion less than is needed to fund Medicare in the next years, we say to those who want to do it, look, you also want to give a tax cut. We would like you to modify the tax cut and not provide tax relief to the upper income Americans, and use the savings from that limitation to reduce the hit on Medicare so that we are reducing Medicare by about the $89 billion that the trustees say are necessary to make it solvent.

Shorthand—reduce the cut on Medicare to about $89 billion. That is all you need to cut in Medicare to make it solvent, and get the money for that by eliminating the tax cut for the affluent Americans.

Very simple. It does not take 8 hours to figure out what you will do about this. We do not need people sitting around with fingernail files and clippers and just ruminating about the world.

We have 20 hours on this bill. We offered this amendment 8 hours ago. Do Members know what we are talking about now? We are talking about an amendment on Medicare fraud. This amendment ought to be accepted in a nanosecond. Want to talk about this forever? God bless you, come and get time next week and talk to the whole world for 40 hours until you are blue.

This amendment is fine. It is not controversial. Why are they talking about it? Why are they eating up time on this clock? Because they do not want to talk about our amendment. They certainly do not want to vote on our amendment. And it is not just this amendment. There are others exactly like it.

We have family farmers out there who know that the farm bill is in this piece of—reconciliation, this reconciliation bill. This budget bill has the farm bill in it.

We are supposed to write a farm bill this year. We did not. So what do they do, they put whatever they have written in this. There are no hearings, nobody knows what is there, really. I mean, it is a real a slap in the face for family farmers. This will cut farm income in North Dakota by 25 percent. The first time in history they throw a farm bill in a reconciliation bill —first time.

What else is here? Oh, a note to families in middle-income circumstances that we want to make it tougher for you to send your kids to college because we cannot afford student financial aid. So we tell the old folks we cannot afford Medicare. We can afford a tax cut for the wealthy; cannot afford Medicare. We cannot afford student aid for middle-income families whose kids are about to go off to college, but we can afford a tax cut for the affluent. We cannot afford Head Start for 55,000 kids in the appropriations bill, but we can afford a tax cut for the most affluent people in the country.

And people over there say, "You are being too sharp in your criticism. Class warfare." You bet it is class warfare. It is all here, 1,950 pages of class warfare, in this bill. And do not take it from me, take it from your colleague, Senator SPECTER, who said it on the floor yesterday. It took a little courage for him to say it, and I admire him for saying it.

> . . . the pain of the spending cuts goes to the elderly, the young, and the infirm while allowing tax cuts for corporate America and those in higher brackets.

You know what he said yesterday, and in your secret moments you know what he said was right. He said that if it were a secret ballot, 20 of you on the other side of the aisle would vote against this because you know it is the wrong priorities.

We have spent 8 hours and have not had a vote. We have several more people who want to speak to the amendment on Medicaid fraud. I compliment the Senator for offering it. I support it and think we ought to accept it in 4 minutes. But instead, we will take 2 hours on this, I suppose, because the other side does not want to vote on an issue that deals with hundreds of billions of dollars of Medicare for the elderly juxtaposed against tax cuts for some of the most affluent Americans.

I know there has been a lot of nonsense on this floor these days, but I just want one person to bring a chart to the floor that tells me this statistic is wrong: on average, the 51 percent of American families with incomes under $30,000 get a tax hike in these 2,000 pages. That is a fact. It comes from the Joint Tax Committee. We do not run that. Half of the American families, on average, get a tax hike. Guess which half—the top half? Oh, no. The bottom half, the very folks the people who are pushing this say they want to help. It is a curious way to help people, in my judgment, with a tax hike.

Who gets the benefit? For everybody that finds a loaf someplace, somebody else is getting it buttered. So who gets their bread buttered here? The top 1 percent, of course—big tax cuts. I want somebody to come to the floor in the next day or so, just to tell me this chart is wrong and tell me how it is wrong. You know it is right. Senator SPECTER knew it was right yesterday when he spoke. And you can do all the high-wire acts and you can do all the half gainers and all the gyrations you want, build all the word castles in the sky forever, and it is not going to change the central facts.

Old folks are going to pay more and get less health care. They are going to pay more for it and get less. Family farmers get the short end of the stick. Middle-income families are told college education is not so important for your kids. And young kids are told education is not a high priority for you—whether it is Head Start and dozens of other programs.

So I just ask people around here, when are we going to vote on something we offered 8 hours ago? A simple proposition. I do not have to read it again. Everybody in here understands it and everybody here understands why we are not voting on it. We are going to have 40 or 50 votes, I suppose, on this bill. But we are draining off all of this debate time on a noncontroversial issue. I understand why, but it is not right.

The rules provide 20 hours on this bill. We have limited time to deal with things that literally affect people's lives more than almost any measure in the last 30, 40 years. And we are told we just cannot vote on these issues up or down. We want to go talk about Medicare fraud.

I see Senators on the floor who have been working on this for a long while, and I commend them. I have worked on it. But I tell you, our constituents would much sooner understand how this bill affects their lives in a real way than deal with this noncontroversial amendment, an amendment we should have accepted 2 hours ago.

I yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Illinois is recognized.

Ms. MOSELEY-BRAUN. Mr. President, I commend my colleague from North Dakota for a brilliant statement. He has such a way with words, and I congratulate him for putting the issue in context.

Mr. President, at the outset, I want to make it clear that I am one Senator who believes that major changes are critically needed if we are to bring the Federal budget back under control. I also believe that major changes in our Tax Code are necessary to help generate new economic growth and to create new jobs.

I do not think any of us should fear change. Indeed, change is critically important if we are to succeed in meeting the challenges the future holds for us, for our children, and for future generations. The right kinds of changes can help create a climate that will produce the new jobs and economic growth that all of us want to see. The right kind of changes can open up opportunity, and help make this an America that makes use of all of the talents of all of its people, which benefits us all. The right kind of changes can help create a climate that will help Americans provide for their families and give them what we have had—the opportunity to live better than our parents did.

There is no argument but that change is needed. I strongly agree with the statement made in a letter written by the Competitiveness Policy Council on October 12 when the council issued its report entitled "Lifting All Boats—Increasing the Payoff from Private Investment in the U.S. Economy." The cover letter, talking about the report's conclusions, stated: "many of the Federal laws and regulations that influence private investment decisions were developed before World War II, and are out of sync with current economic and financial market conditions." That is exactly right!

Another of the council's recently issued major reports, entitled "Saving More and Investing Better—A Strategy for Securing Prosperity" makes it very clear why we must change Federal budget and tax policies, and other Federal policies. That report found, among other things, that:

More Americans are employed, yet they are working longer hours and for less pay;

Productivity growth has improved since 1990, yet it has not translated into higher compensation for workers;

* * * public dissaving has been reduced by 2 percent of GDP since 1992 through cuts in the Federal deficit, [yet] the net national savings rate continues to fall * * * primarily due to the downward trend in household saving, as Americans currently consume 97 percent of their household income;

* * * private investment is growing yet the stock of existing plant and equipment is flat; and

* * * improvements in product quality and delivery, lower wages, corporate restructuring, the depreciating of the dollar and government support have helped American goods and services gain a greater share of world markets, yet the trade deficit is reaching historic highs.

The council set out three goals—goals that I believe make a great deal of sense—to deal with these and other problems raised by its reports:

First, doubling productivity growth to at least 2 percent per year;

Second, achieving 3 percent annual GDP growth, in order to reemploy workers made redundant through productivity improvements; and

Third, eliminating our current account deficit, in order to reduce U.S. reliance on foreign capital, and helping ensure that the other goals can be sustained over the long run.

I think these are goals this Congress must pursue, both through the Tax Code through Federal spending decisions, and through the other actions of the Federal Government. One critical question the Senate should be asking is whether this reconciliation bill moves us toward these goals or not. After all, restoring Federal budget discipline is not just an accounting game. Changing Federal policies is not just about making the numbers line up. The reason we are want to deal with the deficit problem, the reason the right kinds of changes are so important, is what they will mean to the American people, to the kind of opportunities our children will enjoy, and to our collective future as a nation. Tragically, this reconciliation bill does not move us toward these goals. It does not pursue the right changes. It is contentious and controversial precisely because it is shortsighted. We currently enjoy solid economic growth and low unemployment. Yet Americans are increasingly anxious about the future.

More and more Americans worry about whether they will be restructured out of their jobs. Americans entering the work force worry about whether there are enough good jobs out there for them to find. And most Americans increasingly worry about being priced out of the American dream.

Unfortunately, there is substantial cause for this anxiety and this worry. All too many Americans have been restructured into lower paying jobs. Eighty percent of Americans are not seeing any real increase in their pay. Yet between 1989 and 1990:

The average price of a home increased from about $76,000 to almost

$150,000, an increase of almost 100 percent;

The average price of a car went from about $7,000 to $16,000, an increase of over 125 percent, and the number of weeks an American had to work to pay for the average car increased from about 18 weeks to over 24 weeks, an increase of about one-third;

The cost of a year's tuition at a publicly supported college increased from $635 to $1,454, an increase of almost 130 percent, and a year's tuition at a private college increased from an average of $3,498 to $8,772, an increase of 150 percent; and

Health care costs increased at close to or at double digit rates each year.

We have a responsibility to do what we can to help address the causes of that anxiety. We have a responsibility to help ensure that the opportunity to achieve the American dream is open to every American—and that the dream is not priced out of reach for many Americans. We have a responsibility to ensure that Government tax, spending, and regulatory policies do not undermine the opportunity for Americans to find a good job, to keep a good job, to be able to provide for their families, and to help their children get ready to succeed in an ever more competitive world economy. We have a responsibility to adopt policies that encourage, rather than discourage, the creation of the new good jobs we so greatly need, and the kind of solid, sustainable economic growth on which our individual and collective futures so fundamentally depend. We have a duty to ensure that Government policies help, rather than hinder, Americans who want nothing more—and nothing less—than what we have all had: the opportunity to live better than our parents did.

We have to meet these responsibilities based on as complete an understanding as possible of the way our economy works now, and the way it is likely to work in the future, and not simply on the way it may have worked in the past. We have to meet these responsibilities without falling into the trap of doing the tax and budgetary policy equivalents of fighting the last war, instead of preparing for the next one.

Yet, that seems to be exactly what this reconciliation bill is all about. It does not meet our responsibilities to our children and to our future. Its remedies are based on a foundation of myths, and a time that has long since passed, instead of the economic realities that the American people live every single day.

There is no question that our budgetary situation has changed dramatically since the Federal Government last balanced its budget in 1969. In 1969, the national debt was $365 billion; now it is almost $4.9 trillion. In 1969, interest on the national debt cost only $12.7 billion; this year, interest alone will consume over $230 billion—over $40 billion more than total Federal spending in 1969. And the future holds even greater problems. Last year, I served on the Bipartisan Commission on Entitlement and Tax Reform. Finding No. 1 of the Commission's interim report to the President made it abundantly clear what will happen if we do not address the critical budget problems facing this country. The chart accompanying that finding was headlined, "Current Trends Are Not Sustainable"—a very understated way of pointing to the very real crisis we face. If we do nothing, by the year 2012, entitlement spending and interest expense consume every single dollar of Federal Revenue. If we do nothing, by 2030, Federal outlays could consume 37 percent of the entire U.S. economy, up from 22 percent today. If we do nothing, by 2030, just paying the interest on the national debt will take over $1 of every $10 our economy produces.

The Commission's reports are compelling evidence that we must act to get the Federal Government's fiscal house in order. They make it clear that we cannot afford to act based on any political party's or interest group's budgetary mythology. They reinforced my conviction that an amendment to our Constitution is good public policy.

That same objective—a balanced budget, restoration of fiscal discipline—is the stated objective of the reconciliation bill we are now considering. But what kind of message is being sent, what are the American people really being told, if the same bill that takes $893 billion out of the spending side of the budget over the next 7 years also takes $245 billion out of the revenue side of the budget. What kind of message is being sent if a bill that is supposed to lower deficits actually increases them by $93 billion over the next 7 years in order to help finance tax cuts?

The reason greater fiscal discipline is important is that we owe more to our children than a legacy of debt. How is that consistent with giving ourselves a tax cut now, thereby creating more debt for them to repay?

The tax changes now contained in this bill are very substantial in comparison to the deficits we face. They amount to 15 percent of the $1.6 trillion in deficits forecast for the next 7 years if we do not act to put our fiscal house in order. And they are an even larger percentage—38 percent—of the $638 billion in deficits forecast for that period in the budget resolution we are now working under. That is why the tax cut provisions of this bill have such an impact on the deficit reduction objective that both Democrats and Republicans want to achieve.

A tax cut right now is inconsistent with achieving real deficit reduction. And it is important to keep in mind that, even if the Senate does not act on these tax proposals, we would not be choosing to move toward a balanced budget by increasing the burden on American taxpayers. Whether these tax proposals become law or not, Federal revenues are not growing faster than our economy. Federal taxes consumed 19 percent of the U.S. Gross Domestic Product (GDP) in 1994. That is 1 percentage point less of GDP than Federal revenues accounted for a quarter of a century earlier, when the Federal Government last balanced its budget, back in 1969, by the way.

The rationale for tax cuts is that they will help promote savings, economic growth, and the creation of the kind of new, well-paying jobs Americans need. And it is true that $245 billion in tax cuts sounds like a number large enough to provide a substantial opportunity for those kinds of changes to happen. When compared to Federal revenues that will total more than $11.3 trillion over the next 7 years, however, that figure shrinks dramatically. It amounts to a tax cut of only about 2.1 percent. And, according to the Joint Tax Committee, it amounts to a cut in average effective tax rates for American taxpayers of only eight-tenths of 1 percent.

Moreover, even this tax reduction is illusory for many Americans. The reconciliation bill, to cite one example, creates a student loan interest tax credit, an idea I support. This tax credit puts approximately $1.5 billion in the hands of American taxpayers to help pay student loan expenses. However, the reconciliation also contains provisions designed to save $10.8 billion over that same 7-year period by making student loans more expensive. On a net basis, therefore, families with students are likely to be worse off, not better off.

The bill also creates a $500 per child tax credit for families. But many EITC families won't see much net relief, because once the EITC cuts are fully phased in, they will lose, on average, $457 in annual tax relief they are now receiving. For many of them, therefore, the net effect of the tax provisions in this bill is simply to move their tax benefits from one line of their tax returns to another line.

And even middle-income Americans will not receive much relief from the tax provisions in this reconciliation bill. Both the Joint Tax Committee and the Treasury Department agree that Americans with annual incomes of $30,000 or less, which is over half of all Americans, will see no net tax relief at all from this bill.

In the health care area, the bill calls for creating medical savings accounts, providing more favorable tax treatment for long-term care insurance, and a number of other changes. The benefit to American taxpayers of these changes amounts to approximately $12 billion. However, the bill also makes changes in Medicare and Medicaid that will take $452 billion out of those two programs over the next 7 years. The changes include doubling the Medicare part B premium, and the Medicare part B deductible. For most Medicare and virtually all Medicaid recipients, the tax relief they will receive under this bill, therefore, will probably not come close to covering their increased health care costs. And if, as many believe, one result of these Medicare and Medicaid changes is to put additional upward pressure on health insurance costs, than it is not just the elderly, the disabled, and the poor who will see their tax relief overwhelmed by increased health care costs, millions of other Americans who are not currently using these two health care programs will also face that same reality.

Cutting taxes is the oldest political trump card, and it has not lost its power. And tax cuts are easy to understand. The temptation to promise the proverbial "chicken in every pot," is too great for some to resist. But imposing new costs on American families while only partly offsetting these new costs with tax cuts does not represent real tax relief; instead, it is, at best, no more than a cynical shell game.

And the proposed tax cuts are far from the only problems with this bill. The bill makes student loans more expensive, adding an 85 basis point fee to the cost of every loan, most, if not all, of which will be passed on to students. It adds 100 basis points, or one full percentage point, to the cost of what are called PLUS loans, which could add up to $5,000 in student loan costs for American families who use that student loan program. It ends the interest free, 6-month grace period which is designed to provide an opportunity for students to find a job after they complete their education, which adds another $700 to $2,500 in costs to student loans. And it actually increases, rather than decreases, the redtape and administrative costs associated with student loans, by backing away from direct loans in favor of using the banks to make student loans guaranteed by the Federal Government.

The net effect of all of these cuts is to price college out of reach for more Americans. A study by two higher education economists—Michael McPherson of Williams College and Morton Shapiro of the University of Southern California concluded that each $250 increase in the cost of college will result in a 1-percent drop in the number of low-income students enrolling in college.

And low-income students will not be the only students affected by these changes in student loans. Middle class American families with students in college or approaching college-age will also be affected—all too many people will be unable to meet the new, higher costs, which means that their children will have their opportunities diminished by this bill, instead of expanded. We want a brighter future for our children, but if we are simply moving costs from the Federal balance sheet to the budgets of American families, we aren't helping them at all. That kind of approach does not meet our responsibility to American families or to our children, and it does not meet our obligation to the future.

These kinds of changes may produce budget savings in the short run, but they are not in the long-term interests of our country; this is not the kind of legacy we want to leave our children. After all, our people are the most important asset our country has. If we are to compete successfully in the future, if we are to generate the kind of economic growth we need, and if we want expanded, rather than diminished, opportunities for our children—and their children—we simply cannot skimp on essential investments in education.

We all know that education is one of the most important determinants of the amount our children will earn in their lifetimes. In this increasingly technological age, education is ever more important. How, therefore, does it make budget sense, or any other kind of sense, to cut our investment in education, when one of the top purposes of this bill is to improve the legacy we are leaving our children, and to create a brighter future for our children.

The bill's approach to health care is as shortsighted and misguided as its approach to education. Advocates of the bill's Medicare and Medicaid provision argue that the reconciliation bill does not cut either program; what is actually going on is simply a reduction in the rate of growth of these two programs from their current double digit increases to a bit more than 4 percent annually. They also argue that action is required in order to keep the Medicare trust fund solvent.

If the only important thing is the narrow budget numbers themselves, that argument is correct. If, however, the economic and health care realities behind those numbers are also considered, the argument collapses.

The truth is that this bill calls for reductions in Medicare of $270 billion—three times what is needed to protect the trust fund. And the truth is that the aggregate spending levels are not the whole story, but only the beginning of the story. There are two factors driving up the cost of Medicare and Medicaid, and health care costs generally: demographic change, and cost inflation. The simple fact is that the number of older Americans is increasing far more rapidly than the population generally, and that the increases in the number of elderly Americans will accelerate even further early in the next century when the "baby boomers" begin to hit retirement age. This fact has profound implications for Medicare, and also for Medicaid—because spending for older Americans takes 70 cents of every dollar spent on that program. Both Medicare and Medicaid must increase substantially just to keep pace with the increasing number of Americans using those programs.

Health care cost inflation is a perhaps even more important factor. Medicare and Medicaid inflation rates have been at double digit levels, or close to them, for a long time, and it is true that we have to get that inflation under control. However, this bill has no real plan for reducing health care inflation. Instead, its impact will be to reduce the quality of care and the health care choices available to millions of Americans. Under this bill hospitals and other health care providers will see over $200 billion less in reimbursement for services provided to Medicare patients, which will literally drive some of them into bankruptcy, and cause others to reject Medicare patients; Medicare premiums will double, as will deductibles; the two-thirds of all nursing home residents who depend on Medicaid will be thrown into jeopardy; and almost 9 million people, including almost 4½ million children, could be thrown off the Medicaid rolls.

Again, what seems to be happening is that costs are not being eliminated by making the delivery of health care cheaper and more cost-efficient, but by simply transferring costs from the Federal budget to the budgets of individual Americans. Medicare beneficiaries will not only see higher costs from the Medicare Program directly, but higher private insurance costs, as so-called Medigap insurance, which involves higher administrative costs and more inefficiency than Medicare—becomes more expensive due to this bill. Medicaid recipients will also face higher costs—the average cost of a year in a nursing home is $38,000—for less health care. And every American will likely see higher health insurance costs, as hospitals push costs formerly paid by Medicare and Medicaid over to privately insured patients. Lewin-VHI, an independent research firm, found that the $452 billion in Medicare and Medicaid changes will force doctors and hospitals to raise their fees for private patients by at least $90 billion.

Under this bill, Americans will get $245 billion in tax cuts, but if even half of the $452 billion in Medicare and Medicaid reductions show up in the budgets of individual Americans, then Americans are not better off at all. They deserve more than budgetary shell games. They deserve real reform—we need real reform—but all this bill provides is the rhetoric of reform, instead of the reality. The only reality it will deliver is less care and higher costs for every American. It takes a meat ax approach to health care system reform when a scalpel would do a better job.

I have focused a lot on the impact this reconciliation bill will have on all Americans, Mr. President, but I cannot conclude without expressing my outrage and my dismay on how it treats the poorest Americans. The proponents of this bill say it reforms welfare, that it reforms the EITC, that it reforms health care for the poor, that it reforms nutrition programs, and that it, along with the appropriations bills that encompass the rest of the program advocated by the other side of the aisle, reforms the rest of the social safety net. But these reforms are even less real than the health care reforms. Instead, these proposals represent a shredding of the social safety net. This reconciliation bill walks away from the working poor. It walks away from the welfare recipients who want to work. It walks away from poor children who want the opportunity to escape their poverty.

It walks away from opportunity, from inclusion, and from making use of all of the talents of all of our people. It walks away from the problems of our cities, and of economically distressed rural areas.

It calls for further reductions in welfare, even though welfare benefits per beneficiary have been declining for years. It fails to recognize the real problems involving child care, and access to jobs, and job training that have to be addressed in order to make real progress in reducing our welfare rolls by bringing people into the work force. It ignores the fact that two-thirds of welfare recipients are children. It divides us from one another, viewing the poor as a cost to be cut, instead of as an asset to be developed. I could go on, and on, and on.

Considering the overall impact of the bill, one has to ask the question, "What do the supporters of this bill have against poor people?" After all, Americans who make less than $20,000 get a tax increase, instead of a tax cut, under this bill. Americans who make less than $30,000 get no tax cut at all. And the poorest 20 percent of American families have to bear half of the total cuts in Federal spending. This reconciliation bill is so unbalanced that the distributional impact is—or should be—a stunning embarrassment.

It is the long term that I believe must guide our deliberations. We must deal with Federal budget problems, but our objective must be to deal with our budget problems in a way that enhances our country's future, and our children's future. A bill that undermines education, that simply transfers costs from the Federal Government's balance sheet to the budgets of American families, and that needlessly jeopardizes, instead of reforming, our health care system, cannot end the anxiety so many Americans are experiencing.

How can making education more expensive that is already too expensive be in our long-term national interest? How can cutting taxes by $245 billion, at a time when we have $4.9 trillion in Federal debt outstanding, and at a time when we are experiencing nine-figure budget deficits every year, be in our long-term national interest. And how does lowering taxes for some Americans while pushing more health care costs, education costs, and so many other costs onto every American family help them better meet their own long-term objectives. Finally, how is walking away from the poor—and particularly poor children—consistent with either our own long-term interests or our own core values.

The answers are, of course, obvious. It cannot, it does not, and it is not. It does not meet the long-term needs of American families. It does not prepare our Nation or our children to meet the challenges the future holds. It does not include the kinds of reforms we need. All this bill offers is diminished opportunities, a loss of competitiveness, and a continuation of the current anxieties that so plague the American people. When it inevitably fails, its only lasting result will be to further increase the already pervasive cynicism that so poisons our public dialog.

We can and must do better. We have an obligation to our country, to American families, to our children, and to their children to enact the kind of reforms that will help make our individual and collective futures brighter. However, the only way for this Senate to do the right thing is to first defeat the wrong one. I therefore urge my colleagues to join me in opposing S. 1357, the Balanced Budget Reconciliation Act.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CHAFEE. Mr. President, I wonder if the distinguished Senator from Illinois would answer a question.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. CHAFEE. Maybe I could have 5 minutes off the bill, if I might.

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

Mr. CHAFEE. Mr. President, the distinguished Senator from Illinois is a member of the Finance Committee. So she is familiar with some of these items, obviously. But I heard her say that under the Republican measure the Medicare part B premiums are going to double. What is her source of information for that? What is she basing that on?

Ms. MOSELEY-BRAUN. I am going to have to find the record. But I would be delighted to get back to my colleague with regard to the effect as to some of the recipients of Medicare. The premium will double, and those are the numbers provided for us in committee. I would be delighted to get the base information. I do not have it.

Mr. CHAFEE. I wonder if the Senator from Illinois is objecting to the affluent testing of the part B premiums.

Ms. MOSELEY-BRAUN. Objecting to the affluent testing? No. I would say to my colleague that the point I have been trying to make in this statement today is that we are with this bill in all 20 instances robbing Peter to pay Paul, taking from one pocket to put in another, and that, therefore, the notion that we are just restraining, restoring, and saving the program becomes illusory given the overall impact of the changes that are suggested in this reconciliation bill.

There do have to be changes. That is the main import of my statement as well. There have to be changes in the way that this program works. Certainly, affluent testing is one. Some parts of the affluent testing proposed in the Finance Committee are laudable and will help the program overall. But the overall impact on the way we treated the part B premiums will be to increase the cost on senior citizens and will double the costs in some instances.

Mr. CHAFEE. Let me just say this. As the Senator knows, we both worked together in the Finance Committee on the Medicare matters. To say that the Republicans are doubling the premiums on part B is an inaccurate statement, if I may say so to the Senator. We maintain the percentage that an individual pays under the part B premium at exactly the same amount that is there now, the same amount that was there under a Democratic administration and under us. It is 31.5 percent.

Now, if the predictions show that the costs of the premiums are going up, that has nothing to do with Republicans being in charge. That is a fact of costs of health care. But to say it is a Republican fault is a charge that I think is a very unfortunate one to make.

I say to the distinguished Senator from Illinois that what we have done on the Medicare Program is justified. Have there been some deductibles increased? Yes, there have. But the part B premium remains at exactly the same percentage that exists now. And if the distinguished Senator from Illinois objects to the affluence testing, then she is on a different course than I am and I think most of the American public.

Ms. MOSELEY-BRAUN. I would like to reclaim my time and to read to the Senator some numbers:

Under this plan, increased premiums alone will cost every elderly couple an additional $2,800 over the next 7 years. By the year 2000, premiums will double to more than $1,100 per beneficiary per year. Upper income beneficiaries—

And this gets to the affluence testing that the Senator mentioned.

will pay even more. For some of them, the premiums will triple.

It is documented. So maybe——

Mr. CHAFEE addressed the Chair.

Mr. DORGAN. Will the Senator yield to me?

Ms. MOSELEY-BRAUN. I yield.

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from Rhode Island controls the time.

Mr. CHAFEE. It is my time, Mr. President. I believe I am on my time.

The PRESIDING OFFICER. The Senator from Rhode Island controls the time.

Mr. CHAFEE. All right. Now, I would just say this, that those premiums she is discussing would go up no matter which administration and under whose program you are talking about.

Ms. MOSELEY-BRAUN. But that does not make my statement in error, does it?

Mr. CHAFEE. If the premiums are going up—and who knows what the costs are going to be out there because we do not set forth a dollar amount, as the distinguished Senator knows. We stay at exactly the same percentage. And if health care costs should go down, then the premiums will go down. If health care costs go up, then the premiums go up. To blame that on the Republicans and on our Medicare Program is just a charge that I believe is highly unfair.

Ms. MOSELEY-BRAUN. I would like to claim my time.

Mr. CHAFEE. I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator yields back his time.

Who yields time on the amendment?

Ms. MOSELEY-BRAUN addressed the Chair.

Mr. ABRAHAM. Mr. President, I believe the previous agreement——

Ms. MOSELEY-BRAUN. Mr. President, I have not yet yielded the floor.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

The Senator from Rhode Island claimed time under the Republican side on the bill and was recognized for 5 minutes. He has yielded back his time.

Who yields time?

Mr. ABRAHAM. Mr. President, just as a point of clarification, I believe the Senator from Nebraska is not in the Chamber now, but he had previously sought and obtained consent for the Senator from New Mexico to proceed at this point.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 5 minutes.

Ms. MOSELEY-BRAUN. Will the Senator from New Mexico allow me, because I think we got into a parliamentary pickle here for a second, and I just want 30 seconds.

Mr. BINGAMAN. I would be glad to yield 30 seconds to the Senator from Illinois.

Ms. MOSELEY-BRAUN. I thank the Senator.

Again, to Senator CHAFEE, the Office of Management called. Part B here more than doubled. That is to be found on page 8 of the statement of policy. And I would like to provide that for the Senator. I did not misspeak. We may have a different interpretation, but the statement that I made was factual with regard to the impact on part B premiums. I yield the floor, and I thank the Senator from New Mexico.

Mr. BINGAMAN. Mr. President, let me speak for just a few minutes about the Republican tax plan, the plan which is before us. It is title XII of the bill. It begins on page 1463 and runs through page 1949. In case some of my colleagues have not read all aspects of it, I have not either, but I do think I understand the main thrust of it. The main thrust of it is that it does place an additional burden on those who are least able to pay. In doing so, it provides tax breaks to those who are doing the best in our economy.

The Joint Committee on Taxation, which has been referred to many times here in this debate, has released some findings that I think all of us have to agree are accurate, and those findings are that people who earn $30,000 a year or less will be shouldering a heavier tax burden once this bill becomes law. The new data are the result of the effort and the proposal to reduce by $43 billion the earned-income tax credit.

Mr. President, this chart here, I think, makes the point about as well as anyone could. We have here the people who have $10,000 of income or less. Their taxes will be expected by the year 2000 to rise 9.6 percent. In the case of people with $20,000 of income, it is 2.2. In the case of people with 30,000, it is a smaller percentage. But everyone in that entire range would see their taxes increased. At the same time, those above $30,000 would see a decrease.

Mr. President, what we have, which is a fairly remarkable result, in my opinion, is a bill that cuts Federal taxes, reduces Federal taxes by $245 billion and at the same time increases taxes on more than half of all Americans who pay tax.

Let me point to one other chart here which I think makes the point very dramatically.

The Senator from North Dakota earlier was saying that the bottom 50 percent of all taxpayers are the ones who are going to see their taxes go up. In my home State—and we have State-by-State breakdowns of this—in my home State of New Mexico, it is not the bottom 50 percent who are going to see their taxes increased; it is the bottom 70 percent. Because we are a low per capita income State, we have a substantial number of people who are in that income category that puts them at $30,000 or less. So 70 percent of the taxpayers in my State will in fact see their taxes rise under this bill according to the Joint Tax Committee.

What is most disturbing about this is that this is happening at a point in American history where the average American worker is having a tougher time making ends meet. They are seeing their wages, the real spending power of their wages decline. Families are increasingly finding themselves without adequate health care coverage or pension options. It is a time when the stock market is at new highs, when corporate profits have never been higher than they are at this time in our history.

In fact, talking about the stock market and corporate profits, there have been many times in the last month or so when I wished I owned some stock. We own very little stock. And I am sure there are many working families in this country who look at the rise in the stock market and wish they had a piece of that pie. But the reality is they do not.

What we are doing here is the rich are taking a bigger share of the Nation's economic pie than ever before. We are proposing in this bill to reduce the burden on those who are relatively well off.

Some have recently argued that the $500 child tax credit is more than an adequate offset to those working poor who will be getting tax increases. This is simply not true. Clearly, a family has to have substantial enough income on which to pay taxes for a $500 credit to make a difference. More than a third of the Nation's children will not benefit at all or will only receive partial credit from this proposal. If we are serious about giving tax relief to the working poor, then the child tax credit should be refundable or offset against payroll taxes, not just against the income tax.

A working family in my State with two children and $15,000 adjusted gross income has no Federal tax liability and thus has no opportunity to receive any benefit from the child tax credit. This worker, however, has a real increase in tax burden by the reduction in EITC that helps the family keep working, not falling back into welfare programs. But this same worker has payroll taxes of $1,148.00. If the child tax credit were an offset against these taxes, then this might do some good.

Mr. President, this Senate has been here before—in fact, 14 years ago. In 1981, it was the passage of the Kemp-Roth bill which was a major cause of the deficit we are now struggling with. In 1983, 1985, and at other subsequent times, this Congress has quietly undone parts of Kemp-Roth, which cut taxes during a time when the Nation's financial circumstances could not bear the pressure. But we have never recovered—and that is why the budget balancing process today is so terribly difficult. It is very unwise to attempt to cut the programs that we are cutting toward the noble cause of balancing the budget, and at the same time cut taxes for the wealthy. It was the wrong thing to do in 1981, and it is the wrong thing to do today.

Mr. President, if we are going to promise tax relief, it needs to be equitable. We must go back to the drawing board and reverse these EITC reductions.

The Republican tax plan, as it now reads, benefits the wealthy at the expense of the poor. We would be better off leaving the whole issue of taxes to another day when we can afford it, and when it can be done fairly.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Michigan.

Mr. ABRAHAM. Mr. President, at this time I would like to yield 10 minutes of our remaining time to the Senator from Maine, but before I do I just want to recognize and commend the efforts of the Senator from Maine.

It was Senator COHEN who last year served as the ranking minority member of the Senate Special Committee on Aging, and it was his staff that produced the document which I have read from several times tonight pertaining to investigations of the kinds of Medicare fraud and abuse which the amendment I have brought this evening tries to address. It was his fraud and abuse legislation, in fact, introduced earlier this year, which served as the basis for the antifraud and abuse provisions contained in the legislation before us. His earlier legislation had bipartisan support.

Provisions in the pending legislation are tough. They are comprehensive and they are unprecedented in their effectiveness. I believe that this is the first time health care fraud and abuse provisions have been scored by the Congressional Budget Office as generating savings.

In fact, according to CBO, these provisions yield over $4 billion in savings. So, I want to commend the Senator from Maine for these efforts. They are productive ones. And I applaud what he has done. And at this time I turn the floor over to him.

The PRESIDING OFFICER. The Senator from Maine is recognized for 10 minutes.

Mr. COHEN. I thank my colleague and friend from Michigan. I want to join in support of the amendment that he has offered to make what I believe to be very strong antifraud measures even stronger.

Mr. President, I have listened at length to the debate today, and I think the American people are wondering, why are we here at this point in time debating this issue in the fashion that we are debating it?

We are here because there has been a lot of politics involved in the entire debate. Ever since the release of the trustees' report on the Medicare trust fund last spring, Republicans have said, "We have to do something." I recall that Senator DOLE, the majority leader, last spring urged that President Clinton try to put together some kind of a bipartisan commission or committee or group of Senators and House Members to see if we could not resolve this on a bipartisan basis.

There were no takers. There were no takers at that time. They simply said there is not a problem. "There is no problem with Medicare, and you Republicans are simply trying to blow it out of proportion." Well, there is a problem. There is a problem that has to be fixed.

Let me say very candidly, as we talk about taxes, that I, for one—I may be a minority of one—do not favor tax cuts at this time. I think that we should be balancing the budget, period, at this time. But I think we have to separate out the issue of the reformation of the Medicare fund itself.

I compare it to a situation of a home in Maine, by way of example. We are going into the winter season. We have a home that needs to be heated. And there is frost on the walls, and the inside of the walls, not the outside. That is how cold it is. We have a home that is losing heat. We need to get heat into the home to keep people warm. The problem is, you have several holes in the roof, and the windows are broken, and we have an inefficient furnace in the basement.

Now, there are one or two ways that we can keep warm in that home. We can try to buy more fuel. We do not have enough money, so we have to get a second or third job, assuming you can find a second or third job. And so we have to buy more fuel to put more fuel into the home to keep the frost from freezing us inside. That is one way of doing it. That way would be to simply increase taxes. If you want the analogy to be made properly, we just have more taxes to keep the system going at a rate of 10 percent growth. That is what we have to do, increase the taxes.

I have not heard one single person on the other side call for a 44-percent increase in taxes, in the payroll tax of part A of the Medicare trust fund. So we know that we would have to get more fuel oil or get a second or third job to buy more fuel oil to put oil in that house.

Or we could make the house more energy efficient. We could fix the holes in the roof. We could fix the windows that are broken. We could put a new furnace that is energy efficient in the basement and conserve energy as opposed to allowing it to go out through the chimney and the holes in the roof and the windows.

That, basically, is what the Republicans have tried to do in terms of slowing down the growth of the Medicare fund as such to make it more efficient, to stop growing at a rate of 10 percent to 6.3 or 6.5. Now, President Clinton, to his credit, admitted that we have a problem, and he suggested that we slow the growth down to 7.5 percent.

Mr. President, I suggest that there is room for agreement between our two parties, between the President and the Senate and the House. And right now, unfortunately, we are in a stage where we are setting the posture for a potential agreement sometime down the line.

But let us not make any mistake about it, we still need to reform the Medicare system. Part A and part B have to be reformed if we are going to ever stop the growth rate of 10 percent a year, which cannot be sustained under anyone's calculations without a major tax increase. And no one on that side of the aisle is talking about a major tax increase.

I would like to come back to a subject matter which I think has been addressed earlier but is of great importance to me because it deals, not with Medicare, but Medicaid. One of the mistakes, I believe, that has been made in the bill as reported out of the committee is that we are suddenly waiving many of the standards and regulations that have been hard fought in the field of nursing home care.

One of the first bills that I introduced back in 1973, in December 1973, was the Nursing Home Patients' Bill of Rights. That came in the wake of a number of congressional investigations into absolutely intolerable conditions in nursing homes where patients were tied to their beds or wheelchairs, where they were medicated and overmedicated to the point where they were practically zombies, where a Senate aging committee called them warehouses for the dying.

As a result of the expose of the abuses that were taking place in the nursing home industry itself, we were able to, over a period of time, establish nursing home patients' rights. Many of them have been put into place by Executive order. Finally, under OBRA 87, the Omnibus Reconciliation Act of 1987, we finally were able to put into law specific regulations and standards about how these homes should be run and maintained.

We have, for all practical purposes, eliminated that under the bill. I hope that we can correct that. I believe that we can correct that, and we should correct it.

But tomorrow we are holding a hearing in the Aging Committee in which we will again discuss the reasons why we need a continuation of the Federal standards and oversight and enforcement of nursing homes.

Let me give you just a couple examples. By the way, this is not a new issue.

I ask unanimous consent to have this material printed in the RECORD.

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

CONGRESSIONAL HEARINGS AND REPORTS LEADING UP TO THE ENACTMENT OF THE NURSING HOME REFORM ACT IN 1987

May 1986: Nursing home care: The unfinished agenda—an information paper.

May 21, 1986: Nursing home agenda: The unfinished agenda, vol. 1.

Feb. 26, 1985: Sustaining quality health care under cost containment.

July 1985: America's elderly at risk.

July 9, 1985: Health care cost containment: Are America's aged protected?

Sept. 10, 1985: The long term care ombudsman program: A decade of service to the institutionalized elderly.

Sept. 18, 1985: The rights of America's institutionalized aged: Lost in confinement.

October 1985: Dying with dignity: Difficult times, difficult choices.

October 1, 1984: Discrimination against the poor and disabled in nursing homes.

November 1983: Staff data and materials related to Medicaid and long term care.

February 2, 1982: Medicare coverage and reimbursement of skilled nursing facility services.

March 22, 1982: Long term care for the elderly in Florida.

March 27, 1982: Medicaid fraud: A case history in the failure of state enforcement.

July 15, 1982: Nursing home survey and certification assuring quality and care.

July 16, 1982: Nursing home inspections: New Jersey.

December 9, 1981: Oversight of HHS inspector general's effort to combat fraud, waste, and abuse.

May 15, 1980: Medicare and Medicaid fraud.

October 17, 1979: Special problems in long-term care.

July 25, 1978: Medicaid anti-fraud programs: The role of state fraud control units.

August 11, 1978: Medicare-Medicaid administrative and reimbursement reform act.

March 1977: Fraud and abuse in nursing homes: Pharmaceutical kickback arrangements.

June 8, 1977: The national crisis in adult care homes.

June 17, 22, 23, 30 and July 1, 1977: Civil rights of institutionalized people.

June 30, 1977: Kickbacks among Medicaid providers.

March 1976: Nursing home care in the United States: Failure in public policy.

June 3, 1976: The tragedy of nursing home fires: The need for a national commitment for safety.

August 1976: Fraud and abuse among practitioners participating in the Medicaid program.

September 1976: The tragedy of multiple death nursing home fires. The need for a national commitment to safety.

January 1975: Nursing home care in the United States: Failure in public policy.

February 1975: Nursing home care in the United States: Failure in public policy.

August 1975: Nursing home care in the United States: Failure in public policy.

September 1975: Nursing home care in the United States: Failure in public policy.

September 26, 1975: Medicare and Medicaid fraud.

November 11, 1975: Society's responsibilities to the elderly.

November 13, 1975: Medicare and Medicaid fraud.

December 5, 1975: Medicare and Medicaid fraud.

December, 1974: Nursing home care in the United States: Failure in public policy—an introductory report.

December 1974: The litany of nursing home abuses and an examination of the roots and controversy, supporting paper #1.

February 11, 1965: Conditions and problems in the nation's nursing homes, part-1.

February 15, 1965: Conditions and problems in the nation's nursing homes, part-2.

February 17, 1965: Conditions and problems in the nation's nursing homes, part-3.

February 23, 1965: Conditions and problems in the nation's nursing homes, part-4.

August 9, 1965: Conditions and problems in the nation's nursing homes, part-6.

August 13, 1995: Conditions and problems in the nation's nursing homes, part-7.

May 5, 1964: Nursing homes and related long term care services, part-1.

May 7, 1964: Nursing homes and related long term care services, part-3.

For a listing of Congressional hearings and reports related to nursing home care since 1987 and/or for a listing of state and national reports on nursing home care, please contact The National Citizens' Coalition for Nursing Home Reform.

[From the Indianapolis Star, Oct. 10, 1995]

EXISTING PROTECTIONS

The Republican Congress has taken steps to eliminate burdensome federal regulations, many of which are unnecessary and costly to individuals and businesses.

But when it comes to abolishing nursing home regulations, which protect the health and safety of elderly citizens, some caution is in order.

Before repealing a law that has vastly improved conditions at nursing homes in Indiana and nationwide, lawmakers should study the sordid history that led to its enactment. They are likely to find this is one area where uniform federal standards make sense.

At issue is the Nursing Home Reform Act of 1987, the final phase of which took effect just this past July. As part of the move to turn Medicaid into block grants for the states, Congress is trying to repeal the law and drastically reduce funding of the nursing home enforcement system.

The 1987 law—which requires nursing homes that receive Medicaid dollars to follow good nursing practices and protect residents' rights—was the result of years of study, public hearings and documentation of abuses, such as the use of unnecessary physical restraints and excessive reliance on drugs for behavior control.

The standards have been gradually phased into effect over the past eight years. As of July 1, agencies such as the Indiana State Department of Health have federal authority to levy fines and ban admissions at homes that violate the standards. As recent experience has shown, the law has dramatically changed how officials police bad facilities.

For example: During the entire 11-year period from 1984 to 1995, Indiana assessed only 33 fines against nursing homes for violating regulations. In the three months since July 1, 28 state fines have been levied, three homes barred from accepting new residents pending resolution of problems and four homes scrutinized by state monitors inside their facilities. In addition, the federal government denied Medicaid to 12 homes and issued 48 civil financial penalties.

If the proposed legislation passes, it is highly unlikely states will replicate the federal law. In fact, they will be under intense pressure from the nursing home industry to deregulate facilities to compensate for Medicaid reimbursement cuts. Beds for those who depend on Medicaid will become sparse since long waiting lists are already common.

Scott Severns, an Indianapolis attorney and president the National Citizens' Coalition for Nursing Home Reform, believes federal rules may actually save taxpayers' money spent on the elderly. As a result of the '87 law, he notes, hospitalizations of nursing home residents have dropped 25 percent, which means less spent through Medicare.

"Nursing home residents who are hospitalized for broken bones, bedsores and infections from neglect cost far more than residents who receive proper care," he says.

If Congress wants a compelling reason to preserve the federal protection, it need look no further than Ritter Health Care Center in Indianapolis.

Last month, state inspectors found Ritter residents tied with gauze to rails and beds and smeared with food and body wastes. Some were confined to rooms by greased door handles because too few staff were available to supervise. One resident on a liquid diet choked on a piece of food.

Ritter had been cited for numerous violations since 1993, but never really punished. Thanks to the new federal tools, the health department moved swiftly this time. The owners have been fined and denied Medicaid eligibility. Tragically, residents must now move elsewhere because of the facility's failure to correct its problems.

That is how the federal law was designed to work. That is how it is working in Indiana. At this point, it would be a mistake to repeal what isn't broken.

[From USA Today, Sept. 27, 1995]

DROPPING FEDERAL REGS IS AN INVITATION TO TRAGEDY

Eight years ago, after 15 years of argument, Republicans and Democrats in Congress got together to correct a public embarrassment. They passed a law to stop nursing home operators from abusing or neglecting the elderly.

They had ample incentive. Reports of residents lying in excrement, dehydrated, malnourished or overmedicated were commonplace. State regulation was a failure. Public outrage was high.

It should be just as high now. The regulations created by that law are about to be weakened or stripped away—victims of a ideological crusade to curb federal authority, good or bad.

Control would return to the state, despite their history of failure.

Those pushing the new plan, House and Senate Republicans, claim their legislation is not a repeal. They say the law is ineffective. And they say it's hugely expensive.

All three claims are fiction.

Not a repeal? Under existing regulations violators are subject to financial penalties, decertification, denial of payments or takeover by temporary managers if they violate health and safety standards. Proposed changes would weaken enforcement by states that are vulnerable to powerful lobby groups. The Senate wouldn't require inspections, nurse staffing or protections against restraints or medication.

Not effective? A government study of 269 homes in 10 states cited impressive results. The study found hospitalization of nursing home residents down 25%, use of restraints down 25%, and detection and punishment of abuses increasing.

Too expensive? Quite the contrary. A study of 9,000 Georgia nursing-home residents reports a monthly $76,738 savings by curtailing unnecessary drug therapy, thanks to the regulations. And that's not an isolated case. The National Citizens Coalition for Nursing Home Reform, a resident advocacy group, says the changes saved billions in costs attributed to poor treatment.

Even the American Health Care Association, representing nursing home owners, says costs have not been a problem.

In fact, nursing home owners signed onto the legislation when it passed in 1987. So did consumer groups. So did state officials. So did the Institute of Medicine, research arm of the National Academy of Sciences, whose 1986 report on nursing home conditions led to the reform.

No credible evidence exists to justify reversing course. If changes are necessary they should be based on the same kind of thorough study and public hearings that produced the original regulations.

Seniors are in nursing homes because of advanced age, mental or physical disabilities, to recover from hospitalization or because they have no one to care for them. They are frail and vulnerable. They deserve all the protection the public can provide.

[From the New York Times, Oct. 18, 1995]

KEEP NURSING HOME STANDARDS

In its ongoing effort to give more power to the states, Congress wants to scrap Federal standards for quality of care in nursing homes. Given past abuses that the standards were designed to guard against, and the future need for even more nursing homes, this is an invitation to trouble. There may well be room to revise the Federal standards to make them simpler and less costly. But with vast changes occurring in the health-care system, the need for Federal standards to insure minimal quality is greater than ever.

It was only about 20 years ago that a series of media exposés, state government reports and legislative hearings revealed widespread abuses in nursing homes, from unsanitary conditions and malnutrition to overmedication, neglect and sexual, and physical abuse. In 1987 Congress passed the Nursing Home Reform Act, which set national standards for staff training, individual assessments of patients and protection of basic patient rights, including the right not to be physically restrained, the right to voice grievances and the right to be notified before transfer or discharge.

The law has begun to make a difference. In the mid-1980's, about 40 percent of nursing home patients were physically restrained; now, less than 20 percent are. Improved care has also led to savings on medications and unnecessary hospitalizations.

Now Congress is trying to reshape the health-care system by sharply cutting Medicaid, which provides about 60 percent of nursing home funding, and shifting the money to state control through block grants. Congress wants to cut $182 billion out of Medicaid over seven years, which would likely lead to reduced reimbursement rates for nursing home services and facilities.

Many states are insisting that, if they are to assume control of a reduced pot of money, they must have the power to set their own nursing home standards to eliminate needless costs. House and Senate committees have separately passed bills that would give states primary responsibility for setting quality-of-care standards for nursing homes, with Washington offering only general categories to be covered. Nursing home providers could lean on states to cut back on standards that they will not be able to live up to for lack of funds.

Nearly two million people now reside in nursing homes. But with an estimated 43 percent of people over 65 years of age likely to spend some time in a nursing home, and an aging baby-boomer population, the demand for these facilities will only grow. To abandon national standards now may invite a return to the nursing home disasters of the past.

Mr. COHEN. We have had over 50—at least 50—congressional hearings and reports over the years dealing with nursing homes, going back all the way to 1965. This only starts in 1986. We have had many more since that time.

But let me just cite you some examples of what is taking place, even as I speak.

Recently in Maryland, a resident expired due to strangulation from an opposing restraint because the resident was not properly wearing a restraint.

In Ohio, we had a resident who died due to strangulation from a vest-type restraint that was incorrectly applied.

In Florida, we had a resident who was sexually assaulted by a nurse's aide.

In Indiana, a resident was found with maggots in wounds.

In Ohio, a resident was being fed with a syringe and aspirated. The staff was unaware what to do. The resident became cyanotic and was subsequently hospitalized.

In Louisiana, we had a resident who was left unattended in a geriwalker and fell. She hit her head and required hospitalization.

In Texas, a resident was force fed with a syringe and aspirated and was hospitalized.

In Maine, we had a resident die of pressure sores.

In Indiana, a resident fell down the stairs and was killed.

In Indiana, a resident in respiratory distress was left unattended for 7 hours. The resident died.

In North Carolina, a resident required thickening liquids to prevent choking. It was not provided. The resident developed aspiration pneumonia.

In Indiana, a resident was missing from the facility. He was found two blocks away.

I could go on for some length this evening, which I will not do. I suggest we have to make modifications to this legislation to make sure that we tell the States, "No, we are not simply turning it all over to you, that, because Medicaid has been turned over in the form of a block grant as such, we still expect some standards and oversight and enforcement on the part of the Federal Government."

This is not something that the States can say, "Wait a minute. This is a Federal mandate here." We have $800 billion going to the States in the next 7 years, $800 billion. That gives us some right, it would seem to me, to say that there ought to be standards that have been set. They ought to be enforced, and we ought to maintain a level of oversight that will, in fact, make sure that we do not have a repetition of some of the things that I have outlined here tonight. These are just symptomatic; these are just a small sample.

I know my friend from New Mexico is sensitive to this. He served with me on the Aging Committee. The Presiding Officer sitting in the chair also serves in that committee. And we will hear more about this. We need to make sure that when you finally come to that position in life where you have to take a parent or a grandparent and turn them into the arms of those who run our nursing homes—that is just the beginning—we have to make sure that those facilities are well run, they are well managed, that the residents are properly cared for, so that the people who have entrusted their loved ones into the hands of these individuals who are running the nursing homes do, in fact, treat them with loving care, and make sure that we are satisfied that that is so.

Now, Mr. President, I will not take the time this evening—I have, I think, just a few moments remaining—other than to indicate that my friend from New Mexico is aware of my concern about this. I know that he and others are working along, hopefully, with others on both sides to make sure that this is corrected. I believe it is a deficiency. We need to correct it. And it should be done, if not this evening, certainly tomorrow before we proceed further. And I yield back.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMENICI addressed the Chair.

Mr. DOMENICI. I yield 2 minutes to the Senator from California.

Mrs. BOXER. I thank the Senator very much.

I would like to commend the Senator from Maine for his words about a hidden part of this bill.

It is a very large bill, and in it is a repeal of Federal nursing home standards. In the Budget Committee on which I serve, I raised this issue. I have spoken about this issue on the floor. It is truly music to my ears to hear you speak about this as eloquently as you have.

I am sure you are aware that Senator PRYOR has put together an amendment. I know he was looking forward to working with you on it, and I am a cosponsor of that amendment.

I happen to have had the sad circumstance of losing my mother a few years ago, and she died in a nursing home. Even with the Federal standards, I say to my friend, it is an awfully difficult situation. The people are so vulnerable. They are as vulnerable, in many ways, as little babies. It just tears your heart out.

To think that we would allow 50 separate legislatures and 50 separate Governors to say, "Well, gee, maybe we don't have enough money in this, maybe we do," I think is just too important.

I am so pleased to hear the Senator from Maine say that the Senator from New Mexico, my chairman, is concerned about this matter. I hope we can reach across the aisle and maybe restore those national standards.

I think it is something we did because there was a crying need. I agree that change is wonderful, but sometimes it does not make sense to change something when we learned how rough it was out there in those nursing homes.

I want to thank my friend very much. I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMENICI. Mr. President, do I have time remaining?

The PRESIDING OFFICER. Two minutes and twenty-two seconds.

Mr. DOMENICI. Mr. President, I yield myself 3 minutes off the bill.

I want to thank Senator COHEN for his statement tonight and his efforts in the past on the Aging Committee. He has done excellent work. Everybody knows the committee is a factfinding committee, but you have turned it into more than a factfinding committee because much legislation has come from the hearings you held.

We had one in the recent past, which you actually brought forth, with reference to fraud, saving money, some abuses on the side of the SSI Program, which were clearly brought out by your committee. I thank you for that, and I can assure you we have your concerns under our serious consideration, as we move through in an effort to get a good bill that passes the Senate and goes on its way to a conference in the House.

Let me also compliment Senator ABRAHAM for this particular amendment that we are now addressing. Actually, nothing bothers senior citizens more than what they consider to be a rat's nest as they look at their bills and they look at the processes and they receive documentation on what they owe and what Medicare owes or what Medicaid owes—total confusion.

Some of them try to find out if they have been gouged. Some try to find out if they have been overcharged or even that they have been charged for something they do not remember getting.

Frankly, it is so complicated that they give up. We are losing because of that. One of the most credible and reliable ways to control costs is by having an informed patient concerned about costs. In fact, I think that everyone would agree that over the past 30 years, one of the reasons that health care costs have spiraled is because we are developing a culture where the recipient of the benefits pays so little or nothing that they never challenge the bills and, as a result, if it goes unchallenged long enough, it gets pretty loose, to be kind of modest in one statement.

This amendment says we want to take back the patient, the senior citizen and make them part of the army that polices fraud and abuse. This says if, in fact, the senior finds that they are going to share, by way of a portion of the recovery that is made, it will be an incentive to them.

This is new and different. Some might say it will not work but, frankly, what we have been doing is not working. So it seems to this Senator that what we ought to do is adopt this amendment, make sure it becomes part of the law, and as we move through our reform, give seniors more choice which is going to permit them to be more selective, more concerned and to gain more from watching the bills. This ought to become part of the substantive law of the land.

Mr. President, I yield back the remainder of my time, and I suggest the absence of a quorum.

Mr. HARKIN. Before the Senator puts in a quorum call, I hope he will yield for a question.

Mr. DOMENICI. Without losing my right to the floor I will.

Mr. HARKIN. This Senator came to the floor in good faith because I thought that when time was through, then there would be an opportunity for an amendment. I was going to offer a second-degree amendment. I wonder why that is not appropriate to do at this time.

Mr. DOMENICI. Mr. President, I humbly apologize. What is the Senator's question again? I was trying to get your question answered, but I did not listen to you. So that is not very good.

Mr. HARKIN. My question was, I thought under the rules, after the time on the amendment ran out, that it would be open for amendment. I had a second-degree amendment I was going to offer. I was going to do it at this time.

Mr. DOMENICI. Mr. President, let me tell you what I understood the situation was, and we have the minority leader here. I think what we said is the Abraham amendment will be second-degreed, and you all can amend it, but we would like to see the amendment before we agree to that. I just got the amendment, and I would like very much just to look at it for a minute and get right back to you, during which time I will ask for a quorum call. I reinstate my request.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT REQUEST

Mr. DOLE. Mr. President, let me sort of outline here what we have agreed to do. I want to thank the Democratic leader and the Senator from New Mexico and others who have been working on this, along with the Senator from Kentucky, Senator FORD.

As I understand it, we have laid aside the Rockefeller Medicare amendment and the Brown amendment to Rockefeller. The Abraham amendment is pending, and that will be second-degreed by Senator HARKIN. After that debate, that will be laid aside, and then the Senator from New Jersey [Mr. BRADLEY] will offer a motion to recommit EITC, and Republicans will offer a first-degree amendment.

Following that, we will recess for the night, leaving approximately 8 hours remaining. Then tomorrow morning, the Senator from New Jersey will have an additional 20 minutes or 30 minutes starting at 9 o'clock on the EITC.

Mr. DOMENICI. How much time is Senator BRADLEY getting? Is he getting a special privilege or the regular time?

Mr. DOLE. The regular time. He will save 30 minutes of his allotted time.

Mr. DOMENICI. I think the Senator should speak tonight. The whole world will turn him on and turn the baseball game off.

Mr. BRADLEY. If the Senator will yield, I think the Senator is quoting me in my conversation with him, and he should attribute that to me.

Mr. DOMENICI. I was merely repeating what the Senator said.

Mr. DOLE. Anyway, there will be 30 minutes, and then after that, that would be laid aside and then there would be a motion to recommit Medicaid, and there will be no first-degree amendments to that. That will be followed by either an amendment or a motion on education, and then an amendment or motion on deficit reduction, or an amendment or motion on rural restoration.

That takes us to approximately 12:30, at which time we hope to be able to say that we have worked out some agreement, where they will have either up or down votes on their first-degree amendments or motions to recommit, and we will have up or down votes. There will not be any second-degrees on, say, the Abraham amendment, or on the other amendments, but vote on or in relation to, and motions to table. I think that fairly well covers it. In other words, if we reach an agreement, Republicans may withdraw all second- and first-degree amendments and have votes in relation to the major amendments. Democrats will do the same on the amendments pending. That will take us to 12:30 p.m. tomorrow. Do I properly state the understanding, I ask the Democratic leader?

Mr. DASCHLE. Mr. President, that clearly articulates, I think, the agreement that we have. We will have a series of amendments tomorrow morning. I urge all Democratic Senators to be on the floor to offer the amendments and participate in the debate. We will continue to negotiate during that time, with an expectation of having some final understanding of whether or not we can reach an agreement by tomorrow noon. And then we will work from there.

Mr. DOLE. That would, in effect, take care of your so-called tier 1 amendments.

Mr. DASCHLE. That is correct.

Mr. DOLE. I make that request. Is there any objection to my request?

The PRESIDING OFFICER. Is there objection to the request?

Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, it has been accepted, but might I ask both leaders this. It is clear that if we do not have an agreement and all of the first-degree amendments that were offered by the Democrats that have been set aside, we can offer our second-degrees to them, is that understood?

Mr. DOLE. That is the understanding of the two leaders. Hopefully, we can reach an agreement where they can get up or down votes or motions to table and we can have the same. If we cannot, we are back to square one and we start voting.

Mr. DOMENICI. Mr. President, might I thank the minority leader and those who worked with him, including Senator EXON and others. We offered you something a little different than that and, frankly, I think this accommodates both, and we are very pleased you were able to help us work it out. I thank you very much.

Mr. FORD. Mr. President, may I ask the distinguished majority leader, when do we vote? Are all the votes going to be stacked? It appears to this Senator that once you debate an amendment, you debate the second-degree, you ought to vote on it and then we lose—maybe that is what you want to do—but it seems to me that once an amendment is debated, if there is a second-degree amendment, that is debated and, at that point, we ought to vote on it rather than keep stacking. I know you are trying to work out an arrangement here, but something is going to be retroactive based on whatever the agreement might be.

I just hope that at some point we will get to where we can vote and get that part behind us. We understand probably the numbers of the votes, but there might be a surprise or two in this.

Mr. DOLE. I do not disagree with the Senator. But I think until we have an agreement, it probably would not work, because we would be forced, in effect, to offer amendments and may not want to offer amendments. We will keep that in mind. I think you are right, we ought to have the amendment and second degree, and then vote. I think while we are trying to work this out—well, we should know by 1 o'clock tomorrow.

Mr. DASCHLE. In addition to that, Mr. President, I share with the distinguished minority whip that it is our intention to try to utilize the time we have and to avoid second-degrees, if it is at all possible, to allow us more opportunities to offer our amendments.

I ask the majority leader, we have shared the first and the second tier with the leader. I am wondering if you might have the list of Republican amendments that you are planning to offer so that we might have the evening to take a look at them. If that could be accommodated, that would be helpful.

Mr. DOLE. The majority whip is working on a list and when it is available, we can do that. I think the majority whip is working on that list as I speak.

Is there any objection?

The PRESIDING OFFICER. It has been agreed to.

Mr. DOLE. That will be the last vote today. There will be no more votes today or during the evening.

AMENDMENT NO. 2957 TO AMENDMENT NO. 2950

(Purpose: To strengthen efforts to combat Medicare waste, fraud, and abuse)

Mr. HARKIN. 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 Iowa [Mr. HARKIN] proposes an amendment numbered 2957 to amendment No. 2950.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. HARKIN. Mr. President, this amendment is an amendment to the amendment offered by the Senator from Michigan, Senator ABRAHAM, and it deals with waste, fraud, and abuse in the Medicare system. I might just say at the outset that while I have no real disagreements with the amendment offered by the Senator from Michigan—it is not a bad amendment—it just does not go very far. There is a lot more that I think needs to be done in the whole area of waste, fraud, and abuse than is encompassed either in the underlying bill or the amendment offered by the Senator from Michigan.

Mr. President, for the last several years, I have been privileged to chair the Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies.

In that capacity, at least once a year, I had a hearing on the issue of waste, fraud, and abuse in Medicare. Just about every year I asked the GAO to do a study on one facet or another of the waste, abuse, or fraud in the Medicare System.

We have had several of those, and two or three inspector general reports on that subject also during that period of time.

It seems that every year we would uncover something and try to take some action to stop it, and it would only pop up in another place and be even worse.

I became convinced over the last couple of years that major changes had to be made in the way we address the issue of waste, fraud, and abuse in the Medicare Program.

Mr. President, these GAO reports that we have had done are available to Senators. Here is one that we had on medical supplies that was done over the last year, issued in August 1995.

Let me say for the record what the GAO found in their study of the purchase of medical supplies. They went in and did a random sample of supplies that were paid for by Medicare. They went behind the supplies to get an itemized list.

When they looked at it, the result was startling. The GAO found that 89 percent of the claims should have been partially or totally denied; 61 percent of the money paid out should never have been paid out.

That is a lot of money, Mr. President, because last year Medicare paid out about $6.8 billion for medical supplies. If that sample that GAO took was representative, and I believe it probably was, you are talking somewhere in the neighborhood of $4 billion going for wasteful, duplicative, and fraudulent spending.

While we may not get all of that, we certainly ought to be able to get a good share of that money back for our taxpayers who are paying this money in.

There are a lot of other programs. The computer system that HCFA used, for Health Care Financing Administration, the computers are outdated. It is as if we were all using manual typewriters, that is how outdated their hardware and software is. Here is another report we had from the GAO outlining that.

Very briefly, what the amendment I have offered does is add to the amendment offered by the Senator from Michigan. Basically, it strengthens the sanctions against providers who rip-off Medicare. Those convicted of health care fraud and felonies would be kicked out of Medicare. Maximum fines would be increased. What we also did, Mr. President, I think the heart and soul of the whole thing, is that we have to go to competitive bidding.

We found, for example, that Medicare was paying up to 86 cents for a bandage that the Veterans Administration only pays 4 cents for. We found in durable medical equipment that Medicare was paying up to $3,600 a year for an oxygen concentrator that only costs $1,000. The Veterans Administration was reimbursing at only about $1,200 a year—one-third of what Medicare was reimbursing. Same for oxygen equipment and everything.

Time and again, we have found the Veterans Administration was substantially below what Medicare was paying for the same items. The reason for that is because the Veterans Administration competitively bids for durable medical equipment, services, and for supplies; Medicare does not.

Usually, when I tell audiences that, they cannot believe it. They cannot believe we would not do something so simple and straightforward and so market-oriented as to require competitive bidding for supplies, services, and durable medical equipment.

This started when Medicare first came in 1965—a fee schedule was set up for the items, and it has rolled on year after year after year.

Quite frankly, Mr. President, I say in all candor, those entities, those companies involved in this, have had a sweetheart deal. They have opposed efforts in this Congress and in other Congresses to do away with the fee schedule and go to competitive bidding. I can understand why—because they are really ripping off the system.

Mr. President, we had a study done on duplicative claims. Case after case where a doctor put in for, say, two X rays; the GAO found out he should have only been paid for one X ray. On and on.

Again, this is because GAO's computers could not pick it up. We had testimony from one private insurance carrier who also did the billing for Medicare. They had one set of computers and software for their private side of what they did; they had another set for what they did for Medicare.

The examples were astounding about how for the same claims, covering the same items, under the private side the computers and their programs would pick up duplicative claims and spit those out so they would not pay it. On the Medicare side, because of the old software and computers, they would not catch it and out would go the money for two x rays when only one was required.

So our amendment, the amendment I offered, requires competitive bid. That, I believe—we can do anything we want to Medicare. Want to cut money, want to save money in Medicare you can do all you want to and jimmy the system, but until we have competitive bidding we are really not going to get to the bottom of the extensive amount of money that goes out.

What are we talking about? GAO estimates that up to 10 percent of Medicare spending goes for waste, fraud, and abuse. You figure $170 billion this year in Medicare, if we took 10 percent, that is $17 billion a year. We are talking about 7 years here. Mr. President, $17 billion a year for 7 years, and you have more than enough to take care of fixing up the Medicare system just by clamping down on waste, fraud, and abuse.

I realize we cannot get all of that but if we could just get half of it, if we could just get half of it, we would save our taxpayers and we would save the beneficiaries from having to pay more money.

Our amendment provides for that competitive bidding. It would specifically prohibit also Medicare payments for a number of items clearly not related to quality patient care.

For example, we found, Mr. President, that Medicare was paying for tickets to sporting events, personal use of automobiles, and we even found that they were paying for travel to Italy to examine art to be put into a hospital. Medicare was picking that up. Our amendment expressly prohibits that.

Another part of our amendment clamps down on improper payment for ambulance services. Again, another GAO report that we had done shows that ambulance services are charging the highest rate for ambulance services even though they are not using all of the equipment or they are not using the more expensive ambulance services when they go out to pick up a patient.

Also, our amendment, as I said, puts funds in there so they can get updated computers, so they can stop the double billing.

GAO estimated that if this amendment, this part of the amendment that we offered, to require Medicare to employ the commercial software that is available and to do it within 6 months—and GAO said they could do it within 6 months—that in the first year we could save $600 million just by employing this software.

Mr. President, our amendment would strengthen the criminal penalties and also provide rewards up to $10,000 to individuals who report violations of the law which result in criminal convictions for health care fraud.

Our amendment also provides for uniform application process for health care providers seeking to participate in Medicare and Medicaid. Right now, there is just too much paperwork. Our amendment says one standardized form for the submission of claims under Medicare and Medicaid. Again, Mr. President, that would save countless millions of dollars.

So, in sum, Mr. President, this amendment builds on what the amendment offered by the Senator from Michigan does and what is in the bill. What is in the bill, and even with the amendment offered by the Senator from Michigan, really does not get to the real problem.

I repeat for emphasis' sake, the real problem in Medicare is lack of competitive billing. All of those who believe in the market system and who believe the market system gets you the best services and the best prices, you ought to be for this amendment. We ought to, for once and for all, require competitive bidding for Medicare just like we do the Veterans Administration.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, I yield myself such time as I may use to briefly comment on the amendment before us, and then I will yield further time to other Members on our side.

Mr. DOMENICI. Will the Senator yield 5 minutes to me first and then proceed?

Mr. ABRAHAM. I will.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 5 minutes.

Mr. DOMENICI. In the short timeframe of this evening, not even an early part of the day, because I did not keep tabs on all times, but Senators on the other side of the aisle—this evening it was Senator DORGAN and my colleague, Senator BINGAMAN—took to the floor and talked about the distribution of the tax cuts. And Senator DORGAN said nobody has disavowed and disproved that 50 percent goes to the very wealthy people.

Mr. President, the truth of the matter is that was first reported in the Wall Street Journal article, and the Joint Tax Committee writes the chairman of the Finance Committee a letter on October 24. Let me read a paragraph.

> No factual basis exists for the assertion (since retracted) contained in the Wall Street Journal of last week asserting that one-half of all households would experience a tax increase under the Senate Finance Committee revenue [package].

In other words, it was retracted by the Wall Street Journal but it continues to be used. And in this letter the Joint Tax Committee states the following, and let me read it. Calendar year 1996, without EITC changes.

Some will say wait, you have to have EITC in it. I will put it in. Just a minute.

For 1996, it says, "Under $75,000 is 77 percent; under $100,000 is 90 percent." In 1996, they confirm that the tax cut, that 77 percent goes to people under $75,000 in earnings.

In the year 2000, because there are some changes—let us put it all on the table—68 percent of the then-completed tax cuts go to $75,000 and under, and 83 percent to $100,000 and less.

Now, let us use EITC, since Chairman ROTH asked them: Check about the EITC. So we make sure we got that. With the EITC tax changes, this confirmation letter says the following. In 1996, the tax distribution is as follows: "Under $75,000, 75 percent. Under $100,000, 89 percent." It has been changed by 1 percent, from 90 percent to 89 percent.

In the year 2000, with the EITC tax changes, 65 percent of the distribution is wage earners under $75,000 and 81 percent under $100,000.

If you are talking about taxes, that is the authentic story, from the authentic source. And this one, even the President has decided not to do his own. Everybody uses the Joint Tax Committee. And they are saying this.

So, when anyone comes down on the other side and says nobody has disproved it, disavowed it, we are going to put the letter in the RECORD.

I ask unanimous consent it be printed in the RECORD at this point, the letter dated October 24, and I yield the floor.

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

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON TAXATION,
Washington, DC, October 24, 1995.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Senate Finance Committee, Senate Office Building, Washington, DC.

DEAR CHAIRMAN ROTH: I am writing in response to your letter of October 23, 1995, in which you asked me to address several questions with respect to the revenue recommendations approved by the Senate Finance Committee on Thursday, October 19, 1995, and previously approved reforms to the Earned Income Credit ("EIC"). The highlights of my response to your questions are set forth immediately below. Detailed answers to each of your questions are provided in the supplemental submission which accompanies this letter.

No factual basis exists for the assertion (since retracted) contained in the Wall Street Journal of last week asserting that one-half of all households would experience a tax increase under the Senate Finance Committee revenue recommendations—even if one were to include the effects of the EIC reforms previously approved by the Senate Finance Committee.

The Joint Committee on Taxation did not change its distribution analysis of the Senate Finance Committee's revenue recommendations. Our analysis of this set of proposals indicates:

PERCENTAGE OF TAX REDUCTION TO INCOME CLASSES

Calendar year	Percent Under $75,000	Percent Under $100,000
1996	77	90
2000	68	83

The distribution analysis does not change significantly if one also includes the EIC reforms (including the EIC outlay reductions) approved by the Senate Finance Committee in a separate mark-up (as requested by Senator Moynihan):

PERCENTAGE OF TAX REDUCTION TO INCOME CLASSES

Calendar year	Percent Under $75,000	Percent Under $100,000
1996	72	88
2000	61	79

At Senator Nickles' request we also prepared an analysis of the Senate Finance Committee's revenue recommendations, including the effects of EIC reforms previously approved by the Senate Finance Committee, but limited to the revenue effects of the EIC reforms, i.e., excluding the outlay or spending portion of the proposed EIC reforms. That analysis indicates the following:

PERCENTAGE OF TAX REDUCTION TO INCOME CLASSES

Calendar year	Percent Under $75,000	Percent Under $100,000
1996	75	89
2000	65	81

With respect to the Senate Finance Committee's previously approved EIC reforms, our analysis of the combined effects of the Senate Finance Committee's EIC reforms, the $500 child credit and marriage penalty relief for 1996 indicates that less than 1.5 percent of all households will have an income tax increase as a result of the EIC reforms. Other key points to consider include: 3.6 million households without children would no longer receive an EIC beginning in 1996. This reform reinstates the pre-1993 policy of providing an EIC only to families with children. Approximately 1.2 million households will owe income taxes as a result of this change.

Of the remaining 14.7 million households with children who would be eligible for the EIC, approximately 14 million would not have an increase in their income taxes over current law. Approximately 700,000 households would owe income taxes because of the Senate Finance Committee's EIC anti-fraud and illegal alien provisions and the affluence reforms that count certain types of income in determining eligibility for the EIC.

Families who are currently eligible for the maximum EIC (families with children and having adjusted gross income under $12,000) will receive an even larger EIC next year and thereafter. For example: (i) The maximum EIC for a family with one child will increase from $2,094 in 1995 to $2,156 in 1996. (ii) The maximum EIC for a family with two or more children will increase from $3,110 in 1995 to $3,208 in 1996.

In addition, since these families would not owe any taxes under the Senate Finance Committee's revenue recommendations, the full amount of their EIC would represent an outlay payment from the Federal government.

Families living at or near the poverty line (one-child families with earnings under $12,500 and two-child families with earnings under $15,500) would continue to receive an EIC in excess of the family's Federal payroll taxes (employee and employer shares).

Even after the Senate Finance Committee's EIC reforms, the cost of the EIC would exceed $20 billion in 1996 and thereafter.

The share of federal taxes paid by higher-income individuals under the Senate Reconciliation bill would actually increase as compared with Federal taxes paid under current law.

If you have any questions about this information, please do not hesitate to contact me.

Sincerely,

KENNETH J. KIES,
Chief of Staff.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, I yield myself as much time as I may need just to make a couple of comments on the second-degree amendment to the first-degree amendment, and then I will yield the balance of time on that point.

The Senator from Iowa commented that the first-degree amendment was a good amendment, but not nearly adequate to deal with the issues of fraud and abuse in the Medicare system. I do not disagree with that point. It was not intended to be the comprehensive solution to fraud and abuse problems with Medicare.

Indeed, we do not need that in my amendment because the reconciliation bill includes a whole variety of projects and sections which try to address these problems.

First, the Senate Republican proposal directs the Secretary of HHS, through the inspector general, and the Attorney General to establish a joint program to coordinate Federal, State, and local law enforcement efforts to combat health care fraud and abuse.

Second, our bill creates a new health care antifraud and abuse account to cover the cost of this coordinated health care antifraud and abuse program between the inspector general at HHS, the FBI, State fraud control units, and Department of Justice prosecutors. All moneys collected in the form of penalties, fines, forfeitures, and damages from health care fraud cases will be turned back over to the Medicare hospital insurance trust fund.

Third, the bill establishes new health care antifraud and abuse guidelines relating to safe harbors, interpretative rulings, and special fraud alerts. For instance, under this provision, any person may request the HHS inspector general investigate and issue a special fraud alert informing the public about suspected fraudulent activities against Medicare or Medicaid.

Fourth, the bill strengthens current sanctions by requiring the Secretary of HHS to exclude from receiving Medicare or Medicaid payment individuals and entities against whom there have been convictions for fraudulent activities.

Fifth, we create intermediate sanctions for the Secretary of HHS to use against Medicare HMO's which fail to live up to contractual responsibilities. Civil monetary penalties range from $10,000 to $100,000.

Sixth, our bill establishes a national health care fraud and abuse data collection program and requires the information collected be made available to Federal and State government agencies and health care plans.

Seventh, this proposal increases the amount of civil monetary penalties for current law, adds new offenses to those subject to civil monetary penalties, and requires that all civil monetary penalties be used to reimburse the Medicare or Medicaid program and any remaining dollars be returned to the health care fraud account.

Eighth, for the first time, a health care fraud section is added to the criminal code.

Ninth, this measure extends the authority of State health care fraud control units by allowing the Units to investigate other Federal fraud abuses and allowing investigation and prosecution in the case of patient abuse in non-Medicaid board and care facilities.

Finally, Mr. President, the 10th reason the Senate Republican bill is tough on fraud and abuse is that it will clarify existing provisions of the criminal antikickback law in the areas of discounting and managed care related to Medicare choice plans. Direct the Secretary of HHS to study the benefits of volume and combination discounts to the Medicare Program and develop regulations based on the findings of such a study.

And I just conclude my statement by saying we have worked hard already in this legislation to address the areas of fraud and abuse in Medicare to try to save the taxpayers' dollars. I would just add this point. As I inspected the things that we had already done, it struck me the one missing ingredient, important missing ingredient was to provide an incentive whereby the Medicare beneficiaries themselves could help us to solve these problems in the years ahead and to provide an incentive for the Medicare beneficiaries to help us solve these problems in the twin approaches which we have outlined in our amendment.

That said, at this point——

Mr. HARKIN. Will the Senator yield just to engage in a 2-minute colloquy?

Mr. ABRAHAM. I committed time at this point to other Members. Maybe they would be able to yield at this point, but I have to, at this point, yield my time to the Senator from New Hampshire.

Might I make an inquiry as to how much time we have left?

The PRESIDING OFFICER. The Senator has 22½ minutes.

Mr. HARKIN. I just wanted to ask one very small thing.

Mr. ABRAHAM. Sure.

Mr. HARKIN. The Senator was very thoughtful. As I said, I do not really have much argument with what is in the bill. I am not trying to undo what is in it, nor the Senator's amendment. But I still think the heart and soul of this is competitive bidding. I hope the Senator will think about that. Maybe we might reach some agreement on this. But I think the time is long past when we should put out competitive bidding just like they do in the Veterans Administration. I hope your side might take a look at that.

I thank the Senator.

Mr. ABRAHAM. At this point, I would like to yield 12 of our remaining minutes to the Senator from New Hampshire, to be followed by 10 minutes to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 12 minutes.

Mr. GREGG. Mr. President, I thank the Senator from Michigan for yielding this time. I think it is important at this juncture in the debate, because so much has been discussed relative to the impacts of the Medicare activity within this bill and all these numbers that have been put on the floor, to maybe go back and review where we are, especially in the context of this amendment that has been brought forward by the Senator from Michigan, which is an excellent amendment, and the amendment which has been brought forward by the Senator from Iowa, because the Senator from Iowa keeps referring to the fact that the essence of cost control in Medicare should be competitive bidding.

If that is the Senator's position, and that is the position of the Members on the other side of the aisle, then they should be embracing with enthusiasm the proposal for strengthening Medicare which we have put forward in this bill because our proposal is competitive bidding. What we are saying to the senior citizens of this country is today you are locked into a single-source provider, or approach called fee for service. But we are going to open the marketplace up to you. We are going to give you, the seniors of this country, choices—essentially the same choices in concept that Members of Congress have. We are going to allow you to choose between groups of doctors practicing together in what is known as PPO's, and doctors practicing together with hospitals in what is known as HMO's, and groups of doctors and hospitals practicing together in all different kinds of imagination for which we do not have names and titles for, euphemisms, initials, and titles for; medical savings accounts, and your present fee-for-service proposal which you can participate in. We will not limit your ability to participate in that. But we will open the marketplace to competitive bidding for your dollars that you are spending on Medicare today and on your health care.

That is the essence of our proposal. It is to bring the marketplace into the Medicare system, something that has been ignored over the last 20 years as we have seen Medicare evolve.

The impact of doing that is essentially what the Senator from Iowa has mentioned. He thinks the impact of bringing competitive bidding into a narrow band of purchasing activities on Medicare, the impact of bringing competitive bidding to the entire concept of health care and the marketplace into the Medicare system, is to control the rate of growth of costs of the Medicare system. Why are we doing this? We are doing it because if we do not control the rate of growth for the Medicare system we have been told by the Medicare trustees that the Medicare system will go bankrupt. Unfortunately, earlier today we heard about the fact that statements were made on the other side of the aisle from some of the Members that we, in controlling the rate of growth of the Medicare system, are undermining the Medicare system; the fact we are trying to keep the Medicare system from growing at the 10-percent rate of growth, which the trustees have said is going to lead to bankruptcy, is being construed on that side of the aisle as somehow irresponsible.

I find it very difficult to follow the logic of that argument because, as the trustees have told us, a 10-percent rate of growth is not sustainable, and will lead to bankruptcy. How can you come forward on the floor of this Senate and say that, when we are trying to control that rate of growth and allow a rate of growth which is sustainable which allows the trust fund to remain solvent, we are being irresponsible?

The irresponsibility lies with those who continue to allow the costs to escalate uncontrolled at a 10-percent rate of growth and, therefore, would lead to bankruptcy of the system. The way we are planning to control those costs is through competitive bidding, using the marketplace, giving seniors options which they presently do not have, to go out and choose different forms of health care delivery; being absolutely clear at the same time that, if they want to stay in the system they want today, if they want to stay in fee for service, they can do that.

What has been the experience that leads us to believe that by giving seniors more choices we will end up being able to control the rate of growth in health care costs? It is what has happened in the private sector. The private sector, over the last 5 years especially, has seen a major move of employee insured groups going from fee for service into some sort of coordinated care delivery, some sort of fixed cost insurance program. The experience has generated some fairly clear guideposts for us in the public sector as we attempt to give our seniors who are getting Medicare today the same type of options that those of us in the Senate have, and that many people in the private sector have, which is the opportunity to choose different types of health care delivery services.

This chart that I have here reflects what has happened in the private sector as we have seen a movement of approximately 60 percent of the population from fee for service into different types of coordinated care, or care with a fixed cost paid up front. This red line is the rate of inflation in health care costs. The blue bars indicate the rate of enrollment in managed care types of plans. As you see with the managed care enrollment going up, the rate of health care costs, inflation, has gone down. In fact, it has dropped by about 50 percent. It has dropped so much that, for example, in the Federal employee plan, which is the plan that basically we are tracking at least in concept—not specific but in concept—with what we are going to offer senior citizens, last year the Federal employee plan had no health care inflation. This year it will have no health care inflation. Last year it actually had a drop in health care inflation. So there was actually a negative increase in premium costs.

That is why we believe that when we give seniors the option to participate in a marketplace, why when we bring the marketplace forward to compete for the seniors' dollars, we will see the type of efficiency which is inherent in a capitalist system, in a marketplace system, in the type of approach which the Senator from Iowa has said will work in a narrow band. It will work in a broad band also.

Therefore, under our plan we are essentially going to be able to address not just the narrow costs of how much a bandage costs but the broad costs, the overall health care delivery system cost for our senior citizens. That, of course, should be our goal. Why should it be our goal? Let us get back to why that should be our goal—controlling the rate of growth of health care costs. Because, if we do not control that rate of growth, once again it is important to emphasize the fact that the hospital trust fund goes broke. It goes bankrupt.

Once again, I want to point out that I keep hearing this number on the other side of the aisle that all we need is $89 billion to adjust the Hospital Health Care Trust Fund. That number is simply not accurate according to the trustees' report. The trustees' report was very definitive in stating that in order to get actuarial solvency of the hospital trust fund of the most minimal nature, the absolute bare minimum actuarial solvency, you need an adjustment that amounts to $387 billion over 7 years, not $89 billion.

So by using the method of creating competition for seniors, we expect to be able to control the rate of growth of costs. And we are really not controlling it all that much, quite honestly. We are talking about still allowing the rate of growth of Medicare to be 6.5 percent, essentially the same rate of growth of health care that the President wanted. As pointed out earlier by Senator NICKLES on this floor, the President's budget, as it was sent up, allowed for a rate of growth in Medicare which was essentially the same as our rate of growth in Medicare.

Why did the President send those numbers up? Because the President understands or at least his trustees understand that a rate of growth which we are presently suffering from—the 10-percent rate of growth—is unsustainable, and will lead to bankruptcy. You have to slow that rate of growth. But a 6.5-percent rate of growth is a huge—an absolutely huge—infusion of money into the Medicare system. That infusion of money—I will return to another chart which I had earlier—which represents $349 billion of new spending on Medicare over the next 7 years will be the type of dollars necessary to generate competition in the marketplace for our senior citizens as they go out in the marketplace and look for different types of health care to obtain.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 1 minute and 6 seconds remaining.

Mr. GREGG. I am running out of time. I probably will not have time to touch on it. But let me simply say in concluding on this point that the plan which we as Republicans have put forward is a plan which fundamentally strengthens the Medicare system.

It says to seniors that we are going to give you an opportunity to participate in similar programs that Members of Congress and Federal employees have, the opportunity to go out in the marketplace and look at different health care plans and decide which one is best for you.

And remember, we also say in our plan that if you, the senior, happen to purchase a health care program which costs less than what it presently costs us as a Federal Government to pay for your fee-for-service health care, we are going to let you keep the savings.

For example, in New England, for the average senior we are paying about $5,000. To the extent that senior is able to go out and find a health care plan that has to supply the same basic benefits and will probably supply many more—eyeglasses, some sort of drug benefit—to the extent that senior gets that plan because the marketplace prices that plan at a lower price, say they get it for $4,500 instead of $5,000, we are going to let the senior under our plan keep up to a minimum 75 percent of that $500 or possibly the whole $500, which is another huge marketplace incentive to control costs because it makes seniors thoughtful and, yes, cost-conscious purchasers of their health care.

It also creates in the marketplace a tremendous dynamic to compete for those senior dollars, which is the whole theory behind what we think is known as capitalism and what we think will generate, first, better and higher quality care and, second, care which will be more cost-effective and therefore will be affordable and therefore will guarantee the solvency of the trust fund.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GREGG. I thank the Chair.

The Senator from Idaho.

Mr. CRAIG. Mr. President, I join my colleagues tonight to debate this most important provision of the Senate reconciliation bill that is before us and the Republican proposal that I am so proud to support because of the kind of elements that we have put before the American public as truly positive change, while at the same time recognizing I think some of the very real needs that many of our citizens have.

The one that the Senator from New Hampshire has just addressed and the one I will spend some time with this evening that I think is critical for us to understand, of course, is Medicare and the changes we are proposing to bring stability and strength to the system and the kind of choice and independence that the seniors of this country, who are the recipients, the beneficiaries of this program, have expected and deserve to expect from their Medicare program.

The Senator from Iowa this evening has introduced a competitive bid bill in the antifraud and abuse provision of Medicare reform, and for a few moments this evening I think it would be very important to spend some time with that and to understand it.

The Senator from Michigan has put forth an amendment that addresses many of the provisions and adds to many of the provisions of the Republican proposal as it relates to Medicare reform; that I think is a tremendously positive approach; that in combination with the 10 reforms already in our legislation, when scored by the Congressional Budget Office, represents a proposed savings to Medicare of $4.1 billion.

Now, I must say that I am told the amendment of the Senator from Iowa has not been scored, and I wish he were in the Chamber so that I could seek that out with him, and if he returns I will ask him that question, because as we strive to balance the budget and keep ourselves on course as the American people have asked us to, it is important that amendments that come to the floor, if they are credible, if they really want to vote on them, ought to be scored. Ours has been, and it does represent a $4.1 billion savings.

What is significant about that is representative of what is going on in health care delivery today in this country and the fact that there are dedicated efforts at defrauding both the American taxpayer and the consumer of Medicare benefits.

Senator COHEN was in the Chamber this afternoon or later this evening. He serves as the chairman of the Senate Special Committee on Aging. I have the privilege of serving on that committee with him. Over the last several years, both he and Senator PRYOR, who chaired that committee before him, and I and others who have served on that committee have held a series of hearings to try to ferret out and understand the kind of waste, fraud, and abuse especially being perpetrated on the seniors of this country that would have the kind of impact on Medicare that it currently has.

Let me give you a couple of figures, Mr. President. As much as 10 percent of U.S. health care spending or about $100 billion is lost each year to health care fraud and abuse. That is a phenomenal figure. And yet we believe it is reasonably accurate. Over the last 5 years, estimated losses from these fraudulent activities have totaled $408 billion.

Now, that is not the only program or benefit that would have gone to the senior. That is tax money. That is the hard-working, tax-paying American citizen's dollar that some charlatan is making off with because they have learned to game the system and because we have not been able to catch them in gaming the system, or at least we certainly have not caught them at the level that I think all of our taxpayers would want.

So the 10 provisions that are in our Medicare reform bill, that were spoken to earlier this evening, along with the additional provision in the amendment from the Senator from Michigan, will register a savings of about $5 to $6 billion, and that is significant. That is big dollars where I come from, big dollars in anybody's estimation, and when it comes to delivering health care needs to our seniors, those are truly important dollars.

One of the things that is most significant in all of this, while we create brand-new bureaucratic schemes to ferret out all of this, is the very simple concept with which the Senator from Michigan has come forward. That is that individual Medicare beneficiaries report suspected fraud and abuse and we create an incentive program to allow them to do that.

Let me tell you why that is important. I think if every Senator would stop for just a moment, they could remember almost instantly that within the last several months they have had 1, 2, 3, 5, 10 letters from Medicare recipients in their State questioning whether their bill was accurate, whether they had been bilked out of a service that was not delivered and whether in fact their account had been charged.

Mr. President, less than 3 months ago, a former citizen from my State, who now lives in California, called my office one day. I had not heard from this man in years. He had happened to be from my hometown. He is now retired and living in California, and he had major surgery, and he is on Medicare. For some reason, he thought something was wrong with the billing; that he not only had been overcharged but there were fraudulent charges involved.

He sent me all of his material and said, "Senator, I know I no longer live in your State but we have known each other over the years. Would you look into it?"

Mr. President, we looked into it. It was thousands of dollars of billing that he was questioning. Within a period of about a month, we had discovered, in working with HCFA and working with Medicare, that this was, in fact, fraudulent billing.

Now, that is only one example, and I have chosen not to use his name tonight because I did not ask his permission, but I have done that on many occasions in working with my constituents, and I know nearly every Senator in the Senate has. We recognize without question that the current structure of Medicare simply cannot get at the kind of waste, fraud, and abuse that is current and prevalent within the program, and in trying to secure it, trying to make it stable, being able to turn to our citizens and say to them that Medicare will be there in the out years, strong and ready to serve them and their needs, we must get at these programs. They must result in the kinds of savings, more importantly, the kind of tightening up of it, that I think is so critically necessary.

So the 10 provisions we have talked about, certainly the one that the Senator from Michigan has offered that creates the incentives for the beneficiaries themselves to become involved, working with Federal, State, and local law enforcement units to combat especially the fraud sides of the program, are going to be increasingly valuable, and this is what I am proud to say we have offered. It has been scored. It saves $4.1 billion over the period of this legislation, and that is of critical need to all of us.

Mr. President, may I inquire how many minutes are remaining in my time?

The PRESIDING OFFICER. The Senator has 1 minute.

Mr. CRAIG. As we continue the debate over the next 12 to 14 hours, Mr. President, I hope that those citizens of our country who are watching will recognize the importance of what we do; and that is, for the first time in my time in public service for the State of Idaho, that this Congress will truly bring about a balanced budget proposal, and one that will set our Government in motion toward a balanced budget.

This is exactly what the American people were asking for last November. They were asking us not only to change the way Government thinks and acts, most assuredly the way Congress thinks and acts, but to do the kinds of things that we are doing in the Medicare reform, to clean it up, to stabilize it, to give them choice, to give them the freedom of not just fee for service, but the kinds of options that the private citizen of this country has, and to keep the program.

We know we can balance the budget and allow these programs to continue to serve the truly needy in our country and those that are direct participants, like the Medicare beneficiaries, and to do so in a way that allows the program to remain strong and assures that in the long term we will be able to have a balanced budget, turn to the American people and say, "We've done it. Your debt is now under control." Let us then begin to work on debt structure.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I ask unanimous consent to lay the pending amendment aside.

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

MOTION TO COMMIT

Mr. BRADLEY. Mr. President, I send a motion to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from New Jersey [Mr. BRADLEY] moves to commit the bill S. 1357 to the Committee on Finance with instructions that the Committee on Finance report the bill back to the Senate within 3 days (not to include any day the Senate is not in session) with identical language, except that the Committee on Finance shall strike sections 7462, 7463, 7464, and 7465 of the bill. The Committee on Finance shall also include provisions which offset the revenue losses from the striking of such sections with an elimination of corporate tax welfare provisions.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for one-half hour.

Mr. BRADLEY. Mr. President, I know that this debate is being held opposite the eighth inning of the World Series. And I will keep all Members in the Senate guessing as to what the score is, so we can focus on the issue before us, which is the earned-income tax credit.

Mr. President, the earned-income tax credit is a way to provide tax relief to working Americans of modest income. It is the most significant tax relief provided to working Americans of modest income that we have seen in the last 20 years. It has given many who are striving to make a better life for themselves and their families under very difficult circumstances the money they need to send their kids to parochial school, the money they need to maybe buy a little bigger apartment, pay the utility bills. It gives them the money that allows them to continue up the ladder of upward mobility.

Mr. President, the bill that we are considering now raises taxes on those working Americans. It essentially defers the third year of the tax cut that was passed in 1993 for those working Americans. In 1981, we passed a tax cut that benefited disproportionately the wealthy, and Democrats constantly made the debate that we should defer the third year of that tax cut because the wealthy did not need more tax relief.

We now have a proposal where the third year of a tax cut is about to be provided to working Americans of modest income, and the Republicans are attempting to defer that tax cut for working Americans of modest income.

Mr. President, I oppose this effort. I opposed it in the committee. I think that it is shortsighted. I think that it is not progrowth. I think it is not profamily. I think to raise taxes on families earning under $28,000 a year in income is an antifamily, antigrowth measure.

Mr. President, in this bill, according to the Department of the Treasury, almost 50 percent of the tax breaks go to people making more than $100,000 a year; at the same time, families with incomes below $30,000, which represent over 40 percent of the American families, face a tax increase.

Now, Mr. President, if this were the only measure in this bill, this tax increase on working families, I would oppose it. If it were the only measure in the bill, I would oppose it. But it is not the only measure in the bill. There are many other provisions that benefit many special interests, but there is one provision, in addition to this tax increase on working Americans of modest income, that I think draws the distinction between the parties very clearly, and that is the estate tax provision in this bill.

The estate tax is, of course, a tax assessed when one passes one's estate on to one's heirs. There is a $600,000 exemption, meaning that if you have an estate, when you pass away, if it is under $600,000 you pay no estate tax. Every year only 1 percent of those who die pass on estates of more than $600,000. Only 0.2 percent of those who die in a year pass on estates of more than $2 million.

Embodied in this bill that increases taxes on families working and earning under $30,000 a year, is a tax cut for estates of $5 million, a tax cut of $1.7 million on average. Let me repeat that. In this tax bill is a tax cut of $1.7 million for estates valued at $5 million.

Once again, Mr. President, the distinction is stark. While on the one hand, a $1.7 million tax cut is given to estates of $5 million, we have a tax increase on families earning under $30,000. I personally cannot understand the politics of this. I do not understand the politics of why. I do not understand the politics of really to whose advantage it lies, except those who get the $1.7 million tax cut.

So, Mr. President, the amendment that I have offered says, "Let's not increase taxes through eliminating the earned-income tax credit." I will get to that in a minute.

But the other thing that this tax cut does is, frankly, increase the national debt. Let me repeat that. This tax cut increases the national debt. This is a deficit reduction package. A deficit reduction package is for the purpose of reducing the national debt. This increases the national debt.

Why? Because in the budget resolution, there is a provision that says if there is an economic benefit from all this budget cutting, then that economic benefit, in its total amount, will be spent as a tax cut. That is what the budget resolution said.

The CBO says if we enact this budget with these budget cuts that it will save about $170 billion that according to the budget resolution, over a period of 5 to 7 years, would be used for a tax cut.

But this tax cut costs $221 to $224 billion. So this tax cut adds about $54 billion to the national debt over this period. There is no disputing those numbers. There are no mysterious letters from the Joint Tax Committee. There are no nuances on words, no playing on the difference between income, Social Security, and excise. There is just a stark number, a $54 billion more increase of the national debt.

So it seems to me that on two grounds, this is not merited. First, because it gives it away to estates of $5 million a $1.7 million tax cut and raises taxes on families earning under $30,000.

In addition to that, it increases the national debt by $54 billion over the period of this bill. But that is not the worst when it comes to the question of the national debt, because immediately after the window of 7 years, there is an explosion of debt.

For example, the capital gains provision will cost about $40 billion in the first years, which is about $5 to $6 billion a year, but in the remaining years, it costs $30 billion. So it jumps from $10 billion, $11 billion, $12 billion a year. Or take the IRA proposal; the backloaded IRA cost $7 million in the first 7 years, and $12 billion, a little less than $2 billion a year, and in the next 3 years costs $21 billion, which is another $7 billion a year.

So talking about the budget deficit, this is an explosion of the debt, an explosion of the debt in the outyears. On both those grounds, I strongly oppose these provisions.

The question is, is this a tax increase? We have a very skillful maneuvering being exercised by the other side. The distinguished Senator from New Mexico reported his numbers that for people earning under $75,000, 72 percent of the tax cut goes to people earning under $75,000 a year. True. But let us look a little deeper. The bulk of that goes to people earning between $30,000 and $75,000. The tax increase on families earning under $30,000 is still there.

In other words, what the distinguished Senator from New Mexico said can be true and still not refute the fact that there is a dramatic tax increase on families earning under $30,000.

Then, of course, we have this famous joint tax study which concludes that less than 1.5 percent of all households will have an income tax increase as a result of EITC reforms. "There it is," says the Senator from New Mexico and the Senator from Delaware, "only 1.5 percent have an income tax increase."

Maybe, but what about Social Security taxes? If you are earning $25,000 a year, the income tax is going to be a big problem; you are going to pay it. The big tax you pay is a Social Security tax, and the earned income credit is for the purpose of offsetting taxes and Social Security taxes. So everything that the Joint Tax Committee says in their letter can be true and a $20 billion increase in Social Security taxes can still be valid.

So, Mr. President, anyway you cut this, this results in a tax increase for families earning under $30,000 a year. In my State, which has the second highest per capita income, that means about 13 percent of the families in my State will have a tax increase.

I saw the distinguished Senator from New Mexico on the floor saying 40 percent of the families in his State would have a tax increase because they earn under $30,000 a year. That is because their per capita income is lower.

So, Mr. President, we are going to hear a lot about errors and yet in the opponents' provision, only $1.6 billion deals with anything related to compliance. If they are so interested in fraud and error, why are they not doing more to deal with compliance?

In the amendment I have suggested, I keep $1.6 billion in compliance measures. And then, of course, the other side will show a graph. "This is a gigantic explosion of growth in this program, an explosion of growth."

Mr. President, when you give somebody a tax cut, you lose revenue. In 1993, we chose to give families earning under $30,000 a year a 3-year tax cut, which means that tax cut grows. So when you see the chart that they might show that shows a figure with a line going up saying "Growth of EITC," translate in your mind: Increasing tax cut for families earning under $30,000 a year. Yes, and if you do not want to give them a tax cut, then you would support the Republican position. If you believe they should have the third year of their tax cut, just as the wealthy had the third year of their tax cut under the bill passed in 1981, then you would support the Democratic position. Do we want to raise taxes on working families or not? Which is the progrowth, profamily policy? I do not think that there is much of an argument on the other side.

They will say, "Oh, no, we have a child credit." Bravo. Let me compliment them. I wish they had supported my amendment in the Finance Committee that would have stricken everything in this bill except the child credit, the adoption credit, the student loan interest deduction. They voted against it. Why? Because you want to have that other provision in the bill, the estate tax provision.

Remember? A $5 million estate gets an average tax cut of $1.7 million. That is why you did not support the amendment and simply have a tax cut for working families, because you wanted the tax cut for estates of $5 million. Strike it from the bill, show us that you want only tax cuts for working families. If not, admit to what this game is all about.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Senator from Delaware.

Mr. ROTH. I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Mr. ROTH. Mr. President, you have heard a great deal of demagoging during the past few days from the President, from Congressional Democrats, and from the Treasury Department, a lot of bogus claims about our tax package. We are here this evening to bring you the truth about the Republican tax package. The bottom line is this: American families will be better off next year under our tax package than they are today. Our tax relief package is the biggest tax cut for middle-income families in more than a decade.

Mr. President, I agree with the President of the United States when he says that the tax increase of 1993 was a mistake—the largest tax increase in the history of this country. I would hope that there would be bipartisan support for our tax cut, in view of the President's message.

Under our reform, more than 98 percent of all U.S. households will receive either a tax cut or no tax increase. And this includes our reforms to the earned income tax, the $500 per child credit, and the marriage penalty relief in the Senate Republican bill. Those are the facts.

I challenge the Administration and Congressional Democrats to prove their assertion that 51 percent of all taxpayers would receive a tax increase under our bill. This assertion has no basis in fact, and it seriously strains the credibility of the Treasury Department. The Joint Tax Committee analysis, released today, shows that the facts are on our side. Republicans are focusing the earned income credit on the working poor with children—the people for whom it was originally intended. We give a tax cut to most families that pay income tax, and we preserve the EIC for those who need it the most. The indisputable fact is that more than 98 percent of all U.S. households will either receive a tax cut or have no tax increase with the Senate Republican bill.

The earned income credit program started in 1975 in an environment focused on reforming welfare policies for families with dependent children. Senator Long was a driving force behind the establishment of the earned income credit program, and this program provided cash assistance to working low-income families with children. The Finance Committee report on the Tax Reduction Act of 1975 stated that the program should be of importance in inducing individuals with families receiving Federal assistance to support themselves. There is no doubt that since the inception of the earned income credit, its focus has been on hard-working, low-income families with children.

In 1993, the program strayed from its original intent of helping working families with children, when President Clinton expanded the program to include childless, able-bodied working adults. My colleagues across the aisle often point out that President Reagan supported the program. Yet, when President Reagan lauded the earned income credit, the program only covered working parents of children and cost about $2 billion in 1986.

Today, the program makes payments to childless adults, and its costs have skyrocketed to over $20 billion. The reforms of the earned income credit contained in the Republican Senate bill will return the program to its original goals, those lauded by Senator Long and President Reagan, of a welfare program focused on low-income working families with children.

My colleagues across the aisle should realize that this will help children. Under our bill, the earned income credit will be available only to individuals who are eligible to work in the United States. Illegal aliens will no longer benefit at the expense of hard-working taxpayers.

Make no mistake about it, Mr. President, EIC is a cash transfer program, a welfare program, administered through the Tax Code, rather than through a Federal agency like the Department of Labor. If Congress were to reduce the amounts paid to food stamps, no one would say that Congress is raising taxes. Changes to the EIC are the same as changes to the Food Stamp Program. We are not raising taxes on EIC recipients.

The Democrats are arguing that changes to the EIC will raise people's taxes. In response to these concerns, I have asked the Joint Committee on Taxation tc perform a detailed analysis of the Senate proposal to reform the EIC. This information is now available, and I released it earlier today to the public.

Mr. President, the purpose of the changes in EIC is to focus the program on the working poor with children. We do make four policy changes. We eliminate any EIC payment for individuals with no children. As I indicated, this program was intended to help families with children, and that should continue to be the policy of this program. We also prevent illegal aliens from obtaining this benefit. We also provide that outside income should be considered in determining whether or not one is eligible for the EIC. Why is tax-free interest not considered in determining eligibility? Why is tax-free Social Security or pensions not considered in determining eligibility for the earned income credit? Fourth, we take steps to eliminate the fraud and abuse in this program. Unfortunately, this program has had deplorable rates of fraud and abuse, as high as 30 to 40 percent a year. Recently, there has been, hopefully, some improvement in that. But it is estimated that it could still be as high as 20 percent. People are outraged and shocked with the waste, fraud, and abuse in food stamps or AFDC, but they only amount to 5 to 6 percent. In this program—the EIC—it amounts to as high as 20 to 30 percent.

Now, some Democrats have claimed the EIC reform results in those in the lower-income brackets—51 percent or less—paying higher taxes. That is totally false, inaccurate, and misleading. As I mentioned, I recently wrote the Joint Committee on Taxation to answer a number of questions. I pointed out that on Thursday, October 19, 1995, an article appeared in the Wall Street Journal entitled "Tax Analysis Now Shows GOP Package Would Mean Increase For Half the Payers."

Is there any validity to the assertion that the Senate Finance Committee revenue recommendations would result in a tax increase for one-half of all households?

In responding to this question, please consider the impact of the earned income credit reforms approved by the Senate Finance Committee in a separate markup last September.

We received the answer, and the answer says, "No factual basis exists for the assertion, since retracted, contained in the Wall Street Journal of last week asserting that one half of all households would experience a tax increase under the Senate Finance Committee revenue recommendations."

Even if one were to include the effects of the EIC reforms previously approved by the Senate Finance Committee, our analysis indicates that less than 1.5 percent—let me repeat that, 1.5 percent—of all households would experience an income tax increase.

I think that shows the falseness of the claim that 50 percent of the American families would suffer a tax increase because of this package we are considering today.

Now, during the Senate Finance Committee's markup of revenue recommendations on October 18–19, 1995, various assertions were made with respect to the impact of the EIC reforms previously approved by the committee.

I asked the Joint Committee on Taxation to address the following questions: Would any households receiving an EIC today pay more income taxes under the combined efforts of the Senate EIC reform, $500 per child credit, and marriage penalty relief? If so, provide how many households will be impacted in this manner and explain why.

The answer is that, "with respect to the Senate Finance Committee's previously approved EIC reform, our analysis of the combined effects of the Senate Finance Committee EIC reforms, the $500 child credit, and marriage penalty relief for 1996 indicate that less than 1.5 percent of all households will have an income tax increase as a result of the EIC reforms."

Would families with children who are currently eligible for the maximum EIC—that is, families with earnings under $12,000 —continue to receive in future years at least as much EIC as they now receive?

Again, the answer is, "families who are currently eligible for the maximum EIC with children and having adjusted gross income under $12,000 will receive an even larger EIC next year and thereafter. For example, the maximum EIC for a family with one child will increase from $2,094 in 1995 to $2,156 in 1996. The maximum EIC for a family with two or more children will increase from $3,110 in 1995 to $3,208 in 1996."

This is illustrated here on the chart. It shows, for example, that a family with children that has income of $10,000 would receive this year $3,110; that would go up to $3,208 in 1996. The same is true for a family with children that has income of $15,000. This year they would get $2,360; that would rise to $2,488 in 1996. Not only would they continue to get EIC, but it would continue to increase.

Mr. President, let me just again emphasize that the claim that people with incomes below $30,000 would have a tax increase is totally false. First, what the Democrats are doing is calling a reduced welfare check a tax increase.

The PRESIDING OFFICER. The time of the Senator is expired.

Mr. ROTH. I yield myself 5 additional minutes.

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

Mr. ROTH. Second, if someone receives a check from the Government for $50 in 1995, and then in 1996 under our reforms receives a check for $75, that is $25 higher. Republicans and most people would call that a bigger check from the Government. But the people on the other side of the aisle call it a tax increase if the person was supposed to receive a check for $100 in 1996.

What we are doing is slowing the rate of growth of this program. In the last 10 years this program has grown something like 1,000 to 1,200 percent. The tax credit which was 14 percent plus 5 years ago is now 36 percent.

What we are trying to do is to slow down the rate of growth so that we can balance the budget.

Now, I listened, Mr. President, with great interest to my Democratic colleagues' description of what we are doing. People are saying that they do not like the tax package. They make fun of the changes in the estate taxes. Just let me say, as I have gone around back home and talked to the family farmer or to the owner of a family farm, as I talk to the owner of a small business, one of their greatest concerns is that they are not going to be able to turn over that farm or that business to their children.

What we are seeking to do in our changes in the estate taxes is to make that possible, make it possible for the family farm to continue as it has in the past, or to make it possible for the entrepreneur who is successful in creating a small business to leave it to his children.

We think our package is a humane package. We are proud of the fact that it means tax cuts for the American people. We agree with President Clinton when he says that the big tax increase of 1993 was too high.

Mr. President, I yield back the floor.

Mr. BRADLEY. Mr. President, I yield 5 minutes to the distinguished Senator from Massachusetts.

Mr. KERRY. Mr. President, at the outset of the comments of the Senator from Delaware, he talked about telling the truth versus bogus claims. Then he refers to a Joint Taxation Committee study to try to refute some comments made by the Senator from New Jersey.

If we want to talk about bogus claims, the Joint Taxation Committee—which I might add is chaired by the majority party —sends a statement saying there is no linkage and no increase, but refers only to income tax.

Here you have another sleight-of-hand, bogus effort to avoid the reality, the same way the reality is being avoided right now with the debate on the thousands of pages that takes place during the World Series. It is a great way of avoiding accountability.

The fact is that the earned income tax credit is a credit not just against income tax but also against the payroll tax. The Joint Taxation Committee says nothing about the payroll tax impact. So, in effect, it is another sleight of hand.

If you want to talk about bogus—you just heard the chairman of the committee say, Mr. President, that we are going to slow down the rate of growth of the program.

What is the program? The program is a tax cut for working poor—by his own admission—when what he has come to the floor and said is we will slow down the capacity of working poor Americans to participate because we are not going to give as much of a tax cut to them. It is that simple. This is not complicated. We are going to slow down the rate of growth in the tax cut for working poor Americans, but we are going to increase the tax break for people who have it already in America. That is what this is all about.

If you happen to have a $5 million estate, you are going to get a $1.7 million tax break. But if are a working poor person—and I have 194,000 families in Massachusetts that will be affected by the cut in this program, 194,000 families in Massachusetts are going to pay $370 more in taxes because they want to slow down the rate of growth in the program. That may not be a lot to the person who has a $5 million estate, but let me tell you something, for somebody who is working, working, working—which is what we all talk about here—to get off of welfare and make it, $370 is a lot of money. People count those nickels and dimes when they are in that position. It is whether or not they are riding on the T.

There was a front-page story in the New York Times, I think last Monday. It talked about the impact of the earned income tax credit on working people. Here was a woman in New York City who, because she got the tax credit for working, was able to cut back on her apartment rent. She went back and got rid of a $700 rent, went down to a $400 rent so she could add it to the money that she got from the earned income tax credit. Do you know what she did? She bought herself a 15-year-old car so she could drive outside of the area that is served by public transportation so she could get a better job that earned more money. And that is exactly what she did. She broke out of poverty by making hard choices because she had the earned income tax credit.

Our friends are coming along here. They are giving people who earn $300,000 a very nice, fat break. And they are taking away from the people who earn $30,000 or less.

There is no way for them to cut it any other way. Is there some fraud in the program? Yes, there is some fraud in the program. Can we cure that without reducing the program for eligible people? Sure we could. But that is not what they are choosing to do. They are going to throw everybody in the pot of fraud.

I keep hearing about illegal immigrants. That is a nice hot button in America now. I do not know many people who think illegal immigrants ought to be getting a lot. But that has now entered into this debate. That is not what we are talking about here.

It just is beyond comprehension that in this country we are going to play such games with definitions and reality when everybody understands what the reduction means.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERRY. Mr. President, I really hope we are going to have a better sense of fairness here than is being exhibited in this approach to people who are working and trying to break out of the cycle of poverty.

The PRESIDING OFFICER. Who yields time? The Senator from Delaware.

Mr. ROTH. Mr. President, if I might just yield myself 1 minute?

The PRESIDING OFFICER. The Senator is recognized for 1 minute.

Mr. ROTH. The one question we asked of the Joint Tax Committee is:

Would families with children living below the poverty line continue to receive an EIC in excess of the family's Federal payroll taxes?

And the answer is that:

Families living at or near the poverty line, one-child families with earnings under $12,500 and two-child families with earnings under $15,500, would continue to receive an EIC in excess of the family's Federal payroll taxes, including both employee and employer shares.

So the answer is that EIC more than offsets the payroll and other taxes of the family.

I yield the floor.

Mr. BRADLEY. Will the Senator yield at that point for a question?

Mr. ROTH. Yes.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. The Senator said—would the Senator read again, once again, what was it the Joint Tax Committee said about the various taxes that were offset?

Mr. ROTH. The question was:

Would families with children living below the poverty line continue to receive an EIC in excess of the family's Federal payroll taxes?

And the answer is:

Families living at or near the poverty line, one-child families with earnings under $12,500 and two-child families with earnings under $15,000, would continue to receive an EIC in excess of the family's Federal payroll taxes, employee-employer shares.

Mr. BRADLEY. Mr. President, no one disputes what the Senator has just said. EIC is available for families under to $28,000. He is saying at the same time this is nothing but a welfare program. He is saying, fine, we will keep the welfare part of this. But if you start to make it a little bit—sorry. We will not offset your payroll taxes.

I mean, that is not an answer to the problem that we posed. Yes, they posed it so that if you have poverty and you are right at the poverty level and you have family now, you have kids—not if you are single and poor, but if you have kids, then, yes, it will offset the Social Security earned income. Of course, you do not pay a whole lot of income taxes in poverty. You pay virtually no income tax when you are in poverty.

So you only have Social Security. So the earned income would offset Social Security in poverty. But not at $28,000. Not when the family starts to make a little money. Not when they are making $20,000, $25,000, $28,000, $29,000. Not there, no, no, no. That way, you pay more taxes. Welcome to the middle class, the Republican middle class.

You are middle class. You begin to make it? Pay more taxes. If you have that estate of $5 million, you get a $1.7 million tax cut. That is the story here. There is no other story. It has not been refuted. A 3-year tax cut in 1993 for working families? Republicans say do not give them that third year. Do not give them that third year of tax cut.

Pro-family? Pro-growth? Hardly.

The PRESIDING OFFICER (Mr. BROWN). The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, how much remains on this amendment?

The PRESIDING OFFICER. There are 10 minutes and 8 seconds remaining.

Mr. NICKLES. Mr. President, I would like to answer my colleague from New Jersey. He said, "What about a family that makes $28,000." Under current law they have a great big earned income tax credit of $116. But, look out, they pay income taxes of $1,665.

Under our proposal they are going to get a $1,000 tax cut. Under the proposal of the Senator from New Jersey, they get $165. My figures calculate they come out better by $835, under our proposal. And that is only dealing with the tax credit for children. It does not include the fact we are reducing the marriage penalty, so that gives them another $100, I will just tell my colleague from Massachusetts you did not calculate the fact that you are offsetting payroll taxes.

My friend is wrong.

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

Mr. NICKLES. He will not yield.

Mr. KERRY. Will he yield for a correction?

Mr. NICKLES. I will not. I want to answer a couple of allegations that were made. When somebody said you did not refute it, I want to refute a couple of them.

Mr. KERRY. Will the Senator yield?

Mr. NICKLES. No.

The PRESIDING OFFICER. The Senator is advised that the request should be made through the Chair, when addressing another Member.

The Senator from Oklahoma.

Mr. NICKLES. Mr. President, a couple of statements were made that the Republicans do not know that the EIC is used to offset payroll costs. That is wrong. This program not only offsets income taxes and payroll taxes, in most cases it offsets them and gives a check back.

In looking at incomes of less than $15,000—my colleague from New Jersey is right—in most cases, income tax liability is zero. But this not only offsets income tax, but it also offsets the so-called FICA, or payroll taxes.

Does it offset what an individual pays? That is 7.65 percent of their payroll. Yes, but it also offsets what the employer pays. That is 15.3 percent.

So not only does it offset all payroll taxes, but it offsets it them by 233 percent.

This is a program that is writing out checks. This is a program, Mr. President, that will cost $23 billion this year, $3 billion of it offsetting taxes, and $20 billion were cash payments—Uncle Sam writing checks. This cash outlay program now exceeds the cost of Aid for Families with Dependent Children, a program that costs $18 billion. This program costs $20 billion.

Families making $25,000 pay income taxes. For families that are paying income taxes, we give a tax cut. If they have children, we give $500 per child. That is pretty easy to figure. You have two children. That is $1,000. If they have four, that is $2,000. So our tax cut is very family friendly and very positive.

I want to mention some of the reforms that we make on EITC because they are long overdue, and they are part of our overall budget plan. We do have a budget. We have a budget that is balanced. President Clinton's budget is not balanced. We had a vote on it, thanks to my colleague from Pennsylvania. His budget is not balanced. We use the Congressional Budget Office for estimating purposes. He said he was going to use the Congressional Budget Office, and they say at the end of 7 years his budget has a deficit of $210 billion. At the 7 years, our budget has a $13 billion surplus.

We will have a balanced budget. President Clinton does not have one, certainly not by using the Congressional Budget Office. My colleagues on the Democrat side do not have one. They disowned the President's budget. They do not have their own budget. It is nonexistent.

Mr. SANTORUM. Will the Senator from Oklahoma yield for a question just so I understand the point he just made? It is an interesting point. I am not too sure I was fully aware of it. What the Senator is suggesting is that the earned income tax credit for low-income Americans actually pays out money in excess of all their Federal tax obligations. Is that correct?

Mr. NICKLES. That is correct.

Mr. SANTORUM. The new definition of what is a tax increase is when the Federal Government does not pay out more money to you, and you already do not pay, that is a tax increase. So if you are entitled to get more welfare—let us call it what it is. It is a welfare check. It is a check not to offset taxes, but it is a cash payment to families or to individuals. If you were expected to get more money, then by not giving them more money, we are giving them a tax increase even though they do not pay taxes.

Mr. NICKLES. The Senator is exactly right.

Mr. SANTORUM. That is an amazing statement. How can anyone call not getting more money from the Federal Government when you pay no taxes a tax increase?

Mr. NICKLES. I appreciate the statement.

Mr. SANTORUM. I would love the Senator from New Jersey—I know he is a Rhodes scholar—but redefine for me, please, how someone who does not pay taxes——

Mr. NICKLES. I say to my colleague that I have the floor.

Mr. SANTORUM. On his time, I would love to have him answer that question.

Mr. NICKLES. I only have 6 minutes. I have several points that I want to make. The point being when someone says they are offsetting FICA, the amount not only offsets FICA, but 200 percent, actually 235 percent of FICA, and that includes employer and employee. The employees actually only pay half of that amount. In reality, it is about four and a half times what an employee pays on FICA.

The cost of this program is exploding—my colleague from New Jersey said he knows the Senator is going to stand up and show how this program has exploded. I grinned at him because I am. This program cost less than $2 billion in 1985; in 1986, less than $2 billion. Today the program costs $23 billion. That is 11 times what it cost in 1986.

This is an entitlement program. What is the definition of an "entitlement" program? It is when you pass a law under which, if you met certain criteria, you are going to get a check. That is what the EITC is. It is a cash payment program—$23 billion in payments.

Actually, I will give the exact figure. In 1995, the figure is $23.7 billion, over $20 billion of it is a cash outlay with Uncle Sam writing checks—not reducing somebody's cash income taxes and/or payroll taxes on a monthly basis. It is Uncle Sam, in 99 percent of the cases, writing a check once a year, a cash outlay program that I mentioned before which exceeds Aid for Families with Dependent Children. AFDC is paid out in a monthly basis to help low-income families. This is a lump-sum payment that is paid out at the end of the year at a cost of $20 billion.

This program was lauded by President Reagan and others when it was a $2 billion program and when the maximum benefits were $435. The maximum benefit in 1985 was $550. By 1990, it had increased to $953. It was actually $1,500 in 1992, and President Clinton doubled it again. It went up to $3,110.

So we are talking about a program, if you have two or more children, where your maximum benefit went from $500 to over $3,000.

Some people said these Republicans have just slashed this program, and people are going to receive less. I saw a program on CBS tonight, they interviewed a woman who had a couple of kids. She had a couple of jobs. I compliment her. They made her think that she was going to get less money than she got this year. The facts are, if she is getting $3,110 this year, next year she gets over $3,200, and the next year she gets over $3,300. Under our proposal the benefit rises from $3,110 to $3,888, an increase of over $700 in the next 7 years.

So we did not freeze this program. We did not cut it. We do say some people should not be eligible because we found hundreds of thousands of people that make over $30,000 a year who are qualifying for it. They should not be. We found out that illegal aliens are receiving benefits, and they should not. So we eliminate them.

Frankly, we agree with Senator Russell Long that we should drop the benefit for individuals without children. This program was always formulated with the idea of helping individuals and families with children.

We are reforming the system. We are trying to target the assistance to those people who really need it. But then we allow the system to grow. That is my point. It really is bothersome to have individuals stand up and say, you are increasing somebody's taxes when I know what the facts are. I will read the figures. If you have two or more children, the maximum benefit today is $3,110. The maximum benefit next year is $3,208. The maximum benefit the next year is $3,312. And, again, it increases over $100 per year to the maximum benefit. In the year 2002, it is $3,888, a significant increase every single year. It grows with inflation.

So how can people say, "Well, you are increasing taxes"? It does not make sense.

The PRESIDING OFFICER (Mr. SANTORUM). The Senator's time has expired.

Mr. NICKLES. Has all time expired on our side on this amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. NICKLES. I will wait until my colleague from New Jersey concludes. At that point in time, I will send an amendment to the desk.

The PRESIDING OFFICER. The Senator from New Jersey has 5 minutes, 20 seconds remaining.

Mr. BRADLEY. Mr. President, the assertions by the other side that the child credit is more generous than the earned income tax credit for families with children at all income levels bewilders me. I have four kids. I make $15,000 a year. I have a very tiny income tax liability, very tiny. The child credit is not refundable. I get no benefit at all from the child credit—zero. I lose about $3,500 in benefits with the loss in the EITC at $28,000.

The Senator picks the absolute perfect number. Why? Because the earned income tax credit loses its value the higher the income level. So when it gets to $28,000, it is not worth anything. At that point, clearly the child credit is more valuable. That is not policy. That is mathematics.

Then the issue of—well, the chart that the Senator had with the growth of the EITC, it grows because we are giving them bigger tax cuts. That is why it grows. So you put that chart up, and you see the bars go higher and higher. That means a bigger tax cut for families earning under $28,000 a year. If you do not want a tax cut, then you want to support the program that would curtail this. Deny the third year of the tax cut. That is what you are saying essentially.

Basically, the tax cut for working families was put in in 1993. It was phased in over 3 years and the other side is saying do not give the third year.

That is why it grows. Once you get to the next year, it is flat because the tax cuts will have been provided. There will be no more tax cut in the fourth year. It is not some kind of conspiracy. It is mathematics. You give a bigger tax cut, you lose more revenue. We chose to give a big tax cut to offset Social Security, to offset income taxes for working families. And you know what. There are a lot of provisions in the Tax Code that say you get a credit against income. They are largely corporate. The other side is not calling that welfare. That is not welfare. But somehow when it offsets the income of a working family with kids, that is welfare.

Mr. President, it is beyond me; 78 percent of the earned income tax credit goes to offset Social Security and income tax. The other portion is a refundable credit to those families making $13,000, $14,000 a year who otherwise would not get anything.

The distinguished Senator from Pennsylvania is correct. If you want to give those families something because they are working, but they do not pay any income tax and they are at a low enough income, they do not pay enough Social Security tax, you have to make it refundable and then you have to appropriate the money.

That is what we do here. And this vast amount of money that is appropriated, as the distinguished Senator from Oklahoma says, is appropriated because there is not a way to offset the Social Security taxes. It is pretty simple. It is not complicated. And it boils down to whether you want to give a break to families with children or whether you do not.

There is the big deal about families that do not have children. We do not want to give them anything. If you are making $16,000, $17,000 a year, you do not have any kids, somehow or another you do not get anything here. Forget it. You are not worth it. You are struggling. You are working hard. But somehow you do not qualify for this. In fact, we do not care about it. We do not care what your Social Security taxes are. Somehow you are a nonentity.

We do not think that. We think that if you earn under $28,000 a year, you ought to get a break, particularly in a bill that gives $1.7 million in relief for estates of $5 million or more.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Oklahoma.

AMENDMENT NO. 2958

Mr. NICKLES. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Oklahoma [Mr. NICKLES], for himself and Mr. BROWN, proposes an amendment numbered 2958 to the instructions of the Bradley motion to commit S. 1357 to Finance Committee:

Strike all after "Finance" and insert:

"With instructions to report the bill back to the Senate forthwith including a provision stating:

"The maximum earned income credit for a family with one child will increase from $2,094 in 1995 to $2,156 in 1996 and the maximum earned income credit for a family with two or more children will increase from $3,110 in 1995 to $3,208 in 1996.";

"And the effective date for section 7461, 'Earned income credit denied to individuals not authorized to be employed in the US', shall be moved to taxable years beginning after December 31, 1994."

The PRESIDING OFFICER. Who yields time?

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, this is an amendment offered by myself and Senator BROWN that tried to clarify a couple things.

One, we want to state very clearly exactly what we did in the bill and that is an increase in the earned income credit for individuals with one child from $2,094 in 1995—that is present law—to $2,156 in 1996.

That is an increase of about—whatever the difference is—$60 some-odd, and an income credit for a family of two from $3,110, to $3,208. That is an increase of about $100—$98. So we make that very clear.

The second part of that is we say we want to deny benefits to illegal aliens and make the effective date December 31, 1994. Some people are shocked to find out that they were eligible. I was surprised. But I looked at a GAO report, and it said:

Illegal alien receipts. IRS expects more than 160,000 illegal aliens received the EIC in 1994.

We ought to stop that. Right now it is legal.

It says:

The Internal Revenue Code does not prohibit illegal aliens from receiving EIC if they meet prescribed eligibility requirements.

Well, they should be, and so let us make that illegal. If they are here illegally, why in the world should we be giving them a check, especially a check if you are talking about to the tune of $3,000. So let us tighten that up. That is a loophole that needs to be tightened. We need to tighten up loopholes.

Senator ROTH mentioned several. I compliment Senator ROTH because he has shown great courage and leadership in trying to tackle the fastest growing entitlement program in Government. No other program is growing as rapidly, as fast as the so-called EIC. No other program costs over 10 times as much as it did 10 years ago and continues to explode. So it needs to be reformed. And no other program that I know of has error rates and fraud rates at such astronomical levels as the EIC.

This is a GAO report that is dated March 1995: "Earned Income Credit Targeting to the Working Poor."

Well, we should target. I just read from a couple of their highlights. It says the IRS did a study in 1994 on electronic returns only. They said 29 percent of the returns received too much EIC, and 13 percent were judged to have received intentional errors. In other words, that is fraud. It also mentioned, it says that the most recent taxpayer compliance measured showed that about 42 percent of EIC recipients received too large a credit and about 32 percent were not able to show that they were entitled to any credit. One out of three in the comprehensive study were not able to show they were entitled to any credit. And that is about 34 percent of the total EIC.

What other program has a 34 percent failure rate, or 30 some-odd-percent error rate? This program does. And part of it is because the cost has just exploded. You have a program that grows at 10 times the rate it was just a few years ago, and you have a program where the maximum benefit is six times what it was 10 years ago, you realize you have a program that is rife with fraud and needs to be reformed. It has not been yet. The IRS is trying to tighten down around the edges, but they have not been totally successful. They may have reduced it somewhat, and I compliment them, but they have a long way to go if you have an error rate of 30, 40 percent. And so we need to make some changes. Senator ROTH has made many of those changes.

We say that we must count almost all income. We find hundred of thousands of people who receive benefits that make a lot more than the income eligibility called for, people making a lot more than $30,000, some making more than $50,000. They have interest income that is tax free. It does not count toward their income eligibility and therefore they can continue receiving EIC benefits.

Mr. President, we need to make some reforms and we need to make clear that we want to target these benefits to those people who are truly needy. That is the kind of reforms that we are making today.

I want to answer my colleague from New Jersey. He said, what about the—maybe I could get his attention. My friend from New Jersey asked about a couple that made $15,000. Well, in 1995, they received an EIC of $2,360. In 1996, under our reform proposal, they are going to have an EIC of $2,488. That is a $128 increase.

Now, my colleague from New Jersey would like that increase to be $400, but we have it increased by $128. They have an increase. And, again, they did not pay any income taxes. They are getting a return in excess, or at least 100 percent of all their FICA taxes, including what their employer paid, and we are giving them $100 more than they had last year. That is not a tax increase.

My colleague from Pennsylvania said, "Well, how in the world can you call something a tax increase if you are giving somebody $3,000, and next year you are going to give them $3,200? How can you call that a tax increase?"

Well, let us just take, for example, that you have a rich uncle. The rich uncle wants to encourage certain behavior, saying if you work a little bit, he is going to give you a bonus. If you work about $10,000 or $12,000 worth, he is going to give you a $3,000 bonus because he wants you to work. Is that not nice?

The uncle says, "I'm going to give you $3,000. Next year I am planning to give you $3,500." But your uncle's board of directors said you cannot afford that, you are breaking the bank. So instead, they gave you $3,000 next year—actually $3,100 next year instead of giving you $3,500. "We cannot afford it. Let's give him $3,200. Let's keep it to a more moderate growth. Give him an increase, $100, but not $400 or $500. Don't do that; the program is growing too fast. But it is a bonus."

It does not have anything to do with taxes. This is far in excess of any tax liability, either FICA or income tax. That recipient said, "You increased my tax base. I hoped I was going to get more money." I do not think so.

This body is going to show, I believe, that we have the courage to curtail the growth of Medicare, which is a very popular entitlement program. And we are going to have that program grow about 7 percent per year. We have a program here that continues to grow. The total growth in the EIC Program is going to grow about 10 percent over the next few years. The out-of-pocket costs in fiscal year 1995 are about $20 billion. It will be about $23 billion in the year 2002. That is an increase of 15 percent in 7 years.

That is an increase in outlays, so the program grows. It does not grow as fast as some people would like. President Clinton and others would like it to grow up to $30 billion. Well, frankly, we cannot afford that. We can never balance the budget if we do not have the courage to at least control the growth of entitlement programs. And this is the fastest, most fraudulent entitlement program in Government.

We need to curtail its growth. That is what we are trying to do. We allow the EIC benefits to go up for individuals with two or more children. They do not grow as fast as some people would like. President Clinton and others would like it to grow faster. We cannot afford it. So we allow the benefit to go up by over $100 a year.

For individuals who have one child, we make no change. Individuals that have one child get the exact same benefit as they get under present law, under our proposal or President Clinton's proposal. We did not make a change. We did eliminate the benefits for individuals without children.

And I think about that. I have kids that could qualify. Other people do. We are expanding eligibility by several million people. How much money are we talking about? We are talking about $308, I think, this year, giving that benefit to lots of people. And you say, "Why do you care about that? That is a small amount of money."

Well, look at what this program cost a few years ago. The maximum payment on families with two or more children was $500 in 1985. Today, 10 years later, it is $3,000. What is the benefit going to be for that individual that happens to be $300 or $400 today? Ten years from now maybe it is $3,000. We will have a program again that continues to escalate.

This program, Russell Long mentioned it. I have an article in which he states this program should not have been expanded. Russell Long was one of the fathers of this program. He said it should not have been expanded for individuals without children.

I might mention in the 1993 tax bill, there was no Republican that voted for it, and when it passed the Senate it did not have a benefit for individuals without children. That was added on in the House. And, unfortunately, the Senate concurred with the House in conference. But it was not in the bill that passed in the Finance Committee in the Senate nor in the bill that passed on the floor of the Senate. It was added in conference. That was a mistake. It was a massive expansion of entitlement, added entitlement to several million people.

So we changed that. We eliminate illegal aliens. And we say we should count almost all income. You should count tax-exempt interest as far as determining who is eligible for this program. You should count other income in determining who is eligible. We allow eligibility, and the amount of income to determine eligibility, to increase.

Right now you qualify for this program if you have income up to $26,673. Some people say, "You really cut that back." No. The facts are, under our proposal, by the year 2002 you can have income up to $29,200 and qualify.

Now, that does not grow quite as fast as President Clinton would like for it to. He allows people to receive the benefit if they have income equal to $34,600. Let us think about that. Are we going to have Uncle Sam writing checks—remember, 85 percent of this program is Uncle Sam writing a check, not reducing anybody's taxes, but writing checks—for families that have incomes less than $34,000. You are going to be talking about a majority of American families. And old Uncle Sam is going to be paying people. So we use this income for a massive income redistribution program.

Contrast that to what we are trying to do on the Republican side. We are saying, "No. We are going to give a tax cut for families, a tax cut for people who pay taxes," not just come up with schemes to have a negative income tax and have Uncle Sam write big checks at the end of the year. No. We are going to try to reduce all families paying taxes, reduce their taxes so they can take the tax reduction on a monthly basis and keep more of their own money. That is what we are talking about doing. That is what is fair.

Then my colleague from New Jersey, or one of my colleagues, was denigrating the fact that we made some changes on the inheritance tax, said how terrible that was. Maybe they should come into my State and talk to some of the members of the Oklahoma Farm Bureau or Farmers Union or some of the wheat growers, because you have a situation where inflation has built up the value of some of these farms and ranches, estates, machine shops, whatever, to say they are worth something.

Uncle Sam comes in and says, "We want to—" Somebody dies. They want to pass the property on to their family, and Uncle Sam says, "Well, we want 18 percent of it or we want 55 percent of it." That makes it very difficult to pass on to succeeding generations.

So what did we do? Well, we said for a family estate, let us increase right now the exemption from $600,000 and increase that over 6 years to $750,000. We increased that amount $25,000 per year. And then we also say if it is a family-held business, we want to encourage that. We happen to be profamily, and we happen to be probusiness. We want to encourage family-owned corporations, whether it is a janitor service or whether it is a car dealership or whether it is an insurance company. We want to encourage family ownership, whether it is a farm or a ranch or a dairy operation. We want to encourage that.

We say, if they are going to pass the property on to their own heirs, they should be able to have a better deal. So we raise that estate exemption up to $1.5 million. And we cut the rate down for those between $1.5 million and $5 million so they can keep it in the family and not have to sell it, not have to sell a family business just to pay an inheritance tax. I think that is a fair and a good idea.

I think that is profamily and that is going to encourage growth and encourage a father, instead of saying, "Well, I might as well spend the money because I cannot pass it on. I do not want to give it to Uncle Sam," we want to encourage people to build up businesses, to expand, to hire more people, to create more jobs, and give that to their children, and let their children build it up and be second, third, fourth, fifth generations in some of these family-owned operations or businesses.

Now, we limit it really to the lower size family operations. We did not help the people that have the very largest estates. But I think we were very family friendly. And I think this entire tax bill is very family friendly. And again I want to compliment the chairman for crafting, I think, a very good, targeted approach, one that has 70-some-odd percent—three-fourths of this package is very family friendly. If you look at the tax credits for children, you look at the gradual reductions in the marriage penalty, you look at the estate tax exemptions that we make for family-owned farms and ranches and businesses, this is a very family friendly tax bill, probably the most profamily bill that Congress has ever seen.

I would encourage my colleagues to support it and to reject those who say we should not make any reduction whatsoever in the growth of EIC, which is the fastest growing, most fraudulent program that we have in Government today.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. NICKLES. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time be equally charged.

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

The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT AGREEMENT

Mr. NICKLES. Mr. President, I ask unanimous consent that when the Senate resumes consideration of the reconciliation bill tomorrow, that the Democrats have 5 hours remaining on the bill and the Republicans have 3 hours and 15 minutes remaining.

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

MORNING BUSINESS

(During today's session of the Senate, the following morning business was transacted.)

TARGETED JOBS TAX CREDIT

Mr. BAUCUS. Mr. President, I want to ruminate for a few minutes about the Work Opportunities Tax Credit, now called the WOTC, which is the substitute for the Targeted Jobs Tax Credit, which expired at the end of last year.

Mr. President, the TJTC had some problems, but let me tell you, it got the job done. It encouraged employers to put kids and young adults to work. Youth who probably would not have gotten their first job but for TJTC.

I have a letter, Mr. President, from a good friend of mine in Montana. W.E. Hainline operates 4 B'S Restaurants across Montana and several other Western States. They serve good food and employ a lot of young adults.

Bill has had a lot of experience in the TJTC area. In fact, the 4 B'S is nationally recognized as a leader when it comes to hiring disadvantaged and handicapped youth, many of whom had their first job with 4 B'S.

Bill can tell you about these kids and how they went on to other jobs and to success in many fields. In fact, that is what TJTC was about, and what we want to achieve with WOTC—we want to move kids off of the streets, off of welfare and we want to keep them out of the criminal justice system.

Bill is concerned, as am I, Mr. President, that the WOTC is currently contained in the Reconciliation Bill before us, will not do the job. Bill notes in his letter that WOTC:

> As written, virtually eliminates most companies from participating in [WOTC] by ignoring the youth group (18 to 24 year olds) not located in an empowerment Zone.

Mr. President, I joined with Senator MOSELEY-BRAUN last week in an amendment that would have expanded WOTC to create two new categories of youths which employers could hire under WOTC: individuals 18 through 24 receiving or living with families on food stamps; individuals 18 through 24 who are noncustodial parents of a child residing in a family receiving AFDC or successor programs; and individuals 18 through 24 who are receiving Supplemental Security Income.

Senator MOSELEY-BRAUN and I are working with Joint Tax to find the money to include these youths in WOTC.

Mr. President, as always, Bill Hainline hits the nail on the head. I request that his letter to me be printed in the RECORD. Bill has the credentials. He has used the TJTC program. He knows what it takes to make it work. I would encourage my colleagues to read their letter and to heed what he has to say. Replacing TJTC with WOTC will accomplish little if employers, like Bill, do not utilize the WOTC program.

If that happens, kids are the big losers.

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

RESTAURANTS, INC.,
Missoula, MT, October 17, 1995.

Hon. MAX BAUCUS,
U.S. Senate,
Washington, DC.

I understand that the Senate Finance Committee is proposing a new TJTC bill, which was similar to the one developed by the House Ways and Means Committee.

Their bill, as written, virtually eliminates most companies from participating in the new program by ignoring the youth group (18 to 24 year olds) not located in an empowerment zone, not to mention the increased retention period from 120 hours to 500 hours.

Those two changes would preclude most Montana companies from participating in the proposed program as there are no designated empowerment zones in our state that I am aware of, nor would the proposed tax incentive offset the expense of tracking an eligible employee for 400 hours. After all, the objective of the program is to give people on government assistance, job training to take advantage of all employment opportunities. Why should the initial employer train those types of people for other employers to receive the tax credit?

In my opinion, the proposed bill eliminates all employers, not located in an empowerment zone, from participating in the new program. The cost of identifying new hires eligible under the remaining categories, and the expense of tracking those eligible for 500 hours, would far exceed the tax benefits proposed.

The only way our company could effectively participate in the new program would be with the inclusion of 18 to 24 year olds that were "means tested", and the retention period is lowered to either 200 or 250 hours.

The above changes to the program would allow all Montana employers to participate equally with large city employers and insure that all people, with employment barriers, have an equal opportunity to seek employment for any profession they choose.

I would greatly appreciate you informing me if these changes can be effected.

Sincerely,

W.E. HAINLINE,
President.

THE SUMMIT BETWEEN PRESIDENT CLINTON AND CHINA'S PRESIDENT JIANG ZEMIN

Mr. PELL. Mr. President, I rise today to call attention to yesterday's summit meeting between President Clinton and Chinese President Jiang Zemin in New York.

Last summer, relations between the two countries fell rapidly and unexpectedly to their lowest point since the Tiananmen massacre, largely over the visit of Taiwan President Lee Teng-hui to Cornell University, his alma mater. Most of us in the Senate, myself included, supported that visit as a private one for a distinguished alum. I continue to believe that the Chinese leadership in Beijing overreacted to the visit and allowed the bilateral relationship to unravel unnecessarily. I was sorry that Beijing chose to react to Lee's visit by withdrawing the Chinese ambassador to the United States, suspending ongoing bilateral discussions on proliferation, canceling visits of United States officials to China and visits of Chinese officials to the United States, and by canceling bilateral discussions with Taiwan. But now, after several months of discord, it appears we have the opportunity to bring some stability back to the relationship and I support the President's decision to hold this summit in New York.

I did not believe that this summit meeting would produce a significant breakthrough on any of the issues with which we continue to disagree with Beijing, including Tibet, ballistic missile proliferation, nuclear testing, suppression of dissent in China, and trade issues. It did not. Recent press reports state that Chinese leaders had demanded certain concessions from the United States, such as written assurances that members of Taiwan's top leadership will never again be granted a visa to the United States or that the United States will refrain from criticism of China's human rights record in international fora. The administration rightly gave no such assurances. These are important policy issues, with significant domestic and international ramifications for both governments. Both governments seem convinced that the other is being unreasonable and obstinate. It is unrealistic to expect any major accords could have come under current circumstances.

This is an unfortunate state of affairs between two of the world's most influential countries and hopefully a passing one. But for the time being we must focus on keeping the relationship steady and effective. That is why a summit meeting between the two Presidents was so important at this time. The United States raised all of the issues that we believe to be important and let the Chinese leadership know our commitment to them, and we should continue to do so. But it was also right to listen to President Jiang's concerns and to strive for mutual understanding, if not mutual agreement. Those who criticize our President for failing to win major concessions likely fail to recognize the realities of the current relationship and the necessity of strengthening contacts at all levels that will outlast this period and carry forward a stronger relationship in the future. I commend the President for holding the summit yesterday and hope that this meeting will mark the beginning of a more solid and productive period of United States-China relations.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, before discussing today's bad news about the

Federal debt, how about another go, as the British put it, with our pop quiz. Remember? One question, one answer.

The question: How many millions of dollars does it take to add up a trillion dollars? While you are thinking about it, bear in mind that it was the U.S. Congress that ran up the Federal debt that is $27 billion away from $5 trillion.

To be exact, as of the close of business yesterday, October 24, the total federal debt—down to the penny—stood at $4,975,508,732,304.35. This figure is approximately $27 billion away from $5 trillion. Another depressing figure means that on a per capita basis, every man, woman, and child in America owes $18,887.12.

Mr. President, back to our pop quiz, how many million in a trillion: There are a million million in a trillion.

TRIBUTE TO DON BROWN

Mr. INOUYE. Mr. President, I rise today to pay tribute to Mr. Donald S. Brown, who throughout his exceptional career dedicated himself to public service. Mr. Brown has been a pioneer in the field of economic development. He worked tirelessly to help the poor around the world achieve a better way of life. He has also been instrumental in shaping the agenda of both bilateral and multilateral development institutions, encouraging them to focus closely on the needs of the people.

For the last 12 years, Don Brown has served as the vice president of the International Fund for Agricultural Development [IFAD], a specialized agency of the United Nations in Rome. As the most senior American in the organization, he has been an innovator of new and creative ideas that IFAD has implemented effectively on the ground. He has helped sharpen the focus of IFAD, which is the only international agency which devotes all of its resources to the rural poor. Most recently he has worked diligently, with other senior IFAD officials, to streamline IFAD, increase its efficiency, and reduce its administrative costs. Don Brown has labored unselfishly to promote development and reduce poverty and has been an inspiration to all of us working for a better world.

Mr. Brown also ably served in the U.S. Government for over 20 years. He willingly accepted very difficult assignments in various U.S. Agency for International Development [U.S. AID] posts throughout Africa and the Near East. During this time he held the position of mission director to Morocco and Zaire. In his last field assignment, Mr. Brown served as the director of the U.S. AID Mission to Cairo, Egypt, one of AID's largest missions. Mr. Brown also served at AID headquarters in Washington as the Deputy Assistant Administrator of AID to help formulate U.S. development policy. He also was the Executive Director of the Commission on Security and Economic Assistance, established by the Secretary of State.

Throughout his career, Don received numerous awards recognizing his outstanding achievements. His colleagues both within international organizations and the government found his sound advice and the many insights gained from his rich experience invaluable to their work. We and they will always remember him as someone who was ever willing to lend a helping hand or a word of comfort. Mr. Brown is a thoughtful, pragmatic, and dedicated individual who touched many of our lives and who made an enormous contribution to the lives of many poor people around the world. I ask my colleagues to join me in paying tribute to Don Brown and in wishing him well in his future endeavors.

THE ISTOOK-McINTOSH AMENDMENT

Mr. SIMPSON. Mr. President, I rise to respond to the statement made yesterday by the distinguished Senator from Michigan, my old friend Senator CARL LEVIN. We came here to the Senate together. I have the greatest admiration and personal regard for him.

I trust that my colleagues will listen very carefully to what I have to say about this issue—the so-called "Istook-McIntosh" amendment which may be included in the Treasury-Postal appropriations conference report.

I ask for your close attention because I am certain that your offices are hearing about this language, just as the Senator from Michigan has been hearing about it. And, if the material coming across my desk is any guide at all, a clump of what you are hearing about it is plain hogwash, or more civilized, rubbish. I would surely include the commentary of the New York Times within that description.

I have been in the negotiations concerning the Istook-McIntosh language. I have been working side by side with my colleague from Idaho, Senator LARRY CRAIG. One could not ask for a better ally in this or any other cause. The Senator from Idaho brings many singular qualities to this work—a commitment to genuine reform, great realism about what it is possible to achieve in legislating, and unflagging consideration for the concerns of his colleagues—especially including me.

We know what this proposed amendment does, and what it does not do. And I can certainly assure my colleagues that much of the lobbying on this amendment has been hysterical at the worst, misleading at best. It is no wonder that my friend, the Senator from Michigan, is agitated about it, given the abjectly horrifying portrayal by those lobbying this issue.

It almost tempts me to coin a new aphorism—"hell hath no fury like an individual whose access to Federal bucks has been conditioned in any way." Because that is what this issue is about—access to the Federal Treasury. It is not about "free speech" or the first amendment, or anything of the sort. Those are merely the terms which are being applied during the argument by those who wish to continue to ensure themselves of continued delivery of Federal money.

Let me begin my description of this amendment by going back to first principles. I have a few views which might be termed eccentric or quaint or even naive in this era of behemoth government, and one of them is that there are "responsibilities" which follow from being a custodian of Federal money.

I know that is a strange and even bizarre thing in this day and age, to talk about "responsibility" instead purely of "rights," or purely of "victims." We are all experts on our own rights, but rarely do we acknowledge that these rights confer responsibilities. And that is what this issue is about—the responsibilities of those who receive Federal money.

The Senator from Michigan is justly concerned about the influence of lobbyists over the public policy process. This concern animates his sincere desire to pass lobbying reform legislation—and he is proceeding remarkably toward that end.

I agree with that concern, and I would add to it by saying that the American public knows that "something is wrong" with the process. They know that the process itself interferes with good policy. They know that the interests of the public at large are not served well when Washington has so contrived matters as to amplify the access and the influence of certain special interests, which comes effectively at the expense of the interests of the whole.

The average person on the street would be scandalized to find out that we, the Congress, have been blithely engaging for years in the practice of favoring political organizations with taxpayer-provided money.

I am not talking about simply the narrow practice of using Federal dollars to lobby. That is illegal already, as the Senator from Michigan has so ably pointed out.

But I think we need to agree that it is wrong to be giving Federal dollars to political organizations, whether or not we "mark" those bills they receive and then say that only those dollars can't be used for lobbying Congress.

Can you imagine the outcry, wailing and gnashing of teeth that would exist if the Federal Government were found to have channeled millions in grant money to the Christian Coalition? Or the Heritage Foundation? It wouldn't matter whether that money was used to hold seminars or to buy stationery. The public would swiftly know that this was wrong, that Government should not be in the business of propping up the operations of political organizations.

And yet that is precisely what we in America have been doing. I found this year that the AARP received $86 million in Federal grants—this, the largest and most powerful lobbying organization in the country—the King Kong of lobbying "gorillas."

At the time, I was criticized for "singling out" the AARP. I was told that the only way "to be fair" was to deal with the problem as a whole, to put a stop to the practice across the board. That is what Congressmen ISTOOK, MCINTOSH, and EHRLICH are attempting to do.

Let me repeat that I believe we should all agree on the basic premise from which we should be working; we should not be in the practice of funding political organizations with Federal money.

Thus, I have been working with my colleagues on the House side to try to develop a reasonable and balanced test for eligibility for public funds. Not to restrict anyone's rights of political expression—but rather, to specify minimum standards for the non-political, impartial distribution of public monies. I believe that our final product will try to set reasonable boundaries for the types of organizations which should be receiving Federal money.

Let me remind my colleagues that this is not a novel concept. Already in the law there are restrictions on the amount of lobbying which can be done by 501–C–3 organizations which take the 501–H election to identify themselves as charities. In return for the benefit of tax deductible contributions, these organizations agree to limit their lobbying expenses. They may spend 20 percent of their first $500,000 on lobbying, 15 percent of their next $500,000, 10 percent of their next $500,000, and 5 percent after that, on up to a global cap of $1 million on lobbying.

Let me repeat for my colleagues: This formula is already in the law. Now. It is accepted by all as a reasonable and balanced limit upon the political activities of such organizations. No one construes this as an abridgement of first amendment rights. It is a consequence of our consensus opinion that predominantly political organizations should not receive certain Government benefits.

I urge my colleagues to go out in the land and talk to various individuals about the 501–H spending formula. Not the ones "beating the drum" about this legislation. But most others would agree that the formula is extremely lenient, very generous—some would say it is so generous as not to constitute a significant restriction at all.

I have been working with my House colleagues to develop reforms of these boundaries to make certain that they work in practice in a way that they have not always worked before this time.

The Senator from Michigan highlighted one particular feature of the originally proposed Istook language, singling it out for criticism. This concerns the application of the spending formula to non-Federal money. I listened carefully to that commentary, and I wonder whether or not my old friend from Michigan and the rest of the Senate are aware of the way in which the law already works in this area.

I have been distressed to see the howls and shrieks of outrage from Government grantees when we suggest that they should no longer be able to "count" the amount of their Federal grants in computing their lobbying expenses under the formula which I just outlined. This has even been a rallying cry against the principles in the grant reform amendment—how outrageous, it is said, that there should be any restriction on the use of private funds.

Let me try to calm the heaving bosoms out there by asking my colleagues to think about this substantively for just a moment. First of all, the existing formula—already in the law—already applies to all 501–H groups even if they don't receive Federal money. So this supposed restriction on the use of private funds already exists.

Furthermore, consider the paradox that results if we continue to "count" the Federal money when computing allowed lobbying expenses. If you have two organizations—each with the same amount of private support—then, under current law, the one that pulls down a Government grant can spend more on lobbying than the one which doesn't. That is the very essence of taxpayer-subsidized lobbying, which we all agree is wrong. It only makes sense for an organization's lobbying expenses to be based on their degree of private support, not on the amount given to them in Federal money.

I expect that this debate will heat up still further, and I expect that hysteria and distortion will abound. I can see some of it already. I have read articles saying that somehow this legislation will stop organizations from being able to write editorials and to even make their opinions known. That is nonsense, unless somewhere in this country it costs you $1 million to write a letter to the editor.

I personally will have my old bald dome battered because I have stated all along that I would seek to protect the "true" charities from the scope of any legislation—the 501–C–3 organizations which we all care so much about—and should.

Well, the amendment which hopefully will shortly be presented as an Istook-Simpson compromise will indeed protect them. We will protect them not by creating a blanket exemption for all charitable groups, but by leaving "in place" the spending restriction formulas that already apply to charitable organizations.

I have also heard various muted and sometimes raucous imputations that this amendment is somehow discriminatory, that it singles out a particular "type" of recipient for restriction. It has been implied—although not overtly stated—that somehow we are working to exclude for-profit lobbyists from this legislation, targeting the legislation only against "nonprofits."

That is simply untrue. The Istook-McIntosh-Ehrlich amendment does not distinguish between for-profit and nonprofit entities. If a grant is given to a for-profit taxpaying organization, they are subject to the same lobbying caps.

The language does not exclude "contractors" in any general way, although the language does not apply specifically to "contracts." There is a very good reason for this, and this is the ambiguity as to what constitutes a "contract" with the Federal Government. The inclusion of "contracts" in this legislation would mean that every HMO around the country which contracts to provide services under Medicare would be covered. That and similar consequences are the reasons that "contracts" are not included; it is not some sinister conspiracy to exclude or target any particular group. If opponents of the legislation can figure out a way for us to responsibly include "contracts" in the scope of this legislation without creating serious ambiguities and contradictions, we would be most happy to work with those suggestions.

Mr. President, I will conclude my remarks, because there will be time to debate this later at length. But for the record today, I do not want to let the current characterization of this legislative language go unchallenged.

I want first and foremost to repeat my response to a central point made by the opposition. Somehow the Istook language is said to be sinister because it applies the spending formula to the non-Federal, private money.

Of course it does. Which money is the existing 501–H spending cap formula supposed to apply to? The Federal money? That is supposed to be illegal, to use Federal money for lobbying. No, it has always been understood that those restrictions applied to the private support; there is nothing novel or sinister of evil about that. The Proposed language would simply make this explicit.

We are still working with House negotiators to try to craft a package which we believe will be worthy of Senate support. I trust that my colleagues will study the details about the finished product rather than to listen to the characterizations that have been made by those who are lobbying against it.

This could be our best chance to effect true lobbying reform—and the best measure of that is the degree to which this has agitated those lobbyists suckling at the Federal breast. We should be equally vigilant about gifts from lobbyists, and gifts to lobbyists. This measure attempts to deal with the latter.

I thank my colleagues and I yield the floor.

MESSAGES FROM THE HOUSE

At 12:19 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, without amendment:

S. 1322. An act to provide for the relocation of the United States Embassy in Israel to Jerusalem, and for other purposes.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 117. An act to amend the United States Housing Act of 1937 to prevent persons having drug or alcohol use problems from occupying dwellings units in public housings designated for occupancy by elderly families, and for other purposes.

H.R. 782. An act to amend title 18 of the United States Code to allow members of employee associations to represent their views before the United States Government.

H.R. 1114. An act to authorize minors who are under the child labor provisions of the Fair Labor Standards Act of 1938 and who are under 18 years of age to load materials into balers and compacters that meet appropriate American National Standards Institute design safety standards.

The message further announced that the House agrees to the amendment of the Senate to the bill (H.R. 716) to amend the Fishermen's Protective Act.

The message also announced that the Speaker appoints Mr. CUNNINGHAM as an additional conferee in the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

The message further announced that the House disagrees to the amendments of the Senate to the bill (H.R. 1617) to consolidate and reform work force development and literacy programs, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. GOODLING, Mr. GUNDERSON, Mr. CUNNINGHAM, Mr. MCKEON, Mr. RIGGS, Mr. GRAHAM, Mr. SOUDER, Mr. CLAY, Mr. WILLIAMS, Mr. KILDEE, Mr. SAWYER, and Mr. GREEN as the managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 1058) to reform Federal securities litigation, and for other purposes, and asks a conference with the Senate on the disagreeing votes of the two Houses thereon; and appoints the following Members as managers of the conference on the part of the House:

From the Committee on Commerce, for consideration of the House bill and the Senate amendment, and modifications committed to conference: Mr. BLILEY, Mr. TAUZIN, Mr. FIELDS of Texas, Mr. COX of California, Mr. WHITE, Mr. DINGELL, Mr. MARKEY, Mr. BRYANT of Texas, and Ms. ESHOO.

As additional conferees from the Committee on the Judiciary, for consideration of the House bill and the Senate amendment, and modifications committed to conference: Mr. HYDE, Mr. MCCOLLUM, and Mr. CONYERS.

At 3:21 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2002) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1996, and for other purposes.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 117. An act to amend the United States Housing Act of 1937 to prevent persons having drug or alcohol use problems from occupying dwellings units in public housings designated for occupancy by elderly families, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 782. An act to amend title 18 of the United States Code to allow members of employee associations to represent their views before the United States Government; to the Committee on the Judiciary.

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. INOUYE:

S. 1361. A bill to provide for the repurchase of land acquired by the United States from Native American organizations, and for other purposes; to the Committee on Governmental Affairs.

By Mr. HOLLINGS:

S. 1362. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Focus*; to the Committee on Commerce, Science, and Transportation.

By Mr. ABRAHAM:

S. 1363. A bill to terminate the agricultural price support and production adjustment programs for sugar on the date the President certifies to Congress that a General Agreement on Tariffs and Trade has been entered into that prohibits all export subsidies for sugar, price support and production adjustment programs for sugar, and tariffs and other trade barriers on the importation of sugar, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. INOUYE:

S. 1361. A bill to provide for the repurchase of land acquired by the United States from Native American organizations, and for other purposes; to the Committee on Governmental Affairs.

SURPLUS REAL PROPERTY LEGISLATION

• Mr. INOUYE. Mr. President, I introduce a measure that would authorize the repurchase of surplus real property by Native American trust organizations.

This measure is unusual in that it not only serves the objective of restoring to such organizations—real property that was acquired by the United States should such property be deemed to be surplus to the need of the Federal Government—but also provides for the repurchase of the property at today's fair market value, which will enable the United States to recapture the original value of the property, as well as any associated appreciation in value which has accrued since the time of acquisition.

Mr. President, this measure also authorizes the establishment of a trust fund in the United States Treasury, in which would be deposited that amount which represents the appreciated value of the reacquired property. For each property so repurchased by a Native American Trust Organization—the amount associated with the appreciated value of such property—would be added to the corpus of the trust. In turn, the income accruing on the investment of the trust corpus funds would be expended for the purposes of health and education authorized under existing Federal law.•

By Mr. HOLLINGS:

S. 1362. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Focus*; to the Committee on Commerce, Science, and Transportation.

TRADING PRIVILEGES LEGISLATION

Mr. HOLLINGS. Mr. President, I am introducing a bill today to direct that the vessel *Focus*, U.S. Official Number 909293, be accorded coastwise trading privileges and be issued a certificate of documentation under section 12103 of title 46, U.S. Code.

The *Focus* was constructed in Kowloon, Hong Kong, in 1983 and is a sailing vessel presently used for recreational purposes. It is 47.8 feet in length, 15.8 feet in breadth, has a depth of 6.5 feet, and is self-propelled.

The vessel is owned by John Passaloukas of Hilton Head Island, South Carolina. Mr. Passaloukas would like to utilize his vessel in the coastwise trade and fisheries of the United States. However, because the vessel was built in a foreign shipyard, it does not meet the requirements for coastwise license endorsement in the United States. The present owner purchased the *Focus* in a state of disrepair, after the vessel had been neglected for ten years, and has totally refurbished the vessel in U.S. shipyards. Coastwise documentation is mandatory to enable the owner to use the vessel for its intended purpose.

The owner of the *Focus* is seeking a waiver of the existing law because he wishes to use the vessel for recreational and ecotourism charters. His desired intentions for the vessel's use will not adversely affect the coastwise trade in U.S. waters. If he is granted this waiver, it is his intention to comply fully with U.S. documentation and safety requirements. The purpose of the legislation I am introducing is to allow the *Focus* to engage in the coastwise trade and the fisheries of the United States.

By Mr. ABRAHAM:

S. 1363. A bill to terminate the agricultural price support and production adjustment programs for sugar on the date the President certifies to Congress that a General Agreement on Tariffs and Trade has been entered into that prohibits all export subsidies for sugar, price support and production adjustment programs for sugar, and tariffs and other trade barriers on the importation of sugar, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

SUGAR LEGISLATION

• Mr. ABRAHAM. Mr. President, today I am introducing a bill to terminate U.S. agricultural price support and production adjustment programs for sugar contingent upon a GATT agreement which would eliminate export subsidies and price supports in other countries of the world. While I firmly believe that the free market should be allowed to work, it does not make sense to put our producers at a competitive disadvantage in the world subsidized market.

I can't speak for the rest of the country, but Michigan sugar beet producers are some of the most efficient producers in the world, yet without a U.S. sugar program they would most likely find it impossible to compete against less efficient foreign producers who are more highly subsidized. Other countries subsidize their sugar at a level so high that they are able to dump the excess sugar on the world market at a price well below the world's cost of production. Unilateral elimination of our sugar program would put the best producers of sugar in the world at a competitive disadvantage to less efficient producers. This simply does not make sense.

We cannot give up the hope that the world will have a free sugar market. Through the GATT, we have begun and will continue to work diligently toward that goal. I am hopeful that my legislation will prompt other Members of the House and Senate to contact the Administration in favor of further GATT talks that would move us closer to a free world market for agriculture. Until this occurs, however, we must carefully examine the consequences of the steps we take to reform or eliminate our support programs so that we do not put our producers in a position of weakness compared to other countries. Furthermore, we cannot simply assume other countries would follow our lead if we were to eliminate our sugar program. In fact, the result may be quite the opposite. Without a trade agreement, other countries would have greater access to the U.S. market, helping to perpetuate these foreign subsidies rather than encourage their elimination.

Mr. President, I assure you that during my tenure as a Member of this body I will fight diligently on the side of free trade. Understanding the importance of global free trade in a growing world market, I will continue to work to eliminate export subsidies and other price supports worldwide so that we may eventually achieve true free trade.•

ADDITIONAL COSPONSORS

S. 612

At the request of Mr. ROCKEFELLER, the name of the Senator from Minnesota [Mr. WELLSTONE] was added as a cosponsor of S. 612, a bill to amend title 38, United States Code, to provide for a hospice care pilot program for the Department of Veterans Affairs.

S. 1248

At the request of Mr. WELLSTONE, the name of the Senator from Nebraska [Mr. EXON] was added as a cosponsor of S. 1248, a bill to amend the Internal Revenue Code of 1986 to allow the alcohol fuels credit to be allocated to patrons of a cooperative in certain cases.

S. 1271

At the request of Mr. CRAIG, the names of the Senator from Virginia [Mr. WARNER] and the Senator from Wyoming [Mr. SIMPSON] were added as cosponsors of S. 1271 a bill to amend the Nuclear Waste Policy Act of 1982.

SENATE JOINT RESOLUTION 22

At the request of Mr. GRAMS, the name of the Senator from Tennessee [Mr. FRIST] was added as a cosponsor of Senate Joint Resolution 22, a joint resolution proposing an amendment to the Constitution of the United States to require a balanced budget.

SENATE RESOLUTION 146

At the request of Mr. JOHNSTON, the name of the Senator from California [Mrs. FEINSTEIN] was added as a cosponsor of Senate Resolution 146, a resolution designating the week beginning November 19, 1995, and the week beginning on November 24, 1996, as "National Family Week," and for other purposes.

AMENDMENTS SUBMITTED

THE BALANCED BUDGET RECONCILIATION ACT OF 1995

FORD AMENDMENT NO. 2948

(Ordered to lie on the table.)

Mr. FORD submitted an amendment intended to be proposed by him to the bill (S. 1357) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996; as follows:

At the end of title VI, add the following:

SEC. 6. CONSTRUCTION OF NATCHER BRIDGE NEAR OWENSBORO, KENTUCKY.

(a) AUTHORIZATION.—The Secretary of Transportation may pay the Federal share of the cost of a project to complete construction of the William H. Natcher Bridge near Owensboro, Kentucky.

(b) FEDERAL SHARE.—The Federal share of the cost of the project shall be 80 percent.

(c) DELEGATION TO STATES.—Subject to title 23, United States Code, the Secretary of Transportation shall delegate responsibility for construction of the project to the State of Kentucky, on request of the State.

(d) ADVANCE CONSTRUCTION.—If the State of Kentucky has been delegated responsibility for construction of the project and the State—

(1) has obligated all funds made available to the State under this section for construction of the project; and

(2) proceeds to construct the project without the aid of Federal funds, in accordance with all procedures and all requirements applicable to the project, except to the extent that the procedures and requirements limit the State to the construction of projects with the aid of Federal funds previously made available to the State;

the Secretary of Transportation, on the approval of the application of the State, shall pay to the State the Federal share of the cost of the project at such time as additional funds are made available for the project under this section.

(e) APPLICABILITY OF TITLE 23.—Funds made available under this section shall be available for obligation in the manner provided for funds apportioned under chapter 1 of title 23, United States Code, except that the Federal share of the cost of an project under this section shall be determined in accordance with this section and the funds shall remain available until expended. Funds authorized by this section shall not be subject to any obligation limitation.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from the Highway Trust Fund established by section 9503 of the Internal Revenue Code of 1986 (other than the Mass Transit Account) to carry out the project $44,000,000, to remain available until expended.

In section 23(b)(2) of the Internal Revenue Code of 1986, as added by section 12001(a), strike "$110,000" in subparagraph (A) and insert "$100,000" and strike "$55,000" in subparagraph (C) and insert "$50,000".

Mr. FORD. Mr. President, over the next few days, we will be debating the logic of a $245 billion tax break that adds to the deficit and cuts dangerously deep into critical programs for middle-income Americans—from Medicare to education. My Republican colleagues will justify adding to the deficit and making those cuts by striking the familiar refrain that these tax breaks will boost the economy.

But Mr. President, those tax breaks are not only jeopardizing important investments in our future economy like education and job training, they're jeopardizing critical infrastructure improvements that mean much more to local economies than a tax break for America's wealthiest few.

One of those infrastructure projects is a bridge linking my home State of Kentucky with Indiana. Without a doubt, the Natcher Bridge would mean much more to the local economies of Kentucky and Indiana than this tax break. From the increased interstate commerce to making the region more attractive to future businesses, industry, and tourism, the Natcher Bridge is a long-term investment for every Kentuckian and Hossier. But, unfortunately, it was sold down the river for a tax break for a wealthy few.

I have filed and had planned to offer an amendment to the Budget Reconciliation bill authorizing funding for the Natcher Bridge connecting Kentucky to Indiana. It would be offset by reducing the Republicans' $500 per child tax credit from the proposed income cap of $110,000 to $100,000.

However, it's my understanding that the same Republicans who killed this bridge project, will also raise a point of order against my amendment. That means I would have to get a supermajority for approval of my amendment. Without that huge road block, I think I could have persuaded my colleagues on the merits of finishing this project.

That's right. Not starting this project—but finishing this project.

It's a little bit like the young officer who pointed to the place on the map he planned to have the troops cross the river. "Excellent," remarked this superior, "but your finger is not a bridge." Well neither are two piers sticking out of the Ohio River.

Nearly $56 million in State and Federal funds have been spent on this bridge so far. Along with that financial commitment you'll find the initial stages of a new 7.4 mile, four-lane section of U.S. 60 that should—and I stress should—connect with a 4.7 mile highway leading to the bridge.

We began this bridge project back in 1988, because the current bridge was deemed incapable of dealing with future capacity, fated to become functionally obsolete. Because of the serious capacity concerns, we had to find the quickest and most efficient way to allocate funds—a demonstration project. Kentucky was very lucky to have Congressman William Natcher working diligently to get yearly funding for the bridge.

In hindsight, it probably would have been better to get total funding for the bridge in just 1 year. But at the time, that would have been over $80 million in Federal funds and Mr. Natcher just wasn't that way. He didn't want to take any money away from other States, and leave them in a pinch. He just took what was essential to the bridge's progress each year.

With his passing, the job of securing funds became much harder, but certainly not less worthy. Despite the fact that it was not included in the House Transportation Appropriations bill last year, I was able to secure the next installment. That's because my colleagues recognized at the time that the Natcher Bridge was a critical link in our national infrastructure.

That hasn't changed. And, ending this project now—with nearly $56 million already invested—would be a considerable waste of Federal and State funding, not to mention all but shutting the door to the economically important I-64 corridor for these communities.

While I will not be offering this amendment today, I will be offering it in the future. Because the communities on either side of the river, and those businesses counting on that corridor for moving their goods safely and efficiently, know that building this bridge should come before providing a tax break to those making $110,000.

BROWN AMENDMENT NO. 2949

Mr. BROWN proposed an amendment to the motion to commit proposed by Mr. ROCKEFELLER to the bill S. 1357, supra; as follows:

Strike all after "Finance" and insert the following: "With instructions to report the bill back to the Senate forthwith to include the findings of the Trustees of the Federal Insurance Trust Fund that, in order to save Medicare and to keep the Hospital Insurance Trust Fund solvent for future generations, Congress must address both the long-term and short-term shortfalls in the Medicare program."

ABRAHAM AMENDMENT NO. 2950

Mr. ABRAHAM proposed an amendment to the bill S. 1357, supra; as follows:

At the end of chapter 6 of title VII, insert the following:

SEC. . BENEFICIARY INCENTIVE PROGRAMS.

(a) PROGRAM TO COLLECT INFORMATION ON FRAUD AND ABUSE.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 3 months after the date of the enactment of this Act, the Secretary of Health and Human Services (hereinafter in this section referred to as the "Secretary") shall establish a program under which the Secretary shall encourage individuals to report to the Secretary information on individuals and entities who are engaging or who have engaged in acts or omissions which constitute grounds for the imposition of a sanction under section 1128, section 1128A, or section 1128B of the Social Security Act, or who have otherwise engaged in fraud and abuse against the medicare program for which there is a sanction provided under law. The program shall discourage provision of, and not consider, information which is frivolous or otherwise not relevant or material to the imposition of such a sanction.

(2) PAYMENT OF PORTION OF AMOUNTS COLLECTED.—If an individual reports information to the Secretary under the program established under paragraph (1) which serves as the basis for the collection by the Secretary or the Attorney General of any amount of at least $100 (other than any amount paid as a penalty under section 1128B of the Social Security Act), the Secretary may pay a portion of the amount collected to the individual (under procedures similar to those applicable under section 7623 of the Internal Revenue Code of 1986 to payments to individuals providing information on violations of such Code).

(b) PROGRAM TO COLLECT INFORMATION ON PROGRAM EFFICIENCY.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 3 months after the date of the enactment of this Act, the Secretary shall establish a program under which the Secretary shall encourage individuals to submit to the Secretary suggestions on methods to improve the efficiency of the medicare program.

(2) PAYMENT OF PORTION OF PROGRAM SAVINGS.—If an individual submits a suggestion to the Secretary under the program established under paragraph (1) which is adopted by the Secretary and which results in savings to the program, the Secretary may make a payment to the individual of such amount as the Secretary considers appropriate.

LEAHY AMENDMENTS NOS. 2951–2954

(Ordered to lie on the table.)

Mr. LEAHY submitted four amendments intended to be proposed by him to the bill S. 1357, supra; as follows—

AMENDMENT NO. 2951

Amend section 1109(1)(D) to read as follows—

"(D) by amending subsection (h) to read as follows—

(h) FLOOD CONTROL.—

(1) IN GENERAL.—The Secretary may enter into contracts in accordance with paragraph (2) with producers with crop acreage base on farms with land that is frequently flooded.

(2) TERMS OF CONTRACT.—The contract described in paragraph (1) shall include the following terms—

(A) With respect to the acres which are the subject to the contract, the producer shall agree to—

((i) the removal of crop acreage base;

(ii) not build crop acreage base in future years;

(iii) not apply for crop insurance issued by the Secretary or reinsured by the Secretary;

(iv) comply with applicable wetlands and highly erodible land conservation compliance requirements described in Title XII of the Food Security Act of 1985;

(v) not apply for any conservation program payments from the Secretary;

(vi) not apply for any disaster program benefits issued by the Secretary; and

(vii) refund the payments with interest issued under the contract to the Secretary, if the producer violates the terms of this contract or if the producer transfers the property to another party who violates the terms specified in this contract.

(B) The Secretary shall agree to pay producers an amount not more than 95 percent of the projected benefits and subsidies payable to crops planted on the acres from the Commodity Credit Corporation and the Federal Crop Insurance Corporation for the fiscal years covered by the agreement during the period 1997 through 2002.

(3) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation."

AMENDMENT NO. 2952

(a) In section 1201(c)(2) by striking (A) and inserting the following:

"(A) IN GENERAL.—Section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended—

"(i) in subsection (b)—

"(I) in paragraph (1) by striking 'and';

"(II) in paragraph (2) by—

"(aa) by striking 'not less' and inserting 'not more';

"(bb) by striking '2000' and inserting '2002'; and

"(cc) by striking the period and inserting '; and'; and

"(III) adding the following to the end:

'(3) to the maximum extent possible during the 1996 through 2002 calendar years, one-third of the acres in permanent easements, one-third of the acres in 30 year easements, and one-third of the acres in restoration cost-share agreements.'"

(b) In section 1201(c)(2) strike subparagraph (B) and insert the following:

"(B) COST SHARE AGREEMENTS.—Section 1237A of the Food Security Act of 1985 (16 U.S.C. 3837A) is amended by—

"(i) amending the section heading to read as follows:

"'SEC. 1237A EASEMENTS AND AGREEMENTS';

(ii) in subsection (f) striking 'except in the case of' through 'and the Secretary'; and

(ii) adding the following the end:

"'(h) COST SHARE AGREEMENTS.—The Secretary may enroll land into wetland reserve through agreements which require the landowner to restore wetlands on the land, provided the agreement does not provide the Secretary with an easement.

"(C) COST SHARE AND TECHNICAL ASSISTANCE.—Section 1237C(b) of the Food Security Act of 1985 (16 U.S.C. 3837c(b)) is amended to read as follows:

'(b) COST SHARE AND TECHNICAL ASSISTANCE.—

'(1) For easements entered into from the 1991 through 1995 calendar years in making cost share payments under subsection (a)(1), the Secretary shall pay the owner an amount that is not less than 50 percent but not more than 75 percent of eligible costs with respect to an easement which is not permanent, and not less than 75 percent but not more than 100 percent of eligible costs with respect to a permanent easement.

'(2) For easements and agreements entered into from the 1996 through 2002 calendar years, in making cost share payments the Secretary shall—

(A) pay the owner an amount that is not less than 75 percent but not more than 100 percent of the eligible costs with respect to preeminent easements and cost share agreements;

(B) pay the owner an amount that is not less than 50 percent, but not more than 75 percent of the eligible costs with respect to 30 year easements; and

(C) provide owners technical assistance to assist land owners in complying with the terms of easements and agreements."

"(C) AGREEMENTS.—

'(g) EASEMENTS AND AGREEMENTS.—The Secretary shall enroll lands in the wetland reserve through easements and agreements in accordance with this subsection.

'(1) EASEMENTS.—The Secretary may enroll land into wetland reserve through the purchase of easements as provided for in section 1237A.

'(2) AGREEMENTS.—The Secretary may enroll land into the wetland reserve through agreements which require the landowner to restore wetlands on the land, provided the agreement does not provide the Secretary with an easement. Through such agreements the Secretary shall provide landowners cost share and technical assistance in accordance with section 1237C(b).'"

(c) In section 1201(c)(2) strike subparagraph (B) and insert the following:

"(B) COMPENSATION.—Section 1237A(f) of the Food Security Act of 1985 (16 U.S.C. 3837a(f)) is amended by striking', except in the case of through and the Secretary'."

AMENDMENT NO. 2953

Amend section 1201(b) by adding the following after "To receive cost sharing or inventive payments, or technical assistance, participating operators shall comply with all terms and conditions of the contract and a plan, as established by the Secretary".

'(3) CONTRACT EFFECTIVE DATE.—A contract between an operator and the Secretary under this chapter shall become effective on October 1st following the date the contract is fully entered into.'"

AMENDMENT NO. 2954

Amend section 1106 by striking "for calendar year 1996, subject to subsection (d)." through "beginning January 1, 1996, and ending December 31, 2002".

GRASSLEY AMENDMENTS NOS. 2955–2956

(Ordered to lie on the table.)

Mr. GRASSLEY submitted two amendments intended to be proposed by him to the bill S. 1357, supra; as follows:

AMENDMENT NO. 2955

Subsection (e) of Section 2123 is amended by adding ", other than a program operated or financed by the Indian Health Service," after "other federally operated or financed health care program".

As amended, the subsection would read:

(e) MEDICAID AS SECONDARY PAYER.—Except as otherwise provided by law, no payment shall be made to a State under this part for expenditures for medical assistance provided for an individual under its medicaid plan to the extent that payment has been made or can reasonably be expected to be made promptly (as determined in accordance with regulations) under any other federally operated or financed health care program, other than a program operated or financed by the Indian Health Service, as identified by the Secretary. For purposes of this subsection, rules similar to the rules for overpayments under section 2122(b) shall apply.

AMENDMENT NO. 2956

On Pages 764 and 765, section 2106, Medicaid Task Force—under subsection (c) Advisory Group for the Task Force, add new number (14) to read: "(14) AMERICAN OSTEOPATHIC ASSOCIATION".

Redesignate old No. 14 to be No. 15
Redesignate old No. 15 to be No. 16
Redesignate old No. 16 to be No. 17
Redesignate old No. 17 to be No. 18.

HARKIN AMENDMENT NO. 2957

Mr. HARKIN proposed an amendment to the bill S. 1357, supra; as follows:

Strike all after the word "SEC." on page 1 line 3 and insert the following:

SEC. . The following provisions shall constitute all of the provisions regarding Medicare Fraud and Abuse in Title VII of this bill:

CHAPTER 6—HEALTH CARE FRAUD AND ABUSE PREVENTION

SEC. 7100. SHORT TITLE.

This chapter may be cited as the "Health Care Fraud and Abuse Prevention Act of 1995".

Subchapter A—Fraud and Abuse Control Program

SEC. 7101. FRAUD AND ABUSE CONTROL PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Title XI (42 U.S.C. 1301 et seq.) is amended by inserting after section 1128B the following new section:

"FRAUD AND ABUSE CONTROL PROGRAM

"SEC. 1128C. (a) ESTABLISHMENT OF PROGRAM.—

"(1) IN GENERAL.—Not later than January 1, 1996, the Secretary, acting through the Office of the Inspector General of the Department of Health and Human Services, and the Attorney General shall establish a program—

"(A) to coordinate Federal, State, and local law enforcement programs to control fraud and abuse with respect to the delivery of and payment for health care in the United States,

"(B) to conduct investigations, audits, evaluations, and inspections relating to the delivery of and payment for health care in the United States,

"(C) to facilitate the enforcement of the provisions of sections 1128, 1128A, and 1128B and other statutes applicable to health care fraud and abuse, and

"(D) to provide for the modification and establishment of safe harbors and to issue interpretative rulings and special fraud alerts pursuant to section 1128D.

"(2) COORDINATION WITH HEALTH PLANS.—In carrying out the program established under paragraph (1), the Secretary and the Attorney General shall consult with, and arrange for the sharing of data with representatives of health plans.

"(3) GUIDELINES.—

"(A) IN GENERAL.—The Secretary and the Attorney General shall issue guidelines to carry out the program under paragraph (1). The provisions of sections 553, 556, and 557 of title 5, United States Code, shall not apply in the issuance of such guidelines.

"(B) INFORMATION GUIDELINES.—

"(i) IN GENERAL.—Such guidelines shall include guidelines relating to the furnishing of information by health plans, providers, and others to enable the Secretary and the Attorney General to carry out the program (including coordination with health plans under paragraph (2)).

"(ii) CONFIDENTIALITY.—Such guidelines shall include procedures to assure that such information is provided and utilized in a manner that appropriately protects the confidentiality of the information and the privacy of individuals receiving health care services and items.

"(iii) QUALIFIED IMMUNITY FOR PROVIDING INFORMATION.—The provisions of section 1157(a) (relating to limitation on liability) shall apply to a person providing information to the Secretary or the Attorney General in conjunction with their performance of duties under this section.

"(4) ENSURING ACCESS TO DOCUMENTATION.—The Inspector General of the Department of Health and Human Services is authorized to exercise such authority described in paragraphs (3) through (9) of section 6 of the Inspector General Act of 1978 (5 U.S.C. App.) as necessary with respect to the activities under the fraud and abuse control program established under this subsection.

"(5) AUTHORITY OF INSPECTOR GENERAL.—Nothing in this Act shall be construed to diminish the authority of any Inspector General, including such authority as provided in the Inspector General Act of 1978 (5 U.S.C. App.).

"(b) ADDITIONAL USE OF FUNDS BY INSPECTOR GENERAL.—

"(1) REIMBURSEMENTS FOR INVESTIGATIONS.—The Inspector General of the Department of Health and Human Services is authorized to receive and retain for current use reimbursement for the costs of conducting investigations and audits and for monitoring compliance plans when such costs are ordered by a court, voluntarily agreed to by the payer, or otherwise.

"(2) CREDITING.—Funds received by the Inspector General under paragraph (1) as reimbursement for costs of conducting investigations shall be deposited to the credit of the appropriation from which initially paid, or to appropriations for similar purposes currently available at the time of deposit, and shall remain available for obligation for 1 year from the date of the deposit of such funds.

"(c) HEALTH PLAN DEFINED.—For purposes of this section, the term 'health plan' means a plan or program that provides health benefits, whether directly, through insurance, or otherwise, and includes—

"(1) a policy of health insurance;

"(2) a contract of a service benefit organization; and

"(3) a membership agreement with a health maintenance organization or other prepaid health plan.".

(b) ESTABLISHMENT OF HEALTH CARE FRAUD AND ABUSE CONTROL ACCOUNT IN FEDERAL HOSPITAL INSURANCE TRUST FUND.—Section 1817 (42 U.S.C. 1395i) is amended by adding at the end the following new subsection:

"(k) HEALTH CARE FRAUD AND ABUSE CONTROL ACCOUNT.—

"(1) ESTABLISHMENT.—There is hereby established in the Trust Fund an expenditure account to be known as the 'Health Care Fraud and Abuse Control Account' (in this subsection referred to as the 'Account').

"(2) APPROPRIATED AMOUNTS TO TRUST FUND.—

"(A) IN GENERAL.—There are hereby appropriated to the Trust Fund—

"(i) such gifts and bequests as may be made as provided in subparagraph (B);

"(ii) such amounts as may be deposited in the Trust Fund as provided in sections 7141(b) and 7142(c) of the Balanced Budget Reconciliation Act of 1995, and title XI; and

"(iii) such amounts as are transferred to the Trust Fund under subparagraph (C).

"(B) AUTHORIZATION TO ACCEPT GIFTS.—The Trust Fund is authorized to accept on behalf of the United States money gifts and bequests made unconditionally to the Trust Fund, for the benefit of the Account or any activity financed through the Account.

"(C) TRANSFER OF AMOUNTS.—The Managing Trustee shall transfer to the Trust Fund, under rules similar to the rules in section 9601 of the Internal Revenue Code of 1986, an amount equal to the sum of the following:

"(i) Criminal fines recovered in cases involving a Federal health care offense (as defined in section 982(a)(6)(B) of title 18, United States Code).

"(ii) Civil monetary penalties and assessments imposed in health care cases, including amounts recovered under titles XI, XVIII, and XXI, and chapter 38 of title 31, United States Code (except as otherwise provided by law).

"(iii) Amounts resulting from the forfeiture of property by reason of a Federal health care offense.

"(iv) Penalties and damages obtained and otherwise creditable to miscellaneous receipts of the general fund of the Treasury obtained under sections 3729 through 3733 of title 31, United States Code (known as the False Claims Act), in cases involving claims related to the provision of health care items and services (other than funds awarded to a relator, for restitution or otherwise authorized by law).

"(3) APPROPRIATED AMOUNTS TO ACCOUNT.—

"(A) IN GENERAL.—There are hereby appropriated to the Account from the Trust Fund such sums as the Secretary and the Attorney General certify are necessary to carry out the purposes described in subparagraph (B), to be available without further appropriation, in an amount—

"(i) with respect to activities of the Office of the Inspector General of the Department of Health and Human Services and the Federal Bureau of Investigations in carrying out such purposes, not less than—

"(I) for fiscal year 1996, $110,000,000,

"(II) for fiscal year 1997, $140,000,000,

"(III) for fiscal year 1998, $160,000,000,

"(IV) for fiscal year 1999, $185,000,000,

"(V) for fiscal year 2000, $215,000,000,

"(VI) for fiscal year 2001, $240,000,000, and

"(VII) for fiscal year 2002, $270,000,000; and

"(ii) with respect to all activities (including the activities described in clause (i)) in carrying out such purposes, not more than—

"(I) for fiscal year 1996, $200,000,000, and

"(II) for each of the fiscal years 1997 through 2002, the limit for the preceding fiscal year, increased by 15 percent; and

"(iii) for each fiscal year after fiscal year 2002, within the limits for fiscal year 2002 as determined under clauses (i) and (ii).

"(B) USE OF FUNDS.—The purposes described in this subparagraph are as follows:

"(i) GENERAL USE.—To cover the costs (including equipment, salaries and benefits, and travel and training) of the administration and operation of the health care fraud and abuse control program established under section 1128C(a), including the costs of—

"(I) prosecuting health care matters (through criminal, civil, and administrative proceedings);

"(II) investigations;

"(III) financial and performance audits of health care programs and operations;

"(IV) inspections and other evaluations; and

"(V) provider and consumer education regarding compliance with the provisions of title XI.

"(ii) USE BY STATE MEDICAID FRAUD CONTROL UNITS FOR INVESTIGATION REIMBURSEMENTS.—To reimburse the various State medicaid fraud control units upon request to the Secretary for the costs of the activities authorized under section 2134(b).

"(4) ANNUAL REPORT.—The Secretary and the Attorney General shall submit jointly an annual report to Congress on the amount of revenue which is generated and disbursed, and the justification for such disbursements, by the Account in each fiscal year.".

SEC. 7102. APPLICATION OF CERTAIN HEALTH ANTI-FRAUD AND ABUSE SANCTIONS TO FRAUD AND ABUSE AGAINST FEDERAL HEALTH PROGRAMS.

(a) CRIMES.—

(1) SOCIAL SECURITY ACT.—Section 1128B (42 U.S.C. 1320a-7b) is amended as follows:

(A) In the heading, by striking "MEDICARE OR STATE HEALTH CARE PROGRAMS" and inserting "FEDERAL HEALTH CARE PROGRAMS".

(B) In subsection (a)(1), by striking "a program under title XVIII or a State health care program (as defined in section 1128(h))" and inserting "a Federal health care program".

(C) In subsection (a)(5), by striking "a program under title XVIII or a State health care program" and inserting "a Federal health care program".

(D) In the second sentence of subsection (a)—

(i) by striking "a State plan approved under title XIX" and inserting "a Federal health care program"; and

(ii) by striking "the State may at its option (notwithstanding any other provision of that title or of such plan)" and inserting "the administrator of such program may at its option (notwithstanding any other provision of such program)".

(E) In subsection (b)—

(i) by striking "and willfully" each place it appears;

(ii) by striking "$25,000" each place it appears and inserting "$50,000";

(iii) by striking "title XVIII or a State health care program" each place it appears and inserting "Federal health care program";

(iv) in paragraph (1) in the matter preceding subparagraph (A), by striking "kind—" and inserting "kind with intent to be influenced—";

(v) in paragraph (1)(A), by striking "in return for referring" and inserting "to refer";

(vi) in paragraph (1)(B), by striking "in return for purchasing, leasing, ordering, or arranging for or recommending" and inserting "to purchase, lease, order, or arrange for or recommend";

(vii) in paragraph (2) in the matter proceeding subparagraph (A), by striking "to induce such person" and inserting "with intent to influence such person";

(viii) by adding at the end of paragraphs (1) and (2) the following sentence: "A violation exists under this paragraph if one or more purposes of the remuneration is unlawful under this paragraph.";

(ix) by redesignating paragraph (3) as paragraph (4);

(x) in paragraph (4) (as redesignated), by striking "Paragraphs (1) and (2)" and inserting "Paragraphs (1), (2), and (3)"; and

(xi) by inserting after paragraph (2) the following new paragraph:

"(3)(A) The Attorney General may bring an action in the district courts to impose upon any person who carries out any activity in violation of this subsection a civil penalty of not less than $25,000 and not more than $50,000 for each such violation, plus three times the total remuneration offered, paid, solicited, or received.

"(B) A violation exists under this paragraph if one or more purposes of the remuneration is unlawful, and the damages shall be the full amount of such remuneration.

"(C) Section 3731 of title 31, United States Code, and the Federal Rules of Civil Procedure shall apply to actions brought under this paragraph.

"(D) The provisions of this paragraph do not affect the availability of other criminal and civil remedies for such violations.".

(F) In subsection (c), by inserting "(as defined in section 1128(h))" after "a State health care program".

(G) By adding at the end the following new subsections:

"(f) For purposes of this section, the term 'Federal health care program' means—

"(1) any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded, in whole or in part, by the United States Government; or

"(2) any State health care program, as defined in section 1128(h).

"(g)(1) The Secretary and Administrator of the departments and agencies with a Federal health care program may conduct an investigation or audit relating to violations of this section and claims within the jurisdiction of other Federal departments or agencies if the following conditions are satisfied:

"(A) The investigation or audit involves primarily claims submitted to the Federal health care programs of the department or agency conducting the investigation or audit.

"(B) The Secretary or Administrator of the department or agency conducting the investigation or audit gives notice and an opportunity to participate in the investigation or audit to the Inspector General of the department or agency with primary jurisdiction over the Federal health care programs to which the claims were submitted.

"(2) If the conditions specified in paragraph (1) are fulfilled, the Inspector General of the department or agency conducting the investigation or audit may exercise all powers granted under the Inspector General Act of 1978 with respect to the claims submitted to the other departments or agencies to the same manner and extent as provided in that Act with respect to claims submitted to such departments or agencies.".

(2) IDENTIFICATION OF COMMUNITY SERVICE OPPORTUNITIES.—Section 1128B (42 U.S.C. 1320a-7b) is further amended by adding at the end the following new subsection:

"(h) The Secretary may—

"(1) in consultation with State and local health care officials, identify opportunities for the satisfaction of community service obligations that a court may impose upon the conviction of an offense under this section, and

"(2) make information concerning such opportunities available to Federal and State law enforcement officers and State and local health care officials.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1996.

SEC. 7103. HEALTH CARE FRAUD AND ABUSE PROVIDER GUIDANCE.

(a) SOLICITATION AND PUBLICATION OF MODIFICATIONS TO EXISTING SAFE HARBORS AND NEW SAFE HARBORS.—

(1) IN GENERAL.—

(A) SOLICITATION OF PROPOSALS FOR SAFE HARBORS.—Not later than January 1, 1996, and not less than annually thereafter, the Secretary shall publish a notice in the Federal Register soliciting proposals, which will be accepted during a 60-day period, for—

(i) modifications to existing safe harbors issued pursuant to section 14(a) of the Medicare and Medicaid Patient and Program Protection Act of 1987 (42 U.S.C. 1320a-7b note);

(ii) additional safe harbors specifying payment practices that shall not be treated as a criminal offense under section 1128B(b) of the Social Security Act (42 U.S.C. 1320a-7b(b)) and shall not serve as the basis for an exclusion under section 1128(b)(7) of such Act (42 U.S.C. 1320a-7(b)(7));

(iii) interpretive rulings to be issued pursuant to subsection (b); and

(iv) special fraud alerts to be issued pursuant to subsection (c).

(B) PUBLICATION OF PROPOSED MODIFICATIONS AND PROPOSED ADDITIONAL SAFE HARBORS.—After considering the proposals described in clauses (i) and (ii) of subparagraph (A), the Secretary, in consultation with the Attorney General, shall publish in the Federal Register proposed modifications to existing safe harbors and proposed additional safe harbors, if appropriate, with a 60-day comment period. After considering any public comments received during this period, the Secretary shall issue final rules modifying the existing safe harbors and establishing new safe harbors, as appropriate.

(C) REPORT.—The Inspector General of the Department of Health and Human Services (in this section referred to as the "Inspector General") shall, in an annual report to Congress or as part of the year-end semiannual report required by section 5 of the Inspector General Act of 1978 (5 U.S.C. App.), describe the proposals received under clauses (i) and (ii) of subparagraph (A) and explain which proposals were included in the publication described in subparagraph (B), which proposals were not included in that publication, and the reasons for the rejection of the proposals that were not included.

(2) CRITERIA FOR MODIFYING AND ESTABLISHING SAFE HARBORS.—In modifying and establishing safe harbors under paragraph (1)(B), the Secretary may consider the extent to which providing a safe harbor for the specified payment practice may result in any of the following:

(A) An increase or decrease in access to health care services.

(B) An increase or decrease in the quality of health care services.

(C) An increase or decrease in patient freedom of choice among health care providers.

(D) An increase or decrease in competition among health care providers.

(E) An increase or decrease in the ability of health care facilities to provide services in medically underserved areas or to medically underserved populations.

(F) An increase or decrease in the cost to Federal health care programs (as defined in section 1128B(f) of the Social Security Act (42 U.S.C. 1320a-7b(f)).

(G) An increase or decrease in the potential overutilization of health care services.

(H) The existence or nonexistence of any potential financial benefit to a health care professional or provider which may vary based on their decisions of—

(i) whether to order a health care item or service; or

(ii) whether to arrange for a referral of health care items or services to a particular practitioner or provider.

(I) Any other factors the Secretary deems appropriate in the interest of preventing fraud and abuse in Federal health care programs (as so defined).

(b) INTERPRETIVE RULINGS.—

(1) IN GENERAL.—

(A) REQUEST FOR INTERPRETIVE RULING.—Any person may present, at any time, a request to the Inspector General for a statement of the Inspector General's current interpretation of the meaning of a specific aspect of the application of sections 1128A and 1128B of the Social Security Act (42 U.S.C. 1320a-7a and 1320a-7b) (in this section referred to as an "interpretive ruling").

(B) ISSUANCE AND EFFECT OF INTERPRETIVE RULING.—

(i) IN GENERAL.—If appropriate, the Inspector General shall in consultation with the Attorney General, issue an interpretive ruling not later than 120 days after receiving a request described in subparagraph (A). Interpretive rulings shall not have the force of law and shall be treated as an interpretive rule within the meaning of section 553(b) of title 5, United States Code. All interpretive rulings issued pursuant to this clause shall be published in the Federal Register or otherwise made available for public inspection.

(ii) REASONS FOR DENIAL.—If the Inspector General does not issue an interpretive ruling in response to a request described in subparagraph (A), the Inspector General shall notify the requesting party of such decision not later than 120 days after receiving such a request and shall identify the reasons for such decision.

(2) CRITERIA FOR INTERPRETIVE RULINGS.—

(A) IN GENERAL.—In determining whether to issue an interpretive ruling under paragraph (1)(B), the Inspector General may consider—

(i) whether and to what extent the request identifies an ambiguity within the language of the statute, the existing safe harbors, or previous interpretive rulings; and

(ii) whether the subject of the requested interpretive ruling can be adequately addressed by interpretation of the language of the statute, the existing safe harbor rules, or previous interpretive rulings, or whether the request would require a substantive ruling (as defined in section 552 of title 5, United States Code) not authorized under this subsection.

(B) NO RULINGS ON FACTUAL ISSUES.—The Inspector General shall not give an interpretive ruling on any factual issue, including the intent of the parties or the fair market value of particular leased space or equipment.

(c) SPECIAL FRAUD ALERTS.—

(1) IN GENERAL.—

(A) REQUEST FOR SPECIAL FRAUD ALERTS.—Any person may present, at any time, a request to the Inspector General for a notice which informs the public of practices which the Inspector General considers to be suspect or of particular concern under section 1128B(b) of the Social Security Act (42 U.S.C. 1320a-7b(b)) (in this subsection referred to as a "special fraud alert").

(B) ISSUANCE AND PUBLICATION OF SPECIAL FRAUD ALERTS.—Upon receipt of a request described in subparagraph (A), the Inspector General shall investigate the subject matter of the request to determine whether a special fraud alert should be issued. If appropriate, the Inspector General shall issue a special fraud alert in response to the request. All special fraud alerts issued pursuant to this subparagraph shall be published in the Federal Register.

(2) CRITERIA FOR SPECIAL FRAUD ALERTS.—In determining whether to issue a special fraud alert upon a request described in paragraph (1), the Inspector General may consider—

(A) whether and to what extent the practices that would be identified in the special fraud alert may result in any of the consequences described in subsection (a)(2); and

(B) the volume and frequency of the conduct that would be identified in the special fraud alert.

SEC. 7104. MEDICARE/MEDICAID BENEFICIARY PROTECTION PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Not later than January 1, 1996, the Secretary (through the Administrator of the Health Care Financing Administration and the Inspector General of the Department of Health and Human Services) shall establish the Medicare/Medicaid Beneficiary Protection Program. Under such program the Secretary shall—

(1) educate medicare and medicaid beneficiaries regarding—

(A) medicare and medicaid program coverage;

(B) fraudulent and abusive practices;

(C) medically unnecessary health care items and services; and

(D) substandard health care items and services;

(2) identify and publicize fraudulent and abusive practices with respect to the delivery of health care items and services; and

(3) establish a procedure for the reporting of fraudulent and abusive health care providers, practitioners, claims, items, and services to appropriate law enforcement and payer agencies.

(b) RECOGNITION AND PUBLICATION OF CONTRIBUTIONS.—The program established by the Secretary under this section shall recognize and publicize significant contributions made by individual health care patients toward the combating of health care fraud and abuse.

(c) DISSEMINATION OF INFORMATION.—The Secretary shall provide for the broad dissemination of information regarding the Medicare/Medicaid Beneficiary Protection Program.

SEC. 7105. MEDICARE BENEFIT QUALITY ASSURANCE.

(a) IN GENERAL.—Part D of title XVIII (42 U.S.C. 1395 et seq.), as redesignated in section 7003, is amended by inserting after section 1888 the following new section:

"MEDICARE BENEFIT INTEGRITY SYSTEM

"SEC. 1889. (a) APPROPRIATION.—There are appropriated from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund for each fiscal year such amounts as are necessary to carry out the benefit quality assurance program activities described in subsection (b), subject to subsections (c) and (d).

"(b) ACTIVITIES DESCRIBED.—The benefit quality assurance program activities described in this subsection are as follows:

"(1) Review of activities of providers of services or other persons in connection with this title, including medical and utilization review and fraud review.

"(2) Audit of cost reports.

"(3) Determinations as to whether payment should not be, or should not have been, made under this title by reason of section 1862(b), and recovery of payments that should not have been made.

"(4) Education of providers of services, beneficiaries, and other persons with respect to payment integrity and benefit quality assurance issues.

"(c) AMOUNTS SPECIFIED.—The amount appropriated under subsection (a) for a fiscal year is as follows:

"(1) For fiscal year 1996, such amount shall be $525,000,000.

"(2) For fiscal year 1997, such amount shall be $550,000,000.

"(3) For fiscal year 1998, such amount shall be $575,000,000.

"(4) For fiscal year 1999, such amount shall be $600,000,000.

"(5) For fiscal year 2000, such amount shall be $619,000,000.

"(6) For fiscal year 2001 and each succeeding fiscal year, the greater of—

"(A) $619,000,000 increased by a percentage equal to the percentage increase in expenditures under this title (other than expenditures pursuant to this section) for the preceding fiscal year over fiscal year 1999; or

"(B) an amount equal to the aggregate amount expended for activities described in subsection (b) in fiscal year 2000, increased, as determined by the Secretary, to reflect—

"(i) inflation; and

"(ii) any costs attributable to oversight responsibilities added with respect to periods after fiscal year 2000.

"(d) ALLOCATION OF PAYMENTS AMONG TRUST FUNDS.—The appropriations made under subsection (a) shall be allocated to reasonably reflect the proportion of expenditures associated with part A and part B.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations incurred after fiscal year 1995.

SEC. 7106. MEDICARE BENEFIT INTEGRITY SYSTEM.

(a) IN GENERAL.—Part D of title XVIII (42 U.S.C. 1395 et seq.), as redesignated in section 7003 and amended by section 7045, is amended by inserting after section 1888 the following new section:

"MEDICARE BENEFIT INTEGRITY CONTRACTS

"SEC. 1890. (a) AUTHORITY TO CONTRACT.—

"(1) IN GENERAL.—In order to improve the effectiveness of benefit quality assurance activities relating to programs under this title, and to enhance the Secretary's capability to carry out program safeguard functions and related education activities to avoid the improper expenditure of assets of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, the Secretary shall enter into contracts with organizations or other entities having demonstrated capability to carry out one or more of the activities described in section 1889(b). The provisions of sections 1816 and 1842 shall be inapplicable to contracts under this section.

"(2) NUMBER OF CONTRACTS.—The Secretary shall determine the number of separate contracts which are necessary to achieve, with the maximum degree of efficiency and cost effectiveness, the objectives of this section. The Secretary may enter into contracts under this section at such time or times as are appropriate so long as not later than the fiscal year beginning October 1, 1998, and for each fiscal year thereafter, there are in effect contracts that, considered collectively, provide for benefit quality assurance activities with respect to all payments under this title.

"(b) CONTRACT REQUIREMENTS.—A benefit quality assurance contract entered into under subsection (a) must provide for one or more benefit quality assurance program activities described in section 1889(b). Each such contract shall include an agreement by the contractor to cooperate with the Inspector General of the Department of Health and Human Services, and the Attorney General, and other law enforcement agencies, as appropriate, in the investigation and deterrence of fraud and abuse in relation to this title and in other cases arising out of the activities described in such section, and shall contain such other provisions as the Secretary finds necessary or appropriate to achieve the purposes of this part. The provisions of section 1153(e)(1) shall apply to contracts and contracting authority under this section, except that competitive procedures must be used when entering into new contracts under this section, or at any other time when it is in the best interests of the United States. A contract under this section may be renewed from term to term without regard to any provision of law requiring competition if the contractor has met or exceeded the performance requirements established in the current contract.

"(c) LIMITATIONS.—

"(1) IN GENERAL.—In carrying out this section, the Secretary may not enter into a contract with an organization or other entity if the Secretary determines that such organization's or entity's financial holdings, interests, or relationships would interfere with its ability to perform the functions to be required by the contract in an effective and impartial manner.

"(2) LIMITATION OF LIABILITY.—The Secretary shall by regulation provide for the limitation of a contractor's liability for actions taken to carry out a contract under this section, and such regulations shall, to the extent the Secretary finds appropriate, employ the same or comparable standards and other substantive and procedural provisions as are contained in section 1157.".

PART II—REVISIONS TO CURRENT SANCTIONS FOR FRAUD AND ABUSE

SEC. 7110. MANDATORY EXCLUSION FROM PARTICIPATION IN MEDICARE AND STATE HEALTH CARE PROGRAMS.

(a) INDIVIDUAL CONVICTED OF FELONY RELATING TO HEALTH CARE FRAUD.—

(1) IN GENERAL.—Section 1128(a) (42 U.S.C. 1320a–7(a)) is amended by adding at the end the following new paragraph:

"(3) FELONY CONVICTION RELATING TO HEALTH CARE FRAUD.—Any individual or entity that has been convicted after the date of the enactment of the Medicare Improvement and Solvency Protection Act of 1995, under Federal or State law, in connection with the delivery of a health care item or service or with respect to any act or omission in a health care program (other than those specifically described in paragraph (1)) operated by or financed in whole or in part by any Federal, State, or local government agency, of a criminal offense consisting of a felony relating to fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct.".

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 1128(b) (42 U.S.C. 1320a–7(b)) is amended to read as follows:

"(1) CONVICTION RELATING TO FRAUD.—Any individual or entity that has been convicted after the date of the enactment of the Medicare Improvement and Solvency Protection Act of 1995, under Federal or State law—

"(A) of a criminal offense consisting of a misdemeanor relating to fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct—

"(i) in connection with the delivery of a health care item or service, or

"(ii) with respect to any act or omission in a health care program (other than those specifically described in subsection (a)(1)) operated by or financed in whole or in part by any Federal, State, or local government agency; or

"(B) of a criminal offense relating to fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct with respect to any act or omission in a program (other than a health care program) operated by or financed in whole or in part by any Federal, State, or local government agency.".

(b) INDIVIDUAL CONVICTED OF FELONY RELATING TO CONTROLLED SUBSTANCE.—

(1) IN GENERAL.—Section 1128(a) (42 U.S.C. 1320a-7(a)), as amended by subsection (a), is amended by adding at the end the following new paragraph:

"(4) FELONY CONVICTION RELATING TO CONTROLLED SUBSTANCE.—Any individual or entity that has been convicted after the date of the enactment of the Medicare Improvement and Solvency Protection Act of 1995, under Federal or State law, of a criminal offense consisting of a felony relating to the unlawful manufacture, distribution, prescription, or dispensing of a controlled substance.".

(2) CONFORMING AMENDMENT.—Section 1128(b)(3) (42 U.S.C. 1320a-7(b)(3)) is amended—

(A) in the heading, by striking "CONVICTION" and inserting "MISDEMEANOR CONVICTION"; and

(B) by striking "criminal offense" and inserting "criminal offense consisting of a misdemeanor".

SEC. 7111. ESTABLISHMENT OF MINIMUM PERIOD OF EXCLUSION FOR CERTAIN INDIVIDUALS AND ENTITIES SUBJECT TO PERMISSIVE EXCLUSION FROM MEDICARE AND STATE HEALTH CARE PROGRAMS.

Section 1128(c)(3) (42 U.S.C. 1320a-7(c)(3)) is amended by adding at the end the following new subparagraphs:

"(D) In the case of an exclusion of an individual or entity under paragraph (1), (2), or (3) of subsection (b), the period of the exclusion shall be 3 years, unless the Secretary determines in accordance with published regulations that a shorter period is appropriate because of mitigating circumstances or that a longer period is appropriate because of aggravating circumstances.

"(E) In the case of an exclusion of an individual or entity under subsection (b)(4) or (b)(5), the period of the exclusion shall not be less than the period during which the individual's or entity's license to provide health care is revoked, suspended, or surrendered, or the individual or the entity is excluded or suspended from a Federal or State health care program.

"(F) In the case of an exclusion of an individual or entity under subsection (b)(6)(B), the period of the exclusion shall be not less than 1 year.".

SEC. 7112. PERMISSIVE EXCLUSION OF INDIVIDUALS WITH OWNERSHIP OR CONTROL INTEREST IN SANCTIONED ENTITIES.

Section 1128(b) (42 U.S.C. 1320a-7(b)) is amended by adding at the end the following new paragraph:

"(15) INDIVIDUALS CONTROLLING A SANCTIONED ENTITY.—Any individual who has a direct or indirect ownership or control interest of 5 percent or more, or an ownership or control interest (as defined in section 1124(a)(3)) in, or who is an officer or managing employee (as defined in section 1126(b)) of, an entity—

"(A) that has been convicted of any offense described in subsection (a) or in paragraph (1), (2), or (3) of this subsection; or

"(B) that has been excluded from participation under a program under title XVIII or under a State health care program.".

SEC. 7113. SANCTIONS AGAINST PRACTITIONERS AND PERSONS FOR FAILURE TO COMPLY WITH STATUTORY OBLIGATIONS.

(a) MINIMUM PERIOD OF EXCLUSION FOR PRACTITIONERS AND PERSONS FAILING TO MEET STATUTORY OBLIGATIONS.—

(1) IN GENERAL.—The second sentence of section 1156(b)(1) (42 U.S.C. 1320c-5(b)(1)) is amended by striking "may prescribe)" and inserting "may prescribe, except that such period may not be less than 1 year)".

(2) CONFORMING AMENDMENT.—Section 1156(b)(2) (42 U.S.C. 1320c-5(b)(2)) is amended by striking "shall remain" and inserting "shall (subject to the minimum period specified in the second sentence of paragraph (1)) remain".

(b) REPEAL OF "UNWILLING OR UNABLE" CONDITION FOR IMPOSITION OF SANCTION.—Section 1156(b)(1) (42 U.S.C. 1320c-5(b)(1)) is amended—

(1) in the second sentence, by striking "and determines" and all that follows through "such obligations,"; and

(2) by striking the third sentence.

SEC. 7114. SANCTIONS AGAINST PROVIDERS FOR EXCESSIVE FEES OR PRICES.

Section 1128(b)(6)(A) (42 U.S.C. 1320a-7(b)(6)(A)) is amended—

(1) by inserting "(as specified by the Secretary in regulations)" after "substantially in excess of such individual's or entity's usual charges"; and

(2) striking "(or, in applicable cases, substantially in excess of such individual's or entity's costs)" and inserting ", costs or fees".

SEC. 7115. APPLICABILITY OF THE BANKRUPTCY CODE TO PROGRAM SANCTIONS.

(a) EXCLUSION OF INDIVIDUALS AND ENTITIES FROM PARTICIPATION IN FEDERAL HEALTH CARE PROGRAMS.—Section 1128 (42 U.S.C. 1320a-7) is amended by adding at the end the following new subsection:

"(j) APPLICABILITY OF BANKRUPTCY PROVISIONS.—An exclusion imposed under this section is not subject to the automatic stay imposed under section 362 of title 11, United States Code.".

(b) CIVIL MONETARY PENALTIES.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)) is amended by adding at the end the following sentence: "An exclusion imposed under this subsection is not subject to the automatic stay imposed under section 362 of title 11, United States Code, and any penalties and assessments imposed under this section shall be nondischargeable under the provisions of such title.".

(c) OFFSET OF PAYMENTS TO INDIVIDUALS.—Section 1892(a)(4) (42 U.S.C. 1395ccc(a)(4)) is amended by adding at the end the following sentence: "An exclusion imposed under paragraph (2)(C)(ii) or paragraph (3)(B) is not subject to the automatic stay imposed under section 362 of title 11, United States Code."

SEC. 7116. AGREEMENTS WITH PEER REVIEW ORGANIZATIONS FOR MEDICARE COORDINATED CARE ORGANIZATIONS.

(a) DEVELOPMENT OF MODEL AGREEMENT.—Not later than July 1, 1996, the Secretary shall develop a model of the agreement that an eligible organization with a risk-sharing contract under part C of title XVIII of the Social Security Act must enter into with an entity providing peer review services with respect to services provided by the organization under section 1856(d)(7)(A) of such Act, as added by section 7003(a).

(b) REPORT BY GAO.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study of the costs incurred by eligible organizations with risk-sharing contracts under part C of title XVIII of the Social Security Act of complying with the requirement of entering into a written agreement with an entity providing peer review services with respect to services provided by the organization, together with an analysis of how information generated by such entities is used by the Secretary to assess the quality of services provided by such eligible organizations.

(2) REPORT TO CONGRESS.—Not later than July 1, 1998, the Comptroller General shall submit a report to the Committee on Ways and Means and the Committee on Commerce of the House of Representatives and the Committee on Finance and the Special Committee on Aging of the Senate on the study conducted under paragraph (1).

SEC. 7117. EFFECTIVE DATE.

The amendments made by this chapter shall take effect January 1, 1996.

PART III—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

SEC. 7120. ESTABLISHMENT OF THE HEALTH CARE FRAUD AND ABUSE DATA COLLECTION PROGRAM.

(a) GENERAL PURPOSE.—Not later than January 1, 1996, the Secretary shall establish a national health care fraud and abuse data collection program for the reporting of final adverse actions (not including settlements in which no findings of liability have been made) against health care providers, suppliers, or practitioners as required by subsection (b), with access as set forth in subsection (c).

(b) REPORTING OF INFORMATION.—

(1) IN GENERAL.—Each government agency and health plan shall report any final adverse action (not including settlements in which no findings of liability have been made) taken against a health care provider, supplier, or practitioner.

(2) INFORMATION TO BE REPORTED.—The information to be reported under paragraph (1) includes:

(A) The name and TIN (as defined in section 7701(a)(41) of the Internal Revenue Code of 1986) of any health care provider, supplier, or practitioner who is the subject of a final adverse action.

(B) The name (if known) of any health care entity with which a health care provider, supplier, or practitioner is affiliated or associated.

(C) The nature of the final adverse action and whether such action is on appeal.

(D) A description of the acts or omissions and injuries upon which the final adverse action was based, and such other information as the Secretary determines by regulation is required for appropriate interpretation of information reported under this section.

(3) CONFIDENTIALITY.—In determining what information is required, the Secretary shall include procedures to assure that the privacy of individuals receiving health care services is appropriately protected.

(4) TIMING AND FORM OF REPORTING.—The information required to be reported under this subsection shall be reported regularly (but not less often than monthly) and in such form and manner as the Secretary prescribes. Such information shall first be required to be reported on a date specified by the Secretary.

(5) TO WHOM REPORTED.—The information required to be reported under this subsection shall be reported to the Secretary.

(c) DISCLOSURE AND CORRECTION OF INFORMATION.—

(1) DISCLOSURE.—With respect to the information about final adverse actions (not including settlements in which no findings of liability have been made) reported to the Secretary under this section respecting a health care provider, supplier, or practitioner, the Secretary shall, by regulation, provide for—

(A) disclosure of the information, upon request, to the health care provider, supplier, or licensed practitioner, and

(B) procedures in the case of disputed accuracy of the information.

(2) CORRECTIONS.—Each Government agency and health plan shall report corrections of information already reported about any final adverse action taken against a health care provider, supplier, or practitioner, in such form and manner that the Secretary prescribes by regulation.

(d) ACCESS TO REPORTED INFORMATION.—

(1) AVAILABILITY.—The information in this database shall be available to Federal and State government agencies, health plans, and the public pursuant to procedures that the Secretary shall provide by regulation.

(2) FEES FOR DISCLOSURE.—The Secretary may establish or approve reasonable fees for the disclosure of information in this database (other than with respect to requests by Federal agencies). The amount of such a fee may be sufficient to recover the full costs of carrying out the provisions of this section, including reporting, disclosure, and administration. Such fees shall be available to the Secretary or, in the Secretary's discretion to the agency designated under this section to cover such costs.

(e) PROTECTION FROM LIABILITY FOR REPORTING.—No person or entity shall be held liable in any civil action with respect to any report made as required by this section, without knowledge of the falsity of the information contained in the report.

(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this section:

(1)(A) The term "final adverse action" includes:

(i) Civil judgments against a health care provider or practitioner in Federal or State court related to the delivery of a health care item or service.

(ii) Federal or State criminal convictions related to the delivery of a health care item or service.

(iii) Actions by Federal or State agencies responsible for the licensing and certification of health care providers, suppliers, and licensed health care practitioners, including—

(I) formal or official actions, such as revocation or suspension of a license (and the length of any such suspension), reprimand, censure or probation,

(II) any other loss of license, or the right to apply for or renew a license of the provider, supplier, or practitioner, whether by operation of law, voluntary surrender, nonrenewability, or otherwise, or

(III) any other negative action or finding by such Federal or State agency that is publicly available information.

(iv) Exclusion from participation in Federal or State health care programs.

(v) Any other adjudicated actions or decisions that the Secretary shall establish by regulation.

(B) The term does not include any action with respect to a malpractice claim.

(2) The terms "licensed health care practitioner", "licensed practitioner", and "practitioner" mean, with respect to a State, an individual who is licensed or otherwise authorized by the State to provide health care services (or any individual who, without authority holds himself or herself out to be so licensed or authorized).

(3) The term "health care provider" means a provider of services as defined in section 1861(u) of the Social Security Act (42 U.S.C. 1395x(u)), and any person or entity, including a health maintenance organization, group medical practice, or any other entity listed by the Secretary in regulation, that provides health care services.

(4) The term "supplier" means a supplier of health care items and services described in section 1819(a) and (b), and section 1861 of the Social Security Act (42 U.S.C. 1395i-3(a) and (b), and 1395x).

(5) The term "Government agency" shall include:

(A) The Department of Justice.

(B) The Department of Health and Human Services.

(C) Any other Federal agency that either administers or provides payment for the delivery of health care services, including, but not limited to the Department of Defense and the Veterans' Administration.

(D) State law enforcement agencies.

(E) State medicaid fraud and abuse units.

(F) Federal or State agencies responsible for the licensing and certification of health care providers and licensed health care practitioners.

(6) The term "health plan" means a plan or program that provides health benefits, whether directly, through insurance, or otherwise, and includes—

(A) a policy of health insurance;

(B) a contract of a service benefit organization;

(C) a membership agreement with a health maintenance organization or other prepaid health plan; and

(D) an employee welfare benefit plan or a multiple employer welfare plan (as such terms are defined in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002).

(7) For purposes of paragraph (1), the existence of a conviction shall be determined under section 1128(i) of the Social Security Act.

(g) CONFORMING AMENDMENT.—Section 1921(d) (42 U.S.C. 1396r-2(d)) is amended by inserting "and section 7061 of the Medicare Improvement and Solvency Protection Act of 1995" after "section 422 of the Health Care Quality Improvement Act of 1986".

SEC. 7121. INSPECTOR GENERAL ACCESS TO ADDITIONAL PRACTITIONER DATA BANK.

Section 427 of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11137) is amended—

(1) in subsection (a), by adding at the end the following sentence: "Information reported under this part shall also be made available, upon request, to the Inspector General of the Departments of Health and Human Services, Defense, and Labor, the Office of Personnel Management, and the Railroad Retirement Board."; and

(2) by amending subsection (b)(4) to read as follows:

"(4) FEES.—The Secretary may impose fees for the disclosure of information under this part sufficient to recover the full costs of carrying out the provisions of this part, including reporting, disclosure, and administration, except that a fee may not be imposed for requests made by the Inspector General of the Department of Health and Human Services. Such fees shall remain available to the Secretary (or, in the Secretary's discretion, to the agency designated in section 424(b)) until expended.".

SEC. 7112. CORPORATE WHISTLEBLOWER PROGRAM.

Title XI (42 U.S.C. 1301 et seq.) is amended by inserting after section 1128B the following new section:

CORPORATE WHISTLEBLOWER PROGRAM

"SEC. 1128C (a) ESTABLISHMENT OF PROGRAM.—The Secretary, through the Inspector General of the Department of Health and Human Services, shall establish a procedure whereby corporations, partnerships, and other legal entities specified by the Secretary, may voluntarily disclose instances of unlawful conduct and seek to resolve liability for such conduct through means specified by the Secretary.

"(b) LIMITATION.—No person may bring an action under section 3730(b) of title 31, United States Code, if, on the date of filing—

"(1) the matter set forth in the complaint has been voluntarily disclosed to the United States by the proposed defendant and the defendant has been accepted into the voluntary disclosure program established pursuant to subsection (a); and

"(2) any new information provided in the complaint under such section does not add substantial grounds for additional recovery beyond those encompassed within the scope of the voluntary disclosure.".

PART IV—CIVIL MONETARY PENALTIES

SEC. 7121. SOCIAL SECURITY ACT CIVIL MONETARY PENALTIES.

(a) GENERAL CIVIL MONETARY PENALTIES.—Section 1128A (42 U.S.C. 1320a-7a) is amended as follows:

(1) In the third sentence of subsection (a), by striking "programs under title XVIII" and inserting "Federal health care programs (as defined in section 1128B(b)(f))".

(2) In subsection (f)—

(A) by redesignating paragraph (3) as paragraph (4); and

(B) by inserting after paragraph (2) the following new paragraph:

"(3) With respect to amounts recovered arising out of a claim under a Federal health care program (as defined in section 1128B(f)), the portion of such amounts as is determined to have been paid by the program shall be repaid to the program, and the portion of such amounts attributable to the amounts recovered under this section by reason of the amendments made by the Medicare Improvement and Solvency Protection Act of 1995 (as estimated by the Secretary) shall be deposited into the Hospital Insurance Trust Fund.".

(3) In subsection (i)—

(A) in paragraph (2), by striking "title V, XVIII, XIX, or XX of this Act" and inserting "a Federal health care program (as defined in section 1128B(f))";

(B) in paragraph (4), by striking "a health insurance or medical services program under title XVIII or XIX of this Act" and inserting "a Federal health care program (as so defined)"; and

(C) in paragraph (5), by striking "title V, XVIII, XIX, or XX" and inserting "a Federal health care program (as so defined)".

(4) By adding at the end the following new subsection:

"(m)(1) For purposes of this section, with respect to a Federal health care program not contained in this Act, references to the Secretary in this section shall be deemed to be references to the Secretary or Administrator of the department or agency with jurisdiction over such program and references to the Inspector General of the Department of Health and Human Services in this section shall be deemed to be references to the Inspector General of the applicable department or agency.

"(2)(A) The Secretary and Administrator of the departments and agencies referred to in paragraph (1) may include in any action pursuant to this section, claims within the jurisdiction of other Federal departments or agencies as long as the following conditions are satisfied:

"(i) The case involves primarily claims submitted to the Federal health care programs of the department or agency initiating the action.

"(ii) The Secretary or Administrator of the department or agency initiating the action gives notice and an opportunity to participate in the investigation to the Inspector General of the department or agency with primary jurisdiction over the Federal health care programs to which the claims were submitted.

"(B) If the conditions specified in subparagraph (A) are fulfilled, the Inspector General of the department or agency initiating the action is authorized to exercise all powers granted under the Inspector General Act of 1978 with respect to the claims submitted to the other departments or agencies to the same manner and extent as provided in that Act with respect to claims submitted to such departments or agencies.".

(b) EXCLUDED INDIVIDUAL RETAINING OWNERSHIP OR CONTROL INTEREST IN PARTICIPATING ENTITY.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)) is amended—

(1) by striking "or" at the end of paragraph (1)(D);

(2) by striking ", or" at the end of paragraph (2) and inserting a semicolon;

(3) by striking the semicolon at the end of paragraph (3) and inserting "; or"; and

(4) by inserting after paragraph (3) the following new paragraph:

"(4) in the case of a person who is not an organization, agency, or other entity, is excluded from participating in a program under title XVIII or a State health care program in accordance with this subsection or under section 1128 and who, at the time of a violation of this subsection, retains a direct or indirect ownership or control interest of 5 percent or more, or an ownership or control interest (as defined in section 1124(a)(3)) in, or who is an officer or managing employee (as defined in section 1126(b)) of, an entity that is participating in a program under title XVIII or a State health care program;".

(c) EMPLOYER BILLING FOR SERVICES FURNISHED, DIRECTED, OR PRESCRIBED BY AN EXCLUDED EMPLOYEE.—Section 1128A(a)(1) (42 U.S.C. 1320a-7a(a)(1)) is amended—

(1) by striking "or" at the end of subparagraph (C);

(2) by striking "; or" at the end of subparagraph (D) and inserting ", or"; and

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

"(E) is for a medical or other item or service furnished, directed, or prescribed by an individual who is an employee or agent of the person during a period in which such employee or agent was excluded from the program under which the claim was made on any of the grounds for exclusion described in subparagraph (D);".

(d) CIVIL MONEY PENALTIES FOR ITEMS OR SERVICES FURNISHED, DIRECTED, OR PRESCRIBED BY AN EXCLUDED INDIVIDUAL.—Section 1128A(a)(1)(D) (42 U.S.C. 1320a-7a(a)(1)(D)) is amended by inserting ", directed, or prescribed" after "furnished".

(e) MODIFICATIONS OF AMOUNTS OF PENALTIES AND ASSESSMENTS.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)), as amended by subsection (b), is amended in the matter following paragraph (4)—

(1) by striking "$2,000" and inserting "$10,000";

(2) by inserting "; in cases under paragraph (4), $10,000 for each day the prohibited relationship occurs" after "false or misleading information was given"; and

(3) by striking "twice the amount" and inserting "3 times the amount".

(f) CLAIM FOR ITEM OR SERVICE BASED ON INCORRECT CODING OR MEDICALLY UNNECESSARY SERVICES.—Section 1128A(a)(1) (42 U.S.C. 1320a-7a(a)(1)) is amended—

(1) in subparagraph (A) by striking "claimed," and inserting "claimed, including any person who engages in a pattern or practice of presenting or causing to be presented a claim for an item or service that is based on a code that the person knows or has reason to know will result in a greater payment to the person than the code the person knows or has reason to know is applicable to the item or service actually provided,";

(2) in subparagraph (C), by striking "or" at the end;

(3) in subparagraph (D), by striking "; or" and inserting ", or"; and

(4) by inserting after subparagraph (D) the following new subparagraph:

"(E) is for a medical or other item or service that a person knows or has reason to know is not medically necessary; or".

(g) PERMITTING SECRETARY TO IMPOSE CIVIL MONETARY PENALTY.—Section 1128A(b) (42 U.S.C. 1320a-7a(a)) is amended by adding the following new paragraph:

"(3) Any person (including any organization, agency, or other entity, but excluding a beneficiary as defined in subsection (i)(5)) who the Secretary determines has violated section 1128B(b) of this title shall be subject to a civil monetary penalty of not more than $10,000 for each such violation. In addition, such person shall be subject to an assessment of not more than twice the total amount of the remuneration offered, paid, solicited, or received in violation of section 1128B(b). The total amount of remuneration subject to an assessment shall be calculated without regard to whether some portion thereof also may have been intended to serve a purpose other than one proscribed by section 1128B(b).".

(h) SANCTIONS AGAINST PRACTITIONERS AND PERSONS FOR FAILURE TO COMPLY WITH STATUTORY OBLIGATIONS.—Section 1156(b)(3) (42 U.S.C. 1320c-5(b)(3)) is amended by striking "the actual or estimated cost" and inserting "up to $10,000 for each instance".

(i) PROHIBITION AGAINST OFFERING INDUCEMENTS TO INDIVIDUALS ENROLLED UNDER PROGRAMS OR PLANS.—

(1) OFFER OF REMUNERATION.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)) is amended—

(A) by striking "or" at the end of paragraph (1)(D);

(B) by striking ", or" at the end of paragraph (2) and inserting a semicolon;

(C) by striking the semicolon at the end of paragraph (3) and inserting "; or"; and

(D) by inserting after paragraph (3) the following new paragraph:

"(4) offers to or transfers remuneration to any individual eligible for benefits under title XVIII of this Act, or under a State health care program (as defined in section 1128(h)) that such person knows or should know is likely to influence such individual to order or receive from a particular provider, practitioner, or supplier any item or service for which payment may be made, in whole or in part, under title XVIII, or a State health care program;".

(2) REMUNERATION DEFINED.—Section 1128A(i) (42 U.S.C. 1320a-7a(i)) is amended by adding the following new paragraph:

"(6) The term 'remuneration' includes the waiver of coinsurance and deductible amounts (or any part thereof), and transfers of items or services for free or for other than fair market value. The term 'remuneration' does not include—

"(A) the waiver of coinsurance and deductible amounts by a person, if—

"(i) the waiver is not offered as part of any advertisement or solicitation;

"(ii) the person does not routinely waive coinsurance or deductible amounts; and

"(iii) the person—

"(I) waives the coinsurance and deductible amounts after determining in good faith that the individual is in financial need;

"(II) fails to collect coinsurance or deductible amounts after making reasonable collection efforts; or

"(III) provides for any permissible waiver as specified in section 1128B(b)(3) or in regulations issued by the Secretary;

"(B) differentials in coinsurance and deductible amounts as part of a benefit plan design as long as the differentials have been disclosed in writing to all beneficiaries, third party payors, and providers, to whom claims are presented and as long as the differentials meet the standards as defined in regulations promulgated by the Secretary not later than 180 days after the date of the enactment of the Medicare Improvement and Solvency Protection Act of 1995; or

"(C) incentives given to individuals to promote the delivery of preventive care as determined by the Secretary in regulations so promulgated.".

(j) EFFECTIVE DATE.—The amendments made by this section shall take effect January 1, 1996.

PART V—CHAPTER 5—AMENDMENTS TO CRIMINAL LAW

SEC. 7131. HEALTH CARE FRAUD.

(a) FINES AND IMPRISONMENT FOR HEALTH CARE FRAUD VIOLATIONS.—Chapter 63 of title 18, United States Code, is amended by adding at the end the following new section:

"§ 1347. Health care fraud

"(a) Whoever knowingly and willfully executes, or attempts to execute, a scheme or artifice—

"(1) to defraud any health plan or other person, in connection with the delivery of or payment for health care benefits, items, or services; or

"(2) to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under he custody or control of, any health plan, or person in connection with the delivery of or payment for health care benefits, items, or services;

shall be fined under this title or imprisoned not more than 10 years, or both. If the violation results in serious bodily injury (as defined in section 1365(g)(3) of this title), such person may be imprisoned for any term of years.

"(b) For purposes of this section, the term 'health plan' has the same meaning given such term in section 7061(f)(6) of the Medicare Improvement and Solvency Protection Act of 1995.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 63 of title 18, United States Code, is amended by adding at the end the following:

"1347. Health care fraud.".

SEC. 7132. FORFEITURES FOR FEDERAL HEALTH CARE OFFENSES.

(a) IN GENERAL.—Section 982(a) of title 18, United States Code, is amended by adding after paragraph (5) the following new paragraph:

"(6)(A) The court, in imposing sentence on a person convicted of a Federal health care offense, shall order the person to forfeit property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offense.

"(B) For purposes of this paragraph, the term 'Federal health care offense' means a violation of, or a criminal conspiracy to violate—

"(i) section 1347 of this title;

"(ii) section 1128B of the Social Security Act; and

"(iii) sections 287, 371, 664, 666, 669, 1001, 1027, 1341, 1343, 1920, or 1954 of this title if the violation or conspiracy relates to health care fraud.".

(b) CONFORMING AMENDMENT.—Section 982(b)(1)(A) of title 18, United States Code, is amended by inserting "or (a)(6)" after "(a)(1)".

(c) PROPERTY FORFEITED DEPOSITED IN FEDERAL HOSPITAL INSURANCE TRUST FUND.—

(1) IN GENERAL.—After the payment of the costs of asset forfeiture has been made, and notwithstanding any other provision of law, the Secretary of the Treasury shall deposit into the Federal Hospital Insurance Trust Fund pursuant to section 1817(k)(2)(C) of the Social Security Act, as added by section 7101(b), an amount equal to the net amount realized from the forfeiture of property by reason of a Federal health care offense pursuant to section 982(a)(6) of title 18, United States Code.

(2) COSTS OF ASSET FORFEITURE.—For purposes of paragraph (1), the term "payment of the costs of asset forfeiture" means—

(A) the payment, at the discretion of the Attorney General, of any expenses necessary to seize, detain, inventory, safeguard, maintain, advertise, sell, or dispose of property under seizure, detention, or forfeited, or of any other necessary expenses incident to the seizure, detention, forfeiture, or disposal of such property, including payment for—

(i) contract services,

(ii) the employment of outside contractors to operate and manage properties or provide other specialized services necessary to dispose of such properties in an effort to maximize the return from such properties; and

(iii) reimbursement of any Federal, State, or local agency for any expenditures made to perform the functions described in this subparagraph;

(B) at the discretion of the Attorney General, the payment of awards for information or assistance leading to a civil or criminal forfeiture involving any Federal agency participating in the Health Care Fraud and Abuse Control Account;

(C) the compromise and payment of valid liens and mortgages against property that has been forfeited, subject to the discretion of the Attorney General to determine the validity of any such lien or mortgage and the amount of payment to be made, and the employment of attorneys and other personnel skilled in State real estate law as necessary;

(D) payment authorized in connection with remission or mitigation procedures relating to property forfeited; and

(E) the payment of State and local property taxes on forfeited real property that accrued between the date of the violation giving rise to the forfeiture and the date of the forfeiture order.

SEC. 7133. INJUNCTIVE RELIEF RELATING TO FEDERAL HEALTH CARE OFFENSES.

(a) IN GENERAL.—Section 1345(a)(1) of title 18, United States Code, is amended—

(1) by striking "or" at the end of subparagraph (A);

(2) by inserting "or" at the end of subparagraph (B); and

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

"(C) committing or about to commit a Federal health care offense (as defined in section 982(a)(6)(B) of this title);".

(b) FREEZING OF ASSETS.—Section 1345(a)(2) of title 18, United States Code, is amended by inserting "or a Federal health care offense (as defined in section 982(a)(6)(B))" after "title)".

SEC. 7134. GRAND JURY DISCLOSURE.

Section 3322 of title 18, United States Code, is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by inserting after subsection (b) the following new subsection:

"(c) A person who is privy to grand jury information concerning a Federal health care offense (as defined in section 982(a)(6)(B))—

"(1) received in the course of duty as an attorney for the Government; or

"(2) disclosed under rule 6(e)(3)(A)(ii) of the Federal Rules of Criminal Procedure;

may disclose that information to an attorney for the Government to use in any investigation or civil proceeding relating to health care fraud.".

SEC. 7135. FALSE STATEMENTS.

(a) IN GENERAL.—Chapter 47, of title 18, United States Code, is amended by adding at the end the following new section:

"§ 1035. False statements relating to health care matters

"(a) Whoever, in any matter involving a health plan, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious, or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry, shall be fined under this title or imprisoned not more than 5 years, or both.

"(b) For purposes of this section, the term 'health plan' has the same meaning given such term in section 7061(f)(6) of the Medicare Improvement and Solvency Protection Act of 1995.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 47 of title 18, United States Code, in amended by adding at the end the following:

"1035. False statements relating to health care matters.".

SEC. 7136. OBSTRUCTION OF CRIMINAL INVESTIGATIONS, AUDITS, OR INSPECTIONS OF FEDERAL HEALTH CARE OFFENSES.

(a) IN GENERAL.—Chapter 73 of title 18, United States Code, is amended by adding at the end the following new section:

"§ 1518. Obstruction of criminal investigations, audits, or inspections of Federal health care offenses

"(a) IN GENERAL.—Whoever willfully prevents, obstructs, misleads, delays or attempts to prevent, obstruct, mislead, or delay the communication of information or records relating to a Federal health care offense to a Federal agent or employee involved in an investigation, audit, inspection, or other activity related to such an offense, shall be fined under this title or imprisoned not more than 5 years, or both.

"(b) FEDERAL HEALTH CARE OFFENSE.—As used in this section the term 'Federal health care offense' has the same meaning given such term in section 982(a)(6)(B) of this title.

"(c) CRIMINAL INVESTIGATOR.—As used in this section the term 'criminal investigator' means any individual duly authorized by a department, agency, or armed force of the United States to conduct or engage in investigations for prosecutions for violations of health care offenses.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 73 of title 18, United States Code, is amended by adding at the end the following:

"1518. Obstruction of criminal investigations, audits, or inspections of Federal health care offenses.".

SEC. 7137. THEFT OR EMBEZZLEMENT.

(a) IN GENERAL.—Chapter 31 of title 18, United States Code, is amended by adding at the end the following new section:

"§ 669. Theft or embezzlement in connection with health care

"(a) IN GENERAL.—Whoever willfully embezzles, steals, or otherwise without authority willfully and unlawfully converts to the use of any person other than the rightful owner, or intentionally misapplies any of the moneys, funds, securities, premiums, credits, property, or other assets of a health plan, shall be fined under this title or imprisoned not more than 10 years, or both.

"(b) HEALTH PLAN.—As used in this section the term 'health plan' has the same meaning given such term in section 7061(f)(6) of the Medicare Improvement and Solvency Protection Act of 1995.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 31 of title 18, United States Code, is amended by adding at the end the following:

"669. Theft or embezzlement in connection with health care.".

SEC. 7138. LAUNDERING OF MONETARY INSTRUMENTS.

Section 1956(c)(7) of title 18, United States Code, is amended by adding at the end the following new subparagraph:

"(F) Any act or activity constituting an offense involving a Federal health care offense as that term is defined in section 982(a)(6)(B) of this title.".

SEC. 7139. AUTHORIZED INVESTIGATIVE DEMAND PROCEDURES.

(a) IN GENERAL.—Chapter 233 of title 18, United States Code, is amended by adding after section 3485 the following new section:

"§ 3486. Authorized investigative demand procedures

"(a) AUTHORIZATION.—

"(1) In any investigation relating to functions set forth in paragraph (2), the Attorney General or designee may issue in writing and cause to be served a subpoena compelling production of any records (including any books, papers, documents, electronic media, or other objects or tangible things), which may be relevant to an authorized law enforcement inquiry, that a person or legal entity may possess or have care, custody, or control. A custodian of records may be required to give testimony concerning the production and authentication of such records. The production of records may be required from any place in any State or in any territory or other place subject to the jurisdiction of the United States at any designated place; except that such production shall not be required more than 500 miles distant from the place where the subpoena is served. Witnesses summoned under this section shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. A subpoena requiring the production of records shall describe the objects required to be produced and prescribe a return date within a reasonable period of time within which the objects can be assembled and made available.

"(2) Investigative demands utilizing an administrative subpoena are authorized for any investigation with respect to any act or activity constituting or involving health care fraud, including a scheme or artifice—

"(A) to defraud any health plan or other person, in connection with the delivery of or payment for health care benefits, items, or services; or

"(B) to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control or, any health plan, or person in connection with the delivery of or payment for health care benefits, items, or services.

"(b) SERVICE.—A subpoena issued under this section may be served by any person designated in the subpoena to serve it. Service upon a natural person may be made by personal delivery of the subpoena to such person. Service may be made upon a domestic or foreign association which is subject to suit under a common name, by delivering the subpoena to an officer, to a managing or general agent, or to any other agent authorized by appointment or by law to receive service of process. The affidavit of the person serving the subpoena entered on a true copy thereof by the person serving it shall be proof of service.

"(c) ENFORCEMENT.—In the case of contumacy by or refusal to obey a subpoena issued to any person, the Attorney General may invoke the aid of any court of the United States within the jurisdiction of which the investigation is carried on or of which the subpoenaed person is an inhabitant, or in which such person carries on business or may be found, to compel compliance with the subpoena. The court may issue an order requiring the subpoenaed person to appear before the Attorney General to produce records, if go ordered, or to give testimony touching the matter under investigation. Any failure to obey the order of the court may be punished by the court as a contempt thereof. All process in any such case may be served in any judicial district in which such person may be found.

"(d) IMMUNITY FROM CIVIL LIABILITY.—Notwithstanding any Federal, State, or local law, any person, including officers, agents, and employees, receiving a subpoena under this section, who complies in good faith with the subpoena and thus produces the materials sought, shall not be liable in any court of any State or the United States to any customer or other person for such production or for nondisclosure of that production to the customer.

"(e) USE IN ACTION AGAINST INDIVIDUALS.—

"(1) Health information about an individual that is disclosed under this section may not be used in, or disclosed to any person for use in, any administrative, civil, or criminal action or investigation directed against the individual who is the subject of the information unless the action or investigation arises out of and is directly related to receipt of health care or payment for health care or action involving a fraudulent claim related to health; or if authorized by an appropriate order of a court of competent jurisdiction, granted after application showing good cause therefor.

"(2) In assessing good cause, the court shall weigh the public interest and the need for disclosure against the injury to the patient, to the physician-patient relationship, and to the treatment services.

"(3) Upon the granting of such order, the court, in determining the extent to which any disclosure of all or any part of any record is necessary, shall impose appropriate safeguards against unauthorized disclosure.

"(f) HEALTH PLAN.—As used in this section the term 'health plan' has the same meaning given such term in section 7061(f)(6) of the Medicare Improvement and Solvency Protection Act of 1995.".

(b) CLERICAL AMENDMENT.—The table of sections for chapter 223 of title 18, United States Code, is amended by inserting after the item relating to section 3485 the following new item:

"3486. Authorized investigative demand procedures.".

(c) CONFORMING AMENDMENT.—Section 1510(b)(3)(B) of title 18, United States Code, is amended by inserting "or a Department of Justice subpoena (issued under section 3486)," after "subpoena".

PART VI—STATE HEALTH CARE FRAUD CONTROL UNITS

SEC. 7141. STATE HEALTH CARE FRAUD CONTROL UNITS.

(a) EXTENSION OF CONCURRENT AUTHORITY TO INVESTIGATE AND PROSECUTE FRAUD IN OTHER FEDERAL PROGRAMS.—Section 1903(q)(3) (42 U.S.C. 1396b(q)(3)) is amended—

(1) by inserting "(A)" after "in connection with"; and

(2) by striking "title." and inserting "title; and (B) in cases where the entity's function is also described by subparagraph (A), and upon the approval of the relevant Federal agency, any aspect of the provision of health care services and activities of providers of such services under any Federal health care program (as defined in section 1128B(b)(1)).".

(b) EXTENSION OF AUTHORITY TO INVESTIGATE AND PROSECUTE PATIENT ABUSE IN NON-MEDICAID BOARD AND CARE FACILITIES.—Section 1903(q)(4) (42 U.S.C. 1396b(q)(4)) is amended to read as follows:

"(4)(A) The entity has—

"(i) procedures for reviewing complaints of abuse or neglect of patients in health care facilities which receive payments under the State plan under this title;

"(ii) at the option of the entity, procedures for reviewing complaints of abuse or neglect of patients residing in board and care facilities; and

"(iii) procedures for acting upon such complaints under the criminal laws of the State or for referring such complaints to other State agencies for action.

"(B) For purposes of this paragraph, the term 'board and care facility' means a residential setting which receives payment from or on behalf of two or more unrelated adults who reside in such facility, and for whom one or both of the following is provided:

"(i) Nursing care services provided by, or under the supervision of, a registered nurse, licensed practical nurse, or licensed nursing assistant.

"(ii) Personal care services that assist residents with the activities of daily living, including personal hygiene, dressing, bathing, eating, toileting, ambulation, transfer, positioning, self-medication, body care, travel to medical services, essential shopping, meal preparation, laundry, and housework.".

PART VII—MEDICARE/MEDICAID BILLING ABUSE PREVENTION

SEC. 7151. UNIFORM MEDICARE/MEDICAID APPLICATION PROCESS.

Not later than 1 year after the date of the enactment of this Act, the Secretary shall establish procedures and a uniform application form for use by any individual or entity that seeks to participate in the programs under titles XVIII and XIX of the Social Security Act (42 U.S.C. 1395 et seq.; 42 U.S.C. 1396 et seq.). The procedures established shall include the following:

(1) Execution of a standard authorization form by all individuals and entities prior to submission of claims for payment which shall include the social security number of the beneficiary and the TIN (as defined in section 7701(a)(41) of the Internal Revenue Code of 1986) of any health care provider, supplier, or practitioner providing items or services under the claim.

(2) Assumption of responsibility and liability for all claims submitted.

(3) A right of access by the Secretary to provider records relating to items and services rendered to beneficiaries of such programs.

(4) Retention of source documentation.

(5) Provision of complete and accurate documentation to support all claims for payment.

(6) A statement of the legal consequences for the submission of false or fraudulent claims for payment.

SEC. 7152. STANDARDS FOR UNIFORM CLAIMS.

(a) ESTABLISHMENT OF STANDARDS.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall establish standards for the form and submission of claims for payment under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) and the medicaid program under title XIX of such Act (42 U.S.C. 1396 et seq.).

(b) ENSURING PROVIDER RESPONSIBILITY.—In establishing standards under subsection (a), the Secretary, in consultation with appropriate agencies including the Department of Justice, shall include such methods of ensuring provider responsibility and accountability for claims submitted as necessary to control fraud and abuse.

(c) USE OF ELECTRONIC MEDIA.—The Secretary shall develop specific standards which govern the submission of claims through electronic media in order to control fraud and abuse in the submission of such claims.

SEC. 7153. UNIQUE PROVIDER IDENTIFICATION CODE.

(a) ESTABLISHMENT OF SYSTEM.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall establish a system which provides for the issuance of a unique identifier code for each individual or entity furnishing items or services for which payment may be made under title XVIII or XIX of the Social Security (42 U.S.C. 1395 et seq.; 1396 et seq.), and the notation of such unique identifier codes on all claims for payment.

(b) APPLICATION FEE.—The Secretary shall require an individual applying for a unique identifier code under subsection (a) to submit a fee in an amount determined by the Secretary to be sufficient to cover the cost of investigating the information on the application and the individual's suitability for receiving such a code.

SEC. 7154. USE OF NEW PROCEDURES.

No payment may be made under either title XVIII or XIX of the Social Security Act (42 U.S.C. 1395 et seq.; 42 U.S.C. 1396 et seq.) for any item or service furnished by an individual or entity unless the requirements of sections 7102 and 7103 are satisfied.

SEC. 7155. REQUIRED BILLING, PAYMENT, AND COST LIMIT CALCULATION TO BE BASED ON SITE WHERE SERVICE IS FURNISHED.

(a) CONDITIONS OF PARTICIPATION.—Section 1891 (42 U.S.C. 1395bbb) is amended by adding at the end the following new subsection:

"(g) A home health agency shall submit claims for payment of home health services under this title only on the basis of the geographic location at which the service is furnished, as determined by the Secretary.".

(b) WAGE ADJUSTMENT.—Section 1861(v)(1)(L)(iii) (42 U.S.C. 1395x(v)(1)(L)(iii)) is amended by striking "agency is located" and inserting "service is furnished".

Subchapter B—Additional Provisions to Combat Waste, Fraud, and Abuse

PART I—WASTE AND ABUSE REDUCTION

SEC. 7161. PROHIBITING UNNECESSARY AND WASTEFUL MEDICARE PAYMENTS FOR CERTAIN ITEMS.

Notwithstanding any other provision of law, including any regulation or payment policy, the following categories of charges shall not be reimbursable under title XVIII of the Social Security Act:

(1) Tickets to sporting or other entertainment events.

(2) Gifts or donations.

(3) Costs related to team sports.

(4) Personal use of motor vehicles.

(5) Costs for fines and penalties resulting from violations of Federal, State, or local laws.

(6) Tuition or other education fees for spouses or dependents of providers of services, their employees, or contractors.

SEC. 7162. APPLICATION OF COMPETITIVE ACQUISITION PROCESS FOR PART B ITEMS AND SERVICES.

(a) GENERAL RULE.—Part B of title XVIII is amended by inserting after section 1846 the following new section:

"COMPETITION ACQUISITION FOR ITEMS AND SERVICES

"SEC. 1847. (a) ESTABLISHMENT OF BIDDING AREAS.—

"(1) IN GENERAL.—The Secretary shall establish competitive acquisition areas for the purpose of awarding a contract or contracts for the furnishing under this part of the items and services described in subsection (c) on or after January 1, 1996. The Secretary may establish different competitive acquisition areas under this subsection for different classes of items and services under this part.

"(2) CRITERIA FOR ESTABLISHMENT.—The competitive acquisition areas established under paragraph (1) shall—

"(A) initially be within, or be centered around metropolitan statistical areas;

"(B) be chosen based on the availability and accessibility of suppliers and the probable savings to be realized by the use of competitive bidding in the furnishing of items and services in the area; and

"(C) be chosen so as to not reduce access to such items and services to individuals residing in rural and other underserved areas.

"(b) AWARDING OF CONTRACTS IN AREAS.—

"(1) IN GENERAL.—The Secretary shall conduct a competition among individuals and entities supplying items and services under this part for each competitive acquisition area established under subsection (a) for each class of items and services.

"(2) CONDITIONS FOR AWARDING CONTRACT.—The Secretary may not award a contract to any individual or entity under the competition conducted pursuant to paragraph (1) to furnish an item or service under this part unless the Secretary finds that the individual or entity—

"(A) meets quality standards specified by the Secretary for the furnishing of such item or service; and

"(B) offers to furnish a total quantity of such item or service that is sufficient to meet the expected need within the competitive acquisition area and to assure that access to such items (including appropriate customized items) and services to individuals residing in rural and other underserved areas is not reduced.

"(3) CONTENTS OF CONTRACT.—A contract entered into with an individual or entity under the competition conducted pursuant to paragraph (1) shall specify (for all of the items and services within a class)—

"(A) the quantity of items and services the entity shall provide; and

"(B) such other terms and conditions as the Secretary may require.

"(c) SERVICES DESCRIBED.—The items and services to which the provisions of this section shall apply are as follows:

"(1) Durable medical equipment and medical supplies.

"(2) Oxygen and oxygen equipment.

"(3) Such other items and services with respect to which the Secretary determines the use of competitive acquisition under this section to be appropriate and cost-effective.".

(b) ITEMS AND SERVICES TO BE FURNISHED ONLY THROUGH COMPETITIVE ACQUISITION.—Section 1862(a) (42 U.S.C. 1395y(a)) is amended—

(1) by striking "or" at the end of paragraph (14);

(2) by striking the period at the end of paragraph (15) and inserting "; or"; and

(3) by inserting after paragraph (15) the following new paragraph:

"(16) where such expenses are for an item or service furnished in a competitive acquisition area (as established by the Secretary under section 1847(a)) by an individual or entity other than the supplier with whom the Secretary has entered into a contract under section 1847(b) for the furnishing of such item or service in that area, unless the Secretary finds that such expenses were incurred in a case of urgent need.".

(c) REDUCTION IN PAYMENT AMOUNTS IF COMPETITIVE ACQUISITION FAILS TO ACHIEVE MINIMUM REDUCTION IN PAYMENTS.—Notwithstanding any other provision of title XVIII of the Social Security Act, if the establishment of competitive acquisition areas under section 1847 of such Act (as added by subsection (a)) and the limitation of coverage for items and services under part B of such title to items and services furnished by providers with competitive acquisition contracts under such section does not result in a reduction, beginning on January 1, 1997, of at least 20 percent (40 percent in the case of oxygen and oxygen equipment) in the projected payment amount that would have applied to an item or service under part B if the item or service had not been furnished through competitive acquisition under such section, the Secretary shall reduce such payment amount by such percentage as the Secretary determines necessary to result in such a reduction. Notwithstanding this section, in no case can the Secretary make a payment for items and services described in Section 1847(c) that are greater than that required by other provisions of the Balanced Budget Reconciliation Act of 1995.

SEC. 7163. REDUCING EXCESSIVE BILLINGS AND UTILIZATION FOR CERTAIN ITEMS.

Section 1834(a)(15) (42 U.S.C. 1395m(a)(15)) is amended by striking "Secretary may" both places it appears and inserting "Secretary shall".

SEC. 7164. IMPROVED CARRIER AUTHORITY TO REDUCE EXCESSIVE MEDICARE PAYMENTS.

(a) GENERAL RULE.—Section 1834(a)(10)(B) (42 U.S.C. 1395m(a)(10)(B)) is amended by striking "paragraphs (8) and (9)" and all that follows through the end of the sentence and inserting "section 1842(b)(8) to covered items and suppliers of such items and payments under this subsection as such provisions (relating to determinations of grossly excessive payment amounts) apply to items and services and entities and a reasonable charge under section 1842(b)".

(b) REPEAL OF OBSOLETE PROVISIONS.—

(1) Section 1842(b)(8) (42 U.S.C. 1395u(b)(8)) is amended—

(A) by striking subparagraphs (B) and (C),

(B) by striking "(8)(A)" and inserting "(8)", and

(C) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively.

(2) Section 1842(b)(9) (42 U.S.C. 1395u(b)(9)) is repealed.

(c) PAYMENT FOR SURGICAL DRESSINGS.—Section 1834(i) (42 U.S.C. 1395m(i)) is amended by adding at the end the following new paragraph:

"(3) GROSSLY EXCESSIVE PAYMENT AMOUNTS.—Notwithstanding paragraph (1), the Secretary may apply the provisions of section 1842(b)(8) to payments under this subsection.".

SEC. 7165. EFFECTIVE DATE.

The amendments made by this chapter shall apply to items and services furnished under title XVIII of the Social Security Act on or after January 1, 1996.

PART II—MEDICARE BILLING ABUSE PREVENTION

SEC. 7171. IMPLEMENTATION OF GENERAL ACCOUNTING OFFICE RECOMMENDATIONS REGARDING MEDICARE CLAIMS PROCESSING.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary shall, by regulation, contract, change order, or otherwise, require medicare carriers to acquire commercial automatic data processing equipment (in this subchapter referred to as "ADPE") meeting the requirements of section 7122 to process medicare part B claims for the purpose of identifying billing code abuse.

(b) SUPPLEMENTATION.—Any ADPE acquired in accordance with subsection (a) shall be used as a supplement to any other ADPE used in claims processing by medicare carriers.

(c) STANDARDIZATION.—In order to ensure uniformity, the Secretary may require that medicare carriers that use a common claims processing system acquire common ADPE in implementing subsection (a).

(d) IMPLEMENTATION DATE.—Any ADPE acquired in accordance with subsection (a) shall be in use by medicare carriers not later than 180 days after the date of the enactment of this Act.

SEC. 7172. MINIMUM SOFTWARE REQUIREMENTS.

(a) IN GENERAL.—The requirements described in this section are as follows:

(1) The ADPE shall be a commercial item.

(2) The ADPE shall surpass the capability of ADPE used in the processing of medicare part B claims for identification of code manipulation on the day before the date of the enactment of this Act.

(3) The ADPE shall be capable of being modified to—

(A) satisfy pertinent statutory requirements of the medicare program; and

(B) conform to general policies of the Health Care Financing Administration regarding claims processing.

(b) MINIMUM STANDARDS.—Nothing in this subchapter shall be construed as preventing the use of ADPE which exceeds the minimum requirements described in subsection (a).

SEC. 7173. DISCLOSURE.

(a) IN GENERAL.—Notwithstanding any other provision of law, and except as provided in subsection (b), any ADPE or data related thereto acquired by medicare carriers in accordance with section 7171(a) shall not be subject to public disclosure.

(b) EXCEPTION.—The Secretary may authorize the public disclosure of any ADPE or data related thereto acquired by medicare carriers in accordance with section 7121(a) if the Secretary determines that—

(1) release of such information is in the public interest; and

(2) the information to be released is not protected from disclosure under section 552(b) of title 5, United States Code.

SEC. 7174. REVIEW AND MODIFICATION OF REGULATIONS.

Not later than 30 days after the date of the enactment of this Act, the Secretary shall order a review of existing regulations, guidelines, and other guidance governing medicare payment policies and billing code abuse to determine if revision of or addition to those regulations, guidelines, or guidance is necessary to maximize the benefits to the Federal Government of the use of ADPE acquired pursuant to section 7171.

SEC. 7175. DEFINITIONS.

For purposes of this chapter—

(1) The term "automatic data processing equipment" (ADPE) has the same meaning as in section 111(a)(2) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759(a)(2)).

(2) The term "billing code abuse" means the submission to medicare carriers of claims for services that include procedure codes that do not appropriately describe the total services provided or otherwise violate medicare payment policies.

(3) The term "commercial item" has the same meaning as in section 4(12) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)).

(4) The term "medicare part B" means the supplementary medical insurance program authorized under part B of title XVIII of the Social Security Act (42 U.S.C. 1395j–1395w–4).

(5) The term "medicare carrier" means an entity that has a contract with the Health Care Financing Administration to determine and make medicare payments for medicare part B benefits payable on a charge basis and to perform other related functions.

(6) The term "payment policies" means regulations and other rules that govern billing code abuses such as unbundling, global service violations, double billing, and unnecessary use of assistants at surgery.

(7) The term "Secretary" means the Secretary of Health and Human Services.

PART III—REFORMING PAYMENTS FOR AMBULANCE SERVICES

SEC. 7181. REFORMING PAYMENTS FOR AMBULANCE SERVICES.

(a) IN GENERAL.—Section 1834 (42 U.S.C. 1395m) is amended by adding at the end the following new subsection:

"(k) PAYMENT FOR AMBULANCE SERVICES.—

"(1) IN GENERAL.—Notwithstanding any other provision of this part, (except Section 1861(v)(1)(V)) with respect to ambulance services described in section 1861(s)(7), payment shall be made based on the lesser of—

"(A) the actual charges for the services; or

"(B) the amount determined by a fee schedule developed by the Secretary.

"(2) FEE SCHEDULE.—The fee schedule established under paragraph (1) shall be established on a regional, statewide, or carrier service area basis (as the Secretary may determine to be appropriate) for services performed on or after January 1, 1996.

"(3) SEPARATE PAYMENT LEVELS.—

"(A) IN GENERAL.—In establishing the fee schedule under paragraph (2), the Secretary shall establish separate payment rates for advanced life support and basic life support services. Payment levels shall be restricted to the basic life support level unless the patient's medical condition or other circumstance necessitates (as determined by the Secretary in regulations) the provisions of advanced life support services.

"(B) NONROUTINE BASIS.—The Secretary shall also establish appropriate payment levels for the provision of ambulance services that are provided on a routine or scheduled basis. Such payment levels shall not exceed 80 percent of the applicable rate for unscheduled transports.

"(4) ANNUAL ADJUSTMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the fee schedules shall be adjusted annually (to become effective on January 1 of each year) by a percentage increase or decrease equal to the percentage increase or decrease in the consumer price index for all urban consumers (United States city average).

"(B) SPECIAL RULE.—Notwithstanding subparagraph (B), the annual adjustment in the fee schedules determined under such subparagraph for each of the years 1996 through 2002 shall be such consumer price index for the year minus 1 percentage point.

"(5) FURTHER ADJUSTMENTS.—The Secretary shall adjust the fee schedule to the extent necessary to ensure that the fee schedule takes into consideration the costs incurred in providing the transportation and associated services as well as technological changes.

"(6) SPECIAL RULE FOR END STAGE RENAL DISEASE BENEFICIARIES.—The Secretary shall direct the carriers to identify end stage renal disease beneficiaries who receive ambulance transports and—

"(A) make no payment for scheduled ambulance transports unless authorized in advance by the carrier; or

"(B) make no additional payment for scheduled ambulance transports for beneficiaries that have utilized ambulance services twice within 4 continuous days, or 7 times within a continuous 15-day period, unless authorized in advance by the carrier; or

"(C) institute other such safeguards as the Secretary may determine are necessary to ensure appropriate utilization of ambulance transports by such beneficiaries.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to services furnished under title XVIII of the Social Security Act on and after January 1, 1997.

PART IV—REWARDS FOR INFORMATION

SEC. 7191. REWARDS FOR INFORMATION LEADING TO HEALTH CARE FRAUD PROSECUTION AND CONVICTION.

(a) IN GENERAL.—In special circumstances, the Secretary of Health and Human Services and the Attorney General of the United States may jointly make a payment of up to $10,000 to a person who furnishes information unknown to the Government relating to a possible prosecution for health care fraud.

(b) INELIGIBLE PERSONS.—A person is not eligible for a payment under subsection (a) if—

(1) the person is a current or former officer or employee of a Federal or State government agency or instrumentality who furnishes information discovered or gathered in the course of government employment;

(2) the person knowingly participated in the offense;

(3) the information furnished by the person consists of allegations or transactions that have been disclosed to the public—

(A) in a criminal, civil, or administrative proceeding;

(B) in a congressional, administrative, or General Accounting Office report, hearing, audit, or investigation; or

(C) by the news media, unless the person is the original source of the information; or

(4) in the judgment of the Attorney General, it appears that a person whose illegal activities are being prosecuted or investigated could benefit from the award.

(c) DEFINITIONS.—

(1) HEALTH CARE FRAUD.—For purposes of this section, the term "health care fraud" means health care fraud within the meaning of section 1347 of title 18, United States Code.

(2) ORIGINAL SOURCE.—For the purposes of subsection (b)(3)(C), the term "original source" means a person who has direct and independent knowledge of the information that is furnished and has voluntarily provided the information to the Government prior to disclosure by the news media.

(d) NO JUDICIAL REVIEW.—Neither the failure of the Secretary of Health and Human Services and the Attorney General to authorize a payment under subsection (a) nor the amount authorized shall be subject to judicial review.

SEC. ___. BENEFICIARY INCENTIVE PROGRAMS.

(a) PROGRAM TO COLLECT INFORMATION ON FRAUD AND ABUSE.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 3 months after the date of the enactment of this Act, the Secretary of Health and Human Services (hereinafter in this section referred to as the "Secretary") shall establish a program under which the Secretary shall encourage individuals to report to the Secretary information on individuals and entities who are engaging or who have engaged in acts or omissions which constitute grounds for the imposition of a sanction under section 1128, section 1128A, or section 1128B of the Social Security Act, or who have otherwise engaged in fraud and abuse against the medicare program for which there is a sanction provided under law. The program shall discourage provision of, and not consider, information which is frivolous or otherwise not relevant or material to the imposition of such a sanction.

(2) PAYMENT OF PORTION OF AMOUNTS COLLECTED.—If an individual reports information to the Secretary under the program established under paragraph (1) which serves as the basis for the collection by the Secretary or the Attorney General of any amount of at least $100 (other than any amount paid as a penalty under section 1128B of the Social Security Act), the Secretary may pay a portion of the amount collected to the individual (under procedures similar to those applicable under section 7623 of the Internal Revenue Code of 1986 to payments to individuals providing information on violations of such Code).

(b) PROGRAM TO COLLECT INFORMATION ON PROGRAM EFFICIENCY.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 3 months after the date of the enactment of this Act, the Secretary shall establish a program under which the Secretary shall encourage individuals to submit to the Secretary suggestions on methods to improve the efficiency of the medicare program.

(2) PAYMENT OF PORTION OF PROGRAM SAVINGS.—If an individual submits a suggestion to the Secretary under the program established under paragraph (1) which is adopted by the Secretary and which results in savings to the program, the Secretary may make a payment to the individual of such amount as the Secretary considers appropriate.

NICKLES (AND BROWN) AMENDMENT NO. 2958

Mr. NICKLES (for himself and Mr. BROWN) proposed an amendment to the motion to commit proposed by Mr. BRADLEY to the bill S. 1357, supra; as follows:

Strike all after "Finance" and insert: "with instructions to report the bill back to the Senate forthwith including a provision stating:

"'The maximum earned income credit for a family with one child will increase from $2,094 in 1995 to $2,156 in 1996 and the maximum earned income credit for a family with two or more children will increase from $3,110 in 1995 to $3,208 in 1996.';

"and the effective date for section 7461, 'earned income credit denied to individuals not authorized to be employed in the U.S.', shall be moved to taxable years beginning after December 31, 1994."

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. NICKLES. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Wednesday, October 25, 1995, at 10 a.m. in executive session, to consider certain pending military nominations.

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

COMMITTEE ON THE JUDICIARY

Mr. NICKLES. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, October 25, 1995, at 10 a.m. to hold a hearing on religious liberty.

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

COMMITTEE ON VETERANS' AFFAIRS

Mr. NICKLES. The Committee on Veterans' Affairs would like to request unanimous consent to hold a hearing on pending veterans' health care legislation at 10 a.m., on Wednesday, October 25, 1995. The hearing will be held in room 418 of the Russell Senate Office Building.

The agenda includes: An original bill to expand VA authority to contract for health care services; S. 293, a bill to authorize payments to the States of per diem for veterans receiving adult day health care; S. 403, the Readjustment Counseling Service Amendments of 1995; S. 425, a bill to require the establishment of mental illness research, education, and clinical centers; S. 548, the Women Veterans' Mammography Quality Standards Act; S. 612, the Veterans Hospice Care Services Act; and S. 644, a bill to reauthorize the establishment of research corporations in the Veterans Health Administration.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. NICKLES. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, October 25, 1995, at 2 p.m. to hold an open hearing on Intelligence Support to Law Enforcement.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. NICKLES. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, October 25, 1995 at 9:30 a.m. to hold an open hearing on Intelligence Support to Law Enforcement.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. NICKLES. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, October 25, 1995 at 4 p.m. to hold a closed briefing on intelligence matters.

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

SPECIAL COMMITTEE TO INVESTIGATE WHITEWATER DEVELOPMENT AND RELATED MATTERS

Mr. NICKLES. Mr. President, I ask unanimous consent that the Special Committee to Investigate Whitewater Development and Related Matters be authorized to meet during the session of the Senate on Wednesday, October 25, 1995, to review the status of the special committee investigation.

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

ADDITIONAL STATEMENTS

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 Concurrent Resolution 32, the first concurrent resolution on the budget for 1986.

This report shows the effects of congressional action on the budget through October 24, 1995. The estimates of budget authority, outlays, and revenues, which are consistent with the technical and economic assumptions of the 1996 concurrent resolution on the budget (H. Con. Res. 67), show that current level spending is below the budget resolution by $3.6 billion on budget authority and above the budget resolution by $3.4 billion in outlays. Current level is $2.2 billion above the revenue floor in 1996 and $125.4 billion above the revenue floor over the 5 years 1996–2000. The current estimate of the deficit for purposes of calculating the maximum deficit amount is $249 billion, $1.2 billion above the maximum deficit amount for 1996 of $247.8 billion.

Since my last report, dated October 12, 1995, Congress cleared, and the President signed the Agriculture Appropriations Act—Public Law 104-37. In addition, pursuant to section 205(b)(2) of House Concurrent Resolution 67, the revenue aggregates for the concurrent resolution have been revised. These actions changed the current level of budget authority, outlays, and revenues.

The report follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 25, 1995.

Hon. PETE DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report for fiscal year 1996 shows the effects of Congressional action on the 1996 budget and is current through October 24, 1995. The estimates of budget authority, outlays and revenues are consistent with the technical and economic assumptions of the 1996 Concurrent Resolution on the Budget (H. Con. Res. 67). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended.

Since my last report, October 11, 1995, Congress cleared, and the President signed the Agriculture Appropriations (P.L. 104-37). In addition, pursuant to Section 205(b)(2) of H. Con. Res. 67, the revenue estimates for the concurrent resolution have been revised. These actions changed the current level of budget authority, outlays and revenues.

Sincerely,

JUNE E. O'NEILL,
Director.

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1996, 104TH CONGRESS, 1ST SESSION, AS OF CLOSE OF BUSINESS OCTOBER 24, 1995

[In billions of dollars]

	Budget resolution (H. Con. Res. 67)	Current level [1]	Current level over/under resolution
ON-BUDGET			
Budget authority	1,285.5	1,281.9	−3.6
Outlays	1,288.1	1,291.5	3.4
Revenues: [2]			
1996	1,040.3	1,042.5	2.2
1996–2000	5,565.4	5,690.8	125.4
Deficit	247.8	249.0	1.2
Debt subject to limit	5,210.7	4,884.7	−326.0
OFF-BUDGET			
Social Security outlays:			
1996	299.4	299.4	0.0
1996–2000	1,626.5	1,626.5	0.0
Social Security revenues:			
1996	374.7	374.7	0.0
1996–2000	2,061.0	2,061.0	0.0

[1] 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.

[2] The revised revenue aggregate for the Budget Resolution is effective for the purposes of consideration of S. 1357, the Balanced Budget Reconciliation Act of 1995.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 104TH CONGRESS, 1ST SESSION, SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1996, AS OF CLOSE OF BUSINESS OCTOBER 24, 1995

[In millions of dollars]

	Budget authority	Outlays	Revenues
ENACTED IN PREVIOUS SESSIONS			
Revenues			1,042,557
Permanents and other spending legislation	830,272	798,924	
Appropriation legislation	0	242,052	

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 104TH CONGRESS, 1ST SESSION, SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1996, AS OF CLOSE OF BUSINESS OCTOBER 24, 1995—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Offsetting receipts	−200,017	−200,017	
Total previously enacted	630,254	840,958	1,042,557
ENACTED THIS SESSION			
Appropriation Bills			
1995 Rescissions and Department of Defense Emergency Supplementals Act (P.L. 104–6)	−100	−885	
1995 Rescissions and Emergency Supplementals for Disaster Assistance Act (P.L. 104–19)	22	−3,149	
Military Construction (P.L. 104–32)	11,177	3,110	
Agriculture (P.L. 104–37)	62,602	45,620	
Authorization Bills: Self-Employed Health Insurance Act (P.L. 104–7)	−18	−18	−101
Total enacted this session	73,683	44,678	−101
PENDING SIGNATURE			
Alaska Native Claims Settlement Act (H.R. 402)	1	1	
CONTINUING RESOLUTION AUTHORITY			
Continuing Appropriations, FY 1996 (P.L. 104–31) [1]	442,336	273,573	
ENTITLEMENTS AND MANDATORIES			
Budget resolution baseline estimates of appropriated entitlements other mandatory programs not yet enacted	135,631	132,258	
Total Current Level [2]	1,281,905	1,291,468	1,042,456
Total Budget Resolution	1,285,500	1,288,100	1,040,257
Amount remaining:			
Under Budget Resolution	3,595		
Over Budget Resolution		3,368	2,199

[1] This is an estimate of discretionary funding based on a full year calculation of the continuing resolution that expires November 13, 1995. It includes all appropriation bills except Military Construction, which was signed into law October 3, 1995, and Agriculture, which signed into law October 21, 1995.

[2] In accordance with the Budget Enforcement Act, the total does not include $3,275 million in budget authority and $1,504 million in outlays for funding of emergencies that have been designated as such by the President and the Congress.

Note.—Detail may not add due to rounding.•

WELFARE TO JOBS

• Mr. BREAUX. Mr. President, we have heard a lot of horror stories about how bad the welfare system is, how it discourages people from getting married, finding work, and taking responsibility for themselves and their children. I would agree that the system needs an overhaul, and that is why I worked so hard on the Senate welfare reform bill we passed just last month. But I also believe that, within this broken system, there are many places that have already begun to experiment with innovative solutions to their welfare problems. And some of these initiatives are working—they are getting people off of welfare and into jobs.

One of the best examples of this success is what is happening right now in my State of Louisiana. Since October 1990, the number of families in Louisiana receiving Aid to Families with Dependent Children has dropped 20 percent. A report issued by the Public Welfare Association in 1994 ranked Louisiana last in the country in AFDC caseload growth for 1989 through 1993. Last in the country. That is good news.

And that is due in large part to Project Independence, our statewide program that moves families from welfare dependency to independence. Project Independence provides transportation and child care—absolutely essential elements in moving people from welfare to work. It helps participants build up self-esteem by showing them their own ability to succeed in the work world. It also helps participants receive their GED's or high school diplomas, associate or 4-year degrees, or skill training, and builds their resumes through community service.

One Project Independence Program in particular, the Hamilton Terrace Learning Center in Shreveport, has been singled out for its outstanding success. Tomorrow, Vice President GORE will name this second-chance high school a winner of an Innovations in American Government Award from the Ford Foundation and the John F. Kennedy School of Government at Harvard University. This prestigious award honors 15 initiatives each year that have developed effective, creative solutions to important social and economic problems. It carries with it a $100,000 grant to disseminate information about Hamilton Terrace and encourage its replication.

I have had the opportunity to visit Hamilton Terrace twice and each time, I was impressed by the dedication of the staff and the motivation of the students.

Hamilton Terrace Learning Center puts adult welfare recipients and students expelled from other local high schools in the same classes, where the adults convey a strong message to the teens on the importance of taking school seriously and avoiding some of the mistakes they made. At the same time, the teens give the welfare mothers a fresh look back at their own behavior, and give them a better sense of the role they can play in preventing their children from making the same mistakes. Putting these two groups together brings out a strong sense of responsibility in both.

The curriculum combines traditional academic courses with vocational training in fields such as food service, travel and tourism, health care, and child care. Classes are longer and about half the normal size to allow teachers time to get to know their students better. Lessons are tailored individually to each student's particular learning style. On Fridays, students either spend their time in community service or in counseling to work on specific academic concerns, and teachers meet for training and to work on solutions to problems they are facing in the classroom.

And it is all work-oriented. A school-to-work coordinator works closely with the Shreveport Chamber of Commerce to assist every student in planning a course of study that will result in a good job after graduation. Every graduate is guaranteed a job or enrollment in post-secondary training.

Their success has been outstanding. Of the school's 118 graduates from the class of 1994, 71 percent went on to college. Of the 58 graduates who were on welfare, all but 7 are working or in college. At 21 percent, the school's dropout rate is considerably lower than the State average of 51 percent—and that's particularly good if you consider that most students failed in the traditional system.

Hamilton Terrace's success is well-known across Louisiana, and I am proud that it will be recognized nationally as well. It is an outstanding example of the real successes that are going on all around us. I congratulate its principal, John Baldwin, and all of its staff and students for their good work.•

CHARACTER COUNTS WEEK

• Mr. DOMENICI. Mr. President, several months ago, the Senate passed Senate Resolution 103, designating the week of October 15–21, 1995, as National Character Counts Week. Across the country, hundreds of towns, cities, schools, and 60 national organizations ranging from the YMCA to the Little League, encompassing about 35 million young people and adults, celebrated this week.

As most in this chamber are aware, character counts advocates the teaching of the six pillars of character, six ethical values that transcend political, cultural, religious, and socioeconomic differences: trustworthiness, respect, responsibility, caring, fairness, and citizenship.

The character counts nationwide effort is one whose time has come. As explained in the Carnegie Council on Adolescent Development report, "Great Transitions," adolescents need help and support from not just their families and schools, but also the entire community. I agree with the statement of Julius Richmond, professor of health policy at Harvard Medical School and surgeon general under President Carter, "The schools go their way, the after-school programs go their way. . . . This report really points out the importance of all community resources coming together."

The idea of a total community approach is an important one. This is why I am such an enthusiastic supporter of the character counts programs across the State of New Mexico. By way of background, about a year ago, I asked the Mayor of Albuquerque Martin Chavez (D), to join me in a bipartisan effort to establish a communitywide character counts program. We pursued this effort with the local churches, the entire Albuquerque public school system, civic and social organizations, unions, the police department, parent groups, and the private sector. As a result, Albuquerque became the first city in America to adopt a citywide character counts program.

Several weeks ago, the spokesman for the national Character Counts Coalition, actor and producer Tom Selleck, joined me in Albuquerque to visit schools participating in this community effort. I cannot begin to relate the excitement of the students at the Osuna Elementary and the Garfield Middle Schools as the entire student body met in their gymnasiums to honor their character counts programs.

The schools were celebrating the word of the month, citizenship. The students were able to discuss what citizenship meant and why it was important, and the little ones loved to shout out the spelling of "citizenship" or join in the singing of the theme song about character. The character counts message is being delivered city-wide by many different voices, and it is obvious the children and teachers are enthusiastic participants in this program.

After the successful startup of the Albuquerque character counts model, other New Mexico communities started similar programs. Roswell invited other nearby towns to join them in the effort so that the program could be developed beyond the city's geographical boundaries, and this communitywide program has exceeded the expectation of the hundreds of organizations and individuals who have joined forces to support character counts. As an example, in honor of Character Counts Week, at the annual high school football game, the entire halftime program was devoted to character counts. The event included all of the high schools and middle schools in the area.

The State of New Mexico received one of the Department of Education grants for developing character education programs, a grants program that we developed and passed on last year's Elementary and Secondary Education Act. These funds will help many other New Mexico communities who are initiating similar character education programs in their schools and youth organizations.

To emphasize that this issue is one of concern to millions of Americans besides New Mexicans, I think it is noteworthy that after Roswell was featured on a nationally televised news story, my State office has received more than 1,000 requests from all across the country for information about establishing a character counts program. This is something new and vibrant—an approach that touches the lives of children and adults alike. It reaches out to encircle the youth with similar messages—that respect and responsibility and caring, for example, are appropriate responses and actions.

The Albuquerque Public School District, consisting of 118 schools, has now developed an extensive and remarkable program. As stated in their recent report:

What began in APS as a grass roots movement in schools interested in promoting more productive behavior in their students, has grown to be a focus area in the strategic planning process for the district and a major educational goal of the superintendent. . . . What followed was an outpouring of interest and action as schools enthusiastically integrated the pillars of character into their own curricula.

I ask that the text of the APS report be printed in the RECORD at the conclusion of my remarks.

As we read report after report about the state of America's children, and we know from talking with parents, teachers, and community leaders that children need strong and compassionate support, I believe that the character counts program is one effort that can help. As important, I believe the model established in cities across New Mexico is the right approach. It is an all-encompassing approach that does not start and stop with the ringing of a school bell, or last for a single hour in church or at a youth organization meeting. Instead, the communitywide approach really says that with a rather simple and single message, everyone cares, and that everyone in that city is willing to put time, money and energy behind its youth.

Mr. President, for the last 2 years we have passed a resolution in support of National Character Counts Week. I know I speak for the other nine Senators of the Senate character counts group when I say that our legislative efforts are a support mechanism for the really important grass roots efforts we see across this country. The reason character counts programs are developing in schools and communities across America is because there is a genuine quest for resolving the problems of our young citizens. This program is an approach where everyone, young and old, can be part of a larger effort to make their towns and cities better places to work and live. It seems to me that this approach is well worth the effort, and I offer my congratulations to the thousands of committed citizens who are working together and building a program not only for the good of the present, but also for the next, generation of Americans.

The report follows:

APS CURRICULUM SUPPORT

The Albuquerque Public School District opened the 1995–96 school year with renewed dedication to the principles of character education as exemplified in the Character Counts! philosophy. What began in APS as a grass roots movement in schools interested in promoting more productive behavior in their students has grown to be a focus area in the strategic planning process for the district and a major educational goal of the Superintendent. When the Board of Education for the Albuquerque Public Schools endorsed the pillars of character as named in the Josephson Foundation's Aspen Declaration, it wisely left the implementation of this philosophy up to the teachers and principals of the 188 schools in the district. What followed was an outpouring of interest and action as schools enthusiastically integrated the pillars of character: trustworthiness, respect, responsibility, citizenship, caring, and fairness, into their own curricula.

For 1995–96 APS has adopted a goal for character education, stating, "The Albuquerque Public Schools will provide learners of all ages the knowledge and ethical foundation needed to become productive citizens in our community." Objectives to meet this goal are:

The Albuquerque Public Schools has endorsed and will support the Character Counts! program as a way to develop character based on the six core ethical values.

The Albuquerque Public Schools will continue collaborations with community entities to reach agreements about the role of each in promoting ethical behavior among young people and adults in various aspects of life.

The Albuquerque Public Schools commit to creating models of ethical behavior among all adults who serve students and schools.

The APS Core Curriculum will continue to give explicit attention to character development as an ongoing part of school instruction. Materials, teaching methods, partnerships, and services for school programs shall be selected by APS, in part, for their capacity to support the development of character among youth and adults.

The Albuquerque Public Schools will provide training to enable schools and other administrative units to implement the principles of character education.

All schools will examine school curriculum, classroom practices, and extra curricular activities to identify and extend opportunities for developing character.

APS School to Work initiatives will integrate character education with the employability skills necessary to prepare students to enter the workplace.

The emphasis on character education in the public schools has been met with immediate and enthusiastic support in the business and volunteer community in Albuquerque. Members of the Leadership Council formed to support Character Counts! include representatives from financial institutions, non-profit youth agencies, Sandia National Laboratory, the NAACP, the NM Bar Foundation, the Chamber of Commerce, the City of Albuquerque, the Albuquerque Teachers Federation, and others. This coalition was formed to support the Character Counts initiative financially, and by giving parents in the work force the same message given to their children in schools. The marketing committee from this council planned and implemented a Character Counts rally in Albuquerque's Civic Plaza. Character Counts day at the New Mexico State Fair, and numerous other events to support the program. Citizens of Albuquerque read the Character Counts message on billboards, on soft drink cans, and in city utility bills.

As schools begin conversations based on character education, they enjoy the freedom to plan learning activities tailored for their own students, staff, and communities. District support for these ventures in the first year included a training session given by Michael Josephson, founder of Character Counts, for representatives of each geographical cluster of schools. There teachers, parents, and administrators will act as trainers and facilitators for the rest of the school district and community. Other support activities included the development of a bibliography for Character Counts based on the six pillars, a parent manual for use in schools, and a manual for administrators interested in initiating a program in their own schools.

Second year support activities include the distribution of a commitment form for schools to indicate their plans for character education to district administrators, followed by a starter kit to be distributed to interested teachers and students. Other administrative units in the public schools have developed their own plans for character education, including a program for school bus behavior and safety. Join-A-School business partnerships in 1995-96 will focus on respect, responsibility, and trustworthiness as demonstrated in school-to-work training.

Much of the growth in the second year of Character Counts involvement will be supported by a grant through the New Mexico State Department of Education and the U.S. Department of Education. The New Mexico Character Education Pilot Project will allow the school district to continue its formal plans to provide extended training in character education, further develop a marketing component, involve parents and community members as active partners in character education, mentor a Native American school/community in character education, and develop a clearinghouse for information related to character education.

The true joy in the growing involvement of APS schools in character education is found not in administrative structure and planning, but in the classrooms and school programs developed to support Character Counts. Examples of student participation include school Character Counts kickoffs like the one at Cochiti Elementary School where staff and students celebrated the word of the month with original songs, raps, and poetry, all focused on "Respect." At this school, student-authored slogans are announced daily and posted in the cafeteria to remind everyone to be respectful to self and to others. At Sombra del Monte Elementary School, teachers and parents performed skits demonstrating "respect" to the delight of their students. Students at Chelwood launched their program as they released balloons, each representing a pillar of Character Counts. The students attached cards to the balloons, asking the finder to return the card to the school. Children at Wherry Elementary School sang a rap they composed about character and children performed examples of "do's" and "don'ts" of good character at an all school assembly. Middle school activities include rewarding students at Madison Middle School for demonstrating behavior related to the six pillars by presenting coupons good for redemption at local businesses, and holding a Jog-A-Thon to kickoff activities at Grant Middle School. McKinley Middle School hosted a breakfast for its school bus drivers to begin their pilot project integrating school bus safety and the concepts of Character Counts. Eldorado High School students are reminded of Character Counts with the printing of the six pillars above all school doorways.

While APS is presently caught up in the launching of the Character Counts! philosophy, members of the district know that the true test of the value of this initiative will lie far down the road for our young students. The participants in Character Counts in the Albuquerque Public Schools believe the true value in this program will be measured in succeeding years, when student learning and behavior reflects not only the enthusiasm of launching a worthwhile program, but demonstrates the internalization of the six pillars of Character Counts.•

ARCTIC NATIONAL WILDLIFE REFUGE

• Mr. GRAHAM. Mr. President, I would like to take a few moments to speak on the Arctic National Wildlife Refuge.

In their budget reconciliation package, Republican budget planners have mandated the oil exploration and drilling of the fragile coastal plain of the Arctic National Wildlife Refuge. This 125-mile stretch is the last protected area of the 1,100-mile Alaskan coastline. It is home to many precious species including caribou, polar bears, golden eagles, and grizzly bears.

We have all seen the devastation wreaked by the drilling of the North Slope of Alaska and Prudhoe Bay. Before oil was discovered in the North Slope, it was part of the largest intact wilderness in the United States. The oil development of the North Slope has resulted in hundreds of open waste pits containing millions of gallons of oil industry waste and the destruction of thousands of acres of wildlife habitat. There is no reason to believe that the drilling of the coastal plain would produce any less devastating effects. The damage caused by the construction of oil rigs, roads, and pipelines and the inevitable oil and chemical spills are simply not worth the assumed revenues of this short term private gain induced pillaging.

As stewards of our few remaining wildlife refuges, I believe that we have an obligation to protect them and the animals that seek shelter within them.

Mr. President, I also ask that an editorial by Jessica Mathews, which appeared in the Washington Post on October 23, 1995, be printed in the RECORD.

The article follows:

[From the Washington Post, Oct. 23, 1995]

LUSTING AFTER BLACK GOLD

(By Jessica Mathews)

Alaskans think they have a terrible financial problem. To solve it they propose to ruin the last protected fragment of the arctic coastal plain—part of the Arctic National Wildlife Refuge (ANWR)—by opening it to oil drilling.

Here's the problem. Alaska has no state income tax, no sales tax and the lowest fuel taxes in the nation. It has the highest per-capita income from the federal government of any state. State spending is twice the national average. And it has an $18 billion savings account, the Permanent Fund, that provides an annual Christmas-in-September check of a little less than $1,000 for every man, woman and child. You might think of it as Saudi Alaska.

Here's the bad news. The North Slope oil revenues that underwrite this easy living are drying up, and the state now has a half-billion-dollar deficit that's heading skyward.

One can still think offhand of about 49 governors who would love to have a fiscal problem like Alaska's. Solutions leap to the mind. Impose a small sales tax. Raise the fuel tax a bit. Cut the most egregious spending frills. Use some of the income from the oil-funded savings account for the purpose for which it was created instead of as a universal bonus entitlement. Alaskans have a different answer. Drill ANWR—and hope that puts off the day of reckoning for a few more years.

In an unguarded moment of honesty, Alaska's congressional delegation—Sens. Ted Stevens (R) and Frank Murkowski (R) and Rep. Don Young (R)—made the linkage explicit in a recent letter to constituents. The relevant passage says, in full: "Oil revenue funds about 85 percent of the state's budget, but Prudhoe Bay is in decline. The administration is threatening to veto legislation to open the coastal plain."

The other arguments for drilling in the refuge range from flimsy to specious. For years, a favorite has been that it would enhance national security by reducing the country's oil import dependence. That won't wash anymore since Congress and the administration have agreed to lift the 22-year-old ban on exporting Alaskan oil. If we need to reduce oil imports, why export our own?

The best came Presidents Reagan and Bush could make for opening ANWR was that chances were one in two that its production would rise in a few years to 4 percent of U.S. oil use, dropping to one percent five years later and less thereafter. Not surprisingly, Congress didn't find that a compelling reason to make an irreversible sacrifice of the wilderness. If in some presently unimaginable future the nation absolutely required ANWR's oil it would still be there for the taking.

Since then, the U.S. Geological Survey has slashed the expected find by more than half. An offshore well drilled in one of the most promising areas was a bust. Another hit oil but not in developable quantity, though the company, Atlantic Richfield, is still enthusiastic.

Meanwhile, the expected market in which ANWR oil would have to compete, has turned from tight to squishy. Projected oil prices for the year 2000 are down from $38 to $19 per barrel. That turns the industry's five-year-old projection, which it is now shamelessly recycling, of 700,000 jobs created nationwide, from highly unlikely to laughable.

The last-resort claim is that drilling won't make much difference to this narrow plain that is the biologically crucial part—the birthing, denning, feeding and nursery ground—of a much larger, fragle and unique arctic ecosystem. But no matter how environmentally sensitive the effort, 400 miles of roads, 11 production facilities, four airstrips, two ports, massive gravel mining and housing for several thousand, plus associated emissions and toxic wastes are not what most peole expect of wilderness. Neither will the plants and animals.

What's left? A short-term fix that might or might not prolong the oil-welfare state. Not much there to arouse support, even in Washington. So the state's powerful congressional delegation, whose members chair both the House and Senate Natural Resources Committees, came up with a sweetener. They propose to give half of the hoped-for leasing revenue to Washington, which helps make the numbers work in the Republicans' deficit-reduction plan. If Congress counts on the money, however, it is playing a chump's game. The state has promised to sue for any split less than the 90 percent it believes is guaranteed by its Statehood Act.

Alaska's congressmen want the name of the Arctic National Wildlife Refuge changed to the Arctic Oil Reserve. It's revealing that what's gone is not just wildlife, but the national interest as well. Until Congress acts, they unilaterally have adopted a new acronym, AOR. If the ANWR proposal does pass, the delegation has a lot more to follow, including develop in the Tongass National Forest and turning back 70 million acres of federal lands to the state.

Instead, Congress should give the ANWR proposal the treatment it deserves. In the spirit of adopting new acronyms it could send along a message as well: GRA. Get Real, Alaska. The rest of us would trade for your troubles. Face the real choices now—ANWR isn't the answer.•

DISCRIMINATION AGAINST MENTALLY DISABLED VETERANS

• Mr. ROCKEFELLER. Mr. President, on September 26, during the Senate debate on H.R. 2099, the VA-HUD appropriations bill, I offered an amendment to strike a provision in the bill which would discontinue disability compensation payments to certain mentally disabled veterans when their savings reach $25,000. Unfortunately, my amendment was not adopted. I continue to believe strongly that this provision should not be enacted and urge the conferees on H.R. 2099 to drop it.

Mr. President, as I noted in that debate, this provision discriminates against a small group of veterans: those who are mentally disabled. It does terrible harm to these veterans. One proponent of the provision expressed the view that the provision does not affect the standard of living or the condition of any veteran. I disagree.

Mr. President, let me describe the situation of a veteran who called my office to explain how this provision affects her. She is from New Mexico. She receives VA compensation for a mental disorder that resulted from her military service. At times over the years, her disability has been particularly bad and she has been rated incompetent by VA. Right now, she is doing better and is not rated incompetent. However, she never knows when things will turn bad again and she will again be at risk of being rated incompetent.

Because of this risk, she told committee staff that, if this provision is enacted, she will not go to the VA hospital for treatment because she is afraid they will determine her condition is worse and they will recommend she be rated incompetent. If that happened, she would lose her compensation. Then she would lose her house because she could not make the mortgage payments. That is what she said. So, she will not seek treatment.

Mr. President, I understood that this bill would take away disability compensation from incompetent veterans whose estates exceed $25,000, and I have opposed it as rank discrimination against a small group of veterans who are unable to protect themselves. Until this veteran called, however, I had not focused on how this provision would inhibit the very people we are trying to help from seeking medical treatment. I am convinced that this woman's condition will be affected by this provision. She is so afraid of this provision she will not seek the help she needs—help she has earned—help she is entitled to. That is what this provision does to mentally disabled veterans. That is why it should be dropped in the conference report.•

VETERANS HEALTH CARE ELIGIBILITY REFORM ACT OF 1995

• Mr. WELLSTONE. Mr. President, I understand that the House Budget Reconciliation bill incorporates the provisions of the "Veterans Health Care Eligibility Reform Act of 1995," a draft bill which addresses some of the critical problems faced both by veterans seeking health care and by the VA in providing health care services. I applaud the sponsors of the bill for their efforts to help the VA fulfill its lofty purpose: to take care of those who have served their country with pride and honor.

The House bill would enable the VA to provide its services more efficiently and in the most appropriate setting, assuring our Nation's veterans that they could receive the care they need. Specifically, it would ensure that VA health care providers are granted the freedom to treat veterans on an outpatient basis when appropriate and would broaden the VA's authority to contract for outpatient services. In other words, the VA at long last could pursue methods of treatment based on medical and economic common sense, benefiting veterans and providers alike.

Let me highlight some of the key provisions of this innovative legislation which is of major importance to America's veterans. It would:

Enable VA, within appropriations, to provide all needed hospital care and medical services to eligible veterans, including preventive and home health care;

Call for VA to manage the provision of care and services through enrollment or registration, based on a system of priorities;

Assign priority for enrollment in the following order: First, veterans 30 percent or more service-connected disabled, second, former POW's and veterans with service-connected disabilities rated 10 or 20 percent, third, veterans receiving aid and attendance or housebound benefits and otherwise eligible veterans who suffer from a catastrophic disability, fourth, veterans unable to defray the cost of medical services, and fifth, all others;

Give VA discretion to determine how an enrollment system would operate and authority to set additional priorities within the above priority groups; and

Protect specialized VA programs, such as those for veterans with spinal cord injuries and post-traumatic stress disorder.

Mr. President, I want to stress that this legislation not only enjoys broad bipartisan support in the House, but that it is very much in the spirit of the Senate Appropriations Committee report issued last month on the VA, HUD, and Independent Agencies Appropriations bill under the aegis of my distinguished colleagues Senators BOND and MIKULSKI.

This report noted the committee had included a provision "enabling VA to treat veterans eligible for hospital care or medical service in the most efficient manner," adding that the Committee supported the VA's efforts "to shift as much of its inpatient workload to ambulatory care settings as possible, to make better use of its resources." This is precisely what the House bill seeks to accomplish.

I also want to underscore that this legislation has won widespread support from numerous veterans service organizations [VSO's], experts on veterans health care, and the VA.

There have, however, been widely differing estimates from the VA and CBO on how the bill will affect demand for VA services and what impact if any it will have on the VA budget, even though the bill specifies that it is to be implemented within appropriations. While the VA contends the House proposal is budget neutral and that it would make available as much as $268 million within 2 years to expand VA outpatient services, CBO estimates that any savings will be offset by over $3 billion in costs incurred as a result of increased demand for VA outpatient care. A number of VSO's have joined the VA in taking sharp issue with the CBO cost analysis.

Mr. President, it seems that proposals which satisfy so many needs of both patients and their health care providers deserve our deepest commitment and support, but at the same time we need to fully explore the consequences of such reforms. We need to change the way veterans receive their health care. That much is clear from how eager both sides of the equation—patients and providers—are to make the same changes. But we also need to ask ourselves: "What are the costs if any?"; Could these reforms cause other unintended problems in the future?; Will the proposed reforms alleviate problems plaguing the VA health care system?; and Will cuts in Medicare and Medicaid lead to increased demand for VA services so that the need for eligibility reform becomes even more pressing? We need answers to each of these pivotal questions before we can proceed.

I strongly believe that the provisions in the House bill or some variant of these provisions could at the very least provide a vital first step to achieve long-overdue eligibility reform, and to do so in a responsible manner. However, we first need to sit down and get all the facts out on the table so we can come up with clear answers to complex questions.

In anticipation of the possibility that the provisions of the House veterans bill will not be included in the final Senate/House version of the budget reconciliation package, I propose that the Committee on Veterans' Affairs conduct hearings to solicit the views of those who would be affected by such reforms and those who have thoroughly investigated their future effects on veterans' health care and their budgetary impact. I would welcome the chance for the committee to hear from representatives from the VA, VSO's, the Congressional Budget Office, and anyone else who could bring crucial insights to the forum. We need to include all viewpoints, to look critically at all data, and to listen to all voices before we can move forward responsibly. We need to institute eligibility reform but we need to carefully craft reform to ensure that it improves the quality of VA health care, makes it more user friendly, and increases its cost effectiveness.

I have requested that my distinguished colleague Chairman SIMPSON hold hearings on this topic when feasible and, if he concurs, look forward to working closely with him on preparations for the hearings.•

ELECTION OF JOHN J. SWEENEY AS PRESIDENT OF THE AFL-CIO

• Mr. MOYNIHAN. Mr. President, for the past three months, two of the Nation's foremost labor leaders, John J. Sweeney and Thomas R. Donahue, have campaigned for the presidency of the AFL–CIO. This afternoon in New York City at the AFL–CIO's biennial convention, the delegates chose Mr. Sweeney. I rise to congratulate him, and Thomas Donahue as well, for their dedication, service, and not least, their civilities.

Mr. Sweeney and Mr. Donahue remain strong and united in their pledge to lead the labor community into the next century. Both are sons of Irish working class families from the Bronx—home of another great labor leader, the legendary George Meany. As friends and allies in the labor movement for over 35 years, Mr. Sweeney and Mr. Donahue have vied for the presidency with energy, but without bitterness. There is much we in political life can learn from such earnest and talented men. Victory need not mean vanquishing the opponent. Good ideas are not the province of any one faction. These are the lessons John Sweeney and Tom Donahue have taught us all.

There is more to these men than their recent contest. There is much testimony given to the value of work and the dignity that comes from having a job. John Sweeney and Tom Donahue, and the millions they represent, embody those values even as they advance them.

It is prophetic that John Sweeney, born in St. Joseph's parish in the Bronx—named for the patron saint of working men and women—has been chosen to lead the 13 million members of the AFL–CIO. The son of a bus driver, he learned the value of a job and the dignity of hard work from his father. Mr. Sweeney first joined a union as a part-time grave digger while attending Iona College in New Rochelle, New York, and began his trade union career in 1950 with the International Ladies' Garment Workers Union. Later, in 1961, he joined Local 32B of the Service Employees International Union (SEIU), and eventually rose through the ranks to become the SEIU's president in June of 1980. Today, this union, representing doormen, elevator operators, custodians, all manner of workers, is 1.1 million members strong.

Tom Donahue, another Bronx native, has had an equally long and distinguished career in the labor movement. He has served most recently as the acting president of the AFL–CIO after Lane Kirkland stepped down in August of 1994. Mr. Donahue began his career at the AFL–CIO as executive assistant to George Meany, and was later elected to serve as secretary-treasurer, a post he held for many years. I am indebted to him for advice, and counsel throughout my near two decades on the Senate Finance Committee.

While there could only be one winner today, the election is not so much a victory for John Sweeney, but for the labor movement as a whole. Let there be no question that Mr. Sweeney has his work cut out for him, as they would say in the "ICG", for this is a critical time in labor's history. But his record as an organizer of workers promises great things. And may I say that it is a tribute to New York and to the Bronx especially that in these turbulent times for labor, the membership of the AFL–CIO has once again entrusted its leadership to a New Yorker. I wish my friend John Sweeney great things as he embarks on the newest phase of his remarkable career.

The origins of today's AFL–CIO go back to 1881, or some will argue 1886. Which is to say, in the first century of the American nation. They have sustained their principles and organization into what is now the third century of our Nation. It has been a remarkable and eventful journey and it is only begun. I stand with them in solidarity and joy for this fine moment.•

"AMERICA, I LOVE YOU SO"

• Mr. REID. Mr. President, I rise today to recognize the work of a well known, long time resident of Las Vegas. Mike Corda is a very accomplished songwriter, having written songs for such artists as Robert Goulet, Sammy Davis Jr., Nancy Wilson, Wayne Newton, and Lou Rawls. But as successful as he has been as a songwriter, Mike's greatest pride comes from his service to this country as a United States Marine. In the wake of the Oklahoma City bombing, Mike rolled up his sleeves and went back to work to put the finishing touches on a song that would capture the patriotic pride of yesterday. That song, is entitled "America, I Love You So" and I ask that the lyrics of the song be printed in the RECORD.

The lyrics follow:

AMERICA, I LOVE YOU SO

America, I love you,
No place on Earth can match your style.
Your helpin' hand's world famous—
And your heart is in your smile.

No nation rates above you,
Where seeds of freedom proudly grow—
I feel the need to "fall in",
There's something here that's callin',
America, I love you so.

No nation rates above you,
When into outer space you go
I feel the need to "fall in"
There's something here that's callin',
America, I love you so—
America . . . I love you so!

(Words & Music by Mike Carda)•

ORDERS FOR THURSDAY, OCTOBER 26, 1995

Mr. NICKLES. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9 a.m., Thursday, October 26; that following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the Calendar be dispensed with, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day, and the Senate immediately resume consideration of calendar No. 216, S. 1357, the reconciliation bill, and Senator BRADLEY be recognized for up to 30 minutes for debate on the EITC motion.

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

Mr. NICKLES. I further ask unanimous consent that following the remarks of Senator BRADLEY, Senator GRAHAM or Senator PRYOR be recognized to offer a motion to recommit with respect to Medicaid, to be followed by amendments or motions relative to education, deficit reduction and rural restoration.

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

PROGRAM

Mr. NICKLES. Mr. President, for the information of all Senators, the Senate will resume consideration of the reconciliation bill tomorrow morning at 9 a.m. Therefore, Members can expect votes throughout Thursday's session of the Senate on amendments, but those votes are not expected prior to 12 noon.

The Senate is expected to be in session late into the night in order to complete action on the reconciliation bill.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 86-380, appoints the Senator from Wyoming (Mr. THOMAS) to the Advisory Commission on Intergovernmental Relations, vice Senator DORGAN.

ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. NICKLES. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 11:58 p.m., adjourned until Thursday, October 26, 1995, at 9 a.m.