that what they have talked about is to try to give us real understanding about what this debate that we are engaging in this Congress is all about.

The term ''reconciliation'' may be a term that is not familiar to the American people today, but I suspect in the next 3 or 4 weeks it may become more familiar.

We are going to be talking about a lot of specifics that are contained in the reconciliation bill. We will talk about some provisions of this bill that, frankly, I may not like. I suspect there are few Members on this floor, if they were very candid, who would not point out a provision or two or more of the reconciliation bill that we will be considering that they may not like.

But, instead of focusing on the minutiae, I think it is important for us to step back, as we tried to do during this last 50 minutes of debate, and keep our eye on the ball and talk about the big picture and what is at stake.

My colleague from Pennsylvania, Senator SANTORUM, who just concluded, I think, said it very, very well when he talked about promises that were made. What are those promises? What were those promises? How will this Congress be judged? I think we will ultimately be judged on four things, the four big promises that were made.

First, to balance the budget; to do something that this Congress has not done since I was a senior at Miami University in Ohio in 1969—a long time ago, a quarter of a century—that is to balance the Federal budget, and to set us on the path so that we will, within that reasonable period of time of 7 years, have a balanced budget and do something we have not done for a quarter of a century and to make sure the figures are real, the promises kept.

Second, to save Medicare. I use the term save because, as my colleague from Tennessee, who is currently presiding, has very eloquently pointed out, that is what this debate about Medicare is really all about: to save it, to preserve it, to strengthen it.

Third, is to reform welfare. We passed a welfare bill. The House has passed one. We understand if we are really going to change the direction of this country, we have to first start with a change in welfare.

And the fourth: commitment. The fourth thing I think this Congress will be judged on is our commitment to have a modest tax cut—it is a modest tax cut—for working men and women in this country. So, I think it is important for us to truly keep our eye on the ball.

Let me conclude by saying the comments of my colleague from Tennessee I thought were most appropriate as was the chart that was displayed here a few moments ago. What these promises, once they are kept, will really do is to improve dramatically the quality of life for the average man, woman, and child—particularly child—in this country. Because, as he so eloquently pointed out, interest rates and other things that silently affect our ability to purchase a home, for a young, newly married couple to purchase a home, have their interests rates down, to have a newer car, a safer car, all of these will be affected by what we do with the Federal deficit. The quality of life of people who are struggling to get out of poverty will be affected by what we have done and will do in regard to true welfare reform.

I think sometimes we forget the big picture. Sometimes we spend a lot of time on this floor talking about individual bills, which we should, and what impact some small bill, relatively small bill, is going to have on individuals. Sometimes we forget what we do in regard to the big picture, what we do in regard to welfare reform, what we do in regard to a meaningful tax cut for working men and women, what we do in regard to balancing the budget, what we do in regard to saving Medicare. This big picture will affect, ultimately, the quality of life of our children much more than what we do on any individual program.

I again congratulate my colleagues, congratulate my friend and colleague from Tennessee, whose statistics and chart I think pointed that out very, very well. So, as we head into this debate and as we talk about the minutiae of reconciliation—I see my friend from New Mexico, the chairman of the Budget Committee, who is, obviously, going to be involved very much in that debate—I think it is important to keep our eye on the ball, keep our eye on the commitments, what we told the American people we were going to do, why we were coming to Washington. And, as we cast these tough and, frankly, very unpleasant votes we are going to have to cast in the weeks ahead, it is important for us to do that, to keep our eye on the ball and remember the big picture.

Remember, it is the big actions that we take in the four areas I have talked about that are going to impact the quality of life of our children and our grandchildren much more than any one particular bill, any one particular amendment, any one particular vote.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, parliamentary inquiry. Is there any order that we have agreed upon? I do not want to impose if there is.

The PRESIDING OFFICER. Senators can have up to 5 minutes. The Senator from Illinois has 45 minutes reserved, which he has not yet used.

Mr. DOMENICI. I wonder if we could complete our argument in about 6 or 7 minutes and then the Senator could have his time?

Mr. SIMON. I yield to my colleague from New Mexico, as I almost always do.

THE PRESIDENT'S BUDGET

Mr. DOMENICI. Mr. President, I am very, very proud of the Republican Senators who have taken to the floor today to talk about the most significant issue for the American people, all of the American people. I know some ask, on whose side are we? We are on everybody's side. Because if you do not get a balanced budget, sooner rather than later, you are probably never going to get one. And if you do not get one soon, you are literally giving away a legacy to the next generation and the next generation that could have been prosperity, economic gain, a better chance to take care of yourselves—you are giving that away by imposing a silent tax on all the young people, all the children yet unborn, where they will have to pay our debt.

You cannot escape it. Some say, what is this debt? This debt means that millions of people, banks, insurance companies, foreign countries, lent us money. We gave them a nice little promissory note, and we said: ''Thank you for lending us the money. We will pay you back.''

So we owe it—in fact, we owe part of it to the Social Security trust fund. Frankly, sooner or later, the bell will toll. And this is our last best chance to get a real balanced budget. When they ask who are they who are for it, a vision comes to my mind of a big American shopping center with people in the center from all walks of life. If you are in a shopping center in New Mexico, you will see a cowboy with cowboy boots, and you will see a dressed up, almost aristocratic person, and then you will see all ages, some with new T-shirts with their latest words on it of support for the Bulls or the Cavaliers or even the march.

All of those people—not one piece of them, all of them—anxiously expect that the U.S. Government will not let them and their children down as we promise them a decent life and, if they will work hard, a decent return and if we will do our job, that they expect a little better life with each passing decade.

Almost all of that is tied up in whether we get a balanced budget, Mr. President. And I thank you very much, I say to the Senator from Tennessee, for your comments of just how important to every day events a balanced budget is.

I wish to talk today about the President's budget, and I do not know if Members on the other side are up here in the Chamber defending the President's budget. I think we voted on his first budget, did we not, in the budget debate? And I do not think one Senator voted for it. We all forget that. Not one. I think every single Member including everyone on that side voted no.

Now the issue comes, since the President gave us a new budget about 3 months ago, how many on that side of the aisle would vote for it. I am going to try in about the next 5 or 6 minutes to convince the American people that none of them would, and that a great big hoax is being perpetrated on the American people by the President.

So let me start by saying to all of you if you do not have to cut anything because you have jimmied up the numbers, you can run across America beating up on the Republican budget. You can say I did not do that. I do not have to do that. You can say I wish to go slower. I do not want to change the programs that fast.

Let me remind you. The only way you can do that and have a balanced budget is to phony up the numbers.

Let me give you a little history. In the Reagan era, there became a rather famous asterisk which I think my friend, Senator SIMON, recalls, the Stockman asterisk. My memory is not precise; it was either $24 billion or $34 billion. It was sort of we don't know how we are going to get that last amount, but let's just put an asterisk there and say we will get it.

Now, friends, the President of the United States has a $475 billion asterisk. And it says I changed what the Congressional Budget Office says, the authenticator of the budget. In whose name and under whose power did the Congressional Budget Office become the authenticator of the budget? None other than the President of the United States.

Two years ago, in a State of the Union Message, he said the CBO was normally more conservative in what is really going to happen and closer to right. Why is it, I say to my good friend, Senator SIMON, who is advocating a balanced budget, who came down here talking about a constitutional amendment, why is it that the President of the United States decided 1 year after he admonished us to abandon the Congressional Budget Office and do what? Use his own numbers. You know he has experts. The Congressional Budget Office is the expert for everybody. He has an OMB. He has economic advisers, I say to my friend from Tennessee, and what he decided to do was to let them make the predictions for the future—make the predictions for the future.

The best I can tell you, fellow Senators and Americans, it is tough to explain, but I looked around for an explanation of what the President has done, and the best I could find is the former Congressional Budget Office Director. If he is not a Democrat, he is an independent but, indeed, he is independent and here is what he said about how this administration got to the balanced budget that they run across America now and say we are not like those bad Republicans because we do not have to do all those things.

Listen to a quote from the former Director, a very simple quote:

> The administration conveniently lowered the bar and jumped over it.

> The administration conveniently lowered the bar and jumped over it.

That means if the world record was 6 foot 6 on the high jump, and the Republicans had jumped it, the President comes along and what does he do? He lowers the bar and then jumps it. So he puts it down to 6 feet and he jumps it, and he said, lo and behold, I set the same record you did.

If the bar is the balanced budget and the President decides with his own experts to lower the bar and jump it, what does that tell us? Mr. President and fellow Senators and Americans, it tells us that the Congressional Budget Office is warning us that if you use the President's bar, the lowered bar, you will never get to balance.

I do not want to take a lot of time talking about the manipulation, the smoke and mirrors. In fact, it is so much smoke and mirrors I was trying to find a new word or new words to describe it, but I cannot. Somebody suggested the fog machine instead of smoke and mirrors. But let me just give you an example of what has happened.

I say to Senator SIMON, had your balanced budget constitutional amendment passed and the Senate had come together and said it is law now, let us have a balanced budget in 7 years, and we said let us listen to the Congressional Budget Office on how we should do it, and we did it, along comes the President and he says, ''Whoa there. You do not have to do all that.'' In fact, he said in his second budget you can get there by doing $475 billion less. Got it. He lowered the bar $475 billion.

Let me tell you just precisely how he did that. I do not know if in his negotiations he lowered the bar a little bit at a time or just waited around until his own estimators lowered it all the way, but here is what he did.

First, Medicare spending will come down over 7 years by $55 billion. Got it. Fifth-five billion dollars less in Medicare savings, I say to the occupant of the chair. But he did not change anything about the program. He did not say this or that or the other. He just said it is going to cost less.

I ask for 3 additional minutes.

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

Mr. DOMENICI. He merely said we have decided that Medicare will cost $55 billion less. Put it down. Take the bar down $55 billion. He did not change anything, did not reform anything, did not make it more solvent excepting that they came up with new numbers on what it would cost and disagreed with the Congressional Budget Office, which we were told to follow, which we think is closer to right over the last 14 years, especially long-term figures, much more accurate than Democrat or Republican executive branch estimates.

Medicare, the bar has been taken down by $55 billion. Now he comes along and says, do not worry so much about Medicaid because it, too, is going to come down, I say to the Senator from Illinois, on its own. You do not have to change anything. It is going to come down $68 billion. So he brought the bar down $68 billion.

He has not done anything yet, has not changed the program, has not reformed an entitlement, has not cut a single program of any type but now that is $68 billion. And then he looked out at the farm subsidy program, other pensions and the welfare programs and he said oh, even if we do not change anything, they are going to come down $85 billion.

Now the bar has come down $55 billion in Medicare without changing anything, $68 billion in Medicaid by wishing and hoping that it will not cost so much, $85 billion from farm pensions and others, and we are not there yet. Hold on—$70 billion from lower interest rates. And then, believe it or not, $175 billion because he assumes better economic assumptions, rosy economic assumptions. They will say they are small. The differences with the Congress are small. That one is $175 billion without changing anything.

When you add them up, $475 billion that we had to work at, to change programs, to say entitlements are coming down instead of going up, the President of the United States found them like a bird's nest on the ground by putting his team together and saying it really is not going to cost all that much to run our Government. So why do we not just change the numbers?

Now, let me suggest to everyone who takes the floor and says to the Republicans, ''You should not be doing this, you should not be doing that,'' I ask them, are you following the President's blueprint in suggesting that we do not have to do that? If you are, you will be startled, and so will the American people, because if we did it your way, there would be no balanced budget come time that we commit it.

I ask unanimous consent for 1 additional minute. I will wrap it up now.

Mr. SIMON. I will be generous with my colleague.

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

Mr. DOMENICI. I thank the Senator.

Let me say this is part of the reason that the U.S. Congressional Budget Office has said the President's budget never comes into balance.

But I think it is more serious than that. It is the real reason that the President can stop over here and there picking the issues and say, ''The Republicans are cutting too much. We ought not have to do that. We can take a longer time to get it,'' when, as a matter of fact, if we did it his way, we would be inventing 475 billion dollars' worth of reductions that the experts say are probably not going to happen and running around and saying, ''It doesn't matter which budget, they are both in balance.'' I submit that is not the case.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the remaining time is under the control of the Senator from Illinois and the Senator from Iowa.

Mr. SIMON. I ask unanimous consent, Mr. President, since we originally agreed to 45 minutes, that the time be extended to 12:45.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

STUDENT DIRECT LENDING

Mr. SIMON. Mr. President, Senator HARKIN and I are going to talk a little bit about direct lending and what is happening in the area of student aid. Here is an area where we can save real money. It is very interesting what happened when direct lending was under consideration. Sallie Mae, the student loan marketing association which we created—the chief executive officer of Sallie Mae, I say to the Presiding Officer and about to be Presiding Officer—they said that direct lending would cost the average school $219,000. Here is what they said in their letter of March 31, 1993.

> As a result of our indepth visit with 10 schools, it is abundantly clear that direct lending will mean increased costs, additional personnel, and upfront investment.

This is Sallie Mae. They had big ads about what a great job they are doing. And they have done some good.

(Mr. ASHCROFT assumed the chair.)

Mr. SIMON. What is the experience now that we have had direct lending? The experience, Mr. President, is that it cuts redtape, it eliminates layers of bureaucracy—how many speeches have we made about that on the floor—uses competition and market forces, and is simple and consumer friendly, promotes accountability, is flexible, and provides education opportunity.

My colleague from Iowa went to Iowa State University. Instead of having the experience that Sallie Mae talked about, Iowa State University has been able to shift four people from student loans over to other fields, and they have canceled eight computers, at a savings of $200 each month. Less bureaucracy; direct lending.

Here is a student newspaper. ''Direct Loan Ends Long Lines,'' from the Daily Egyptian of Southern Illinois University. The Milwaukee Journal, ''Direct Student Loans Pay Off.'' The Chicago Sun Times, ''Direct Loan Program Is Good Deal for All.'' The St. Louis Post-Dispatch—Mr. President, I know the Presiding Officer is familiar with that newspaper—''Loans Should Help Students, Not Bankers.'' The St. Louis Post-Dispatch is right.

''Student Loans: The Wrong Cuts, With This Vital Program Republicans Appear to Prefer a Wasteful Monopoly to Effective Competition.'' That is the Washington Monthly.

The University of Florida. Here is their experience in the first week of classes under the old program. They had $3.7 million in for students. Their first year under direct student lending, the first week they had $9.1 million. But this current year, $21 million in the first week. And it is similar in the other statistics here.

The University of Colorado in Boulder, under the old program, 3,068 loans disbursed; under the new program, the first year 4,800, the second year 6,500.

Here is a USA Today editorial: ''Banks Cash In, Taxpayers Lose on Loan Program.'' And then it says in a subheading in this editorial in USA Today, ''Congress in a sweet deal for the banks is on the verge of killing direct student loans.''

We hear a lot about unfunded mandates around here. If we go ahead with the bill that came out of our committee, Mr. President, what we are saying to the banks and the guarantee agencies is, ''You have an 80 percent monopoly, 20 percent will be limited for direct lending.''

In my State of Illinois, because they have seen what a good program it is, over half the loans right now are direct loans. It is interesting that not a single college or university that has gone to direct lending is moving away from it; not a single one anywhere in the 50 States, including Missouri and Illinois.

Unfunded mandates? What we are doing is we are imposing costs on universities if we do not take that 20-percent cap off and permit choice—that is all I ask. I am not going along with the administration that says it ought to be 100 percent direct lending. I recognize that would save money. But let us give colleges and universities the choice. Let competition prevail.

What did we do in order to somehow make the old program, the guaranteed loan program, appear to be a money saver? Well, in the words of the Chicago Tribune editorial, ''Cooking the books on student loans,'' that is what we did. We passed in the budget resolution a provision that said on the old guaranteed student loans, ''You will not count administrative costs, while you will on the direct loans.''

We asked CBO—and my colleague who is presiding, and I see my colleague from Michigan here—we asked CBO, ''If you don't take this rigging that took place in the budget resolution, if you just put under the old law what we would save or what it would cost''—under the old Congressional Budget Act the cost of going to this 20-percent limitation would be $4.64 billion instead of a phony savings—I heard Senator DOMENICI talking about phonying up numbers. That is what we did in a major way in order to protect the banks and the guarantee agencies. I think we have to do what is right.

Our former colleague—and, Mr. President, you did not serve with him nor did the Senator from Michigan—but Senator David Durenberger said, ''This is not the free market. It is a free lunch.'' He is talking about the old guaranteed student loan program.

Take a look at the numbers of Government personnel involved in the old program: 2,500 or more in the guarantee system, only about 500 under full direct lending. And this does not count college and university personnel. Every college and university says that a direct loan program reduces paperwork, reduces personnel demands. Just take a look at the personnel under the Federal Government and the guarantee agencies paid for by the Federal Government under the direct loan program and under the guaranteed loan program and add on top of this, Mr. President, the colleges and universities.

Now, why, if this is so obviously good, why are we having opposition? Why do we have this 20-percent limitation? The banks, my friends—and I am all for healthy banks; I have a house mortgage on my home in southern Illinois—the banks make more money on student loans than they do on house mortgages, on car loans, on any other enterprise other than on their credit cards. And they are interested.

And the guarantee agencies are interested. Take a look at what happens—forget all the other things—what happens on the collection of defaulted loans. Under the old program—Mr. President, I direct this to you because I know you are a fiscal conservative. Under the old program we want to guarantee 80 percent to the old programs. We say to these financial institutions, ''You get 27 percent on defaulted loans for collection.''

Take a look at what happens under the direct program. Instead of just giving people a monopoly, we put it out for competitive bidding. Do you know what it is turning out to be? Fourteen percent. You want to save money? Here are millions and millions of dollars that you can save.

Why are the guarantee agencies, which do not have—these are not stockholders. This is not private enterprise versus Government. It is Government versus Government. But the guarantee agency in Indiana, called USA Group—their CEO incidentally, Roy Nicholson's 1993 salary was $619,949, not too bad for an agency that does not have any private funds in it. We pay the President of the United States $200,000 a year. They are spending $750,000 to lobby against direct lending. This is just one group.

Let me tell you, this Guaranteed Student Loan Program was fine for its time, and I would say in fairness to these groups, they helped students when we were trying to find our way, but we certainly ought to do it the right way. I ask unanimous consent, Mr. President, to print in the RECORD a letter from the president, Dallas Martin, of the National Association of Student Financial Aid Administrators.

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

OCTOBER 16, 1995.

Hon. PAUL SIMON,
U.S. Senate, Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR SIMON: On behalf of the National Association of Student Financial Aid Administrators (NASFAA) representing professional student aid administrators at over 3,100 postsecondary institutions across the nation, I am writing to strongly urge you to include in any floor amendment to the Reconciliation bill four provisions to benefit