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THE 7-YEAR BALANCED BUDGET RECONCILIATION ACT OF 1995

(Continued)

Mr. ABRAHAM. Mr. President, I yield myself such time as I may consume.

Mr. President, I say very briefly there is once again information on the floor that must be corrected: the argument that the tax cuts included in the Balanced Budget Act of 1995 are going to the very wealthy in our country. In fact, Mr. President, 65 percent of all the tax cuts that are being provided for in this legislation go to people who are making less than \$75,000 a year, 80 percent goes to people making less than \$100,000.

If you are in those categories, according to what we have just heard, you are rich. In my State of Michigan, people making less than \$75,000 a year are not the wealthiest people in America, and I do not think they are the wealthiest people in America or any other State.

The other claim, Mr. President, with respect to children, I think it is hard to argue that the policies which we are changing with this legislation are going to be worse for children than what we have seen under the policies that have been in existence for so many years.

Today, more children and more people are in poverty than when the war on poverty began. Today, children in America born this year are faced with huge debts that we have been running up on the Federal Government's unlimited credit card. There can be no greater punishment for the children in America today than to let the spending spree in Washington continue. That will continue if we do not pass the Balanced Budget Act which we are dealing with right now.

I yield 11 minutes to the Senator from Rhode Island, of the 15 we have allotted, and then 5 minutes to the Senator from Alaska.

Mr. CHAFEE. Mr. President, first I want to say I listened to the Members of the Democratic side speak this afternoon and, with the exception of the Senator from Nebraska, I have not heard one of them step up to the plate and try to do something about the deficits the country is facing.

Yes, they attack everything we have done, every proposal we have, but they have not offered a single proposal of their own to address what I believe is the most serious domestic problem facing this Nation of ours, which is the continuing deficits.

True, there is a lot of mileage in being against it and they are experts at it. The word "shame" was used by the Senator from Massachusetts about the approach we have taken. I say shame to those on that side who criticize but offer no alternatives.

With few exceptions, there is little willingness on that side of the aisle to tangle with this desperate problem that our country faces.

Mr. President, I believe that we truly do face a historic choice: to put our Nation on a path to a balanced budget by passing this Balanced Budget Act, or to continue business as usual, borrowing from our children and grandchildren to meet current Federal obligations.

This is the first time, Mr. President, in my 19 years in the Senate that we have had the opportunity to vote on a balanced budget. Yes, we have made attempts in the past to reduce the deficit. We had the Gramm-Rudman plan, firewalls, all kinds of approaches, but never have we had the political courage in both branches to make the tough choices to produce a balanced budget.

Whether one agrees with this legislation or not, it clearly represents a bold and a decisive step. Those courageous enough to vote for it deserve kudos, particularly in the House of Representatives, where they face the voters every 2 years.

As a Senator, as a parent, as a grandparent and as a concerned citizen, Mr. President, I have come to believe, as I mentioned before, that the deficit is the most pressing domestic problem our Nation faces. We cannot continue on this reckless course of spending more than we take in. Individuals and families, obviously, have to live within their budgets. So should our national Government.

Now, the Federal deficit is literally snowballing downhill, totally out of control. In 1980, we had a national debt of \$1 trillion. This amount was amassed over a period of 200 years, from the inception of the Republic. Yet from 1980 to the present—just 15 years, we have run up \$4 trillion more—four times what it took us 200 years to accumulate. So now our national debt has reached almost \$5 trillion.

Absent decisive action, we are looking at annual deficits continuing out into the future of \$200 billion a year. In other words, every 5 years we will add another \$1 trillion of debt to the bill we are sending to future generations of Americans to pay.

Interest alone, never mind paying down that principal, is the third largest expenditure in the Federal budget. The largest is Social Security, the second largest is defense, the third largest is interest on the debt.

Mr. President, \$235 billion a year. That is nearly a quarter of a trillion dollars that will not be available for better education, better schools, more help to college students, disease prevention, improved health, better housing, and more environmental protection. This staggering debt burden prevents us from making those expenditures, and obviously the \$235 billion this year will go up every year.

Thus, I am committed to reaching a balanced budget within a specified time period, and the Balanced Budget Act will accomplish that objective within 7 years, by the year 2002.

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



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Whether one agrees with all of the provisions of this or not, there is another very important reason to vote for the Balanced Budget Act. It will get us beyond the current budget impasse and on to direct negotiations with the President.

As far as I am concerned, the sooner we get to the negotiating table with the administration, the better. We need to get beyond the finger pointing and on to negotiations. We must get past this veto—which everyone agrees is going to take place—and on to constructive, bipartisan dialog with the White House, and congressional Democrats, to balance this Federal budget within 7 years.

Now, a new forecast was conducted at the University of Rhode Island indicating that my State is still languishing in the doldrums of a protracted recession. At best, the recovery we have experienced over the past several years has been uneven and anemic. This continued stagnation is sapping the vitality of my State and dashing the hopes of many of its citizens.

We need to get this entire economy moving—from one end of the country to the other—and balancing the budget is the single most important step we can take to make this country prosper. This is not me saying this. This is the Chairman of the Federal Reserve, Dr. Alan Greenspan, and a host of economists that testified before the Finance Committee earlier this year.

The very action of enacting legislation to put us on the path to a balanced budget, with annual deficits on a downward trend, would provide an almost immediate reduction in short and long-term interest rates. This, in turn, would do several things. It would free up capital to fuel growth, increase demand for goods and services, and increase employment in our country.

For consumers, the cost of financing a college education for their children, buying an automobile, or financing a home, would all come down in response to falling interest rates. For businesses, the cost of borrowing capital would become more affordable, enabling them to expand, and to create new jobs.

Now, Mr. President, I do not agree with every aspect of this massive bill. I say without hesitation or regret that I fought the good fight on a number of issues about which I care deeply, with some success and some failures.

However, when the goal is as important as securing the economic future of our Nation, as I believe it is, one works to advance the process despite any misgivings one might have.

That said, I would like to offer a few of my own thoughts to those who will have the difficult task of negotiating a final agreement with the administration once this bill is vetoed. When the negotiations convene in early December, I am confident an agreement can be reached if both sides come to the table in good faith.

Here are my suggestions for them.

At a time when we are trying to balance the budget, I believe tax cuts are difficult to justify. I, personally, am against any the tax cuts. However, if we are to have some tax reductions, they should not become effective until substantial progress has been made toward reaching our goal of a balanced budget by the year 2002.

Both sides have proposed tax cuts. The administration rails against our tax cut proposal but, indeed, the President has also proposed tax cuts totaling more than \$100 billion. I believe both sides should defer the implementation of any tax cuts.

Second, congressional Republicans are exactly right in taking significant steps to control the future growth of Medicare. The long-term financial problems facing this program must be addressed in a forthright manner. The President and congressional Democrats must step up to the plate on this issue.

By the way, I hope everybody saw the editorial in yesterday's Washington Post, hardly a mouthpiece for the Republican Party, which excoriated the Democrats for their failure to face up to this issue of Medicare. The President and the congressional Democrats are equally to blame for failing to offer real solutions to the problems confronting the Medicare program. We Republicans believe in income-testing, requiring wealthier citizens to pay more for Medicare, as well as other entitlement programs. In addition, steps must be taken to conform Medicare administration and management with modern insurance practices. Moreover, we should give seniors more choices, such as choosing an HMO, or Preferred Provider Organization. I strongly believe we should not reduce Part B premiums because doing so would require additional tax dollars, further increasing the deficit of our Nation. In this regard, the Republican budget plan keeps the premiums at exactly the same percentage that they are today, 31.5 percent.

Republicans are right in insisting upon a fixed timetable of 7 years to reach a balanced budget. We have repeatedly promised fiscal discipline and repeatedly failed to deliver it. So, when people suggest, oh, you can do it in 9 years, in 10 years, or 15 years—beware. Let us set an early date. I believe 7 years is a reasonable one. That is not tomorrow, that is not the year after next. Within 7 years—by 2002—we ought to be able to deliver a balanced budget. We are in peacetime. There is no war. There is relative prosperity. We ought to be able to balance the budget in 7 years.

Severing the individual entitlement and turning the Medicaid program over to the States as a block grant causes me grave concerns, and could end up costing our health care system a lot more than the present program. A per capita cap on the Federal entitlement and much greater State flexibility are the appropriate solutions to the problems confronting this program. I also

question the wisdom of trying to find such a high level of savings from Medicaid.

Next, the Senate welfare reform bill was a sound package which won significant bipartisan support, and I hope the result which emerges from negotiations—

The PRESIDING OFFICER. The 11 minutes of the Senator have expired.

Mr. CHAFEE. If I might have 1 more minute?

Mr. ABRAHAM. I yield the Senator an additional minute.

Mr. CHAFEE. I hope the result which emerges from negotiations on the welfare part of the Balanced Budget Act will be closer to the Senate bill. The conference agreement appears to depart significantly from the Senate bill in areas such as foster care and children's Supplemental Security Income, for example. In addition, it is unreasonably restrictive with respect to the treatment of legal immigrants, which I find quite troubling and unacceptable.

We should bite the bullet and correct the Consumer Price Index, which is a measure of inflation used to compute cost-of-living adjustments for Social Security benefits, as well as to conform Federal tax brackets with inflationary changes. There is growing bipartisan consensus within Congress, and among economists, that the CPI overstates inflation. Even a modest correction of five-tenths of 1 percent would reduce outlays by about \$122 billion over 7 years, affecting only a \$4 or \$5 reduction in the increase the average beneficiary would receive.

The approaches I have outlined will help the respective parties reach an agreement to balance the budget by providing the flexibility needed to reduce the reliance on savings from Medicaid and other programs serving the needy, particularly those serving poor children.

Mr. President, in conclusion, this legislation presents us with a tremendous opportunity to fulfill our responsibilities to put our fiscal house in order. I urge passage of this legislation so that we can move on to direct negotiations with the White House toward a final budget agreement. I thank the Chair and the manager.

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

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I do support this Balanced Budget Act of 1995. I want to make a few comments about the continuing resolution that is going to go to the President and its relationship to this bill.

I was deeply disturbed when the President vetoed the second continuing resolution. This will be the third one, because, you know, we did have one from October 1 to November 13. I do hope the messages are getting through to the President. I have been heartened every morning when I come into the office and review the logging-in of the

public opinion messages that come to my Alaska offices and here in Washington. I want to tell the Senate, of all the calls we have received during this period, about 15 percent of those calls agree with the President; 4 percent rightly urge us to get together and settle this problem; but over 80 percent of all the calls we received so far tell me to stay the course and balance the budget. They tell me to continue this fight that we have, to try to bring about some restoration of, really, the fiscal solvency of the country and to realign our laws so they make sense.

Alaskans, really, who have sent us here, tell us a balanced budget is worth fighting for. It is time we dealt with this issue. I just managed the defense bill. Most people realize how large that defense bill is, and we were criticized on reporting it because it was so large.

I wonder how many people realize that the interest on the national debt this year is the same as the amount of money we are spending for national defense. The difficulty is, the debt is rising now at an astounding rate of \$335,000 a minute, \$20 million an hour, \$482 million a day. We have a deficit already standing at \$176 billion, and it is projected to remain roughly at that level through the end of the century—almost \$200 billion a year through the end of the century.

Alaskans realize we cannot use the Federal credit card to get out of this debt. We have to find some way to meet it. We also have to find some way to provide the services that we need.

It will be the small States that are squeezed out if these interest payments continue to rise, and we know that. We rely on things like the Coast Guard and the FBI and FAA and so many groups that are involved in our livelihood, the fisheries and forestry programs of NOAA. All of that is discretionary spending that is wiped out as interest rates go up. The reason we are committed to reducing this deficit and trying to balance the budget is to preserve the kind of services that small States need.

We could commit ourselves to just reducing the rate of growth to 3 percent across the board or 5 percent across the board. Instead, we have a very complicated bill before us. It is a bill that makes sense. The year 2002 makes a lot of sense to me. That is the first midterm election following the election that will take place in the year 2000. It gives the American public a chance to really react if Congress has failed to meet its commitment.

I really have come to the floor today to say I just do not believe the President can reject this continuing resolution that we have sent to him. In my judgment, he has campaigned for a 5-year balanced budget during his campaign in 1992. He has accepted the 7-year period on several occasions. We are asking for no more than he himself has pledged in the past to the American public. And in the State of the Union Message, when he came before us in 1993, he urged us to use the Congressional Budget Office, not the political appointees of the Office of Management and Budget, to determine whether the bills that Congress sends him would meet the goals of balancing the budget.

I think that we need to have this bill which is before us passed. There is no question about that. But I say to the President, I urge you to sign the continuing resolution. We are seeing the collision between the two massive entities of our Federal Government—the executive branch and the legislative branch—one under the control of one and the other under the control of the other, and there is no way for them to get together unless we have some time. This continuing resolution would give us that time and keep the commitment not only to balanced budget by 2002, but to do so using sensible economics as delineated by the Congressional Budget Office.

I thank the Chair.
Mr. DORGAN addressed the Chair.
The PRESIDING OFFICER. The Senator from North Dakota.
Mr. DORGAN. Mr. President, under a previous agreement I am allowed 15 minutes, as I understand it.
Mr. President, let me begin doing what someone recently alleged on the other side of the aisle that no one has done.

Let me compliment the Republicans of the majority party. I think some of what they have done in this reconciliation bill makes a lot of sense. Some of the proposals are courageous proposals. Some of them move us in the right direction.

I am not going to support this bill. I think there are some terrible ideas in here as well. But let me say all of us have to work together to find common ground. Some of the proposals make a lot of sense. There are a good number of the proposals that I do support.

Mr. President, the debate is not about whether we balance the budget in 7 years. Frankly, if we could get the Federal Reserve Board to take its foot off the brake and get a little economic growth, we ought to be able to balance the budget in 5 years. The Federal Reserve Board cranks up interest rates because they say our economy is growing too fast. Let us get the Fed to get its foot off the brake, get some growth, and we can do it before 7 years. That is not the debate, 7 years, 5 years, 8 years.

Mr. President, the Senate is not in order.
The PRESIDING OFFICER. The Senate will be in order.
Mr. DORGAN. Mr. President, the budget reconciliation bill that we are now debating should have come to the floor of the Senate by June 15. That is what the law requires. Now we are 5 months later and we have a bill.

Of course, no one in this Chamber has read it—no one. Not one Member of the Senate, in my judgment, has read this entire bill. It just came yesterday. It was put in the Congressional RECORD in legislative language of I guess probably 1900 pages long. But I wanted to explain to my colleagues some of what is in this bill. I think some of what I will explain is not understood by anybody in the Senate. It is just there.

We are told now that this bill is going to balance the budget, this plan must be adopted, this plan or no plan, this is the plan that will save America, and this is the plan that will solve the fiscal policy problems. Well, there are other ways to do the same thing and to do it the right way. So let me go through some of the things that I think can be changed and must be changed in this plan.

If you go through this plan in some detail, what you will see is the choices that are made on spending cuts and the choices that are made on tax cuts seem always to be outweighed in terms of helping those who have money with additional blessings of tax cuts and hurting those who do not have much with the added burdens of budget cuts.

Let me show my colleagues something that I will bet no one in the Senate understands is there. In fact, let me do it by talking about cows, if the Senate will permit me to do that.
Section 1240, chapter 4, "livestock and environmental assistance," which is a fancy way of saying—it is called LEA, "livestock and environmental assistance." It includes something called "manure management." I will bet not many can visit with me about this. You do not know it is in there—LEA, manure management.
Who gets the money under manure management? If you have up to 10,000 beef cows, or a big herd, you are eligible for \$50,000 in manure management.
But what if you have a small herd? Not beef cows, but dairy cows. If you have a small herd of dairy cows, and you have more than 55, you are eligible for zero. Big herd of cows, you get \$50,000 for manure management. But a cow with spots, 56 of them, zero.
Look, this is a cow that wakes up at 5 in the morning and offers herself to give milk. This is a working cow.
With these cows, if you have 10,000 and they are in a feed lot, they sit around, eat all day and belch a lot. They do not shift much. So you have a big herd, small herd; big interests, little interests; big folks, little folks.
The entire bill does exactly what it does to cows. Tax cuts? The big interests can smile. They get a lot. Little guys, little folks? There is not much there. Spending cuts? The little folks, they bear the burden. Big folks, no problem.
I have not had an opportunity to have the analysts look at this, but they were able to look at the Senate's version of this bill, and here is what they said. And let me talk about this in terms of people, because that's what our country is all about.
Let us take a roomful of people, just a roomful the size of my hometown of 400 people, and set up chairs so they are all seated. You say, "By the way, let's figure out who in here has what money. Let's take the 20 percent in

here with the lowest income, and you all move your chairs over to this side of the room." So we have all of you with the lowest income, 20 percent of you sitting over there. Now we are going to tell you about your spending cuts. The folks with the 20 percent of the lowest incomes in this room, we will give you 80 percent of the burden of the spending cuts.

The news is not all bad, however. You folks with the 20 percent of the highest incomes, move your chairs over to this side of the room because we have some awfully good news for you. We are going to cut taxes, and you folks, you 20 percent that have the highest incomes in this room, you get 80 percent of the tax cuts.

Let me repeat that. Under this bill, the 20 percent with the least income get hit with 80 percent of the burden of the budget cuts or spending cuts. And the 20 percent with the highest incomes get 80 percent of the rewards of the tax cuts.

Some of us think that is not a fair way to apportion the burden of spending cuts and the blessings of tax cuts.

Let me talk about some other provisions that are in this bill. I will bet there are not 1 or 2 percent of the Senate who understand what they are. A couple of people put them in here, so they probably know.

Go to page H 12680 of the RECORD, which is where this bill was placed last evening, and you find "Repeal of inclusion of certain earnings invested in excess passive assets." It reads, "Paragraph 1 of section 951(a) relating to amounts included in gross income of U.S. shareholders" et cetera, "Repeal of inclusion amount, Section 956(a) is repealed."

What does that mean? I will bet there is not anyone on the floor who knows what that means. Not one person, I will bet, knows what that means.

I will tell you what it means, Mr. President. It means several hundreds of millions of dollars is given to the largest corporations around, who move their jobs overseas, earn income overseas, and under today's law must repatriate that income and pay taxes on it to this country.

But this bill on this page says we are of a different mind. We would like in this bill to put a bow and some wrapping and a little package which we want to give those companies to encourage them to continue to keep their jobs outside of this country—several hundred millions of dollars in a tax cut to encourage companies to stay out of this country with their jobs. That is one.

How about page 12638, "corporate alternative minimum tax reform"? Not many will know what this means, except in the old days you would read a story that said XYZ corporation made \$2 billion in income and paid zero in income taxes. So the Congress said that is not very fair. So let us have an alternative minimum tax so that we do not have to read stories like that.

The House of Representatives wanted to repeal this alternative minimum tax completely. This conference report agreement would in effect repeal the alternative minimum tax with respect to depreciation.

What does that mean? It means 2,000 corporations in America will get a \$7 million tax cut each, on average—\$7 million apiece for 2,000 corporations buried on page 12638.

Is this what we are supposed to vote for? If we do not vote for this, are we somehow thickheaded? Or is this a gift?

Is this one of those special little prizes like the ones that go to the big herd for manure management, one of those little prizes that goes to the big interests that we are not supposed to see and we are not supposed to debate?

Maybe this would come to the floor under normal circumstances and we could debate the wisdom of such a policy at a time when we say to 55,000 kids on Head Start: We do not have enough money for you. You are going to get kicked off the Head Start program; you kids going to college, you are going to pay more to go to college. We do not have enough money for student financial aid; you folks on Medicare pay more and get less for your health care; you people on Medicaid, we will block grant that money to the States and maybe they will have money for your health care, or maybe not.

But we say we have plenty of money to give a tax break to companies that move their jobs overseas, and we have plenty of money to virtually repeal the alternative minimum tax.

Some of us think that is not a priority that makes much sense.

Mr. President, how much time is remaining?

The PRESIDING OFFICER (Mr. FRIST). About 5 minutes.

Mr. DORGAN. Mr. President, yesterday, I spoke in the Chamber about priorities and choices. Let me in the middle of my remarks again compliment the Republicans, the majority party. Their desire for a balanced budget is commendable. I compliment them genuinely for it. The desire ought to be universally shared on this floor.

The question of how you achieve that goal, the choices and the priorities you make, are important. They are important to a lot of people.

I was in the Chamber yesterday talking about a little program called Star Schools, a tiny little program. It tries to create Star Schools in math and sciences, at an annual cost of \$25 million. This bill would cut Star Schools by 40 percent—40 percent in a tiny little program.

There's another program called star wars. That one is increased 100 percent. The majority's priority is star wars, which is not ordered, not needed, not wanted. In the defense spending bill they boosted the Pentagon's star wars program by 100 percent. Supposedly we have plenty of money, hundreds of millions of dollars, for that program be-

cause the sky is the limit. We are all loaded when it comes to the star wars program, but a 40 percent cut in a tiny program called Star Schools.

Nowhere is there a better example of warped priorities, in my judgment.

Tax cuts. I would like to see tax cuts for every American, but I would say this. I offered an amendment in this Chamber saying let us at least limit the tax cuts to those who make \$250,000 a year or less and use the savings from that limitation to reduce the hit on Medicare. Of course, that did not pass. Everybody here knows that every dollar of tax cut in this bill is borrowed. No one can deny that. The facts demonstrate it. Every single dollar that is given in a tax cut is going to be borrowed. Every dollar of tax cuts will increase the Federal debt by a dollar.

Balanced budget. We are told this is the balanced budget. Well, again, let me commend the Republicans because I think there needs to be a greater and more energetic effort to try to balance the budget, but this budget is not balanced.

The Director of the Congressional Budget Office says it is not a balanced budget. It will have a \$108 billion deficit in the year 2002. I can read the letter if you want. She wrote it on October 19.

You can call it a balanced budget if you misuse \$110 billion in Social Security funds in the year 2002, but, of course, that would be dishonest, and it would also violate the law.

This is not a balanced budget. It has a \$108 billion deficit in 2002. In fact, the very budget bill that was brought to the floor that was described as the Balanced Budget Act has on page 3 under the category "Deficits," \$108 billion in deficits in the year 2002. So it is not a balanced budget.

We are not talking about the facts when people assert that it is a balanced budget.

There are many ways to create a balanced budget. There are many competing interests in this country. There are almost unlimited needs, and there are limited resources. We would do this country a favor in my judgment by creating a fiscal policy that balances the budget the right way. As we do it, let us still continue to invest in the things that make America great; let us continue to make our promises.

What makes America great? Investment in education and investment in our children advance this country's economic interests.

You have all heard the admonition: if you are worried about a year, plant rice; if you are worried about 10 years, plant some trees; if you are worried about a century, educate your children. Education advances this country's interests. That is an investment. We do this country no favor by deciding that the way to balance the Federal budget is cut education and build star wars. The choices, it seems to me, are difficult, but they are not choices in which we have to reach the wrong result time after time after time.

There are many things, as I said when I started, in this proposal for which we should commend the Republicans, but there can be a much better approach to balancing the budget, fairer to all Americans if we could get together and understand the consequences of these choices on all of the interests, big interests and little interests, big folks and little folks and all Americans.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, at this time I would yield 10 minutes to the Senator from Iowa.

Mr. GRASSLEY. Mr. President, at the close of Tuesday's first budget meeting with White House officials, I expressed to Chief of Staff Leon Panetta and Treasury Secretary Rubin my disappointment with their inflexible posture.

I told Mr. Panetta, and these are my exact words:

Don't assume the President isn't going to change his position. He's changed his mind before.

Mr. Panetta did not respond and just walked off.

It was suggested to me that this may have been taken as a slap at or insult to the President.

Let me assure you that I meant no malice, nor did I intend it as a partisan swipe at the President.

I was simply making a statement of fact.

And the fact is, the President changes his mind quite frequently.

And if the President refuses to negotiate in person with congressional leaders, then those he sends must fully appreciate the fact that the President changes his mind a lot and that they as White House negotiators must be more flexible and open-minded.

The fact that the President changes his mind frequently may not be well known by the public at large, but it is something that those of us who work with him know very well.

The House Appropriations ranking Democrat, Congressman DAVID OBEY understands this.

In June Mr. OBEY told the Associated Press:

I think most of us learned sometime ago that if you don't like the President's position on a particular issue, you simply need to wait a few weeks.

Again, that was an observation, a simple statement of fact, from a Democratic congressional leader, that President Clinton changes his mind quite frequently.

President Clinton has changed his mind frequently on the question of a balanced budget. On January 8, President Clinton promised to "present a 5-year plan to balance the budget."

On May 20, he said he thought balancing the budget "clearly can be done in less than 10 years." So you see, he changed his mind again.

He changed his mind again on June 13, when he said, "It took decades to

run up this deficit; it's going to take a decade to wipe it out * * *."

On October 19, President Clinton changed his mind again about balancing the budget. He stated "Well, I think we could reach it in seven years * * *"

So you see, Mr. President, my point to Mr. Panetta was that if he and the other White House negotiators would be a bit more flexible, we could quickly resolve this impasse that has shut down the Government.

I am sure Mr. Panetta is persuasive enough to convince the President to change his mind again * * * to do the right thing by committing to supporting a CBO certified? Well, CBO has long been recognized as the reliable, unbiased, nonpartisan budget scorer.

Unfortunately, on this point, President Clinton has also changed his mind again.

In 1993, President Clinton touted CBO as the independent and more accurate budget scorer.

But then he changed his mind. He now is trying to convince Americans that OMB, which is controlled by President Clinton, is the reliable, unbiased, and nonpartisan budget scorer.

President Clinton offered what he claimed was a 10-year balanced budget plan that was cooked up by the OMB that he controls.

Even the chairman of the Democratic Senatorial Campaign Committee, Senator BOB KERREY, criticized the President's so-called 10-year balanced budget plan by stating

They cooked the numbers . . . He needs to get back to the CBO numbers.

And, of course, as we all know, CBO's analysis exposes the fact that the President's budget does not balance, not in 5 years, 7 years, 10 years or ever.

Instead, CBO shows that it would compound the burden of our children and grandchildren by increasing the deficit to the tune of over \$200 billion each of those 10 years.

This is why President Clinton's budget was defeated in the Senate by a vote of 96 to 0. Not one Democrat voted for President Clinton's budget, not one Republican.

President Clinton has changed his mind on taxes. He campaigned promising a large tax cut.

Once elected President, he changed his mind. He instead pushed for and signed into law the largest tax increase in our Nation's history—\$251 billion. It was a tax increase that hit our elderly and young people alike.

Recently, he changed his mind again about his 1993 tax increase. He told people in Houston that, and I quote:

Probably there are people in this room still mad at me at that budget because you think I raised your taxes too much. It might surprise you to know that I think I raised them too much, too.

I do not suppose it is any more than a mere coincidence that he had that particular change of mind during his Presidential campaign fundraiser in Texas.

President Clinton has changed his mind on Medicare spending a good number of times as well.

At the AARP Presidential Forum in 1993, President Clinton proposed to restrain the growth of Medicare spending to two times the rate of inflation. He said, and I quote:

Today . . . Medicare (is) going up at three times the rate of inflation. We propose to let it go up at two times the rate of inflation. That is not a Medicare—cut . . .

Mr. President, guess what? President Clinton has changed his mind again—on two different counts here.

The Republican plan to save Medicare allows Medicare spending to go up—now listen carefully—two times the rate of inflation.

That is exactly what President Clinton proposed in 1993, but now he attacks Republicans for proposing the same.

Furthermore, whereas in 1993 he argued before AARP that doing this was not a cut, now that the Republicans are recommending this, President Clinton says that it is a cut.

Mr. President, we could go on and on and on, if we attempted to list every time President Clinton changed his mind, but I will not suffer my colleagues through such an ordeal.

But the point should be clear to White House negotiators such as Mr. Panetta, that the President does change his mind often, and thus, they should not be so closed-minded and entrenched in our negotiations.

Almost everything we Republicans and Americans want, and that remarkably has led to this unfortunate juncture, the President has at one time or another, has said that he supports as well.

There is no justified reason for him to disagree with us now.

He said we could balance the budget in 7 years, so let us do it.

If he can come up with a plan to do it in 5 years as he said he would, then let us consider that instead.

He said CBO is the most reliable budget scorer, so let us use their numbers, instead of those rosy numbers cooked up by his OMB.

He said he wanted to restrain the growth of Medicare spending to two times inflation like we Republicans are currently proposing, so let us do it.

He promised Americans a major tax cut, so he should join us Republicans and just do it.

It is time President Clinton quit listening to his Democrat campaign consultants who brag about subscribing to terror to make people hate, and start listening to some sound advice that is good for the country, class warfare and generational/warfare tactics.

Mr. President, it is time to do the right thing.

There is no reason President Clinton cannot change his mind one more time—one more time to do what is right.

As the ad campaign says, "Just Do It."

President Clinton, Just Do It.
I yield the floor, and I reserve the remainder of my time for the rest of the speakers.

Mr. ABRAHAM. I yield 10 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. First, Mr. President, I would like to compliment my colleague and friend from Iowa, Senator GRASSLEY, for an excellent speech. Also, I would like to compliment Senator DOMENICI for his leadership in bringing this budget package to the floor, as well as Senator DOLE and Senator ROTH, and Senator ABRAHAM, who is managing the floor, and I think doing an exceptional job.

Mr. President, in my opinion, this is probably the most important vote that we will cast in my 15 years in the Senate. We had historic votes during Presi-

dent Reagan's term and President Bush's. But we really never really had a vote to balance the budget. We never had a vote that would enact into law changes necessary to balance the budget.

Tonight we are going to have that vote. And I understand that our colleagues on the Democrat side of the aisle and the President will not support us. I think that is unfortunate. I hope that after this vote maybe they will work with us to enact a balanced budget.

For the first time in history, we are going to have the courage to do what is right and actually balance the budget. Such action by Congress has not happened in decades. You would have to go back to 1969 to find the last time we balanced the budget.

I think it is important, too, that we use facts. I have several charts I am

going to put in the RECORD to back up some of the comments I am going to make.

One, I want to refute some of the statements that President Clinton has made. He said, his 1993 budget reduced deficits by \$500 billion. I heard him say that as recently as yesterday.

Mr. President, I ask unanimous consent to have printed in the RECORD a chart that shows the CBO baseline in January 1993, which had very high deficit projections, and the CBO baseline in August of 1995, which had significantly lower deficits. This chart shows why those deficits are lower. I ask unanimous consent to have that chart and others printed in the RECORD at this time.

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

SOURCE OF DEFICIT DECLINE SINCE PRESIDENT CLINTON TOOK OFFICE

	Clinton term				Out Years		Total
	103d Congress		104th Congress		105th Congress		
	1993	1994	1995	1996	1997	1998	
CBO deficit baseline (January 1993)	310	291	284	287	319	357	1,848
Tax and fee increases	0	(28)	(47)	(54)	(65)	(64)	(259)
Spending increase/cuts	4	9	3	(18)	(39)	(56)	(98)
Technical, economic, and debt service	(59)	(69)	(79)	(24)	2	(7)	(236)
CBO deficit baseline (August 1995)	255	203	161	189	218	229	1,255

Source: Congressional Budget Office reports.
Amounts which reduce the deficit are shown in (parenthesis). Details may not add due to rounding.

MEDICARE SPENDING COMPARISONS

[Gross mandatory outlays in billions]

	1995	1996	1997	1998	1999	2000	2001	2002	7 year total	7 year average
Balanced Budget Act	178	196	211	217	228	250	270	293	1,664	
Growth over 1995		18	33	39	50	72	92	115	417	
Percent growth		10	8	3	5	10	8	8	64	7.4
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: SBC Majority & OMB data. Includes GME outlays.

BUDGET PLAN COMPARISON

	1995	1996	1997	1998	1999	2000	2001	2002	Sum 1996-2002	Compared to a freeze
Balanced Budget Act (CBO scoring):										
Outlays	1,518	1,590	1,629	1,660	1,703	1,764	1,801	1,857	12,004	1,378
Revenues	1,357	1,412	1,440	1,514	1,585	1,665	1,756	1,861	11,233	607
(Deficit)/surplus	(161)	(178)	(189)	(146)	(118)	(100)	(46)	4	(773)	
Clinton budget (OMB scoring):										
Outlays	1,518	1,579	1,655	1,713	1,777	1,847	1,903	1,966	12,440	1,814
Revenues	1,357	1,415	1,474	1,549	1,628	1,716	1,817	1,903	11,492	1,993
(Deficit)/surplus	(161)	(163)	(179)	(161)	(146)	(125)	(91)	(58)	(923)	
Clinton budget (CBO scoring):										
Outlays	1,518	1,611	1,680	1,737	1,822	1,904	1,983	2,073	12,810	2,184
Revenues	1,357	1,416	1,467	1,538	1,608	1,684	1,772	1,864	11,349	1,850
(Deficit)/surplus	(161)	(196)	(212)	(199)	(213)	(220)	(211)	(210)	(1,461)	

Sources: CBO and OMB.

EARNED INCOME CREDIT

Year	Maximum credit	Minimum income for maximum credit	Maximum income for maximum credit	Phaseout income
Two or more children				
Historical				
1976	\$400	\$4,000	\$4,000	\$8,000
1977	400	4,000	4,000	8,000
1978	400	4,000	4,000	8,000
1979	500	5,000	6,000	10,000
1980	500	5,000	6,000	10,000
1981	500	5,000	6,000	10,000
1982	500	5,000	6,000	10,000
1983	500	5,000	6,000	10,000
1984	500	5,000	6,000	10,000
1985	550	5,000	6,500	11,000
1986	550	5,000	6,500	11,000
1987	851	6,080	6,920	15,432
1988	874	6,240	9,840	18,576
1989	910	6,500	10,204	19,340
1990	953	6,810	10,730	20,264
1991	1,235	7,140	11,250	21,250

EARNED INCOME CREDIT—Continued

Year	Maximum credit	Minimum income for maximum credit	Maximum income for maximum credit	Phaseout income
1992	1,384	7,520	11,840	22,370
1993	1,511	7,750	12,200	23,049
1994	2,528	8,425	11,000	25,296
1995	3,110	8,640	11,290	26,673
Clinton expansion				
1996	3,564	8,910	11,630	28,553
1997	3,680	9,200	12,010	29,484
1998	3,804	9,510	12,420	30,483
1999	3,932	9,830	12,840	31,510
2000	4,058	10,140	13,240	32,499
2001	4,184	10,460	13,660	33,527
2002	4,320	10,800	14,100	34,613
Balanced Budget Act				
1996	3,564	8,910	11,630	25,425
1997	3,680	9,200	12,010	26,254
1998	3,804	9,510	12,420	27,145
1999	3,932	9,830	12,840	28,059
2000	4,058	10,140	13,320	28,940
2001	4,184	10,460	13,660	29,856
2002	4,320	10,800	14,100	30,821
One child Historical				
1976	400	4,000	4,000	8,000
1977	400	4,000	4,000	8,000
1978	400	4,000	4,000	8,000
1979	500	5,000	6,000	10,000
1980	500	5,000	6,000	10,000
1981	500	5,000	6,000	10,000
1982	500	5,000	6,000	10,000
1983	500	5,000	6,000	10,000
1984	500	5,000	6,000	10,000
1985	550	5,000	6,500	11,000
1986	550	5,000	6,500	11,000
1987	851	6,080	6,920	15,432
1988	874	6,240	9,840	18,576
1989	910	6,500	10,240	19,340
1990	953	6,810	10,730	20,264
1991	1,192	7,140	11,250	21,250
1992	1,324	7,520	11,840	22,370
1993	1,434	7,750	12,200	23,054
1994	2,038	7,750	11,000	23,755
1995	2,094	6,160	11,290	24,396
Clinton expansion				
1996	2,156	6,340	11,630	25,119
1997	2,227	6,550	12,010	25,946
1998	2,305	6,780	12,420	26,846
1999	2,380	7,000	12,840	27,734
2000	2,455	7,220	13,240	28,602
2001	2,533	7,450	13,660	29,511
2002	2,615	7,690	14,100	30,462
Balanced Budget Act				
1996	2,156	6,340	11,630	23,055
1997	2,227	6,550	12,010	23,814
1998	2,305	6,780	12,420	24,637
1999	2,380	7,000	12,840	25,454
2000	2,455	7,220	13,240	26,252
2001	2,533	7,450	13,660	27,085
2002	2,615	7,690	14,100	27,957
1976	()	()	()	()
1977	()	()	()	()
1978	()	()	()	()
1979	()	()	()	()
1980	()	()	()	()
1981	()	()	()	()
1982	()	()	()	()
1983	()	()	()	()
1984	()	()	()	()
1985	()	()	()	()
1986	()	()	()	()
1987	()	()	()	()
1988	()	()	()	()
1989	()	()	()	()
1990	()	()	()	()
1991	()	()	()	()
1992	()	()	()	()
1993	()	()	()	()
1994	306	4,000	5,000	9,000
1995	314	4,100	5,130	9,230
Clinton expansion				
1996	324	4,230	5,290	9,520
1997	334	4,370	5,460	9,830
1998	346	4,520	5,650	10,170
1999	357	4,670	5,830	10,500
2000	369	4,820	6,020	10,840
2001	380	4,970	6,210	11,180
2002	392	5,130	6,410	11,540
Balanced Budget Act				
1996	0	()	()	()
1997	0	()	()	()
1998	0	()	()	()
1999	0	()	()	()
2000	0	()	()	()
2001	0	()	()	()
2002	0	()	()	()

Source: Joint Committee on Taxation.

EARNED INCOME CREDIT—REDUCING PROGRAM COSTS
[Fiscal year, billions of dollars]

Fiscal year	Outlay cost	Revenue cost	Total cost
Historical			
1985	1,179	0.482	1,661
1986	1,498	0.586	2,084
1987	1,552	0.553	2,105
1988	2,996	1,033	4,029
1989	4,276	1,655	5,931
1990	4,669	1,943	6,612
1991	5,430	1,681	7,111
1992	7,955	2,756	10,711
1993	10,062	3,091	13,153
1994	12,254	3,489	15,743
1995	16,730	3,117	19,847
Clinton expansion			
1996	20,257	3,505	23,762
1997	22,039	3,831	25,870
1998	22,922	4,025	26,947
1999	23,893	4,184	28,077
2000	24,938	4,400	29,338
2001	25,897	4,639	30,536
2002	26,912	4,823	31,735
Balanced Budget Act			
1996	20,094	3,445	23,539
1997	18,771	2,648	21,419
1998	19,409	2,731	22,140
1999	20,137	2,793	22,930
2000	20,893	2,907	23,800
2001	21,607	3,012	24,619
2002	22,453	2,978	25,431

Source: Joint Committee on Taxation.

Mr. NICKLES. Mr. President, what this chart shows is that the President did not make any spending cuts in his first 3 years whatsoever, none. He did have significant tax increases, actually, the largest tax increase in history. But the bulk of the so-called deficit reduction was technical changes, economic changes and debt service savings, in other words, reductions that were not the result of his policies.

But I wanted to note, of that \$500 billion in so-called deficit reduction, in the first 3 years there were no spending cuts. Actually, spending increased over the CBO baseline \$4 billion in 1993, \$9 billion in 1994, \$3 billion in 1995. So now, those facts are in the record. Also, we heard the President say in one press conference that he wanted to balance the budget. He mentioned the word "balanced budget" 16 times in a recent short press conference. As a matter of fact, he has mentioned several times about his desire to balance the budget.

As a candidate in 1992, he said that he would submit a 5-year plan to balance the budget. On May 20 of this year he said, "I think balancing the budget clearly can be done in less than 10 years." In June he said, "It's going to take a decade to wipe out the deficit." In October he said that "We could reach it," balancing the budget, "in 7 years." Also, in October he said, "We can do it in 8 years." Also, in October he said, "We can do it in 9 years." The President has been all over the lot on how long it would take to balance the budget.

The point is, Republicans actually have a bill—not a statement—we have a bill before us which, if enacted, will balance the budget in 7 years. I think that is real. It is significant. It is substantive.

Now, I heard some of my colleagues on the floor say, "Well, if we enact your plan, it is going to devastate Medicare, it is going to devastate Medicaid,

and it is going to give all these wealthy people big tax cuts. They say that we are going to cut these programs and transfer more wealth to the wealthy."

That is totally, completely, irrefutably false. And I will put the facts in the record to prove it. But first, I want to talk about these cuts for a second.

For example, Medicare spending rises under our plan. This year it is \$178 billion. In the year 2002, it is \$293 billion. That happens to be a 65-percent increase. Not a decrease, an increase. Medicaid spending rises from \$89 billion to \$122 billion. That is a 37-percent increase. Overall mandatory spending increases from \$739 billion to over \$1.93 trillion. That is a 48-percent increase.

Maybe we did not cut spending enough. Those are big increases. Today we are spending about \$1.5 trillion. In 7 years, we are going to spend \$1.85 trillion. In other words, spending increases every single year.

Do we slow the growth of spending down? Yes. Do we make these programs grow at more affordable rates? Yes. Do we offer some tax relief for middle-income Americans? Yes. Should we make apologies for that? I say definitely not.

I think this package that we have put together is a fair package. I think it is a good package.

Also, I have to say, Mr. President, we have to compare it to the President's budget. What has he submitted as his plan? In January 1995, he submitted a budget that never came into balance. His budget actually had deficits rising substantially.

He submitted a revised budget in June. According to CBO, the deficits in his new budget go up as well. Let me give you his deficit figures. This year, the deficit was \$164 billion. Under the President's plan, it rises to \$210 billion in the year 2002.

Our budget has a surplus in the year 2002 of \$4 billion. We actually balance the budget in 7 years. The President's budget deficits continue to escalate to over \$200 billion for as far as the eye can see. That is the difference in our visions for the future.

Those are the only two proposals on the table. I might mention, the President's proposal was about 20 pages on a fax machine. Not a significant, substantive document. It was more a theoretical document. We have a real budget that says if we curb these entitlement programs and make other spending cuts, we are going to have a balanced budget.

Republicans are going to change budget laws. We did not balance the budget under President Reagan, and I love President Reagan. We did not do it under President Bush, and I think very highly of President Bush. But we never had the votes or the courage to curtail the growth of entitlement programs.

Some of these programs are exploding in cost. Over the last several years Medicaid grew at 28, 29, 30, 31 percent. The earned-income credit grew from \$2 billion in 1985 to \$23 billion in 1994. That is an unbelievable growth rate, 11

times what it was just 9 years ago. In other words, we had a lot of entitlement programs just exploding in cost.

Now, for the first time, we are curtailing the growth of those programs. Some people say we are slashing those programs. I take issue with that.

Medicare is probably the one issue that has been demagogued by opponents of this package more than any other. I mention, in our budget, that in 1995 in Medicare we spend \$178 billion. By the year 2002, we spend \$293 billion. That is a 65 percent increase.

Mr. President, what is shocking—I hope my colleagues on the other side of the aisle will look at this chart—as I compare the spending that we propose in Medicare every year to the spending proposed in the President's June budget—and I find very, very little difference. Under our proposal, Medicare grows at an annual rate of 7.4 percent. Under the President's proposal, Medicare grows at 7.5 percent.

Under our proposal, for which we are being lambasted so much—I heard people say we are killing Medicare and we are being unfair to senior citizens—actually, our budget proposes spending more in the year 2002 than the President's proposal in Medicare. That is kind of surprising.

My point is, these cuts are not draconian, they are not drastic. Somebody said, "The Republicans are trying to cut Medicare \$270 billion and the President is only trying to cut \$124 billion."

The President uses different economic assumptions. He assumes the health care costs are going to grow at a slower rate than we do on the Republican side.

Our point is that we are using the Congressional Budget Office. I might mention, President Clinton originally said that he would use the Congressional Budget Office. It does make a difference. Over a 10-year span, the President's budget comes to balance by assuming a more favorable economic situation that equals \$475 billion more that he would like to spend.

But the President, in his State of the Union Address in 1993, explained to Congress why he used CBO numbers to score his budget proposal. He said:

I did this so that we could argue about priorities with the same set of numbers. I did this so that no one could say I was estimating my way out of this difficulty. I did this because if we can agree together on the most prudent revenues we're likely to get if the recovery stays and we do the right things economically, then it will turn out better for the American people than we say.

The President was right: We should use the same numbers. But unfortunately, now he is trying to estimate his way out of difficulty.

We need to balance the budget. We need to make difficult decisions. It is not always easy to do, but I think we have a very balanced proposal, one that does not inflict undue pain. Somebody said, "Oh, look at all the pain." I do not see pain in this proposal. I see us doing what we should do.

Let us look at Medicare. My Democrat colleagues on the Finance Committee offered to cut Medicare part A, the hospital portion, by \$89 billion. They offered that as an amendment on the floor too. So we basically agree on the amount of cuts on hospitals.

Then they said, "Republicans are trying to raise premiums on part B beneficiaries, the doctor portion." What do we really do? We keep the premium rate at 31.5 percent of program costs. That is what the beneficiaries pay today. That is fair; that is reasonable. The program started out at 50 percent. Keeping it at 31.5 percent, I think, is fair.

Do premium costs increase? Yes, but they increase under the President's proposal too. As a matter of fact, the President's increase in part B premiums follow right along with ours. There is only, I think, a \$5 difference in the year 2002 in premiums. What he did not tell people is, "Present law goes down to 25 percent, and I am going to take credit for that and really lambaste and demagog the Republicans."

The fact is, keeping premium levels at 31.5 percent is fair. We also say wealthier people should pay a little more. We should not be asking everybody who is making \$20,000 to be subsidizing wealthier people on their part B premium.

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

Mr. NICKLES. I ask unanimous consent for 2 additional minutes.

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

Mr. NICKLES. We also made some tax changes that are fair to American families. I have heard a lot of colleagues say, "Well, that's not fair." The heck it is not. We are giving tax relief to individuals and families who have kids, a \$500 per child tax credit. Somebody says that does not mean very much. Well, I disagree. I only have one child now who would qualify, because they have to be under the age of 18. I used to have four kids who would qualify.

A lot of American families need help. Four kids is \$2,000 in tax relief. That is targeted toward the American family. That will help. An individual or couple who has two kids gets \$1,000. That is \$1,000 that they get to spend on themselves instead of sending it to Washington, DC, to have politicians spend on a multitude of items.

It is the idea that they can choose. They may want to spend it on education or a home or transportation or to buy food or pay utilities. We want to let families make that decision, not the Government.

We have targeted the bulk of tax relief to American families. We did it with the inheritance tax; we did it with the child credit; we did it with IRA savings accounts; we did it with medical savings accounts.

Mr. President, I think this is a balanced package, it is a good package, and it is the only package we have before us that will balance the budget.

We said we were going to do it. We are going to do it. I think what we are doing is vitally important. I thank the manager of the bill and I yield the floor.

Mr. EXON addressed the Chair.

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

Mr. EXON. Mr. President, I yield 15 minutes to the Senator from Massachusetts.

Mr. KERRY. I thank the Chair and the distinguished minority manager of the bill.

Mr. President, I just heard one speaker say that this will be the most important vote in the Senate in 15 years. I respectfully disagree. I think the most important vote in the Senate in 15 years will be the vote when we return with a reconciliation package that has been negotiated and which fairly reflects the administration, the minority and the majority in the Senate, as an expression of all of our desires to balance the budget. That will be the most important vote. But I do not want to quibble or deny the notion that this is not an important statement.

I would like to say that, from at least this Senator's perspective, our colleagues on the other side of the aisle deserve credit. I think it is appropriate for us to talk more honestly about what is at stake here and, perhaps, depart from some of the partisan rhetoric, though it is hard because of the circumstances.

The fact is that the majority is proving what many of us said as we opposed the balanced budget amendment. What we said was that we do not need an amendment, we simply need legislators with the courage to balance the budget. And indeed, the Republicans have picked up that challenge and they deserve credit for having returned to the floor with a budget that, in their view, expresses their values and their direction for the country.

So they are offering a balanced budget. Regrettably, their choices, which are more unilateral than most of us would have hoped we would arrive at because in effect it represents exclusively the Republican House and Republican Senate to the exclusion of most of the efforts of the rest of us. There is a statement of values. Their budget sets forth the Gingrich-Republican view of how America ought to be. And the fact that some of us oppose that view does not mean that we oppose coming to the floor and voting for a balanced budget.

I will vote "no" on this view of America, with the hopes that after the President has vetoed it we will return with a more compromised, centrist, and hopefully more diverse, shared view of where this country should go in this important statement of a budget.

It is my hope that many of us who want to balance the budget and do it responsibly, with a fair reflection of the values of this country, will have an opportunity to do so after the real negotiations take place.

Mr. President, I have already voted for a balanced budget. It was the so-called CONRAD plan. It was a plan that I did not agree with every part of, but I think it was far more fair than the plan or any other plan that we have had on the floor. It was a plan that gave tax breaks to middle-class working families. It closed tax loopholes, reduced corporate welfare. But instead, in this plan we are now confronted with, contrary to the fairness that we tried to achieve previously, the Republicans are raising \$32 billion worth of taxes from Americans earning less than \$30,000 a year.

I voted for a balanced budget plan that was honest about the need to do something about Medicare. I agree with my colleagues. There has been a lot of heightened rhetoric about it. The truth is that we have to restrain the growth on entitlements generally, and we have to retain the growth particularly in Medicare and Medicaid the fastest-growing portions of the budget. I voted for a budget, Mr. President, that was fair in what it asked seniors to do in sharing that burden. It saved the Medicare plan without cutting twice as much as we need to, twice as much as is currently reflected in this budget. I voted for a commonsense reduction in Medicare to save the system. The Republicans are essentially, in order to give a tax cut, taking the heart out of Medicare with the \$270 billion reduction.

I voted, Mr. President, for a balanced budget that would preserve access to health care for those people with disabilities, for pregnant women, and for children. While we reduced—in our budget—Medicaid by about \$125 billion, the Republicans have come to the floor with a budget that reduces it by \$182 billion over 7 years.

I voted for a balanced budget that invested in our children's education. It saved educational access, vital for job growth and competitiveness. But the Republicans now want to cut student loan programs by more than \$5 billion, at a time when it is harder and harder for average Americans to send their kids to college. They also are going to wind up taking 1.8 million kids off of student loan rolls, and reducing by 1,250 the number of colleges that can participate in a direct lending plan. That is good for banks, Mr. President, but it is not good for students or for our colleges.

I voted for a balanced budget that would feed hungry children in this country, and it added back more than half of the funds for food and for children. But instead the Republicans are going to slash \$46 billion over the next 7 years that would leave literally millions of children hungry in this country.

I voted for a balanced budget that would honor the service of veterans, not leave them scot-free, because we did in our budget reduce veterans' payments by about \$5 billion, but the Republicans want to recklessly cut those

programs in a way that may close 35 of 170 hospitals, and certainly five next year.

Mr. President, this budget process is the truest statement about any party's priorities or any individual's sense of what is fair. The bottom line is that this budget is about people. With this Republican budget tonight, they reverse some 60 years of a certainty that was built into the fabric of the American political structure—a certainty that our senior citizens would not grow old and be left with nothing—a certainty that families would be part of a community and that we would care for people, even if they were in the street, even if they were suffering or in need of help.

I wonder whether this budget is really representative of what America has become in 1995, because if it is, then I think this Senate will long be remembered as the Senate that took away the good part of the certainty of American life, not the bad part, not the part that we know with respect to welfare and other programs has distorted values. I am talking about the good part, the part that allowed people to lift themselves up by their bootstraps, that allowed people in a nursing home to not have to get rid of every cent they had in order to stay there, the part that guaranteed that we are not going to suddenly have seniors strapped into wheelchairs again because nursing home standards are lifted. Those were certainties that we built into American life.

This budget takes away those certainties, Mr. President. With this budget, thousands and thousands of women and children, our fellow citizens, thousands of families, thousands of seniors, who are struggling to pay for food or pay for health care, or simply meet the rent or save something for the future, they will be hurt. As my friend from North Dakota pointed out, they will be hurt in juxtaposition to countless millions of people who do not need that help, who will be helped.

This budget violates everybody's fundamental sense of fairness, Mr. President. And that is something that we ought to care about as we care about the fabric of values and of life in this country.

There will, as a result of this budget, no longer be a certainty in America that children will not go hungry. There will no longer be a certainty that an elderly widow in a Massachusetts hospital will not lose everything that she has. There is no longer a certainty that their children, who are already struggling, getting more and more behind, will be able to pay for her care without jeopardizing their future.

There is no certainty in this budget that American children will get a better shot at a decent education or a better shot at a job, and there is no certainty that a pregnant mother or a disabled veteran will get the helping hand that we have always promised.

There is not even the certainty that our drinking water will get cleaner or our wilderness will be protected or that toxic waste will be cleaned up or that we will hand down to our children a better country, Mr. President.

I think the least we can do in a budget is express our responsibility to protect the certainties that those who came to this floor before us fought for.

I can only say to my colleagues who tell us this budget is a sure thing that in the words of Robert BURNS, "There is no such uncertainty as a sure thing."

This budget will create uncertainties, uncertainties with respect to the environment, uncertainties with respect to people's capacity to strive to make the best of their own opportunities to get an education, to try to touch the new marketplace.

Mr. President, there is an enormous giveaway to mining companies in this budget. There is oil drilling in the Arctic National Wildlife Refuge. There are water subsidies to America's largest agricultural corporations. There is a royalty exemption from oil leases in the Gulf of Mexico. There are lots of little goodies in this budget which do not speak to the issue of fairness in this country.

I might just say, Mr. President, with respect to some of the most important things we hear talked about on the Senate floor, values with respect to children, this budget is not friendly.

We have heard a lot of talk about the number of children who are born out of wedlock, the number of kids who desperately need an opportunity through Head Start, or who desperately need a hot lunch. This budget creates an enormous shift of wealth from those who are at the lower end struggling to make ends meet and working families, not people on welfare but working families, and it takes that wealth from those struggling and gives it to people at the upper end who do not need it.

Mr. President, in the name of fairness, I am pleased that the President has said he will veto this budget. The most important vote will be the vote that occurs after we have the negotiations that will take place in the next weeks, and I hope it will not take longer than weeks. It is my fervent plea in the course of that process more voices of America be heard and reflected in our budget.

Again, I say, Mr. President, there are many on this side of the aisle who looked forward to the ability to be able to help shape that process. It is our hope we will join together around reasonable figures, perhaps some combination of CBO or OMB—figures that are reasonably arrived at and reflect the future economic growth of this country, and that we will use those figures to come up with an intelligent budget that all of us can take to America as we ask people to share the sacrifices necessary to balance the budget.

It is my hope that day will come soon. That will be the most important vote in the U.S. Senate. I yield back

my remaining time to the Senator from North Dakota.

Mr. CONRAD. Mr. President, this is a critically important debate. It ought to be informed, I think, by fact and reason and by law.

Mr. President, we have heard a lot of talk that what we have before us is a balanced budget. The fact is, the law says something different. The law says we do not have a balanced budget before the Senate.

That is because if you look at subtitle C of Social Security, the off-budget status of Social Security trust funds, it makes very clear that Social Security surpluses are not to be included in any calculation of the deficit.

The only way the Republican plan achieves balance is to use every penny of Social Security surplus generated between now and the year 2002—\$636 billion of Social Security surplus funds will be raided so that the Republicans can claim their plan is balanced.

Mr. President, this is not just my view. This is, in fact, the certification from the Congressional Budget Office. We have been through this debate before, and on October 20, Senator DORGAN and I asked the head of the CBO, if we follow the law, a law that 98 Senators voted for, and excluded Social Security surpluses, what would the deficit look like in 2002 under the Republican plan?

The head of the CBO responded by saying the deficit in 2002 under the plan presented would be \$105 billion.

In the conference committee that number has grown. We now have a deficit in the year 2002 under this plan, if we obey the law, of \$111 billion. I think it is important to make that point for the record.

This chart shows the looting of the Social Security trust fund that will go on during this period, from 1996 to 2002. These are the yearly totals that will be taken of Social Security surplus funds. This is the total over the 7-year period—\$636 billion.

Mr. President, we have heard from the other side assertions that the Democrats have no alternative balanced budget plan. It makes me wonder where some of our colleagues have been. We have had a series of alternatives offered on the floor of the Senate.

The one I was most deeply involved in was the Fair Share balanced budget plan we offered during the budget resolution. It was an honest balanced budget plan but with a substantially different set of priorities than those contained in the Republican plan.

Let me talk about some of the differences. The Fair Share Plan balanced the budget, without counting Social Security surpluses, by the year 2004—9 years without counting any Social Security surpluses. It produces more deficit reduction in 2002 than the Republican plan.

In fact, the Fair Share Plan that 39 Democrats in this body voted for had \$100 billion more in deficit reduction than the Republican plan.

At the same time, it had a substantially different set of priorities than the Republican balanced budget plan. The Democratic balanced budget plan restored \$100 billion of the \$270 cut in Medicare.

I know many on the other side of the aisle have said they are not cutting Medicare. I ask them this simple question: If they are not cutting Medicare, how is it that they have achieved \$270 billion of savings from what current law provides in Medicare? How can it be, if they have not cut anything, that they have saved \$270 billion over the next 7 years? Of course they have cut. They have cut in quality and service what our seniors will receive through that program.

Some say, "I hear the Republicans saying they are spending more money on Medicare." Yes, that is true. They are spending more money. Of course they are spending more money. There is 7 years of medical inflation that has to be covered. Medical inflation is growing at three times the rate of normal inflation.

In addition, there are 5 million new people who are going to be eligible for Medicare during this 7-year period. So of course they have to spend more.

But the fact is, they are not spending as much more as would be required in order to provide the same level of quality and services as the current program provides. That is why they have \$270 billion of savings out of the Medicare Program. But those savings are going to mean less quality, less service to seniors than the services and quality of service they receive now.

In addition, the draconian changes that the Republicans have proposed for Medicare are going to mean we are going to have rural hospitals all across America forced to close. In my own State, the hospital association tells me 26 of the 30 rural hospitals are going to negative margins on their Medicare-eligible patients. Of course, most of their patients are Medicare eligible. That means many of those hospitals will be forced to close. That is the harsh reality of what is being proposed here.

Do we need to generate savings out of Medicare in order to balance the budget over 7 years? Absolutely. But \$270 billion of reductions is too much. It is draconian. It is extreme. It will have severe consequences.

The plan that 39 Democrats voted for restored \$100 billion of the \$270 billion of cuts in the Republican plan. In addition, we restored about \$40 billion of the cuts to Medicaid. Let me just indicate, we now have a new analysis from Consumers Union that indicates we are going to see 12 million people lose their medical coverage because of the serious reductions to the Medicaid Program provided for in this Republican plan.

Education? The plan that 39 Senate Democrats voted for did not cut education. We did not have a dime of cuts in education because we believe education is the future. If there is one

place that should not be cut it is those funds that make it more possible for people to develop their full potential through education and all of the opportunities that education creates, not only for the individual but for all of the rest of us who benefit from what people are able to achieve who have gotten as much education as they possibly can.

Nutrition and agriculture? We restored \$24 billion in order to have less of a cut to food programs and to agriculture programs. Let me just say with respect to agriculture, the Republican program is to indicate they are going to kill all agriculture programs after 7 years. They have now come forward and admitted what their plan really is. We will not have an agriculture program after 7 years. They are destroying the foundation of the agriculture programs of this country by ending the authorization that exists in law that has been there since 1938.

Let me just say, the Republican plan for agriculture is not a plan for American farmers. It is a plan for the French farmer. It is a plan for the German farmer. It is a plan for the farmers of every country with whom we compete, because that is who is going to benefit from the Republican farm plan.

One of the ways we were able to have a balanced budget that 39 Democrats voted for and to be able to restore some of the draconian spending cuts contained in the Republican plan, was to eliminate tax cuts. We did not have any tax cuts. Because under the Republican plan, disproportionately those tax reductions go to the wealthiest among us.

I just do not think it makes much sense to say to somebody who is in the top 1 percent of income earners in this country, you get a \$10,000 tax reduction, but if you are somebody who is earning less than \$30,000 a year who qualifies for earned-income tax credit, you are going to get a tax increase.

Mr. President, 7.7 million families in America under the Republican plan are going to get a tax increase. Those who are at the top of the income ladder, the top 1 percent on average are going to get a \$10,000 tax cut. I do not know how they justify it. It is not my idea of targeted tax relief. But that is in this plan.

Finally, in the Fair Share plan that 39 Senate Democrats voted for, we asked the wealthiest among us to participate in this battle to reduce the budget deficit. We asked them to curtail the growth of the tax entitlements that they primarily benefit from. If we are going to reduce the growth of the spending entitlements, and we must, then why not reduce the growth of the tax entitlements, \$4 trillion of tax entitlements? It is the biggest single pot of money in the whole Federal budget.

This chart shows entitlement spending from 1996 to 2002. Tax entitlements, \$4 trillion—much bigger than the next biggest entitlement, Social Security. That is nearly \$3 trillion over the next

7 years. Medicare is \$2 trillion over the next 7 years, and Medicaid is about \$1 trillion. But the biggest one of all is the tax entitlements, the tax preferences, the tax loopholes.

We say if we are going to reduce the rate of growth of the spending entitlements, let us reduce the rate of growth of the tax entitlements as well. Let us reduce that growth to inflation plus 1 percent.

Our friends on the other side say there is no tax entitlement, no tax preference, no tax loophole that we want to close. We want to keep them all. We think they are all valid. We think they are all essential.

We, on our side of the aisle, do not.

Mr. President, these are critical issues that will be decided for the first time tonight. But I think we should all remember, the President is going to veto this bill, as he should, and then the real debate is going to begin. Then the real discussion, the real negotiation will start.

One of the key issues will be, should we really be providing a tax cut when we are adding \$1.8 trillion to the debt under this Republican plan? That is what is going to happen. We have \$5 trillion of debt now. Under this plan, we are going to add another \$1.8 trillion, which means every penny of this tax cut is going to have to be borrowed money.

Does that make sense to anybody in this country? We have to borrow money in order to give a tax cut? Give a tax cut when we are adding \$1.8 trillion to the debt? I thought the idea was to eliminate the growth of the debt, to reduce the growth of the debt. Why do we add to it?

Mr. President, I think one of the things we have to start focusing on is what is happening to the distribution of wealth in America, because what we have seen is a dramatic change. In 1969, the top 1 percent of households in America held about 20 percent of the wealth. In 1979, the top 1 percent had increased their share of the wealth of America to 30 percent. In 1989, the top 1 percent of the income earners in this country held nearly 40 percent of the wealth of this country.

The other side accuses those of us on this side of wanting to redistribute the wealth. Let me just say, our friends on the other side of the aisle are the champions at wealth redistribution. But their idea is to redistribute the wealth upwards, upwards in our society. The history of that kind of concentration of wealth is very clear. It leads to political instability and it leads to trouble. We should not allow that to occur.

U.S. News, in this quote from David Gergen, says:

U.S. News & World Report reported last week . . . that the lowest 20 percent of the population would lose more income under these spending cuts than the rest of the population combined. At the other end, the highest 20 percent would gain more from the tax cuts than everyone else combined.

He goes on to say:

[N]o one disputes the basic contention that the burdens and benefits are lopsided. In a nation divided dangerously into haves and have-nots, this is neither wise nor justified.

Mr. President, David Gergen has it right, but he is not alone in this observation.

I will share with you the final part of my presentation, the observation of Kevin Phillips, Republican political analyst, who said:

If the budget deficit were really a national crisis instead of a pretext for fiscal favoritism and finagling, we'd be talking about shared sacrifice, with business, all industry and the rich, people who have the big money, making the biggest sacrifice. Instead, it's the senior citizens, it's the poor, students, and ordinary Americans who'll see programs they depend on gutted while business, finance, and the richest 1 or 2 percent, far from making sacrifices, actually get new benefits, and tax reductions.

The PRESIDING OFFICER. The Chair advises the Senator that his time has expired.

Mr. CONRAD. I thank the Chair. I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Michigan is recognized.

Mr. ABRAHAM. Mr. President, I yield 7 minutes to the Senator from Georgia.

Mr. COVERDELL. I thank the Senator from Michigan.

Mr. President, if I might, I would like to pause for just a minute to comment on this historic moment and the opportunity to vote for the first balanced budget concept in over three decades and to outline the predicament, or the situation, that has prompted these actions on the part of the majority in the 104th Congress.

The bipartisan Entitlement Commission reported to the Congress and the President earlier this year that, without change, without modification, the totality of all U.S. resources will be exhausted by but five programs. Those five programs are Social Security, Medicare, Medicaid, Federal retirement, and the interest on our debt. And by the year 2006, which is not long—less than 10 years—there will not be enough resources to debate many of these programs we are responsible for in America. We will not be debating the School Lunch Program. There will not be one.

Five programs take all U.S. revenues, and in but 10 years—Social Security, Medicare, Medicaid, Federal retirement, and just the interest on our debt—and there is nothing left to fulfill the responsibilities of this great democracy to its own citizens and to the world.

The solution to avoid that predicament is to move to balanced budgets. All America knows this. It just seems that people in Washington are late arriving at the conclusion.

These balanced budgets that have been fashioned by the Budget Committee and the Finance Committee are absolutely mandatory to avert the disas-

ter that is but 10 years away. The balanced budget deals with all but one of these problems. It, obviously, by balancing itself, quits adding debt and, therefore, lowers the interest payments. It begins to restructure Medicaid and send it to the States for more efficient management. It takes Medicare, which is destined to go bankrupt in but 6 years according to the President's own trustees, and restructures it in a way to guarantee solvency for a quarter of a century.

What a relief that must be to all the beneficiaries of Medicare to understand that these changes will give them more choices, but, more importantly, give them a program that is solvent for a quarter of a century.

It begins to deal with the subject of Federal retirement. And Social Security is not dealt with directly, but I would say indirectly it is, because it has engaged the Nation in the discussion of entitlements and their solvency and their future.

Mr. President, what are the benefits if the Nation seizes the responsibility of managing its financial affairs? They are just stunning. The average family in America will see the interest payment on its mortgage drop dramatically. It would save the average family which makes about \$40,000 a year \$1,000 a year on their mortgage. It would save the average family \$180 a year on the car payment interest payments. It will save the average family another \$200 a year because of all the other debt that they carry. If the average family has two children, it will have \$1,000 removed of tax liability.

The bottom line here, Mr. President, is that the average family in America will have \$2,000 to \$3,000 of new disposable income in their hands instead of Washington's so that they can make choices about education, housing, and the health of their own families.

I have mentioned Ozzie and Harriet more than once here. When Ozzie was the quintessential family, he sent 2 cents of every dollar to Washington. If he were here today, he would be sending 24 cents of every dollar to Washington. We have marginalized the average family because of the tax pressures and tax burden. The most important thing we can do is lighten that financial burden on those families, give them options, and give them the opportunity to deal with the responsibility.

As I have listened to the debate, my good friend, the Senator from Nebraska, seems to feel that it is best for Ozzie to send the money here, and for us to decide what is good or not for their family. Wrong. Wrong. They want the opportunity to make the decisions about what is best for their families.

Under this proposal, the families of 51 million American children, or 28 million tax-paying families, are eligible for the \$500 per child tax cut. Under this proposal, 3½ million families will have over \$2.2 billion in tax relief. Millions of American families will be taken off the tax rolls altogether.

What is the President's response about balancing the budget? First and foremost, he opposed the balanced budget amendment. Secondly, he said he would balance the budget in 5 years when he ran for President. That is a long-forgotten promise. Then he said he would send us a balanced budget in 10 years. And by everybody's estimate, that budget never balances. And when it was put to a vote in this Senate, it failed 100 to nothing. How much more discredited could a budget proposal be?

Mr. President, I yield the floor with this conclusion. This whole battle is about balancing the budget. This new Congress wants to do it. The President does not. America should tell the President now is the time to balance our budget.

I yield the floor.

Mr. EXON. Mr. President, I yield 2 minutes to the Senator from Rhode Island.

Mr. PELL. Last week, the National Goals Panel issued an extensive report on the progress American schools are making towards meeting the national goals. That report was a mixed one. We have made gains in areas such as mathematics achievement and making sure that our children enter school ready to learn. In other areas, such as reading achievement and teacher preparation, we are only holding our own. And in some areas, most notably safe and drug free schools, our problems appear to be growing.

In my opinion, there is a clear conclusion we can draw from this report. This is not the time to either relax or diminish the small, but critical Federal role in education. Quite to the contrary, it is time to strengthen our commitment if we are to sustain the gains we have made, move off of dead center in other areas, and reverse the decline in still others.

Most clearly, this is not the time to have the largest education cut in our history. It is not the time to risk a 30-percent cut in Federal education spending over the next 7 years. It is not the time to freeze the title I program and halt progress in basic skills achievement. It is not the time to cut spending on education reform. And, it is definitely not the time to reduce our commitment to safe and drug free schools.

With respect to higher education, I believe deeply that we should not put our student aid programs at risk. Yet, that is precisely what the Republican budget does. If we cut education by more than 30 percent over the next 7 years, it is clear that every education program will be in harm's way. We have already engaged in a hard-fought battle to protect students and their families from cuts in the guaranteed student loan program, and I am pleased that in large part, we have been successful.

While I had reservations about the Direct Loan Program when it was originally proposed, I am encouraged by how well the program has operated

in its initial stages. Students are getting their loans more quickly and with less problems. The competition between direct lending and the regular guaranteed loan programs has also produced dramatic improvements in the private sector program. Because of this, I believe it unwise to move back and place a 10 percent cap on direct lending. This would mean that between two-thirds and three-fourths of current direct lending schools would be dropped from the program, and to my mind, that would be most unfortunate.

I also fear that we will face difficult battles with respect to our other student aid programs, and that Pell grants, supplemental grants, Perkins loans, college work study, and the TRIO programs could well be placed on the chopping block.

Mr. President, education is a capital investment in our future. The climb up the economic ladder for American after American is directly related to their level of educational achievement. Every study we know shows a correlation between an educational attainment and an increase in income. If we pull back on education, we pull back on the American people. That is not the direction in which we should be moving.

I agree wholeheartedly with President Clinton when he says that, today, we face both a budget deficit and an education deficit, and that both must be addressed.

I favor reducing the budget deficit. I do not favor doing it on the backs of senior citizens, the unfortunate in our society, our children who need a good, solid general education, or our students and families who are already hard-pressed to make ends meet in paying for a college education.

In my view, one of the best ways we can reduce the budget deficit is through a strong and vibrant economy driven by a well-educated, well-trained work force. It is time that we increased our investment in education. It is not a time for retreat.

Mr. President, it is time to calm the shrill voices of partisanship that have echoed through our Chamber. It is time to move away from the abyss of brinkmanship. It is time for all parties to come together, and to fashion a budget that enjoys wide bipartisan support. For comity to be practiced. And most of all, it is time that we got on with governing in a way that the American people can respect.

STUDENT LOAN PROVISION

Mr. President, I want to call to my colleagues' attention and call into question an important student loan provision included in the budget reconciliation conference agreement reached by the majority without the involvement of the minority.

This provision with which I am concerned requires State guaranty agencies to use 50 percent of their reserves to purchase defaulted loans. Once purchased, the agency has 180 days before it can submit claims for reimburse-

ment. The idea is that this will allow additional time to bring defaulters into repayment, thus decreasing the total amount of claims for reimbursement.

There are at least two problems with this provision. First, it appears to assume that these reserves are the property of the State guaranty agency and not the Federal Government. If that is the case, we may well be relinquishing any claim for almost \$1 billion in outstanding and quite possibly excess reserves that are Federal property and could be returned to the Federal Government to produce savings in the guaranteed student loan program.

If we assume they are not the property of the State guaranty agency, then we are simply permitting Federal funds to be used to purchase defaulted loans guaranteed by the Federal Government in the first place. If this is the case, we will be engaging in a shell game that produces illusory savings.

Second, the provision allows defaulted loans that are purchased with these funds to be considered reserves. This diminishes the required reserve ratio, also reduced in this legislation, used to help determine whether or not an agency is strong and solvent. It would quite possibly allow an otherwise bankrupt agency to use defaulted loans as assets to meet the decreased reserve ratio. To my mind, this is not good public policy.

Further, in my view, it is difficult, under any circumstance, to see how a defaulted loan can be construed as an asset. This is potentially bad paper. We may never be able to collect the debt, and yet under this provision, Federal law would decree that a defaulted loan, a debt, is an asset.

Requiring agencies to purchase defaulted loans with reserves that may or may not be their property is a roll of the dice. They may well be bad investments with minimal chance of collection. To say that they should be considered assets is, to my mind, very unwise. And, to take the chance that they also take reserves out of the reach of the Federal Government is equally imprudent.

Also, I am concerned that during the 180-day period that State guaranty agencies hold the defaulted loans, the Federal Government may well continue to pay special allowance and other interest payments on these loans. I wonder whether or not this produces an unwarranted windfall for these agencies by giving them income on a defaulted loan.

Finally, I would point out that had we had the opportunity to be involved in the budget reconciliation negotiations between the House and Senate, this would have been pointed out at the staff level. Unfortunately, for the first time in seven reconciliation and budget reduction conferences involving the guaranteed student loan program, the minority was not permitted to come to the table and make its case. This is an unfortunate departure from the bipartisanship that has been the traditional

practice in education, and in this instance, I am afraid it has resulted in a highly questionable provision.

SUBMITTING CHANGES TO THE BUDGET RESOLUTION REVENUE ALLOCATIONS

Mr. DOMENICI. Mr. President, upon the submission of a conference report on a reconciliation bill, section 205(b) of House Concurrent Resolution 67 requires the chairman of the Senate Budget Committee to appropriately revise the budgetary allocations and aggregates to accommodate the revenue reductions in the reconciliation bill conference report.

Pursuant to section 205(b) of House Concurrent Resolution 67, the 1996 budget resolution, I hereby submit revisions to the first- and five-year revenue aggregates contained in House Concurrent Resolution 67 for the purpose of consideration of H.R. 2491, the Balanced Budget Act of 1995, and ask unanimous consent that the revisions be printed in the RECORD.

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

	1996	1996-2000
Current revenue aggregates	\$1,042,500,000,000	\$5,691,500,000,000
Revised revenue aggregates	1,036,780,000,000	5,543,726,000,000

The Congressional Budget Office has reviewed the conference report on H.R. 2491, and has certified that the enactment of the Balanced Budget Act of 1995 would produce a small budget surplus in 2002.

Mr. EXON. Mr. President, I believe that the majority's desire to include tax breaks in this bill has caused two points of order to lie against this bill.

It has long been my belief that the tax breaks have been the tail that has wagged this dog of a budget. They have driven the majority to make extreme cuts in Medicare and education.

And their desire for tax breaks for the wealthy has also driven the majority to jump through some pretty high procedural hoops. I hope to demonstrate over the next few minutes that the majority has abused the budget reconciliation process and violated the conditions of the budget resolution to pave the way for these misguided tax breaks.

The budget resolution that created this budget reconciliation bill provided that the majority could cut taxes if and only if two conditions were met: One, they had to balance the budget in 2002. And, two, the reconciliation legislation had to "comply with the sum of the reconciliation directives for the period of fiscal years 1996 through 2002" in the budget resolution. These two conditions are plainly spelled out in section 205 of the budget resolution. I ask unanimous consent that the full text of section 205 of the budget resolution be printed in the RECORD.

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

SEC. 205. BUDGET SURPLUS ALLOWANCE.

(a) CBO CERTIFICATION OF LEGISLATIVE SUBMISSIONS.—

(1) SUBMISSION OF LEGISLATION.—Upon the submission of legislative recommendations pursuant to section 105(a) and prior to the submission of a conference report on legislation reported pursuant to section 105, the chairman of the Committee on the Budget of the Senate and the House of Representatives (as the case may be) shall submit such recommendations to the Congressional Budget Office.

(2) BASIS OF ESTIMATES.—For the purposes of preparing an estimate pursuant to this subsection, the Congressional Budget Office shall include the budgetary impact of all legislation enacted to date, use the economic and technical assumptions underlying this resolution, and assume compliance with the total discretionary spending levels assumed in this resolution unless superseded by law.

(3) ESTIMATE OF LEGISLATION.—The Congressional Budget Office shall provide an estimate to the Chairman of the Budget Committee of the Senate and the House of Representatives (as the case may be) and certify whether the legislative recommendations would balance the total budget by fiscal year 2002.

(4) CERTIFICATION.—If the Congressional Budget Office certifies that such legislative recommendations would balance the total budget by fiscal year 2002, the Chairman shall submit such certification in his respective House.

(b) PROCEDURE IN THE SENATE.—

(1) ADJUSTMENTS.—For the purposes of points of order under the Congressional Budget Act of 1974 and this concurrent resolution on the budget, the appropriate budgetary allocations and aggregates shall be revised to be consistent with the instructions set forth in section 105(b) for legislation that reduces revenues by providing family tax relief and incentives to stimulate savings, investment, job creation, and economic growth.

(2) REVISED AGGREGATES.—Upon the reporting of legislation pursuant to section 105(b) and again upon the submission of a conference report on such legislation, the Chairman of the Committee on the Budget of the

Senate shall submit appropriately revised budgetary allocations and aggregates.

(3) EFFECT OF REVISED ALLOCATIONS AND AGGREGATES.—Revised allocations and aggregates submitted under paragraph (2) shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations and aggregates contained in this resolution.

(c) CONTINGENCIES.—This section shall not apply unless the reconciliation legislation—

(1) complies with the sum of the reconciliation directives for the period of fiscal years 1996 through 2002 provided in section 105(a); and

(2) would balance the total budget for fiscal year 2002 and the period of fiscal years 2002 through 2005.

Mr. EXON. Section 205 of the budget resolution gives the majority the authority to lower the revenue floor in the budget resolution. Without section 205, the majority would violate the revenue floor in the budget resolution by including tax cuts in this bill.

But the facts are that the conference report before us today fails to meet the two conditions in section 205 for including tax cuts. The budget resolution directed committees to come up with \$632 billion in deficit reduction over the next 7 years in order to be allowed to include tax cuts in this bill. The bill before us includes only \$577 billion in spending cuts, plus \$3.7 billion in revenue increases in the jurisdiction of a committee with instructions to increase revenues, for a net of \$581 billion in deficit reduction.

That is \$51 billion short of the amount committees were instructed to achieve by the budget resolution. The bill is thus \$51 billion short of the amount necessary to allow the chairman of the Budget Committee to lower the budget resolution's revenue floor to allow for the tax breaks.

As a consequence, the tax cuts cause this bill to violate the budget resolution's revenue floor.

Therefore, Mr. President, a point of order should lie against this conference report because it violates section 311(a) of the Congressional Budget Act of 1974.

Mr. President, I ask unanimous consent that the full text of the CBO cost estimate on this bill be printed in the RECORD.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 16, 1995.
Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed the conference report on H.R. 2491, the Balanced Budget Act of 1995, and has projected the deficits that would result if the bill is enacted. These projections use the economic and technical assumptions underlying the budget resolution for fiscal year 1996 (H. Con. Res. 67), assume the level of discretionary spending indicated in the budget resolution, and include changes in outlays and revenues estimated to result from the economic impact of balancing the budget by fiscal year 2002 as estimated by CBO in its April 1995 report, An Analysis of the President's Budgetary Proposals for Fiscal Year 1996. On that basis, CBO projects that enactment of the reconciliation legislation recommended by the conferees would produce a small budget surplus in 2002. The estimated federal spending, revenues and deficits that would occur if the proposal is enacted are shown in Table 1. The resulting differences from CBO's April 1995 baseline are summarized in Table 2, which includes the adjustments to the baseline assumed by the budget resolution. The estimated savings from changes in direct spending and revenues that would result from enactment of each title of the bill are summarized in Table 3 and described in more detail in an attachment.

Sincerely,
JUNE E. O'NEILL,
Director.

TABLE 1.—CONFERENCE OUTLAYS, REVENUES, AND DEFICITS
[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002
Outlays: Discretionary	534	524	518	516	520	516	515
Mandatory:							
Medicare ¹	196	210	217	226	248	267	289
Medicaid	97	104	109	113	118	122	127
Other	506	529	555	586	618	642	676
Subtotal	799	843	881	925	984	1,031	1,093
Net interest	257	262	261	262	260	254	249
Total outlays	1,590	1,629	1,660	1,703	1,764	1,801	1,857
Revenues	1,412	1,440	1,514	1,585	1,665	1,756	1,861
Deficit	178	189	146	118	100	46	-4

¹ Medicare benefit payments only. Excludes medicare premiums.

² Notes.—The fiscal dividend expected to result from balancing the budget is reflected in these figures. Numbers may not add to totals because of rounding.

³ Source.—Congressional Budget Office.

TABLE 2.—CONFERENCE BUDGETARY CHANGES FROM CBO'S APRIL BASELINE
[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	Total 1996-2002
CBO April baseline deficit ¹	210	230	232	266	299	316	349	*
Baseline adjustments: ²								
CPI rebenchmarking ³	0	0	0	-1	-3	-6	-9	-18
Other adjustments ⁴	1	1	1	2	2	1	1	10
Subtotal	1	1	1	1	-1	-4	-8	-9

TABLE 2.—CONFERENCE BUDGETARY CHANGES FROM CBO'S APRIL BASELINE—Continued
[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	Total 1996–2002
Policy changes:								
Outlays: Discretionary⁵								
Freeze ⁶	-8	-9	-12	-35	-55	-75	-96	-289
Additional savings	-10	-21	-27	-24	-20	-24	-25	-151
Subtotal	-18	-29	-39	-59	-75	-99	-121	-440
Mandatory:								
Medicare	-7	-14	-27	-42	-49	-60	-71	-270
Medicaid	-2	-6	-13	-21	-30	-40	-50	-163
Other	-8	-18	-20	-24	-25	-24	-25	-144
Subtotal	-17	-38	-60	-87	-104	-125	-146	-577
Net interest	-1	-4	-8	-15	-25	-39	-58	-150
Total outlays	-36	-71	-107	-161	-203	-263	-325	-1,167
Revenues ⁷	6	36	34	35	36	38	30	215
Total policy changes	-31	-35	-73	-126	-167	-225	-295	-952
Adjustment for fiscal dividend ⁸	-3	-7	-14	-23	-32	-41	-50	-170
Total adjustments and policy changes	-33	-41	-86	-148	-200	-271	-353	-1,131
Conference policy	178	189	146	118	100	46	-4	*

¹ Projections assume that discretionary spending is equal to the spending limits that are in effect through 1998 and will increase with inflation after 1998.
² The budget resolution was based on CBO's April 1995 baseline projections of mandatory spending and revenues, except for a limited number of adjustments.
³ The budget resolution baseline assumed that the 1998 rebenchmarking of the CPI by the Bureau of Labor Statistics will result in 0.2 percentage point reduction in the CPI compared with CBO's December 1994 economic projections.
⁴ The budget resolution baseline made adjustments related to revised accounting of direct student loan costs, expiration of excise taxes dedicated to the Superfund trust fund as provided under current law, the effects of enacted legislation, and technical corrections.
⁵ Discretionary spending specified in the Concurrent Resolution on the Budget for Fiscal Year 1996 (H. Con. Res. 67).
⁶ Savings from Freezing 1996–2002 appropriations at the nominal level appropriated for 1995.
⁷ Revenue decreases are shown with a positive sign because they increase the deficit.
⁸ CBO has estimated that balancing the budget by 2002 would result in lower interest rates and slightly higher real growth that could lower federal interest payments and increase revenues by \$170 billion over the fiscal year 1996–2002 period. See Appendix B of CBO's April 1995 report, "An Analysis of the President's Budgetary Proposals for Fiscal Year 1996."
 Notes.—* = not applicable; CPI = consumer price index.
 Source.—Congressional Budget Office.

TABLE 3.—RECONCILIATION CONFERENCE SAVINGS BY TITLE
[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1996–2002
I—Agriculture: Outlays	-1.3	-1.6	-1.5	-1.5	-1.6	-2.5	-2.4	-12.3
II—Banking and Housing: Outlays	-5.2	-0.1	0.2	0.1	(¹)	(¹)	(¹)	-4.9
III—Communication and spectrum allocation: Outlays	-0.2	-1.8	-2.7	-3.6	-3.1	-2.7	-1.4	-15.3
IV—Education: Outlays	-1.0	-0.5	-0.5	-0.7	-0.8	-0.8	-0.8	-5.0
V—Energy and Natural Resources: Outlays	-0.6	-2.3	-0.4	-1.1	-0.7	-0.6	-0.5	-6.2
VI—Federal retirement:								
Outlays	-0.5	-1.1	-1.0	-1.6	-1.1	-1.1	-1.1	-7.5
Revenues ²	-0.2	-0.4	-0.6	-0.6	-0.6	-0.6	-0.7	-3.7
Deficit	-0.7	-1.5	-1.6	-2.2	-1.7	-1.7	-1.7	-11.1
VII—Medicaid: Outlays	-2.2	-5.7	-13.4	-21.5	-30.0	-40.3	-50.4	-163.4
VIII—Medicare: Outlays	-6.8	-14.3	-27.2	-42.0	-49.0	-59.8	-70.9	-270.0
IX—Transportation: Outlays	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.8
X—Veterans: Outlays	-0.3	-0.4	-0.5	-1.3	-1.4	-1.3	-1.5	-6.7
XI—Revenues:								
Outlays	0.0	0.0	0.0	(¹)	(¹)	(¹)	-0.1	-0.1
Revenues ²	5.9	37.3	35.6	37.4	38.6	39.9	32.4	227.1
Deficit	5.9	37.3	35.6	37.4	38.6	39.8	32.4	227.0
XII—Teaching hospitals, asset sales, and welfare:								
Outlays	0.6	-10.3	-13.1	-14.1	-15.7	-15.4	-17.2	-85.1
Revenues ²	-0.1	-1.2	-1.3	-1.4	-1.5	-1.6	-1.8	-8.9
Deficit	0.5	-11.5	-14.4	-15.4	-17.2	-17.0	-19.0	-94.0
Interactive effects: Outlays	0.0	0.0	0.0	(¹)	(¹)	(¹)	0.1	0.1
Total Outlays	-17.4	-38.1	-60.1	-87.2	-103.5	-124.6	-146.2	-577.2
Total Revenues ¹	5.7	35.7	33.7	35.5	36.5	37.6	29.9	214.5
Total Deficit	-11.7	-2.4	-26.4	-51.8	-67.0	-87.0	-116.3	-362.6

¹ Less than \$50 million.
² Revenue increases are shown with a negative sign because they reduce the deficit.
 Sources.—Congressional Budget Office; Joint Committee on Taxation.

ATTACHMENT

DIRECT SPENDING AND REVENUE EFFECTS BY
 TITLE OF THE CONFERENCE REPORT ON H.R.
 2491, THE BALANCED BUDGET ACT OF 1995, CON-
 GRESSONAL BUDGET OFFICE, NOVEMBER 16,
 1995

ESTIMATED BUDGETARY EFFECTS OF TITLE I: AGRICULTURE AND RELATED PROVISIONS
 [In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996–2002 total
Changes in direct spending								
Freedom to Farm contracts in lieu of deficiency payments:								
Estimated budget authority	-874	-804	-804	-937	-1,194	-1,998	-1,989	-8,600
Estimated outlays	-874	-804	-804	-937	-1,194	-1,998	-1,989	-8,600
Cap crop price-support loan rates:								
Estimated budget authority	-16	-85	35	-70	-49	-55	-38	-108
Estimated outlays	-16	-85	35	-70	-49	-55	-38	-108
Cap 7-year cotton step-2 payments at \$701 million:								
Estimated budget authority		1	2	2	2	-69	-116	-178
Estimated outlays		1	2	2	2	-69	-116	-178
End cotton 8-month loan extension:								
Estimated budget authority		-55	-5	-5	-5	-2	0	-72
Estimated outlays		-55	-5	-5	-5	-2	0	-72

ESTIMATED BUDGETARY EFFECTS OF TITLE I: AGRICULTURE AND RELATED PROVISIONS—Continued

[In millions of dollars, by fiscal year]

	1996	1997	1998	1990	2000	2001	2002	1996-2002 total
\$40,000 payment limit per "person":								
Estimated budget authority	-21	-41	-45	-43	-39	-32	-31	-252
Estimated outlays	-21	-41	-45	-43	-39	-32	-31	-252
Reform peanut program:								
Estimated budget authority		-95	-69	-69	-67	-68	-66	-434
Estimated outlays		-95	-69	-69	-67	-68	-66	-434
Reform sugar program (increased assessments):								
Estimated budget authority		-8	-8	-8	-9	-9	-9	-51
Estimated outlays		-8	-8	-8	-9	-9	-9	-51
End emergency feed assistance programs:								
Estimated budget authority	-60	-80	-80	-80	-80	-80	-80	-540
Estimated outlays	-60	-80	-80	-80	-80	-80	-80	-540
End honey program:								
Estimated budget authority				-1	-2			-3
Estimated outlays				-1	-2			-3
End farmer-owned reserve:								
Estimated budget authority		-18	-18	-18	-18	-18	-18	-108
Estimated outlays		-18	-18	-18	-18	-18	-18	-108
Livestock Environmental Assistance Program:								
Estimated budget authority	100	100	100	100	100	100	100	700
Estimated outlays	48	88	91	94	96	98	99	614
Limit CRP to 36.4 million acres:								
Estimated budget authority		-41	-118	-109	-102	-100	-99	-569
Estimated outlays		-41	-118	-109	-102	-100	-99	-569
Cap WRP acreage and limit easements:								
Estimated budget authority	-24	-66	-66	-66	-66	54	54	-180
Estimated outlays	-3	-47	-90	-94	-92	-74	13	-387
Reduce Market Promotion Program spending:								
Estimated budget authority	-1	-8	-10	-10	-10	-10	-10	-59
Estimated outlays	-1	-8	-10	-10	-10	-10	-10	-59
Cap Export Enhancement Program spending:								
Estimated budget authority	-329	-532	-281	-130	0	0	0	-1,272
Estimated outlays	-329	-532	-281	-130	0	0	0	-1,272
End mandatory crop insurance catastrophic coverage:								
Estimated budget authority	-27	-27	-28	-28	-29	-29	-29	-197
Estimated outlays	-10	-27	-28	-28	-29	-29	-29	-180
Provide disaster assistance for seed crops:								
Estimated budget authority	7	7	7	7	7	7	7	49
Estimated outlays	3	7	7	7	7	7	7	45
Direct access to Agriculture Quarantine Inspection Fund:								
Estimated budget authority	8	9	10	10	13	17	21	88
Estimated outlays	8	9	10	10	13	17	21	88
Increase CCC commodity loan interest rate:								
Estimated budget authority	-20	-40	-40	-40	-40	-40	-40	-260
Estimated outlays	-20	-40	-40	-40	-40	-40	-40	-260
Total changes in direct spending:								
Estimated budget authority	-1,257	-1,613	-1,418	-1,495	-1,588	-2,332	-2,343	-12,046
Estimated outlays	-1,275	-1,606	-1,451	-1,529	-1,618	-2,462	-2,385	-12,326

ESTIMATED BUDGETARY EFFECTS OF TITLE II: BANKING, HOUSING AND RELATED PROGRAMS

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996-2002 total
Changes in direct spending								
Deposit insurance funds:								
Estimated budget authority								
Estimated outlays	-5,000	400	800	800	700	700	700	-900
Limit staff of RTC oversight board:								
Estimated budget authority								
Estimated outlays	(¹)							(¹)
FHA single-family assignment program:								
Estimated budget authority	-119	-216	-234	-268	-308	-317	-317	-1,779
Estimated outlays	-119	-216	-234	-268	-308	-317	-317	-1,779
Assisted housing rent adjustments for operating costs:								
Estimated budget authority								
Estimated outlays	-18	-66	-126	-177	-210	-229	-249	-1,075
One-percent reduction in assisted housing rent adjustments: ²								
Estimated budget authority								
Estimated outlays	-42	-170	-216	-211	-198	-182	-170	-1,189
Total estimated changes in direct spending:								
Estimated budget authority	-119	-216	-234	-268	-308	-317	-317	-1,779
Estimated outlays	-5,179	-52	224	144	-16	-28	-36	-4,943
Changes in spending subject to appropriations								
Rent adjustments for section 8 housing:								
Estimated authorization level	30	50	85	90	95	120	130	600
Estimated outlays	1	13	37	64	83	102	118	418

¹ Less than \$500,000.

² If the VA/HUD appropriations bill is enacted before this provision, and if it includes a similar provision applying only to fiscal year 1996, the reconciliation provision would produce no savings in 1996 and lower savings in subsequent years.

ESTIMATED BUDGETARY EFFECTS OF TITLE III: COMMUNICATIONS AND SPECTRUM ALLOCATION PROVISIONS

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996-2002 total
Changes in direct spending								
Spectrum auctions:								
Estimated budget authority	-150	-1,800	-2,650	-3,550	-3,100	-2,650	-1,400	-15,300
Estimated outlays	-150	-1,800	-2,650	-3,550	-3,100	-2,650	-1,400	-15,300

ESTIMATED BUDGETARY EFFECTS OF THE CONFERENCE AGREEMENT TITLE IV, EDUCATION AND RELATED PROVISIONS
 [In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996-2002 total
Asset sale receipts ¹								
Sale of Connie Lee stock:								
Estimated budget authority	-7							-7
Estimated outlays	-7							-7
Changes in direct spending								
Changes in student loans:								
Estimated budget authority	-1,144	-429	-550	-763	-756	-791	-831	-5,264
Estimated outlays	-955	-464	-496	-678	-754	-784	-817	-4,948
Total: Mandatory spending (asset sales plus direct spending changes):								
Estimated budget authority	-1,151	-429	-550	-763	-756	-791	-831	-5,271
Estimated outlays	-962	-464	-496	-678	-754	-784	-817	-4,955

¹ Under the 1996 budget resolution, proceeds from asset sales are counted in budget totals for purposes of Congressional scoring. Under the Balanced Budget Act, however, proceeds from asset sales are not counted in determining compliance with the discretionary spending limits or pay-as-you-go requirement.

ESTIMATED BUDGETARY EFFECTS OF TITLE V: ENERGY AND NATURAL RESOURCES
 [In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996-2002 total
Asset sale receipts ¹								
U.S. Enrichment Corporation:								
Estimated budget authority	-500	-1,100	-21	-54	-55	-46	-47	-1,823
Estimated outlays	-500	-1,100	-21	-54	-55	-46	-47	-1,823
Sale of DOE assets:								
Estimated budget authority	-20	-15	-15	-15	-15	-15	-15	-110
Estimated outlays	-20	-15	-15	-15	-15	-15	-15	-110
Sale of Weeks Island oil: ²								
Estimated budget authority	-100	-188	-182					-470
Estimated outlays	-100	-188	-182					-470
California land sale:								
Estimated budget authority	-1							-1
Estimated outlays	-1							-1
Sale of helium reserves:								
Estimated budget authority		-3	-8	-9	-9	-9	-9	-47
Estimated outlays		-3	-8	-9	-9	-9	-9	-47
Arctic National Wildlife Refuge:								
Estimated budget authority		-1,601	-1	-1,001	-1	-1	-1	-2,606
Estimated outlays		-1,601	-1	-1,001	-1	-1	-1	-2,606
Collbran Project:								
Estimated budget authority					-13			-13
Estimated outlays					-13			-13
Sly Park:								
Estimated budget authority		-4						-4
Estimated outlays		-4						-4
Sale of DOI assets:								
Estimated budget authority	-1	-3	-3					-7
Estimated outlays	-1	-3	-3					-7
Alaska PMA sale: ^{3,4}								
Estimated budget authority	-77							-77
Estimated outlays	-77							-77
Outer continental shelf: ⁴								
Estimated budget authority	-15	-25	-20	-20	-20	-20	-20	-140
Estimated outlays	-15	-25	-20	-20	-20	-20	-20	-140
Subtotal, asset sales:								
Estimated budget authority	-714	-2,939	-250	-1,099	-113	-91	-92	-5,298
Estimated outlays	-714	-2,939	-250	-1,099	-113	-91	-92	-5,298
Changes in direct spending								
NRC fees:								
Estimated budget authority				-330	-330	-330	-330	-1,320
Estimated outlays				-330	-330	-330	-330	-1,320
U.S. Enrichment Corporation:								
Estimated budget authority								0
Estimated outlays	306	8	-10	-88	-159	-80	-20	-3
Lease of excess SPR capacity:								
Estimated budget authority			-24	-37	-64	-49	-67	-241
Estimated outlays			-24	-37	-64	-59	-71	-255
Arctic National Wildlife Refuge:								
Estimated budget authority		800	5	560	6	6	6	1,403
Estimated outlays		800	1	502	12	43	28	1,386
Prepayment of construction charges:								
Estimated budget authority	-166	-17	4	29	29	29	29	-63
Estimated outlays	-166	-17	4	29	29	29	29	-63
Hetch Hetchy fees:								
Estimated budget authority	-2	-2	-2	-2	-2	-2	-2	-14
Estimated outlays	-2	-2	-2	-2	-2	-2	-2	-14
Collbran Project:								
Estimated budget authority					1	3	2	6
Estimated outlays					1	3	2	6
Sly Park:								
Estimated budget authority			(5)	(5)	(5)	(5)	(5)	1
Estimated outlays			(5)	(5)	(5)	(5)	(5)	1
Central Utah prepayment:								
Estimated budget authority		-67	-127	2	2	-31	2	-219
Estimated outlays		-67	-127	2	2	-31	2	-219
Federal oil and gas royalties:								
Estimated budget authority	-6	-12	-8	-7	-7	-6	-5	-51
Estimated outlays	-6	-12	-8	-7	-7	-6	-5	-51
Hardrock mining:								
Estimated budget authority	2	1	1	-40	-40	-40	-41	-157
Estimated outlays	2	1	1	-40	-40	-40	-41	-157
Bonneville Power refinancing:								
Estimated budget authority	-16	-14	-15	-13	-12	-25	-25	-120
Estimated outlays	-16	-14	-15	-13	-12	-25	-25	-120
Alaska PMA sale: ^{3,4}								
Estimated budget authority	4	11	11	11	11	11	11	70
Estimated outlays	4	11	11	11	11	11	11	70
Outer continental shelf: ⁴								
Estimated budget authority						3	7	10
Estimated outlays						3	7	10
Exports of Alaskan oil: ⁴								
Estimated budget authority	-5	-14	-10	-7	-6			-42

ESTIMATED BUDGETARY EFFECTS OF TITLE V: ENERGY AND NATURAL RESOURCES—Continued
[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996-2002 total
Estimated outlays	-5	-14	-10	-7	-6			-42
Ski area permit charges:								
Estimated budget authority	e	-1	-1	e	e	e	e	-1
Estimated outlays	e	-1	-1	e	e	e	e	-1
Park fees:								
Estimated budget authority	-7	-11	-11	-8	-12	-7	-13	-69
Estimated outlays	-7	-13	-14	-11	-14	-10	-14	-83
Concession reform:								
Estimated budget authority			-5	-11	-16	-22	-28	-82
Estimated outlays			-5	-11	-16	-22	-28	-82
Subtotal: Direct spending:								
Estimated budget authority	-196	674	-182	167	-440	-460	-454	-889
Estimated outlays	110	680	-199	-2	-595	-516	-417	-937
Total: Mandatory spending (asset sales plus direct spending changes):								
Estimated budget authority	-910	-2,265	-432	-932	-553	-551	-546	-6,187
Estimated outlays	-604	-2,259	-449	-1,101	-708	-607	-509	-6,235

¹ Under the 1996 budget resolution, proceeds from asset sales are counted in budget totals for purposes of Congressional scoring. Under the Balanced Budget Act, however, proceeds from asset sales are not counted in determining compliance with the discretionary spending limits or pay-as-you-go requirement.

² This estimate for sale of oil from the Weeks Island facility reflects changes to current law; but if the appropriations bill for interior and Related Agencies is enacted prior to enactment of this title, the savings for this title would be reduced by \$100 million.

³ The sale of the Alaska PMA is contingent upon provisions in Title XI providing tax-exempt financing for certain projects.

⁴ Similar provisions regarding sale of the Alaska PMA, OCS leasing, and exports of Alaskan oil are also contained in S. 395, which was recently cleared by the Congress.

⁵ Less than \$500,000.

Note.—This title would also affect spending that is subject to appropriations action, but CBO has not completed an estimate of the potential changes in discretionary spending that might result from enacting this title.

ESTIMATED BUDGETARY EFFECTS OF TITLE VI: FEDERAL RETIREMENT AND RELATED PROVISIONS

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996-2002 total
Asset sale receipts ¹								
Sale of Governors Island NY:								
Estimated budget authority				-500				-500
Estimated outlays				-500				-500
Sale of Union Station air rights:								
Estimated budget authority		-40						-40
Estimated outlays		-40						-40
Repeal of title V of McKinney Act:								
Estimated budget authority	-3	-3	-3	-3	-3	-3	-3	-21
Estimated outlays	-3	-3	-3	-3	-3	-3	-3	-21
Changes in direct spending ²								
Civilian retirement COLA delay:								
Estimated budget authority	0	-337	-353	-347	-362	-380	-396	-2175
Estimated outlays	0	-337	-353	-347	-362	-380	-396	-2175
Agency contributions for civilian retirement:								
Estimated budget authority	-513	-667	-642	-614	-560	-539	-513	-4046
Estimated outlays	-513	-667	-642	-614	-560	-539	-513	-4046
Congressional retirement benefits:								
Estimated budget authority	*	*	-1	-1	-2	-2	-3	-9
Estimated outlays	*	*	-1	-1	-2	-2	-3	-9
USPS transitional appropriations:								
Estimated budget authority	0	-9	-37	-37	-36	-36	-36	-191
Estimated outlays	0	-9	-37	-37	-36	-36	-36	-191
PTO surcharge fees:								
Estimated budget authority				-119	-119	-119	-119	-476
Estimated outlays				-119	-119	-119	-119	-476
Total mandatory spending (asset sales plus direct spending):								
Estimated budget authority	-516	-1056	-1036	-1621	-1082	-1079	-1070	-7458
Estimated outlays	-516	-1056	-1036	-1621	-1082	-1079	-1070	-7458
Revenues								
Employee contributions for civilian retirement:								
Estimated revenues	204	409	551	597	612	640	670	3681
Authorizations of appropriations								
Agency contributions for civilian retirement:								
Estimated authorization level	529	688	662	632	577	555	529	4172
Estimated outlays	513	667	642	614	560	539	513	4046
Repeal of title V of McKinney Act:								
Estimated authorization level	0	3	3	3	3	3	3	18
Estimated outlays	0	1	3	3	3	3	3	16
Total authorizations of appropriations:								
Estimated authorization level	529	691	665	635	580	558	532	4190
Estimated outlays	513	668	645	617	563	542	516	4062

¹ Under the 1996 budget resolution, proceeds from asset sales are counted in budget totals for purposes of Congressional scoring. Under the Balanced Budget Act, however, proceeds from asset sales are not counted in determining compliance with the discretionary spending limits or pay-as-you-go requirements.

² Civilian retirement includes the Civil Service Retirement System, the Federal Employees Retirement System, the Foreign Service Retirement and Disability System, and the Foreign Service Pension System.

³ Less than \$500,000.

Note.—Components may not add to totals due to rounding.

TITLE VII—MEDICAID

[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
CBO Baseline	99.292	110.021	122.060	134.830	148.116	162.631	177.805	
Proposed law:								
Outlays from Title XIX	24.624	0	0	0	0	0	0	
Section 2121(a)—Transitional Correction	0	0.200	0	0	0	0	0	
Section 2121(b)—Pool Amounts	71.762	103.234	107.908	112.644	117.360	122.284	127.418	
Section 2121(c)—Special Rule	0.090	0.233	0.090	0	0	0	0	
Section 2121(f)—Supplemental Allotment	0.627	0.673	0.702	0.733	0.764	0	0	
Total Outlays	97.103	104.340	108.700	113.377	118.124	122.284	127.418	

TITLE VII—MEDICAID—Continued
[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Reductions in Outlays	-2.189	-5.681	-13.360	-21.453	-29.992	-40.347	-50.387	-163.409

Note: Assumes enactment date of November 15, 1995.

TITLE VIII—MEDICARE
[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	Total
CHANGE IN DIRECT SPENDING								
Subtitle A—MedicarePlus Program ¹	-0.1	-0.5	-1.2	-2.6	-5.0	-7.3	-10.2	-26.9
Subtitle B—Preventing Fraud and Abuse:								
Payment Safeguards and enforcement	0.3	-0.2	-0.5	-0.8	-0.9	-0.7	-0.8	-3.5
New and increased Civil Monetary Penalties	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.4
Additional Exclusion Authorities	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.3
Criminal Provisions	-0.0	0.0	0.0	0.1	0.2	0.2	0.2	0.7
Other Items	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.1
Subtotal, Subtitle B	0.3	-0.2	-0.6	-0.8	-0.8	-0.7	-0.7	-3.5
Subtitle C—Regulatory Relief:								
Physician Ownership referral	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.3
Subtotal, Subtitle C	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.3
Subtitle D—Graduate Medical Education:								
Indirect Medical Education Payments	-0.4	-0.8	-0.8	-1.1	-1.3	-1.5	-1.7	-7.6
Direct Medical Education	0.0	-0.1	-0.1	-0.1	-0.2	-0.3	-0.4	-1.4
Subtotal, Subtitle D	-0.4	-0.9	-1.0	-1.2	-1.5	-1.9	-2.1	-9.0
Subtitle E—Medicare Part A:								
Chapter 1—General provisions Relating to Part A								
PPS MB-2.5 in FY 96, -2.0 thereafter	-0.2	-1.1	-2.4	-3.8	-5.4	-7.2	-9.0	-29.1
PPS Exempt Update Reduction	-0.0	-0.1	-0.2	-0.3	-0.4	-0.5	-0.6	-2.0
Targets for Rehabilitation and LTC Hospitals	-0.0	-0.1	-0.2	-0.4	-0.5	-0.7	-0.7	-2.7
Rebasing for Certain LTC Hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LTC Hospitals Within Other Hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Reduce nonPPS capital by 10%	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.9
Reduce DSH payments	-0.1	-0.3	-0.6	-0.9	-1.1	-1.2	-1.2	-5.4
Reduce PPS Capital by 15%	-1.0	-1.2	-1.3	-1.3	-1.4	-1.4	-1.5	-9.0
Rebase PPS Capital Payment Rates	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-2.7
Reduce Payments for Hospital Bad Debt	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-1.1
Preferential Update for Certain MDH Hospitals	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.6
Chapter 2—Skilled Nursing Facilities: Skilled Nursing Facilities	-0.2	-0.6	-1.1	-1.6	-1.9	-2.2	-2.4	-10.0
Chapter 3—Other Provisions Related to Part A:								
Hemophilia Pass-Through Extension	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hospice	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
Subtotal, Subtitle E	-2.0	-3.8	-6.2	-8.9	-11.4	-13.9	-16.2	-62.5
Subtitle F—Medicare Part B:								
Part 1—Payment Reforms								
Reduce payments for physicians's services	-0.4	-1.3	-2.3	-3.2	-4.1	-5.1	-6.2	-22.6
Eliminate formula driven overpayment	-0.9	-1.2	-1.5	-2.0	-2.5	-3.3	-4.5	-15.9
Reduce updates for durable medical equipment	-0.1	-0.3	-0.4	-0.6	-0.7	-0.9	-1.1	-4.1
Reduce updates for clinical labs	-0.1	-0.4	-0.7	-0.9	-1.1	-1.3	-1.6	-6.0
Extend outpatient capital reduction	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.6
Extend outpatient payment reduction	0.0	0.0	0.0	-0.3	-0.3	-0.4	-0.4	-1.4
Freeze payments for ASC services	-0.0	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-1.3
Anesthesia Payment Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Separate physician fee schedule for Wisconsin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Limit payments for ambulance services	-0.0	-0.0	-0.1	-0.1	-0.1	-0.2	-0.3	-0.8
Direct payment to PAs and NPs ²	0.0	0.0	0.0	0.0	0.1	0.1	0.1	-0.3
Payments to primary care MDs in shortage areas ²	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.5
Part 2—Part B Premium								
Increase Part B premium	-3.3	-4.3	-4.1	-5.2	-7.9	-10.4	-13.5	-48.6
Income-related reduction in medicare subsidy	0.0	-0.4	-0.9	-1.3	-1.7	-2.0	-2.3	-8.5
Subtotal, Subtitle F	-4.7	-7.7	-9.9	-13.7	-18.7	-24.0	-30.3	-109.1
Subtitle G—Medicare Parts A and B:								
Payment for home health services	0.0	-1.3	-2.3	-2.7	-3.1	-3.6	-4.0	-17.0
Medicare second payer improvements	0.0	0.0	0.0	-1.3	-1.5	-1.7	-1.9	-6.5
Coverage of Oral Breast Cancer Drug	0.1	0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.1
Subtotal, Subtitle G	0.1	-1.3	-2.3	-4.1	-4.7	-5.3	-6.0	-23.5
Subtitle H—Rural Areas:								
Medicare-Dependent payment Extension	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Critical Access Hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3
Establish REACH Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Classification of Rural Referral Centers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Expand Access to Nurse Aide Training ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, Subtitle H	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.7
Change in net Mandatory Medicare Outlays before Failsafe	-6.8	-14.3	-21.1	-31.2	-42.0	-52.8	-65.3	-233.5
Additional Outlay Reductions Required by Failsafe, Net of Premiums	0.0	0.0	-6.2	-10.8	-7.1	-7.0	-5.6	-36.6
Total, Medicare	-6.8	-14.3	-27.2	-42.0	-49.0	-59.8	-70.9	-270.0
MEMORANDUM: Monthly Part B premium (By calendar year):								
Estimated premium under proposal	\$53.70	\$57.00	\$59.30	64.10	\$73.10	\$80.10	\$88.90	.....
Estimated premium under current law	\$42.50	\$48.20	\$53.20	\$55.00	\$56.80	\$58.60	\$60.50	.....

¹ Estimate includes medical savings accounts provision.

² These items are included in Subtitle H (Rural Areas).

³ CBO estimates that this provision would cost less than \$50 million over seven years.

Notes.—Details may not sum to totals because of rounding. The estimates assume an enactment date of November 15, 1995. The estimates do not incorporate changes in discretionary spending for administration.

ESTIMATED BUDGETARY EFFECTS OF TITLE IX: TRANSPORTATION AND RELATED PROVISIONS

[Millions of Dollars, by Fiscal Year]

	1996	1997	1998	1999	2000	2001	2002	1996-2002 Total
CHANGES IN DIRECT SPENDING								
Highway Minimum Allocation:								
Estimated Budget Authority	-536							-536
Estimated Outlays	-42	-220	-128	-59	-32	-18	-13	-512
Vessel Tonnage Duties:								
Estimated Budget Authority	-	-	-	-49	-49	-49	-49	-196
Estimated Outlays	-	-	-	-49	-49	-49	-49	-196
FEMA Fees: ^a								
Estimated Budget Authority	-12	-12	-12	-12	-12	-12	-12	-84
Estimated Outlays	-12	-12	-12	-12	-12	-12	-12	-84
Total: Mandatory Spending:								
Estimated Budget Authority	-548	-12	-12	-61	-61	-61	-61	-816
Estimated Outlays	-54	-232	-140	-120	-93	-79	-74	-792

^a The table reflects changes to current law, if the VA/HUD appropriations bill is enacted before this provision and extends the collection of \$12 million of fees for radiological emergency preparedness in 1996, this provision would not produce any savings in 1996.

ESTIMATED BUDGETARY EFFECTS OF TITLE X: COMMITTEE ON VETERANS AFFAIRS

[Millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996-2002 Total
CHANGES IN DIRECT SPENDING								
Health Care Per Diems and Prescription Copayments:								
Estimated Budget Authority	0	0	0	-58	-62	-65	-70	-255
Estimated Outlays	0	0	0	-58	-62	-65	-70	-255
Medical Care Cost Recovery:								
Estimated Budget Authority	0	0	0	-197	-208	-219	-231	-855
Estimated Outlays	0	0	0	-197	-208	-219	-231	-855
Verify Income for Pension Purposes:								
Estimated Budget Authority	0	0	0	-10	-20	-30	-40	-100
Estimated Outlays	0	0	0	-10	-20	-30	-40	-100
Verify Income for Medical Care:								
Estimated Budget Authority	0	0	0	-4	-8	-12	-16	-40
Estimated Outlays	0	0	0	-4	-8	-12	-16	-40
Pension Limitation—Nursing Home Vets:								
Estimated Budget Authority	0	0	0	-198	-204	-211	-218	-831
Estimated Outlays	0	0	0	-197	-240	-173	-217	-827
Fees on Original Loans:								
Estimated Budget Authority	0	0	0	-100	-102	-102	-102	-406
Estimated Outlays	0	0	0	-100	-102	-102	-102	-406
Fees on Later Loans:								
Estimated Budget Authority	0	0	0	-43	-44	-44	-44	-175
Estimated Outlays	0	0	0	-43	-44	-44	-44	-175
Resale Losses:								
Estimated Budget Authority	0	0	0	-4	-4	-4	-4	-16
Estimated Outlays	0	0	0	-4	-4	-4	-4	-16
Increase Prescription Copayments to \$4, Tighten Collection Procedures, Exempt POW's from Copy:								
Estimated Budget Authority	-74	-98	-102	-108	-114	-120	-126	-742
Estimated Outlays	-74	-98	-102	-108	-114	-120	-126	-742
Round Down Comp COLAs: ^a								
Estimated Budget Authority	-19	-46	-66	-90	-115	-145	-169	-650
Estimated Outlays	-17	-43	-64	-88	-121	-133	-168	-634
Repeal Gardner Decision:								
Estimated Budget Authority	-97	-222	-341	-467	-476	-469	-463	-2,535
Estimated Outlays	-89	-212	-331	-457	-512	-433	-464	-2,498
Enhanced Loan Asset Sale Authority:								
Estimated Budget Authority	-5	-5	-5	-5	-5	-5	-5	-35
Estimated Outlays	-5	-5	-5	-5	-5	-5	-5	-35
Withholding of Payments and Benefits:								
Estimated Budget Authority	-90	0	0	0	0	0	0	-90
Estimated Outlays	-90	0	0	0	0	0	0	-90
Total: Direct Spending:								
Estimated Budget Authority	-285	-371	-514	-1,284	-1,362	-1,462	-1,488	-6,730
Estimated Outlays	-275	-358	-502	-1,271	-1,440	-1,340	-1,487	-6,673

^a Similar provisions were included in H.R. 2394, the Veterans' Compensation Cost-of-Living Adjustment Act of 1995. Congressional action on the bill was completed on November 10, 1995. H.R. 2394 rounds down the COLA for 1996 only; the provisions in Title X would round down the COLAs through 2002, and make other adjustments to COLAs for surviving spouses.

ESTIMATED BUDGETARY EFFECTS OF TITLE XI: REVENUE PROVISIONS

[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	1996-2002 Total
CHANGES IN DIRECT SPENDING								
Tax Information Sharing:								
Estimated Budget Authority				-14	-28	-42	-56	-140
Estimated Outlays				-14	-28	-42	-56	-140
Total: Direct Spending:								
Estimated Budget Authority	0	0	0	-14	-28	-42	-56	-140
Estimated Outlays	0	0	0	-14	-28	-42	-56	-140
CHANGES IN REVENUES								
Family Tax Relief Act: Estimated Revenues	-4,740	-29,381	-23,846	-24,319	-25,087	-25,784	-26,268	-159,425
Savings and Retirement Incentives: Estimated Revenues	67	-7,674	-12,049	-13,371	-13,762	-14,471	-6,315	-67,575
Health Related Provisions: Estimated Revenues	-988	-834	-1,060	-1,337	-1,590	-1,879	-2,197	-9,885
Estate and Gift Provisions: Estimated Revenues	0	-867	-1,291	-1,753	-2,261	-2,808	-3,311	-12,291
Extension of Expiring Provisions: Estimated Revenues	-2,000	-1,585	-491	-73	400	997	1,421	-1,331
Taxpayer Bill of Rights 2 Provisions: Estimated Revenues	-6	-11	-12	-12	-12	-13	-13	-79
Casualty and Involuntary Conversion Provisions: Estimated Revenues	-1	-9	-1	4	11	20	31	55
Exempt Organizations and Charitable Reforms: Estimated Revenues:	0	-2	-2	-2	-2	-2	-2	-12
Tax Reform and Other Provisions: Estimated Revenues	2,288	3,258	3,403	3,824	4,018	4,370	4,657	25,818
Tax Simplification: Estimated Revenues	0	-14	-58	-194	-487	-550	-632	-1,935
Miscellaneous Provisions: Estimated Revenues	-28	-98	-160	-205	178	264	199	150
Generalized System of Preferences: Estimated Revenues	-532	-82	0	0	0	0	0	-614
Increase in the Public Debt Limit: Estimated Revenues	0	0	0	0	0	0	0	0
Total: Revenues: Estimated Revenues	-5,940	-37,299	-35,567	-37,438	-38,594	-39,856	-32,430	-227,124

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹—Continued

[Fiscal years 1996–2002, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	1996–2000	1996–2002
IX. Casualty and involuntary conversion provision:										
1. Changes involuntary conversion rules for Presidentially declared disaster areas—Senate amendment.	DDA 12/31/94	–6	–14	–10	–10	–10	–10	–10	–50	–70
X. Exempt and charitable organizations provisions:										
1. Provide tax-exempt status to common investment funds—Senate amendment	tyea 12/31/95	–4	–6	–6	–7	–7	–7	–8	–30	–45
2. Exclusion from UBIT for certain corporate sponsorship payments—Senate amendment.	pra 12/31/95				Negligible Revenue Effect					
3. Intermediate sanctions for certain tax-exempt organizations—House bill, with technical modifications.	9/14/95 1/1/96	4	4	4	5	5	5	6	22	33
XI. Corporate and other reforms:										
1. Reform the tax treatment of certain corporate stock reemptions—House bill	da 5/3/95	–83	–100	–17	84	209	343	437	93	873
2. Require corporate tax shelter reporting; modify recipient notice to 90 days	alorRSg	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(13)	(13)
3. Disallow interest deduction for corporate-owned life insurance policy loans—Senate amendment, but phase out disallowance (90% in 1996, 80% in 1997, and 70% in 1998; cap borrowing at 20,000 lives); cap interest rate (with special rules for grandfathered plans); exception for key person policies with 10 lives; limit borrowing in 1996 to policies purchased in 1994 and 1995.	ipoa 10/31/95	220	579	883	1,369	1,749	1,856	1,895	4,800	8,551
4. Phase out preferential tax deferral for certain large farm corporations required to use accrual accounting.	(15)	26	37	38	39	40	41	42	179	261
5. Phase-in repeal of section 936: Wage credit companies—6 years of present law and then House bill with modified base period; income companies—2 years of present law and then House bill with modified base period; QPSII—repealed 1/1/96.	tyba 12/3/95	255	605	552	596	498	516	746	2,506	3,766
6. Corporate accounting—reform of income forecast method—Senate amendment.	ppisa 9/13/95	32	69	29	13	14	16	19	157	192
7. Permit transfers of excess pension assets—House bill but (a) require asset cushion equal to the greater of (i) 125% of termination liability (using PBGC assumptions) and (ii) the plan's accrued liability; (b) permit withdrawals only for ERISA-covered benefits; (c) prohibit transfers when company in bankruptcy; (d) no excise tax; (e) extend for 1 additional year; and (f) conform present-law section 420 asset cushion.	ta DOE	1,439	1,375	958	554	195	151	–19	4,521	4,651
8. Modify exclusion of damages received on account of personal injury or sickness—Senate amendment, with technical clarifications.	ama 12/31/95	34	51	55	59	61	64	68	260	392
9. Require tax reporting for payments to attorneys; delay effective date for 1 year	pma 12/31/96		(12)	(12)	(12)	(12)	(12)	(12)	(13)	(13)
10. Expatriation tax provisions—House bill	2/6/95	64	97	146	199	254	289	304	760	1,353
11. Remove business exclusion for energy subsidies provided by public utilities—House bill, but modify effective date.	ara 12/31/95	30	96	100	104	107	109	111	437	657
12. Modify basis adjustment rules under section 1033	ica 9/13/95	2	4	6	9	14	20	29	35	84
13. Modify the exception to the related party rule of section 1033 for individuals to only provide an exception for de minimis amounts (\$100,000)	ica 9/13/95	1	2	4	6	8	11	13	21	45
14. Disallow rollover under section 1034 to extent of previously claimed depreciation for home office or other depreciable use of residence.	tyea 12/31/95	1	3	4	5	6	8	9	19	35
15. Provide that rollover of gain on sale of a principal residence cannot be elected unless the replacement property purchased is located within the United States (limit to resident aliens who terminate residence within 2 years).	sea 12/31/95	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)
16. Repeal exemption for withholding on gambling winnings from bingo and keno where proceeds exceed \$5,000.	1/1/96	20	6	6	6	6	7	7	44	58
17. Repeal tax credit for contributions to special Community Development Corporations.	DOE	1	1	2	2	2	2	2	8	12
18. Repeal advance refunds of diesel fuel tax for diesel cars and light trucks	1/1/96	8	19	19	19	19	19	19	84	122
19. Apply failure to pay penalty to substitute returns	DOE	1	3	29	30	32	33	35	95	163
20. Allow conversion of scholarship funding corporation to taxable corporation—House bill.	DOE	3	4	6	8	10	10	9	31	48
21. Apply look-through rule for purposes of characterizing certain subpart F insurance income as UBIT—House bill.	gira 12/31/95	7	23	24	27	30	32	34	111	177
22. Repeal 50% Interest Income exclusion for financial institution loans to ESOPs—Senate amendment.	ima 10/13/95	27	69	109	149	187	224	261	541	1,026
23. Modify the ozone depleting chemicals tax for imported recycled halons—Senate amendment.	DOE	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(10)	(17)
24. Modify two county tax-exempt bond rule for local furnishers of electricity or gas—Senate amendment.	DOE	(16)	1	2	3	4	5	6	10	22
25. Provide tax-exempt bonds status for Alaska Power Administration sale—Senate amendment.	bia DOE	(2)	–1	–1	–1	–1	–1	–1	–4	–8
26. Modify treatment of foreign trusts—Senate amendment	(18)	93	162	171	180	188	197	206	794	1,197
27. Provide for flow through treatment for Financial Asset Securitization Investment Trusts (FASITs)—Senate amendment.	DOE	34	18	10	5	2		–2	69	67
28. Tax-free treatment of contributions in aid of construction for water utilities; change depreciation for water utilities—Senate amendment.	(19)	–16	–26	–12	4	19	32	43	–31	43
29. Provide 3-year amortization of intrastate operating rights of truckers—Senate amendment.	tyeo/a 1/1/95	–11	–14	–8	–4				–37	–37
30. A life insurance company may elect to treat 20% of capital losses as ordinary income, spread over 10 years; the taxpayer has the option to change the treatment of these losses in the future—Senate amendment, with modifications.	tyba 12/31/94	1	(16)	(2)	–1	(2)	(16)	(16)	(16)	1
31. Clarify that newspaper carriers and distributors are independent contractors—Senate amendment.	spa 12/31/95				Negligible Revenue Effect					
32. Allow for tax-free conversion of common trust funds to mutual funds—Senate amendment.	ta 12/31/95	–4	–9	–8	–8	–8	–8	–8	–37	–52
33. Eliminate interest allocation exception for certain nonfinancial corporations—Senate amendment.	tyba 12/31/95	41	93	107	123	141	163	187	505	855
34. Modify depreciation for small motor fuel/convenience store outlets—Senate amendment.	ppiso/a/b DOE	–1	–4	–23	–26	–29	–16	–19	–83	–118
35. Repeal of section 593 with residential loan test for 1996 and 1997	tyba 12/31/95	63	95	216	280	277	272	260	931	1,462
36. Phase out and extend luxury automobile excise tax through 12/31/02	1/1/96	–41	–97	–159	–204	179	265	200	–322	143
XII. Technical correction provision: Luxury Excise Tax Indexing										
XIII. Simplification provisions relating to individuals:										
1. Rollover of gain on sale of principal residence:										
a. Multiple sales within rollover period—House bill	sa DOE	–1	–2	–2	–2	–2	–2	–3	–9	–14
b. Rules in case of divorce—House bill	sa DOE	–2	–2	–2	–2	–3	–3	–3	–11	–17
2. One-time exclusion on the sale of a principal residence by an individual who has attained age 55 (allow additional exclusion for married couples under certain conditions where one spouse has claimed an exclusion prior to their marriage)—House bill.	sa 9/13/95	–10	–19	–20	–21	–22	–23	–24	–92	–139
3. Treatment of certain reimbursed expenses of rural mail carriers—House bill	tyba 12/31/95	(2)	–1	–1	–1	–1	–1	–1	–5	–6
4. Travel expenses of Federal employee participating in a Federal criminal investigation—House bill.	tyba DOE	(2)	(2)	(2)	(2)	(2)	(2)	(2)	–1	–1
5. Treatment of storage of product samples—House bill	tyba 12/31/95	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	–2
XIV. Pension simplification provision:										
A. Simplified Distribution Rules:										
1. Sunset of 5-year income averaging for lump-sum distributions—Senate amendment.	tyba 12/31/98	24	74	63	109	80	42	17	350	409
2. Repeal of \$5,000 exclusion of employees' death benefits	tyba 12/31/95	16	16	49	52	54	55	55	217	328
3. Simplified method for taxing annuity distributions under certain employer plans—Senate amendment.	asda 12/31/95	10	28	28	28	29	29	29	123	182
4. Minimum required distribution	yba 12/31/95	–1	–4	–4	–4	–4	–4	–4	–17	–25
B. Increased Access to Pension Plans—Tax-exempt organizations eligible under section 401(k)—Senate amendment, but permit all tax-exempt and Indian tribes to have 401(k) plans.	yba 12/31/96		–8	–22	–24	–25	–26	–28	–79	–133
C. Nondiscrimination Provisions:										
1. Simplified definition of highly compensated employees—House bill, with modifications.	yba 12/31/95				Considered in Other Provisions					
2. Repeal of family aggregation rules	yba 12/31/95				Considered in Other Provisions					

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹—Continued

[Fiscal years 1996–2002, in millions of dollars]

Table with columns: Provision, Effective, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 1996–2000, 1996–2002. Rows include sections D (Miscellaneous Pension Simplification), XV (Partnership simplification provisions), XVI (Foreign tax simplification provisions), XVII (Other income tax simplification provisions), XVIII (Estate, gift, and trust tax provisions).

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹—Continued

[Fiscal years 1996–2002, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	1996–2000	1996–2002
7. Clarifications relating to disclaimers—House bill	DOE		-2	-2	-2	-2	-3	-3	-8	-14
8. Clarify relationship between community property rights and retirement benefits—House bill	DOE		-3	-4	-4	-4	-4	-4	-15	-23
9. Treatment under qualified domestic trust rules of forms of ownership which are not trusts—House bill	DOE									
C. Generation-Skipping Tax Provisions:										
1. Taxable termination not to include direct skips—House bill	DOE									
2. Modification of generation-skipping transfer tax for transfers to individuals with deceased parents—Senate amendment	gsta 12/31/94	-3	-4	-4		-4	-4	-4	-19	-27
XIX. Excise tax simplification provisions:										
A. Distilled Spirits, Wines, and Beer:										
1. Credit or refund for imported bottled distilled spirits returned to bonded premises—House bill	fcq DOE+180 days									
2. Fermented material from any brewery may be received at a distilled spirits plant—House bill	fcq DOE+180 days									
3. Refund of tax on wine returned to bond not limited to unmerchandise wine—House bill	fcq DOE+180 days									
4. Beer may be withdrawn free of tax for destruction—House bill	fcq DOE+180 days									
5. Transfer to brewery of beer imported in bulk without payment of tax—House bill	fcq DOE+180 days									
B. Consolidate Imposition of Aviation Gasoline Excise Tax—House bill	1/1/96	(16)							(16)	(16)
C. Other Excise Tax Provision—Clarify present law for retail truck excise tax (certain activities do not constitute remanufacture)—House bill	DOE									
XX. Administrative simplification provision:										
A. General Provision—Certain notices disregarded under provision increasing interest rate on large corporate underpayments—House bill	1/1/96	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	-1
XXI. Increase in public debt limit										
Total of revenue provisions		-5,408	-37,217	-35,567	-37,438	-38,594	-39,856	-32,430	-154,155	-226,450
Total of outlay provisions					14	28	42	56	42	140

¹ The Earned Income Credit provisions are included in Title XII of the conference agreement; the budget effects are shown in a separate table.
² Loss of less than \$500,000.
³ Credit rate at 35% on first \$6,000 of income, eligible workers expanded to include welfare cash recipients and veteran foodstamp recipients; 500 hour work requirement.
⁴ Section 257(b)(2)(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Enforcement Act of 1990, indicates that "excise taxes dedicated to a trust fund, if expiring, are assumed to be extended at current rates". Since the revenues from these taxes are dedicated to the Airport and Airway Trust Fund, an extension of the taxes is scored as having no revenue effect.
⁵ Estimates provided by the Congressional Budget Office (CBO).
⁶ Estimates presented after interaction with Alternative Minimum tax provisions and are shown net of offset with the corporate income tax.
⁷ Loss of less than \$1 million.
⁸ Loss of less than \$2 million.
⁹ Increase exemption for books and tools of trade to \$1,250.
¹⁰ Loss of less than \$5 million.
¹¹ Gain of less than \$1 million.
¹² Gain of less than \$5 million.
¹³ Gain of less than \$25 million.
¹⁴ Gain of less than \$30 million.
¹⁵ No new suspense accounts could be established in taxable years ending after 9/13/95. The income in existing suspense accounts would be recognized in equal installments over a 20-years period beginning with the first taxable year beginning after 9/13/95.
¹⁶ Gain of less than \$500,000.
¹⁷ Loss of less than \$10 million.
¹⁸ Various effective dates depending on provisions.
¹⁹ Effective for amounts received after date of enactment and property placed in service after date of enactment with the exception of certain property subject to a binding contract on the date of enactment.
²⁰ This provision considers interaction effects of SIMPLE retirement plan provisions.
²¹ Loss of less than \$25 million.

Legend for "Effective" column: ama=awards made after; ara=amounts received after; asda=annuity starting date after; aiolRSq=after Issuance of Internal Revenue Service guidance; bia DOE=bonds issued after date of enactment; cc/tyea/E=contracts completed in taxable years ending after date of enactment; cela=contracts entered into after; cla=cash leases after; da=distributions after; dda=decedents dying after; DDA=disasters declared after; dda DOE=decedents dying after date of enactment; dda/gma=decedents dying after and gifts made after; DOE=date of enactment; eall GATT=effective as if included in GATT; eall OBRA'90=effective as if included in the Omnibus Budget Reconciliation Act of 1990; eall OBRA'93=effective as if included in the Omnibus Budget Reconciliation Act of 1993; fcq DOE=first calendar quarter after date of enactment; fcq DOE+180 days=beginning of first calendar quarter that starts at least 180 days after date of enactment; ga DOE=gifts after date of enactment; gira=gross income received after; gsta=generation skipping transfers after; ica= involuntary conversion after; ipoa=interest paid or accrued after; lia=levies issued after; lida=leasedhold improvements disposed of after; lma=loans made after; lyba=limitation years beginning after; pca DOE=proceeding commenced after date of enactment; pma=payments made after; polda=payments on interest due after; ppisa=property placed in service after; ppls/a/b DOE=property placed in service on, after, or before date of enactment; pra=payments received after; pra/cdoa=payments received after, for crop damage occurring after; pto/a=prohibited transactions occurring on or after; pyba=plan years beginning after; pybb=plan years beginning before; sa=sales after; sea=sales and exchanges after; sla DOE=summons issued after date of enactment; spa=services performed after; ta=transfers after; ta DOE=transfers after date of enactment; tyba=taxable years beginning after; tyba DOE=taxable years beginning after date of enactment; tyba/a DOE=taxable years beginning on or after date of enactment; tyea=taxable years ending after; tyea DOE=taxable years ending after date of enactment; tyea/a DOE=taxable years ending on or after; yba=years beginning after.

Note.—Details may not add to totals due to rounding.
 Source: Joint Committee on Taxation.

ESTIMATED BUDGETARY EFFECTS OF THE CONFERENCE AGREEMENT TO THE BALANCED BUDGET RECONCILIATION ACT OF 1995—TITLE XII, TEACHING HOSPITALS AND GRADUATE MEDICAL EDUCATION; ASSET SALES; WELFARE; AND OTHER PROVISIONS

ESTIMATED BUDGETARY EFFECTS OF THE CONFERENCE AGREEMENT TO THE BALANCED BUDGET RECONCILIATION ACT OF 1995—TITLE XII, TEACHING HOSPITALS AND GRADUATE MEDICAL EDUCATION; ASSET SALES; WELFARE; AND OTHER PROVISIONS

[By fiscal year, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	1996–2000	1996–2002
ASSET SALES ^a										
Subtitle F: National Defense Stockpile:										
Budget Authority		-21	-79	-79	-79	-80	-155	-156	-649	
Outlays		-21	-79	-79	-79	-80	-155	-156	-649	
DIRECT SPENDING										
Subtitle A: Block Grants for Temporary Assistance for Needy Families:										
Budget Authority		-164	-1,223	-1,489	-1,826	-2,215	-2,117	-2,394	-11,428	
Outlays		-690	-993	-1,224	-1,521	-2,080	-2,062	-2,359	-10,929	
Subtitle B: Supplemental Security Income:										
Budget Authority		-51	-1,258	-1,896	-2,457	-3,029	-2,805	-3,290	-14,766	
Outlays		13	-1,168	-1,916	-2,398	-2,988	-2,784	-3,270	-14,511	
Subtitle C: Child Support:										
Budget Authority		104	-36	75	51	4	43	-124	117	
Outlays		104	-36	75	51	4	43	-124	117	
Subtitle D: Restricting Welfare and Public Benefits for Legal Aliens:										
Budget Authority		-125	-2,800	-3,645	-3,615	-3,815	-3,345	-3,640	-20,985	
Outlays		-125	-2,800	-3,640	-3,610	-3,815	-3,340	-3,640	-20,970	
Subtitle E: Teaching Hospitals and Graduate Medical Education Trust Fund:										
Budget Authority		0	1,100	1,300	2,000	2,600	3,100	3,400	13,500	
Outlays		0	1,100	1,300	2,000	2,600	3,100	3,400	13,500	
Subtitle G: Child Protection Block Grant Programs and Foster Care and Adoption Assistance:										
Budget Authority		1,399	-329	-373	-424	-470	-521	-559	-1,277	
Outlays		1,610	-176	-349	-403	-449	-493	-537	-797	
Subtitle H: Child Care:										
Budget Authority		1,026	1,240	1,320	1,400	1,500	1,625	1,745	9,856	
Outlays		909	1,219	1,312	1,392	1,490	1,613	1,733	9,668	
Subtitle I: Child Care Nutrition Programs:										
Budget Authority		-124	-634	-749	-843	-904	-1,004	-1,114	-5,372	

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹—Continued

[Fiscal years 1996–2002, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	1996–2000	1996–2002
Outlays	-110	-583	-730	-828	-891	-990	-1,095	-5,207		
Subtitle J: Food Stamps and Commodity Distribution:										
Budget Authority	-918	-3,023	-3,739	-4,315	-4,860	-5,437	-6,060	-28,352		
Outlays	-918	-3,023	-3,739	-4,315	-4,860	-5,437	-6,060	-28,352		
Subtitle K: Miscellaneous:										
Budget Authority	-20	-580	-580	-585	-585	-585	-585	-3,520		
Outlays	-20	-524	-580	-585	-585	-585	-585	-3,464		
Subtitle L: Reform of the Earned Income Credit:										
Budget Authority	-163	-3,268	-3,513	-3,756	-4,045	-4,290	-4,459	-23,494		
Outlays	-163	-3,268	-3,513	-3,756	-4,045	-4,290	-4,459	-23,494		
Subtitle M: Clinical Laboratories:										
Budget Authority	b	b	b	b	b	b	b	b		
Outlays	b	b	b	b	b	b	b	b		
Subtotal, Direct Spending:										
Budget Authority	964	-10,811	-13,279	-14,370	-15,809	-15,336	-17,080	-85,721		
Outlays	610	-10,232	13,004	-13,973	-15,619	-15,225	-16,996	-84,439		
Total Mandatory Spending (Asset Sales plus Direct Spending):										
Estimated Budget Authority	943	-10,890	-13,358	-14,449	-15,889	-15,491	-17,236	-86,370		
Estimated Outlays	589	-10,311	-13,083	-14,052	-15,699	-15,380	-17,152	-85,088		
REVENUES										
Subtitle L: Reform of the Earned Income Credit: Revenues	60	1,183	1,294	1,391	1,493	1,627	1,845	8,893		

¹ Under the 1996 budget resolution, proceeds from asset sales are counted in the budget totals for purposes of Congressional scoring. Under the Balanced Budget Act, however, proceeds from asset sales are not counted in determining compliance with the discretionary spending limits or pay-as-you-go requirement.
² CBO cannot estimate whether this proposal would, on balance, increase or decrease spending for Medicare.

Mr. EXON. Turning to the second point of order,

If my colleagues consider the issue fairly, I believe they will agree that the tax title violates section 313(b)(1)(E) of the Budget Act. That subparagraph prohibits provisions that balloon the deficit in the out-years, unless the loss is offset by out-year savings from other provisions contained in the same title. I ask unanimous consent that the text and legislative history of section 313(b)(1)(E) of the Budget Act be printed in the RECORD.

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

(E) ¹a provision shall be considered to be extraneous if it increases, or would increase, net outlays,² or if it decreases, or would decrease, revenues during a fiscal year after the fiscal years covered by such reconciliation bill or reconciliation resolution,³ and such increases or decreases are greater⁴ than outlay reductions or revenue increases resulting from other provisions in such title⁵ in such year;⁶

FOOTNOTES

¹ Section 205(b) of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 added subparagraph (E). Pub. L. No. 100-119, §205(b), 101 Stat. 754, 784-85 (1987).

² Section 3(1) defines "outlays."

³ Section 310(b) defines "reconciliation resolution."

⁴ The Congressional Budget Act makes no exception for violations of negligible amounts.

⁵ This basis of extraneousness depends on the balance of the title in which the drafters locate a provision. Consequently, attentive drafters can avoid this violation by combining or rearranging the contents of titles so as to ensure that no title worsens the deficit in any out-year.

⁶ Section 205(b) of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 added subparagraph (E). Pub. L. No. 100-119, §205(b), 101 Stat. 754, 784-85 (1987). The joint statement of managers in the conference report on that bill stated with regard to subparagraph (E):

6. Extraneous Provisions in Reconciliation Legislation

Current Law:

Title XX of the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended by Section 7006 of the Omnibus Budget Reconciliation Act of 1986 (P.L. 99-509), established a temporary rule in the Senate—referred to as the "Byrd Rule"—to exclude extraneous matter from reconciliation legislation. The rule specifies the types of provisions considered to be extraneous, provides for a point of order against the inclusion of extraneous matter in reconciliation measures, and requires a three-fifths vote of the Senate to waive or appeal the point of order. The rule expires on January 2, 1988.

Senate Amendment:

The Senate amendment (Section 228) amends the Byrd Rule (which applies only in the Senate) to include in the definition of extraneous matter provisions which increase net outlays or decrease revenues during a fiscal year beyond those fiscal years covered by the reconciliation measure and which result in a net increase in the deficit for that fiscal year. The Senate amendment also extends the expiration date of the Byrd Rule to September 30, 1992.

Conference Agreement:

The House recedes and concurs in the Senate amendment. This rule applies only in the Senate.

It is the intent of the conferees that expiration after the reconciliation period of a revenue increase or extension provided for in a reconciliation bill would not, of itself, be considered a revenue decrease

for purposes of this provision. It could, however, contribute to a finding that a spending increase or a positive revenue decrease in that legislation violated this rule.

H.R. CONF. REP. NO. 100-313, 100th Cong., 1st Sess. 65 (1987), reprinted in 1987 U.S.C.A.N. 739, 765.

Mr. EXON. And I say to my colleagues that the tax title in the reconciliation conference report creates enormous losses in the out-years. Just look at the capital gains provisions, for example, which lose nearly \$12 billion in 2002, over \$13 billion in 2003, and nearly \$16 billion in 2004. And these numbers are from the Joint Committee on Taxation, which understates the losses from capital gains relative to the estimates of the Treasury Department.

In total, the tax breaks in this bill worsen the deficit by over \$47 billion in 2003, over \$51 billion in 2004, and nearly \$57 billion in 2005. These tax cuts continue in the out-years to dig us into a deeper and deeper hole. Over 10 years, the Republican tax cuts worsen the deficit by nearly \$382 billion.

Mr. President, I ask unanimous consent that a table prepared by the Joint Committee on Taxation displaying the 10-year effects of these tax breaks be printed in the RECORD at this point.

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

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹

[Fiscal years 1996–2005, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996–2000	1996–2002	1996–2005
CONTRACT WITH AMERICA PROVISIONS														
I. Family tax relief provisions:														
1. \$500 tax credit for children under age 18—Senate amendment (\$75,000/\$110,000 phase-out with no indexing).	10/1/95	-4,449	-28,355	-22,529	-22,761	-22,996	-23,169	-23,343	-20,519	-23,697	-23,875	-101,090	-147,602	-218,693
2. Reduce the marriage penalty	tyba 12/31/95	-137	-474	-739	-952	-1,458	-1,970	-2,270	-3,838	-5,074	-6,866	-3,760	-8,000	-23,778
3. \$5,000 credit for adoption expenses—Senate amendment, but phase out beginning at \$75,000 AGI; require finalized adoption only for foreign adoptions; special needs adoptions—House bill.	tyba 12/31/95	-28	-285	-302	-320	-336	-337	-337	-337	-339	-339	-1,271	-1,945	-2,960
4. \$1,000 deduction (with residency and support tests) for custodial care of certain elderly dependents in taxpayer's home.	tyba 12/31/95	-74	-115	-119	-124	-129	-134	-138	-142	-146	-151	-561	-833	-1,271

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹—Continued

[Fiscal years 1996–2005, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996–2000	1996–2002	1996–2005
II. Savings and investment provisions:														
1. Provisions relating to individual Retirement Arrangements—(a) deductible IRAs—Senate amendment, except increase phaseout range for joint filers in \$2,500 increments; Homemakers eligible for full IRA deduction—both House bill and Senate amendment; (b) back-end IRAs—House bill with coordination of contribution limits; (c) definition of special purpose withdrawals—Senate amendment; (d) penalty free withdrawals from deductible IRAs—Senate amendment.														
tyba 12/31/95		-221	-487	-100	-990	-1,817	-3,332	-4,807	-5,770	-6,860	8,164	-3,615	-11,755	-32,549
2. Capital gains reforms: (a) individual capital gains—House bill; (b) small business stock—14% maximum rate for individuals, reduced corporate rate; (c) indexing of capital gains—House bill, with 6-year delay of effective date; (d) corporate capital gains—Senate amendment; and (e) capital loss deduction for sale of principal residence—House bill:														
a. Corporate	tyea 12/31/94	-1,009	-893	-912	-945	-971	-1,024	-1,129	-1,188	-1,246	-1,307	-4,730	-6,883	-10,624
b. Individual	tyea 12/31/94	2,857	-2,677	-6,757	-7,546	-8,191	-7,990	-1,450	-10,483	-12,166	-14,483	-22,314	-28,854	-65,986
3. Alternative minimum tax (AMT) Reform—Senate amendment, except conform depreciation lives and methods under AMT and, with respect to certain minimum tax credits, substitute 7 years for 5 years.	ppisa & tyba 12/31/95	-1,290	-3,149	-3,722	-3,248	-2,141	-1,487	-1,252	-1,015	-985	-1,000	-13,550	-16,291	-19,291
III. Health care provisions:														
1. Treatment of long-term care insurance—House bill, but adopt Senate provision providing no cap on indemnity policies, permit penalty-free (not tax-free) 401(k) and IRA withdrawals, \$175 per day cap on per diem benefits, and adopt Senate consumer protections.														
1/1/96		-860	-556	-659	-751	-846	-951	-1,061	-1,166	-1,289	-1,401	-3,672	-5,684	-9,540
2. Tax treatment of accelerated death benefits under life insurance contracts—House bill, but adopt Senate rule relating to NAIC guidelines.														
1/1/96		-6	-67	-107	-166	-214	-265	-316	-376	-446	-481	-560	-1,141	-2,442
3. Health insurance organizations eligible for benefits of section 833—Senate amendment.														
tyea 10/13/95		-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-8	-12
4. Increase tax-free death benefit limit on burial insurance policies—Senate amendment.														
ceia 12/31/95		(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)
IV. Estate and gift tax provisions:														
1. Phase up unified credit to \$750,000—House bill with 6-year phase in with indexing thereafter; index \$10,000 annual gift tax exclusion; \$750,000 special use valuation; generation-skipping tax; and indexing of \$1 million value of closely held businesses under section 6601.														
dda/gma 12/31/95			-333	-663	-1,020	-1,401	-1,805	-2,154	-2,379	-2,864	-3,136	-3,417	-7,376	-15,755
2. Reduction in estate taxes for qualified businesses after unified credit increase—Senate amendment, but change thresholds to \$1 million/\$1.5 million and coordinate with section 2032A and section 6166.														
dda 12/31/95			-490	-579	-680	-798	-934	-1,081	-1,295	-1,513	-1,766	-2,547	-4,562	-9,136
3. Provide a 40% exclusion from estate taxes for property donated subject to a conservation easement (within 25 miles of a metropolitan statistical area or a national park or wilderness area; or within 10 miles of an Urban National Forest).														
dda 12/31/95			-42	-47	-51	-60	-67	-74	-81	-90	-99	-200	-340	-610
4. Clarify cash leases under section 2032A—Senate amendment.														
cla 12/31/95			-2	-2	-2	-2	-2	-2	-2	-2	-2	-8	-12	-18
V. Job creation and wage enhancement provisions:														
1. Leasehold improvements provision—House bill.														
llda 3/13/95		-34	-230	-17	-15	-12	-9	-6	-3	-	-3	-98	-114	-114
2. Small business incentives—House bill, but modify increase in expensing limitation for small businesses to \$19,000 for 1996, \$20,000 for 1997, \$21,000 for 1998, \$22,000 for 1999, \$23,000 for 2000, \$24,000 for 2001, and \$25,000 for 2002 and thereafter.														
ppisa 12/31/95		-191	-379	-470	-553	-554	-550	-489	-360	-240	-150	-2,147	-3,186	-3,936
Subtotal: Contract With America related provisions.														
		-5,443	-38,325	-37,725	-40,125	-41,927	-44,027	-37,010	-51,955	-56,958	-63,218	-163,545	-244,586	-416,715
VI. Expiring provisions:														
1. Provisions extended through 12/31/96:														
a. Work opportunity tax credit—Senate amendment, with modifications ³ .														
1/1/96		-64	-107	-65	-25	-10	-2					-271	-274	-274

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹—Continued

[Fiscal years 1996–2005, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996–2000	1996–2002	1996–2005
b. Employer-provided educational assistance; applies to undergraduate education only after 1995.	1/1/95	-611	-288									-899	-899	-899
c. R&E credit—House bill	7/1/95	-1,322	-842	-387	-275	-165	-42					-2,991	-3,033	-3,033
d. Orphan drug tax credit—Senate amendment.	1/1/95	-35	-10	-2	-1	-1	(?)	(?)	(?)	(?)	(?)	-49	-50	-51
e. Contribution of appreciated stock to private foundations.	1/1/95	-107	-18	-6								-130	-130	-130
2. Commercial aviation fuel: extend 4.3 cents/gallon exemption through 9/30/97; but conditional on extension of Airport and Airway Trust Fund taxes.	10/1/95	-417	-439	-6								-863	-863	-863
3. Extend all Airport and Airway Trust Fund excise taxes through 9/30/96—House bill ⁴ .	1/1/96							No revenue effect						
4. Extend IRS user fees through 9/30/02—Senate amendment.	10/1/00						35	35					70	70
5. Sunset the low-income housing tax credit after 12/31/97; sunset national pool after 12/31/95—House bill.	DOE	-24	-29	64	333	674	1,046	1,431	1,822	2,218	2,617	1,018	3,494	10,152
6. Superfund and oil spill liability taxes:														
a. Extend Superfund excise taxes through 9/30/96; receipts go to general revenues after 7/31/96.	DOE	319	16									335	335	335
b. Extend Superfund AMT through 12/31/96 ⁶ .	DOE	290	193									483	483	483
c. Extend oil spill tax through 9/30/02—Senate amendment.	1/1/96						60	60					120	120
7. Extend excise tax refund authority for alcohol fuels blenders—Senate amendment.	DOE							Negligible revenue effect						
8. Extend section 29 binding contract date 6 months from date of enactment and placed-in-service date to 12/31/97 for biomass and coal.	DOE		-30	-81	-97	-93	-96	-101	-106	-111	-117	-301	-499	-833
9. Exempt from diesel dyeing requirement any States exempt from Clean Air Act dyeing requirement (permanent).	fcqa DOE	(?)	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-4	-6
10. Suspend tax on diesel fuel for recreational boats—Senate amendment (through 6/30/97).	1/1/96	-24	-27	-4	-4	-1						-60	-61	-61
11. Permanent extension of FUTA exemption for alien agricultural workers ⁵ —House bill.	1/1/95	-5	-3	-3	-3	-3	-3	-3	-3	-3	-3	-17	-23	-32
12. Information Sharing Provision: Extension of disclosure of return information to Department of Veterans Affairs (outlay reduction) ⁵ —House bill, except extend through 9/30/02 only.	DOE				14	28	42	56				42	140	140
VII. Medical savings accounts:														
1. Medical Savings Accounts—House bill, except follow the Senate amendment with respect to (a) maximum contribution limit (\$2,000 single and \$4,000 family); (b) tax-free build up of earnings; (c) definition of qualified medical expenses; (d) post-death distribution rules; and (e) clarification relating to capitalization of policy acquisition costs.	tyba 12/31/95	-122	-211	-258	-307	-362	-391	-421	-451	-483	-515	-1,260	-2,072	-3,522
VIII. Taxpayer bill of rights 2:														
1. Expansion of authority to abate interest.	DOE	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)
2. Extension of interest-free period for payment of tax—House bill.	6/30/96	-2	-7	-8	-8	-8	-9	-9	-9	-10	-10	-10	-51	-80
3. Joint return may be made after separate returns without full payment of tax.	tyba DOE	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)
4. Increase levy exemption ⁹	lia 12/31/95	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)
5. Offers-in-compromise—Senate amendment.	DOE	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)
6. Increased limit on attorney fees—House bill.	DOE	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-7	-10
7. Award of litigation costs permitted in declaratory judgment proceedings.	pca DOE	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)
8. Increase in limit on recovery of civil damages—House bill.	DOE	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-15	-21	-30
9. Enrolled agents included as third-party recordkeepers.	sla DOE	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)
10. Annual reminders to taxpayers with delinquent accounts.	1/1/96	(¹¹)	(¹¹)	(¹¹)	(¹¹)	(¹¹)	(¹¹)	(¹¹)	(¹¹)	(¹¹)	(¹¹)	(¹²)	(¹²)	(¹²)
IX. Casualty and involuntary conversion provision:														
1. Change involuntary conversion rules for Presidentially declared disaster areas—Senate amendment.	DDA 12/31/94	-6	-14	-10	-10	-10	-10	-10	-10	-10	-10	-50	-70	-100
X. Exempt and charitable organizations provisions:														
1. Provide tax-exempt status to common investment funds—Senate amendment.	tyea 12/31/95	-4	-6	-6	-7	-7	-7	-8	-8	-8	-9	-30	-45	-70
2. Exclusion from UBIT for certain corporate sponsorship payments—Senate amendment.	pra 12/31/95							Negligible revenue effect						
3. Intermediate sanctions for certain tax-exempt organizations—House bill, with technical modifications.	9/14/95 1/1/96	4	4	4	5	5	5	6	6	6	7	22	33	52

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI) ¹—Continued

[Fiscal years 1996–2005, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996–2000	1996–2002	1996–2005
XI. Corporate and other reforms:														
1. Reform the tax treatment of certain corporate stock reemptions—House bill.	da 5/3/95	–83	–100	–17	84	209	343	437	475	514	582	93	873	2,444
2. Require corporate tax shelter reporting; modify recipient notice to 90 days.	aiolRSg	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹³)	(¹³)	(¹⁴)
3. Disallow interest deduction for corporate-owned life insurance policy loans—Senate amendment, but phase out disallowance (90% in 1996, 80% in 1997, and 70% in 1998; cap borrowing at 20,000 lives); cap interest rate (with special rules for grandfathered plans); exception for key person policies with 10 lives; limit borrowing in 1996 to policies purchased in 1994 and 1995.	ipooa 10/31/95	220	579	883	1,369	1,749	1,856	1,895	1,901	1,924	1,940	4,800	8,551	14,316
4. Phase out preferential tax deferral for certain large farm corporations required to use accrual accounting.	(¹⁵)	26	37	38	39	40	41	42	43	44	44	179	261	392
5. Phase-in repeal of section 936: Wage credit companies—6 years of present law and then House bill with modified base period; income companies—2 years of present law and then House bill with modified base period; OPSII—repealed 1/1/96.	tyba 12/3/95	255	605	552	596	498	516	746	1,116	1,390	1,681	2,506	3,766	7,953
6. Corporate accounting—reform of income forecast method—Senate amendment.	ppisa 9/13/95	32	69	29	13	14	16	19	22	28	31	157	192	273
7. Permit transfers of excess pension assets—House bill but (a) require asset cushion equal to the greater of (i) 125% of termination liability (using PBGC assumptions) and (ii) the plan's accrued liability; (b) permit withdrawals only for ERISA-covered benefits; (c) prohibit transfers when company in bankruptcy; (d) no excise tax; (e) extend for 1 additional year; and (f) conform present-law section 420 asset cushion.	ta DOE	1,439	1,375	958	554	195	151	–19	–13	–20	–27	4,521	4,651	4,591
8. Modify exclusion of damages received on account of personal injury or sickness—Senate amendment, with technical clarifications.	ama 12/31/95	34	51	55	59	61	64	68	71	74	77	260	392	614
9. Require tax reporting for payments to attorneys; delay effective date for 1 year.	pma 12/31/96	.....	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹³)	(¹³)	(¹⁴)
10. Expatriation tax provisions—House bill.	2/6/95	64	97	146	199	254	289	304	319	335	351	760	1,353	2,358
11. Remove business exclusion for energy subsidies provided by public utilities—House bill, but modify effective date.	ara 12/31/95	30	96	100	104	107	109	111	113	115	116	437	657	1,000
12. Modify basis adjustment rules under section 1033.	ica 9/13/95	2	4	6	9	14	20	29	37	46	56	35	84	223
13. Modify the exception to the related party rule of section 1033 for individuals to only provide an exception for de minimis amounts (\$100,000).	ica 9/13/95	1	2	4	6	8	11	13	15	17	19	21	45	96
14. Disallow rollover under section 1034 to extent of previously claimed depreciation for home office or other depreciable use of residence.	tyea 12/31/95	1	3	4	5	6	8	9	10	11	13	19	35	69
15. Provide that rollover of gain on sale of a principal residence cannot be elected unless the replacement property purchased is located within the United States (limit to resident aliens who terminate residence within 2 years).	sea 12/31/95	(¹⁶)	(¹⁶)	(¹⁶)	(¹⁶)	(¹⁶)	(¹⁶)	(¹⁶)	(¹⁶)	(¹⁶)	(¹⁶)	(¹⁶)	(¹⁶)	(¹⁶)
16. Repeal exemption for withholding on gambling winnings from bingo and keno where proceeds exceed \$5,000.	1/1/96	20	6	6	6	6	7	7	7	7	8	44	58	80
17. Repeal tax credit for contributions to special Community Development Corporations.	DOE	1	1	2	2	2	2	2	2	2	2	8	12	18
18. Repeal advance refunds of diesel fuel tax for diesel cars and light trucks.	1/1/96	8	19	19	19	19	19	19	19	19	19	84	122	179
19. Apply failure to pay penalty to substitute returns.	DOE	1	3	29	30	32	33	35	37	38	40	95	163	278
20. Allow conversion of scholarship funding corporation to taxable corporation—House bill.	DOE	3	4	6	8	10	10	9	7	6	5	31	48	67
21. Apply look-through rule for purposes of characterizing certain subpart F insurance income as UBIT—House bill.	gira 12/31/95	7	23	24	27	30	32	34	37	40	44	111	177	298
22. Repeal 50% interest income exclusion for financial institution loans to ESOPs—Senate amendment.	ima 10/13/95	27	69	109	149	187	224	261	295	331	365	541	1,026	2,019
23. Modify the ozone depleting chemicals tax for imported recycled halons—Senate amendment.	DOE	(⁷)	(⁷)	(⁷)	(⁷)	(⁷)	(⁷)	(⁷)	(⁷)	(⁷)	(⁷)	(¹⁰)	(¹⁷)	(⁷)

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹—Continued

[Fiscal years 1996–2005, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996–2000	1996–2002	1996–2005
24. Modify two county tax-exempt bond rule for local furnishers of electricity or gas—Senate amendment.	DOE	(16)	1	2	3	4	5	6	8	9	10	10	22	49
25. Provide tax-exempt bonds status for Alaska Power Administration sale—Senate amendment.	bia DOE	(?)	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-8	-12
26. Modify treatment of foreign trusts—Senate amendment.	(19)	93	162	171	180	188	197	206	214	223	245	794	1,197	1,879
27. Provide for flow through treatment for Financial Asset Securitization Investment Trusts (FASITs)—Senate amendment.	DOE	34	18	10	5	2	.....	-2	-4	-6	-8	69	67	49
28. Tax-free treatment of contributions in aid of construction for water utilities: change depreciation for water utilities—Senate amendment.	(19)	-16	-26	-12	4	19	32	43	51	61	71	-31	43	226
29. Provide 3-year amortization of intrastate operating rights of truckers—Senate amendment.	tyeo/a 1/1/95	-11	-14	-8	-4	.....	.....	.....	.....	.....	.....	-37	-37	-37
30. A life insurance company may elect to treat 20% of capital losses as ordinary income, spread over 10 years; the taxpayer has the option to change the treatment of these losses in the future—Senate amendment, with modifications.	tyba 12/31/94	1	(16)	(?)	-1	(?)	(16)	(16)	(16)	(?)	-2	(16)	1	-2
31. Clarify that newspaper carriers and distributors are independent contractors—Senate amendment.	spa 12/31/95	Negligible revenue effect												
32. Allow for tax-free conversion of common trust funds to mutual funds—Senate amendment.	ta 12/31/95	-4	-9	-8	-8	-8	-8	-8	-8	-9	-9	-37	-52	-78
33. Eliminate interest allocation exception for certain nonfinancial corporations—Senate amendment.	tyba 12/31/95	41	93	107	123	141	163	187	201	215	228	505	855	1,499
34. Modify depreciation for small motor fuel/convenience store outlets—Senate amendment.	ppiso/a/b DOE	-1	-4	-23	-26	-29	-16	-19	-22	-24	-27	-83	-118	-191
35. Repeal of section 593 with residential loan test for 1996 and 1997.	tyba 12/31/95	63	95	216	280	277	272	260	250	243	236	931	1,462	2,192
36. Phase out and extend luxury automobile excise tax through 12/31/02.	1/1/96	-41	-97	-159	-204	179	265	200	46	.....	.....	-322	143	188
XII. Technical correction provision: Luxury Excise Tax Indexing.	DOE	14	.....	.....	.....	.....	.....	.....	.....	.....	.....	14	14	14
XIII. Simplification provisions relating to individuals:														
1. Rollover of gain on sale of principal residence:														
a. Multiple sales within rollover period—House bill.	sa DOE	-1	-2	-2	-2	-2	-2	-3	-3	-3	-3	-9	-14	-23
b. Rules in case of divorce—House bill.	sa DOE	-2	-2	-2	-2	-3	-3	-3	-4	-4	-4	-11	-17	-29
2. One-time exclusion on the sale of a principal residence by an individual who has attained age 55 (allow additional exclusion for married couples under certain conditions where one spouse has claimed an exclusion prior to their marriage)—House bill.	sa 9/13/95	-10	-19	-20	-21	-22	-23	-24	-25	-26	-27	-92	-139	-217
3. Treatment of certain reimbursed expenses of rural mail carriers—House bill.	tyba 12/31/95	(?)	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-6	-11
4. Travel expenses of Federal employee participating in a Federal criminal investigation—House bill.	tyea DOE	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	-1	-1	-2
5. Treatment of storage of product samples—House bill.	tyba 12/31/95	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	-2	-3
XIV. Pension simplification provisions:														
A. Simplified Distribution Rules:														
1. Sunset of 5-year income averaging for lump-sum distributions—Senate amendment.	tyba 12/31/98	24	74	63	109	80	42	17	16	.....	.....	350	409	425
2. Repeal of \$5,000 exclusion of employees' death benefits.	tyba 12/31/95	16	46	49	52	54	55	55	56	57	57	217	328	498
3. Simplified method for taxing annuity distributions under certain employer plans—Senate amendment.	asda 12/31/95	10	28	28	28	29	29	29	30	30	31	123	182	273
4. Minimum required distribution.	yba 12/31/95	-1	-4	-4	-4	-4	-4	-4	-4	-4	-4	-17	-25	-37
B. Increased Access to Pension Plans—Tax-exempt organizations eligible under section 401(k)—Senate amendment, but permit all tax-exempt and Indian tribes to have 401(k) plans.	yba 12/31/96	.....	-8	-22	-24	-25	-26	-28	-29	-30	-31	-79	-133	-223
C. Nondiscrimination Provisions:														
1. Simplified definition of highly compensated employees—House bill, with modifications.	yba 12/31/95	Considered in other provisions												
2. Repeal of family aggregation rules.	yba 12/31/95	Considered in other provisions												
3. Modification of additional participation requirements.	yba 12/31/95	Negligible revenue effect												

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹—Continued

[Fiscal years 1996–2005, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996–2000	1996–2002	1996–2005
4. Safe-harbor nondiscrimination rules for qualified cash or deferred arrangements and matching contributions [20]—Senate amendment, with modification.	yba 12/31/98				–42	–162	–167	–171	–176	–182	–187	–204	–541	–1,085
D. Miscellaneous pension simplification:														
1. Treatment of leased employees—Senate amendment.	yba 12/31/95									Negligible revenue effect				
2. Plans covering self-employed individuals.	yba 12/31/95									Negligible revenue effect				
3. Elimination of special vesting rule for multiemployer plans.	yba 12/31/95	(?)	–1	–1	–1	–1	–1	–1	–1	–1	–1	–4	–6	–9
4. Distributions under rural cooperative plans—Senate amendment, with modifications.	DOE									Negligible revenue effect				
5. Treatment of governmental plans under section 415—House bill, with Senate effective date.	tybo/a DOE									Negligible revenue effect				
6. Uniform retirement age	1/1/96									Considered in other provisions				
7. Contributions on behalf of disabled employees.	yba 12/31/95									Negligible revenue effect				
8. Treatment of deferred compensation plans of State and local governments and tax-exempt organizations—House bill, with modification.	tyba 12/31/95	(?)	–1	–1	–1	–1	–2	–2	–2	–2	–2	–4	–8	–14
9. Require Individual ownership of section 457 plan assets—House bill, with effective date change (i.e., to the end of the first legislative session after enactment).	DOE	–6	–18	–21	–24	–25	–25	–26	–27	–28	–29	–94	–145	–229
10. Correction of GATT interest and mortality rate provisions in the Retirement Protection Act—House bill, with modifications.	eall GATT	–4	–4	–4	–4							–16	–16	–16
11. Multiple salary reduction agreements permitted under section 403(b).	tyba 12/31/95									Negligible revenue effect				
12. Repeal of combined plan limit—House bill, with Senate effective date.	yba 12/31/98				–70	–189	–195	–201	–207	–213	–219	–259	–654	–1,293
13. Modify notice required of right to qualified joint and survivor annuity—House bill.	pyba 12/31/95									Negligible revenue effect				
14. 3-year waiver of excess distribution tax—Senate amendment.	1/1/96	38	40	43	3							124	124	124
15. Definition of compensation for section 415 purposes—Senate amendment.	yba 12/31/97			–1	–1	–2	–2	–2	–2	–2	–3	–4	–8	–15
16. Increase section 4975 excise tax on prohibited transactions from 5% to 10%—Senate amendment.	ptoo/a 1/1/96	1	4	4	4	4	4	4	4	4	4	17	24	36
17. Treatment of Indian tribal governments under section 403(b)—Senate amendment provision and permit rollover to 401(k).	pybb 1/1/95									Negligible revenue effect				
18. Application of elective deferral limit to section 403(b) plans—Senate amendment, with modifications.	tyba 12/31/95									Negligible revenue effect				
19. Establish SIMPLE pension plan—Senate amendment, but repeal SEPs.	yba 12/31/95	–45	–69	–71	–74	–76	–79	–82	–85	–88	–91	–335	–497	–761
20. Increase the self-employed health insurance deduction (35% in 1998 and 1999; 40% in 2000 and 2001; and 50% in 2002 and thereafter).	tyba 12/31/97			–36	–113	–168	–272	–399	–644	–694	–746	–317	–988	–3,072
XV. Partnership simplification provisions:														
1. Simplified reporting to partners—House bill, but elective.	tyba 12/31/95	5	6	6	7	7	7	7	8	8	8	31	45	69
2. Returns required on magnetic media for partnerships with 100 partners or more—House bill.	tyba 12/31/95									Negligible revenue effect				
XVI. Foreign tax simplification provisions:														
A. Modification of passive foreign investment company provisions to eliminate overlap with subpart F and to allow mark-to-market election—House bill.	tyba 12/31/95	–7	–18	–20	–21	–22	–24	–25	–26	–27	–29	–88	–137	–219
B. Modifications to provisions affecting controlled foreign corporations:														
1. General provisions—House bill.		–1	–2	–2	–3	–3	–3	–3	–4	–4	–4	–11	–17	–29
2. Repeal of excess passive assets provision (section 956A)—House bill.	tyba 9/30/95	–17	–26	–29	–35	–41	–45	–51	–57	–64	–68	–148	–244	–433
XVII. Other income tax simplification provisions:														
A. Subchapter S corporations:														
1. Increase number of eligible shareholders—House bill.	tyba 12/31/95	–7	–12	–14	–16	–20	–22	–25	–28	–31	–35	–69	–116	–210

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹—Continued

[Fiscal years 1996–2005, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996–2000	1996–2002	1996–2005	
2. Permit certain trusts to hold stock in S corporations—House bill.	tyba 12/31/95	-1	-2	-2	-2	-2	-2	-2	-2	-3	-3	-9	-13	-21	
3. Extend holding period for certain trusts—House bill.	tyba 12/31/95	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	
4. Financial institutions permitted to hold safe-harbor debt—House bill.	tyba 12/31/95	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	-1	-1	
5. Authority to validate certain invalid elections—House bill.	tyba 12/31/95	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	-1	-1	
6. Allow interim closing of the books.	tyba 12/31/95	Negligible revenue effect													
7. Expand post-termination period and amend subchapter S audit procedures—House bill.	tyba 12/31/95	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	-1	-1	
8. S corporations permitted to hold S or C subsidiaries—House bill.	tyba 12/31/95	-3	-7	-9	-11	-13	-15	-17	-20	-23	-26	-43	-75	-144	
9. Treatment of distributions during loss years—House bill.	tyba 12/31/95	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	-1	-1	
10. Treatment of S corporations as shareholders in C corporations—House bill.	tyba 12/31/95	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	
11. Elimination of certain earnings and profits of S corporations—House bill.	tyba 12/31/95	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	
12. Treatment of certain losses carried over under at-risk rules—House bill.	tyba 12/31/95	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	
13. Adjustments to basis of inherited S stock—House bill.	dda DOE	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	
14. Treatment of certain real estate held by an S corporation—House bill.	tyba 12/31/95	(2)	-1	-1	-2	-2	-2	-2	-2	-2	-2	-6	-10	-16	
15. Transition rule for elections after termination—House bill.	tyba 12/31/95	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	
16. Interaction of subchapter S changes—House bill.	tyba 12/31/95	-3	-10	-26	-32	-37	-38	39	-40	-40	-40	-108	-185	-305	
B. Regulated Investment Companies (RICs)—Repeal of 30% gross income limitation for RICs—House bill.	tyea DOE	-9	-17	-20	-24	-28	-32	-35	-38	-41	-44	-98	-164	-287	
C. Accounting Provisions:															
1. Modifications to look-back method for long-term contracts—House bill.	cc/tyea/E	-2	-3	-3	-3	-4	-4	-4	-4	-4	-4	-15	-23	-35	
2. Allow traders to adopt mark-to-market accounting for securities—House bill.	DOE	Negligible revenue effect													
3. Modification of Treasury ruling requirement for nuclear decommissioning funds—House bill.	tyba DOE	-4	-4	-5	-5	-5	-5	-5	-4	-5	-6	-23	-33	-49	
4. Provide that a taxpayer may elect to include in income crop insurance proceeds and disaster payments in the year of the disaster or in the following year—Senate amendment.	pra/cdoa 12/31/92	2	-1	-1	-1	-1	-1	-1	-1	-1	-1	-2	-4	-6	
D. Tax-Exempt Bond Provision—Repeal of debt service-based limitation on investment in certain non-purpose investments—House bill.	bla DOE	Negligible revenue effect													
E. Insurance Provisions:															
1. Treatment of certain insurance contracts on retired lives.	tyba 12/31/95	6	-4	5	4	4	12	-7	-16	-4	-1	15	21	-19	
2. Treatment of modified guaranteed contracts.	tyba 12/31/95	-1	2	4	1	2	1	-1	-1	-1	-1	8	8	-7	
F. Other Provisions:															
1. Closing of partnership taxable year with respect to deceased partner—House bill.	tyba 12/31/95	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	-1	-1	
2. Modifications to the FICA tip credit—House bill.	eail OBRA '93	Negligible revenue effect													
3. Conform due date for first quarter estimated tax by private foundations—House bill.	1/1/96	Negligible revenue effect													
4. Treatment of dues paid to agricultural or horticultural organizations.	tyba 12/31/94	Negligible revenue effect													
5. Student loan interest deduction (\$2,500 above-the-line deduction; phaseout \$45,000–\$65,000 singles/\$65,000–\$85,000 joint).	polda 12/31/95	-52	-152	-157	-162	-168	-174	-180	-186	-193	-200	-691	-1,046	-1,624	
XVIII. Estate, gift, and trust tax provisions:															
A. Estates and Trust Income Tax Provisions:															
1. Certain revocable trusts treated as part of estate—House bill.	DOE	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(21)	(21)	(21)	
2. Distributions during first 65 days of taxable year of estate—House bill.	DOE	Negligible revenue effect													
3. Separate share rules available to estates—House bill.	DOE	Negligible revenue effect													
4. Executor of estate and beneficiaries treated as related persons for disallowance of losses—House bill.	DOE	Negligible revenue effect													

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (TITLE XI)¹—Continued

[Fiscal years 1996–2005, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996–2000	1996–2002	1996–2005
5. Limitation on taxable year of estates—House bill.	DOE													
Negligible revenue effect														
6. Simplified taxation of earnings of pre-need funeral trusts—House bill, with \$7,000 limit.	tyba DOE	(¹¹)	(¹¹)	(¹¹)	(¹¹)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	(¹²)	8	12
B. Estate and gift tax provisions:														
1. Clarification of waiver of certain rights of recovery—House bill.	DOE													
Negligible revenue effect														
2. Adjustments for gifts within 3 years of decedent's death—House bill.	DOE		-6	-6	-7	-7	-7	-7	-7	-7	-7	-26	-40	-61
3. Clarification of qualified terminable interest rules—House bill.	DOE													
Negligible revenue effect														
4. Transitional rule under section 2056A—House bill.	eaii OBRA '90													
Negligible revenue effect														
5. Opportunity to correct certain failures under section 2032A—House bill.	DOE													
Negligible revenue effect														
6. Gifts may not be revalued for estate tax purposes after expiration of statute of limitations—House bill.	ga DOE		-15	-16	-16	-18	-21	-26	-32	-38	-45	-65	-112	-227
7. Clarifications relating to disclaimers—House bill.	DOE		-2	-2	-2	-2	-3	-3	-3	-3	-3	-8	-14	-23
8. Clarify relationship between community property rights and retirement benefits—House bill.	DOE		-3	-4	-4	-4	-4	-4	-4	-5	-5	-15	-23	-37
9. Treatment under qualified domestic trust rules of forms of ownership which are not trusts—House bill.	DOE													
Negligible revenue effect														
C. Generation-skipping tax provisions:														
1. Taxable termination not to include direct skips—House bill.	DOE													
Negligible revenue effect														
2. Modification of generation-skipping transfer tax for transfers to individuals with deceased parents—Senate amendment.	gsta 12/31/94	-3	-4	-4	-4	-4	-4	-4	-4	-4	-5	-19	-27	-40
XIX. Excise tax simplification provisions:														
A. Distilled spirits, wines, and beer:														
1. Credit or refund for imported bottled distilled spirits returned to bonded premises—House bill.	fcq DOE+180 days													
Negligible revenue effect														
2. Fermented material from any brewery may be received at a distilled spirits plant—House bill.	fcq DOE+180 days													
Negligible revenue effect														
3. Refund of tax on wine returned to bond not limited to unmerchtable wine—House bill.	fcq DOE+180 days													
Negligible revenue effect														
4. Beer may be withdrawn free of tax for destruction—House bill.	fcq DOE+180 days													
Negligible revenue effect														
5. Transfer to brewery of beer imported in bulk without payment of tax—House bill.	fcq DOE+180 days													
Negligible revenue effect														
B. Consolidate imposition of aviation gasoline excise tax—House bill.	1/1/96	(¹⁶)										(¹⁶)	(¹⁶)	(¹⁶)
C. Other excise tax provision—Clarify present law for retail truck excise tax (certain activities do not constitute remanufacture)—House bill.														
Negligible revenue effect														
XX. Administrative simplification provision:														
A. General provision—Certain notices disregarded under provision increasing interest rate on large corporate underpayments—House bill.	1/1/96	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)	-1	-1
XXI. Increase in public debt limit														
Total of revenue provisions		-5,408	-37,217	-35,567	-37,438	-38,594	-39,856	-32,430	-47,042	-51,423	-56,939	-154,155	-226,450	-381,795
Total of outlay provisions					14	28	42	56				42	140	140

¹ The Earned Income Credit provisions are included in Title XII of the conference agreement; the budget effects are shown in a separate table.
² Loss of less than \$500,000.
³ Credit rate at 35% on first \$6,000 of income, eligible workers expanded to include welfare cash recipients and veteran foodstamp recipients; 500 hour work requirement.
⁴ Section 257(b)(2)(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Enforcement Act of 1990, indicates that "excise taxes dedicated to a trust fund, if expiring, are assumed to be extended at current rates". Since the revenues from these taxes are dedicated to the Airport and Airway Trust Fund, an extension of the taxes is scored as having no revenue effect.
⁵ Estimates provided by the Congressional Budget Office (CBO).
⁶ Estimates presented after interaction with Alternative Minimum tax provisions and are shown net of offset with the corporate income tax.
⁷ Loss of less than \$1 million.
⁸ Loss of less than \$2 million.
⁹ Increase exemption for books and tools of trade to \$1,250.
¹⁰ Loss of less than \$5 million.
¹¹ Gain of less than \$1 million.
¹² Gain of less than \$5 million.
¹³ Gain of less than \$25 million.
¹⁴ Gain of less than \$30 million.
¹⁵ No new suspense accounts could be established in taxable years ending after 9/13/95. The income in existing suspense accounts would be recognized in equal installments over a 20-year period beginning with the first taxable year beginning after 9/13/95.
¹⁶ Gain of less than \$500,000.
¹⁷ Loss of less than \$10 million.
¹⁸ Various effective dates depending on provisions.
¹⁹ Effective for amounts received after date of enactment and property placed in service after date of enactment with the exception of certain property subject to a binding contract on the date of enactment.
²⁰ This provision considers interaction effects of SIMPLE retirement plan provisions.
²¹ Loss of less than \$25 million.

Legend for "Effective" column: ama=awards made after; ara=amounts received after; asda=annuity starting date after; aiolRSq=after Issuance of Internal Revenue Service guidance; bia DOE=bonds issued after date of enactment; cc/tyea/E=contracts completed in taxable years ending after date of enactment; celia=contracts entered into after; cla=cash leases after; da=distributions after; dda=decedents dying after; DDA=disasters declared after; dda DOE=decedents dying after date of enactment; dda/gma=decedents dying after and gifts made after; DOE=date of enactment; eaii GATT=effective as if included in GATT; eaii OBRA'90=effective as if included in the Omnibus Budget Reconciliation Act of 1990; eall OBRA'93=effective as if included in the Omnibus Budget Reconciliation Act of 1993; fcqa DOE=first calendar quarter after date of enactment; fq DOE+180 days=beginning of first calendar quarter that starts at least 180 days after date of enactment; ga DOE=gifts after date of enactment; gira=gross income received after; gsta=generation skipping transfers after; ica=involuntary conversion after; lpoaa=interest paid or accrued after; lia=levies issued after; lida=leashold improvements disposed of after; lma=loans made after; lyba=limitation years beginning after; pca DOE=proceeding commenced after date of enactment; pma=payments made after; poida=payments on interest due after; ppisa=property placed in service after; ppisa/a/b DOE=property placed in service on, after, or before date of enactment; pra=payments received after; pra/cdoa=payments received after, for crop damage occurring after; pto/a=prohibited transactions occurring on or after; pyba=plan years beginning after; pybb=plan years beginning before; sa=sales after; sea=sales and exchanges after; sia DOE=summons issued after date of enactment; spa=services performed after; ta=transfers after; ta DOE=transfers after date of enactment; tyba=taxable years beginning after; tyba DOE=taxable years beginning after date of enactment; tyba/a DOE=taxable years beginning on or after date of enactment; tyba=taxable years ending after;tyea DOE=taxable years ending after date of enactment; tyea/a=taxable years ending on or after; yba=years beginning after.

Note.—Details may not add to totals due to rounding.
Source: Joint Committee on Taxation.

CONFERENCE AGREEMENT—ESTIMATED BUDGET EFFECTS OF EARNED INCOME CREDIT ("EIC") PROVISIONS OF H.R. 2491 (TITLE XII)
[Fiscal years 1996–2002, in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996–2000	1996–2002	1996–2005
EIC Reforms														
1. Modify AGI for the purpose of the EIC phaseout nontaxable social security benefits: nontaxable pension, IRA, and annuity distributions; tax-exempt interest; and child support payments in excess of \$6,000:														
a. Revenue	tyba 12/31/95	11	217	231	236	216	265	288	301	317	335	911	1,464	2,417
b. Outlay reductions	tyba 12/31/95	59	1,193	1,265	1,326	1,431	1,452	1,454	1,528	1,593	1,660	5,275	8,182	12,962
2. Modify AGI for the purpose of the EIC phaseout by adding back losses from Schedule C, Schedule D, Schedule E, Schedule F, and NOLs:														
a. Revenue	tyba 12/31/95	1	26	30	33	35	40	48	53	58	64	124	212	388
b. Outlay reductions	tyba 12/31/95	10	207	219	231	237	243	246	247	255	263	904	1,393	2,159
3. Include net passive income in disqualified income:														
a. Revenue	tyba 12/31/95	.....	.....	1	2	2	2	2	2	2	2	5	9	14
b. Outlay reductions	tyba 12/31/95	1	11	11	14	17	18	20	20	21	22	54	91	154
4. Restrict EIC eligibility to taxpayers with qualifying children:														
a. Revenue	tyba 12/31/95	4	89	93	97	100	107	112	117	123	129	383	601	970
b. Outlay reductions	tyba 12/31/95	27	535	557	583	610	631	658	686	715	745	2,313	3,602	5,747
5. Two-stage phaseout of the EIC. The second stage of the phaseout begins at \$14,850 ¹ for households with one child and \$17,750 for households with two or more children:														
a. Revenue	tyba 12/31/95	36	712	751	781	785	871	967	1,021	1,084	1,150	3,065	4,903	8,158
b. Outlay reductions	tyba 12/31/95	19	371	390	412	468	459	479	503	530	557	1,660	2,598	4,188
6. Set the maximum credit rate for taxpayers with multiple children at 36%:														
a. Revenue	tyba 12/31/95	13	259	258	365	343	406	433	508	540	574	1,239	2,078	3,701
b. Outlay reductions	tyba 12/31/95	82	1,641	1,723	1,697	1,812	1,836	1,882	1,901	1,966	2,033	6,955	10,673	16,572
7. Require Social Security numbers for primary and secondary taxpayers and treat omission of a correct Social Security number and underpayment of SECA as a math error and other compliance proposals ¹ :														
a. Revenue	tyba 12/31/95	1	29	31	31	32	32	32	21	21	22	124	188	251
b. Outlay reductions	tyba 12/31/95	11	224	233	237	243	246	252	270	277	284	948	1,446	2,277
8. Apply an enhancement factor to the earned income of households with two or more qualifying children for the purpose of calculating the EIC:														
a. Revenue	tyba 12/31/95	.....	-1	-1	-1	-2	-1	-1	-2	-2	-2	-4	-6	-12
b. Outlay reductions	tyba 12/31/95	-57	-1,147	-1,188	-1,233	-1,281	-1,322	-1,329	-1,375	-1,417	-1,461	-4,907	-7,559	-11,812
Total of EIC revenue ²		60	1,183	1,294	1,391	1,493	1,627	1,845	1,985	2,158	2,346	5,421	8,894	15,383
Total of EIC outlay reductions ² ...		153	3,268	3,513	3,756	4,045	4,290	4,459	4,748	5,044	5,359	14,745	23,494	38,645

¹ Includes doubling of civil penalties for tax preparers.
² Due to interaction between the provisions, items do not sum to total package.
Legend for "Effective" column: tyba = taxable years beginning after.
Note.—Details may not add to totals due to rounding.
Source: Joint Committee on Taxation.

Mr. EXON. The majority could have prevented this drain on the Treasury in the out-years by sunseting the tax provisions. I read in the press that, at one time, they were actively considering such a notion. But they did not. The tax cuts continue to add to the debt year after year.

It is this Senator's view that it is self-evident from the Joint Tax table that the tax title does indeed worsen the deficit in years beyond the 7 years covered by this reconciliation bill. It is thus this Senator's view that the violation of section 313(b)(1)(E) is plain.

Some may argue that I am setting an impossible standard for ever enacting tax cuts. Quite to the contrary, my colleagues on the other side could have avoided this point of order in a number of ways. I am not here to give free parliamentary advice, but they could have sunsetted the tax breaks, as I noted

earlier. They could have included the tax breaks in the same title as the Medicare spending cuts. Or, during consideration of the budget resolution reconciliation instructions, they could have specified that section 313(b)(1)(E) would not apply to the tax breaks. Any one of these three steps would have prevented a violation of the point of order. But they didn't do any of them.

Therefore, Mr. President, I believe a point of order should lie against subtitles A through D of title XI of this conference report because they violate section 313(b)(1)(E) of the Congressional Budget Act of 1974.

Mr. President, I understand that the parliamentarian has advised that he will not agree that these 2 points of order lie against the bill. Everyone should have known that the fix is in for these tax breaks. If there had been any doubt, that doubt has now been set

aside. The majority has demonstrated that it will do whatever it needs to do—including bend and stretch the rule—to protect its cherished tax breaks for the wealthy.

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

Mr. MACK. Mr. President, thank you.

Mr. President, this is a moment, frankly, for which I have been waiting since I made the decision to run for Congress in October 1981 just over 14 years ago. I left a career in the financial market to become a member of Congress. I came here with the idea that we absolutely had to get control of the growth of Federal Government and its spending. So, to me, this is a historic moment. Now I want to respond to Senator PELL's comment a moment ago about the shrill partisanship—and I know that from time to

time there are some extreme expressions of feeling with respect to what we are doing—but I would just like to remind each of us in the Senate that the reason there may be shrillness in this debate, is because we are finally at the moment when we are debating what fundamentally divides us.

Those on the left absolutely believe that the answers to America's problems come from more Government. And frankly, Republicans reject that. We think that America's future is based on the individual, that the our limitation is the one we place on our own imagination. And the Government, in fact, is a great player in that limitation. So the reason that we are having such a strong debate is because we are arguing over the principles that divide us. And, frankly, I am thankful that this moment finally has arrived.

Maybe it is because my son called me the other night and told me that he just got engaged. Twenty-eight years old, and I could not be prouder of a son. But, I think about the future in which Connie will live, and I think about my daughter, who is in her thirties, with three grandsons—the cutest little guys in the world—I think about their futures. And so, I ask you to excuse me if I become passionate about what I have to say and the things I believe, because I honestly believe that the direction we have been headed will destroy this Nation. And that is why I feel so passionately about the items that we have been discussing.

There is something fundamental that has happened over the last few days, though. And I think it is important for people to recognize it. For 3 years journalists, writers, and TV commentators have been trying to figure out just who is Bill Clinton. What does he stand for? When is he going to stand up and fight for what he believes in?

And, I find it interesting that Bill Clinton has chosen this time and this issue to finally draw the line in the sand. You know what Bill Clinton is saying, "I am opposed to balancing the budget in the next 7 years." I am glad that he finally has made this statement and made this stand. Bill Clinton has now finally told the people in this country what he stands for, what he believes in. It is more Government, more taxes, and more Federal spending. He has drawn the line in the sand and he has told the people of this country, through his actions in the last few days, that he is in opposition to balancing the budget in the next 7 years.

The second point I would like to raise has to do with a very fundamental part of what we are doing. And, yes, we are cutting the rate on capital gains. And you know why we are doing it? Because we believe that growth will take place as a result of this cut. And as a result of that growth, those little grandchildren that I talked about and my son are going to have a greater opportunity in the future, and with opportunity comes hope.

That is what we are trying to do for the American people. That is why we are making this commitment. Do you know today that there is over \$1.5 trillion locked up in the stock market because of high capital gains tax rates? It is time to unlock that capital. It is time to allow that capital to flow into the new technologies that will develop America's future.

Oh, it is very popular to take the position of going after the wealthy. If you look at the record, you will find that when the wealthy invest America, everyone is better off.

The other issue my friends on the other side of the aisle like to mention is Medicare. In fact, I heard one of the earlier speakers refer to the Medicare issue by saying the budget provision was going to rip the heart out of Medicare. Well, frankly, I am at a loss over how you can rip the heart out of Medicare while allowing it to grow from \$4,800 a year to \$6,700 a year.

Mr. President, I yield back my time.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. I yield at least 8 minutes—no more than 10 minutes—to my colleague from Arkansas.

Mr. PRYOR. Mr. President, I thank the Chair, and thank my friend from Nebraska.

I spent most of today looking through the Republican package, specifically with respect to the so-called nursing home standards that have been included in this legislation before us tonight.

Mr. President, I cannot say strongly enough how deeply offended I am by the extraordinary means that have been used to undermine the progress made in the most basic nursing home protections that have been won over the past 3 decades. I think that these Republican assaults on nursing home safeguards are no less than callous—I hate to say that—and will open the door to a litany of further abuses that we have attempted to cure since the 1960's. The Republican leadership, through this attack, is saying basically "too old, too sick, too bad" to residents of nursing home facilities across our country.

Mr. President, before I touch on some of the most glaring offenses of this package, I want to tell my colleagues that the law which this budget package is completely undermining, the 1987 nursing home quality standards law, was developed on a bipartisan basis, was agreed to by all interested groups, including the nursing home industry, nursing home advocates, care providers, unions, States, and finally, yes, the Congress of the United States. It followed literally years of discussions and came about because the record of the States in preventing nursing home abuse was appalling.

In 1986 the report by the National Academy of Sciences, which was commissioned by the Congress, found shocking evidence of deficient care and

inadequate enforcement. The study found that Government regulations of nursing homes, which was then conducted by the States, was totally unsatisfactory because it allowed too many marginal or substandard nursing homes to continue in operation.

Mr. President, that was how it was during a time when lack of money was not all that much of a problem. Now, at this critical moment, as we prepare to severely reduce Medicaid funding to the States, the Republican budget also abdicates nearly all Federal responsibility to our most vulnerable citizens, the disabled and the infirm elderly in our nursing homes across our land.

What we have before us, Mr. President, in this basic conference report that we will be voting on in a short time—this conference report includes what I declare as an abdication of our Federal role, an abdication of our responsibility to the 2 million nursing home residents in our country today.

In this Republican budget we find that their version of what constitutes nursing home standards, in my opinion, is a warped version of the current law. Some very crafty legislative drafters have spent long hours in their attempts to totally and completely undercut the basic progress that we have made over the past years in protecting the nursing home residents from abuse.

Let me try to explain exactly what this means:

Where current law allows for Federal standards for nurse aide training, they are eliminated.

Where current law allows for Federal guidance with respect to transfers and discharges, the Republican proposal eliminates all guidance in that area.

Where current law, Mr. President, prohibits discrimination against Medicaid residents and prohibits facilities from charging residents, their families or friends to guarantee admission to the facility, those Federal protections by the Republicans are totally removed from this bill.

Where current law requires Federal guidelines to qualify as a facility administrator, these guidelines are totally removed, Mr. President. They are now left to the States.

Where current law requires that facilities meet Federal standards with respect to protecting residents' personal funds, these protections are totally stricken and left up to the States and to the nursing home owners.

Where current law imposes requirements for sound administration of a facility, these guarantees are totally expunged from the record.

To add insult to injury, in addition to abdicating so many Federal responsibilities to these vulnerable individuals and dumping these requirements on the States, the Republican plan now before us would also eliminate any required date by which the States must be sure to meet its responsibility that had formerly been handled by the Secretary of HHS.

So we are now saying that States must meet these requirements whenever, but not at a specific time. This is unconscionable, Mr. President. How can we in less than a decade abandon these nursing home residents? How can we, by a vote of 51 to 48 in this body, say we want the strongest standards, and again just a few days ago by a vote of 95 to 1 on Monday of this week, and now walk away from all of those standards and say we are abdicating our responsibilities? What in the world is going on?

What we are about to do is basically to begin a program of warehousing the elderly population of our country. We have identified at least 11 basic nursing home standards that have been abolished under this plan. I know that there are many more.

This plan allows homes to extort money in return for a guarantee of admission to a facility. Under present law, Mr. President, this is prohibited. Now we are abolishing that prohibition.

The Republican plan allows facilities to commingle residents' individual savings accounts.

It allows homes to keep the interest on resident savings accounts below \$250.

And it goes on and on and on. In fact, it kills Senator John Danforth's self-determination provision on living wills so that residents will have all of the information about making and what constitutes a valid living will.

Mr. President, further, what other quality assurance protection does the budget package eliminate? It cuts down the fines from \$10,000 to \$5,000 per nursing home. The budget plan eliminates the uniform assessment tool which has been hailed universally by providers, States, surveyors, and residents alike, and by those people who service ombudsman nursing home patients and the residents.

All of these changes are bad enough. This legislation allows private entities to certify that facilities have met the quality standards, further reducing accountability of the State and the facilities to meet the Federal guidelines of the Government.

The PRESIDING OFFICER. If the Senator will suspend for one moment while the Chair gets order. Those Members and staff members in the back who are having conversations, please take your conversations to the Cloakroom.

Mr. PRYOR. May I inquire as to how much time remains?

The PRESIDING OFFICER. The Senator has used 7 minutes, 36 seconds.

Mr. PRYOR. I thank the Chair for maintaining order.

Mr. President, I do not have time to complete my statement. Let me just say that the National Citizens' Coalition for Nursing Home Reform has written me today urging that we look very carefully at passing this legislation. The AARP, in their press release this afternoon, expressed their concern about the enforcement of nursing home

quality standards and implies that they are further weakened in this particular conference report.

The Nursing Home National Seniors Center, run by Toby Edelman, has done a memorandum that I am going to ask be printed in the RECORD, and other documents, Mr. President.

I also have a letter from Service Employees. These four documents I ask unanimous consent to be printed in the RECORD.

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

NATIONAL CITIZENS' COALITION FOR
NURSING HOME REFORM,
Washington, DC, November 17, 1995.

Hon. DAVID PRYOR,
U.S. Senate,
Washington, DC.

DEAR SENATOR PRYOR: The National Citizens' Coalition for Nursing Home Reform (NCCNHR) has grave concerns about the language regarding nursing home standards contained in the report from the Conference Committee. We are extremely disappointed by the disconcerting language accepted by the Committee members. Although the Conference language resembles the current Nursing Home Reform Act, it serves to significantly weaken and undermine the current standards, to the dangerous detriment of residents of nursing homes.

Our preliminary review of the conference language has identified the following areas of concern:

Elimination of the requirement for facilities to provide care and services to allow each resident to attain or maintain his or her "highest practicable level of physical, mental, and psychosocial functioning."

Elimination of the right to quality care and quality of life for each resident. Instead, the conference language speaks to "residents" collectively.

Elimination of the requirement of federal standards for conducting a resident assessment using a national uniform minimum data set.

Loss of protections against discrimination based on source of payment and duration of stay contracts upon admission.

Elimination of federal standards for nurse aide training—including elimination of required 75 hours of training.

Elimination of the requirement for facilities with 120+ beds to employ a qualified social worker.

Substantial watering down of transfer and discharge protections.

Significant weakening of survey and certification requirements, including:

A two-year survey cycle (changed from 9-15 months).

Elimination of comprehensive training for state and federal surveyors.

Less frequent federal validation surveys—from yearly to every 3 years.

Public disclosure of survey results—"within a reasonable time," instead of the current, within 14 days.

Significant weakening of enforcement provisions, including:

Elimination of language requiring application of remedies in such a way as to minimize the time between the identification of violations and the final imposition of remedies.

Elimination of language calling for incrementally more severe fines for repeated or uncorrected deficiencies.

Elimination of retroactive civil money penalties for past noncompliance.

Reduction of highest civil money penalty from \$10,000 to \$5,000.

Provision allowing for deemed status to accrediting agencies.

This weakening of the federal standards is unwarranted and unconscionable. Based on a review of proposals submitted by the American Health Care Association, it is clear that the nursing home industry played a major role in the drafting of these provisions—a fact that again highlights the leverage this industry has at the state and national level.

We strongly urge you, and your colleagues, to oppose this language. It can only serve to destroy the progress brought by the 1987 Nursing Home Reform Act—a law passed with bipartisan support by a previous Congress.

Sincerely,

ELMA L. HOLDER,
Executive Director.

[From the AARP News, Nov. 16, 1995]

AARP STATEMENT ON THE BUDGET
RECONCILIATION ACT OF 1995

The American Association of Retired Persons (AARP) remains very concerned about the magnitude of reductions to Medicare and Medicaid contained in the conference report to the Budget Reconciliation Act. While the report includes some further improvements, Congress still has a long way to go.

The Association is pleased that the Medicare Part-B deductible remains at \$100 a year, as in the House bill. But the total cuts to Medicare and Medicaid over seven years are still too much, too fast, and enforcement of nursing home quality standards has been further weakened in the report.

Four hundred billion dollars in cuts from these two major health care programs that serve older and low-income Americans do not meet the fairness test. Reductions in Medicare called for in the conference report are much more than is necessary to keep the program solvent into the next decade.

Millions of American families depend on Medicare and Medicaid for their basic health care coverage, for protection against the high cost of long-term care and for financial security. These protections, for Americans of all ages, are now at risk.

Cutting \$164 billion from Medicaid over the next seven years is far more than the program can shoulder. Frail, older Americans, most of whom are single, elderly women who have worked hard all of their lives, and children from low-income families would be the hardest hit by such drastic cuts.

At this juncture in the budget debate, it's a shame that a veto is necessary, but unfortunately, there is no other alternative. AARP will continue to work with Congress and the Administration to get fair legislation that ensures future Medicare solvency and reduces the federal budget deficit.

Memorandum.

To: Interested people.

From: Toby Edelman.

Re conference committee language on nursing home reform.

Date: November 16, 1995.

I've just gotten the conference committee language and have gone very quickly through it to compare it with the current law and with the proposals made by the American Health Care Association.

The language represents a dramatic step backwards in all respects: the standards facilities would be required to meet, the survey and certification process, and the enforcement system. On my first quick reading, I think the most serious problems are:

1. Standards for facilities:

A. Loss of the entitlement to high quality of care for each individual resident; the language speaks of care to "residents."

B. Loss of language "highest practicable physical, mental, and psychosocial well-being" as description of required services.

C. Loss of protections against Medicaid discrimination in admission.

D. Loss of federal standards for nurse aid training, transfer and discharge, resident assessment. States would have sole authority to determine standards.

E. Loss of Secretary's duty and responsibility for standards, enforcement and federal money.

F. Substantial watering down of protections in transfer and discharge.

G. Financial issues: loss of rules specifying what care and services are covered by Medicaid and what care and services are not; protection for Medicaid residents who pay the entire Medicaid rate as their share of cost.

2. Survey and certification

A. Two year survey cycle.

B. Loss of comprehensive training for surveyors by Secretary.

C. Reduced federal validation surveys; from annual to every 3 years.

D. Public disclosure of survey results— from within 14 calendar days of providing to facility to "within a reasonable time."

3. Enforcement

A. Deemed status to accrediting agencies (very serious issue).

B. Loss of language for both states and Secretary requiring enforcement systems that minimize the time between identification of deficiencies and imposition of remedies; more severe penalties for more serious or uncorrected deficiencies.

C. Loss of retroactive civil money penalties.

D. Reduction of highest civil money penalty to \$5000.

It looks to me as if, generally, the conferees listened to AHCA on the Requirements for facilities and to the Governors on survey, certification, and enforcement.

Section of bill—What the change is and why the change is a problem. Whether AHCA proposed the change.

2137(b)(1)(A)—Quality of life: adds the word "reasonably" before promotes," thus qualifying the requirement.—Yes

2137(b)(2)—Scope of services and activities under plan of care: deletes current language "to attain and maintain the highest practicable physical, mental, and psychosocial well-being" after services and activities: the new language requires facilities "to provide services and activities in accordance with a written plan of care."—Yes

2137(b)(3)(A)(ii)—Resident assessment: says the instrument is specified by the state; deletes the requirement that the assessment be based on minimum data set specified by the Secretary.—No

2137(b)(3)(E)—Resident assessment: requires facility to notify state mental health authority or mental retardation or developmental disability authority, as applicable, of change in physical or mental condition of a resident who is mentally ill or mentally retarded. New requirement.—No

Deletes preadmission screening and annual resident review (PASARR). We don't disagree with this deletion.—Yes

2137(b)(4)(A)(i)—Provision of services and activities: deletes "to attain and maintain the highest practicable physical, mental, and psychosocial well-being" after "nursing and related services and specialized rehabilitative services."—Yes

2137(b)(4)(A)—Provision of services: changes language from providing services to "each resident" to "residents" for social services (2137(b)(4)(A)(ii)); pharmaceutical services (2137(b)(4)(A)(iii)); dietary services (2137(b)(4)(A)(iv)); activities (2137(b)(4)(A)(v)); dental services (2137(b)(4)(A)(v)).—Yes

2137(b)(4)(A)—Provision of services: deletes mental health services for mentally ill and mentally retarded residents.—Yes

2137(B)(5)(F)(iii)—Nurse aid training: Adds a new exclusion from definition of nurse

aide; excludes a person "who is trained, whether compensated or not, to perform a task-specific function which assists residents in their daily activities." The industry has wanted this language to hire people to feed residents and do other tasks, but not to train them as nurse aides.—Yes

Excludes current language requiring facilities with more than 120 beds from having at least one social worker with at least a bachelor's degree in social work or similar professional qualifications. 1396r(b)(7).—No

2137(c)(1)(A)(v)—Residents rights: accommodation of needs; adds language after the right to receive notice before room or roommate is changed to say "unless a delay in changing the room or roommate while notice is given would endanger the resident or others." The industry has not liked giving notice.—Yes

Excludes current language giving residents the right to refuse certain transfers (transfers facilities make to get coverage under a payment program). 1396r(c)(1)(A)(x).—Yes

2137(c)(2)(B)(ii)(V)—Transfer and discharge: adds a new reason not to have to give a 30 day notice: "a case where the provision of a 30-day notice would be impossible or impracticable." This language essentially eliminate the 30-day notice requirement; facilities would always claim it was impossible or impracticable to give 30 day notice.—Yes

2137(c)(2)(B)(iv)—Transfer and discharge: adds a new "exception" statement; "This subparagraph shall not apply to a voluntary transfer or discharge necessitated by a medical emergency." Since there is no definition of "voluntary," we would see many transfers and discharges called voluntary.—Yes

2137(c)(2)(C)—Orientation for transfer and discharge: changes the language to require just "reasonable" preparation and orientation; and instead of requiring, as current law does, that preparation and orientation "ensure safe and orderly transfer or discharge," the new language requires only that preparation and orientation "promote" safe and orderly transfer or discharge.—Yes

2137(c)(2)(D)(iii)—Bed reserve: adds language to confirm that a resident is not entitled to the next available bed if it is a private room.—Yes

Deletes current language requiring facilities to give information to residents about advance directives. 1396r(c)(2)(E).—No

2137(c)(3)(C)—Access and visitation rights: adds new qualification to visits by saying there is immediate access "unless such access would endanger the health or safety of the resident or others in the facility." Denying access to family members who complain is common. This language would strengthen facilities' ability to deny access to visitors. Notice that the language does not include this qualification for any other category of visitor.—Yes

Deletes current language prohibiting discrimination in admission. 1396r(c)(2)(5).—Yes

2137(c)(5)(B)(i)—Protection of residents funds: raises the amount that must be deposited in an interest bearing account to \$250. Note that the personal needs allowance is \$35 per month (although states may allow more).—Yes

2137(c)(5)(B)(ii)—Protection of resident funds: deletes a word from the current language, which I think is "separate." If that's the deletion, the language would no longer require separate accountings of residents' funds.—Yes

Deletes current language requiring facilities to notify residents when their balances are \$200 less than the amount that would make them lose Medicaid eligibility.—No

2137(c)(5)(B)(iii)—Protection of resident funds: conveyance upon death: adds language "All other personal property, including medical records, shall be considered part of the

resident's estate and shall only be released to the administrator of the estate." This language would appear to allow facilities to keep residents' property and release it only to the administrator of the estate. It would also enable facilities to deny medical records to family members unless they were appointed administrator.—Yes

Deletes current language which defines as a Medicaid person an individual whose share of cost equals the entire Medicaid rate. These people currently are considered Medicaid residents and cannot be charged more than the Medicaid rate. 1396r(c)(7)(B).—Yes

2137(d)(1)(C)—Nursing facility administrator: adds language to require administrators of all facilities, whether freestanding or hospital-based, to meet the Secretary's standards. The industry has been interested in making hospital-based facilities meet nursing facility standards. This is one way to make it difficult for hospital-based facilities to be nursing facilities.—Yes

2137(d)(4)(A)—Miscellaneous administrative issues: compliance with federal, state, and local laws and professional standards; applies this language to hospital-based facilities. Same reasoning as above.—Yes

2137(e)(1)—State requirements; specification and review of nurse aide training; deletes current requirements that state nurse aide training program meet federal standards.—No

2137(e)(3)—State requirements; state appeals process for transfers and discharges; deletes current requirement that states meet federal standards on appeals process.—No

2137(e)(4)—State requirements; nursing facility administrator standards; adds requirement that hospital-based administrators meet administrator standards. Same reasoning as other issues where hospital-based facilities must meet same requirements as free-standing.—No

2137(e)(5)—State requirements; specification of resident assessment instrument; deletes current requirement that state choose a resident assessment instrument designated by the Secretary or approved by the Secretary as being consistent with the minimum data set.—No

2137(e)(7)—State requirements; keeps preadmission screening but deletes annual resident review. AHCA wanted PASARR deleted.

2137(f)(1)—In current law, this establishes the Secretary's duties. The new language makes this a state duty. So current federal law which now says: "It is the duty and responsibility of the Secretary to assure that requirements which govern the provision of care in nursing facilities . . . and the enforcement of such requirements are adequate to protect the health, safety, welfare, and rights of residents and to promote the effective and efficient use of public money." Is now changed to say "It is the duty and responsibility of a State with a MediGrant plan . . ."

2137(f)(2)—Requirements for nurse aid training and competency evaluation programs: This is Section (f), but it is only a state duty under the new language. Specific language from current law is deleted, as requested as AHCA, but I can't read the language on my copy tonight.

Deletes federal requirements for transfer and discharge and does not place the duty on states. 1396r(f)(3).

2137(f)(3)—Qualifications of administrators: adds language to require hospital-based administrators to meet federal standards.—Yes

Deletes current rules for Criteria for Administration, which required the Secretary to establish rules for administration in such areas as disaster preparedness, direction of medical care by a physician, clinical records. 1396r(f)(5).—No

Deletes current rules for Criteria for Administration, which required the Secretary to establish rules for administration in such areas as disaster preparedness, direction of medical care by a physician, clinical records. 1396r(f)(5).—No

Deletes List of items and services furnished in nursing facilities not chargeable to the personal funds of a resident. 1396r(f)(7). This language required the Secretary to establish by rules which items and services are covered by Medicaid and which items and services could be charged to residents. As 1396r(f)(7)(A) explicitly says, Congress first told the Secretary to publish such rules in 1977 as part of the Medicare-Medicaid Anti-Fraud and Abuse Amendments of 1977. HCFA finally published these rules in 1992 or so. I can get the exact date.—No

Deletes current language on PASARR. 1396r(f)(8).—Yes

Deletes current requirement re federal criteria for monitor state waivers of nurse staffing requirements. 1396r(f)(9).—No

2137(g)(1)(A)—Survey and certification: deletes prohibition against states determining compliance with state facilities.—Yes

Survey and certification: deletes requirement for educational program for staff and residents and their representatives. 1396r(g)(1)(B).—No

2137(g)(2)(A)(iii)(I)—Annual surveys: extends the time to 24 months (from 12 months) unless the facility has been subjected to an extended survey. In that case, 12 months.—No

2137(g)(2)(A)(iii)(II)—Special surveys following change in ownership, administration, management: changes time to 4 months (I can't read what the current time period is).—Yes

2137(g)(2)(C)(i)—Survey protocol: says protocol that the Secretary has developed, tested, and validated "as of the date of the enactment of this title." Current law says as of Jan. 1, 1990.—No

2137(g)(2)(C)(ii)—Survey protocol: says surveyors must meet minimum qualifications established by the State. Current law says Secretary.—No

Deletes current requirement that Secretary provides for comprehensive training of state and federal surveyors. 1396r(g)(2)(E)(iii).—No

2137(g)(3)(B)—Validation surveys: Requires Secretary to conduct validation surveys at least every 3 years of 5% of facilities in the state, but at least 5 per state. Current law requires these numbers of validation surveys annually. 1396r(g)(3)(B).—No

Deletes Reductions in Administrative Costs for Substandard Performance, current language which allows the Secretary to penalize states that fail to perform survey and certification activities adequately. 1396r(g)(3)(C).—No

Deletes current language that permits states to maintain and utilize a specialized survey team. 1396r(g)(4) [This is part of Investigation of Complaints and Monitoring Nursing Facility Compliance]—No

2137(g)(5)(A)—Disclosure of Results of Inspections and Activities; Public Information: new language requires public disclosure of survey information "within a reasonable time," current law says within 14 calendar days after such information is provided to facility.—No

2137(h)(1)—Enforcement: adds new (A) saying state must require facility to correct deficiency.—No

Deletes current language at end of 1396r(h)(1) authorizing retroactive civil money penalties.—Yes

Deletes current language about use of civil money penalties that are collected to protect health or property of residents. 1396r(h)(2)(A)(ii).—No

Deletes current language at the end of 1396r(h)(2)(A) saying that state criteria must minimize the time between identification of deficiencies and imposition of remedies and provide for incrementally more severe fines for repeated or uncorrected deficiencies; and that states may provide for other specified remedies, such as directed plans of correction.—Yes

Deletes current language about deadline and guidance on enforcement. 1396r(h)(2)(B).

2137(h)(2)(C)—Assuring prompt compliance: Changes mandatory imposition of denial of payment if a facility fails to come into compliance within 3 months; changes mandatory into permissive—state "may" impose the remedy.—Yes

Deletes language about funding for temporary management other remedies. 1396r(h)(2)(E).—No

Deletes Incentives for High Quality Care. 1396r(h)(2)(F).—No

2137(h)(3)(B)—Secretarial authority: substantially revised. New language requires Secretary to notify state of deficiency it finds in a facility; must give state reasonable period of time to take enforcement action. If state doesn't act or if the deficiency remains uncorrected, the Secretary can take enforcement action.—No

Deletes language permitting Secretary to impose retroactive civil money penalty. 1396r(h)(3).—Yes

2137(h)(3)(C)—Civil money penalty: Reduces maximum penalty to \$5000 (from \$10,000).—Yes

Deletes language (as for the state) requiring criteria to minimize the time between identifying deficiencies and imposing sanctions, etc. 1396r(h)(4).—No

2137(h)(4)—Special Rules Regarding Payments to Facilities; Continuation of Payments Pending Remediation: revises the language to permit payment to facilities for 6 months; no requirement of states repaying Secretary if the facility does not come into compliance.—No

Deletes current language about immediate termination of participation for facility where state or Secretary finds noncompliance and immediate jeopardy, 1396r(h)(5); Special Rules where State and Secretary do not agree on finding of noncompliance, 1396r(h)(6); special rules for timing of termination of participation where remedies overlap, 1396r(h)(7).

New language about sharing of information between states and Secretary. 2137(h)(6).

New language, Construction, about Medicare Requirements. 2137(l)(1).

New language, Construction, permitting accreditation at option of state of Secretary. 2137(i)(2).

SERVICE EMPLOYEES

INTERNATIONAL UNION, AFL-CIO, CLC,

Washington, DC, November 17, 1995.

DEAR SENATOR: On behalf of the 1.1 million members of the Service Employees International Union, I urge you to vote against the conference report on Budget Reconciliation. Among the damaging provisions included in the bill are amendments to the Nursing Home Reform Act which would cripple the Act, endanger nursing home residents, and impoverish their families.

The amendments in the Conference Report are merely another tactic pursued by opponents of the nursing home reform act to repeal those provisions. To place this effort in context, I would remind you that as passed by the House and introduced in the Senate, the reconciliation bills repealed the federal standards. At introduction, the extreme proposals repealed even protections against use of physical and chemical restraints, spousal impoverishment, and training of nurse aides. Only when the Senate voted to retain the

Nursing Home Reform Act, were the opponents of the protections for nursing home residents turned aside in their effort to repeal the standard.

In their new tactic, opponents of federal nursing homes standards are attempting to repeal the standards by enacting gutting amendments. For example, on quality of care, where the current statute states that "a nursing facility must provide services and activities to attain or maintain the highest practicable physical, mental, and psychosocial well being of each resident in accordance with a written plan", the opponents have crafted an amendment in the conference agreement that restates this provision to read "a nursing facility must provide services and activities in accordance with a written plan".

On training, current statutes require that workers providing nursing or nursing related services be trained and receive in-service education. The opponents' amendment would allow all nursing facilities, regardless of the number of civil penalties, deficiency reports, and demonstrated substandard care incidents at the facility, to perpetuate those problems by running their own nurse aide training programs. In addition, the opponents' amendment excludes from the training requirement "any individual who is trained, whether compensated or not, to perform a task-specific function which assists residents in their daily activities". The opponents' amendment does not set standards for the training, does not require continuing education, and does not even require that the "task-specific function" performed by the individual be the task for which they receive the undefined training.

On spousal impoverishment, the opponents of federal standards have scored one of their most tragic successes. They have included a repeal of the provision that stated that a "nursing facility must not require a third party guarantee of payment to the facility as a condition of admission (or expedited admission) to, or continued stay in the facility". With this provision repealed, spouses and children can be coerced by nursing homes to pay nursing home bills that average \$38,000 a year.

Finally, were any facility to be so incompetent that it manages to violate the few shreds of remaining federal standards, they will be saved from their own incompetency by toothless enforcement provisions. The opponents of federal standards have included verbatim amendments drafted by the American Health Care Association. The nursing home industry's amendments, as would be expected, strike language that allows a state to "provide for a civil money penalty for the days in which it finds that the facility was not in compliance with such requirements," which "shall provide for the imposition of incrementally more severe fines for repeated or uncorrected deficiencies" and on and on and on.

We know from experience what happens when the Federal government pulls out of nursing home regulation. Federal regulation was minimal during the 1960s, '70s, and early '80s, and the results were disastrous: Disabilities, permanent injuries, and even premature death to nursing home residents. The 1986 report of a national study commission found that: "In the past 15 years, many studies of nursing home care have identified both grossly inadequate care and abuse of residents." The Gingrich troops often talk as if they are conducting an important experiment on the power of free markets. When it comes to nursing homes, we've tried this experiment before, and the tragic findings are burned in our memory.

The Federal government jumped into nursing home regulation because of abuses in the

industry. Incredibly, the Republicans propose to abandon oversight activities at the same time that they begin squeezing nursing home operators in a financial vise. About half of nursing home revenues come from Medicaid, the program Speaker Gingrich proposes to cut by over \$160 billion. Nursing home workers know well how corners are cut and how patient care suffers when executives focus on cost reduction. Who will protect patients and who will safeguard quality as nursing home operators scramble to cope with massive revenue losses?

Future trends will also transform the type of care delivered by nursing homes. Nursing homes will be caring for people with more serious medical needs. A common strategy to control health care costs involves moving patients out of hospitals and into nursing homes—during surgical recovery, for instance. One reason that nursing homes have been trusted with such work is the Federal training standards for nursing staff. Our workers tell us that this training has substantially improved nursing home operations. The training requirements must not be junked at a time when the home population is getting sicker and requires more sophisticated care.

Federal regulations are the lifeline protecting quality of care for nursing home residents. Federal oversight helped rescue us from a grim past. We must not ask nursing home residents to give up that lifeline as we sail into a stormy future.

Very truly yours,

JOHN J. SWEENEY,
International President.

Mr. PRYOR. Mr. President, finally, I never thought I would see the day of such an attempted emasculation of nursing home standards which we fought so hard to protect. I never thought I would see it; never thought it would happen. I do not know why it is happening, but it is unbelievable that this Nation, the greatest Nation on the face of the Earth, with the full force and effect of the Republican-controlled Senate and the House, our Federal Government is about to wash its hands of the responsibility toward protecting 2 million seniors who today reside in American nursing homes.

While we have the basic safeguards of 1987, we are today basically walking away from those safeguards and saying to that nursing home resident, "We want no more to do with you. We are going to cut you adrift, and we are going to let you basically fend for yourself."

Over Thanksgiving, I challenge my colleagues on the other side of the aisle, or anyone who supports obliterating these standards, to go back to a nursing home in your State, to look those residents in the eye and to tell them how proud you are to have voted to compromise their safety and well-being and quality of life and walk away from the commitment that we have had for almost a decade to protect their livelihood.

Mr. President, I thank the Chair, and I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

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

The PRESIDING OFFICER. The Senator from Texas is recognized for 5 minutes.

Mrs. HUTCHISON. Thank you, Mr. President, and I thank the Senator from Michigan.

This afternoon late, a Mr. Don Shelby called our office. He was calling from the St. Vincent de Paul Hospice in Austin, TX. He told me that he had voted for me in the last election and that he would not be alive long enough to vote for me again, but he and the people in the hospice with him were so concerned about what is going on in Washington that they collected \$8 in change to go to a pay phone and call my office.

And the message was this: "Stick to your guns. I will not be around, but I want to know when I die that my children are going to have a future."

I want to say to Mr. Shelby and the people who contributed the \$8 to make that call, we will not let you down. We will not. We will stick to our guns. We will do what is right for this country, as hard as it may be. We will do the right thing.

The people of this country have been promised for 25 years that the politicians in Washington would balance the budget. Twenty-five years, and we have failed every year. This is our opportunity. This is our chance.

Always before people said, "They'll never do it. The entitlements, it's too hard; they'll never do it." But we are doing it.

I have heard speeches on this floor all afternoon. "Those radical Republicans." Radical? Is it radical to keep a promise you made? Is it radical to run for an election in 1994 and promise the people that you will balance the budget, that you will make the tough choices, no matter the consequences and then keep that promise? I do not think so. It is unusual, because people have been promised so many times in the past and the promises have not been kept. It is unusual to keep a promise, but I do not think it is radical, and I do not think the American people do either.

We are going to pass tonight the Balanced Budget Act of 1995. It will be the first time that the politicians in this country in 25 years have kept their promise. The President keeps talking about a balanced budget, but he is doing what politicians have done for 25 years, and when it comes time to sign the dotted line, he is demurring, he is walking away from his promise that he made in the election of 1992 and he is saying, "Oh, well, of course, I want a balanced budget, and I'm going to talk about it, but when it's presented to me, I'm not going to sign on."

The people are not stupid. They do understand a promise kept, and that is what is going to happen tonight. We are going to keep our promise to the homemakers of this country that they will have security and they will be able to contribute to IRA's just like those of us who work outside the home can

do, so that the one-income-earner couple that sacrifices so that the homemaker can stay home and raise children will have the same retirement opportunities as if there had been two incomes earned for their families.

We are going to have welfare reform, and we are going to say to the people who are out there working to make ends meet that it is worth it to work, because if able-bodied people can work but choose not to, they will not be on the welfare wagon more than 5 years in their lifetime. For the first time, we will put a lifetime limitation on able-bodied welfare recipients.

And we are going to reform Medicaid. We are going to give it to the States where they can run it more efficiently. We are going to save Medicare. We are going to save Medicare for our elderly. We are going to increase spending in Medicare over 7 percent per year. And we are going to slow that rate of growth from 10 percent so that we can save the system—so that Mr. Shelby will know that it will be there for his children.

Mr. President, we may make a few mistakes. This is a big bill. We may not do everything right. But there is one mistake that we cannot afford to make and that is to do nothing so that our children will inherit this debt of \$5 trillion.

I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, on behalf of Senator EXON, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. REID. Mr. President, it is interesting to note that since yesterday the name of this bill has changed. It is no longer the reconciliation bill. It is called something like the Balanced Budget Act of 1995. I am certain that the spin masters have said: All you good Republicans, do not refer to this as reconciliation because the American people do not like what they have heard.

I think rather than change the name to the Balanced Budget Act of 1995, a more appropriate name would be maybe something like the End of Rural Hospitals Act, or maybe you could come up with something like the Get Old People Act of 1995, or maybe Ruin the Environment Act of 1995, or maybe Destroy Education Act of 1995, or Punish the Veterans Act of 1995, or maybe something even simpler like Save the Big Sugar Interests of the United States Act of 1995.

Mr. President, it is not all or nothing. You see, on this side of the aisle, there are many people that believe in a balanced budget. In fact, most people do believe in a balanced budget amendment. The former chairman of the Budget Committee, the ranking member, the senior Senator from Nebraska, knows what balanced budgets are all about. He started talking about balanced budgets a long time ago when he

was Governor of the State of Nebraska. We have many people who believe in balanced budgets, but they believe in doing it in a fair way that does not hurt seniors, rural hospitals, the environment, damage education, or punish veterans.

Mr. President, I think that we should recognize that the reason the name was changed overnight from "reconciliation" to the "balanced budget act of 1995," I repeat, is because the American public does not like what they have heard in this reconciliation bill—this thousand-page bill we received a few minutes ago.

So this, Mr. President, is what the American people deserve, and that is a fair bill to balance the budget, which we want to do, also.

Mr. President, on anything that I have said to this point, the Senator from New Hampshire, Senator GREGG, I am sure would disassociate himself with me. But what I am going to say now, he would associate himself with me, and he has given me permission to do so. We have a point of order that would lie against this bill, but we are not going to offer it. It is the Byrd rule point of order against the so-called trigger provisions contained in a section of the act dealing with the sugar program. It is on the basis—on many bases, but there is no change in outlays or revenues. We are not going to do that. But everyone should be aware that the Senator from Nevada and the Senator from New Hampshire are going to go after these sugar interests, which I believe, Mr. President, is one of the most damaging things that is in this piece of legislation.

This legislation does nothing to help the family farmer. It hurts the family farmer. But what it does do is make a sweet deal for big sugar growers. As I said, this does not help the small family farmer. Seventeen cane growers get 58 percent of the benefits that come to all cane growers. One received more than \$65 million—one person—in 1-year; 33 growers received benefits of over a million dollars apiece a year; in Florida, the number one State in sugar production, two growers account for 75 percent of production.

So the U.S. Senate and the Congress should be advised that the Senator from Nevada and the Senator from New Hampshire are going to make sure that the sugar program in the future is treated fairly, which it should be. The real losers in the Sugar Program that we have is the American consumer, who pays a huge amount for their sugar and they should not have to.

I yield the remainder of my time.

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

Mr. BURNS. Mr. President, I thank my friend from Michigan.

This is probably a historical time for this body. The first time in many years that we have had the opportunity to balance the budget, to put us on the trail to do something responsible. I re-

member the speeches from the last 6 years and people saying, "We believe in a balanced budget, but look at all the pain; maybe we can do it next year." Well, that next year has gone on for about 40 years and we kind of find ourselves in a pickle.

I had a wonderful woman that used to work in our office. She has since transferred to Minneapolis with her husband, where he found a job opportunity, and they just had a brand-new baby. That is what this debate is all about. It is about this young one in this picture, 3-days old, born 10/7/95, 7½ pounds, 21¼ inches long. That is what it is all about, folks. To do anything different jeopardizes the future of this young woman, this young lady right here in the picture. And it is because there are some of us who care to stand for maybe some very unpopular things right now, and take the responsibility, because we do care for this young woman. We want to hand her a nation that is strong economically and also strong politically.

This debate has gone on a long time. Everybody says, "Well, you have to quit wrangling up there on the Hill. We do not like to be furloughed."

I just got a letter from a young woman in Winston, MT. It says: "Stop the talking, do something different. I want to have a nice Thanksgiving and a Christmas." It is signed, "Amanda Baum, Winston, Montana."

Well, Amanda, it is a two-way street. We offered a continuing resolution that would let your father go back to work as soon as possible. But, you know, there is a person on the other end of Pennsylvania avenue that said, no, I do not like that, so I am not going to sign it. So you are on furlough. But it takes two people. I say change the message and call the House at the other end of Pennsylvania Avenue.

In this Balanced Budget Act of 1995, there is a \$500 per child tax credit. What does that mean to your individual States? I will tell you what it means in Montana. The total number of returns eligible for a tax credit will be around 66,000 people. There are only 800,000 people in my whole State, but 66,000 returns will qualify for this \$500 per child tax credit. It will cover the amount of dependents of around 98,000 people, and the value to the State of Montana is around \$46 million. That is money in families' pockets. That is money that can be put in a savings account to buy a home. It is money that can be put in a savings account that can pay for education for our young ones coming along, and for those folks who want the responsibility of managing their own money.

So in this Balanced Budget Act, let us talk about some real things, like capital gains that help us all.

No, we did not get all the AMT tax we wanted. Nonetheless, it does do something about depreciation—depreciation that creates jobs and expands job opportunities. That is what is in

this package. That is what we need. We have to expand job opportunities.

Economic development—my goodness, just the presence of the Government in your neighborhood is not economic development. We must produce real growth, either manufacturing or the development of natural resources that provides natural wealth. It just does not start here in Washington.

I was taken aback a while ago when I saw the former Governor of Arkansas worrying about the nursing home regulations. What is the matter? Is this town the only one that has a conscience? He has no faith in the State governments to regulate their nursing homes to the benefit of our elderly?

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

Mr. BURNS. I am in complete support of this package. I yield the floor.

Mr. EXON. I yield 5 minutes to the Senator from West Virginia.

Mr. ROCKEFELLER. I thank the distinguished Senator from Nebraska.

Mr. President, I am stunned that we still have to come to the floor to defend Medicare from the largest, most dangerous, most serious cut ever to surface since it was signed into law by President Johnson exactly 30 years ago.

Yes, this nightmare is not a dream. The budget plan on the Senate floor this very minute aims its fire at Medicare for \$270 billion in cuts over the 7 years. Guess what also survived the conference? A kitty of \$245 billion of new tax breaks, new tax cuts, new tax relief that go to the wealthiest Americans and all kinds of corporations.

That is right. To the 30 million senior citizens counting on Medicare, to the disabled citizens counting on Medicare, it is still the piggy bank for a whole lot of things that have nothing to do with Medicare and much more to do with tax breaks for the wealthy, tax increases for working families, cuts in education, and the other features of this budget plan now on the Senate for a final vote.

You do not need a graduate degree in mathematics to do the basic arithmetic. Start with the proposition made by the Republican side of the aisle—that Medicare must be cut to save the program, preserve it, keep it solvent. But that is when you hit the brick wall. The trustees of the Medicare Part A Hospital Trust Fund say that \$89 billion are needed to extend the Fund's solvency until the year 2006. Not \$270 billion, \$89 billion. That is a difference of \$181 billion.

Why won't the Republicans listen to Medicare's trustees, and limit Medicare cuts to \$89 billion so the program is solvent for 10 full years? Because they're listening to the tune whistled on the steps of the Capitol over a year ago, when the Contract for America was unfurled and \$245 billion of tax breaks were promised.

Of course, none will admit that Medicare is being raided to pay for tax breaks for the rich. Who in their right

mind would make that kind of confession?

But we do not need a confession. The mountain of evidence is right here in this stack of paper that is the Republican budget plan called reconciliation. Medicare cuts of \$270 billion or even more. Tax breaks of \$245 billion. Case closed.

This \$270 billion sounds like a huge cut because it is a huge cut. You don't get \$270 billion out of Medicare with a few nips here and a few tucks there. Squeezing that much money out of Medicare means increasing expenses for senior citizens, shrinking payments for hospitals and other providers, weakening Medicare's role in protecting against shoddy health care, and resorting to cheaper ways to pretend seniors will still get reliable health insurance. Make no mistake about it, \$270 billion in Medicare cuts will hurt and will be noticed.

In fact, let us take an up-close look at just how the Republicans came up with \$270 billion in Medicare cuts to pay for tax breaks.

But first, maybe I need to start by reminding some people around here just how important Medicare is to a vast portion of the American population. No wonder Americans are more likely to say about Congress they are scared to death than just angry.

It is Medicare that the phrase, crown jewels, should be reserved for. The enactment of Medicare, as part of Social Security, was one of America's great triumphs. When the country said its older and disabled citizens would have health security for the first time in America's history, we took one of our greatest leaps as a nation. Before its enactment, less than half of this country's senior citizens had any kind of health insurance. An illness or accident or health problem would immediately crush someone in their 60's or 70's or 80's, or wipe out his or her children and grandchildren.

That is why Medicare was created, fought over, and ultimately enacted. And it has worked. The 97 percent of America's seniors—30 million people—now can wake up every morning, knowing Medicare is there. It has lifted seniors out of the poverty that the crushing costs of health care used to bear down on them. It has given them the peace of mind that they are not an overwhelming burden to their children and grandchildren. It has given them the dignity to live the later years without the terror of what will happen to them if they fall or need surgery.

Mr. President, we are talking about 30 million senior citizens whose average income is less than \$17,000. We are talking about 330,115 senior citizens in West Virginia whose average income is around \$10,000. We are talking about older Americans who already spend one-fifth of these meager incomes on health care expenses that are not covered by Medicare—which include Medicare premiums and deductibles, pre-

scription drugs, eyeglasses, certain tests, home care, and the list goes on.

And we are not just talking about Medicare's meaning for senior citizens in West Virginia or Massachusetts or California. It is the same for seniors in Kansas, in Texas, name your State. We are talking about people with average incomes of \$24,000 pay a fifth of their incomes on health care already, who are about the only Americans that have health care protection that cannot be taken away.

Until today. Until we see this incredible budget plan that still takes \$270 billion from Medicare, not to mention the \$170 or \$180 billion from Medicare. Not to save Medicare, but to come up with \$245 billion in tax breaks for people with incomes far, far higher than \$24,000 a year.

Now it is time to talk about just exactly how this budget gets \$270 billion out of Medicare.

It starts with a plan the whole country got a special education in this week—because it was even attached to the bill that is only supposed to ensure the Federal Government can operate.

It starts with a plan the whole country got a special education in this week—because it was even attached to the bill that is only supposed to ensure the Federal Government can operate.

I am talking about a Medicare premium increase. It may have been stripped from the continuing resolution, but it is back. This budget increases Part B premiums for seniors by \$11 a month—adding up to an extra \$1,240 for individual seniors over the next 7 years and an extra \$2,480 per couple on Medicare. That is on top of everything else they are already spending on health care.

There is plenty more.

Remember the BELT idea when we had the Senate reconciliation bill on the floor a few weeks ago? It is gone in name, but not in spirit.

Obviously, \$270 billion in cuts means a lot less money for payments to doctors, hospitals, labs, and other health care services. But what happens if the targets in this budget are missed? Well, before, the BELT was whipped out, and it was actually called that in the Senate bill. Now it has been given a more subtle name, but it's still plenty lethal. It is called the lookback—this budget tells the Secretary of Health and Human Services that he or she will have to make last-minute, extra, surprise cuts in Medicare payments if for some reason all the cuts made before didn't go deep enough. This budget has to have this kind of last-minute Medicare guillotine built in. This budget has to get \$270 billion out of Medicare, no matter what, or there won't be \$245 billion to dole out in tax breaks.

It goes on and on, Mr. President. Changes, cuts, setbacks, weakening of standards—it is all here to cut Medicare by \$270 billion.

In this budget, senior citizens are supposed to fend for themselves. Before this budget, they were protected from

balance billing when they brought private insurance plans. But in this Republican budget, the price gouging can start again.

Before this budget, there were Federal standards to make sure tests done in the labs located in the doctors' office were accurate and reliable. But in the Republican budget, the sales pitches will start exploding. Medicare vouchers for managed care will be waved around, luring seniors into managed care and locking them in for 1 year. I can hear the telemarketers and advertisers writing the scripts, the jingles, and hiding the fine print—because here we come, Medical Savings Accounts. With this Republican budget, Medical Savings Accounts will be targeted, you can count on it, at the healthier seniors, driving up costs for everyone else and for the Medicare Program, and driving doctors away from accepting seniors.

Mr. President, there are consequences to \$270 billion of Medicare cuts. Ask the hospitals of your State. Listen to the senior citizens whose premiums and deductibles will go up.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter that denounces the Republican plan.

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

AMERICA'S HOSPITALS AND HEALTH SYSTEMS
NOVEMBER 17, 1995.

Hon. JOHN D. ROCKEFELLER IV,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR ROCKEFELLER: The undersigned national, state and metropolitan organizations, representing more than 5,000 hospitals and health systems nationwide, cannot support the conference report on H.R. 2491, the budget reconciliation bill. Our reason is straightforward: as it stands, this legislation, viewed in its entirety, is not in the best interest of patients, communities and the men and women who care for them.

Hospitals and health systems support the stated goals of the conference report—a balanced budget, a strengthened Medicare trust fund and restructured, more efficient Medicare and Medicaid programs. In fact, we have offered several concrete and reasonable alternatives to achieve these goals without significantly reducing the quality or availability of patient care. For the most part, these alternatives were rejected.

In this long budget debate, America's hospitals and health systems have been guided by principles based on ensuring good patient care now and in the future:

The health care protection for our nation's most vulnerable populations—the elderly, the poor, the disabled and millions of children—is inadequate.

The tools which could enable hospitals and health systems to continue to provide high quality care to beneficiaries in the new Medicare marketplace are insufficient. The necessary tools were included in the House-passed Medicare Preservation Act, but were significantly diluted during the conference process.

We have consistently stated that the budget reductions in Medicaid and Medicare remain too deep and happen too fast. Hospitals and health systems are willing to shoulder a fair share of the reductions needed for a balanced budget. But the reductions in the conference report will jeopardize the ability of

hospitals and health systems to deliver quality care, not just to those who rely on Medicare and Medicaid, but to all Americans.

Although we cannot support the conference report, we stand ready to work with Congress and the Administration on a fair approach to reducing spending, balancing the budget and protecting the availability and quality of patient care.

Sincerely,

Signed by 84 hospital plans.

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

Mrs. KASSEBAUM. Mr. President, I rise to strongly support the legislation before us, the Balanced Budget Act of 1995, because I think it reflects sound budget and policy priorities that will be of enormous benefit to this Nation through the next century.

This is really what it is about, trying to lay out a roadmap that is going to provide change, provide flexibility, provide initiative, that can give us a strong program to carry us through the years and for the next generation to come and generations after that.

There may be some concerns about this turn or that turn. It is an enormous package of very important initiatives. I have great confidence, Mr. President, that we can make it work, and it will require the best efforts of all on both sides of the aisle and working with our State legislatures and our communities to see it is accomplished.

I would like to speak briefly about two parts of this package that I have been most directly involved in. One is student loans. This legislation includes \$4.955 billion in savings in Federal student loan programs over the 7 years. Earlier today, the ranking member of the Labor and Human Resources Committee and colleague from Massachusetts, Senator KENNEDY, said these provisions would help banks and guaranty agencies at the expense of students.

I just point out, indeed, that is not the case. Seventy percent of the savings are achieved by reducing subsidies to or imposing new fees on banks and guaranty agencies. None of the savings are achieved by increasing costs to students or their parents.

It is very important that this is understood in the public where a message has been put out that is totally erroneous about the effects on students. The remaining 30 percent of savings are achieved by capping the direct loan program at 10 percent of loan volume. This would not change the level of the loan or the amount of the loan. A direct lending program may mean the students may get their loan money more quickly, but it does not have any effect on the amount or interest rates of those loans.

In addition, the bill makes income-contingent repayment of student loans available to all students, not just those participating in the direct loan program. I remain concerned about the risk that the direct loan program poses to taxpayers. That is why I believe Congress is being fiscally responsible by demanding to see how it works before expanding it.

I do not believe the Department of Education should become the third largest consumer lender in the country. That, indeed, is where it is headed if we go to a full, direct lending program on student loans, consequences which I think need to be carefully thought out and reviewed.

Mr. President, I also wish to speak about the child care provisions in this bill. I am pleased that we have, I think, some very strong child care provisions. The bill combines \$10 billion in mandatory spending and \$7 billion in discretionary spending into a consolidated system for providing child care for children from low-income families, including those working their way off welfare.

This is over 7 years. Again, I think when we recognize that 70 percent of the mandatory funds are to be used for families making the transition from welfare to work and for those at risk of going on welfare, and a substantial portion of the remaining funds must be used to help low-income working families who are not and have not been on welfare to meet their child care needs as they are, indeed, struggling to stabilize themselves in the workplace.

Equally important, the bill recognizes we cannot ask parents to leave children home alone as a condition of receiving welfare. Therefore, welfare families with a demonstrated need for child care may not be sanctioned for failing to meet work requirements in States that do not offer child care assistance.

We need to break a cycle of dependency on welfare, but we need to do it by protecting children and having children have the stability of knowing they are cared for, are wanted and loved in an environment that will help them succeed. I believe we do that by strong child care provisions which really help families begin to move off the welfare rolls.

I think there are some very positive provisions. I urge colleagues' support for this legislation and thank all those who played a major role in drafting and working on this legislation.

I yield the floor.

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

The PRESIDING OFFICER. The Senator from Maryland is recognized for 5 minutes.

Mr. SARBANES. Mr. President, first, I commend the distinguished Senator from Nebraska, the ranking member on the Budget Committee, for his very fine leadership throughout this budget debate. We are deeply appreciative to him for his extraordinary efforts.

Mr. President, the basic fact is that drastic cuts are being made in Medicare, Medicaid, basic health programs, in nutrition programs to nourish our young people, school lunch, school breakfast, food stamps, in educational programs which make it possible for young people to go to college, and in environmental programs to protect clean air and clean water. These deep

cuts are necessitated by the burning mania on the part of the Republicans, as part of the budget package, to give tax breaks to wealthy people. Make no mistake about it, that is the connection. If the tax breaks were not in this package, these drastic cuts would be ameliorated to a significant degree. Then you could argue about reducing the deficit and how you go about doing it in terms of spending cuts. But the problem is compounded in this package because there is a burning mania on the other side to give tax breaks to wealthy people.

Kevin Phillips, 2 days ago, in an interview on the radio said:

Under the camouflage of deficit reduction and cuts like those in Medicare and Medicaid, the new budget includes dozens of new and enlarged tax breaks, loopholes, and corporate welfare programs. The tax cuts for ordinary Americans are peanuts, but the special deals are big stuff.

And he goes on to say:

It is doubly impolitic to drive the budget deficit down to zero by cutting medical, educational, and entitlement programs while corporate and upper-bracket tax breaks continue to soar.

That is what is happening here. We are hearing talk about, "Oh, we are going to protect the next generation and our children." What about the children today, who are going to be sent into the next generation stunted because the nutrition programs have been cut, the health programs have been cut, the education programs have been cut? What about young men and women who will not get the chance for a college education because of the cutbacks contained in this package, at the very same time that people at the upper-income brackets are getting large and significant tax breaks?

There is obviously a hidden agenda contained in this budget package. The Speaker of the House let it out of the bag a few days ago when, speaking to a group, he said:

Now let me talk about Medicare. We don't get rid of it in round 1, because we don't think that would be politically smart.

We don't get rid of it in round 1, because we don't think that would be politically smart.

So, it is going to come in round 2 and in round 3. They assert they are protecting Medicare and right here is evidence that it is the beginning of the end of Medicare. We have Republican leaders who boast about the fact that they opposed Medicare when it was put into place, and then they try to make us believe they are out to protect Medicare. Medicare is being cut deeply, again to give these tax breaks.

The fact of the matter is—and this is my judgment—part of this hidden agenda is a major shift of benefits, economic benefits in this country, from ordinary people, from middle-income people to the very wealthy. If you assert this the other side says, "Oh, it is class warfare." The class warfare is being waged by those who are reaping the benefits disproportionately in this society.

They say, "Oh, don't do class warfare." In the meantime, the statistics show—and listen to these statistics—

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

Mr. SARBANES. Will the ranking member yield me 2 additional minutes?

Mr. EXON. I yield my colleague 1 additional minute.

Mr. SARBANES. Listen to these statistics.

Federal Reserve figures from 1989, the most recently available, show that the richest 1 percent of American households, with net worth of at least \$2.3 million each, have nearly 40 percent of the Nation's wealth—1 percent of American households, 40 percent of the Nation's wealth. The top 20 percent of American households worth \$180,000 or more, have 80 percent of the country's wealth—80 percent.

The income statistics are equally skewed. The lowest-earning 20 percent of Americans earn 5.7 percent of the after-tax income. The top 20 percent of American households have 55 percent of the after-tax income.

The United States is now the most unequal industrialized country, in terms of income and wealth, and we are growing more unequal faster than the other industrialized countries. And this package is going to intensify that trend.

Make no mistake about it, that is what this package will do. It is shifting benefits from lower-income and working people to the upper end of the scale.

People on Medicare, earning \$15,000 a year, are going to suffer in order to give a tax break to the very wealthy.

I urge the rejection of this package.

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

The Senator from Michigan.

Mr. ABRAHAM. I yield myself such time as I need briefly, and then I will yield to the Senator from Minnesota.

As I said several times here today, apparently in some parts of this country people making less than \$75,000 a year are "the most wealthy Americans." In my State that is not the case. Mr. President, 65 percent of the tax cuts contained in this package will go to people and families making less than \$75,000 a year. Mr. President, 80 percent will go to people whose families make less than \$100,000 a year. In Michigan, those people are not wealthy people. Maybe they are in other parts of America, but people making less than \$75,000 are not wealthy people in my State.

As to the so-called tax cuts for wealthy, I point out as I have already numerous times in relationship to this bill, there are \$26 billion in loophole closings contained in this legislation, closing loopholes on these so-called wealthiest Americans, individuals and corporations, which largely offsets whatever tax cuts might benefit people in those categories.

Finally, with regard to students, we should point out to the students watch-

ing that, as Senator KASSEBAUM indicated earlier, regarding the student loan program insofar as it affects students, the volume of loans remain unabated, at levels that have always been out there, and there are no changes in the cost of loans to students. Moreover, there are further provisions in the bill that will actually provide students with student loans with the opportunity to deduct interest they pay on those loans. In fact, it places people in a stronger position.

That said, Mr. President, at this time, I yield five minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. GRAMS. Mr. President, I rise with great pride today in support of the Balanced Budget Act of 1995.

I hear a lot of talk from the other side of the aisle about cuts. The major cuts are going to be in Washington's ability to take more of the taxpayers' money. The hidden agenda is a balanced budget and a brighter future. And, if there has been a growing gap of wealth, it has occurred under Democratic programs, and it is time to change that.

This bill, more than anything else, is about promises—making promises, and keeping promises.

The American people have every reason to be cynical about political promises.

Yet something resonated with the voters when we went to the people last November and promised we would take this country in a better direction if they elected a new majority to Congress.

We laid out a plan for the Nation's future unlike anything the people had been promised over the last 40 years.

The legislation before us today is proof that there is a better way—and the vision it reflects is based on two fundamental promises we made to the voters: First, we promised we would balance the budget in 7 years. And second, we promised we would cut taxes for working-class families.

Mr. President, the centerpiece of the legislation before us is our promise to balance the budget by the year 2002.

If you want to know why 83 percent of the American public say balancing the budget should be the top priority of this Congress, these statistics speak volumes: Every year, the Federal Government is spending billions and billions more than it takes in. As a result of four decades of fiscal insanity, the national debt today stands at nearly \$5 trillion. Every child born today in the United States of America comes into this world already saddled with more than \$19,000 in debt.

So the first, most important result of a balanced budget would be to free our children and grandchildren from the economic burden they will inherit from this generation—a burden they did not ask for, and certainly do not deserve.

Ask an economist about the other benefits of a balanced budget, and they

will reel off an impressive list of reasons why we ought to move forward.

By the time 7 years have passed and the budget is brought into balance: GDP will grow by an additional \$10.8 billion; interest rates will drop, and Americans will boost their spending power through an additional \$32.1 billion in disposable income; the buyers of a \$100,000 home would save more than \$10,000 over the life of a 30-year mortgage; an additional 104,000 family homes would be built and 600,000 more automobiles would be sold; and businesses would be empowered to create new and higher paying jobs—as many as an additional 6.1 million new jobs, by some estimates.

Impressive statistics, but what does all this really mean on Main Street?

Well, for an average American family with two kids, a mortgage payment, car and student loans, a dog and a cat and lot of monthly bills, a balanced Federal budget would put at least \$1,800 a year back into the family bank account.

That is a pretty good incentive for passing a balanced budget in 1995: save money and get a tax break, because we have also promised to cut taxes for middle-class families—another promise we are keeping with this legislation.

This Congress is no longer willing to let the Government gamble away the taxpayers' hard-earned dollars as if they belonged to Washington. In fact, we are going to keep those dollars out of the Government's hands in the first place.

The centerpiece of our \$245-billion tax relief package is the \$500 per-child tax credit, and I am proud that my colleagues stood with my good friend, Senator ABRAHAM, and I to ensure that this desperately needed provision remains at the heart of our balanced budget plan.

The tax credit alone will allow 28 million taxpaying households to keep \$23 billion of their own money each year.

In my home State of Minnesota, the tax credit would return \$477 million annually to families who work hard, pay their bills, and struggle every day to care for their children without relying on the Government.

In addition, 3.5 million households nationwide will find that the \$500 per-child tax credit has completely eliminated their tax liability.

With our Balanced Budget Act, this Congress has kept the solemn promises we made to the American people. Yet without even waiting for the bill to arrive at his desk, President Clinton is promising to veto it and stop the balanced budget in its tracks.

The President says he wants a balanced budget—wants it wholeheartedly, he claims. Balancing the budget was one of the central themes of his 1992 campaign, and I remember when he said: "I'll tell you why you should vote for me. I know how to balance a budget. I've balanced 11 budgets as Governor of Arkansas. One of the

first things I'll do when I get to Washington is send Congress a balanced budget."

Of course, that turned out to be a pie-crust promise—easily made, easily broken.

Since taking office nearly 3 years ago, Bill Clinton has never presented Congress with a budget that balances—or comes anywhere close, for that matter.

In the last two plans he has dropped on the Capitol doorstep, the deficit hovers around \$200 billion every year, far, far into the future.

And we voted on both of those plans here on the floor of the U.S. Senate. Both failed 99 to zero, and these are the plans that the President brags about.

Mr. President, Congress is going to balance the budget because we promised the American people we would.

We are going to cut taxes because we promised the American people we would.

We are going to turn this Government around and start putting it to work on behalf of the taxpayers because we promised the American people we would.

"The Man from Hope" is quickly earning the reputation around here as "the Man from Hope Not." He says he wants a balanced budget, but he secretly hopes he'll never have to sign one.

Mr. President, Bill Clinton cannot continue to say in public that he supports a balanced budget, tax cuts, and welfare reform, and then return to the private confines of the Oval Office to veto every piece of legislation that would bring the budget into balance, cut taxes, and reform welfare.

My colleagues and I have great dreams for this Nation and its children, Mr. President, and the American people are counting on us to heed the words of the great Winston Churchill and "never, never, never give up."

With a balanced budget at stake and the future of this Nation at stake along with it, this Congress has no intention of giving up and turning our backs on this moment in history.

That is a promise.

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

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

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Thank you, Mr. President.

TEN THANKSGIVING STORIES

Mrs. MURRAY. Mr. President, next Thursday, families from Forks, WA to Fort Lauderdale, FL will be coming together to enjoy each other's company and to celebrate a holiday unique to the history and heritage of our country.

The tables will be heaped with food, prepared in many kitchens and brought together at the house of one family. For some families in our country, who do not necessarily have all that much

to be thankful for, this may be the best meal of the year.

If your family is at all like mine, there will be turkey and gravy and some kind of Jello salad. At dinner, there will be a card table for the little kids, and a couple of bigger kids who will not want to sit with them.

After dinner, there will be games of Pinochle. There will be teenagers standing around, wishing something exciting would happen. There will be people in the living room, just starting to get sleepy. The television will be on, and the Detroit Lions will be losing again. And best of all, throughout the day, there will be many stories.

The people in my life tell stories about many things. Stories about family members who could not come this year or family members who have died. Stories about war. Stories about work or friends or sports. Stories about a new birth, or an impending marriage. In most years, there is not much talk about government—unless something really bad is about to happen.

I have a feeling I am going to hear a lot of talk about government this year. Right now, I can almost hear 10 stories that might be told around the tables at Thanksgiving this year, across this great land. Ten things people wish they did not have to talk about, but they will:

First, there will be the story about Medicare. The elders always tell stories best, remember the bad times clearest, and complain about the Government loudest. Next Thursday, after grace has been said, an old man is going to pause, with the mashed potato spoon still in his hand, and say "You hear what they're going to do to Medicare?"

This story, like the rest, is a sad one. The man knows that the budget needs to be balanced for the generations he can see around the table. He has heard that there has been fraud and abuse in Medicare billing. He knows that he is going to have to sacrifice for the betterment of the country. He just is not going to understand why Congress is going to take more money out of his Social Security check to give a tax break to people who do not need it.

Second, there will be the story about Medicaid. The family is together, but they have to arrange to visit grandma at the nursing home. The family will go visit, but they will now have to worry about whether Congress is going to allow States to gut nursing home standards that protect grandma's health, safety, and financial security.

They will have to worry about whether grandma will be the lucky one to get Medicaid funding when their State has to choose between paying for pregnant women, children, the elderly, or the disabled, because Congress gave them less money to meet the growing needs they face.

Third, there will be the story of the adult children in the family, who never before had to worry about being held responsible for the costs of grandma's

nursing home care, but now will. They have worked hard to raise their own family, save money for their kid's education, and for their own retirement. Now they will have to deal with extra costs from every angle.

If they are working but low income, they will not get the \$500 per child tax credit that the Congress is touting, because they will not pay enough taxes to get the deduction. If they do not have children yet, they will face the fact that Congress will be taking away the earned income tax credit they have counted on.

If they do have kids, and do get the tax credit, they are going to need the money. Because when grandma cannot stay in the nursing home because Congress cut Medicaid, the family is going to have to build a new room onto the house.

Fourth, there will be the college-age students and their story. They want to prepare themselves for a world where they know they will have to be qualified to compete. They are willing to swallow their pride and ask their parents for help; they are willing to work; and they are willing to pay off loans after college. But none of that will matter.

The Congress is going to take \$5 billion out of their student loan programs, and give it to the banks. Congress is going to decimate the Direct Lending Program, which gives students their money more efficiently, and eliminates bureaucracy and the middle man. In addition the budget eliminates Perkins loan funding and drops 280,000 students from Pell grants.

Fifth, there will be the story of the younger students, who need to have a relevant public education to get them ready to go on to college, into some other form of training, or directly into work. For these students, the Congress is going to cut almost \$4 billion from discretionary but vital education programs, including title I basic skills instruction for 500,000 additional students, State student incentive grants, school reform, Head Start, and AmeriCorps.

Sixth, there will be one of the most tragic stories of all—the story of what will happen to all the children in the great country of ours. Services to help children, from Medicaid to pay their medical bills, to school lunch and day-care nutrition programs, to childhood immunizations are all going under the ax in what the majority party is painting as some kind of epic and heroic moment in American history.

These cuts will certainly be historic. This is probably the first time in history that the American Government declared war on its own children, when it knew better. If the Congress wants to balance the budget, American families are all for it. But Americans are pretty steadfast when their own family is threatened, and this is a battle that the majority party in Congress should lose.

Seventh, there will be the story of the welfare mom. This member of the

family may not be sitting at your table this year, but she comes to many homes for Thanksgiving, and her sisters may one day come to your table or mine. Her story is one of tragedy piled on top of tragedy.

Maybe she came from an abusive marriage, where she took beating after beating, and only got out after her abuser started hitting her kids. She probably did not have the benefit of education and training. She most likely had all kinds of things stacked against her. Invest in her life now, with child care and training, and she'll be a tax-paying citizen for years to come.

But this Congress is going to cut child care, nutrition services, and kick this woman off public assistance as fast as possible, without the support that would allow her to join the work force. She does not have much to be thankful for with the passage of this budget.

Eighth, there will be a story about the environment. A 12-year-old may ask why the Government wants to sell her heritage to big companies. She wonders about the polar bears and caribou that now live in the Arctic National Wildlife Refuge.

She asks whether the Native people she has read about, or whether her family, if she happens to be a member of Gwich'n tribe, will be able to continue to live where they have lived for 20,000 years—on the lands they love, subsisting on a now-abundant supply of wildlife. She sighs and asks her elders not to sell America's lands, our national forests, our national refugees, our national treasures—her heritage.

Ninth, there will be the story of the family farm. The wheat farmer from eastern Washington, who has seen congressional Republicans adopt a Freedom to Farm Proposal that couldn't even be approved by the House or the Senate. The wheat farmer, who has seen the safety net for farmers eliminated, the safety net that has existed for almost 60 years.

Farmers do not need this safety net when prices are good, but when prices are bad, these farmers, who supply the staple foods of our society, need our support. They deserve our support. The family farmer, who works to grow the food that provides the bounty for Thanksgiving dinners for families across our Nation—this farmer is forgotten in the Republican budget.

Tenth, the last story, will be a story of real thanks. After all these other stories, after the eyes roll skyward, after the anger, after the frustration, they will all join hands and give thanks. The members of this family will thank their God that they are all together for the holiday. They will be thankful for the good food and warmth of family, but mostly, they will be very thankful that the Members of Congress are also home with their families, and not doing more damage from the floors of the House and Senate.

Mr. President, I continue to worry about the priorities in this budget. We all know this budget will be vetoed; for

that I am thankful. When it is returned, I intend to work very hard with my colleagues to ensure we will then pass a budget that is good for our children, our families, and our future.

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

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 5 minutes.

Mr. FRIST. Mr. President, I rise in support of the Balanced Budget Act of 1995.

The American people have been watching the debate over the continuing resolution this week, and based on the calls that have come into my office, they recognize that this debate is about one thing: whether or not we will have a balanced budget.

After President Clinton was elected, he used his promise to balance the budget as an excuse to raise taxes. Today, all Americans have higher taxes, but they still do not have a balanced budget.

Contrary to what he says, the President has never proposed a balanced budget of his own. His latest plan, which he says will balance the budget in 9 or 10 years, would actually result in deficits of more than \$200 billion as far as the eye can see—including a deficit of \$209 billion in 2005, the year President Clinton claims he would eliminate the deficit.

The President's budget is so phony that no Democrat in Congress would even introduce it for a vote in the House or Senate. When a Republican Senator introduced it, it was defeated 96-0.

While Clinton talks about a balanced budget, Republicans have done the heavy lifting, and made the hard decisions necessary to get it done. Our plan is certified by the nonpartisan Congressional Budget Office, which President Clinton himself has said is the sole authority on budget authenticity.

With the continuing resolution passed yesterday and the plan before the Senate today, Republicans continue to show their unwavering commitment to a balanced budget. The President as a candidate promised to balance the budget in 5 years. All we are asking for is 7 years. Republicans honestly believed, and some of us are holding out hope, that President Clinton will show some leadership and help us balance the budget.

He has promised to balance the budget in 5 years, then 10 years, then 9 years, then 8 years, and as recently as October 19, the President said that he thought we could reach a balanced budget in 7 years. But he rejected yesterday's continuing resolution, and he will likely veto this bill. The President is not committed to balancing the budget. He is committed to increasing spending and an ever growing Federal Government.

The plan before us today fulfills our promises to the American people. It will:

- Balance the budget in 7 years,
- End welfare as we know it,
- Save and strengthen Medicare, and,
- Reduce taxes in a way that provides relief to families with children, stimulates growth, and generates jobs.

The bottom line is this: the future of our Nation depends upon whether we have the courage to balance the budget.

Our current path—if we do nothing—leads to:

- Uncontrolled federal spending and borrowing, and skyrocketing annual deficits—\$200 to \$300 billion by the year 2000, and higher deficits thereafter.

In fact the deficit increases \$335,000 every minute—which means that it has increased roughly \$1 million in just the amount of time that I have been speaking on the Senate floor.

Another \$1.2 trillion added to our national debt between now and the year 2000—which will bring the total surging past \$6.7 trillion by the turn of the century;

- A Medicare program that goes broke;
- A Medicaid program that doubles in size;

- An enormous and unsustainable tax burden on young workers who will be forced to pay 82-percent of their wages in taxes to support prolific federal spending; and

The first generation of Americans in our Nation's history to have fewer opportunities than their parents.

And yet, if we do balance the budget, if we are able to impose fiscal discipline on the massive federal bureaucracy, the benefits are very real, and the possibilities are endless for our prosperity as a Nation.

According to the Joint Economic Committee, a family with a \$75,000 car loan and an \$11,000 student loan could save \$1,771 a year if interest rates drop another percentage point under the Republican plan, and \$2,828 a year if interest rates return to the levels of the 1950s.

According to the economic forecasting firm of DRI McGraw-Hill, if we balance the budget by the year 2002, the gross domestic product will be \$170 billion higher than without a balanced budget. That represents a 2.5 percent increase in productivity for businesses, and about \$1,000 per household higher standard of living for families.

And even Wall Street is responding positively to the current situation, closing at a record 4969, while the 30 year Treasury bill rate fell to 6.23%. If Congress fails to pass a balanced budget plan, then the American people should be scared, because the markets will lose faith in the U.S. government.

All this is possible by only slowing the growth of federal spending. Under the Republican plan, spending on Medicare, Medicaid, welfare, food stamps, the Earned Income Tax Credit, student loans, you name it, will continue to grow, only at a slower rate.

As James Glassman said in a recent editorial in the Washington Post:

If Congress' 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 is abrogated 30 years ago—to spend no more than it takes in.

The Republican plan is a credible, reasonable and truly historic plan to reverse the excessive spending of the past, while continuing to provide a sturdy safety net for the poorest Americans. The plan will save and strengthen Medicare, transform the Medicaid and Welfare programs and produce unprecedented economic growth for generations to come. I strongly support the Balanced Budget Act of 1995 and urge its passage.

I yield the floor.

Mr. ROBB addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. On behalf of the Democratic manager, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator is recognized for 4 minutes.

Mr. ROBB. Mr. President, I rise to oppose the budget reconciliation bill before the Senate. I do not oppose the Republican budget because it is projected to balance the unified budget by 2002, because I believe we can and should balance the budget over that time period. I oppose this budget because I believe it is the wrong way to increase spending and revenues.

Instead of a bipartisan consensus, it reflects a too narrow, ideological agenda that does not represent the best long-term interests of the country. And I know that the leadership on both sides of the aisle, at least in this body, can and would like to do better.

I have no doubt that my good friend and colleague, Senator DOMENICI, if not constrained by some Members of his own party, mostly in the other body, would develop a more responsible, more bipartisan budget. As a Democrat who supported both the original Senate budget resolution last May and the continuing resolution last night that committed us to a balanced budget by 2002, using CBO numbers, which we may revisit shortly, I have always been ready to work with Presidents of both parties and in Congresses having both Democratic and Republican majorities on a bipartisan basis to solve the long-term fiscal challenges facing our Nation.

Unfortunately, this year's budget process has evidenced more partisan politics and political expediency than fiscal responsibility. As my colleagues will recall, the original Senate budget resolution required us to enact legislation projected to actually balance the budget before we could proceed to consideration of a tax cut.

When the resolution came back from the conference with the House, however, tax cuts had been added up front, and the deep spending reductions had been moved into the next century. The message that this budget reconciliation bill sends by maintaining this ap-

proach is that we should begin handing out new benefits today and count on future Congresses and future Presidents to make the most difficult choices to actually reach a balanced budget. It only increases the likelihood that the budget will become even more unbalanced, hardly a legacy we want to leave to our children and our grandchildren. That will not do anything to reassure the international financial markets, much less address the increasing cynicism our citizens feel toward our Government and its elected officials.

In order to pay for a huge tax break, half of which would go to those making \$100,000 a year, programs affecting health care for the elderly, the disabled and the poor, programs affecting the environment and education, programs affecting some of our most vulnerable citizens who will be cut more drastically than would otherwise be necessary is not fair.

My message to my colleagues and the President today is that there is a better way to balance the budget, a way which I believe can be supported by Members on both sides of the aisle, as well as the President and the American people. That way is to postpone a large tax cut until we achieve balance and spread the burden of deficit reduction more fairly and evenly across the Federal budget. Only if we demonstrate to the American people that a plan is fair and equitable will we be able to maintain the road to balance.

As the Virginia voters showed just 10 days ago, those who toil at the ideological extremes proceed at their own peril. It is true that the vast majority of the American people want to balance the Federal budget, as I do. But the events of the last few months reflect the fact that they want to do it in a way that reflects a broad consensus. Mr. President, I stand ready to work with both Republicans and Democrats to find that consensus.

Mr. President, I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. I yield 4 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 4 minutes.

Mr. INHOFE. I thank the Senator for yielding.

I probably will not take that much time. But, Mr. President, I have been sitting here and listening and watching. And it has been really enlightening to me to see what is going on and how the debate has been going.

When I go back to Oklahoma and we have townhall meetings and I talk to people back there, the ones I have been chastised about for referring to as the "real people of America," they ask the question over and over again, "Senator, why don't you just do it? All this talk about balancing the budget. Why don't you just do it? We have to do it. We have to live with a balanced budget.

Why not do it?" Because every big spender around, every liberal in Congress says he or she wants to balance the budget, and yet when it comes down to getting the opportunity to actually do it, we do not do it.

I hope those people who ask that question at the townhall meetings are watching carefully tonight, because now you know why it is so difficult to do something that seems so easy back home.

The second thing is listening to some of these speeches—I do not mean this in a demeaning way or insulting way to anyone, but I really feel that so many people right now are trying to hold onto the past with white knuckles. Those individuals who rejoiced back in the 1960's when Government took greater control of our lives cannot believe that times are changing and that the people are no longer going to tolerate that.

If you stop and analyze the elections of 1994, it is an overwhelming revolution at the polls.

And who was defeated? All you have to do is get the ratings. You know, people know who the big spenders are and who they are not. The National Taxpayers Union, many others, have ratings. Those individuals who lost at the polls in 1994 were the ones who were the big spenders.

This revolution started, really, back in 1980 with the election of Ronald Reagan. Of course, he did not have the support of Congress, so he could not get the things done he wanted to. I will always remember looking at television on the Wednesday morning after the election, that landslide election when Ronald Reagan won in 1980, and it was the defeated person who had run against him. He was on the "Today Show," and he made a statement I will always remember. He said, this is a quote, "I cannot believe the people of America have so overwhelmingly repudiated classic liberalism."

And that is exactly what happened. But the problem is we never were able to carry out those programs, because we had a hostile and a liberal Congress.

That is changed now. That is all changed. For all those of you are who sitting around here wringing your hands saying all these bad things are going to happen, all these people are going to be cut when, in fact, they are not going to be cut, all these horrible things we have been listening to tonight, just stop and think of it in this context:

In 1993, we passed—at that time, President Clinton had control of both the House and the Senate—and we passed the largest single tax increase in the history of public finance in America or anyplace in the world. Those are not the words of conservative Republican JIM INHOFE; those are the words of the Democrat leader of the Senate Finance Committee, the chairman at that time.

So I suggest that if anyone was opposed to that great tax increase that

even now President Bill Clinton says was too great of a tax increase, if you are opposed to it, then you should be for these tax reductions now. For all practical purposes, all we are doing is repealing part of the damage we did to the American people in 1993.

So I wind up—my colleague, who I respect so much, from Minnesota, Senator GRAMS, made a talk and he ended up quoting Winston Churchill, and I think I will do the same. I can tell you folks on the other side of the aisle that the people of America know better. They do not want the patterns of the past. They realize we have to do something. Winston Churchill said: "Truth is incontrovertible, panic may resent it, ignorance may deride it, malice may destroy it, but there it is." And that is what we are going to learn tonight. I yield the floor.

THE NEED FOR PRIVACY PROTECTION

Mr. LEAHY. In the few hours I have had to review the Republicans' conference report on budget reconciliation, I have come upon another major change in law that is being enacted without study, review or open debate that can adversely affect the health care privacy of all of us.

For the past several years I have been working on legislation to improve piracy protection for health care information. This session Senator BENNETT and I have joined with a number of our colleagues from both sides of the aisle to sponsor the Medical Record Confidentiality Act, S. 1360. Just this week Senator KASSEBAUM chaired a hearing on the bill before the Labor and Human Resources Committee. That hearing brought home the fears that many have of the computerization of our medical files. That development is already underway and is part of our motivation for seeking to enact strong and effective privacy protection.

Upon seeing the conference report, I find that the Republican-dominated conference has added to the bill provisions that require the Secretary of Health and Human Services to adopt standards and data elements to make information related to health care "available to be exchanged electronically." This new section requiring the development and use of data networks is buried in section 8001 of title VIII of the budget reconciliation bill and proposes a new section 1858 to the Social Security Act.

I object to the inclusion of these provisions at this time in this manner in this bill on which debate is so drastically restricted and to which amendments are not in order. I do so because the provisions fail to provide strong and effective privacy protections.

Our colleagues from Missouri and Connecticut have introduced the Health Information Modernization and Security Act, S. 897, that seeks to legislate in this area of standardization of electronic data elements. When Senator LIEBERMAN introduced that bill he acknowledged the need to establish standards not just for accomplishing

electronic transactions, but also for the security and privacy of the medical information. Similarly Senator BOND, the other original sponsor, noted in his introductory remarks that "most importantly, legislation is needed to protect the privacy and confidentiality of patient data." Their pending Senate bill references the need for privacy standards for health information to be established by regulation, and lists four principles to govern such standards.

The conference report includes no privacy protection. Privacy is never mentioned in the entire new proposed section. Business interests are protected. Trade secrets are expressly protected. The security, integrity, and confidentiality of the data is protected. But personal privacy is not. Indeed, although the section contains a definition for purposes of the section of "individually identifiable MedicarePlus and medicare enrollment information," it is never employed in the section.

What is needed before we proceed to computerize personal health care information is the enactment of strong and effective privacy protections. That is what the Medical Records Confidentiality Act, S. 1360, is intended to provide—strong and effective protections with strong criminal, civil, and administrative sanctions against those who violate our medical privacy.

The privacy interests of the American people are being disserved. Those participating in Medicare are entitled to have their privacy protected, as are we all. I urge my colleagues from both parties and both Houses to join with me and reject this effort to proceed without the necessary protections for individual privacy. This is the wrong way to proceed.

Mr. GRASSLEY. Mr. President, I rise in support of the Balanced Budget Act of 1995. Just as many thought they would never see the Berlin Wall fall, this is a day that I never thought I would see—the U.S. Congress passing a balanced budget that uses realistic economic assumptions, not rosy scenarios.

Over a year ago, Republicans campaigned to balance the budget and cut taxes. The American people have become justifiably cynical about politicians making promises to get elected. Well, this budget can be summed up in one phrase: promise made, promise kept.

The Balanced Budget Act keeps our commitment to the American people; we do balance the budget. And only after the nonpartisan Congressional Budget Office certified that the Republican plan achieves a balanced budget did we turn to providing working families tax relief.

And let's be clear, in 1996, 88 percent of the tax cuts will go to families earning under \$100,000, 72 percent to families earning under \$75,000.

These tax cuts are targeted to help families with a \$500 per child tax credit, a tax credit to help families meet the costs of adoption and relief from the marriage penalty.

These tax cuts will also help family farms and small businesses by reducing the estate tax and lowering capital gains.

Republicans promised tax relief for working families and we have delivered.

Mr. President, while Republicans have kept their promises to the voters, President Clinton seems to want to forget the promises he made. His alternative is to "just say no." He stated that he would balance the budget in 5 years, then he said 7 years, then 10 years. He has done more flips and flops than a flapjack.

Now President Clinton is going to veto the continuing resolution that simply states that the Congress and the President should agree to reach a balanced budget in 7 years based on realistic economic assumptions. It doesn't say how that should be reached, just that a balanced budget should be the goal.

I should note that several Democrats in both the House and the Senate voted for this commonsense continuing resolution calling for a balanced budget in 7 years. They are sincere in wanting a balanced budget. My hope is that more conscientious Democrats will join this bipartisan effort for a balanced budget.

However, my concern is that still too many of my colleagues are like the old man who says: "How do I know what I think, until I've heard what I've said." Likewise, many in Congress don't know how to vote until they hear from the White House. I encourage my colleagues to put the people of this country first, before the shortsighted partisan politics practiced by the White House.

Mr. President, the American people are beginning to realize the White House is engaging in gamesmanship instead of statesmanship. The great Republican President, Abraham Lincoln was certainly right, "You can't fool all the people all the time." This administration is going to learn this lesson the hard way.

My mail is now running four-to-one in favor of Republicans standing firm to their commitments for a balanced budget and tax relief for working families. The phone calls are overwhelmingly in favor of the Republicans effort to preserve Medicare and reform the current disastrous Great Society Welfare programs—both part of this Balanced Budget Act of 1995.

In talking to my colleagues they are finding the same reaction. The American people are listening and considering what is being done here in Washington. And they are supporting Republican efforts to keep the promises made to the voters last fall.

And why is public opinion shifting? The sad truth is becoming clear to Americans—President Clinton has no interest in balancing the budget. President Clinton's top interest is appeasing the special interests that still control the Democratic Party.

And what do these special interests want? They want to spend more, more,

and more of the taxpayers' money. The special interests don't want a balanced budget and tax cuts for working families, that would mean less money for them to spend.

It seems the White House is completely captive to the special interests. They still believe that big government should dictate how to spend the taxpayers' money instead of families making the decisions. I thought President Clinton said he got the message from the November elections. Unfortunately, it appears he was listening to the special interests instead of the public interest.

Mr. President, this is a momentous vote. This is a vote for a real future for our children and grandchildren. For a stronger more productive economy. It is a vote to preserve Medicare and reform welfare.

I urge all my colleagues to stop listening to pollsters and the special interests who are running the White House and instead of listening to the American people who want us to keep our promises, to not break faith, and to pass the Balanced Budget Act of 1995.

Mr. President, I now want to briefly highlight a few specific provisions that I am particularly pleased are incorporated in the 1995 Balanced Budget Act.

First, is the new student loan interest deduction. I have long fought for the appropriate national investment in education. Once again the United States is investing in the minds of its people in addition to the fixed assets of its businesses.

Mr. President, we also promised more choices in health care for Medicare beneficiaries. The Medicare reforms contained in this bill are going to make that possible. It is also going to be good for my State of Iowa.

Medicare is now going to reimburse for health care services much more fairly in Iowa than has been the case in the past. We have greatly increased the Medicare per capita payments that will be made in Iowa in the coming years.

This action is going to give our Medicare beneficiaries in Iowa more health care choices than is presently the case. We have also narrowed the variation in Medicare's reimbursement from one area of the country to another, so that there will be greater equity in the use of our hard-earned tax and premium dollars.

I also want to point out that we have secured a number of very important health provisions which are going to help preserve the rural health infrastructure in Iowa:

The bill includes legislation I introduced earlier this year to restart the Medicare Dependent Hospital Program. This is going to provide greater financial support for at least 29 small rural hospitals around Iowa.

In addition, this bill includes my legislation to reform the Medicare reimbursement for physician assistants and nurse practitioners which will also help improve access to primary care services in rural Iowa.

These are just a few examples of the many good provisions in the Balanced Budget Act of 1995, and underscore the importance of passing this historic legislation.

REGARDING ENVIRONMENTAL ISSUES

Mr. WELLSTONE. Mr. President, the reconciliation bill now before us contains a number of provisions that are poor policy, that are unfair to those least able to defend themselves and that consider only short-term gain and not long-term loss. This is very clear from reading the Energy and Natural Resources provisions. As a member of that committee I can tell you that this reconciliation bill contains many provisions that are just plain poor energy policy, poor environmental policy, and cynical politicking.

Opening the Arctic Refuge to drillings is one such provision. The Arctic Refuge is one of the last pristine wilderness areas left in America. It contains the Nation's most significant polar bear denning habitat on land, and supports 300,000 snow geese, migratory birds from six continents—some of those birds even make it to my State of Minnesota—and a concentrated porcupine caribou calving ground.

Despite our uncertainty about the effects oil drilling would have on the animals, there are those who continue to push for oil drilling without an updated environmental impact statement [EIS] as required by current law. An EIS has not been done since 1987 and even that one was not sufficient back then. We just don't know what drilling would do to the Arctic Refuge, and barreling ahead with drilling is just poor environmental policy.

Further, the Gwich'in people have relied on those porcupine caribou for thousands of years to provide their food and meet their spiritual needs. I have heard them speak very eloquently and directly about what oil drilling in the Arctic Refuge would do to their way of life. People like the Gwich'in want to save the environment. But they are not the big oil companies. They do not have the money. They do not have the lobbyists, and they do not have the lawyers here every day. In today's Washington environment, that seems to mean that their concerns are less important than the concerns of big industry.

Even if whatever amount of revenue gained were somehow worth destroying this unique land and the lives of the Gwich'in, there are a number of questions regarding whether the Arctic Refuge has oil, how much it has and what the cost would be to retrieve it. Estimates are broad and disagreements are rampant. Even I, a nonscientist, know one thing for certain: there is no way to tell how much revenue can be gained from drilling in the Arctic Refuge. New information, however, suggests previous figures overestimated possible revenue.

A second example of poor policy and a huge giveaway to oil and gas companies is the royalty holiday for oil and

gas drilling in the Outer Continental Shelf. Oil and gas companies lease drilling rights in the Gulf of Mexico from the Federal Government. Companies pay for the leases and must also pay royalties on their production because the oil and gas is a public resource. The reconciliation bill contains a provision that would give companies a holiday from paying those royalties. Because the leases will be considered more valuable by companies if they don't have to pay royalties on the production, the CBO says that the Government will be able to sell the leases at a higher price and thus the royalty holiday will make money.

That is all smoke and mirrors. Friends of the oil and gas industry in Congress have taken advantage of the fact that the budget process looks only at whether provisions make money in the first 7 years. The royalty holiday is expected to save the Federal Government \$130 million in the first 7 years. This short-term savings allows us to say that we have taken a step toward balancing the budget.

But when the short-term election year politicking ends, the other shoe will drop and it will drop hard. In the long-term, the Congressional Budget Office estimates that this royalty holiday will cost \$550 million in lost receipts over 25 years. Thus, while the royalty holiday means short-term gain, it also means long-term pain.

The royalty holiday is a clear example of corporate welfare at the expense of the Federal budget. In these times of belt-tightening and difficult choices about priorities, we can and must do better.

Some have said that the royalty holiday is needed to help persuade an ailing industry to take part in a risky venture. However, an article in the October 24, 1995, Wall Street Journal reports that oil companies, " * * * registered robust third-quarter earnings," and " * * * reported a surprising gush of profits." Further, an October 30 Business Week article states that new technologies, " * * * cut the cost of deep-sea production."

I cannot stand by and watch the destruction of safety nets that protect our elderly, our children, and our most needy while at the same time providing a huge giveaway for an industry that just doesn't need it. The provisions I have mentioned are but two examples of the incredibly irresponsible environmental policy in this reconciliation bill.

Our natural resources are among the most important things we can leave to these future generations. Our children and our grandchildren deserve more than what this bad energy policy, bad environmental policy, and shortsighted politicking would leave them. I will continue to speak for all Minnesotans, for their sense of fairness and equity and for their love and concern for the environment. I urge my colleagues to join me.

Mr. McCAIN. Mr. President, I want to commend the hard work of all my colleagues in producing this legislation. Although there are parts that do concern me, in general I strongly support this bill and the goal of balancing the budget in 7 years.

As one of the Senate Commerce Committee members who drafted title IV of the Senate bill and served as a conferee for this section of this legislation, I want to clarify for the RECORD what I believe is intended by this bill regarding spectrum auctions.

Under the bill, the Federal Communications Commission [FCC] is mandated to identify and make available for public auction 100 Mhz of spectrum. I believe that auctioning this and other spectrum is the fairest, most equitable manner in which to allocate spectrum. I would hope that the Commission would understand this fact and become spectrum auction proponents. The auctioning of spectrum in an orderly manner—done so that the public interest is served both by maximizing revenue to the Treasury and ensuring that services that use the spectrum continue in a manner that benefits the public—should be a goal of all FCC proceedings regarding the spectrum.

The bill before the Senate contains several criteria that the FCC should use in selecting which blocks of spectrum to auction. I want to emphasize for the RECORD that the inclusion of any particular criteria for the FCC to consider should not be viewed as limiting the Commission's authority to make a determination under its overall public interest standard of what existing spectrum uses may need to be continued, or from considering in making its decision the impact on any existing users of having to move to other frequencies or from requiring, as a condition of any move, that the costs of relocation be paid by new users.

Most importantly, I urge the Commission to examine all the spectrum referenced in this act and make determinations as to its allocation that are fair, equitable, and that do not unduly hurt or burden any one group or industry.

Mr. President, I hope this clarification helps guide the FCC as it moves toward auctions as mandated by this bill.

TAX CUTS IN RECONCILIATION CONFERENCE
REPORT

Mr. FEINGOLD. Mr. President, I rise to express my opposition to the conference agreement on the reconciliation package, and to take particular exception to the tax cuts in that package.

Mr. President, there is a great deal to dislike in the agreement, especially with respect to Medicare and Medicaid.

The majority of the debate surrounding the reconciliation has concerned these two programs, and the cuts to those programs certainly merit the attention they have received.

Much has been said already about the Medicare and Medicaid cuts: cuts that

put the most vulnerable in our society at risk; cuts that are unnecessary to balance the Federal budget deficit.

But there is little doubt that these cuts were made as a direct result of the need to fund the \$245 billion tax cut.

Mr. President, the advocates of the reconciliation measure call the tax cut the crown jewel of the Contract With America.

Indeed, it is the \$245 billion tax cut that drives the entire reconciliation package.

The assurances of health care coverage for the low-income, frail elderly, disabled, pregnant women, and children—both now and in the future—has been mortgaged to pay for tax cuts.

Mr. President, though I am persuaded that the nearly half a trillion dollars in cuts to Medicare and Medicaid have been made in order to fund the tax cut, some of our colleagues may take issue with that characterization.

They maintain that there are other reasons to take nearly half a trillion dollars out of our health care system.

And, some who make that argument may even believe it.

But, Mr. President, for those who do believe that argument, there is still no defense for the fiscally irresponsible tax cuts that are included in the reconciliation agreement.

Indeed, if one believes that these massive cuts are necessary in order to achieve a balanced budget, then there is no justification for supporting the \$245 billion tax cut that risks achieving that balance.

Mr. President, I have argued on a number of occasions that the budget plan outlined in the reconciliation measure is unsustainable.

In part, this comes from the refusal to deal honestly with the American people, arguing, for example, that the \$270 billion in cuts to Medicare are necessary to keep the Medicare trust fund solvent.

Of course, that is nonsense.

But the architects of this tax cut felt it necessary to spin this story in order to produce the cuts needed to fund the tax cut.

Regrettably, the failure to be straight with the American people does more than undercut this extreme proposal.

This deception will make it much more difficult for those of us who are willing to support some reasonable reforms to make our case to the Nation that we need to make changes to Medicare not only to keep the program solvent, but also as a matter of deficit reduction.

Mr. President, beyond the issue of deceiving the public, this budget plan is also unsustainable because its priorities are unbalanced.

A budget plan that increases Defense spending, allows special interest loopholes to continue to grow unchecked, cuts taxes by \$245 billion, and does all of that while gutting our health care protections is a budget plan that does not reflect anything close to the mainstream view of the Nation.

The priorities reflected in this budget are extremist, and the Nation simply will not support their ongoing implementation over the next several years.

This plan will not survive its full 7-year lifetime.

And I suspect, Mr. President, that it is not intended to survive those 7 years.

The biggest cuts come in the latter years, sufficiently far off to allow panicked State governments to lobby for the overturn of the brutal cuts that are scheduled to descend in 2002—25 percent of the total cuts in the Senate passed bill occur in that year alone, 46 percent in the last 2 years.

Mr. President, some who support this measure may believe in the brave new world it conceives.

But there are others who support this measure who do not hold that view.

They understand that this budget is unsustainable over the full 7 years.

They may even hope that someone or something will rescue us from that last years of this budget.

But if their goal is not the dawning of a new order, what is their purpose in supporting this measure?

Mr. President, their goal is not a balanced budget.

Their goal is a fiscally irresponsible tax cut.

How else can this bill be explained?

How else can one explain a \$245 billion tax cut in a bill that provides for annual deficits that add \$700 billion to our Federal debt?

If balancing the budget were their highest priority, there would not be a \$245 billion tax cut in the reconciliation package.

Mr. President, supporters of the reconciliation measure had the opportunity to demonstrate that balancing the Federal books was a higher priority than providing a \$245 billion tax cut.

The senior Senator from West Virginia [Mr. BYRD] and I offered an amendment to the reconciliation bill during our limited debate that did nothing but strike the tax cut, lowering the bill's cumulative deficits by \$245 billion.

Mr. President, the change to the bill by that amendment alone would have balanced the Federal books in 2001, a year before the underlying measure.

Only two of the Members who supported the reconciliation package also supported that amendment.

Balanced budget, Mr. President?

If supporters of the reconciliation measure really wanted to balance the budget, they would have supported that amendment.

Their failure to do so is clear evidence that the \$245 billion tax cut, not a balanced budget, is their highest priority.

If the \$245 billion tax cut were not the priority of the reconciliation bill, we would not see the \$450 billion cuts to Medicare and Medicaid.

If the \$245 billion tax cut were not the priority of the reconciliation bill, we would not have seen the tortured,

and even dangerous precedents set on this floor during the reconciliation debate through rulings from the Chair on what can only be called highly questionable parliamentary interpretations of budget points of order with respect to Social Security.

Senate rules prevent a fuller discussion of those events.

It is enough to say that the question need never have come up.

We need never have risked damage to the integrity of our rules had there been a willingness to pare back this unjustifiable tax cut to 95 percent of its proposed level.

The \$12 billion raid on the Social Security trust fund, and the carefully scripted parliamentary exchange used to subvert our budget rules, was made necessary because of an unwillingness to lower the tax cut by so little as 5 percent.

Mr. President, I understand that the conference committee found a different source of funding, making the raid on the Social Security Trust Fund unnecessary.

But the damage is done.

In an effort to protect the tax cut at all costs, a critical budget rule has been weakened.

Though the \$12 billion may have been restored to the trust fund, the integrity of the Senate's budget rules has been compromised.

This is not the first assault on our budget rules in the name of cutting taxes.

I am reminded in particular of the so-called dynamic scoring debate, a backdoor attempt to circumvent our budget procedures—again, done in the name of cutting taxes.

Mr. President, in the name of cutting taxes, the extremists will deceive the public, compromise our budget rules, slash health care protections for the most vulnerable in society, and forsake efforts to balance the Federal budget.

Mr. President, this budget is extreme.

And the driving force behind its excess is the \$245 billion tax cut—a tax cut that apparently is timed to be mailed out only days before the 1996 elections.

Those who want to understand this reconciliation package need look no further than the tax cuts.

All other provisions flow from the assumed tax cuts.

All the actions surrounding the measure flow from the assumed tax cuts.

As I have noted, some who support this budget may actually endorse the measure's extremism.

Others support it in spite of its extremism.

But make no mistake.

Those who endorse the extreme provisions in reconciliation and those who back the measure in spite of them, support the bill primarily as a vehicle to cut \$245 billion in taxes.

The fiscally irresponsible tax cut is the essence of this measure and it infects the entire package.

I urge the President to veto this measure, so we can begin putting together a budget plan that will balance our Federal books by 2002 or sooner.

A budget plan that will have enough public support to ensure that it will be sustained for the full duration.

A budget plan that includes cuts to Medicare and Medicaid, but a plan that cuts smart, not one that cuts mean.

A budget plan that distributes the burden of reducing the deficit fairly.

One that includes the defense budget as well as our health care budget.

One that includes one of the most rapidly growing areas of our Federal budget—tax expenditures.

A budget plan that does not include the fiscally reckless \$245 billion tax cut that jeopardizes our most important economic goal, a balanced Federal budget.

Mr. President, I yield the floor.

CHAPTER 4—FEDERAL OIL AND GAS ROYALTIES

Mr. MURKOWSKI. Mr. President, the Federal oil and gas royalty chapter in the Balanced Budget Act is the only legislative initiative taken in the last 13 years to cost-effectively increase the Nation's third largest source of revenue—mineral royalties from Federal lands, more specifically, oil and gas royalties. This legislation would establish a comprehensive statutory plan to increase the collection of royalty receipts due the United States. These mineral receipts will help reduce our budget deficit. Without this legislation, an ineffective and costly royalty collection system will continue, perpetuating long delays and uncollected royalties.

Let me make absolutely clear, Mr. President, that this legislation does not apply to Indian lands. It applies only to royalties from oil and gas production on Federal lands.

This is historic legislation, Mr. President, in that it would empower States to perform oil and gas royalty management functions, such as auditing and collecting, that are essential to bringing additional receipts to the Treasury and the States within a 6-year limitation period established by this legislation. By expanding the States' role in performing Federal oil and gas royalty management functions consistent with Federal law and regulation, States are provided a great economic incentive that also benefits the Federal Treasury. The more aggressive States are in performing delegated functions, the greater their share of net receipts under the Mineral Leasing Act. That act requires 50 percent of all royalties from Federal onshore oil and gas production to be shared with producing States.

Chapter 4 establishes a framework for the Federal oil and gas royalty collection program that will bring in an additional \$51 million in revenues to the U.S. Treasury and provide an additional \$33 million to the States over 7 years. These additional receipts result primarily from: First, Requiring the Secretary of the Interior and delegated

States to timely collect all claims within 6 years rather than allow the claims to become stale and uncollectible; second, requiring early resolution and collection of disputed claims before their value diminishes; third, requiring Federal and State resources to be used in a manner that maximizes receipts through more aggressive collection activities; and fourth, increasing production on Federal lands by creating economic and regulatory incentives. Without the statutory framework of this legislation, the Nation's third largest revenue source—the Interior Department's Minerals Management Service is the third largest source of revenue behind the IRS and Customs Service—will continue to be subject to greatly delayed collections and the risk of reduced receipts due to noncollection over time.

To achieve the goal of maximizing collections through more timely and aggressive collection efforts, this legislation would do the following specific things. It would require the Secretary, delegated States, and lessees to take action respecting an obligation within 6 years from the date that obligation became due. The provisions require that judicial proceedings or demands—for example, orders to pay—be commenced or issued within 6 years of the date when the obligation became due or be barred. Use of legal authority other than that provided in this section—for example, the Debt Collection Act—is not precluded so long as judicial proceedings or demands are commenced or issued within the 6-year period. It is not intended that such other legal authority be used as a substitute for, or to circumvent, emasculate or otherwise frustrate, the 6-year limitation period. Lessees would be required to maintain their records during the 6-year period in order to verify production volumes.

The legislation would expedite the administrative appeals process at the Interior Department by establishing a 30-month limitation on appeals. Presently, over \$450 million in disputed claims languish in a bureaucratic appeals process and continue to lose value. By speeding up the appeals process, the Secretary would increase the value of these obligations and collections to the Treasury.

The legislation also would level the playing field for royalty payors by authorizing the payment of interest on overpayments. Present law requires lessees to pay interest on late payments and underpayments as a disincentive for being tardy or underpaying royalties, but does not compensate lessees who overpay royalties and who lose the time value of that money through some legitimate error. This legislation would provide for payment of interest on overpayments without regard to the amount of the overpayment.

And finally, Mr. President, the legislation would authorize the Secretary to allow prepayment of royalties and

to provide other regulatory relief for marginal properties, and require that adjustments or requests for refunds for underpayments or overpayments be pursued within a 5-year window coinciding with the 6-year limitation period.

Mr. President, CBO estimates that chapter 4 provisions will procure savings of \$6 million in fiscal year 1996, \$40 million in 5 years, \$51 million in 7 years, and \$66 million in 10 years. We believe this legislation will do more than simply bring receipts to the Government earlier than they would arrive under the present system, Mr. President. We believe a more efficient, effective, and aggressive program, combined with some of the economic incentives and regulatory relief, will bring new savings to the Treasury and the States. Because of these savings, the provisions in chapter 4 are an important part of the Balanced Budget Act of 1995.

SECTION 1107

Mr. CRAIG. Mr. President, I rise to engage in a colloquy with Senator LUGAR, the distinguished chairman of the Committee on Agriculture, Nutrition and Forestry, regarding section 1107 of the bill.

Mr. LUGAR. I would be pleased to engage the Senator from Idaho in a colloquy.

Mr. CRAIG. Is it your understanding that section 1107 of the bill reforms the Federal Sugar Program by imposing a forfeiture penalty which effectively reduces the loan level for sugar by 1 cent per pound, eliminating domestic sugar allotments that control supply, conditionally authorizing the use of recourse sugar program loans, and increasing the contributions of sugar producers toward deficit reduction by increasing the assessments on sugar marketings by 25 percent?

Mr. LUGAR. The gentleman is correct, the reforms in section 1107 will result in more competitive sugar prices, enhanced Government revenues, and the potential for increased sugar imports.

Mr. CRAIG. Mr. Chairman, as a conferee for the Senate on section 1107 of the bill, it is my understanding that the conferees have agreed to include language in subsection (d) of section 1107 that will reform the Sugar Program by authorizing, for the first time, the Secretary of Agriculture to administer the program through the use of recourse loans, subject to specific conditions. If implemented, the use of recourse loans is a major reform from the nonrecourse loans that have been used to support the prices of all basic farm program commodities in this century. The conferees authorized the use of recourse loans for the Sugar Program only subject to specific conditions outlined in section 1107(d) of the bill. Is this your understanding as well?

Mr. LUGAR. The gentleman is correct. Section 1107 conditionally authorizes the Secretary to depart from current practice and use recourse loans to

administer the Sugar Program. Section 1107(d)(2) conditions the use of recourse loans on the requirement that the Secretary provide nonrecourse loans in the event that the tariff rate quota for imports of sugar into the United States is established at, or increased to, a level in excess of 1.5 million short tons of sugar in any year. It is the clear intent of the conferees that if the subsection (d) conditional authorization for the use of recourse loans to administer the Sugar Program, or the restrictive conditions on the use of such authority in paragraphs (2) and (3) of subsection (d), is removed from the bill, the Secretary of Agriculture shall continue to administer the Sugar Program through the use of nonrecourse loans authorized under subsections (a) and (b).

MEDICAID PAYMENTS TO INDIAN HEALTH SERVICE FACILITIES

Mr. PRESSLER. Mr. President, I would like to discuss several important Medicaid provisions in the Balanced Budget Act that will have an impact on my home State of South Dakota.

The Medicaid reform proposal, as contained within the Balanced Budget Reconciliation Act, would maintain current law that requires the States to pass through to Indian Health Service facilities funding from the State's federal Migrant allotment. For a State such as South Dakota—with 37 percent of its Medicaid beneficiaries being Native Americans—this creates a highly problematic situation. Let me explain. Presently, the IHS budget is funded at an amount less than actual need. To deal with this shortfall, Federal funds have been made available through State Medicaid programs. As my colleagues know, the proposed Medicaid reform provisions would cap Federal Medicaid funds to the States. As a result, States with IHS and significant Native American populations facilities would be forced to use limited Federal funds to supplement the intentional shortfalls in the IHS budget, which could limit Medicaid service availability to Medicaid eligible Native and non-Native Americans. To compensate, States may need to limit payments to IHS facilities to conserve Federal dollars, or utilize limited State resources to make up shortfalls for non-Indian people. In short, the Medicaid reform proposal would unfairly single out those States—37 in all—with a significant Indian population.

The majority leader has requested from me and the Governor of my State suggestions as to how we may rectify this situation. I believe three possible solutions exist: First, the creation of a separate tribal allocation equal to 1/2 of 1 percent of the budget for the new Medicaid Program that would assure reimbursement for services to Native Americans through their Indian health programs. This allocation could be provided either through a direct billing mechanism between the tribes and the Federal Government, or through the current pass-through structure. Second, a repeal of the current Federal

statute that requires States to serve as a pass through for IHS Medicaid funds. This would release States of what I believe to be an improper involvement in the special relationship that exists between the Federal Government, the Indian Health Service and Native American citizens. This repeal would require the establishment of a direct billing mechanism to satisfy existing requirements of 100 percent Federal reimbursement; or third, to satisfy those States desirous of maintaining current law, a structure that would allow States the option to either continue serving as a pass through, or to insist on a direct Federal-tribal relationship.

Mr. President, at issue is the increased flexibility we promised our Nation's Governors in return for their acceptance of a revised Medicaid funding formula. Obviously, maintenance of the current system would severely hamper the flexibility of States with significant Native American populations. Two factors are involved: A capped Medicaid grant, and a 100-percent Federal reimbursement requirement for Medicaid eligible Native Americans. Without additional Federal funds under the current system, or a direct Federal-tribal billing system, the result will be added pressure on States to use its own funds to maintain services for Medicaid eligible non-Indians. The majority leader has indicated his interest and support for finding an appropriate solution. Unfortunately, this issue was left unresolved prior to the completion of conference. On behalf of the numerous Senators and Governors who have contacted the majority leader on this issue, it is my hope we will find a fair solution once the President vetoes this legislation.

Mr. President, I see the senior Senator from Alaska on the floor. I know my colleague shares my concerns regarding the current Medicaid reform proposals and would yield to him to make any comments on this subject.

Mr. STEVENS. I thank my friend from South Dakota. Mr. President, I share Senator PRESSLER's concerns regarding funding for Medicaid services provided to Indians and to Native Alaskans. In Alaska, approximately 35 to 40 percent of Medicaid recipients are Native Alaskans.

In the past, the Federal Government has paid 100 percent of the costs of Medicaid services delivered to Alaska Natives in Indian Health Service facilities. The State of Alaska acted only as a conduit for these funds. I understand that the proposed MediGrant Program would continue to require that health services provided to eligible Alaska Natives in IHS facilities as well as tribally owned or operated facilities be paid 100 percent by the Federal Government. In light of funding shortfalls for the Indian Health Service, IHS facilities in Alaska depend on these third-party payments from the Medicaid Program to meet their expenses.

However, under a capped MediGrant Program, Alaska may be faced with a

Hobson's Choice of either cutting back on payments to Native facilities or being forced to cut back on payments for services to poor non-Native Alaskans. This could easily lead to racial tensions in Alaska which we all work very hard to avoid.

I would like to add my voice to that of my colleague from South Dakota in urging your continued cooperation in finding an equitable solution to this problem.

Mr. PRESSLER. Mr. President, I see the distinguished majority leader on the floor and I would like to yield to him to make a brief statement regarding Medicaid payments made to Native American health programs serving Medicaid eligible native Americans.

Mr. DOLE. Mr. President, I recognize the importance of this issue to South Dakota, Alaska, and other States with significant native American populations. I have had a number of recent conversations with my colleagues from South Dakota and Alaska. I also heard from the Governor of South Dakota. They have made me aware of the impact this issue may have upon their States. The Senators from South Dakota and Alaska have my assurance that I will continue working with them to find a solution to this complex issue.

Mr. PRESSLER. Mr. President, I thank the majority leader and my friend from Alaska. I appreciate the majority leader's consideration of our request and look forward to working with him on this matter of great importance to South Dakota, Alaska, and all other States with significant native American populations.

DAIRY PROVISIONS IN RECONCILIATION REVEAL HYPOCRISY

Mr. FEINGOLD. Mr. President, during this budget debate, it became quite clear that Republican's rhetoric about less Government, less regulation, less spending, and the end of business as usual, cannot stem their rush to pass this particular budget package, regardless of the contents of the package. The hypocrisy of that rhetoric was revealed during these debates, when Republicans began abandoning not only their own rhetoric, but also members of their own party in an effort to pass a budget.

Mr. President, I am talking about the sequence of events that have occurred both in this Chamber and the House of Representatives on dairy policy. Actions of the Republican leadership are more significant for what they didn't do than for what they did do on dairy policy. What does this budget reconciliation bill before us do on dairy policy? Nothing, Mr. President, absolutely nothing. No savings, no reform, and clearly no courage to make the tough calls.

This is inexcusable during a year in which this budget bill represents the vehicle for major reform of all agricultural programs. Dairy policy, and specifically, the Federal milk marketing order system is badly in need of reform. Federal milk marketing orders

are an antiquated, overly regulatory system of setting milk prices throughout the country and determining where, when, and how milk should be shipped. The system sets minimum milk prices artificially high in many parts of the country at a significant cost to both taxpayers and consumers, and to the extreme disadvantage of dairy farmers in Wisconsin and throughout the Upper Midwest, where fluid milk prices are the lowest by law. The system has distorted the market resulting in perverse economic incentives for overproduction in a sector for which the slightest oversupply can send farm-level prices plummeting.

This budget bill presented an ideal and unique opportunity to both reform Federal milk marketing orders, reduce regulation and save millions in taxpayer dollars. Eliminating Federal orders while leaving a basic support system in place would have saved \$669 million over 5 years, which is only about \$100 million shy of the conference committee target for dairy. Instead of taking the route of terminating this system and letting the market work, the Republicans dropped the \$800 million in savings the conference committee was to achieve from dairy.

But, Mr. President, nothing was done, no changes were made. We are left with the status quo—the status quo that the leaders of the so-called revolution had made a commitment to end. "We are going to end business as usual"—that is what the Republicans told the American people.

Well, it is business as usual, Mr. President.

That was pretty clear when the Senate took up dairy late last month. The Senate version of reconciliation not only did nothing to eliminate the inequities and regulatory burdens of Federal milk marketing orders, but actually provided for more Government regulation, more market distortion and more regional inequities. During floor action, Senators approved legislation imposing a hidden tax on dairy farmers throughout the Nation for the benefit of a few west coast States—known as class IV pooling. The Senate also approved the northeast dairy compact which was astonishing in this political climate. Some of the very Members of this body who have been decrying the consumer costs and excessive Government intervention imposed by the sugar and peanut programs, not only voted to impose a milk tax on New England consumers but also to allow six States to set minimum milk prices well above that allowed under current law.

The House, after seeking some reform compromise on Federal orders, ultimately voted to eliminate them. That was certainly the wiser of the two courses, and an approach, which I ultimately endorsed following the Senate's ill-conceived actions. The Upper Midwest is harmed so badly by Federal orders, that in the absence of reform,

they prefer a completely unregulated market to an overregulated one.

Despite the efforts of those of us from the Upper Midwest to reform Federal orders and despite the months of effort by Congressman GUNDERSON, a Republican and chairman of the House Subcommittee on Dairy Policy, to terminate the program when reform efforts failed, the Republican majority took a walk on dairy policy. Congressman GUNDERSON worked hard to set dairy policy right. Unfortunately, in the end when it counted, Speaker GINGRICH decided that political expediency was more important than supporting his chairman's package. The Republicans have abrogated their responsibilities on a tough issue.

House Speaker NEWT GINGRICH indicated that reform of Federal Orders would be high on the Republican agenda following Thanksgiving. However, given that Speaker GINGRICH was willing to forgo \$800 million in budget savings in order to avoid a fight in his own party on dairy policy, I am highly skeptical that his commitment to reform is terribly strong.

Mr. President, I have always said there are three avenues to restoring fairness to Wisconsin farmers: judicially—by bringing legal actions against the Department of Agriculture; legislatively—which now seems unrealistic; and administratively—through the Secretary of Agriculture's vast rulemaking authority.

Several months ago, Secretary of Agriculture Dan Glickman accepted my invitation to participate in a barn meeting with dairy farmers in Greenleaf, WI. Having spent an hour and a half listening to dairy farmers, Secretary Glickman conceded that indeed Federal orders discriminate against the Upper Midwest to the benefit of dairy farmers in other parts of the country and that fluid milk prices set too high in some regions encouraged overproduction.

While I have long been skeptical of the ability of the Department of Agriculture to do the right thing with respect to orders, I think the dairy farmers of Wisconsin have in Dan Glickman a Secretary who has at least been willing to admit our farmers have been justified in their cries of "foul." Previous Secretaries have failed in their duties in that respect.

So, today I am calling on Dan Glickman to do what Congress apparently cannot—make the changes to this antiquated program that the farmers of Wisconsin so deserve. I hope, and feel confident, that Dan Glickman has the courage that the Republican leadership lacks on this matter.

I would put my colleagues on notice, however, that I am not willing to give up the fight in this Chamber. This battle for fairness is not over. And, Mr. President, if Members are not willing to compromise to achieve reform, I will seek the termination of Federal milk marketing orders.

Mr. SMITH. Mr. President, it is now or never time in the economic history

of our country. At the end of this year, our national debt will exceed \$5 trillion. We are adding to the debt at the astonishing rate of \$9,600 per second. As I speak, every man, woman, and child in America is more than \$18,000 in debt. There is little doubt that a crisis is at hand. The only question remaining is: Will the Congress and the President of the United States step up to the plate and solve the problem?

The Balanced Budget Act of 1995 before the Senate today is the congressional answer to our crushing debt problem. It may not be the final answer, it may not be the perfect answer, but it is the only answer put forth thus far. President Clinton has never submitted a balanced budget to Congress, and has made it clear that he never will. In fact, as the ongoing Government shutdown shows, the President would rather close the Federal Government than agree to balance the budget. Clearly, President Clinton does not have his priorities straight.

Over the past several weeks, we have heard vicious attacks on the balanced budget bill that is before the Senate today. The Republican balanced budget has been called "immoral" and "irresponsible." The American people have been warned of "devastating" cuts in spending. To the casual observer, it might appear that the sky is about to fall. The truth, however, is quite different. In fact, the budget before the Senate today is the only chance to save our country from an immoral, irresponsible, and devastating future.

Mr. President, if there was an easy solution to our fiscal problems, you can rest assured that Congress would have found it long ago. I do not agree with every provision in the bill before the Senate. If I could pick and choose, there are many priorities that I would change. On the balance, however, I think the product is a good one because it gets the job done. There are no smoke and mirrors, just a solid balanced budget using solid economic assumptions. I would like to commend Senator DOMENICI for his leadership and hard work on this bill.

The bill before the Senate will balance the Federal budget in 7 years. That fact has been certified by the Congressional Budget Office. The budget will save Medicare from bankruptcy, and strengthen and protect the program for future generations. The legislation completely overhauls our broken welfare system. It transfers power away from Washington bureaucrats and returns it to State and local officials.

The benefits of a balanced budget far outweigh any temporary pain. The Congressional Budget Office estimates that a balanced budget will result in a reduction of long term interest rates of approximately 2 percent. On a typical student loan, that reduction would save American students \$8,885. On a typical car loan, it would save the consumer \$676. On a 30 year, \$80,000 mortgage, lower interest rates would

save the homeowner \$38,653 over the life of the mortgage.

Mr. President, the Senate bill also provides significant tax relief to American families. I know that many of my colleagues have expressed disdain at the idea of cutting taxes. Apparently, they find it offensive to let American taxpayers keep more of their hard-earned money. I would ask, is it offensive to provide a \$500 per child tax credit? Is it offensive to create a tax credit for adoption expenses? Is it offensive to provide a tax credit for interest paid on a student loan?

I certainly do not think so?

The critics of tax cuts think Members of Congress can spend money better than a family of four in Berlin, NH, or Cleveland, OH, or Atlanta, GA. I would respectfully disagree. The only way to limit the size and scope of the Federal Government is to limit its source of energy. The Federal Government is fueled by taxes. Simply put, the more Uncle Sam collects in taxes, the more Uncle Sam will spend. In 1993, President Clinton raised taxes on the American people by \$250 billion. He wanted to expand the Government. In 1995, the Republican Congress proposes to reduce taxes by \$245 billion. We want to shrink the Government.

Mr. President, I have held a good many town meetings in New Hampshire to talk about the budget, taxes, welfare reform, and Medicare. Often, when I say that Congress intends to balance the budget in 7 years, my constituents ask why we are waiting that long! It is a difficult question to answer. There is no danger in going too far, too fast, as many would have us believe. The real risk to all Americans is the risk that we will not get the job done.

I have waited 10 years for the opportunity to vote for a balanced budget. The time for waiting is over and the time for acting is now. This budget is bold; it is real, and it stands alone as the only solution to our Nation's fiscal problems. I urge my colleagues to support the Balanced Budget Act of 1995, and I urge the President to sign the bill into law.

"MIDNIGHT IN AMERICA" AND BUDGET PRIORITIES

Mr. KENNEDY. Mr. President, I rise today to call the attention of my colleagues to an excellent recent opinion column by Jamie Stiehm distributed by New America News Service/New York Times Special Features. The column, entitled "Midnight in America," describes the Senate passage of the Budget Reconciliation bill last month, and is especially timely now as the Senate continues to debate the Republican budget plan. As the column makes clear, the true debate is about fundamental American priorities and the kind of country America will be in the years ahead. I believe Ms. Stiehm's column will be of interest to all of us in Congress, and I ask unanimous consent that it may be printed in the RECORD.

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

"MIDNIGHT IN AMERICA"

(By Jamie Stiehm)

[From the New America News Service/New York Times Special Features]

Now that the O.J. Simpson trial and the World Series are over, maybe America can pay attention to another show—and what a show it is on the floors of the House and the Senate.

Not all revolutions have to happen in the streets. Nor do all revolutionaries look like Lenin. The one we're having right now is something we can see on C-SPAN and arose largely as a result of apathy, not action, on the part of the American electorate, most of whom forgot to vote last fall.

So what we have here is a character named Newt changing the course of a perfectly nice country, while most of its citizens weren't even watching.

Make no mistake, this is no budget business as usual. The manner, means and contents of the enormous budget bill passed by Congress—just as the clock struck midnight on the Senate side—are like nothing its members have seen, done or dreamt before.

First, the idea of allowing 30 seconds of debate on both sides of some amendments might seem strange in the greatest deliberative body in the world. But the Senate needed no more time than that to pass amendments like the one allowing 19 million acres of Alaskan wilderness to be opened to oil drilling. Don't ask what that has to do with a balanced budget, because I don't know. What I do know is that the Senate rejected the same idea of drilling in the Arctic preserve after a long floor fight a few years ago—just one way the times have changed.

Another is the sheer refusal to deal across the aisle. Traditionally, politics is about the art of the possible, the search for a compromise that makes the greatest number of people happy. But not this time. The only bargaining and concessions made were between Republicans themselves, with moderate Republicans able to make a small difference to the final outcome. For example, they persuaded Majority Leader Bob Dole (R-Kan.) not to knock out all federal nursing home standards. Again, don't ask me what that particular issue has to do with a balanced budget.

As far as Republicans were concerned, though, Democrats were just making so much noise about tax cuts and Medicare cuts. The two figures are suspiciously similar, with Republicans proposing to cut taxes by \$245 billion and Medicare by \$270 billion over the next seven years. That's what Democratic senators such as Edward Kennedy (D-Mass.) were roaring about all week, the unseemliness of changing the tax code at the expense of health care for senior citizens. Not to mention the fact tax cut helps the rich and hurts the poor. Those earning under \$30,000 will actually pay higher taxes under the new budget plan brought to us.

Makes a whole heap of sense, doesn't it? Especially when the latest poll reveals that most voters, including registered Republicans, don't even want that tax cut.

Finally, please don't ask me why the Pentagon didn't lose a penny under this budget—in fact, it got a few billion dollars more than it asked for, though there are no wars, cold or hot, in sight.

Yet plainly embedded between the lines and numbers of this latest Capitol Hill budget are values that go counterclockwise to American history. Throughout most of this century, since the Progressive Era and the New Deal, the direction of social legislation

has been to make the federal government a friend, not an enemy, for most American citizens and families. Social Security and the G.I. bill are the classic examples of this trend, of course, but there are countless others, such as the 1964 Civil Rights Act.

But now the new thing is "devolution," a word heard almost every day on the Hill. That translates to sending money, power and responsibility from the federal government to the states to take care of public assistance for the aged, sick and poor. The ways and means to this end is through another new buzz word, "block grants."

Since when have states suddenly become beacons of wisdom and enlightenment in political dialogue? The last time states were regarded with such reverence by politicians in Congress was right before the Civil War. But believe me, I'd rather have the federal government watching over social welfare and equal justice than any one of the 50 states. That, if nothing else, is a painful lesson from our history.

There was a good reason why the Founding Fathers decided we are the United States, not simply the States. America stands for something more than the sum of its parts.

"The people have bread, but they want circuses," said a wise member of the Senate as he walked onto the floor to vote.

Change channels, America. Watch Newt Gingrich try to lead the latest American revolution—or should I say devolution—and see if that's the country you want to wake up to the morning after midnight.

Mr. COATS. Mr. President, there are a number of compelling economic reasons to support a balanced budget: Lower interest rates: Higher economic growth. Others have drawn those implications in detail.

But these economic facts do not fully explain the urgency of this issue in the minds of many Americans. There is a moral aspect to this debate, and a moral imperative we must understand. Many of us are convinced that endless deficits are not only unwise, but unprincipled. They are not just a drag on our economy, they are a burden on our national conscience.

Thomas Jefferson defined this moral aspect, arguing that:

The question of whether one generation has the right to bend 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 be morally bound to pay them ourselves.

We are debating one of the fundamental principles of government, and one of the basic moral commitments between generations. It has always been one of the 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. Mr. President, if we continue on the current path, we will violate this trust between generations, and earn the contempt of the future.

Every child born in America now inherits nearly \$19,000 in public debt. This is the destructive legacy of a Government without courage. While decades of deficit spending has caused a budgetary crisis, it has done more than that—it has betrayed a moral responsibility because when Americans view our actions, they see past the numbers to a set of principles. They see more than a matter of right and left, they see a matter of right and wrong.

Make no mistake, this Balanced Budget Act makes good economic sense. But it also makes us consistent with our highest ideals.

That is the moral imperative of this economic debate—the reality beyond the bottom line. But there is, as always, a political imperative that pushes in the opposite direction.

Deficit spending has always made political sense. It allows government to please people in the present by placing burdens on the future. The future, significantly, has no vote in the next election.

Both the President and Congress have built their power on the ability to buy constituent support with cash funded from debt. Republicans and some Democrats in Congress prepared to part with that destructive power. The President, it seems obvious, is less willing to surrender it—even in this budget crisis, even when the views of most Americans are clear, even when so much is at stake.

These two imperatives—the moral imperative and the political imperative—are struggling against each other at this moment. Never in my career has the choice been more stark or more important.

On one side are false numbers and false promises. The President says he favors a balanced budget, but he is willing to shut down the Government rather than commit to hard deadlines and hard numbers. His commitment during the campaign was a balanced budget in 5 years. Now he refuses to accept 7. And, in reality, because he will not use reliable budget numbers, he rejects any balanced budget at all.

With this balanced budget act, we have called the President's bluff. At one point he said he could only accept Congressional Budget Office numbers. His exact quote? "Let's at least argue about the same set of numbers so the

American people will think we're shooting straight with them." That is precisely the Republican point: All our talk of a balanced budget is meaningless if we are simply twisting numbers, not making cuts. This is the exceptional achievement of the Balanced Budget Act—it is based on facts, not on hope.

The President has already admitted that a balanced budget is possible in 7 years. His exact quote? "There's a way for me to meet the stated objectives, which is a balanced budget in 7 years, with a family tax . . ." But now—faced with a bill that meets this goal—he says that 7 years is too soon.

This is the same old political imperative at work—preserve the ability to buy votes by robbing the future, promise benefits to every special interest in the country, the most special of all interest, the children, with no thought for the next generation. That political imperative has won every budget debate since the late 1960's. But this Republican budget finally has the courage to confront the political imperative—the courage to say that our generation has a moral duty to the next.

The Balanced Budget Act is a practical, serious, responsible expression of that moral imperative. It allows us to care for the needs of our own society, without adding to the burdens of the future. Even the Washington Post has observed, "It's gutsy and in some respects inventive—and it addresses a genuine problem that is only going to get worse."

Mr. President, this is a historic piece of legislation—and not just for economic reasons. It allows us in the Congress to leave some legacy to the future other than monumental debt—a legacy of moral courage and responsibility. We have waited a long time to make a vote like this—a vote to keep our word and keep faith with the next generation.

Mr. EXON. Mr. President, I ask unanimous consent to have printed in the RECORD a list of Byrd rule violations contained in the reconciliation conference report.

This list has been prepared by the Democratic staff of the Senate Budget Committee.

It is my opinion that each of these provisions violates section 313 of the Congressional Budget Act of 1974.

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

EXTRANEOUS PROVISIONS, RECONCILIATION 1995

Subtitle and section	Subject	Budget Act violation	Explanation
Title I—Agriculture			
Section 1109(a)(2)	Strikes sections listed as "omitted law" in the code. Purely house-keeping in nature.	313(b)(1)(A)	No budget impact.
Section 1109(b)(2)	Strikes Agricultural Act of 1949	313(b)(1)(D)	Outlay changes are merely incidental.
Title IV—Education and Related Provisions			
Subtitle A	Higher Education	313(b)(1)(A)	Only recovery of reserves scores.
Sec. 4004	Amendments Affecting Guaranty Agencies		The cost estimate includes a line showing this provision as having no budgetary effect.
(e)	Reserve Fund Reforms		
(1)	Strengthening and Stabilizing Guaranty Agencies.		

EXTRANEOUS PROVISIONS, RECONCILIATION 1995—Continued

Subtitle and section	Subject	Budget Act violation	Explanation
Subtitle A Sec. 4004 (g) Subtitle B Sec. 4101	Higher Education Amendments Affecting Guaranty Agencies Reserve Ratios Provisions Relating to ERISA '74 Waiver of Minimum Period for Joint and Survivor Annuity Explan- ation Before Annuity Starting Date.	313(b)(1)(A) 313(b)(1)(D)	Only recovery of reserves scores. The cost estimate includes a line showing this provision as having no budgetary effect. The waiver would slightly speed distribution. The JCT estimates "negligible effect revenue effects," therefore the budgetary effect of this provision is merely incidental.
Title V—Subtitle C: Natural Resources			
Subchapter A—California Directed Land Sale: 5301	Conveyance of Property	313(b)(1)(D)	Merely incidental, budget savings incidental to broader policy of transferring Federal land (Ward Valley) to the State of California for the purpose of developing a low-level radioactive waste site.
Subchapter B—Helium Reserves: 5317	Land Conveyance in Potter County, TX	313(b)(1)(A)(D)	Non-budgetary and merely incidental, requires the Secretary of the Interior to transfer land to a girl scout group for \$1.
Chapter 2—ANWR: 5333(c) 5333(h) 5338(19) 5341 5342	Compatibility Conveyance Employment and Contracting Expedited Judicial Review Rights-Of-Way Across the Coastal Plain	313(b)(1)(A) 313(b)(1)(A) 313(b)(1)(A) 313(b)(1)(A) 313(b)(1)(A)	Non-budgetary. Non-budgetary, authorizes the Secretary to convey land to the Kaktovik Inupiat Corporation. Non-budgetary, requires best effort to assure that the lessee pro- vides a fair share of employment for Alaska Natives. Non-budgetary, limits time period for filing compliant seeking judi- cial review, and exempts actions of Secretary to judicial review in any civil or criminal proceeding for enforcement. Non-budgetary, overrides existing law (ANILCA's title X1) which de- lineates procedures for transportation rights of way within the Alaska refuges, including ANWR.
Chapter 5—Mining: 5378	Eligible Area	313(b)(1)(A)	Non-budgetary, sets up eligibility criteria for reclamation activities funded by the States.
Chapter 7, Subchapter A—Bonneville Power Administration Refi- nancing: 5409	Contract Provisions	313(b)(1)(A)	Non-budgetary, requires the BPA to offer its customers contractual commitments that will not assess any additional charges in the future, beyond the changes included in this section.
Chapter 12—Concession Reform: 5464(b)(6) 5467 5472(b)(5)	Hiring Preference Rates and Charges to the Public Preferential Right of Renewal for Existing Concessionaries	313(b)(1)(A) 313(b)(1)(A) 313(b)(1)(A)	Non-budgetary, intent of section is to require a hiring preference for residents of the State of Alaska with respect to concession operations in that state. Non-budgetary, authorizes the concessioner to set rates charged for service to the public, unless there is no nearby competition. Non-budgetary, allows incumbent Concessionaries to receive a 5 percent bonus in the reissuance of a previous concession au- thorization which expires over the next 5 years.
Title VI—Federal Retirement and Related Provisions			
6023	Availability of Surplus Property for Homeless Assistance	313(b)(1)(D)	Extraneous; savings merely incidental to policy change. Repeals Title V of the McKinney Homeless Act.
Title VII—Medicaid			
The following Sections refer to amendments to the Social Security Act as amended by Section 7001 of the bill:			
"2100" "2105(a)(4)"	Purpose Advisory Committees	313(b)(1)(A) 313(b)(1)(A)	Extraneous; no budgetary impact. Extraneous; no budgetary impact. States are required to provide for consultation with one or more advisory committees established and maintained by the State.
"2112(f)"	Exceptions to Minimum Set-Asides	313(b)(1)(A)	Extraneous; no budgetary impact. Provides for States to opt out of set-aside requirements.
"2114"	Description of Process for Developing Capitation Payment Rates	313(b)(1)(A)	Extraneous; no budgetary impact. Not required for other services provided under the plan.
"2135(g)"	Estate Recoveries, Liens Permitted	313(b)(1)(A)	Extraneous; no budgetary impact. Reverses current law by allowing States to recover resources from an individual or an individ- ual's estate for any amount paid as medical assistance.
"2137" "2154(e)(1)" "Only the Secretary . . . under this subsection."	Quality Assurance Requirements for Nursing Facilities Judicial Review	313(b)(1)(A) 313(b)(1)(A)	Extraneous; no budgetary impact. Extraneous; no budgetary impact. Prohibits cause of action against a State for failure to comply within the law or its plan. Only the Secretary may compel a State to comply with this Title.
"2171(a)(8)" from "only if such drugs . . ." to end	Prescription drugs	313(b)(1)(A)	Extraneous; no budgetary impact. Provides only drugs not used or assisted suicide.
"2171(a)(19)" from "only if necessary . . ." to end	Abortion	313(b)(1)(A)	Extraneous; no budgetary impact. Provides for abortion services only in the case involving rape, incest, and when the life of the mother is jeopardized.
Sec. 13301 Sec. 1853(f) of the Social Security Act as added by Section 8001 of the bill. Sec. 1856(a)(6) of the Social Security Act as added by Section 8001 of the bill. Sec. 1858(d) (1) and (2) of the Social Security Act as added by Section 8001 of the bill. Sec. 1882(d)(3)(i), (iii), (iv), (v), (vi) of the Social Security Act as added by Section 8002(a)(1) of the bill and Section 1882(d)(3) (B), (C), and (D) of the Social Security Act as added by Section 8002(a)(2) of the bill and Section 1882(u)(1) of the Social Security Act as added by Section 8002(b) of this bill.	Exemption of Physician Office Laboratories Application of Antitrust Rule of Reason to Provider-Sponsored Or- ganizations. Establishment of Standards; relation to State Laws Adoption of Standards for Data Elements Duplication and Coordination of Medicare-Related Plans	313(b)(1)(A) 313(b)(1)(A) 313(b)(1)(A) 313(b)(1)(A) 313(b)(1)(A)	No budget impact. No budget impact. No budget impact. No budget impact. No budget impact.
Sec. 8021 Sec. 8116	Medicare Payment Review Commission Additional Exception to anti-Kickback Penalties for Discounting Managed Care Arrangements.	313(b)(1)(A) 313(b)(1)(D)	No budget impact. Merely incidental budget impact.
Sec. 8132 Sec. 8151 Sec. 8201	Clarification of Level of Intent Required for Imposition of Sanctions State Health Care Fraud Control Units Repeal of Physician Ownership Referral Prohibitions Based on Compensation Arrangements.	313(b)(1)(D) 313(b)(1)(A) 313(b)(1)(D)	Merely incidental budget impact. No budget impact. Merely incidental budget impact.
Sec. 8416 Sec. 8417 Sec. 1839(e)(1)(C)(ii) of the Social Security Act as added in Section 8511 of this bill. Sec. 1839(h)(6)(A) of the Social Security Act as added in Sec- tion 8512 of this bill. Sec. 1894(g) of the Social Security Act as added in Section 8601 of this bill.	Medical Review Process Report by Medicare Payment Lock Box Provision Lock-Box Provision Report by Medicare Payment Commission	313(b)(1)(A) 313(b)(1)(A) 313(b)(1)(A) 313(b)(1)(A) 313(b)(1)(A)	No budget impact. No budget impact. No budget impact. No budget impact. No budget impact.
Title X—Veterans Affairs			
Subtitle B, Sec. 10021—Exemption for former POWs: (a)(3)(C)	Exempts former POWs from paying prescription copays	313(b)(1)(A)	This provision will not generate changes in revenues or outlays. If anything, it would decrease revenue to the Government.
Title XI—Ways and Means—Finance			
Retirement savings incentives: Section 11018(d)	SIMPLE savings plans. Part (d) exempts plans from ERISA stand- ards.	313(b)(1)(a)	No budgetary impact.
Health care provisions: Section 11053	Preemption of state insurance regulation	313(b)(1)(d)	Merely incidental. Not a necessary term or condition.
Expiring provisions: Section 11141	Extension of ethanol blender refunds	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.

EXTRANEOUS PROVISIONS, RECONCILIATION 1995—Continued

Subtitle and section	Subject	Budget Act violation	Explanation
Section 11131(b)	Extension of hazardous superfund taxes. Part b directs the revenues to the general fund after August 1, 1996.	313(b)(1)(a)	No budgetary impact.
Exempt and charitable organizations:			
Section 11217	Exclusion from unrelated business taxable income certain sponsorship payments.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11278	Treatment of certain dues paid to agricultural organizations	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Corporate and other reforms:			
Section 11380	Clarification that newspaper distributors are independent contractors.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Pension simplification provisions:			
Section 11442	Modification of additional participation requirements	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11464	Treatment of leased employees	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11451	Plans covering self employed individuals	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11453	Distributions under rural cooperative plans	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11454	Treatment of government plans under Section 415	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11456	Contributions on behalf of disabled employees	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11460	Modifications to Section 403(b)	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11461	Modify notice required of right to qualified joint and survivor annuity.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Partnership simplification provisions:			
Section 11472	Returns required on magnetic media for partnerships with 100 partners.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Other tax simplification provisions:			
Section 11506	Subchapter S—Allow interim closing of the books	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11552	Regulated Investment Companies—allow traders to adopt mark-to-market accounting for securities.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11561	Tax Exempt Bond Provision—Repeal of debt service-based limitation of investment in certain non-purpose investments.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11582	Modifications to FICA tip credit	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11583	Conform due date for first quarter estimated tax by private foundations.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Estate, gift, and trust tax provisions:			
Section 11602	Distributions during first 65 days of taxable year of estate	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11603	Separate share rules available to estates	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11604	Executor of estate and beneficiaries treated as related persons for disallowance of losses.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11605	Limitation on taxable year of estates	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11611	Clarification of waiver of certain rights of recovery	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11613	Clarification of qualified terminable interest rules	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11614	Transitional rule under section 2056A	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11615	Opportunity to correct certain failures under section 2032A	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11619	Treatment under qualified domestic trusts rules of forms of ownership which are not trusts.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11631	Taxable termination not to include direct skips	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Excise tax simplification provisions			
Distilled spirits, wines and beer:			
Section 11641	Credit or refund for imported bottled distilled spirits returned to distilled spirits plant.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11652	Fermented material from any may be received at a distilled spirits plant.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11643	Refund of tax on wine returned to bond not limited to unmerchable wine.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11644	Beer may be withdrawn free of tax for destruction	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Section 11645	Transfer to brewery of beer imported in bulk without payment of tax.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Other excise tax provisions:			
Section 11661	Other Excise Tax Provision—clarify present law for retail truck excise tax.	313(b)(1)(d)	Merely incidental. Joint Tax scores negligible revenue effect.
Title XII—Teaching Hospitals, GME, Asset Sales, Welfare and Other			
The following sections refer to amendments to the Social Security Act as added by Section 12101 of the bill:			
“402(c)(1)”	Condition of Grant	313(b)(1)(A)	Extraneous; no budgetary impact. Five-year limit on assistance.
“403(c)”	Authority to Use Portion of Grant for Other Purposes	313(b)(1)(A)	Extraneous; no budgetary impact.
“405”	Fed. Loans for State Welfare Programs	313(b)(1)(A)	Extraneous; no budgetary impact.
“406(c)(3)”	Limit on Vocational Ed Activities Counted as Work	313(b)(1)(A)	Extraneous; no budgetary impact.
“407(a)(5)”	No assistance for teenage parents who do not attend high school or equivalent program.	313(b)(1)(A)	Extraneous; no budgetary impact.
“407(a)(6)”	No assistance for teenage parents no living in adult-supervised setting.	313(b)(1)(A)	Extraneous; no budgetary impact.
“408(a)(7)(C)(i)-(ii)”	Scoring of State Performance	313(b)(1)(A)	Extraneous; no budgetary impact.
“412(d)”	Annual Ranking of States and Review of Most and Least Successful Work Programs.	313(b)(1)(A)	Extraneous; no budgetary impact.
“412(e)”	Annual Ranking of States and Review of Issues Relating to Out-of-wedlock births.	313(b)(1)(A)	Extraneous; no budgetary impact.
12102	Report on Data Processing	313(b)(1)(A)	Extraneous; no budgetary impact.
The following sections amend Title IV of the Social Security Act in Section 12302 of the bill:			
“457(a)(4)”	Study and Report	313(b)(1)(A)	Extraneous; no budgetary impact.
“436”	Data Collection, Reporting	313(b)(1)(A)	Extraneous; no budgetary impact.
12802(a)	Authorization of Appropriations	313(b)(1)(A)	Extraneous; no budgetary impact. Authorizes discretionary spending.
12804(2):			
(D)	Consumer Education Information	313(b)(1)(A)	Extraneous; no budgetary impact.
(E)	Compliance with State Licensing Requirements	313(b)(1)(A)	Extraneous; no budgetary impact. This section deletes all health and safety standards from current law
12907(e)(3)	Provision of Data to Family or Group Day Care Home Sponsoring Organizations.	313(b)(1)(A)	Extraneous; no budgetary impact.
12907(i)	Study of Impact of Amendments on Program Participation and Family Day Care Licensing.	313(b)(1)(A)	Extraneous; no budgetary impact.
12908	Pilot Projects	313(b)(1)(A)	Extraneous; no budgetary impact.
12926(b)	NET Authorization of Appropriations	313(b)(1)(A)	Extraneous; no budgetary impact.
13011	Definition of Certification Period	313(b)(1)(A)	Extraneous; no budgetary impact.
13012	Definition of Coupon	313(b)(1)(A)	Extraneous; no budgetary impact.
13017	State Option for Eligibility	313(b)(1)(A)	Extraneous; no budgetary impact.
13026	Caretaker Exemption	313(b)(1)(A)	Extraneous; no budgetary impact.
13027	Employment and Training	313(b)(1)(A)	Extraneous; no budgetary impact.
13040	Condition Precedent for Approval of Retail Food Stores and Wholesale Food Concerns.	313(b)(1)(A)	Extraneous; no budgetary impact.
13041	Authority to Establish Authorization Periods	313(b)(1)(A)	Extraneous; no budgetary impact.
13042	Information for Verifying Eligibility for Authorization	313(b)(1)(A)	Extraneous; no budgetary impact.
13043	Waiting Period for Stores That Fail to Meet Authorization Criteria	313(b)(1)(A)	Extraneous; no budgetary impact.
13944	Expedited Coupon Service	313(b)(1)(A)	Extraneous; no budgetary impact.
13045	Withdrawing Fair Hearing Requests	313(b)(1)(A)	Extraneous; no budgetary impact.
13049	Authority to Suspend Stores Violating Program Requirements Pending Administrative and Judicial Review.	313(b)(1)(A)	Extraneous; no budgetary impact.
13052	Authorization of Pilot Projects	313(b)(1)(A)	Extraneous; no budgetary impact.

Mr. SIMPSON. Mr. President, I did not want to speak directly to previous remarks made by my colleague from Nebraska, Senator BOB KERREY. I want to highlight them because of the very constructive things that he has said—even, unfortunately, in opposition.

Unlike Senator KERREY, I am very willing and eager to vote for the balanced budget plan before us as it currently stands. This plan represents the result of months of work and negotiation. It is not necessarily the plan that I would have designed working alone, but we do not have the luxury of working alone. This is the plan before us that has the support of a majority of both Houses of Congress, it's an honest plan, it will do the job, and it is right now our only realistic hope of getting the job done, and reducing the debt burden that is being piled high on the backs of our kids.

I do want the Senate to mark what Senator KERREY has said, because as always, he diagnoses accurately much of what ails us, in the fiscal sense. And I am fully sympathetic with many of the choices he would make to bring our fiscal house back into order. That is why I am pleased to work with him on drafting legislation that will help save our country from insolvency in the long run. He and I see eye to eye on this.

I do fervently wish that it were possible to make all the reforms suggested by Senator KERREY in the context of this budget plan. But the existing rules do not work in our favor. For example, the Byrd rule forbids any changes in Social Security, even good and necessary ones. I fully agree with Senator KERREY that a five-tenths-of-1-percent correction in the CPI is necessary and appropriate. To my mind, it is a "no brainer"—a simple "technical correction." It makes no sense to perpetuate an error which we all know exists. The Senator from Nebraska is so absolutely right about that.

But my attempts to include the CPI correction were frustrated by the fact that it would affect Social Security, and thus violate the Byrd rule. I do not like it, I think we should change it, but that's the way it is. We should, in my view, change the rules to permit such reforms in the future. But for now, we have to work within the rules as they are.

Similarly, we ought to address the problem of population aging. We ought to make further shifts upward in eligibility ages for Social Security and Medicare, and for all programs which give benefits to the elderly. But under our current rules, long-term reforms that only produce savings outside the 7-year "budget window" are considered extraneous. I do not like it, I think it's wrong, but those are the limitations in the current budget process.

I mention these things not so simply express disappointment and to "howl into the wind" in the manner of King Lear, but to point out to my colleagues that this is something we can and

should change—in the future. Senator KERREY and I have a bill to require 30-year budgeting, estimates of the 30-year effects of legislative changes. In my view, we have to be able to plan further down the road when we are dealing with retirement programs, "safety-net" rules that might affect how people plan for their own time in retirement. In order to be fair, changes must be announced well in advance. The fact that we only deal with the short-term truly handicaps us as we attempt to make policy that is fair and reasoned.

I do hope my colleagues will listen closely to Senator KERREY and to me as we discuss the need for "30-year budgeting." Because, the rules under which we operate very much determine the results. I believe that this budget is perhaps the best attainable given the existing budgetary rules. But I also believe that we must consider changing the rules to force us to look further down the road—and to examine Social Security solvency, and to stop fooling our countrymen and women.

This budget before us is hardly "harsh" or "severe." This is a sparrow belch in a typhoon. If we cannot get this done, we will never do anything.

Mr. MURKOWSKI. Mr. President, this is an historic day. For the first time in 26 years, the American public will witness the adoption of the first real balanced budget.

And we are going to pass this legislation despite the fact that the President of the United States has done nothing, I repeat, nothing, to make this task bipartisan. In fact, he has fanned the flames of fear-mongering simply to gain what he sees as a political advantage.

Just look at his actions and the actions of his Secretary of Treasury in the past 10 days. He indicated that he would not sign a continuing resolution to reopen the Government because it would have committed him to balancing the budget in 7 years.

And Treasury Secretary Rubin last week spooked the global markets by scaring investors into believing that the United States was facing an imminent default on our debt. There was no default; in fact there was no chance of a default, and Secretary Rubin knew that.

Yet he deceived the American people into believing default would happen if the Republicans did not accept the President's demand that we not go forward with our 7-year balanced budget plan. His actions are reprehensible.

Emboldened by polls that show many Americans blame Republicans for the Government shutdown, the President would rather maximize political advantage than exercise fiscal leadership. The President mimics leadership by standing up to the Republicans and refusing to seek a balanced budget in 7 years.

That is not leadership.

In fact, it is quite the opposite.

When viewed through the lens of history, the President's behavior will be viewed for what it is.

A waffle.

A retreat.

A repudiation of the promise of a balanced budget.

What we are offering the President is the first serious effort in two and a half decades to put our fiscal house in order.

And the President is slamming the door in our face.

It is that simple.

We are on a pathway to reduce the growth in Federal spending by a trillion dollars—to accomplish what the American people asked us to do.

We are doing it without smoke and mirrors.

We are doing it with the CBO budget estimates that the President himself asked that we use.

We are delivering on a promise made to voters. The President promised a balanced budget in 5 years; but that's just one of so many campaign promises the President abandoned when he walked in the White House.

But in keeping our promise, we are attacking the cancer of cynicism that undermines the confidence that Americans have in their leadership, and their Government.

We are so close to achieving our objectives.

Sadly, the President would rather be an instrument of the status quo than a positive force for change.

The President would rather flame the fears of older Americans with frightening tales of impending woe than lead us along the path to fiscal sanity for the sake of our children.

In what I believe is a political miscalculation, the President is deluded by a short term poll that will mean nothing when we are held accountable to the people for the end result of our efforts today.

Most Americans do not believe we will keep our promise and balance the budget in 7 years.

The President apparently wants to prove them right and thus deepen the cynicism that embitters Americans toward their government.

And that, Mr. President, endangers far more than our fiscal stability.

Mr. President, ever since the Republicans unveiled their balanced budget legislative plan during this Spring, the President has been out campaigning against the plan, instilling fear into our most fragile citizens—the elderly.

Over and over and over again, there's one message the President has been drumming into the American people. And that message is that we are cutting Medicare.

Mr. President, nothing could be further from the truth. And I think it's time for the President to stop his demagogic language about Medicare.

Over the next 7 years Medicare spending will increase from \$178 billion to \$294 billion—a 65-percent increase, Mr. President. That is NOT a cut.

Put another way, spending for each beneficiary will increase from \$4,800 this year to \$7,100 in 2002.

Mr. President, let members end the scare tactics on Medicare. Let us face the fact that if we do nothing, if we maintain this endless borrowing spree, we will bankrupt our children and grandchildren and ensure that Medicare will go broke in 7 years.

I call upon my colleagues and the President.

Let us surprise America today.

Let us prove that we can balance the budget in 7 years, save Medicare, and begin to lift this crippling debt from the shoulders of our children and grandchildren.

Ms. MIKULSKI. Mr. President, Tonight we are choosing between two paths for our country. We are defining what kind of country we want to be, and how we are going to meet the challenges of the 21st century.

The bill before us offers one type of choice. This bill offers us a future where we say: No to opportunity in the United States of America. No to economic security for our seniors. No to educational opportunities for young people. No to an opportunity structure for working families.

Mr. President, I reject that choice. I want a future where we give help to those who practice self help. I want a future in which senior citizens can have economic security and peace of mind in their retirement years. I want a future where young people can get an education that leads to a job and real economic opportunity. I want a future where we give a helping hand to working Americans who are doing their best to provide for their families.

Let me tell you why I oppose this bill. Yes, I support a balanced budget. But to achieve that we have to put politics and partisanship aside, and work together to find what I will call the sensible center. And this bill does not allow for that.

This legislation attacks economic security for senior citizens through cuts in their health care. We need to make Medicare solvent. But this bill would cut Medicare by \$270 billion over the next 7 years. Only \$90 billion is needed to preserve the solvency of the Medicare system.

What are the rest of the cuts for? They are to pay for tax breaks for the wealthiest of Americans. I reject that.

I say let us do what we need to do to make Medicare solvent. But let us put tax cuts on hold for a year. We have made so many reductions in federal programs this year. Let us take the time to evaluate the impact of those changes. Let us see where we are in 1 year. Then we can take a look at whether we can afford to provide tax cuts. And if in a year we do decide we can provide tax cuts, let's provide them for America's working families. Not for the truly wealthy.

I oppose this legislation because it denies educational opportunity to young people and an opportunity struc-

ture to working families. I believe we must keep the doors of opportunity open—not slam them shut.

Education is the key to a better life. The federal student loan program has opened the door of opportunity to millions of Americans. Education must be a national priority. It is with me. Unfortunately, it is not a priority in this legislation. Under this legislation, the student loan program will be cut by \$5 billion. This is unacceptable to me.

I oppose this legislation because it increases taxes on working families. By cutting the Earned Income Tax Credit, the bill denies help to those who practice self help. It seems to me that if we are serious about moving people from public assistance to private employment, the first step is to make work pay. The EITC makes work pay. It ensures that work is more beneficial for a family than welfare. I will not support this bill cuts in the EITC program, which amounts to tax increases for working families.

Mr. President, make no mistake. We must balance the budget. But we must do it based on principles that preserve economic security for senior citizens, that provide opportunity for young people, and that ensure opportunity for working families.

I cannot and will not support any legislation that abandons these principles. Therefore, I will vote against this legislation.

Mr. COHEN. Mr. President, the moral imperative for balancing the budget is to stop Congress from passing on a mountain of debt to future generations. Thomas Jefferson reminded us that a generation that spends money while taxing another "squanders futurity on a massive scale."

Persistent budget deficits reduce the pool of savings necessary for critical investments in new research, plants and equipment. Virtually every economist agrees that without these investments, standards of living cannot rise. Our collective sin has been the amoral indifference with which we have demanded that our children pay for our extravagances, while robbing them of their ability to provide for their own subsistence. This is tantamount to fiscal child abuse, a crime for which there has been no punishment and, perversely, one for which politicians have long been rewarded.

Our constituents, in 1994, urged us to stop the pain. Republicans proposed to do precisely that. Despite the defeat earlier this year of a constitutional amendment that would have mandated a balanced budget, my Republican colleagues have passed the first plan in 26 years that produces bottom line equilibrium within a seven-year time frame.

I take no issue with the need for deep spending reductions, but I am skeptical that we can achieve our goal while cutting taxes simultaneously. It strikes me that this approach rivals driving with one foot on the gas pedal while the other is on the brake.

The Federal Government currently expends far more money than it collects, so that a tax cut can be paid for only by borrowing additional money. Paying for tax cuts with borrowed money is contradictory and self-defeating.

Balancing the budget is itself an effective tax cut. Interest on the national debt costs the average household over \$800 a year. Balancing the budget more quickly and forgoing a tax cut paid for with borrowed money would ease the burden of these hidden taxes. Balancing the budget more quickly would also lower interest costs for mortgages and student loans—saving families thousands of dollars.

I cannot support this conference report because, like the budget plan considered by the Senate on October 27, it proposes to borrow \$245 billion to pay for a tax cut that we cannot now afford. I strongly support balancing the budget in seven years and realize that this cannot be achieved without undertaking some difficult spending cuts. It is my hope that Congress and the President can work together on a bipartisan balanced budget plan.

Mr. SIMON. Mr. President, when nearly 500 college and university presidents speak on an issue, Congress should stop and listen. Yesterday, 472 presidents contacted President Clinton and the congressional leadership to urge that competition be maintained in the student loan programs. We should listen.

Colleges should be able to choose whether to participate in the direct student loan program or the guarantee program. The bill we are considering this evening does the opposite, forcing 1250 colleges out of the direct loan program, and preventing hundreds of others who want in from getting in.

As my colleagues will see from the list of presidents signing the letter, free choice is not only the desire of colleges in the direct loan program, but many in the guarantee program as well.

It is unfortunate that this issue has become so partisan that some of my colleagues have turned against principles of competition, market forces, and the elimination of red tape, and turned toward granting monopolies and entitlements for bankers and middlemen—at the expense of students, colleges, and taxpayers.

The letter from the college and university presidents speaks for itself, and I ask unanimous consent that it be printed in the RECORD.

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

(See exhibit 1.)

Mr. SIMON. Mr. President, I would also like to respond to a statement made earlier by my colleague from Kansas, who chairs the Labor and Human Resources Committee. She made the statement that the bill we are considering today makes income-contingent repayment available to all students.

My colleague is mistaken. The bill gives this option to banks, not to students. Section 4003(d) of the bill states clearly that this option is offered "at the discretion of the lender." In fact, few banks are likely to use this discretion because of the difficulty of confirming borrowers' incomes accurately. They also will no longer face the competition from direct lending, which has caused lenders to be more flexible in offering repayment options to borrowers. The reconciliation bill not only eliminates schools from direct lending, it also also places several new obstacles in the way of these borrowers who, under current law, can get into direct lending in order to get access to income-contingent repayment.

For these reasons, it is likely that fewer borrowers will have access to this important repayment option, rather than more borrowers.

Mr. President, for these and many other reasons, I urge my colleagues to oppose the conference report.

EXHIBIT 1

AMERICAN COUNCIL ON EDUCATION,
Washington, DC, November 16, 1995.

Hon. WILLIAM JEFFERSON CLINTON,
President of the United States, The White House, Washington, DC.

DEAR MR. PRESIDENT: In the coming weeks, you and the Congress will decide the fate of one of the most innovative federal student aid programs: the Federal Direct Student Loan Program. We are very concerned about efforts in Congress to limit direct lending, which currently provides about 40 percent of all student loans. We oppose any provision that would arbitrarily limit the ability of schools to participate in direct lending, as we would oppose any effort to force schools into direct lending against their wishes. We ask that in your deliberations with the Congress about the future of federal student loans, you retain institutional choice with regard to the participation of colleges and universities in either the direct student loan or the guaranteed student loan (Federal Family Educational Loan) program.

We write as presidents and chancellors of colleges and universities that are currently participating, or plan to participate, in direct lending, as well as those that intend to continue their participation in the guaranteed student loan program. Maintaining the availability of both direct and guaranteed loans is a sound policy that should be preserved, because schools' ability to join either of the two programs has improved the student loan process for all students and schools, regardless of whether or not they participate in direct lending.

Those of us who represent colleges and universities already in direct lending can attest to the improvements it has brought about for our institutions. We can report first-hand on the benefits of direct lending for our students: the simplicity of application, the speed of delivery of funds, the disappearance of lines of students waiting to endorse their checks at registration time, the precipitous drop in the number of emergency loans issued to students waiting to hear about their loans from banks and guarantors, and fewer visits to financial aid offices. Students often borrow less under direct lending because they know they can adjust their loan amounts without repeating the entire application process, and therefore only borrow what they believe they need, not the maximum for which they are eligible. Students will also reap the benefits of the income-con-

tingent repayment option, which is only possible through direct lending. At the institutional level, direct lending has eliminated redundant paperwork, reduced staff time allocated to dealing with thousands of lenders and dozens of guarantors and other intermediaries, and vastly improved our overall aid delivery processes because it seamlessly integrates with other federal aid programs.

Those of us who represent institutions that are satisfied with the guaranteed student loan program also support the continued availability of the direct loan program to institutions. The competition created by direct lending has induced banks and guarantors to improve the efficiency of their delivery process, and has, for the first time, provided the student loan industry with market-based incentives to provide better service. The guaranteed student loan system has improved more since the phase-in of direct lending two years ago than it did over the more than two decades of its existence prior to 1993. These improvements were brought about by the fact that schools can now select the student loan program that provides them with the best service. Capping or otherwise limiting the direct loan program would undermine the market-based incentives that have so dramatically improved the guaranteed student loan system. The student loan system needs more competition, not less.

The current direct lending legislation was enacted as a bipartisan compromise a mere two years ago. Some 1,400 schools, relying in good faith upon what was presented to them as a major federal initiative, have invested substantial institutional resources to implement a program that they believed would better meet the needs of their students. These same schools, and several hundred others that have been planning to join the program in its third year, now confront the prospect of massive disruptions to their financial aid operations and their institutional planning. If direct lending is capped, many of these schools would be required to commit new institutional resources to pay for yet another overhaul of their loan delivery system.

Schools now have the option of participating in direct lending or the guaranteed student loan program based on their assessment of which program works best for their students. This has provided a strong incentive to both the Department of Education and to the student loan industry to improve the quality of their service to borrowers and schools. This is precisely the outcome that the bipartisan architects of current direct lending law intended in reforming the student loan system two years ago. We urge you to allow the forces of competition to continue to determine what percentage of the student loan market each program captures by retaining the current direct lending law.

Sincerely,

Submitted on behalf of the following colleges and universities:

ALABAMA

Alabama Agricultural & Mechanical University, Virginia A. Caples, Interim President.

Alabama State University, William H. Harris, President.

Auburn University, William V. Muse, President.

Auburn University at Montgomery, Guin Nance, President.

Jacksonville State University, Harold J. McGee, President.

Jefferson State Community College, Judy M. Merritt, President.

Stillman College, Cordell Wynn, President.

Tuskegee University, Benjamin Payton, President.

University of North Alabama, Robert L. Potts, President.

Wallace Community College-Selma, Julius R. Brown, President.

ARIZONA

Arizona State University, Lattie F. Coor, President.

Chandler Gilbert Community College Center, Margaret P. Hogan, Acting President.

Devry Institute of Technology-Phoenix, James A. Dugan, President.

Paradise Valley Community College, Raul Cardenas, President.

ARKANSAS

Hendrix College, Ann H. Die, President.

Philander Smith College, Myer L. Titus, President.

Red River Technical College, Johnny Rapert, President.

University of Central Arkansas, Winfred L. Thompson, President.

Williams Baptist College, Jerol Swaim, President.

CALIFORNIA

California Academy of Merchandising, Art, & Design, Gary D. Kerber, President.

California State Polytechnic University, Pomona, Bob H. Suzuki, President.

California State University, Bakersfield, Tomas A. Arciniega, President.

California State University, Chico, Manuel A. Esteban, President.

California State University, Fresno, John D. Welty, President.

California State University, Fullerton, Milton A. Gordon, President.

California State University, Sacramento, Donald Gerth, President.

California State University, Stanislaus, Marvalene Hughes, President.

Coast Community College District, William M. Vega, Chancellor.

College of Alameda, George Herring, President.

Contra Costa College, D. Candy Rose, President.

Cypress College, Christine Johnson, President.

Fresno City College, Brice W. Harris, President.

Fullerton College, Vera M. Martinez, President.

Los Angeles City College, Jose Robledo, President.

Los Angeles Mission College, William E. Norlund, President.

Merced College, E. Jan Moser, Superintendent and President.

Napa Valley College, Diane E. Carey, Superintendent and President.

National University, Jerry C. Lee, President.

Pasadena City College, Jack Scott, President.

San Diego City College, Larry J. Brown, Acting President.

San Francisco State University, Robert Corrigan, President.

Santa Barbara City College, Peter MacDougall, President.

Santa Clara University, Rev. Paul Locatelli, S.J., President.

Sonoma State University, Ruben Arminana, President.

Southwestern College, Joseph M. Conte, Superintendent and President.

University of California, Berkeley, Chang-Lin Tien, Chancellor.

University of California, Davis, Larry N. Vanderhoef, Chancellor.

University of California, Irvine, Laurel L. Wilkening, Chancellor.

University of California, Los Angeles, Winston C. Body, Vice Chancellor.

University of California, Riverside, Raymond L. Orbach, Chancellor.

University of California, San Francisco, Joseph B. Martin, Chancellor.
 University of California, Santa Barbara, Henry T. Yang, Chancellor.
 University of California, Santa Cruz, Karl S. Pister, Chancellor.
 University of San Francisco, Rev. John Schlegel, S.J., President.
 West Hills Community College, Frank P. Gornick, President.
 West Los Angeles College, Evelyn Wong, President.

COLORADO

Colorado State University, Albert C. Yates, President.
 Community College of Denver, Byron McClenney, President.
 Iliff School of Theology, Donald E. Messer, President.
 Regis University, Rev. Michael J. Sheeran, S.J., President.
 University of Colorado at Boulder, Roderic B. Park, Chancellor.

CONNECTICUT

Central Connecticut State University, Merle W. Harris, Interim President.
 Western Connecticut State University, James R. Roach, President.

DELAWARE

Delaware State University, William B. DeLauder, President.
 Delaware Technical & Community College System, Orlando George, Jr., President.
 University of Delaware, David Roselle, President.

DISTRICT OF COLUMBIA

American University, Benjamin Ladner, President.
 Catholic University of America, Brother Patrick Ellis, FSC, President.
 University of The District of Columbia, Tilden Lemelle, President.

FLORIDA

Barry University, Sister Jeanne O'Laughlin, O.P., President.
 Bethune-Cookman College, Oswald P. Bronson, Sr., President.
 Central Florida Community College, William Campion, President.
 Edward Waters College, Jesse Burns, President.
 Keiser College of Technology, Arthur Keiser, President.
 Palm Beach Atlantic College, Paul Cortis, President.
 Rollins College, Rita Bornstein, President.
 Santa Fe Community College, Lawrence Tyree, President.
 Southern College, Daniel F. Moore, President.
 University of Florida, John V. Lombardi, President.
 University of South Florida, Betty Castor, President.
 University of West Florida, Morris L. Marx, President.

GEORGIA

Atlanta Christian College, R. Edwin Groover, President.
 Bauder College, Gary Kerber, President.
 Clark Atlanta University, Thomas W. Cole, Jr., President.
 DeKalb College, Jacquelyn M. Belcher, President.
 DeVry Institute of Technology, Ronald Bush, President.
 Fort Valley State College, Oscar L. Prater, President.
 Georgia College, Edwin Speir, President.
 Georgia Southern University, Nicholas Henry, President.
 Interdenominational Technological Center, James Costen, President.
 Mercer University Main, R. Kirby Godsey, President.

Morris Brown College, Samuel D. Jolly, Jr., President.
 Savannah State College, John T. Wolfe, Jr., President.
 Southern College of Technology, Stephen R. Cheshier, President.
 Spelman College, Johnnetta B. Cole, President.
 Valdosta State College, Hugh C. Bailey, President.
 Wesleyan College, Robert Ackerman, President.

HAWAII

University of Hawaii at Hilo, Kenneth L. Perrin, Chancellor.
 University of Hawaii Kauai Community College, David Iha, Provost.

IDAHO

Boise State University, Charles P. Ruch, President.
 College of Southern Idaho, Gerald R. Meyerhoeffer, President.
 University of Idaho, Thomas O. Bell, Interim President.

ILLINOIS

Bradley University, John R. Brazil, President.
 College of St. Francis, James Doppke, President.
 Columbia College, John B. Duff, President.
 DeVry Institute of Technology-Chicago, E. Arthur Stunard, President.
 DeVry Institute of Technology-Addison, Jerry R. Dill, President.
 Eastern Illinois University, David Jorns, President.
 Greenville College, Robert E. Smith, President.
 Highland Community College, Ruth Mercedes Smith, President.
 Illinois Central College, Thomas K. Thomas, President.
 Illinois Valley Community College, Alfred Wisgoski, President.
 Lincoln College, Jack D. Nutt, President.
 Loyola University Chicago, Rev. John J. Piderit, S.J., President.
 Morrison Institute of Technology, Richard C. Parkinson, President.
 Northwestern Business College, Lawrence Schumacher, President.
 Parkland College, Zelma M. Harris, President.
 Southern Illinois University, Ted Sanders, Chancellor.
 Southern Illinois University at Edwardsville, Nancy Belck, President.
 St Joseph College of Nursing, Virginia Keck, President.
 University of Chicago, Hugo F. Sonnenschein, President.
 University of Illinois, James J. Stukel, President.
 University of Illinois at Springfield, Naomi B. Lynn, Chancellor.
 University of Illinois at Chicago, David C. Broski, interim Chancellor.
 Wilbur Wright College, Raymond Le Feuvre, President.
 William Rainey Harper College, Paul N. Thompson, President.

INDIANA

Ball State University, John E. Worthen, President.
 Commonwealth Business College, Steven C. Smith, President.
 Earlham College, Richard J. Wood, President.
 Goshen College, Victor Stolozfus, President.
 Indiana University at Bloomington, Kenneth R.R. Gros Louis, Vice President and Chancellor.
 Indiana University at South Bend, Lester C. Lamon, Acting Chancellor.
 Indiana University System, Myles Brand, President.

Manchester College, Parker G. Marden, President.
 Rose-Hulman Institute of Technology, Samuel F. Hulbert, President.
 Saint Francis College, Sister M. Elise Kriss, OSF, President.
 Saint Meinrad College, Rev. Eugene Hensell, O.S.B., President-Rector.
 Valparaiso University, Alan Harre, President.

IOWA

Graceland College, William Higdon, President.
 Iowa State University, Martin C. Jischke, President.
 Luther College, David J. Roslien, Interim President.
 Marshalltown Community College, William M. Simpson, Dean of the Dean.
 Mount Mercy College, Thomas Feld, President.
 North Iowa Area Community College, David L. Buettner, President.
 Northeast Iowa Community College, Don Roby, President.
 University of Iowa, Peter Nathan, Acting President.
 University of Northern Iowa, Robert D. Koob, President.

KANSAS

Cloud County Community College, James D. Ihrig, President.
 Highland Community College, Elizabeth E. Stevens, President.
 Kansas Wesleyan University, Marshall P. Stanton, President.
 McPherson College, Paul W. Hoffman, President.
 Southwestern College, Carl Martin, President.
 University of Kansas, Edward Meyen, Executive Vice Chancellor.

KENTUCKY

Kentucky State University, Mary L. Smith, President.
 Morehead State University, Ronald Eaglin, President.
 Sullivan College, A.R. Sullivan, President.
 University of Kentucky, Charles Wethington, Jr., President.
 Western Kentucky University, Thomas Meredith, President.

LOUISIANA

Elaine P. Nunez Community College, Carol S. Hopson, President.
 Southern University and A & M College, Marvin Yates, Chancellor.
 Xavier University of Louisiana, Norma C. Francis, President.

MAINE

Bates College, Donald W. Harward, President.
 Colby College, William Cotter, President.
 Thomas College, George R. Spann, President.
 University of Maine System, Robert L. Woodbury, Chancellor.
 University of Maine Presque Isle, W. Michael Easton, President.
 University of Southern Maine, Richard L. Pattenaude, President.

MARYLAND

Bowie State University, Nathaniel Pollard Jr., President.
 Coppin State College, Calvin Burnett, President.
 Frostburg State College, Catherine R. Gira, President.
 Garrett Community College, Stephen Herman, President.
 Hood College, Shirley, D. Peterson, President.
 Johns Hopkins University, Daniel Nathans, President.
 Loyola College in Maryland, Rev. Harold Ridley, S.J., President.

Salisbury State College, William Bellavance, President.

Towson State University, Hoke L. Smith, President.

University of Maryland System, Don Langenberg, Chancellor.

University of Maryland Eastern Shore, William P. Hytche, President.

University of Maryland University College, T. Benjamin Massey, President.

MASSACHUSETTS

Amherst College, Tom Gerety, President.

Berklee College of Music, Lee Eliot Berk, President.

Boston University, John R. Silber, President.

Brandeis University, Jehuda Reinharz, President.

Bridgewater State College, Adrian Tinsley, President.

College of the Holy Cross, Rev. Gerard Reedy, S.J., President.

Emerson College, Jacqueline Liebergott, President.

Fitchburg State College, Michael Riccards, President.

Franklin Institute of Boston, Richard D'Onofrio, President.

Harvard University, Neil Rudenstine, President.

Holyoke Community College, David M. Bartley, President.

Massachusetts College of Art, William O'Neil, President.

Massachusetts Institute of Technology, Charles M. Vest, President.

Massachusetts Maritime Academy, Peter M. Mitchell, President.

Mount Ida College, Bryan Carlson, President.

Mt. Holyoke College, Peter Berek, President.

New England College of Optometry, Larry R. Clausen, President.

North Adams State College, Thomas Aceto, President.

Quinsigamond Community College, Sandra L. Kurtinitis, President.

Smith College, Ruth J. Simmons, President.

Stonehill College, Rev. Bartley MacPhaidin, C.S.C., President.

Tufts University, John DiBiaggio, President.

University of Massachusetts Lowell, William T. Hogan, Chancellor.

University of Massachusetts System, Sherry H. Penny, President.

Westfield State College, Ronald L. Applbaum, President.

Wheaton College, Dale Rogers Marshall, President.

Williams College, Harry C. Payne, President.

MICHIGAN

Alma College, Alan Stone, President.

Alpena Community College, Donald L. Newport, President.

Andrews University, Niels-Erik Andreasen, President.

Baker College of Auburn Hills, Sandra Kay Krug, President.

Baker College of Jackson, Jack Bunce, President.

Baker College of Mount Clemens, Rodolfo Morales, Jr., President.

Baker College of Muskegon, Rick E. Amidon, President.

Baker College of Owosso, Denise A. Bannon, President.

Baker College of Port Huron, Donald Torline, President.

Baker College System, Edward Kurtz, President.

Calvin College, Gaylen J. Byker, President.

Central Michigan University, Leonard Plachta, President.

Ferris State University, William A. Sederburg, President.

Grand Valley State University, Arend D. Lubbers, President.

Henry Ford Community College, Andrew A. Mazzara, President.

Hope College, John H. Jacobson, President.

Kalamazoo College, Lawrence D. Bryan, President.

Kellogg Community College, Paul R. Ohm, President.

Lake Superior State University, Robert Arbuckle, President.

Lansing Community College, Abel B. Sykes, President.

Lawrence Institute of Technology, Charles M. Chambers, President.

Michigan State University, M. Peter McPherson, President.

Michigan Technological University, Curtis J. Tompkins, President.

Northen Michigan University, William E. Vandament, President.

Oakland University, Gary D. Russi, Interim President.

University of Michigan-Ann Arbor, James Duderstadt, President.

University of Michigan-Dearborn, James C. Renick, Chancellor.

University of Michigan-Flint, Charles Nelms, Chancellor.

Wayne State University, David Adamany, President.

Western Michigan University, Diether H. Haenicke, President.

MINNESOTA

Bemidji State University, James Bensen, President.

Gustavus Adolphus College, Axel D. Steuer, President.

Hamline University, Larry G. Osnes, President.

Minnesota State Colleges and Universities System, Judith S. Eaton, Chancellor.

Rasmussen College-St. Cloud, Kathleen Rau Szczech, President.

University of Minnesota-Crookston, Donald Sargeant, Chancellor.

University of Minnesota-Duluth, Kathryn A. Martin, Chancellor.

University of Minnesota-Twin Cities, Nils Hasselmo, President.

MISSISSIPPI

Alcorn State University, Clinton Bristow, Jr., President.

Delta State University, Kent Wyatt, President.

Mary Homes College, Sammie Potts, President.

Mississippi University for Women, Clyda S. Rent, President.

Mississippi Valley State University, William W. Sutton, President.

Tougaloo College, Joe A. Lee, President.

MISSOURI

Central Missouri State University, Ed Elliott, President.

Culver-Stockton College, Edwin B. Strong, Jr., President.

Deaconess College of Nursing, Elizabeth Krekorian, President.

Lincoln University, Wendell G. Rayburn, Sr., President.

Maryville University of Saint Louis, Keith Lovin, President.

Missouri Southern State College, Julio Leon, President.

Northwest Missouri State University, Dean L. Hubbard, President.

Rockhurst College, Rev. Thomas J. Savage, S.J., President.

Saint Louis University, Rev. Lawrence Biondi, S.J., President.

St. Louis Community College, Gwendolyn W. Stephenson, President.

University of Missouri-Columbia, Charles Kiesler, Chancellor.

Vatterott College, John C. Vatterott, President.

William Jewell College, W. Christian Sizemore, President.

MONTANA

Carroll College, Matthew J. Quinn, President.

Montana State University, Michael Malone, President.

University of Montana, George A. Dennison, President.

NEBRASKA

Chadron State College, Samuel H. Rankin, President.

Dana College, Myrvin F. Christopherson, President.

Midland Lutheran College, Carl Hansen, President.

University of Nebraska-Lincoln, Joan R. Leitzel, Interim Chancellor.

NEVADA

University of Nevada Las Vegas, Carol C. Harter, President.

NEW HAMPSHIRE

Daniel Webster College, Hannah McCarthy, President.

McIntosh College, Robert DeColfmacker, President.

NEW JERSEY

Berkeley College of Business Garret Mount, Kevin L. Luing, President.

Burlington County College, Robert C. Messina, Jr., President.

Camden County College, Phyllis Della Vecchia, President.

Jersey City State College, Carlos Hernandez, President.

Monmouth University, Rebecca Stafford, President.

New Jersey Institute of Technology, Saul Fenster, President.

Ramapo College of New Jersey, Robert Scott, President.

Richard Stockton College of New Jersey, Vera King Farris, President.

Rowan College of New Jersey, Herman D. James, President.

Rutgers, State University of New Jersey, Francis Lawrence, President.

Saint Peter's College, Rev. James N. Loughran, S.J., President.

Seton Hall University, Rev. Thomas R. Peterson, O.P., Chancellor.

Trenton State College, Harold W. Eickhoff, President.

William Paterson College of New Jersey, Arnold Speert, President.

NEW MEXICO

New Mexico Junior College, Charles D. Hays, President.

University of New Mexico, Richard Peck, President.

NEW YORK

Bank Street College of Education, Augusta Kappner, President.

Berkeley College, Rose Mary Healy, President.

Berkeley College of New York City, Robert J. Hurd, President.

Clarkson University, Dennis G. Brown, President.

College of New Rochelle, Sister Dorothy Ann Kelly, O.S.U., President.

Cornell University, Hunter R. Rawlings III, President.

City University of New York, W. Ann Reynolds, Chancellor.

CUNY Borough of Manhattan Community College, Antonio Perez, President.

CUNY Brooklyn College, Vernon Lattin, President.

CUNY City College, Yolanda T. Moses, President.

CUNY College of Staten Island, Marlene Springer, President.

CUNY Graduate School & University Center, Frances Degen Horowitz, President.

CUNY Herbert H. Lehman College, Ricardo Fernandez, President.

CUNY Medgar Evers College, Edison Jackson, President.

CUNY New York City Technical College, Charles W. Merideth, President.

CUNY Queens College, Allen Lee Sessoms, President.

CUNY York College, Thomas K. Minter, President.

Dowling College, Victor P. Meskill, President.

Fordham University, Rev. Joseph A. O'Hare, S.J., President.

LeMoyné College, Rev. Robert A. Mitchell, S.J., President.

Long Island University, David Steinberg, President.

Marymount College, Sister Brigid Driscoll, R.S.H.M., President.

New York College of Podiatric Medicine, Louis L. Levine, President.

Onondaga Community College, Bruce H. Leslie, President.

Pace University New York Campus, Patricia O'Donnell Ewers, President.

Pace University Pleasantville-Briarcliff Campus, Patricia O'Donnell Ewers, President.

Rensselaer Polytechnic Institute, R. Byron Pipes, President.

Roberts Wesleyan College, William C. Crothers, President.

Rochester Institute of Technology, Albert J. Simone, President.

Schenectady County Community College, Gabriel Basil, President.

St. Lawrence University, Patti McGill Peterson, President.

SUNY at Binghamton, Lois B. DeFleur, President.

SUNY at Buffalo, William R. Greiner, President.

SUNY College at Brockport, John Van de Wetering, President.

SUNY College at Cortland, Judson H. Taylor, President.

SUNY College at Plattsburgh, Horace Judson, President.

SUNY College at Potsdam, William C. Merwin, President.

SUNY College of Agriculture & Technology at Morrisville, Frederick W. Woodward, President.

SUNY College of Technology at Canton, Joseph L. Kennedy, President.

SUNY Herkimer County Community College, Ronald F. Williams, President.

SUNY Hudson Valley Community College, Joseph Balmer, President.

SUNY Institute of Technology At Utica Rome, Peter J. Cayan, President.

SUNY Institute of Technology At Delhi, Mary Ellen Duncan, President.

SUNY Monroe Community College, Peter A. Spina, President.

Teachers College, Columbia University, Arthur Levine, President.

University of Rochester, Thomas H. Jackson, President.

NORTH CAROLINA

Appalachian State University, Francis T. Borkowski, Chancellor.

Belmont Abbey College, Robert A. Preston, President.

Fayetteville State University, Donna J. Benson, Interim Chancellor.

Elizabeth City State University, M.L. Burnim, Interim Chancellor.

Livingstone College, Roy D. Hudson, Interim President.

North Carolina Agricultural & Technical State University, Edward Fort, Chancellor.

North Carolina School of The Arts, Alexander Ewing, Chancellor.

Saint Augustine's College, Bernard W. Franklin, President.

University of North Carolina at Asheville, Patsy B. Reed, Chancellor.

University of North Carolina Charlotte, James H. Woodward, Chancellor.

Western Carolina University, John W. Bardo, Chancellor.

Winston-Salem State University, Gerald McCants, Interim Chancellor.

OHIO

Ashland University, G. William Benz, President.

Bowling Green State University, Sidney A. Ribeau, President.

Case Western Reserve University, Agnar Pytte, President.

Cleveland Institute of Music, David Cerone, President.

College of Wooster, R. Stanton Hales, President.

Cuyahoga Community College, Jerry Sue Thornton, President.

Denison University, Michelle Myers, President.

Devry Institute of Technology, Galen H. Graham, Acting President.

Hiram College, G. Benjamin Oliver, President.

Kent State University, Carol Cartwright, President.

Miami University, Paul G. Risser, President.

Ohio University, Robert Glidden, President.

Ohio Wesleyan University, Thomas B. Courtice, President.

Southeastern Business College, Robert Shirey, President.

Southern State Community College, Lawrence N. Dukes, President.

University of Findlay, Kenneth E. Zirkle, President.

University of Rio Grande, Barry M. Dorsey, President.

University of Toledo, Frank E. Horton, President.

Xavier University of Ohio, Rev. James E. Hoff, S.J., President.

OKLAHOMA

Langston University, Ernest L. Holloway, President.

Oklahoma State University, Harry Birdwell, Vice President, Business & External Relations.

St. Gregory's College, Frank Pfaff, President.

OREGON

Eastern Oregon State College, David Gilbert, President.

George Fox College, Edward Stevens, President.

Portland Community College, Daniel F. Moriarty, President.

Southern Oregon State College, Stephen J. Reno, President.

University of Oregon, Dave Frohnmayer, President.

Western Oregon State College, Betty J. Youngblood, President.

PENNSYLVANIA

Beaver College, Bette E. Landman, President.

Carnegie Mellon University, Robert Mehrabian, President.

Cheyney University of Pennsylvania, Donald L. Mullen, President.

CHI Institute, Joseph F. Colyar, President.

Franklin and Marshall College, Richard Knedler, President.

ICM School of Business, Gary Kerber, President.

Lebanon Valley College, John Synodinos, President.

Lehigh Carbon Community College, James R. Davis, President.

Lincoln University, Niara Sudarkasa, President.

Northampton Community College, Robert Kopecek, President.

Philadelphia College of Pharmacy & Science, Philip Gerbino, President.

Robert Morris College, Edward A. Nicholson, President.

PUERTO RICO

Inter American University of Puerto Rico, Jose R. Gonzalez, President.

Pontifical Catholic University of Puerto Rico, Rev. Tosello Giangiacomo, C.S.Sp., President.

University of Puerto Rico Humacao, Roberto Marrero-Corletto, Chancellor.

University of Puerto Rico System, Norman Maldonado, President.

University of The Sacred Heart, Jose Jaime Rivera, President.

RHODE ISLAND

Brown University, Vartan Gregorian, President.

Community College of Rhode Island, Edward J. Liston, President.

Rhode Island School of Design, Roger Mandle, President.

University of Rhode Island, Bob Roth, Special Assistant to the President.

SOUTH CAROLINA

Benedict College, David H. Swinton, President.

Claflin College, Henry Tisdale, President.

College of Charleston, Alexander M. Sanders, Jr., President.

Greenville Technical College, Thomas E. Barton, President.

Morris College, Luns C. Richardson, President.

South Carolina State University, Leroy Davis, Interim President.

The Citadel, Claudius Watts, President.

Trident Technical College, Mary Thornley, President.

Winthrop University, Anthony J. DiGiorgio, President.

SOUTH DAKOTA

National College, Jerry L. Gallentine, President.

TENNESSEE

Crichton College, Larry R. Brooks, President.

Fisk University, Henry Ponder, President.

LeMoyné-Owen College, Earl Vinson, Senior Vice President.

Middle Tennessee State University, James Walker, President.

Motlow State Community College, A. Frank Glass, President.

Tennessee State University, James A. Hefner, President.

Tennessee Technological University, Angelo A. Volpe, President.

The University of Tennessee at Chattanooga, Frederick W. Obear, Chancellor.

TEXAS

Austin College, Oscar Page, President.

Brookhaven College, Walter G. Bumphus, President.

Del Mar College, Terry L. Dicianna, President.

Devry Institute of Technology, Francis V. Cannon, President.

East Texas State University, Jerry P. Morris, President.

Houston Baptist University, E.D. Hodo, President.

Palo Alto College, Joel E. Vela, President.

Prairie View A & M University, Charles Hines, President.

Richland College, Stephen K. Mittelstet, President.

Southwest Texas State University, Jerome H. Supple, President.

Tarrant County Junior College District, C. A. Roberson, Chancellor.

University of North Texas, Alfred F. Hurley, Chancellor.

University of North Texas Health Science Center, Alfred F. Hurley, Chancellor.

University of Texas at Dallas, Franklyn G. Jenifer, President.

VERMONT

Castleton State College, Martha K. Farmer, President.

Community College of Vermont, Barbara Murphy, Interim President.

Johnson State College, Robert Hahn, President.

Lyndon State College, Peggy Williams, President.

Middlebury College, John M. McCardell, Jr., President.

University of Vermont, Thomas P. Salmon, President.

Vermont State College System, Charles I. Bunting, Chancellor.

Vermont Technical College, Robert Clarke, President.

VIRGINIA

Central Virginia Community College, Belle S. Wheelan, President.

Hampton University, William R. Harvey, President.

Hollins College, Jane Margaret O'Brien, President.

Norfolk State University, Harrison B. Wilson, President.

Northern Virginia Community College, Richard Ernst, President.

Old Dominion University, Jo Ann Gora, Acting President.

Virginia Commonwealth University, Eugene P. Trani, President.

Virginia State University, Eddie N. Moore, President.

Wytheville Community College, William Snyder, President.

WASHINGTON

Central Washington University, Ivory V. Nelson, President.

City University, Michael Pastore, President.

Spokane Community College, James H. Williams, President.

University of Washington, Richard L. McCormick, President.

Washington State University, Samuel H. Smith, President.

Western Washington University, Karen W. Morse, President.

WEST VIRGINIA

Alderson Broaddus College, Stephen E. Markwood, President.

Bluefield State College, Robert E. Moore, President.

Fairmont State College, Robert J. Dillman, President.

Marshall University, J. Wade Gilley, President.

State College System of West Virginia, Clifford M. Trump, Chancellor.

West Liberty State College, Donald C. Darnton, Interim President.

West Virginia State College, Hazo W. Carter, Jr., President.

West Virginia University, David C. Hardesty, Jr., President.

Wheeling Jesuit College, Rev. Thomas Acker, S.J., President.

WISCONSIN

Lakeland College, David Black, President.

Lawrence University, Richard Warch, President.

Marquette University, Rev. Albert DiUlio, S.J., President.

Northland College, Robert Rue Parsonage, President.

Ripon College, Paul B. Ranslow, President.

St. Norbert College, Thomas A. Manion, President.

University of Wisconsin System, Katharine Lyall, President.

University of Wisconsin-Eau Claire, Larry Schnack, Chancellor.

University of Wisconsin-La Crosse, Judith L. Kuipers, Chancellor.

University of Wisconsin-Milwaukee, John H. Schroeder, Chancellor.

University of Wisconsin-Stout, Charles W. Sorenson, Chancellor.

University of Wisconsin-Superior, Jan G. Womack, Chancellor.

Mr. PRESSLER. Mr. President, the Balanced Budget Act of 1995 extends the FCC's auction authority for the first time to any situation in which the FCC must choose between mutually exclusive applications—including applications for broadcast facilities. For this reason, Mr. President, I want to take just a moment to explain the actions and intentions of the Committee on Commerce, Science, and Transportation. I want all my colleagues to understand the auction authority extends only to mutually exclusive applications for new facilities not already pending at the FCC.

Applications for renewal, modification, or upgrade of existing facilities are not covered under this provision. Similarly, the committee does not intend—in cases in which an application has already been accepted by the FCC—that auctions be used to resolve that proceeding. I understand that, as the result of a court decision, the FCC has not technically accepted certain applications.

The committee's intention is that if any application in a proceeding has been accepted, the proceeding will be resolved under the provisions of existing law.

Mr. LAUTENBERG. Mr. President, when the roll is called on this budget reconciliation conference report, I will be voting yes. But not for this bill.

Instead, I will be voting yes for our seniors—yes for our students—and yes for the middle class.

And I will be voting no on the conference report.

I will be voting no on massive Medicare cuts to finance tax breaks for the wealthy.

I will be voting no on huge tax breaks for the rich and the special interests.

I will be voting no on devastating cuts in nursing home care for seniors and the disabled.

I will be voting no on increased taxes for working people.

I will be voting no on ending the safety net for children.

I will be voting no on the basic thrust of this legislation—that we must balance the budget on the backs of working families and senior citizens, while handing out billions in tax breaks for the rich and powerful.

This bill represents the extremes of the Republican membership.

Mr. President, when you get right down to it, this bill forces all of us to answer a simple question: "Whose side are you on?"

Are you on the side of middle-class Americans? Are you on the side of our senior citizens, of middle-class families struggling to send their children to college, and of lower income working families?

Or are you on the side of the wealthy and the special interests?

The Republican reconciliation bill is paydirt for the rich and the special interests and senior citizens and working class families get stuck footing the bills.

This is an outrage—and we Democrats are going to fight it as a basic matter of principle.

We saw what happened with the continuing resolution when the public caught on to the scheme. Under the spotlight, the Republicans blinked, they retreated, they ran. They wanted to escape the public wrath and quickly abandoned their deep principles for political cover.

This bill makes the biggest cuts in the history of Medicare.

And the Republicans build their case around a false premise.

They argue that in order to save Medicare, we must destroy its fundamental mission. This is simply not true.

And they ought to be honest with the American people about the two major Republican falsehoods.

The first false statement that the Republicans make is that we need \$270 billion to save Medicare. This is simply untrue.

The Republicans are using this \$270 billion to finance their \$245 billion in tax breaks for the rich folk.

It is no coincidence that the Medicare cuts are \$270 billion and the tax breaks for the wealthy total \$245 billion.

These figures are remarkably similar because one is being used to finance the other. They are taking from our senior citizens who paid the bills, signed the contract, and weathered the storms. And they're giving it back to the wealthy and the special interests.

The second Republican falsehood is that we need to cut \$270 billion to make Medicare solvent. Not true. The chief HHS Medicare actuary has stated that we only need \$89 billion in savings to make Medicare solvent until the end of 2006.

Mr. President, let me just give you some examples of what kind of tax breaks these Medicare cuts are paying for:

Under this bill, approximately 2,000 large corporations will get a tax break of \$2 million each because of changes in the alternative minimum tax. This is outrageous.

In addition, this bill contains hundreds of millions of dollars in giveaways to oil companies.

Finally, the capital gains tax cut included in this bill is a tax break for the super rich. Anyone can claim this tax break. Even millionaires and billionaires can get this tax break.

Mr. President, I tried to draw a line on the tax breaks and put the money

back into Medicare and Medicaid. I offered an amendment to the reconciliation bill that would have precluded the tax breaks from going to those who make over \$1 million per year. That's the top one-tenth of one percent of all taxpayers.

I thought this amendment would pass unanimously. I thought that we all could agree that millionaires and billionaires do not need a tax break when we are cutting Medicare—especially when 75 percent of all Medicare recipients earn under \$25,000 per year.

But no—52 of the 53 Republican Senators voted against my amendment. In essence, they voted to cut Medicare to provide tax breaks for millionaires and billionaires.

Mr. President, Medicare is not just a health insurance program. Medicare is a commitment that we have made to our citizens. It is a promise—for those who work hard their entire lives—that your medical needs will be taken care of when you retire.

But this Republican budget uses the Medicare Program as a slush fund for the tax breaks for the wealthy.

I urge my colleagues to say no to Medicare cuts to pay for tax breaks for the rich.

Let's reject the Republican budget reconciliation bill—let's start over.

We can put together a compromise bill that moves toward a balanced budget but does not destroy our Medicare Program. But this is not such a bill.

Unfortunately, this is a bill that sticks it to ordinary Americans, and lavishes huge breaks for the rich and the special interests. I think that's wrong.

I say: It's time, for once, to put the middle class first and defeat this bill.

I yield the floor.

Mrs. HUTCHISON. Mr. President, for the information of the Senate, I would like to discuss with the chairman of the Committee on Energy and Natural Resources, Mr. MURKOWSKI, the provisions of the Budget Reconciliation Conference Report that relate to the sale of oil from the Weeks Island Strategic Petroleum Reserve storage facility. This facility is located in Louisiana.

I say to Chairman MURKOWSKI, a provision of the conference report requires the sale by the Department of Energy of oil from the Weeks Island facility. It is my understanding that the Weeks Island facility has suffered irreparable damage from one and perhaps two fractures, and that oil within this facility is in danger of leaking into Louisiana's underground aquifer. It is also my understanding that as a result of these fractures, the oil contained in Weeks Islands must be removed and the facility decommissioned. Is that correct?

Mr. MURKOWSKI. Mr. President, the Senator from Texas is correct. The leaks she refers to require the oil contained in the Weeks Island facility to be removed, and the facility to be decommissioned. There is no choice, and the Department of Energy already has

that process underway. It is only with the greatest hesitancy that we are requiring the sale of any oil from the Strategic Petroleum Reserve. As the Senator from Texas knows, the Strategic Petroleum Reserve is essential for the protection of our energy security in the event of oil supply interruption, such as the ones we suffered through in 1973 and 1979. That is why the conference report contains provisions which provide funding for the replacement of this oil in the Strategic Petroleum Reserve.

Mrs. HUTCHISON. I thank the Chairman for that response. I would also like to know if the conference report contains any language to assure domestic oil producers, particularly independents located in the State of Texas, that the sale of this oil will not be done by the Department of Energy in such a manner as to disrupt the oil market or to adversely affect oil prices?

Mr. MURKOWSKI. Mr. President, the answer to the Senator's question is yes. When the oil is sold from the Weeks Island facility, which is located in Louisiana, the Department of Energy is directed to so do in a manner that does not disrupt the marketplace or have any noticeable impact on prices. Perhaps the best thing to do is to quote from the statutory language contained in conference report: "The Secretary shall, to the greatest extent practical, sell oil from the reserve in a manner that minimizes the impact of such sales upon supply levels and market forces."

Mrs. HUTCHISON. Mr. President, I thank Senator MURKOWSKI.

Mr. WARNER. Mr. President, I have been listening with a great deal of interest to the speakers on both sides of the aisle as the Balanced Budget Act of 1995 has been discussed. Although the President has indicated that he will veto this conference report when he receives it, I am proud to support this document which follows through on our commitment to balance the Nation's budget by the year 2002, protect Social Security, and save Medicare from threatened bankruptcy. America has not had a balanced budget in over a quarter century.

While we are apparently debating a bill that has no future, there will be successor after successor with the same basic goals until we win. Yes, this will get a veto from the President, but at the same time, it will signal the beginning of a final dialog with the administration on a final Balanced Budget Act of 1995.

America's financial markets have reflected the approval of the Republican efforts during the past week. The phone calls and fax messages from my constituents statewide have overwhelmingly supported the position taken by Republicans and reflected in this package. As I indicated when the Senate considered this bill, this is not just a budget for another year. This is not a package of routine legislative changes. This is a historic commitment

to America that deficit spending is about to come to an end, no later than the year 2002, and it has been brought about during the first year of the Republican majority in the Congress.

The net result of a balanced budget will be lower interest rates for years to come, and as many as 6 million new jobs. The reforms in this bill will give the States more control over critical entitlement programs. I strongly support these initiatives which will let the States decide how best to serve their own citizens. What is best for my State of Virginia is not necessarily the same as what is best for another State, and this balanced budget act will move power and money out of Washington, back to State governments and local communities where it belongs.

When this balanced budget act is finally signed into law, and it will be, we will have identified the path, but each year we will have to make spending decisions that will keep us on the road that is being defined here today. If emergencies occur, we will have to offset their costs with spending reductions. Those budget decisions will be as difficult in the year 2000 as they are this year, but this conference report is a commitment by the Republicans, and eventually, by the entire Congress, that we will stay the course.

This is a momentous vote, and I urge my colleagues to roll up your sleeves, get ready for hard work, and pass this balanced budget act. The Republican train is here, and it is time to get aboard for a trip to fiscal responsibility. We have made the commitment to America and we will carry through on it.

NURSING HOME STANDARDS

Mr. COHEN. Mr. President, I rise to comment on the need to strengthen our commitment to strong nursing home standards in the budget reconciliation bill before us. The conference report on the budget bill has come a long way toward restoring current Federal nursing home standards and strong Federal and State enforcement of protections for nursing home residents. It represents a considerable improvement over the House bill that retreated from Federal standards and enforcement and reflects much of the Senate position on nursing home standards, but we are not there yet.

Many patient advocacy groups and colleagues from the other side of the aisle have come forward to assail the nursing home provisions included in this bill, but I would ask them to pause for a moment to recognize that significant headway we have made in the debate over Federal nursing home standards. The debate is no longer over the need for national standards and Federal oversight of nursing homes, but over what national standards are necessary to be maintained. I remain cautious of several of the changes made in conference agreement which could undermine the improvements nursing home residents and their families have witnessed since the enactment of the

OBRA 87 regulations, but I recognize the substantial progress that has been made.

Specifically, I am concerned about provisions of the bill allowing nursing homes to be accredited by private sector organizations as a way of meeting State certification requirements. In the past, private accreditation has been perceived as a loophole for facilities to avoid oversight. In order for accreditation to be acceptable, we must be sure that the Federal and State governments retain full authority to monitor facilities and that standards and residents' rights are not compromised.

I also have reservations about several changes that have been made to current law. For example the bill eliminates current regulations that restrict a nursing home from placing extra requirements on Medicaid patients as a condition of admission, such as denying a Medicaid bed unless a gift, payment, or donation is given to the facility. Without the current admission policy limitations, patients and their family members will no longer be protected against discrimination based on source of payment and duration of stay contracts.

It also removes the requirement that facilities provide care and services to allow each resident to attain or maintain his or her highest practicable level of physical mental, and psychosocial functioning. While this standard may sound a bit abstract, it was a key phrase negotiated in the OBRA 87 requirements to encourage nursing facilities to provide the best possible to nursing home residents.

It reduces the frequency of required inspections of nursing homes from every year to every 2 years unless the facility has been found to have substandard care; eliminates the requirement for comprehensive training for State and Federal surveyors; removes requirement that resident assessments be conducted using a national uniform data set in order to monitor patient outcomes and consistency in patient care; relaxes protections against unfair transfers and discharge of nursing home residents; reduces some minimum training and staffing requirements for nursing homes—including elimination of 75 hours of training for nurse aides and the requirement that facilities with more than 120 beds employ a qualified social worker.

Also, it reduces the frequency of mandated Federal validation surveys on 5 per cent every year to 5 per cent every 3 years; removes requirement directing surveyors to reduce the time between identification of standards violations and the final imposition of remedies; eliminates language calling for incrementally more severe fines for repeated or uncorrected deficiencies; reduces maximum civil monetary penalty imposed on nursing homes that are out of compliance from \$10,000 to \$5,000; and eliminates language requiring retroactive civil monetary penalties for past noncompliance.

The conference agreement on nursing home protections has come a long way toward restoring the goal of full protections for millions of nursing home residents nationwide, but certain critical issues remain unresolved. I will continue to evaluate the changes proposed by the conferees and will work with the leadership and consumer groups to guarantee adequate protection for elderly and disabled nursing home residents.

Mr. THURMOND. Mr. President, I rise today in support of the Balanced Budget Act of 1995, which, for the first time in many years, proposes a budget that controls entitlement spending, restrains the growth of Government, and eliminates annual deficits.

For years I have made speeches in this great Chamber, and cast my vote in support of a balanced budget. I have introduced balanced budget amendments in numerous sessions of Congress, including the 104th Congress. On July 12, 1982, a balanced budget amendment was brought to the floor. As Chairman of the Judiciary Committee, I was pleased to sponsor and guide that important measure to passage. On August 4, 1982, 69 Senators voted in favor of the resolution. While a majority supported it in the House, it failed to receive the necessary two-thirds vote. In March 1986, the Senate voted on another balanced budget amendment. It was unfortunate that the resolution failed by one vote. Earlier this year, the balanced budget amendment again failed by one vote. However, I am confident that we will yet pass the balanced budget amendment during the 104th Congress.

With or without a constitutional amendment, this balanced budget act proves that the Congress can enact a budget which protects the health and safety of our Nation, provides quality Government services, and eliminates harmful deficits.

This is a refreshing contrast to the unbalanced budgets proposed by the President. His budgets contain no plan to balance the budget, significantly increase the national debt, fail to restrain growth in nondefense Government spending, and propose dangerous reductions in national defense spending. Mr. President, such budgets are not acceptable alternatives.

The Balanced Budget Act of 1996 reverses direction on those policies which are stifling our economy and burdening all Americans with an overwhelming national debt. It puts the Nation on track to reduce Government spending, eliminate annual deficits, and permits us to begin to reduce the national debt, which is now nearly \$5 trillion.

First, this bill controls the growth rate of Government spending. Federal spending continues to increase over the 7-year budget period, from \$1.5 trillion in 1995 to nearly \$1.9 trillion in fiscal year 2002. However, this spending growth is at a slower, more affordable rate, and below the growth rate of Fed-

eral revenues. By 2002, revenues will exceed spending.

One would think, listening to this debate, that this budget drastically reduces or eliminates all Federal programs. For example, it has been argued by some that proposed reductions would destroy Medicare and Medicaid. This simply is not the case. Both programs grow at healthy annual rates. Without the proposed reforms, these programs would grow at unsustainable rates, resulting in dangerous consequences, even threatening the solvency of the Medicare part A trust fund.

Second, Mr. President, the balanced budget act reduces and eventually eliminates annual deficits, which is the amount Government outlays exceed Government revenues. Without this bill, annual deficits will continue to increase, exceeding \$200 billion per year. By enacting this measure, annual deficits will begin a downward path and will be eliminated within the 7-year budget period. The Congressional Budget Office estimates a surplus by 2002, allowing us to begin reducing the national debt.

The results of this deficit reduction, Mr. President, have been estimated to stimulate economic growth, reduce interest rates, increase employment opportunities, and result in a higher standard of living for all Americans.

Mr. President, in addition to controlling Government spending, this balanced budget act addresses Government revenues. Under this bill, Government revenues will continue to increase. However, in contrast to the 1993 Budget Reconciliation Act which enacted the largest tax increase in history, the balanced budget act will let American families keep more of what they earn.

Let me emphasize, Mr. President, this bill provides tax relief for the middle class. Over four-fifths of the tax reductions of this proposal will go to those making under \$100,000; nearly two-thirds go to those making under \$75,000. Furthermore, after considering all the reforms of the earned income tax credit, the marriage penalty, and the child tax credit, working families with children will see their taxes decrease next year.

The centerpiece of the revenue provision is the family tax credit, offering a \$500 per child tax credit, for children under the age of 18. This credit is phased out for individuals with adjusted gross income over \$75,000, or for married couples with an income over \$110,000. In my State of South Carolina, this means that over 400,000 tax returns will be eligible to claim this credit, at a value of over \$320 million. This is money directly in the hands of parents to spend for their priorities—child care, housing, and education—not sent to Washington to fund its bloated bureaucracy.

Other provisions provide direct relief to America's families, including a \$5000 adoption tax credit; marriage penalty

relief; and a credit for student loan interest.

The bill also contains revenue provisions which will increase savings and investment. The expansion of the individual retirement account will permit more Americans to save more money for their retirement years. The capital gains reduction will unlock existing capital assets, allowing capital to be reinvested. This will result in more jobs, higher wages, more benefits, and a more vibrant economy.

Let me address the argument that the capital gains tax cut will go primarily to the rich. A study by the U.S. Treasury showed that nearly one-half of all capital gains were realized by taxpayers with wage and salary income of less than \$50,000. Three-fourths of all returns with capital gains in 1995 are estimated to be reported by taxpayers with wage and salary income of \$50,000 or less. Mr. President, let me reemphasize this point—capital gains tax relief will benefit all Americans.

Mr. President, there are many other important and favorable provisions in the balanced budget act. The act reforms welfare by emphasizing work and responsibility. It preserves, protects and improves Medicare. It protects veterans' benefits and safeguards affordable education.

Mr. President, I support the Balanced Budget Act of 1995. I vote "yes" for reducing the deficit; I vote "yes" for controlling the growth of Government spending; I vote "yes" for our families by reducing their tax burden; I vote "yes" for restoring the economic future of our Nation. Therefore, I will vote "yes" for this bill and encourage my colleagues to do likewise. I yield the floor.

Mr. MURKOWSKI. Mr. President. The Committee on Energy and Natural Resources met and exceeded its targets for the conference. I want to express my appreciation to Chairman YOUNG of the House Resources Committee and to Chairman BLILEY of the House Commerce Committee for their cooperation, and the hard work of their staff, that enabled us to conclude our negotiations quickly and in an amicable fashion.

When the President submitted his budget earlier this year, he proposed to sell the Power Marketing Administrations, except for Bonneville, to the present customers at the discounted value of the repayment obligations. That proposal was not particularly well thought out as our hearings in committee demonstrated. Nonetheless, the revenue assumptions underlying that sale became part of the target and instructions given to our committee. While the members of our committee recognize that serious attention needs to be given to the future of the PMA's, especially in light of declining budgets for the agencies that currently manage the generating and marketing of power from Federal facilities, we also are in agreement that responsible solutions are simply not possible within the time

frame of Reconciliation. The committee was faced with a Herculean task of finding other options to achieve the savings scored to our committee. The magnitude of the task is best illustrated by a comment from one of the staff on the Budget Committee that if they had known of other options, we would have been scored with them as well.

As I stated, the committee has met and exceeded its instructions. I want to express my appreciation to our ranking Minority Member, Senator JOHNSTON, for his cooperation and the assistance from his staff in helping us. Our committee has always prided itself on its bipartisan professional approach to legislation, and that is demonstrated in our product.

The conference agreement includes the sale of certain lands in California contained in the House measure as well as the sale of the helium reserves contained in both the Senate and the House.

The agreement also contains the leasing authority for the Coastal Plain in Alaska that was contained in both the Senate and House versions and which was a specific assumption in our instructions. The conferees made several minor changes to make the program work more efficiently and resolved uncertainties in allotments due Alaskan natives within the Coastal Plain. I know that some opponents of the program have suggested that the Federal Government will never see the revenues estimated from leasing on the Coastal Plain due to the provision in the Mineral Leasing Act made by the Alaska Statehood Act that provides 90 percent of all revenues to the State. The statement of managers is explicit on this subject. We are not in any manner altering the provisions in the Alaska Statehood Act nor the Mineral Leasing Act. Those provisions continue to apply in Alaska outside the Coastal Plain. When Congress set aside the Coastal Plain, it reserved to itself the decision on whether the area should be opened to leasing or not, and if so, under what terms and conditions.

The decision has been that the area should be leased, but that it should be leased under very specific conditions tailored to the unique characteristics of the Coastal Plain. Suggestions that development will have adverse environmental effects are wrong and the result of either misinformation, misunderstanding, or deliberate mischaracterization. Our committee has spent several years crafting very specific language to ensure that development will occur in an environmentally sensitive manner, and that language is incorporated in the conference agreement. In developing a separate leasing program for the Coastal Plain, the committee decided to adopt a 50-50 revenue sharing formula. The conference language is absolutely clear that the program set forth is the sole authority for the leasing program, not the Mineral Leasing Act.

I will have more to say about this leasing program, but for the moment I simply want to say that I sincerely hope that the President would stop listening to the ideological fanatics that prowl the White House and the Federal agencies and examine the realities of this leasing program. This Nation is once again over 50 percent dependent on foreign oil supplies. That doesn't seem to bother the President, but it should. The President should reexamine his position on this issue. His opposition is wrong from the standpoint of our energy security, it is wrong from the standpoint of the economy, it is wrong from the standpoint of the environment, it is wrong from a budget standpoint, it is wrong from the standpoint of domestic employment, it is wrong from the standpoint of our responsibilities for Native Alaskans—his opposition is simply wrong.

The conference agreement also includes various reclamation and water provisions. The agreement retains the Senate language repealing a prohibition in current law that prevents irrigation districts from prepaying their outstanding debt. The legislation also provides for the transfer of the Collbran Project in Colorado, and Senator CAMPBELL deserves the credit for working out the problems with that provision. The agreement also includes a modification to the Raker Act that would increase the payment by San Francisco for the use of a portion of Yosemite National Park from \$30,000 to \$2 million. The charge has not been changed in over half a century. The House had set the charge at \$8 million while the Senate had adopted a formula used by FERC with a floor of \$597,000. The Agreement also includes two provisions of the House version—the transfer of Sly Park and authorization for prepayment of Central Utah Project debt—with minor modifications.

After considerable discussion with the House, we also were able to come to agreement on amendments dealing with Federal oil and gas royalties and hardrock mining. The reforms will increase Federal receipts and provide a fair and workable system that will increase collections from oil and gas operations and completely reform the federal hardrock mining program. I fully understand that the provisions dealing with hardrock mining will not satisfy those whose prime motivation is the elimination of any domestic mining industry, but that was not our objective. The provisions of the Conference Agreement recognize private property rights, provide for fair market value with a reverter for patents, and impose a royalty on future production.

The conference agreement includes the Senate provisions dealing with privatization of Department of the Interior aircraft services, with certain modifications as well as the sale of the Alaska Power Administration, refinancing of the Bonneville Power Administration, export of Alaska oil, and

OCS deepwater royalty relief, all of which were included in the conference agreement on S. 295 which both the Senate and House have approved and the President supports.

After considerable work, the conferees were able to agree on provisions dealing with ski area permits, National Park Service concessions, and recreation fees at areas administered by the National Park Service, Bureau of Land Management, and the Forest Service. We were able to retain the Senate provision that would return 80 percent of all new receipts to the collecting agency for direct use for visitor services and facilities.

The conferees also agreed to the language that markedly improves the climate for the privatization of the U.S. Enrichment Corporation. We also included language providing for the disposal of surplus property by the Department of Energy and for the lease of excess storage capacity within the Strategic Petroleum Reserve. As a result of problems at the Weeks Island site, the reserves need to be drawn down and relocated. The conferees agreed that 32 million barrels of the reserve should be sold, but that 50 percent of the revenues from the lease of excess capacity should be made available for additional purchases to complete the reserve beginning in 2002.

Mr. President, none of this could have been accomplished without long hours and hard work by the professional staff of the committee. I want to express my appreciation to them. Howard Useem worked on the Alaska Power Administration sale and the Bonneville refinancing as well as the Strategic Petroleum Reserve language. Brian Malnak worked on the Interior asset sales, Mike Poling worked on the oil and gas royalty and OCS provisions, and Jim O'Toole worked on the National Park Service fees and concessions language. Jonathan Schneeweiss made major contributions in trying to keep our provisions straight, and I want to especially express my gratitude to the support staff, Camille Heninger, Betty Nevitt, Jo Meuse, Kelly Fischer, Judy Brown, Julia Gustafson, and Gerry Gentry—who really did all the work.

I also want to thank the minority staff who demonstrated the high level of professional commitment that has always characterized our staff. During the last reconciliation measure, they sought to involve us and we tried to be helpful. We are grateful for their assistance this time around. Ben Cooper, Tom Williams, David Brooks, Shirley Neff, Bob Simon and Cliff Sikora all made important contributions. I especially want to thank Sam Fowler for his assistance and ready recourse to humour during tense moments. In addition to his overall responsibilities for the entire package, his work on the U.S. Enrichment Corporation was invaluable.

Although all the staff performed well, some made extraordinary con-

tributions. I want to acknowledge Karen Hunsicker, who shepherded the conference with the House Commerce committee to an early and successful conclusion, especially on the U.S. Enrichment Corporation and DOE asset sales. David Garman did outstanding work on the US Enrichment Corporation and Andrew Lundquist has labored long and hard on both the Alaska export provisions and the leasing program for the Coastal Plain of the Arctic Refuge. Michael Flannigan made the hardrock mining negotiations as exciting as possible and kept a degree of uncertainty up to the very last moment. Kayci Cook, the Committee's Bevinetto Fellow, demonstrated competence, patience, and professional judgment in working on concessions and park fees.

Finally, I want to express my appreciation to the senior staff of the committee—Gregg Renkes, our Staff Director, Gary Ellsworth, our Chief Counsel, and Jim Beirne, our Senior Counsel. Not only have they handled individual portions of the package with their usual professional expertise, but they have also had the pleasure of dealing with the Budget Committee, the Congressional Budget Office, the Parliamentarian, Legislative Counsel, and their House counterparts, as well as various Senators and staff. They handled the floor procedures, and made certain that all the members of the committee were covered, and are responsible for the successful completion of the conference.

Mr. CRAIG. Mr. President, yesterday, on his birthday, a young member of my staff went to the dentist for a root canal. He understood that long-term health and comfort was more than worth the short-term discomfort.

Ironically, the same day, I received a fax from a concerned taxpayer who pointed out that a dentist's "polling numbers" aren't too good while the cavity is being drilled. But once the cavity is filled, "the horrible toothache is gone forever—and the patient is grateful."

For many of us in Congress, for Government employees, for many Idahoans, and for many folks watching us around the Nation, the current budget impasse may be producing a feeling like that of hearing the dentist's drill.

So, it's important for us to remember why we're here, what's at stake here, and why we are fighting so hard to pass a balanced budget.

\$200 billion annual deficits, a \$5 trillion debt, are more than a toothache—they are a cancer on the economy and threaten the living standards and economic security of every American.

This would be the first balanced budget since 1969 and only the second since 1960. It's sobering to remember that a majority of Americans living today have seen the Government balance its books either once or never.

Back at the beginning of this year, we got 66 of the 67 votes we needed to pass the Balanced Budget Amendment

to the Constitution. The critics, the defenders of the status quo cried out, "Where's your plan?" Well, at least for those of us on this side of the aisle, here's our plan.

With passage today of the Balanced Budget Act, the first Republican Congress in 40 years is on the verge of passing a detailed plan to balance the Federal budget by the year 2002—for the first time since 1969 and only the second time since 1960. In fact, a majority of all Americans living today have seen the Government balance its books only once or never. However, the President has threatened a veto and the debate has been heated and, often, confusing or misleading. The following information should help folks construct the true picture of the current debate and what's at stake.

Democrats say Republicans in Congress want to slash spending. But total spending under the Balanced Budget Plan will go from \$1.5 trillion in 1995 to almost \$1.9 trillion in 2002—a 22 percent increase.

Under the status quo, spending would go to \$2.1 trillion in 2002—almost a 40 percent increase.

The Democrats say the Republican budget is all pain, no gain. But real people will enjoy real benefits from balancing the budget by 2002 under the Republican plan. Because of lower interest rates, a typical family would save \$2,388 a year on a \$75,000 mortgage; \$1,026 over the life of a 4-year, \$15,000 car loan; and \$1,891 over the life of a 10-year, \$11,000 student loan.

Balancing the budget means more investment, more economic growth, and 2.5 million new jobs by 2002. By 2020, this growth means our children would have a 7 percent to 36 percent higher standard of living.

In contrast: The Concord Coalition estimates that Federal debts and deficits already have lowered the average family's income by \$15,000 a year. The President's 1995 budget estimated that future generations face a lifetime tax rate of 82 percent at all levels, under current trends in the public debt. The status quo is the least tolerable course.

President Clinton says he has submitted a balanced budget. Not according to the nonpartisan, objective Congressional Budget Office, which said the "10-year balanced budget plan" he offered this summer actually would produce \$200 billion deficits a year throughout the next decade. By his own admission, the budget the President first proposed in February would have produced similar \$200 billion deficits. In both cases, he used unrealistic economic assumptions.

Democrats say the Congressional budget plan will drastically reduce Medicare protection for the elderly. But, if we do nothing, Medicare will run a deficit in the coming year for the first time ever, and its trust funds will be completely drained of their accumulated reserve by 2002. The official Medicare Trustees—including three of President Clinton's own Cabinet Secretaries—have said so.

The balanced budget plan will extend the financial solvency of Medicare at least until 2009, protecting seniors. Budget savings would come from increasing consumer choice and making the system more efficient. Even after savings, Medicare spending per beneficiary would increase from \$4,800 in 1995 to \$6,700 in 2002—a 40-percent increase.

Democrats say Republicans want to cut Medicare to pay for tax cuts. But, the same magnitude of reforms are necessary to save and preserve Medicare, no matter what happens with the rest of the budget. The Balanced Budget Act includes a lockbox provision making it illegal to use Medicare funds for other purposes.

Democrats say the Republican plan won't really balance the budget—it will look like it by raiding the Social Security trust funds. But, the balanced budget plan will balance the unified budget (including Social Security surpluses in the total) by 2002. It will balance the budget without counting Social Security by 2005. The Government will remain under a legal obligation to pay out to Social Security beneficiaries every dollar ever deposited into the Social Security trust funds, with interest.

The growing national debt is the real threat to Social Security and every other important Government program. We already are paying \$300 billion in interest every year on that debt—about one-fifth of it going to foreigners—which crowds out other budget priorities.

Democrats say the Congressional budget is full of tax cuts for the rich. But, every time someone suggests cutting taxes for everyone, liberal demagogues make it sound like the rich are getting a special deal. It just ain't so in the balanced budget plan.

Almost three-quarters of the tax package in the budget goes for family tax relief, including a \$500 per-child credit, adoption credit, marriage penalty relief, a deduction for custodial care for the elderly, and a student loan interest deduction. Savings and investment incentives will boost the entire economy, create jobs, and guarantee that small businesses and family farms won't have to be sold at the owner's death just to pay taxes. Closing corporate loopholes will raise \$18 billion in revenues over the next 7 years.

Democrats say the Republican budget raises taxes on lower-income people. This accusation is a misrepresentation about the Earned Income Tax Credit [EITC]. The EITC is the fastest-growing item in the budget. It is part tax credit and part spending program for lower-income workers. In his 1993 budget, President Clinton drastically expanded who's eligible and the amount of benefits.

The Balanced Budget Act would preserve currently-scheduled EITC increases for needy families with children. Coordinating the EITC with the \$500 per-child credit will still give EITC

families earning more than \$18,000 a net tax cut. Other reforms target fraud, which would cost \$37 billion over the next 5 years under current law. The only actual benefit reductions would affect childless taxpayers (who, before 1993, were never eligible for the EITC), illegal aliens, tax cheats, and affluent taxpayers (who never should have received EITC benefits).

Democrats say Republicans want to cut benefits to the poor and needy. But Medicaid (health care insurance for the needy) spending in the Balanced Budget Act would go from \$89 billion in 1995 to \$127 billion in 2002—a 43-percent increase.

Mr. President, here is some rhetoric versus the truth.

Mr. SIMPSON. Mr. President, what an extraordinary and remarkable day. We are all somewhat weary—and, yes, greatly frustrated—from events of the past few days. But we should not let our fatigue—or our frustration from dealing with politics at the other end of Pennsylvania Avenue—diminish the importance of the moment.

At the close of this debate, we will be privileged to vote on a budget which—get this, for the very first time in my 17 years here—actually balances the budget on a date certain. No more smoke and mirrors! No tricks. No more accept short term expedients now—with the understanding that necessary trimming will follow later. We have finally learned better; finally, we do understand. And, finally, we are actually going to do it! We are going to balance this budget! A good day!

Everyone in this chamber knows my views on the subject of a balanced budget. Everyone knows that I passionately believe that the one way—the only way—to get to a balanced budget is to gain control over this so-called entitlement spending. That's a belief borne of very careful study—study which Senator BOB KERRY and I undertook in service on the Entitlement Reform Commission.

But the view that we must gain control over entitlement spending in order to balance the budget is not merely a belief. At this point, I think all Senators might agree that, as a matter of absolute fact, entitlement spending reform is the only way we can get from here to there. The fact that all now seem to agree on that point—and on the point that we must stop borrowing indefinitely from future generations—shows how far we, and the American people, have come in just a few years. I wish this consensus might have arrived sooner, but I'm surely pleased it is here now.

In light of the relative consensus on the "big picture," and in view of the limited time available for us to debate this historic Balanced Budget Act, I will not talk long on the overarching issues. But I will say this: we are taking an action today which comes closer than anything we could ever do—short of voting on a war resolution—to determining the day-to-day quality of life of

future generations of Americans. This is not hyperbole or overstatement. This is not hype or hoorah! Without the action we take today, our grandchildren, and their children, face a future of bankruptcy, hyperinflation, and financial and fiscal chaos. By taking some relatively painless steps today—and, please, let's be honest on this point: the savings we will approve today are relatively painless when you consider the magnitude of the deficit and debt confronting us—we deflect away that otherwise certain, and bleak, future.

The savings measures we will approve today are relatively painless—so much so that it is amazing, and so regrettable, that we have waited so long to act. To illustrate, let me outline for you what the Committee on Veterans Affairs—the Committee I am honored to Chair—has approved. I think you will agree that the route to a balanced budget that the Veterans Committee was able to reach imposes no great hardship on the Nation's veterans.

Title X of the bill—entitled "Veterans and Related Provisions"—defines what veterans must contribute to help us achieve a balanced budget. The measures we have approved can be viewed in three clusters:

First, we would reenact a number of money saving provisions that have previously been approved in prior Omnibus Budget Reconciliation Acts—

We would continue, for example, to require that *some, but only some*, veterans pay small per diems for hospital and outpatient care, and small added co-payments for prescription medications dispensed for the treatment of non-service-connected disabilities; veterans with profound service-connected disabilities, and low income veterans, would continue to be exempted.

We would continue, with respect to VA-treated veterans who have health insurance, to authorize VA to collect fees from those insurance carriers for non-service-connected treatment.

We would continue to allow VA to "verify," through access to IRS and Social Security records, the incomes of veterans who apply for means-tested VA benefits.

We would continue to limit means-tested VA payments to veterans who are in Medicaid-financed nursing home care while still assuring completely that the real benefit paid to, and retained by, the veteran is not diminished.

We would continue to require that veterans who receive the benefits of VA mortgage loan guarantees pay reasonable fees.

Finally, we would continue to allow VA to take reasonable steps to minimize its losses when the home loans it guarantees go into default.

These provisions, as a group, would allow VA to save \$2.799 billion over the next 7 years. 2.799 billion bucks simply from extending the effect of provisions that have previously been enacted.

These provisions, I daresay, would not harm veterans.

I can say, Mr. President, that no veteran would be harmed by these measures based on our experience on the Veterans Committee. For what is left unsaid in the context of continuing previously-approved OBRA provisions is as important as what is said. The OBRA provisions that we would extend today are ones which experience has already shown are relatively painless to the Nation's veterans and which have, therefore, achieved good bipartisan consensus within the Veterans Committee. They are even accepted by the Nations's veterans service organizations—organizations that are not always easily pleased, I would remind! Provisions in prior Budget Reconciliation Acts that were more controversial—for example, a provision setting a ceiling on benefits paid to an incompetent veteran who has no dependents and whose assets exceed \$25,000—are not in the package before the Senate today.

Second, this package of veterans-related measures would adopt two new provisions that are relatively non-controversial, but which are highly significant in terms of the savings to be gained.

Title X would reimpose a common sense legal standard for compensation to VA patients who are injured in VA hospitals. What standard would we impose? The very same standard which applies, insofar as we have been able to determine, at *every other* hospital in America. We would require that a patient show that any harm that was visited upon him or her in a VA hospital was the result of VA fault. Recovery would be allowed only if that fault could be shown.

In addition, we would require VA to "round down" the compensation and survivors' benefits which are adjusted annually to account for increases in the cost of living. What do I mean by this? Traditionally, when VA recomputed benefits amounts—which are paid in whole dollar amounts—it rounded up when the recomputed benefit equaled a fractional dollar amount of 50 cents or more, and it "rounded down" when that amount was 49 cents or less. The bill before the Senate today would require that VA "round down" in all cases.

I approved of these provisions—championed by my friend, Senator JAY ROCKEFELLER, the committee's ranking member—when they were before the committee. They were then—and they are now—wholly reasonable mechanisms for saving almost \$1 billion over a 7-year period. Indeed, in my view, they are preferable to the alternative measures adopted by the House.

But they simply were not acceptable to the chairman of the House Veterans' Affairs Committee, Congressman BOB STUMP, or to the ranking member of that committee, Congressman G.V. "SONNY" MONTGOMERY, for whom the

Montgomery GI bill is named. My respect, admiration, and regard for SONNY MONTGOMERY—who will retire after the 104th Congress and who will be deeply missed by all—impelled me to recommend that the Senate conferees recede to the House view on this matter if we could "make up the difference" in other ways. We did.

In place of the Montgomery GI bill provisions, the conferees accepted two House-approved provisions which, collectively, will save almost the full necessary \$1 billion. First, we would raise the prescription

Mr. President, those who hear these comments may infer that I am not fully pleased with each and every aspect of the veterans' provisions in this bill. If they infer that, they will be correct. I particularly regret the provision relating to survivors' COLAs—though I do not think it is patently unfair. It is regrettable, but not unfair. As we all know, however, rarely is a given piece of legislation pleasing in all respects.

This legislation is, however, almost without precedent in its importance. And it is not—it is not—unfair to the Nation's veterans, or to their widows, orphans or families. No—veterans, their widows, and their families will benefit, as will all Americans, from deficit control—and from the jobs, low interest rates, low inflation, and future prosperity which hinge on deficit control.

We are doing no less today than trying to save this great country as we know it. We veterans fought for that very cause. I know all veterans will join now—as we all did when we were called to arms—in defense of the Nation, and to assure peace, prosperity, and stability for our children and grandchildren.

Mr. President, I appreciate the time I have been afforded to address these critical issues, and I yield back the balance of my time.

VETERANS' RECONCILIATION: MORE THAN THEIR FAIR SHARE

Mr. ROCKEFELLER. Mr. President, I oppose the provisions of title 10 of the conference report—relating to veterans' programs—because they are a bad deal for veterans. These provisions were crafted behind closed doors. They must be brought out into the light of day so that the public can understand just how bad they are.

First, the overall amount saved is too high. The two Veterans' Affairs chairmen accepted, with no action by either body, an increase of \$300 million over the seven years in the overall savings that the Veterans' Affairs Committees generated, from \$6.4 billion to \$6.7 billion. There is no reason that our Committees should have done this. This increase translates directly into more cuts in veterans' benefits. I regret very much that there was a willingness to make veterans do more than their fair share.

The provisions provide less than a full cost-of-living adjustment to cer-

tain widows of veterans who died in service or later from conditions related to their service. This diminished COLA is directly contrary to a promise made by the Congress in 1992 when the survivors benefit program was revised, and should not be agreed to. I oppose it strongly. It is wrongheaded and mean spirited. There were other ways to find the savings required.

The package includes a 100-percent increase in the amount poor veterans are charged for a 30-day supply of prescription drugs, raising the amount to \$4 from the current \$2. Our Committee avoided increasing this copayment. The House Committee had voted a \$1 increase, to \$3. The increase in the bill is an even greater increase than originally passed the House. It is being included in this package because of the Chairmen's agreement to accept a higher overall savings target for our Committees than is set forth in the Budget Resolution.

The bill expressly repeals the Secretary's existing authority to waive veterans' indebtedness in connection with receiving prescription drugs. Under current law, the Secretary can waive this and other indebtedness. However, in an action designed to generate even more savings from poor veterans, the waiver authority as to veterans who have received prescription drugs will be repealed. Frankly, I am not at all sure what is intended by this change but if I understand it, the only way to enforce the no-waiver authority will be to refuse to provide prescriptions to veterans who previously received medications but were unable to pay for them. That strikes me as a particularly unfortunate change in law and policy.

The final compromise includes a provision that would repeal a protection in current law for veterans who are found by VA to owe money in connection with a home loan default, even a default that occurs years after the veteran has sold the home to a buyer who then defaults on the loan, a not uncommon event. Under current law, a veteran who is found by VA to owe money in connection with a loan default is protected from having his or her income tax offset or federal pay garnished until VA gets a court decision affirming the indebtedness. The final compromise will include a House-passed provision that substitutes simple notice to the veteran for this protection.

Mr. President, I must note my deep disappointment that the House refused to consider any changes in Montgomery GI bill issues as part of our effort to find the mandated savings. The Senate package achieved savings in two ways from the MGIB—by providing for a one-half COLA over the seven years and by increasing the contribution that servicemembers make who do not opt out of the MGIB. The House's refusal to achieve savings from healthy, employed recruits and students, at the expense of widows of veterans who died

from service-related causes, and of veterans needing prescription drugs, is simply not acceptable to me. I do not understand their priorities.

Finally, Mr. President, as I noted at the outset, this compromise was crafted behind closed doors. I was denied any opportunity to participate in the conference. I asked for a public meeting of the sub-conference on a number of occasions in order to give us the opportunity to discuss the differences between the House and Senate provisions in a public forum. The only response I received was an invitation to a private meeting in Senator SIMPSON's office after the final agreement had been reached. That's just not good enough. The American people deserve better. America's veterans deserve better. We should conduct our business in the open, not behind closed doors. This package was developed with no input whatsoever from Senate Democrats. That is not how our Committee has functioned in the past. I regret that we are now taking that approach.

Mr. President, this package is a bad deal for veterans. It cuts too deeply and in wrong areas. As the Ranking Democrat on the Veterans' Affairs Committee, I see my role as looking out for our Nation's veterans, as making certain that our promises made to those who gave of themselves in our common defense are kept. This package does not do that. That is why I must oppose it.

CUT TAXES: BALANCE THE BUDGET

Mr. PRESSLER. Mr. President, the American people want and deserve an end to shameless, wasteful spending programs. They want a reduction in taxes for working middle-class families and a balanced budget so we finally live within our means—as people in my home state of South Dakota do every day. I feel passionately that we must give the dream of America back to our children. That is why I support the Balanced Budget Act of 1995.

The working men and women in America are fed up with politics as usual in Washington. They have spoken loudly that they want us to cut wasteful spending, reduce taxes for working middle-class families, and finally balance the budget. The Republicans in Congress have heard this call for change. We, too, are tired of business as usual. That is why we have proposed tax relief for working, middle-class Americans so they can keep more of what they earn, rather than leave it in the hands of Washington bureaucrats.

Recently, an editorial in the Rapid City Journal praised the current Republican tax plan. This editorial is right on target. Mr. President, I ask unanimous consent to place this editorial in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. PRESSLER. Why do middle-class, working Americans want us to cut spending and provide tax relief? The reason is obvious. The Federal Government wastes billions of their tax dollars every year on more and more programs that do less and less to meet the needs of average Americans. Working Americans are paying more and more for less and less. Now we have the opportunity to cut taxes and in the process make government more efficient and effective, smaller and smarter. It is time to give the American people what they want—a balanced budget, an end to wasteful spending, and a reduction of taxes for wage-earning, middle-class working families.

EXHIBIT 1

WIDE APPEAL IN TAX BREAKS

THE TAX BREAKS INCLUDED IN CONGRESSIONAL BUDGET PROPOSALS WILL BENEFIT MIDDLE-INCOME AMERICANS MOST

In the great budget debate of 1995, congressional Democrats and President Clinton have continually argued that Republicans are targeting the poor and elderly with spending cuts to pay for tax breaks for the wealthy.

Hmmm. Tax breaks for the wealthy?

There are flaws in this argument.

For one thing, the \$500-per-child tax credit under the expected budget compromise would go to families with incomes under about \$100,000. That means the wealthiest Americans—those with taxable incomes over \$100,000—wouldn't qualify for it. And it means most families that pay taxes would pay lower taxes.

A second tax break included in both the House and Senate budget bills would reduce the top capital gains tax rate from 28 percent to 19.8 percent. Although this tax break would result in wealthy taxpayers paying a lower rate, it could very well mean their total tax bills would be higher. The lower tax rate likely would motivate sales of investment assets that otherwise wouldn't be sold and thus wouldn't generate any tax revenue.

Plus, the increased economic activity that a lower capital gains tax rate would generate would result in increased capital for job-creating small businesses and a healthier economy that produces more tax revenue.

Besides, a cut in the capital gains tax rate doesn't apply only to wealthy individuals. It applies to everyone who increases their taxable income by selling a home or some other investment. In today's economy, that takes in a lot of people. One study showed that in 1990, when the top capital gains tax rate was lowered from 33 percent to its current 28 percent, 70 percent of the tax returns reporting capital gains were from people with taxable incomes below \$75,000.

So, while it may be correct that House and Senate budget proposals include some benefit for the wealthy, it's the middle income taxpayers that benefit most.

On the other side of the budget's impact on taxpayers are proposed reductions in the Earned Income Tax Credit, a tax break for workers with low incomes. The House bill proposes decreasing planned EITC spending by \$23 billion over the next seven years, while the Senate bill proposes \$43 billion.

Some of this reduction is justified. EITC eligibility requirements need to be tightened so people with low taxable incomes but high nontaxable incomes, from sources such as tax-free annuities, don't qualify. And in a program with a high rate of fraud—the Internal Revenue Service estimates up to 40 percent of the tax returns claiming the EITC contain errors or fraudulent claims—the

plan to double penalties for fraudulent EITC claims is justified.

But because the EITC program is, in effect, a reward for people who work rather than rely on welfare assistance, the budget proposals should be scaled back so as not to affect the people the EITC is intended to help.

Of course, these changes in tax credits and tax rates would increase the complexity of a federal tax code that is already too complicated. We should really be going in the opposite direction, toward a simpler tax code.

And on the other side of the budget proposals, the decreases in proposed spending, there is room to argue whether the decreases are targeted fairly.

But the tax breaks included in Republican budget proposals aren't as hideous as they've been made out to be.

A lot of hard-working, middle-income Americans would benefit.

THE 7-YEAR BALANCED BUDGET RECONCILIATION ACT OF 1995—CONFERENCE REPORT

The PRESIDING OFFICER. The Chair announces that the Senate has received the conference report from the House, and the clerk will now state the report.

The assisted legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2491) to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

Thereupon, the Senate proceeded to consider the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 16, 1995.)

The PRESIDING OFFICER. The Senator from Nebraska.

POINT OF ORDER

Mr. EXON. Mr. President, I raise a point of order that the sections designated on the list that I now send to the desk violate the Byrd rule, sections 313(b)(1)(A) and (D) of the Congressional Budget Act.

The list follows:

EXTRANEOUS PROVISIONS IN H.R. 2491

Subtitle and section	Subject	Budget act violation	Explanation
Subtitle M Sec. 13301.	Exemption of physician office laboratories.	313(b)(1)(A)	No deficit impact
Sec. 1853(f) of the Social Security Act as added by Section 8001 of the bill.	Application of antitrust rule of reason to provider-sponsored organization.	313(b)(1)(A) 313(b)(1)(D)	No deficit impact Merely incidental

Mr. ABRAHAM. Mr. President, pursuant to section 904 of the Congressional Budget Act, I move to waive the point of order for consideration of the antitrust provisions that have been raised in this point of order.

The PRESIDING OFFICER. Under the Budget Act, there is now debate on the motion. Who yields time? The Senator from New Mexico.

Mr. DOMENICI. On behalf of the majority leader, I ask unanimous consent