

that they have projected, up until now, \$360 billion in interest costs on the national debt. That is, while we are debating, we are increasing spending a billion dollars a day for absolutely nothing and adding it to the national debt. So that by the end of the 2002, the debt will exceed \$6 trillion, and the interest costs on that will be in excess of \$500 billion.

So what will occur is, at the end of this particular budget that we are all talking about as balanced, domestic spending, which is cut from current policy, defense, which is cut from current policy, will be exceeded by the interest costs on the national debt. The whole time we are going through this charade, they said "sham balancing act" in this particular editorial, they totally ignore section 13301 of the Budget Act and ignore the reality that we will have spent in excess of \$2 trillion in trust funds when we get through.

Mr. President, what we really have is a disaster on our hands. While we are talking about waiting for the baby boomers 15 years out, Social Security is paid for. The taxes are there. We have a surplus, supposedly, of \$581 billion. But that \$581 billion is not in the desk drawer; it is a little old IOU. We have a surplus in Medicare right this minute, which they are talking about going broke; in Medicare we have a \$153 billion surplus. That is paid for. But they are all talking about deficits. Why? Because we are spending it and using this subterfuge of a unified budget, a unified deficit. Until we sober up from that, Mr. President, we are going down, down, down, adding to the debt each year, adding then to the interest cost each year, and then adding to the automatic spending, the spending on automatic pilot at a billion dollars a day. That is spending for absolutely nothing.

If we had been responsible—interest payments were only \$75 billion when President Reagan came to town; we have added over \$285 billion in interest spending; that \$285 billion is what all of the particular negotiating since January has been about—we could have taken defense, research, technology, education, the environment, and all of these particular needs.

Point: We are spending the trust fund money up here in Washington. We are telling the people we are not spending it. "It is unified. Don't worry about it." And we are taking their savings fund and running away with it. And whoever is going to be around here on the bridge to the next century, remember. It is not going to be a bridge. We are going right straight over the cliff. I yield the floor.

#### SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ACT OF 1997

The Senate continued with the consideration of the bill.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I extend my sincere thanks to the distinguished colleague and fellow Budget Committee Member from South Carolina.

Mr. President, as we begin the discussions today about the emergency supplemental appropriations measure, I thought it would be very important to touch on some of the important issues in this bill that reflect the spending items in the budget of the VA-HUD Independent Agency Subcommittee on which I serve.

The full committee appropriations recommendation includes for the emergency supplemental \$3.5 billion for disaster relief for the Federal Emergency Management Agency, or FEMA. In the committee report we have recommended \$2.5 billion more than the President's request of \$979 million. The amount recommended represents FEMA's current estimate of what is needed to meet the requirements of all disasters currently on the books, and those disasters projected to occur in the balance of fiscal year 1997.

Approximately \$1.1 billion of the funds provided are for disasters projected to occur based on the 5-year historical average cost of disaster relief.

The funds recommended, coupled with the \$2 billion currently available in FEMA's disaster relief fund, would enable FEMA to meet fully all of the fiscal year 1997 and prior year commitments. Certainly our hearts go out to the people of North Dakota, South Dakota, Minnesota, and other areas stricken by disasters this year. I join with others in commending FEMA for the work that it has done to respond quickly to disasters. For those of us who live in States which have been struck by disasters, we sincerely appreciate the dedicated men and women of FEMA and their ability to respond quickly to those needs.

Having said that, I must notify my colleagues that FEMA's disaster relief expenditures are out of control. The subcommittee has been paying the price time and time again for FEMA's largess. It is as if we had a tanker truck that arrived to put out the fire. It puts out the fire but it leaves all of the valves open. So the water continues to spill out even after the fire is done, and that is what we are funding. We are filling up a tanker truck that still has the valves open. I commend the people for getting the truck there when the fire starts. But we need to get a handle on how much continues to run out after the fire is put out.

In the past 2 years, including this legislation before us today, we have cut almost \$12 billion from other VA-HUD programs—principally low-income housing—to pay for FEMA disaster relief. Yet we have learned that these funds have gone to rebuild stadiums, golf courses, yacht harbors, and to replace fully, without any State cost share—partially damaged university hospitals, such as over \$400 million in Federal repair costs by FEMA for the UCLA hospital because of the

Northridge earthquake. Let me make that point again. Mr. President, we have spent \$400 million in Federal repair costs for the UCLA hospital, a very important facility, a revenue-generating facility, and one which, frankly, has a lot more reserves than the U.S. Government.

In the past 2 years, hundreds of millions of dollars have paid for snow removal. There has not been a Federal disaster declaration for snow removal since 1979. I think there is little accountability in the program, and entirely too much discretion to waste taxpayers' dollars.

I also point out to my colleagues that we wouldn't need a supplemental for FEMA today if in 1996 the President's Chief of Staff had not recommended a \$1 billion rescission from FEMA during the negotiations on the final bill last year. We knew these funds would be needed, but instead, following the administration's recommendation, Congress rescinded these funds to pay for administration priorities in other areas.

Moreover, equally disturbing is that to offset these FEMA costs, as well as an additional \$100 million requested by the President for CDBG, community development block grant emergency funding, the bill would rescind over \$4 billion from the programs and activities within the jurisdiction of the VA-HUD appropriations subcommittee, including \$3.65 billion from unobligated HUD section 8 contract reserves.

The rescission of \$3.65 billion in unobligated section 8 contract reserves places the renewal of section 8 contracts for fiscal year 1998 in jeopardy. As the people at HUD know full well, the cost of section 8 contracts will skyrocket over the next few years. In particular, the VA-HUD fiscal year 1997 Appropriations Act appropriated \$3.6 billion to cover the cost of renewing expiring section 8 contracts for fiscal year 1997. The costs of renewing all section 8 contracts for fiscal year 1998, one year later, a total of \$1.7 million expiring contracts, many of which are for the elderly and disabled, will require an appropriations of some \$10.2 billion in budget authority for fiscal year 1998. The cost of expiring section 8 contracts rises to \$11.9 billion in fiscal year 1999, \$13.7 billion in fiscal year 2000, \$15.1 billion in fiscal year 2001, and \$16.4 billion in fiscal year 2002.

Just to go back, in the current year we had to find budget authority for \$3.6 billion. For the coming year, \$10.2 billion, almost a threefold increase, going up to \$11.9 billion, up to \$13.7 billion, up to \$15.1 billion, up to \$16.4 billion.

My colleagues will have a right to ask. Are we paying out that much more because we have that many new section 8 contracts? The answer is no. The answer is no. The answer is that in the past we have provided multiyear contracts for the section 8 program, 20-year contracts, and they built in all of the budget authority—the commitment to spend—in prior years. Because of the

budgetary constraints, we have been shortening those. I think the direction from the Budget Committee is they want to get those down to 1 year. That means that we have to pick up the budget authority—the overall obligation to spend the money—in each appropriations cycle.

We have begun these ongoing programs that have built up. We have been spending the money on the programs. But the budget authority was appropriated in prior years. All that budget authority has expired. So we get almost a threefold increase in the budget authority required from the current year to that required for the next year just to keep the same people in the same section 8 houses.

We have done a great deal through this subcommittee working with the authorizing committee to reform HUD. Just recently HUD announced that they were carrying forward a demonstration program to deal with some very significant problems in excess subsidies for multifamily houses—the market-to-market portfolio re-engineering process. We are doing all of that. But just to maintain our commitments requires new authority.

I am very pleased that the budget agreement recognizes—the President and the leaders of Congress recognize—that additional budget authority and some outlays have to go into section 8. But given all of that, we are looking at these tremendous increases in the section 8 requirements each year in the budget.

Yet, suddenly HUD, abruptly on April 17, found that it had \$5.8 billion in unobligated and excess section 8 contract reserves. I think that is a rather cynical act. They know that we are going to have to spend all of this money. Yet, they offered up the budget authority that was in there already appropriated for them to fund FEMA obligations. When I met with Secretary Cuomo and his staff on March 12, they told me there was probably less than \$1 billion in section 8 reserves on hand. The previous year, then Chief of Staff, Mr. Katz, testified that HUD estimated in fiscal year 1996 there was only about less than \$.5 billion in excess section 8 contracts reserves.

Nevertheless, on April 17 of this year, in the middle of supplemental appropriations, HUD wakes up and finds not only \$3.5 billion in excess unobligated section 8 reserves but it indicates that it will revise its section 8 contract reserve requirements so that there is in excess of \$5.8 billion in unobligated reserves. It is a big jump from \$460 million to \$5.8 billion. That is a big problem, and, once again, it focuses our intention on the questions about management of HUD, an agency which the General Accounting Office has in the past designated as a troubled agency, the only department in the U.S. Government to have that dubious distinction.

The bottom line is that I still have little confidence in HUD's ability to es-

timate the amount of excess section 8 contract reserves, or its ability to manage the programs.

I do know, however, that there is a vital need to fund the section 8 program next year; that 1.7 million families are depending upon the renewal of section 8 contracts to preserve affordable and decent housing, and many of these are elderly and disabled. For that reason, the supplemental appropriations we are proposing would require HUD to recapture all excess unobligated section 8 reserves and preserve these funds in an account to help this committee fund the section 8 contract renewals next year. That, I think, is critical, Mr. President.

I honestly do not know how much section 8 assistance is unobligated in section 8 contract reserves, and, unfortunately, I don't believe HUD knows. I know that some PHA's, public housing authorities, have section 8 contract reserves and some don't. Mostly, I find it difficult to believe that HUD has audited 3,400 PHA's between March 12 and April 17 to determine, all of a sudden, that there was some \$5.8 billion in excess reserves.

I have been a defender of HUD and a defender of the role of the Federal Government as a provider of housing and community development assistance. Yet, my support has been justified on the belief that the department is capable of reform and is capable of providing a meaningful contribution to housing and the community development needs of the Nation.

I will not belabor these issues today other than to say that we are confident that HUD has been shaken once again. We hope that the secretary and his new management team, with the assistance he is bringing in from the outside, will be able to implement a fiscal management system which will avoid these surprises and give the agency and the Congress some idea of how much is out there, what the obligations are, and how much we have built up.

I believe strongly that Federal commitment to section 8 housing must be preserved. Renewing these section 8 contracts is an existing commitment to low-income families in need of affordable, safe, secure housing. But HUD has to be reformed. We cannot find surprises of found money as Congress takes on the serious task of reforming the budget.

Mr. President, I said that we would have some technical amendments that we will offer before the 2:30 deadline. Those are currently being reviewed at the staff level. In consultation, we may be able to get an agreement on them. So I will not offer those at this moment. But we will submit those amendments as soon as they are ready, and prior to the 2:30 deadline.

I yield the floor.

I express my thanks to my distinguished colleague from South Carolina.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

AMENDMENT NO. 57

Mr. HOLLINGS. Mr. President, I think the pending business is an amendment by our distinguished colleague from Minnesota, Senator WELLSTONE, to strike an amendment that was included in the markup of the urgent supplemental at the Appropriations Committee level. I had this included. I think others had it, too. But in my particular instance, it was at the request of a constituent, Hoffman-La Roche, an eminent drug manufacturer, in the city of Florence. They are constructing a facility there now. We are very proud to have them. They are very responsible folks.

This particular issue was dealt with in full debate on the floor of the U.S. Senate last year by the distinguished Senator from Utah, who dealt with the matter of copyright and patent legislation as the chairman of our Judiciary Committee. What really occurred—it is sort of complicated, but what really occurred is there are two different rulings with respect to the longevity of a particular patent. Under the regular law, a patent is granted for 17 years from the date of the issuance of the patent. In the early 1980's, all patents in existence at that time were granted 2 extra years as recognition that the approval process was resulting in much shorter usable life for the patented drugs. In this case the approval process took 11 years. Along came the GATT agreement. Trying to conform to the global competition and the global rule of 20-year patents, we passed a law which allowed a company to choose to operate under the current U.S. system or to operate a patent for 20 years from the date of the filing of the patent. The courts interpreted these two laws in a way that denied Hoffman-La Roche this choice. I, as well as many Members of the Senate including the chairman of the Judiciary Committee, Senator HATCH, know this ruling to be in contravention to the intent of the laws in question and this amendment simply sought to right this wrong.

The drug in question is Toradol. It is a remarkable drug. Of course, it is the pain killing drug with which you can retain total consciousness, and it was administered to the President with his particular knee operation. The patent is to expire on May 16, 1997. As you can guess, the generic drug folks are interested whenever a patent expires, and my intention was to address the generic drug problem. Many a time the generic drug folks, along with consumer organizations, will come and say, "Oh, we can get it much cheaper." On that particular point, there is no question. The question is to not only make profits, but make enough for other reinvestments to make another miracle drug. So, while I have worked and defended the generic movement in our country, from time to time on close study you can see that the manufacturer himself has a cause and a case and it ought to be defended. That was the intent in this particular amendment.

Right to the point, everybody wants to either vote or dispose and move along with the underlying disaster supplemental measure rather than this one particular manufacturer and this one particular drug. Under the circumstances here on the floor, I have not been able to talk in caucus or to my colleagues about it. The fact is, I was told, when I came in this morning, it was being worked out.

Specifically, while we had taken care, I understand, of the drug administered orally with the generic drug folks and consumer groups that called with respect to it, the drug taken intravenously had not been cleared with the generic groups. While we have gone to great lengths to solve all the problems with and get this amendment cleared, we have not been able to do so. It was my hope that we could get the best of both worlds and provide a remedy for a company hurt by a misinterpretation of the law and also get generic competition onto the market faster than it would have without this amendment. That, I thought, was being worked out this morning, but I understand, now, the Senator from Minnesota has not agreed to that.

I will be prepared, under the circumstance here, to withdraw that amendment and not cause the colleagues to vote. But I do not think, technically or parliamentarily, you can withdraw a section of a bill. So I will be glad to go along with the Senator from Minnesota on a voice vote and vote along with him at this particular time, to see if we cannot get this straightened out.

The staff, floor and all, have been anxious. They are trying to move this particular bill. I know Senator STEVENS has been very anxious to do it. I appreciated being included in the Appropriations Committee version. I still think it is with absolute merit. But, under the circumstance, now I am prepared to go along with the motion of the Senator from Minnesota to strike and we will come back in at the appropriate time.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

#### AMENDMENT NO. 67

(Purpose: To make technical and clarifying changes to title II, chapter 1 of the bill)

Mr. COCHRAN. Mr. President, I send to the desk an amendment to make technical and clarifying changes to title II, chapter 1 of the bill.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Mississippi [Mr. COCHRAN] proposes an amendment numbered 67.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 9, line 25, strike “, to remain available until expended” after “ters,” and insert “, to remain available until expended” after “\$18,000,000”.

On page 11, line 25, after “disasters” insert “subject to a Presidential or Secretarial declaration”.

On page 11, strike all between the word “similar” on line 25 and the word “to” on line 26.

On page 12, line 4, strike “the eligibility” and insert in lieu thereof “gross income and payment limitations”.

On page 13, line 13, strike “cropland” and insert in lieu thereof “agricultural land”.

On page 13, line 13, strike “cropland” and insert in lieu thereof “agricultural land”.

On page 16, line 2, strike “\$3,000,000,” and insert in lieu thereof “\$6,500,000”.

Mr. COCHRAN. Mr. President, this amendment, as stated, makes technical and clarifying changes to the agriculture title to the supplemental appropriations bill. The changes have been approved by the ranking Democrat on the committee, Mr. BUMPERS, and the amendment has been cleared on both sides of the aisle.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 67) was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

#### RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m., having arrived, the Senate will now stand in recess until the hour of 2:15 p.m.

Thereupon, at 12:31 p.m., the Senate recessed until 2:15; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. COATS).

#### SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ACT OF 1997

The Senate continued with consideration of the bill.

#### AMENDMENT NO. 54

The PRESIDING OFFICER. Under the previous agreement, the Senator from Minnesota is reserved 2 minutes 30 seconds.

Mr. GRAMS. Mr. President, we are going to be voting in a few minutes on the Grams-Johnson amendment that will help complement disaster relief efforts currently underway now in my home State of Minnesota, as well as North and South Dakota, by making it easier for farmers, homeowners, small businesses and local governments to help rebuild from the devastation that has been brought on by the floods.

Our amendment, simply put, will permit Federal regulators to provide temporary and targeted modifications to current banking regulations. It will permit homeowners, farmers, and small businesses to have faster access to a larger pool of credit. It will also help banks and credit unions to reopen their doors faster to serve their communities.

Also, Mr. President, the Grams-Johnson amendment is supported by the Treasury Department, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and also the National Credit Union Administration.

Mr. President, I ask unanimous consent that a letter from NCUA in support of the amendment be printed in the RECORD.

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

#### NATIONAL CREDIT UNION

#### ADMINISTRATION,

*Alexandria, VA, May 5, 1997.*

Hon. ROD GRAMS,  
U.S. Senate,  
Washington, DC.

DEAR SENATOR GRAMS: Thank you for the opportunity to review the Depository Institution Disaster Relief Act of 1997 (S. 652). I want to applaud you and Senator Tim Johnson for introducing this disaster relief legislation and NCUA supports its quick passage.

The legislation is similar to bills passed by Congress in 1992 (P.L. 102-485) and 1993 (P.L. 103-76) to address the devastation wrought by natural disasters and make credit more easily available to farmers, homeowners and others through temporary exceptions in the Truth in Lending Act and Expedited Funds Availability Act, among others. Just last Friday, the NCUA Board took action to waive the requirement that natural person credit unions and corporate credit unions establish reserves on total loans of up to \$50 million that will be made to members in disaster areas. We believe this policy change will enable credit unions to make loans at well below market rate.

The NCUA Board's recent action and already announced policy of postponing scheduled examinations, encouraging loans with special terms as well as reduced documentation and guaranteeing lines of credit through the National Credit Union Share Insurance Fund and the Central Liquidity Facility, dovetails your legislative efforts and hopefully will provide a measure of relief to credit unions and their members in Minnesota, North Dakota and South Dakota affected by the catastrophic flooding. Thank you again for the opportunity to comment on S. 652.

Sincerely,

NORMAN E. D'AMOURS,

*Chairman.*

Mr. GRAMS. Mr. President, the Grams-Johnson amendment has the