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# *House of Representatives*

The House was not in session today. Its next meeting will be held on Tuesday, May 27, 1997, at 10 a.m.

# *Senate*

FRIDAY, MAY 23, 1997

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

## PRAYER

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

Lord God almighty! Heaven and Earth are filled with Your glory. Praise and honor be to You, Lord most high. Lord of all creation, re-create our hearts to love You above all. Ruler of the universe, rule in us. Lord of our Nation, we invite You to live in us as our personal Lord. Architect of history, guide the vital page in history that will be written today.

As we prepare for the Memorial Day recess and, at the same time, seek to complete all of the votes on the budget resolution, we realize how closely these two things are intertwined. Help us to see the implications of honoring those who gave their lives in just wars, and the arduous task of honing the budget further to enable Your priorities for our Nation. Sovereign Lord, reign in this Chamber and in our hearts and minds today so that what is decided will reflect Your will and how we work together will reflect Your presence. Grant the Senators renewed strength and resilient determination to finish well. May the shortness of life here on Earth and the length of eternity free them to do their best today as an expression of love to You and gratitude to those who paid the supreme price that this Senate could fulfill its calling of leading this Nation for which they died. Lord God of Hosts, be with us yet, lest we forget, lest we forget. In the name of the Resurrection and Life. Amen.

## RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader is recognized.

Mr. DOMENICI. Thank you very much, Mr. President. I hope you are feeling well this morning, Mr. President.

The PRESIDENT pro tempore. Fine.

Mr. DOMENICI. I am feeling well also because we are getting close to completion. If we could finish by 12:30 or so, I will feel even better.

The PRESIDENT pro tempore. You are doing a good job.

Mr. DOMENICI. None of that is supposed to occur in the Senate, but isn't that nice, that we could do that.

## SCHEDULE

Mr. DOMENICI. For the information of all Senators, today the Senate will immediately resume consideration of Senate Concurrent Resolution 27, the first concurrent budget resolution. Under the previous order, all time is expired and the Senate will begin a lengthy series of rollcall votes on or in relation to the remaining pending amendments that are in order to the resolution. Therefore, Senators can expect to begin voting on numerous stacked votes momentarily. Senators are asked to remain in the Chamber and in their seats, if possible, to expedite this process.

Again, all Members should be on the floor to begin this series of votes. After final passage of the budget resolution, it is the intention of the majority leader that the Senate consider the CWC implementation bill under the previous order, the supplemental appropriation bill, if the House completes action, and any nominations that have been cleared for action.

I thank my colleagues for their attention.

## UNANIMOUS-CONSENT AGREEMENT

Mr. DOMENICI. Mr. President, I ask unanimous consent that all remaining votes in the stacked sequence after the first amendment, the McCain amendment, be limited to 10 minutes each; and, further, there be 2 minutes of debate, equally divided in the usual form, for each vote.

The PRESIDING OFFICER (Mrs. HUTCHISON). Without objection, it is so ordered.

## RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

## CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER. The Senate will now resume consideration of Senate concurrent resolution, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 27) setting forth the congressional budget for

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

the United States Government for fiscal years 1998, 1999, 2000, and 2001.

The Senate resumed consideration of the concurrent resolution.

Pending:

Kerry amendment No. 309, to allocate funds for early childhood development programs for children ages zero to six.

Dorgan amendment No. 310, to express the sense of the Senate that the Congress should continue efforts to reduce the on-budget deficit without counting Social Security surpluses.

Wellstone modified amendment No. 313, to provide for increases in funding for Headstart and Earlystart, child nutrition programs, and school construction, which will be paid for by reducing tax benefits to the top 2 percent of income earners in the United States as well as by reducing tax benefits that are characterized as corporate welfare or tax loopholes.

Wellstone amendment No. 314, to provide that Pell Grants for needy students should be increased.

Abraham amendment No. 316, to express the sense of the Senate that, to the extent that future revenues exceed the revenue aggregates, those additional revenues should be reserved for deficit reduction and tax cuts only.

Gramm amendment No. 319, to ensure that the discretionary limits provided in the budget resolution shall apply in all years.

McCain-Hollings amendment No. 326, to express the sense of the Senate that the Congress shall take such steps as necessary to reconcile the difference between actual revenues raised and estimates made and shall reduce spending accordingly if Spectrum Auctions raise less revenue than projected.

McCain-Mack amendment No. 327, to express the sense of the Senate with respect to certain highway demonstration projects.

Lautenberg (for Moseley-Braun) amendment No. 333, to express the sense of the Senate regarding the use of budget savings.

Lautenberg (for Moseley-Braun) amendment No. 334, to express the sense of the Senate regarding the value of the Social Security system for future retirees.

Specter amendment No. 338, to provide for a reduction in mandatory spending and an increase in discretionary spending relating to children's health.

Specter amendment No. 339, to provide for a reduction in mandatory spending and an increase in discretionary spending relating to children's health.

Specter amendment No. 340, to restore funding within the discretionary health function to maintain progress in medical research, offset by reductions in Federal agency administrative costs.

Domenici (for Grams) amendment No. 346, to require that the $225 billion CBO revenue receipt windfall be used for deficit reduction and tax relief, and that non-defense discretionary spending be kept at a freeze baseline level.

Domenici (for Coverdell) amendment No. 347, to provide for parental involvement in prevention of drug use by children.

Domenici (for Snowe-Coverdell) amendment No. 349, to express the sense of the Senate relative to higher education tax relief and higher education expenses.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, would the Senator from Arizona yield for one moment? There are 11 first-degree amendments, 1 motion to waive a point of order, and possible second-degree amendments and final passage votes that could occur today. If everybody asks for a vote, that means we could have 15 votes, Senator MCCAIN. At an average of 15 minutes a vote, even though we said 10, it would be at least 4 hours of voting.

I think we can do better. I think at least half of these amendments can be voice-voted, cutting the 4 hours to 2. We will try our best to see if the proponents will accept voice votes. I hope we can encourage Senators not to demand a vote.

I thank Senator MCCAIN, who I am just told will take a voice vote on amendment No. 327. During this first vote, staff will try to determine which ones can be voice-voted.

I yield the floor to Senator MCCAIN.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

AMENDMENT NO. 326

Mr. MCCAIN. I call up amendment No. 326, which is at the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. MCCAIN], for himself and Mr. HOLLINGS, proposes an amendment numbered 326.

(The text of the amendment is printed in the RECORD of May 21, 1997)

Mr. MCCAIN. I yield 10 seconds to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized for 10 seconds.

Mr. BURNS. Madam President, on this amendment, I am heartily supporting this, especially because not supporting the amendment would be irrational, knowing that the blueprint is in front of us that spectrum does not have the value that is put into this bill. So, if we have a track record that proves that it does not, it is outrageous that we would accept the figures in this budget.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Madam President, it is important, as the Senator from Montana said, that we be on record on this issue because there are three pertinent facts that we cannot forget here. Over $26 billion is assumed to be raised from the spectrum auction in the budget. Both the ranking member of the Commerce Committee, Senator HOLLINGS, and myself seriously question whether raising that much money is possible.

Unlike fees or taxes, as we all know, spectrum auctions are a function of the free market, and its value is determined solely by supply and demand. Due to the volatility of this market, as we have seen recently, it is virtually impossible to accurately know what spectrum is worth and, since it is planned to be auctioned 5 years from now, what it will be worth. Even the expert agencies, CBO and FCC, have not been able to accurately gauge spectrum value.

I understand the task of the budgeteers here on this issue, but it is very, very questionable, these figures.

This amendment has been offered by both myself and my good friend, the ranking member and former chairman of the Commerce Committee, Mr. HOLLINGS. Simply, this amendment expresses the sense of the Senate that if the estimates regarding spectrum auctions contained in this resolution prove not be accurate that spending will be adjusted accordingly.

The budget agreement before the Senate relies heavily on spectrum revenues, particularly spectrum auctions, to reduce the deficit and achieve balance by the year 2002. If this resolution passes as currently drafted, the Commerce Committee will be asked to raise between $26 to $28 billion. With the exception of some ancillary fees, the bulk of what the Commerce Committee will be asked to raise is assumed to come from spectrum.

Of the total $26.3 billion in estimated spectrum revenues, about 95 percent, or $24.3 billion, would be derived specifically from spectrum auctions.

The problem is this: experience demonstrates that it's very difficult to reliably estimate what a given block of spectrum is likely to bring at auction. And therefore, as the chairman of the Commerce Committee, I am very concerned that the assumptions contained in the budget resolution will not actually raise the money needed.

In a letter to me last February 26, FCC Chairman Reed Hundt, a staunch proponent of spectrum auctions, said this about predicting spectrum auction values:

> Determining the value of spectrum in advance of an auction is very difficult, and not something the Commission ordinarily does.
>
> One of the benefits of the auction is that the value of spectrum is not determined by government, but by a marketplace in which businesses have actual plans to develop and use spectrum. The value of any block of spectrum in the market thus depends on a number of factors, [including] the location of the spectrum, its technical characteristics, the amount of spectrum to be assigned with each license, the availability of technology suitable for a given band, the amount of spectrum already available for provision of similar services, the number of incumbents presently occupying the spectrum, and whether incumbents will remain licensed in that spectrum or will be relocated to other spectrum.

Not surprisingly, therefore, auction estimates have been inaccurate on both the high side, as well as the low side, ever since the FCC was given spectrum auction authority in the Omnibus Budget Reconciliation Act of 1993.

For example, the very first estimates of the revenue spectrum auctions would generate were very low. At that time Congress predicted that spectrum auctions would generate approximately $10 billion over 5 years. The actual amount generated was over $22 billion in 3 years.

Similarly, the auction of digital broadcast satellite spectrum was estimated to raise less than $40 million. That auction raised $683 million.

Other spectrum auction estimates, however, have been very high. The recent auction of wireless communications spectrum, which we estimated in

August of 1996 would generate $3 billion, raised only $14 million.

All these estimates were based on information provided by a cross-section of experts, including telecom providers, the financial community, and the FCC and NTIA—the expert agencies in this area. I don't fault their expertise, nor am I suggesting that spectrum isn't a valuable commodity and shouldn't be auctioned. To the contrary, it is an extremely valuable natural resource, owned by the public, and allocation should occur by auction.

What I am saying, however, is that just because auctions assign spectrum efficiently to its most valued use does not mean that they can be guaranteed to produce a certain dollar figure. They are not, and were never intended to be, the functional equivalent of cash machines. They function as a component of the free market and therefore are subject to great highs and lows.

As Chairman Hundt recognizes, it is impossible, even for experts, to reliably predict the value that a given block of spectrum is likely to bring at auction. Despite this fact, however, this budget places substantial reliance on these inherently unreliable predictions of spectrum auction revenues to balance the budget.

Here are my specific concerns with the spectrum auction budget assumptions:

First, revenues from auctioning 100 MHz of spectrum formerly used by broadcasters for electronic news gathering are estimated to total $9.7 billion between 1998 and 2002. This estimate is based on the spectrum being roughly comparable in potential usefulness to the lucrative PCS spectrum. Now, however, FCC and NTIA say that this spectrum is not comparable to PCS spectrum because it's already occupied and not suitable for a wide range of potential uses. Thus, a critical element in estimating the spectrum's $9.7 billion value is not accurate.

Second, another $6 billion is estimated to come from the auction of spectrum left over from the reallocation ordered in 1993, plus the auction of new spectrum at now-available higher frequencies. The problems here are that the leftover 1993 spectrum, standing alone, isn't expected to generate all that much, and nobody yet knows precisely what the new high-frequency spectrum is usable for. Thus, what anybody might realistically be expected to bid for it is, at best, a guess. Technology may prove us wrong. But no companies, based on current technology—are clambering for this spectrum.

Third, $5.4 billion more is estimated to come from the auction of analog broadcast channels in the year 2002—even though most of these channels won't even be available for use until 2006. That's tantamount to speculating in spectrum futures.

Moreover, given the broadcasters' vehement objections to being required to give the channels back by 2006 or any other date, we simply cannot be sure when—if ever—these channels will actually be freed up. As Chairman Hundt correctly noted in his February 26 letter,

> When incumbent licensees are present, these licensees often have incentives to oppose the use of auctions to assign licenses in that band.

Thus, the value to bidders of essentially nonexistent channels has got to be seriously questioned.

Fourth, even the projections surrounding the comparatively modest $700 million estimated to come from auctioning so-called 888 telephone numbers are flawed. The $700 million estimate was made before these numbers began being handed out for free some time ago. Based on the quantity of numbers left to auction now, however, the probable revenue would be perhaps half the original $700 million estimate.

Fifth, the impact of these potentially flawed estimates is made worse by the large proportion of spectrum auction revenues that this budget scores in 2001 and 2002. Altogether 70 percent of the total spectrum auction revenues are called for to be generated during these 2 years. However, it is during these outyears that the most spectrum can be expected to be on the market, and the more spectrum you put on the market, the less you are likely to get for it—simple supply and demand.

Finally, there's also a potential problem with the $2 billion lump sum tied to broadcasters' use of their digital TV channels for non-HDTV uses. This $2 billion represents about a 7-percent hit on the $30 billion television broadcast industry. I am not one to protect the broadcast industry, but I am concerned about this fee. In the past, Senator Dole and I had advocated auctioning the digital spectrum before it was given to the broadcasters. That auction alone is estimated to have raised between $20 to $70 billion. However, we were unsuccessful and that spectrum was given free of charge to the broadcasters.

Madam President, balancing the budget is critically important to the future of our country's economy, and spectrum auction revenues have been made critically important to balancing the budget. We must therefore be extremely concerned about the considerable uncertainty inherent in accurately predicting the amount of money spectrum auctions will generate, and we must have an insurance policy against the very real likelihood that these estimates will turn out to be too high.

Madam President, I hope this amendment will pass. Voting for it does not mean that Senators oppose the budget resolution itself. However, supporting this amendment does recognize that the auction numbers assumed in this resolution are subject may not produce the revenue noted and that therefore, the Congress may need to act on this matter in the future.

Mr. HOLLINGS. Madam President, I rise in support of the sense-of-the-Senate resolution. The resolution points out the unreliability of the budget resolution's assumptions about future spectrum auctions. At issue here is the credibility of the entire budget itself. The budget assumes $26.3 billion from spectrum auctions by the year 2002. Such assumptions are not supported by the record. The only explanation is that the Budget Committee and the administration have crafted these assumptions out of thin air.

We are told by CBO that our budget problems can be solved by auctioning the spectrum. People around here continue to think spectrum is a canned good sitting on a shelf at the FCC. These budget numbers are absolutely irresponsible and CBO knows there is no justification for these estimations. Just look at the most recent auction that was held last month. Last fall, the budget negotiators fell short in their offsets and decided to auction a specific 30 MHz of spectrum. CBO told us the auction would yield $2.9 billion. The auction only yielded $13.1 million. Is this how you balance a budget?

I must remind the budget negotiators that the law requires the FCC to assign licenses to use the spectrum by auction and that the assignments shall not be based on revenue considerations. Every time the Congress mandates an auction as a budget offset we are violating our own law. And every time we mandate a specific frequency to be auctioned, we are micromanaging in an area we have no expertise in. The spectrum simply is not a canned good sitting on a shelf. Management of the public's spectrum should not be determined on budget numbers.

Just look at the status of the market for start-up wireless companies. Wall Street is saying there is a glut in the marketplace. There is no financing available for the recent ''C'' block licensees. How can CBO possibly justify $26.3 billion when you look at the April auction in combination with the problems in the ''C'' block?

The FCC recently suspended the interest payments for several of the ''C'' block licensees because they were unable to meet their obligations to the Treasury. How can CBO justify $26.3 billion when ''C'' block licensees are going into bankruptcy and being bailed out by the FCC. The Treasury is not receiving any moneys from these auctions. Even the licensees, such as Nextwave, that violated the law are not being required to make payments. This is a complete disregard for the law. This is nothing more than an effort to prop up this charade that auctions are good.

Look at the case of Nextwave. This company bid several billions of dollars for licenses nationwide. When it came time to file complete documentation of their financial backing, the FCC found that this company was in violation of the foreign ownership limits of the Communications Act. To its credit, the

FCC issued an order requiring Nextwave to divest itself of certain foreign financial commitments and come into compliance with the law. Now, several months later, Wall Street is still showing no confidence in these wireless ventures, so Nextwave has been unable to raise any capital.

So, what does the FCC do? The FCC could not afford another embarrassment on the heels of the April fiasco. So the FCC simply waves its previous order and says, don't worry Nextwave, you are in violation of the law but there are more important issues involved here—we must continue the charade that the auctions are working. How can an agency of this Government be so cavalier in its execution of the law is beyond me. Clearly, it pays to be perceived as being too big a player that the FCC cannot let the company go under.

Tell that to Rocky Mountain Solutions and Carolina PCS. Where was the FCC's consistency in applying the law here? Rocky Mountain Solutions and Carolina PCS had difficulty in raising capital just as the other licensees. Were they in violation of the foreign ownership limits of the law. The answer is ''no.'' Were they a small company and not perceived as a big player? The answer is ''yes.'' Where's the consistency? The FCC held to a strict interpretation of their own auction rules—there was no statutory violation—in denying Rocky Mountain Solutions and Carolina PCS request for more time. When a large company violates the law, there is always a creative interpretation of the law in order to keep up the charade.

How can we have any confidence in the results of these auctions? News reports also indicate that the Department of Justice is investigating collusion and illegal bidding practices in some of the auctions. Obviously, some of the potential bidders think the auctions can be fixed as easily as the budget assumptions.

The Treasury is not going to get the money CBO had projected. The budget cannot be balanced in this way. Why does the Budget Committee and CBO continue to keep their heads stuck in the sand. How can CBO justify not $26.3 billion in light of these recent events? The auctions are not the solution the rhetoric holds them out to be. Clearly the Budget Committee and CBO must have budget blinders on. Their denial of these recent events is further evidence that there is no integrity to these numbers.

Just look at a breakdown of the budget assumptions and the problems with each item.

Auction of the returned analog spectrum: The budget proposal requires an auction of 78 MHz of analog spectrum in 2002 with a mandatory return of the analog spectrum in 2006. CBO scores the analog auction at $5.4 billion. There are many practical problems involved here. First, will there really be an interest in this auction when the winning bidders will not have access to the spectrum for at least 4 years? What about possible delays that may occur from zoning ordinances and tower construction problems? In addition, there remains the question of whether there will be widespread demand for digital TV.

Auction of 36 MHz of spectrum from CH.60–69: This spectrum was originally set aside for the transition to HDTV. No one knows if the FCC plan will actually work. All we have if a computer model from the FCC. All indications are that the FCC'S table of allocations will be challenged at the FCC and possibly in the courts. The budget deal will enshrine the FCC'S plan before we know its implications and possibly foreclose revisions to the FCC'S plan. Such a result would be unacceptably shortsighted. It is highly unlikely this proposal will result in a free and clear nationwide block of spectrum by 2002.

Spectrum penalty: The Budget Committee Assumes $2 billion from a penalty fee that would be levied against those entities who received ''free'' spectrum for advanced, advertiser-based television services, but failed to utilize it fully. This is the most incredulous proposal of all. The Telecommunications Act of 1996 authorized the FCC to assess fees on a broadcaster's flexible use of the spectrum—if the broadcaster elects to offer additional services in addition to its free over-the-air programming. CBO staff has no basis to score this provision. There is no evidence in the record to assume the broadcasters will be capable of offering a subscription-based service by 2002.

Auction of additional 120 MHz: CBO assumes $9.7 billion but where's the spectrum coming from? How can they justify it when the recent auction raised only $13 million when CBO had scored it at $2.9 billion?

Auction 800 and 888 numbers: Here's a small business tax if you ever saw one. The administration's proposal is simply unrealistic. Large companies will simply outbid all the small players and warehouse popular numbers. Furthermore, the FCC does not have sole jurisdiction of toll free numbers. The United States participates with Canada in the North American numbering plan.

Mr. REID. Madam President, there are going to be high priority projects in the transportation bill that passes the Congress this year.

As long as there has been a U.S. House of Representatives, there have always been demonstration projects. The House is showing no signs of giving them up this year.

There is no chance that the House will pass a transportation bill without earmarks for individual Members' projects.

Given that knowledge, do we, as the Members of the Senate, really want to unilaterally disarm? If there are going to be demonstration projects, are we merely going to defer to the House?

Rather than slipping projects into the final bill during the conference, wouldn't it be better to have an open discussion of the relative merits of these projects in committee than on the floor?

At least give the House credit for having a process. The House committee of jurisdiction required that a 14-point check list be filled out for each demonstration project this year. Only a very few projects from that list will be selected for funding.

If the original ISTEA legislation is an indication, well under 10 percent of the final dollar amount will be earmarked for demonstration projects. The original ISTEA bill provided $6.5 billion for demonstration projects out of a total authorization of $155 billion.

I dispute the Senator's notion that all demonstration projects are merely glorified pork. In my home State of Nevada, one of the fastest growing areas in the Nation, we have used earmarks to keep up with the explosion in transportation needs.

The I–15/U.S. 95 Spaghetti Bowl Interchange in Las Vegas, one of the busiest interchanges in one of the fastest growing cities in the United States was built with earmarked funding far more quickly than if it needed to go through a traditional funding process.

Nevada's capital, Carson City, remains one of a handful of State capitals in the United States that is not linked to the Interstate System. An earmark in the original ISTEA funded the first leg of this critical link.

Mr. MCCAIN. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Madam President, I have a minute to respond. I don't think I will use that. But I want to ask Senator MCCAIN, in the interest of helping us with the management here, could we now set this amendment aside and do his amendment we are going to accept?

Mr. MCCAIN. Yes, sir.

Mr. DOMENICI. Madam President, I ask consent the pending McCain amendment be temporary set aside so Senator MCCAIN can offer his second amendment, which will be determined by a voice vote.

The PRESIDING OFFICER. It is so ordered.

AMENDMENT NO. 327

Mr. MCCAIN. Madam President, I ask to call up amendment No. 327.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. MCCAIN], for himself and Mr. MACK, proposes an amendment numbered 327.

(The text of the amendment is printed in the RECORD of May 21, 1997.)

Mr. MCCAIN. Madam President, the amendment is very simple. It just says we will not have highway demonstration projects. The Senate is on record. I wanted to get the Senate on record again, and I will before we take up ISTEA. We have seen this very unseemly situation over in the other body, where tens of billions of dollars are special projects called highway demonstration projects, which are really only gauged by the influence of the Members of Congress as opposed to merit. I am very pleased that this body is opposed to highway demonstration projects, and I want the Senate on record as reflecting that deal.

The amendment I offer today is cosponsored by Senator MACK. My resolution states that Congress should not divert limited highway trust fund resources away from State transportation priorities by authorizing new highway projects and Congress should not authorize any new demonstration projects or other similarly-titled projects.

Its a simple proposal, embodying a principle endorsed by three-quarters of the Senate less than 2 years ago. The principle is elementary, fair, and sound. The principle is—No new highway demonstration projects.

Why is this amendment necessary? It is necessary because the largest domestic public works program, the Intermodal Surface Transportation and Efficiency Act [ISTEA], must be reauthorized this year. As my colleagues know, the lion's share of Federal highway and transit funding comes under the ISTEA umbrella. Through a Byzantine set of formula calculations, Federal gas taxes are collected by our States, sent into Federal coffers, and then are redistributed to the States.

Some of us question the necessity of requiring State-collected gas taxes to be sent to Washington. I am one of those individuals. But that is an issue for another debate. Today, I want to focus on a clear abuse in the current highway funding distribution process.

ISTEA funds are governed by a statutory distribution formula with a few limited exceptions. One major exception is funding for highway demonstration projects. It is this exception my amendment seeks to eliminate. This exception is neither necessary nor fair.

What has been said about highway demonstration projects? Let me highlight a few comments.

Secretary of Transportation, Rodney Slater, had this to say during his confirmation hearing before the Senate Committee on Commerce, Science, and Transportation in February:

> The administration has taken a firm position in opposition to demonstration projects * * * [they] take resources from the [highway] trust fund.

He further remarked that ending highway demonstration projects would ''result in greater investment of resources * * * for general distribution based on formula.''

Let me reiterate. The highway allocation process is policy driven. But as the Secretary said, highway demonstration projects are not. The Congressional Research Service [CRS] states:

> The demonstration project approach is often constituent-driven and focuses on increasing Federal outlays allocated to a particular State or district * * * When earmarking occurs, allocation stems less from concerns over marginal social and economic benefits, and more from marginal political benefit.

The Heritage Foundation is strongly against highway demonstration projects. In its ''Balancing America's Budget, Ending the Era of Big Government,'' the Heritage Foundation says:

> Projects earmarked by Congress are classic examples of political favoritism obtained by powerful Senators and Representatives for public works spending in their states and districts. Federal ''demonstration projects'' are even more questionable . . . purely local projects funded by the federal government cannot be justified as being in the national interest.

These are not new sentiments—they have been voiced for years. In fact 2 years ago, the President's budget submission called for the cancellation of some demonstration projects stating:

> Such projects have been earmarked in congressional authorization and appropriations laws. These projects limit the ability of the States to make choices on how to best use limited dollars to respond to their highest priorities.

Pork-barrel highway demonstration projects were discussed in Vice President GORE's Reinventing Government report. It states:

> GAO also discovered that 10 projects—worth $31 million in demonstration funds—were for local roads not even entitled to receive Federal highway funding. In other words, many highway demonstration projects are little more than Federal pork. Looking specifically at the $1.3 billion authorized to fund 152 projects under the 1987 Surface Transportation and Uniform Relocation and Assistance Act, GAO found that ''most of the projects . . . did not respond to States' and regions' most Federal aid needs.

One might have hoped that Federal budget constraints would curb highway pork barreling. But it has not.

In 1982, 10 demonstration projects totaling $362 million were listed for special line-item funding in the Surface Transportation Assistance Act of 1982. The 1982 Federal Budget deficit was $127 billion, and it jumped to $221 billion by 1986.

In 1987, 152 demonstration projects totaling $1.4 billion were named in the Surface Transportation and Uniform Relocation Assistance Act of 1987. The 1987 Federal budget deficit was $149 billion, but it jumped to $269 billion in 1991.

Then in 1991, the mother lode of all demo project bills was signed into law: 538 location-specific projects totaling $6.23 billion were included in the Intermodal Surface Transportation Efficiency Act of 1991.

If the budget deficit has not curbed demonstration projects, maybe fairness will.

It is 1997 and time once again to authorize funding for our Nation's transportation infrastructure. Funding for highway, bridge, and transit needs remain great. Congress should give States the maximum amount of flexibility available to spend their highway dollars in whatever manner best meets their critical transportation needs. The States do not need Congress to micromanage the transportation planning process. And the traveling public certainly is not well served when Washington forces limited funding to be spent on unnecessary road projects.

Two years ago, the Senate adopted my amendment to prohibit the funding for future demonstration projects. That amendment was cosponsored by Senators FEINGOLD and SMITH. It passed by a vote of 75 to 21.

We need to reaffirm Senate opposition to new demonstration projects. There are reports that more than 400 Members in the other Chamber submitted requests to the Committee on Transportation and Infrastructure for highway, bridge, or transit projects. I am informed these requests include more than 1,000 projects. These requests could total hundreds of billions of dollars, hundreds of billions of dollars that would be siphoned away from formula-driven allocations, and poured into individually designated State or local projects.

Past highway demonstration projects took almost $8 billion away from formula-driven allocations to the States. While we can't recapture this $8 billion, we can end the practice. My amendment states that ''Congress should not divert limited highway trust fund resources away from State transportation priorities by authorizing new highway projects and Congress should not authorize any new demonstration projects or other similarly titled projects.''

Mr. President, most Senators want to raise the amount of highway funding for our States and to assure an equitable distribution of that funding. One way to provide more money is to end the practice of designating highway demonstration projects or innovative projects, or any other creative description of pork-barrel projects.

I urge my colleagues to support my amendment.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, this sense-of-the-Senate amendment provides the Senate shall not authorize any new highway demonstration projects during the reauthorization of the Intermodal Surface Transportation Efficiency Act.

We have no objection to the amendment. We are willing to accept it.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. DOMENICI. Madam President, we tried to expedite things and it turned out we did not. What I would like to do now is ask unanimous consent that we return to the first McCain amendment on which the yeas and nays have been ordered, and that immediately thereafter we return to the second McCain amendment. We will have further discussion on that during the vote.

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

VOTE ON AMENDMENT NO. 326

The PRESIDING OFFICER. The question occurs on amendment No. 326, offered by the Senator from Arizona.

The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from North Dakota [Mr. DORGAN] is necessarily absent.

The PRESIDING OFFICER. (Ms. COLLINS). Are there any other Senators in the Chamber who desire to vote?

The result was announced, yeas 84, nays 15, as follows:

[Rollcall Vote No. 86 Leg.]

YEAS—84

| | | |
|---|---|---|
| Abraham | Feingold | Lieberman |
| Akaka | Feinstein | Lott |
| Allard | Ford | Lugar |
| Ashcroft | Frist | Mack |
| Baucus | Glenn | McCain |
| Bennett | Gorton | McConnell |
| Biden | Graham | Mikulski |
| Bingaman | Gramm | Moseley-Braun |
| Bond | Grams | Moynihan |
| Breaux | Grassley | Murkowski |
| Brownback | Gregg | Nickles |
| Bryan | Hagel | Reid |
| Burns | Helms | Robb |
| Campbell | Hollings | Roberts |
| Chafee | Hutchinson | Roth |
| Coats | Hutchison | Santorum |
| Cochran | Inhofe | Sessions |
| Collins | Inouye | Shelby |
| Conrad | Jeffords | Smith (NH) |
| Coverdell | Kempthorne | Smith (OR) |
| Craig | Kennedy | Snowe |
| D'Amato | Kerrey | Specter |
| Daschle | Kohl | Stevens |
| DeWine | Kyl | Thomas |
| Dodd | Landrieu | Thompson |
| Domenici | Lautenberg | Thurmond |
| Enzi | Leahy | Warner |
| Faircloth | Levin | Wyden |

NAYS—15

| | | |
|---|---|---|
| Boxer | Harkin | Reed |
| Bumpers | Hatch | Rockefeller |
| Byrd | Johnson | Sarbanes |
| Cleland | Kerry | Torricelli |
| Durbin | Murray | Wellstone |

NOT VOTING—1

Dorgan

The amendment (No. 326) was agreed to.

Mr. DOMENICI. I move to reconsider the vote.

Mr. LAUTENBERG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New Mexico.

AMENDMENT NO. 327

Mr. DOMENICI. Madam President, I believe we are going to be able to avoid a rollcall vote on the second McCain amendment, No. 327, if Senator REID is permitted to speak for one moment indicating his opposition. I ask unanimous consent that that be the case, after which time we will return to the amendment, and there will not be a rollcall vote on it.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. There will be demonstration projects in the transportation bill that passes Congress this year. As long as there has been a House of Representatives and we have had highways, there have been demonstration projects. The House is showing no signs of giving them up this year. There is no chance—no chance—that the House will pass a transportation bill without earmarks for individual Member projects.

Given that knowledge, do we, as Members of the Senate, really want to unilaterally disarm? There are going to be demonstration projects, which there will be. Are we merely going to defer to the House? Wouldn't it be better, rather than slipping projects into the final bill going to conference, that we have an open discussion of the merits here on the floor?

At least the House—we should give them credit for having a process. The House committee of jurisdiction required that a 14-point checklist be filled out for each demonstration project this year. If you do not meet all 14, you do not get your project.

Only a few projects from the list will be selected for this funding. In the original ISTEA legislation, under 10 percent of the projects had earmarks. So $6.5 billion for demonstration projects out of the total authorization of about $160 billion.

I dispute the notion of the Senator from Arizona that all demonstration projects are glorified pork. That is not true in rapidly growing areas. It is very important to the State of Nevada. We should oppose this amendment.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, this is a sense-of-the-Senate resolution that we should not have any special projects. I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 327.

The amendment (No. 327) was agreed to.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. If Senators will just bear with me. There is a lot of agreement now on amendments. So I am going to get rid of some of them before we take the next vote, thus eliminating a lot of votes we might have had to have.

AMENDMENT NO. 347, AS MODIFIED

Mr. DOMENICI. Madam President, I send to the desk Senator COVERDELL's amendment No. 347, as modified.

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

The amendment (No. 347), as modified, is as follows:

At the end of title II, add the following:

**SEC. . SENSE OF CONGRESS REGARDING PARENTAL INVOLVEMENT IN PREVENTION OF DRUG USE BY CHILDREN.**

(b) SENSE OF CONGRESS.—It is the sense of Congress that the provisions of this resolution assume that, from resources available in this budget resolution, a portion should be set aside for a national grassroots volunteer effort to encourage parental education and involvement in youth drug prevention and to create a drug-intolerant culture for our children.

Mr. DOMENICI. It has been cleared on the other side. We accept it.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. DOMENICI. I yield back the time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 347), as modified, was agreed to.

AMENDMENT NO. 333

Mr. DOMENICI. We have also worked out Senator MOSELEY-BRAUN's amendment No. 333.

This amendment is a sense of the Senate that entitlement savings in the budget resolution should be used to protect the long-term future of Social Security and Medicare and maintain Federal discipline.

This is also a sense of the Senate. We urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 333.

The amendment (No. 333) was agreed to.

Mr. LAUTENBERG. I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 334

Mr. DOMENICI. I call up Moseley-Braun amendment No. 334.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Ms. MOSELEY-BRAUN, proposes an amendment numbered 334.

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

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

(The text of the amendment is printed in the RECORD of May 21, 1997.)

Mr. DOMENICI. Madam President, this amendment is also a sense of the Senate that no change in Social Security should be made to reduce the value of the Social Security system for future generations. It is a sense of the Senate. I urge its adoption.

Ms. MOSELEY-BRAUN. Madam President, I rise to make brief statements concerning two of my amendments to the congressional budget resolution that the Members on both sides of the aisle have agreed to support.

These two amendments are of vital importance. They concern the value of the Social Security program and the use of budget savings in the mandatory spending areas. These are vitally important amendments because they relate to that important issue of retirement security that should be a part of any discussions about the Federal budget.

The first amendment, which is amendment No. 333, expresses a sense of the Senate that the budget savings in the mandatory spending areas contained in this budget resolution should be used:

to protect and enhance the retirement security of the American people by ensuring the long-term future of the social security system;

to protect and enhance the health care security of senior citizens by ensuring the long-term future of the Medicare program and,

to restore and maintain Federal budget discipline to ensure that the level of private investment necessary for long-term economic growth and prosperity is available.

Mr. President, this amendment is important because:

twenty-two percent of every dollar spent by the federal government goes to the social security program,

another eleven percent of every dollar spent by the federal government goes to the Medicare program,

currently, spending on the elderly accounts for a third of the federal budget, and

while the federal budget deficit has dropped for the fourth straight year to $67 billion in 1997, measures need to be taken to ensure that this trend continues.

I am pleased that my colleagues have accepted this amendment and once again, reaffirmed our commitment to protecting Americans' retirement security and also reducing the deficit.

My second amendment, which is amendment No. 334, is one about which I know many Members of this body are also concerned. It has to do with the value of the Social Security program. I have begun to hold forums in my State as a means of starting the dialog with my constituents about the future of Social Security. I know that other Members have held similar forums in their States as well.

The amendment simply expresses the sense of the Senate that the budget resolution does not assume any legislative changes that would reduce the value of the Social Security program for future generations of retired citizens. This is an important amendment because we have an obligation to ensure that this program which has allowed a generation of Americans to retire with dignity must be preserved.

Madam President, a few facts will highlight the importance of the Social Security program to Americans.

First, 13 percent of the population is over age 65 and that percentage will increase to over 20 percent of the population by 2030;

Social Security provides over 80 percent of retirement income for 60 percent of seniors;

More than half of all senior citizens do not receive any private pension income;

Poverty rates among the elderly are at the lowest levels since we began collecting the data due in a large part to Social Security; and

Finally, the average Americans retiring in 2015 will have paid $250,000 in payroll taxes during their working career.

There is no question that current retirees rely heavily upon Social Security and future retirees expect the value of the program not to be diminished when they need it. Therefore, I am again happy that my colleagues support this amendment. I think we can all agree that we must protect the value of the Social Security program for future generations of Americans.

The PRESIDING OFFICER. If all time is yielded back, the question is on agreeing to the amendment.

The amendment (No. 334) was agreed to.

Mr. LAUTENBERG. I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, I believe Senator GRAMM of Texas is going to make a point of order.

MOTION TO WAIVE THE BUDGET ACT

Mr. GRAMM. Madam President, under section 601(b) of the Congressional Budget Act, I raise a point of order against the pending budget resolution, as it violates the discretionary spending caps for fiscal year 1998 as previously set in the 1993 budget resolution and reconciliation bill.

The PRESIDING OFFICER. Under the previous order, the Senator has 2 minutes to speak on his point of order.

Mr. GRAMM. Madam President, I think this is a defining moment for the Congress. I think it is a defining moment for those who believe in less Government and more freedom. I think it is a defining moment for people who are concerned about spending.

In 1993, on the floor of the Senate, on a straight party-line vote, with a Democrat majority in both Houses of Congress, and a Democrat President, we set out spending totals, including a cap on spending for fiscal year 1998.

Today, in this budget, we are going to bust that spending total by $8.795 billion. As far as I am aware, this will be the first time ever that a Democrat Congress has set a spending cap that a Republican Congress has come along and waived and violated, in this case by almost $9 billion.

I think that nothing could say more clearly what the problem is with this budget than the fact that we, as the first act in this budget, will be busting a spending cap and setting it aside, violating the rules of the budget in order to bring to the floor a new budget that spends more than the budget it seeks to replace.

I think it tells you something about our commitment to enforcing these numbers that our first act in adopting this budget is going to be to break the very caps that we claim will enforce the new budget.

So I simply want to ask my colleagues to remember, in 1993, when we had another budget on the floor, when it was adopted, we set out a procedure to enforce that budget by setting a cap on spending. Today, we are going to vote, on this vote, whether we are going to waive that spending cap or whether we are going to live up to it.

I hope my colleagues will vote against the motion to waive this budget point of order.

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

The Senator from New Mexico.

Mr. DOMENICI. Madam President, parliamentary inquiry. Is it in order for me now to move to waive the point of order?

The PRESIDING OFFICER. The Senator may make the motion to waive.

Mr. DOMENICI. Madam President, pursuant to section 904(c) of the Congressional Budget Act of 1974, I move to waive section 601(b) of the Budget Act, and pursuant to section 24(b) of House Concurrent Resolution 218, fiscal year 1995 budget resolution, I move to waive section 24(a) of House Concurrent Resolution 218 for the consideration of this concurrent budget resolution for fiscal year 1998 as reported, any amendment to the House companion, and any conference report thereon.

Madam President, do I have 2 minutes to argue my case?

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 2 minutes.

Mr DOMENICI. When the 2 minutes is up, we vote?

The PRESIDING OFFICER. The Chair advises the Senator that the yeas and nays have not yet been ordered.

Mr. DOMENICI. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. The first thing you have to understand is that if this point of order is not waived the budget resolution that we propose for the next 5 years falls. It is gone. For those who would like it to disappear and we would have no budget resolution, we can start over, then vote for Senator GRAMM.

Actually, the problem we are confronted with is not one of overspending. It is one of technical estimating, nothing more. Two-thirds of this overage is because we underestimated the outlays—CBO did—the outlays of the expenditures on the Defense Department. Actually, there is no question that we have been operating under a very tight lid, and I do not believe we should be held responsible for a technical error made in the estimating of the costs of the Defense Department.

I believe we should waive this. As one who has been working on budgets, I put it this way. I do not waive the budget easily but the better thing to do is to get this 5-year budget rather than to kill it over a point of order that, to me, makes little or no sense in the context of the next 5 years.

Whatever time I have remaining I yield back.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the motion of the Senator from New Mexico [Mr. DOMENICI] to waive section 24(a) of the Budget Act.

The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from North Dakota [Mr. DORGAN] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 66, nays 33, as follows:

[Rollcall Vote No. 87 Leg.]

YEAS—66

| | | |
|---|---|---|
| Akaka | Durbin | Lott |
| Baucus | Feingold | Lugar |
| Bennett | Feinstein | Mack |
| Biden | Ford | Mikulski |
| Bingaman | Glenn | Moseley-Braun |
| Bond | Gorton | Moynihan |
| Boxer | Graham | Murkowski |
| Breaux | Grassley | Murray |
| Bryan | Hagel | Reed |
| Byrd | Harkin | Reid |
| Campbell | Hatch | Roberts |
| Chafee | Inouye | Rockefeller |
| Cleland | Jeffords | Roth |
| Coats | Johnson | Sarbanes |
| Cochran | Kennedy | Smith (OR) |
| Collins | Kerrey | Snowe |
| Coverdell | Kerry | Specter |
| D'Amato | Kohl | Stevens |
| Daschle | Landrieu | Thurmond |
| DeWine | Lautenberg | Torricelli |
| Dodd | Levin | Wellstone |
| Domenici | Lieberman | Wyden |

NAYS—33

| | | |
|---|---|---|
| Abraham | Gramm | McCain |
| Allard | Grams | McConnell |
| Ashcroft | Gregg | Nickles |
| Brownback | Helms | Robb |
| Bumpers | Hollings | Santorum |
| Burns | Hutchinson | Sessions |
| Conrad | Hutchison | Shelby |
| Craig | Inhofe | Smith (NH) |
| Enzi | Kempthorne | Thomas |
| Faircloth | Kyl | Thompson |
| Frist | Leahy | Warner |

NOT VOTING—1

Dorgan

The PRESIDING OFFICER (Ms. COLLINS). Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

The point of order falls.

The Senator from New Mexico.

AMENDMENT NO. 316

Mr. DOMENICI. I would like to proceed to Senator ABRAHAM's amendment next, please.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Thank you, Madam President. I will be very brief. This amendment is great straightforward. It is a sense-of-the-Senate amendment that says that if during the next 5 years the money sent to Washington by our taxpayers back home exceed the projections which we have made in this budget resolution—and I believe they might—that those excess additional revenues may only be spent for tax cuts or to reduce the deficit and cannot be used for more Federal spending.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. LAUTENBERG. Madam President, we are opposed to this amendment. It says that if the current balance results in better than expected economic growth that we ought to go back to the lopsided approach advocated by the majority. I, frankly, think it is illogical. Tax cuts and deficit reductions are not the only policies that can benefit the Nation. And unexpected tax revenue may well be put to good use funding essential Government programs. I don't think that we ought to get locked in at this juncture to insist that any excess revenues would go to tax cuts or deficit reduction. I think we ought to make our judgment at the time that these things occur.

ECONOMIC GROWTH DIVIDEND PROTECTION ACT OF 1997

Mr. ABRAHAM. Madam President, let me begin by praising Senator DOMENICI and the other negotiators for their hard work and diligence. They have worked for almost 4 months to put this resolution together and end the 18-month stalemate between the President and Congress over spending and taxes. Given these circumstances, I believe this agreement is a step in the right direction and I look forward to seeing many of its provisions enacted into law. On the other hand, while I intend support this budget resolution as a whole, I want to express reservations regarding some of its specifics.

First, I consider this resolution to be just a down-payment—not a solution—to the entitlement reforms that will be necessary to ensure the Federal Government's solvency going into the next century. As we all know, the baby boom generation will soon begin to retire, which will place enormous pressure on our Federal entitlement programs. According to the CBO, ''. . . outlays for government programs that aid the elderly (Social Security, Medicare, and Medicaid) will burgeon as the number of people eligible to receive benefits from these programs shoots up.''

Medicare is the first program to experience this problem and this resolution allows for important reforms to extend its solvency. That said, I believe these reforms neither go far enough nor call for the kinds of fundamental changes that will help Medicare stay solvent past the 10 years targeted by this resolution. I encourage the Finance Committee to embrace reforms like MSA's, Medicare Choice, HMO's, and PPO's as options that will increase patient options even as they hold down costs.

I am also concerned that Congress' historical bias toward ever-increasing spending is once again on display. While Senator DOMENICI and others have worked hard to reject the myriad of new spending proposals requested by the administration, the bottom line is 5-year spending under this resolution will increase by 17 percent between today and 2002. That increase is faster than the rate of inflation, and well above the growth rates encompassed in the past two budget resolutions.

By creating new Federal entitlements, this resolution opens the door for huge, unexpected spending increases down the road. I applaud efforts to improve the health of this Nation's children, but I believe the provision to make such funding mandatory is conterproductive to our efforts to restrain the growth of government spending. For that reason, I support efforts to make this funding discretionary.

Finally, I am concerned that the tax cuts called for in this resolution are so modest, especially in comparison to the spending increases included. In particular, I am concerned that, where, according to a USA Today poll from this March, 70 percent of the American people believe that they need a tax cut, under this resolution, Federal spending will grow 17 percent over 5 years while the net tax cuts are less than 1 percent of the total tax burden. Balancing the budget is one of my top priorities, but reducing the burden of government on Americans is my ultimate goal.

Why do Americans need a tax cut? According to the President's own economists, the tax burden on Americans is the highest ever—31.7 percent. According to the National Taxpayer Union, the average American family now pays almost 40 percent of their income in State, local, and Federal taxes. For all the talk about the ''end of big government,'' the tax burden today is the highest ever. And while we address that burden in a small, incremental way with this budget resolution, we are also creating the possibility for ever-more spending later on.

I believe we need to tilt the playing field away from more spending and toward more tax reduction. Toward that end, I have offered amendment number 316 along with Senators BROWNBACK, COVERDELL, KYL, ASHCROFT, SESSIONS, ALLARD, HUTCHINSON, and FAIRCLOTH in order to focus the attention of the Senate on the plight of American taxpayers. I am also introducing legislation today which would codify this rule change into law.

Madam President, as we all know, on May 2d the Congressional Budget Office provided budget negotiators with a gift of sorts. In a letter to Senator DOMENICI, the CBO report that for this year, the deficit would be $45 billion less than previously reported. Instead of $112 billion, the deficit this year would be closer to $67 billion.

Moreover, the CBO suggested that this $45 billion windfall would extend over the next 5 years, so that the total devicit over that time would be reduced by $225 billion.

From my perspective, Madam President, this windfall can be viewed as a mixed-blessing. On the one hand, the continued strong performance of the economy means more jobs and opportunity for Americans—as well as additional revenues to the Government.

On the other, coming as it did at literally the last possible moment in the budget negotiations, the windfall resulted in opening up opportunities for the administration to demand even higher levels of spending in 1998 and beyond. It is my understanding that all sorts of spending issues that had previously been closed were reopened following the CBO's surprise announcement.

One area that remained closed, however, was the issue of tax cuts. While the last 2 weeks have been filled with one announcement after another about increases in this program, and new funding for that program, the net tax cut number has remained stubbornly fixed at $85 billion.

I am going to support this resolution because I believe its net effect will be to reduce both the size and scope of the Federal Government. I am also going to support this resolution because, according to all accounts, the tax cuts incorporated in the plan will include significant incentives for economic growth and job creation—incentives like reducing the rate on which we tax capital gains and increasing the allowable contributions to IRA's.

These incentives will, I believe, result in higher economic growth over the next 5 years and increase—not decrease—revenues to the Federal Treasury.

Which brings me to my amendment.

What I am proposing is that, to the extent that tax revenues under this budget agreement—tax cuts and all—exceed the projections by the Joint Committee on Taxation, that extra revenue should be reserved for tax cuts and/or deficit reduction—not additional Government spending.

This is not an idle proposition—history shows that pro-growth tax cuts like cutting the capital gains tax rate result in large bonuses for the Treasury. Between 1978 and 1985, while the top marginal rate on capital gains was cut almost in half—from 35 to 20 percent—total annual Federal receipts from the tax almost tripled. They rose from $9.1 billion annually to $26.5 billion annually.

Conversely, when Congress raised the rate in 1986, revenues actually fell well below what was anticipated. Capital gains revenues actually fell following the Tax Reform Act of 1986. Economists across the board predict that cutting the capital gains rate will result in a revenue windfall for the Treasury. These windfalls should be given back to the taxpayers.

In pursuit of that goal, I am offering today, a sense-of-the-Senate amendment which in support of future tax cuts. It says, "To the extent that actual revenues exceed the revenues projected under this resolution, that revenue windfall should be reserved exclusively for additional tax cuts and deficit reduction."

Madam President, 2 years ago, a Readers Digest poll asked Americans: "What is the highest percentage of income that is fair for a family of four making $200,000 to pay in all taxes?" The median response, regardless of whether the respondent was rich or poor, black or white, was 25 percent.

A similar Grassroots Research poll last March discovered that a majority of Americans would favor a constitutional amendment that would prohibit Federal, State, and local taxes from taking "a combined total of more than 25 percent of anyone's income in taxes."

Yet, the Tax Foundation tells us that a dual-income family today pays an average 38.4 percent of their income in taxes to State, local, and Federal Governments.

This budget starts us down the long road toward reducing the tax burden on American families—but it is just the beginning. I intend to continue that fight. I hope my colleagues will support my amendment.

Mr. ABRAHAM. Madam President, I just seek unanimous consent to add Senators FAIRCLOTH, ALLARD, and HUTCHISON of Texas as additional cosponsors.

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

The Senator from New Mexico.

Mr. DOMENICI. I don't believe I have any time.

The PRESIDING OFFICER. Does the Senator from Michigan yield back the remainder of his time?

Mr. ABRAHAM. I yield the remainder of my time.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 56, nays 44, as follows:

[Rollcall Vote No. 88 Leg.]

YEAS—56

| | | |
|---|---|---|
| Abraham | Frist | McCain |
| Allard | Gorton | McConnell |
| Ashcroft | Gramm | Murkowski |
| Bennett | Grams | Nickles |
| Bond | Grassley | Roberts |
| Brownback | Gregg | Roth |
| Burns | Hagel | Santorum |
| Campbell | Hatch | Sessions |
| Chafee | Helms | Shelby |
| Coats | Hutchinson | Smith (NH) |
| Cochran | Hutchison | Smith (OR) |
| Collins | Inhofe | Snowe |
| Coverdell | Jeffords | Specter |
| Craig | Kempthorne | Stevens |
| D'Amato | Kohl | Thomas |
| DeWine | Kyl | Thompson |
| Domenici | Lott | Thurmond |
| Enzi | Lugar | Warner |
| Faircloth | Mack | |

NAYS—44

| | | |
|---|---|---|
| Akaka | Bingaman | Bryan |
| Baucus | Boxer | Bumpers |
| Biden | Breaux | Byrd |

| | | |
|---|---|---|
| Cleland | Hollings | Moseley-Braun |
| Conrad | Inouye | Moynihan |
| Daschle | Johnson | Murray |
| Dodd | Kennedy | Reed |
| Dorgan | Kerrey | Reid |
| Durbin | Kerry | Robb |
| Feingold | Landrieu | Rockefeller |
| Feinstein | Lautenberg | Sarbanes |
| Ford | Leahy | Torricelli |
| Glenn | Levin | Wellstone |
| Graham | Lieberman | Wyden |
| Harkin | Mikulski | |

The amendment (No. 316) was agreed to.

Mr. DOMENICI. Madam President, I move to reconsider the vote.

Mr. MURKOWSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will be in order. The Senator from New Mexico is recognized.

AMENDMENT NO. 313

Mr. DOMENICI. Madam President, I believe we are ready to go to Senator WELLSTONE's amendment.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Thank you, Madam President. May I have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. WELLSTONE. Madam President, the budget——

Mr. DOMENICI. The Senate is not in order. We have to hear.

The PRESIDING OFFICER. The Senate will be in order. Senators desiring to converse will retire to their cloakrooms. Senators will take their seats. The Senator from Minnesota.

Mr. WELLSTONE. Madam President and Senators, the budget is all about priorities. This amendment speaks to priorities. This amendment says that we invest in crumbling schools all across our country $5 billion, that we should do that now. This amendment says that, while we have made progress with Head Start in this budget agreement, still only half the children, if you consider early Head Start, are covered and we should cover more of these children. This amendment says that last year we made cuts in the school breakfast program, we made cuts in the child nutrition programs for Family Head Start Centers, and therefore we ought to restore that nutritional funding for poor children in America.

Madam President, altogether this amendment says we make investments in these areas to the tune of about $20 billion over the next half decade, and the offset is to make sure that the cuts in taxes are targeted to middle income and small business, not the top 2 percent of the economic profile in the country, and that we look at all of these loopholes and deductions in corporate welfare.

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

It is the Chair's understanding that the Senator is calling up amendment No. 313?

Mr. WELLSTONE. That is correct.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from New Mexico.

Mr. DOMENICI. Madam President, this amendment would reduce tax relief contained in the resolution by $16 billion in order to increase spending in programs that the Senator would like to see increased. It happens, in the programs that he would like to see increased, such as Head Start, this budget resolution has an increase of $2.7 billion. It makes it a priority program, so it will most probably be funded at that extraordinarily high level. That was agreed upon. But sometimes, no matter how much you do, it is not enough. In this case, the President brags about the fact that Head Start is going up and going up appreciably, $2.7 billion, yet the Senator would reduce our tax cut for the American people in order to add yet more to that program.

I do not believe that is what we ought to do. I yield back any time I have. Does the Senator from any time remaining?

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

AMENDMENT NO. 357 TO AMENDMENT NO. 313

(Purpose: To provide children who have been victims of violent crime the ability to transfer to another school by allowing States and local educational agencies to use Federal education funds in the jurisdiction of the Labor Committee to assist such victims in attending any other school of their choice, whether public, private, or sectarian)

Mr. DOMENICI. On behalf of Senator COVERDELL, I submit a second-degree amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. COVERDELL, proposes an amendment numbered 357 to amendment No. 313.

On page 3, line 3, increase the amount by 0.

On page 3, line 4, increase the amount by 0.

On page 3, line 5, increase the amount by 0.

On page 3, line 6, increase the amount by 0.

On page 3, line 7, increase the amount by 0.

On page 3, line 11, increase the amount by 0.

On page 3, line 12, increase the amount by 0.

On page 3, line 13, increase the amount by 0.

On page 3, line 14, increase the amount by 0.

On page 3, line 15, increase the amount by 0.

On page 4, line 4, increase the amount by 0.

On page 4, line 5, increase the amount by 0.

On page 4, line 6, increase the amount by 2,539,000,000.

On page 4, line 7, increase the amount by 0.

On page 4, line 8, increase the amount by 0.

On page 4, line 12, increase the amount by 0.

On page 4, line 13, increase the amount by 0.

On page 4, line 14, increase the amount by 0.

On page 4, line 15, increase the amount by 0.

On page 4, line 16, increase the amount by 0.

On page 21, line 25, increase the amount by 0.

On page 22, line 1, increase the amount by 0.

On page 22, line 8, increase the amount by 2,539,000,000.

On page 22, line 9, increase the amount by 0.

On page 22, line 16, increase the amount by 0.

On page 22, line 17, increase the amount by 0.

On page 22, line 24, increase the amount by 0.

On page 22, line 25, increase the amount by 0.

On page 26, line 6, increase the amount by 0.

On page 26, line 7, increase the amount by 0.

On page 26, line 14, increase the amount by 0.

On page 26, line 15, increase the amount by 0.

On page 26, line 22, increase the amount by 0.

On page 26, line 23, increase the amount by 0.

On page 27, line 5, increase the amount by 0.

On page 27, line 6, increase the amount by 0.

On page 27, line 13, increase the amount by 0.

On page 27, line 14, increase the amount by 0.

On page 38, line 14, increase the amount by 0.

On page 38, line 15, increase the amount by 0.

On page 40, line 17, decrease the amount by 0.

On page 41, line 7, decrease the amount by 0.

On page 41, line 8, decrease the amount by 0.

On page 43, line 21, increase the amount by 0.

On page 43, line 22, increase the amount by 0.

On page 43, line 24, increase the amount by 0.

On page 43, line 25, increase the amount by 0.

On page 44, line 2, increase the amount by 0.

On page 44, line 3, increase the amount by 0.

On page 44, line 5, increase the amount by 0.

On page 44, line 6, increase the amount by 0.

Mr. DOMENICI. I yield my time to the Senator from Georgia.

Mr. COVERDELL. Madam President, the issue embraced by this amendment is simple but important. In too many schools across our Nation the focus for our children is not on education but survival. Just 2 days ago, as I read from the Washington papers, four teenagers were arrested and charged with gang raping a 14-year-old girl last month by luring her from a cafeteria at a public high school in Queens to an unused classroom to carry out the attack, the authorities said yesterday. This amendment would allow local school districts, agencies, the right to use a voucher system to allow a victim of a crime to escape this kind of environment.

Madam President, I yield my time.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Madam President, my colleagues on the other side do not want to have an up-or-down vote on whether or not they are willing to invest in child nutrition programs and whether or not they are willing to invest in rotting schools. Instead of this increased investment, they want to now vote on the proposition that we have funds that go in an unlimited, unconditional way through a private voucher plan. That is what this vote is all about.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Madam President, we are talking now about a whole different program outside the budget resolution. Vouchers —vouchers do not deserve to be debated in this context. We ought to absolutely oppose it. I hope we will find some of our friends on the Republican side who will also oppose the notion of transferring these funds into school vouchers.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Do Senators yield back all their time? All time is yielded.

The question is on agreeing to the second-degree amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER (Mr. ROBERTS). Are there any other Senators in the Chamber who desire to vote?

The result was announced, yeas 51, nays 49, as follows:

[Rollcall Vote No. 89 Leg.]

YEAS—51

| | | |
|---|---|---|
| Abraham | Frist | McCain |
| Allard | Gorton | McConnell |
| Ashcroft | Gramm | Murkowski |
| Bennett | Grams | Nickles |
| Bond | Grassley | Roberts |
| Brownback | Gregg | Roth |
| Burns | Hagel | Santorum |
| Campbell | Hatch | Sessions |
| Coats | Helms | Shelby |
| Cochran | Hutchinson | Smith (NH) |
| Coverdell | Hutchison | Smith (OR) |
| Craig | Inhofe | Snowe |
| D'Amato | Kempthorne | Stevens |
| DeWine | Kyl | Thomas |
| Domenici | Lott | Thompson |
| Enzi | Lugar | Thurmond |
| Faircloth | Mack | Warner |

NAYS—49

| | | |
|---|---|---|
| Akaka | Feingold | Levin |
| Baucus | Feinstein | Lieberman |
| Biden | Ford | Mikulski |
| Bingaman | Glenn | Moseley-Braun |
| Boxer | Graham | Moynihan |
| Breaux | Harkin | Murray |
| Bryan | Hollings | Reed |
| Bumpers | Inouye | Reid |
| Byrd | Jeffords | Robb |
| Chafee | Johnson | Rockefeller |
| Cleland | Kennedy | Sarbanes |
| Collins | Kerrey | Specter |
| Conrad | Kerry | Torricelli |
| Daschle | Kohl | Wellstone |
| Dodd | Landrieu | Wyden |
| Dorgan | Lautenberg | |
| Durbin | Leahy | |

The amendment (No. 357) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MURKOWSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 313

The PRESIDING OFFICER. The question recurs on the Wellstone No. 313, as amended.

The question is on agreeing to the amendment.

The amendment (No. 313), as amended, was agreed to.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I believe Senator GRAMS has an amendment. He is going to call it up.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

AMENDMENT NO. 346

Mr. GRAMS. Mr. President, I call up amendment No. 346.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Minnesota [Mr. GRAMS] proposes an amendment numbered 346.

(The text of the amendment is printed in the RECORD of May 21, 1997.)

The PRESIDING OFFICER. The Senator is recognized.

Mr. GRAMS. Thank you, Mr. President. I will be brief, but I will try to talk loudly.

This is a simple and straightforward amendment, and it will address just two of the weaknesses of the budget agreement; namely, big spending for the Government and small tax relief for working Americans.

All it does is to require that we use half of the $225 billion of the CBO revenue windfall for tax relief and half for deficit reduction and keep nondefense discretionary spending at the cap freeze baseline level.

If the $225 billion in extra money is, indeed, real, it did not fall mysteriously from the sky. It is money that belongs, first and foremost, to the American taxpayers, and it should be put to proper use. Keeping nondefense spending at freeze baseline levels would reduce total spending by only 1.5 percent over the next 5 years. If American workers are working harder and producing more, they should be able to keep it, not send it to Washington.

So I urge my colleagues to support this amendment, and I thank you very much, Mr. President.

I yield back the remainder of my time.

The PRESIDING OFFICER. Who seeks time? The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I say to my fellow Senators, it is with regret that I have to oppose this amendment. Essentially, this would totally break the budget agreement. We would be back at ground zero. This would propose to take another $134 billion in cuts out of the domestic programs beyond that which we did in this budget, another $134 billion cut off the discretionary programs that are only growing at half a percent.

I also must tell you the so-called windfall was used in the following manner: Only $30 billion of it was used for spending over the 5 years, and that went for defense, transportation, and dropping the per capita cap on Medicare.

I believe that we had to do that. I believe it was in everybody's interest that we do that. That is where it went, and that is what we did. So if time has expired, I move to table the amendment.

The PRESIDING OFFICER. The question is on the motion to lay on the table the amendment No. 346.

Mr. MACK. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 73, nays 27, as follows:

[Rollcall Vote No. 90 Leg.]

YEAS—73

| | | |
|---|---|---|
| Abraham | Dorgan | Lieberman |
| Akaka | Durbin | Lott |
| Baucus | Feingold | Lugar |
| Bennett | Feinstein | Mack |
| Biden | Ford | Mikulski |
| Bingaman | Frist | Moseley-Braun |
| Bond | Glenn | Moynihan |
| Boxer | Gorton | Murkowski |
| Breaux | Graham | Murray |
| Bryan | Hagel | Reed |
| Bumpers | Harkin | Reid |
| Burns | Hatch | Robb |
| Byrd | Hollings | Roberts |
| Campbell | Inouye | Rockefeller |
| Chafee | Jeffords | Sarbanes |
| Cleland | Johnson | Shelby |
| Cochran | Kempthorne | Smith (OR) |
| Collins | Kennedy | Snowe |
| Conrad | Kerrey | Specter |
| Craig | Kerry | Stevens |
| D'Amato | Kohl | Torricelli |
| Daschle | Landrieu | Wellstone |
| DeWine | Lautenberg | Wyden |
| Dodd | Leahy | |
| Domenici | Levin | |

NAYS—27

| | | |
|---|---|---|
| Allard | Grassley | Nickles |
| Ashcroft | Gregg | Roth |
| Brownback | Helms | Santorum |
| Coats | Hutchinson | Sessions |
| Coverdell | Hutchison | Smith (NH) |
| Enzi | Inhofe | Thomas |
| Faircloth | Kyl | Thompson |
| Gramm | McCain | Thurmond |
| Grams | McConnell | Warner |

The motion to lay on the table the amendment (No. 346) was agreed to.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Thank you, Mr. President.

Mr. President, might I say to the Senate, in terms of the budget resolution, unless something untoward occurs, we have no more than three votes remaining. So we ought to be finished in reasonably short order, although I want to remind everyone that in the morning announcement the leader said we might have votes in the remainder of the day on judges and a treaty. So before you assume there will be no additional votes, you better check with the hot line or with the leadership office.

Mr. DOMENICI. The next amendment is Wellstone amendment No. 314.

I yield the floor.

AMENDMENT NO. 314

Mr. WELLSTONE. I call up amendment No. 314.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE], for himself, Mr. REED, Mr. BINGAMAN, and Mr. MOYNIHAN, proposes amendment numbered 314.

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

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

(The text of the amendment is printed in the RECORD of May 21, 1997.)

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. I proposed the amendment with Senator REED, and also as cosponsors are Senator BINGAMAN and Senator MOYNIHAN.

This amendment, I say to my colleagues, expands the Pell grant program. It takes it up to $3,500. It is authorized up to $4,500 right now. It is a commitment of about $6 billion over 5 years. This will help thousands of families.

This will make a huge difference, especially to families with incomes of about $25,000 to $30,000 who, more or less, fall between the cracks on some of the other assistance that we are giving. So it is very targeted. It is very effective. The money comes from loopholes and deductions.

We could be talking about tens of billions, if not hundreds of billions of dollars, in that. Just invest a little more in the Pell grant program. This is extremely important to working families in our country.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. I thank the Chair.

I ask the Senator, do you yield back your time?

Mr. WELLSTONE. Senator REED was going to speak.

The PRESIDING OFFICER. The Senator has 4 seconds remaining under his time.

Mr. WELLSTONE. I thought we had 2 minutes.

Mr. FORD. Equally divided.

The PRESIDING OFFICER. The Chair reminds the Senator that there was 1 minute for each side.

Mr. WELLSTONE. Mr. President, it was my mistake, I say to my colleagues.

I ask unanimous consent that Senator REED have 30 seconds to speak.

Mr. DOMENICI. No objection.

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

Mr. REED. I thank the Chair. I will make two very brief points.

First, in 1972, we passed the Pell grant. If we simply indexed that grant for inflation, the maximum Pell grant today would be $4,300. We are asking for an increase from $3,000 in this budget to $3,500. Second, back in 1980, the maximum Pell grant covered 72 percent of the cost of a 4-year public college. Now it covers roughly 20 percent. We need more. That is what the Wellstone-Reed amendment asks us to do.

Mr. WELLSTONE. I ask unanimous consent that Senator MOSELEY-BRAUN be added as an original cosponsor.

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

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, this amendment should be defeated. The budget resolution before the Senate increases Pell grants from $2,700 to $3,000. Even the President of the United States says that is adequate. This will be a very healthy increase. We have already done that. I do not believe we ought to add further moneys to the Pell grants and take it away from the taxpayers of this country. It is that simple. There is adequate funding already in this bill.

I yield back the balance of my time.

AMENDMENT NO. 358 TO AMENDMENT NO. 314

(Purpose: To ensure that the provisions of this resolution assume that any higher education tax relief are consistent with the objectives set forth in this resolution and shall include provisions that encourage parents and students to save for higher education expenses and that provide relief from the debt burden associated with borrowing to pay for a postsecondary education)

Mr. DOMENICI. Mr. President, I send a second-degree amendment to the desk on behalf of Senator SNOWE and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Ms. SNOWE, for herself and Mr. COVERDELL, proposes an amendment numbered 358.

Mr. DOMENICI. Mr. President, I ask unanimous-consent reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 3, line 4, increase the amount by 0.
On page 3, line 5, increase the amount by 0.
On page 3, line 6, increase the amount by 0.
On page 3, line 7, increase the amount by 0.
On page 3, line 12, increase the amount by 0.
On page 3, line 13, increase the amount by 0.
On page 3, line 14, increase the amount by 0.
On page 3, line 15, increase the amount by 0.
On page 4, line 5, increase the amount by 0.
On page 4, line 6, increase the amount by 0.
On page 4, line 7, increase the amount by 0.
On page 4, line 8, increase the amount by 0.
On page 4, line 13, increase the amount by 0.
On page 4, line 14, increase the amount by 0.
On page 4, line 15, increase the amount by 0.
On page 4, line 16, increase the amount by 0.
On page 21, line 25, increase the amount by 0.
On page 22, line 1, increase the amount by 0.
On page 22, line 8, increase the amount by 0.
On page 22, line 9, increase the amount by 0.
On page 22, line 16, increase the amount by 0.
On page 22, line 17, increase the amount by 0.
On page 22, line 24, increase the amount by 0.
On page 22, line 25, increase the amount by 0.
On page 43, line 21, increase the amount by 0.
On page 43, line 22, increase the amount by 0.
On page 43, line 24, increase the amount by 0.
On page 43, line 25, increase the amount by 0.
On page 44, line 2, increase the amount by 0.
On page 44, line 3, increase the amount by 0.
On page 44, line 5, increase the amount by 0.
On page 44, line 6, increase the amount by 0.

Ms. SNOWE. I thank Senator DOMENICI.

I understand the intent of the amendment offered by the Senator from Minnesota in terms of expanding the Pell Grant Program, and I am pleased the budget agreement includes increasing the maximum grant by $300.

Unfortunately, the Senator's amendment is in violation of the budget agreement, so I am offering an amendment that says we shall include two types of tax cut proposals in the $35 billion postsecondary educational tax cut package in this budget agreement. One proposal would provide incentives for parents and students to save for a postsecondary education. The other proposal would be to try to offset the debt that is incurred by students as a result of borrowing to attend college.

My amendment is consistent with the objectives that were put forward in the budget agreement, as agreed to by President Clinton and the negotiators, and I urge its adoption.

Mr. President, as we all know, the budget resolution provides for $85 billion in net tax relief over the coming 5 years. In a May 15, 1997, letter to President Clinton, the Speaker of the House and the Senate majority leader agreed that the tax package "must include tax relief of roughly $35 billion over 5 years for postsecondary education, including a deduction and a tax credit." The letter further stipulated that this package of postsecondary education tax cuts "should be consistent with the objectives put forward in the HOPE scholarship and tuition tax proposals contained in the administration's fiscal year 1998 budget."

Now, even before that letter was crafted, there had been concerns about the inclusion of any type of education tax cuts in the balanced budget plan. For some, the inclusion of such targeted tax cuts would undermine the overall effort to provide broad-based tax relief for as many Americans as possible. For others, the postsecondary tax cut proposals put forward by President Clinton were viewed as potentially counter-productive because they might actually encourage tuition increases or grade inflation.

Regardless of how one feels about educational tax cuts in general—or President Clinton's postsecondary education tax cut proposals specifically—I think we can all agree that the objective of the $35 billion education tax cut package in this resolution, and President Clinton's fiscal year 1998 educational tax cut proposals, are clear: Postsecondary educational tax cuts must promote access to a higher education while addressing the needs of parents and students.

And the amendment I am offering today would encourage that we do both. It is an amendment stating that our $35 billion postsecondary tax cut package shall provide tax incentives that encourage students and parents to save for a postsecondary education, and provide relief from the debt burden associated with borrowing to pay for a postsecondary education. These two proposals—and my amendment—are not only consistent with the objectives laid out by President Clinton in his own budget proposal, but also with the objectives outlined in the May 15 letter from the Speaker of the House and our majority leader.

Mr. President, a strong commitment to education is included in this budget agreement because of a recognition that education is the great equalizer in our society that can give every citizen of our Nation—regardless of race, income, or geographic background—the same opportunity to succeed in the global economy of the 21st century. It's the same reason I decided to make education a priority during the 1995 and 1996 balanced budget debate, and fought to preserve funding for the Student Loan Program—a program that ensures access to higher education for lower-income students. A bipartisan majority of the Senate shared that commitment, and we now have the opportunity to further strengthen access to higher education through the crafting of sound tax proposals within this balanced budget package.

As we seek to identify proposals that would improve access to a higher education, it is critical that we first recognize the primary barrier that stands between a student and a post-secondary education: rising costs. According to the Institute of Higher Education Policy, students at the undergraduate level have seen tuition increases outpace inflation for more than a decade. As a result of these increasing costs, an estimated 7.6 million students will require and receive aid in 1997—and this number is expected to increase to 8.1

million in 1998. Similarly, due to the significant costs of graduate and professional school training, borrowing by these students is increasing even faster than the record rate of increase in total student loan borrowing overall.

How much money is borrowed by students to meet these rising costs? According to a 1996 analysis by USA Group Loan Services, the typical student loan borrower—including undergraduate, graduate, and doctoral students—now accumulates more than $10,000 in educational debt. By the same token, the interest paid on this borrowing is enormous. In Maine alone, students pay $25 million in interest on their student loan debts every year. Clearly, these rising costs and accumulating debts place the future of our children and our Nation at stake. Many students may wonder if they will ever be able to pay off the debt burden they will absorb if they go to college—and others will simply drop the idea of pursuing a higher education altogether in light of these numbers.

Mr. President, Congress must remain committed to ensuring that every individual has the opportunity to pursue a higher education while adopting policies that ensure students are not dissuaded from attending a post-secondary institution for financial reasons. While no tax cut can completely remove financial barriers to a higher education, we can certainly endorse sound policies as part of this resolution that adhere to the agreement reached with the White House and move us in the right direction. I believe that providing incentives for parents and students to save for a higher education, and providing tax relief for the debt accumulated by those who need to borrow, is among the policies we should adopt to move us in that direction.

While the amendment I am offering today does not endorse any specific bill or plan, I would like to note that I offered legislation on May 1 that would accomplish both of these goals. S. 680, the ''Go to College!'' Tax Incentives Act, would promote savings by young Americans and their parents to prepare for the rising cost of a higher education, and ensure that students are not discouraged from applying for students loans simply because of the debt burden they would incur in seeking a higher education.

First, the legislation provides an incentive for parents and children to put aside as much as $1,000 per child annually in an education savings account that would be allowed to grow tax free. Planning for the future is critical when one considers the rising cost of tuition, and my incentive to save would make such planning less difficult. Second, the legislation provides a tax credit of $1,500 for the interest paid on student loans, thereby encouraging students to borrow as necessary to go to college—not balk at the cost of a higher education and the related debt they need to incur.

Many Members of this body have supported restoring the deduction for interest paid on student loans—as evidenced in both of the Republican and Democratic leader bills, S. 1 and S. 12 respectively. While I, too, have long supported the restoration of this deduction, the credit I am proposing in S. 680 would be even more beneficial. Simply put, a tax deduction lowers a student's gross income on the Federal income tax form—but a tax credit actually reduces the tax liability of a student. Although this provision would not benefit students immediately, they would be assured of substantial tax relief once they begin to pay off the student loan debt they accumulated when they chose ''go to college'' in the first place.

Again, the amendment I am offering today does not call for the adoption of the ''Go to College!'' Tax Incentives Act—rather, I mention my bill only to show that there are proposals on the table that would achieve the objectives sought by President Clinton, and that can be further reviewed during budget reconciliation. Ultimately, any number of these proposals could effectively meet the objectives set forth by President Clinton and the majority leader, and I am hopeful that we will adopt the best such approaches during the reconciliation process. Therefore, although the amendment I am offering today does not endorse a specific bill, it ensures that we at least adopt two types of proposals that will move us in the right direction.

Mr. President, we must ensure that our nation's students do not turn away from pursuing a higher education due to rising costs and increasing debt burdens. This amendment would ensure that we address these issues during the ongoing reconciliation process, while remaining consistent with the objectives laid out in this balanced budget agreement, and I urge its adoption. Thank you, Mr. President.

Mr. WELLSTONE. Mr. President, we will agree to a voice vote on this amendment.

With all due respect to my colleague, whom I greatly respect, No. 1, this second-degree amendment strikes out all the investment, so as opposed to plugging some of the loopholes in corporate welfare we make no investment in the expansion of Pell grants. That is what this vote is about.

No. 2, you can talk about savings. Families with incomes under $20,000 a year—since 1979, 8 percent of them, women and men from those families, have been able to graduate from college. Do you not think we ought to make sure they get assistance?

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Mr. President, no one objects to Pell grants. This should be a vote about expanding the Pell grants so we can change the reality that faces working families in this country.

In 1975, 80 percent of Federal financial assistance was in the form of grants and 20 percent in loans. Today, those numbers are reversed. I believe we should expand the Pell grants along the lines of the Wellstone-Reed amendment.

I hope we can do that sometime.

The PRESIDING OFFICER. All time has expired. The question now is on agreeing to the second-degree amendment of the Senator from Maine.

The amendment (No. 358) was agreed to.

Mr. DOMENICI. I move to reconsider the vote.

Mr. LAUTENBERG. I move to lay it on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 314

The PRESIDING OFFICER (Mr. THOMAS). The question now occurs on the amendment of the Senator from Minnesota, as amended.

The amendment (No. 314), as amended, was agreed to.

Mr. DOMENICI. Senator SPECTER has an amendment, and I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

AMENDMENT NO. 340

Mr. SPECTER. Mr. President, I call for a vote on amendment No. 340.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SPECTER] proposes an amendment numbered 340.

(The text of the amendment is printed in the RECORD of May 21, 1997.)

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, this is a very important amendment because it will determine whether we will have an increase in NIH grants and, in fact, whether we will have NIH grants at their current level.

Night before last, by a vote of 98 to 0, this body passed a sense-of-the-Senate resolution which increased NIH grants by $2 billion. But the fact is that the 550 account on health is cut by $100 million. This amendment asks the Senate to put its money where its mouth is. If the sense of the Senate which passed two nights ago is to have any sense, this amendment has to be agreed to.

I understand that the leadership is opposed to this amendment. I understand that there is an argument that nothing we do here on this budget resolution amounts to anything; that it is all up to the appropriators. In a sense, that is correct. But I believe the appropriators will be influenced by a positive vote here, especially when the leadership is going to try to defeat this amendment.

If this amendment is defeated, I can explain to the constituency groups who come to me as chairman of the subcommittee that there was no money. But if this sense-of-the-Senate resolution for $2 billion is to be understood, this amendment has to pass.

I thank the Chair.

Mr. DOMENICI. I yield time in opposition to the chairman of the Appropriations Committee.

Mr. STEVENS. Mr. President, I ask Senators to do something irregular—that is, pick up the bill and look at what this amendment does to the Appropriations Committee. On page 23, you will see on line 9 an increase of $137.8 billion for health. If you look at page 35 where this amendment touches, it has ''new budget authority for allowances''—no new budget, no outlays.

What it means is we would have to go into every other account and pull out money to put it in this one account, an account that is already increased under this budget by $137.8 billion.

The Senator came to me and asked me if I would be bound by this. I checked with Senator BYRD. We cannot be bound by this. Some of those accounts—by the way, this is an absolute across-the-board cut—cannot take that.

For those of you in agriculture, agriculture has already been cut. Space and technology has already been cut. We have to go in and cut those further in order to put this money into an account that has already a $137.8 billion increase under this budget.

I urge you to vote against it, because we do not want to have to go against the sense of the Senate. But we would have to under this because we cannot comply with this.

I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alaska to lay on the table the amendment of the Senator from Pennsylvania. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 63, nays 37, as follows:

[Rollcall Vote No. 91 Leg.]

YEAS—63

| | | |
|---|---|---|
| Abraham | Dorgan | Lieberman |
| Allard | Enzi | Lott |
| Ashcroft | Faircloth | Lugar |
| Bennett | Ford | McCain |
| Biden | Frist | McConnell |
| Bond | Gorton | Murkowski |
| Breaux | Gramm | Nickles |
| Bryan | Grams | Reid |
| Bumpers | Gregg | Roberts |
| Burns | Hagel | Rockefeller |
| Byrd | Hatch | Roth |
| Campbell | Helms | Sessions |
| Chafee | Hutchinson | Shelby |
| Cleland | Hutchison | Smith (NH) |
| Coats | Inhofe | Smith (OR) |
| Cochran | Johnson | Stevens |
| Conrad | Kempthorne | Thomas |
| Coverdell | Kyl | Thompson |
| Craig | Landrieu | Thurmond |
| Daschle | Lautenberg | Torricelli |
| Domenici | Leahy | Warner |

NAYS—37

| | | |
|---|---|---|
| Akaka | Collins | Feingold |
| Baucus | D'Amato | Feinstein |
| Bingaman | DeWine | Glenn |
| Boxer | Dodd | Graham |
| Brownback | Durbin | Grassley |
| Harkin | Levin | Santorum |
| Hollings | Mack | Sarbanes |
| Inouye | Mikulski | Snowe |
| Jeffords | Moseley-Braun | Specter |
| Kennedy | Moynihan | Wellstone |
| Kerrey | Murray | Wyden |
| Kerry | Reed | |
| Kohl | Robb | |

The motion to table the amendment (No. 340) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, if I could have the attention of the Senate, everybody is asking where we are on this.

The PRESIDING OFFICER. May we have order? The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me say to Senators I have about five cleanup matters and one amendment we are going to accept, and then we go right to final passage. That should not be longer than 3 or 4 minutes.

AMENDMENT NO. 359

(Purpose: To make technical corrections)

Mr. DOMENICI. Mr. President, I send a managers' technical corrections amendment to the desk. It has been approved by both sides. It is nothing but numbers, number changes.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for himself and Mr. LAUTENBERG, proposes an amendment numbered 359.

On page 4, increase the amount on line 4 by $1,800,000,000.

On page 4, decrease the amount on line 5 by $100,000,000.

On page 4, decrease the amount on line 7 by $200,000,000.

On page 4, decrease the amount on line 8 by $300,000,000.

On page 4, decrease the amount on line 13 by $200,000,000.

On page 4, decrease the amount on line 14 by $100,000,000.

On page 4, decrease the amount on line 15 by $200,000,000.

On page 4, decrease the amount on line 16 by $400,000,000.

On page 4, decrease the amount on line 20 by −$200,000,000.

On page 4, decrease the amount on line 21 by −$100,000,000.

On page 4, decrease the amount on line 22 by −$200,000,000.

On page 4, decrease the amount on line 23 by −$400,000,000.

On page 5, increase the amount on line 2 by $4,800,000,000.

On page 5, increase the amount on line 3 by $6,200,000,000.

On page 5, increase the amount on line 4 by $6,100,000,000.

On page 5, increase the amount on line 5 by $7,700,000,000.

On page 18, increase the amount on line 8 by $1,800,000,000.

On page 23, increase the amount on line 15 by $100,000,000.

On page 23, increase the amount on line 22 by $100,000,000.

On page 24, increase the amount on line 12 by $100,000,000.

On page 29, decrease the amount on line 18 by $200,000,000.

On page 29, decrease the amount on line 19 by $200,000,000.

On page 30, decrease the amount on line 2 by $300,000,000.

On page 30, decrease the amount on line 3 by $300,000,000.

On page 30, decrease the amount on line 10 by $300,000,000.

On page 30, decrease the amount on line 11 by $300,000,000.

On page 30, decrease the amount on line 18 by $300,000,000.

On page 30, decrease the amount on line 19 by $300,000,000.

On page 39, line 1, strike beginning with the word ''provide'' through line 4, the word ''outlays'', and insert ''reduce the deficit''.

On page 39, decrease the amount on line 22 by $35,000,000.

On page 39, decrease the amount on line 23 by $75,000,000.

THE PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 359) was agreed to.

AMENDMENT NO. 309

Mr. DOMENICI. Mr. President, I call up amendment 309. This amendment creates a reserve fund with no money in it for childhood education. I urge we adopt it.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. KERRY, for himself, proposes an amendment numbered 309.

(The text of the amendment is printed in the RECORD of May 21, 1997)

THE PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 309) was agreed to.

AMENDMENT NO. 319 WITHDRAWN

Mr. DOMENICI. I understand, Senator GRAMM, you withdraw amendment 319?

Mr. GRAMM. I do.

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

The amendment (No. 319) was withdrawn.

Mr. LAUTENBERG. Mr. President, I would like to engage in a colloquy with Senator DOMENICI regarding the investment in transportation that is included in this budget agreement.

Mr. President, as most of my colleagues know, I am a strong believer in increasing investment in transportation, whether for roads, bridges, rail systems, aviation, or mass transit. All modes of transportation are important, and all need to be supported.

We have been working hard in the negotiations to increase total investment in transportation, and we have had some success. We have increased total transportation outlays over the President's request by more than $8 billion over the next 5 years. That is not as much as I would like, but it is a start.

I would like to clarify one element of the budget agreement as it relates to spending the estimated revenues of the highway trust fund over the next 5 years. That is a goal with which I agree. In an ideal world, I would support even higher spending levels from the highway trust fund.

However, it is important to clarify that, while this agreement includes an assumption that we will spend from the highway trust fund the amounts equivalent to receipts currently estimated to come into the trust fund, the possibility that receipts will grow beyond the levels currently estimated could endanger our ability to comply with other equally important assumptions in this agreement including increased spending for mass transit and Amtrak.

In the end, the Appropriations Committee will have to set ceilings for individual subcommittees and funding levels for specific transportation programs, and I want to clarify that increases in highway trust fund spending will not negatively impact other modes of transportation, especially mass transit and Amtrak.

I therefore would ask my good friend, the chairman of the Budget Committee, do you agree that nothing in this agreement, nor in the budget resolution, requires the Senate to spend all gas tax revenues without regard for the potentially negative impact on other modes of transportation?

Mr. DOMENICI. Senator LAUTENBERG is correct.

The budget resolution contains an assumption that the Appropriations Committee will provide adequate funding to spend all gas tax revenues into the highway trust fund. In addition, the budget resolution also contains an assumption which provides increased funding for mass transit and Amtrak, in addition to the increase in highway trust fund spending. Therefore, I am optimistic that this agreement provides enough funding to accomplish our mutual goals of spending all trust fund revenues while maintaining our commitments to other modes of transportation, including increased funding for mass transit and Amtrak.

Mr. McCAIN. Mr. President, I rise for the purpose of entering into a short colloquy with the distinguished chairman of the Budget Committee. Mr. DOMENICI, I understand that the budget resolution assumes reinstatement of the aviation excise taxes, which fund important aviation safety and security programs, and include the 10 percent tax on the price of domestic airline tickets.

Mr. DOMENICI. That is correct.

Mr. McCAIN. As you know, the National Civil Aviation Review Commission has undertaken a review of the appropriate funding structure for the national aviation system, and is scheduled to report its legislative recommendations at the end of this summer. The commission may develop an acceptable alternative to the traditional aviation excise tax system. Am I correct in assuming that the budget resolution does not preclude substituting an alternative funding mechanism for the current aviation excise taxes?

Mr. DOMENICI. That is my understanding, as well. The budget resolution assumes reinstatement of the aviation excise taxes. This assumption should not be read to preclude replacement of the taxes with an alternative means of funding the national aviation system, as long as that alternative is consistent with the budget resolution.

Ms. SNOWE. Mr. President, when it comes to our budget deliberations, the temptation of politics has often made our search for a balanced budget a difficult one. For a long time, I think all Members of this body would agree that too much time was spent aggressively defending narrow or partisan interests. Personal political interests were sometimes placed above pressing national interests. And common, bipartisan objectives were too seldom charted or pursued. The result for our Nation is now as widely known as it was troublesome: Spending kept expanding. Deficits kept rising. And confidence in Government kept diminishing.

But here today, Mr. President, with a balanced budget plan before us for the first time in 28 years, it's encouraging to think that we may be reaching a new beginning. Much of the credit for bringing us to this point belongs to the chairman of the Budget Committee, PETE DOMENICI. The chairman has demonstrated his unwavering commitment to a balanced budget during his years of service on the Budget Committee, and, ultimately, it was his leadership that brought both sides to the table and made this day possible. For his ongoing efforts, I believe that the chairman is deserving of our thanks—and the thanks of generations of Americans to come.

Let me also thank our majority leader, TRENT LOTT, for his effort and commitment to making this agreement possible, and the President of the United States for his willingness to negotiate and compromise. I know that it is the hope and expectation of most Americans that President Clinton will continue to stay focused on the balanced budget goal and see this plan through to fruition.

And, finally, we should also recognize the other leaders of the House and the Senate who were engaged in this process. They, too, pursued this resolution with determination and vigor—and forged consensus on some very divisive issues. We would not be here today without their leadership.

But Mr. President, we have also reached this encouraging point in our budget deliberations because—at last—there is a widespread recognition that deficits threaten this Nation in unacceptable ways—and that decisive action is needed now to ward off economic crisis. The numbers speak for themselves. According to estimates from the President's own Office of Management and Budget, if we do nothing, the deficit will double in 15 years, then double again every 5 years thereafter. Left unchecked, according to OMB, the deficit would reach $2 trillion by 2025.

We also know that such a scenario would prove intolerably costly to this Nation. OMB forecasts that if we fail to reign in the deficit now, future generations will suffer an 82-percent tax rate and a 50-percent reduction in benefits in order to pay the bills we are leaving them today. And the Congressional Budget Office has issued a similarly grave warning, arguing a year ago that: ''* * * current U.S. budget policies cannot be sustained without risking substantial economic damage.''

Eighty-two-percent tax rates. Fifty-percent reductions in benefits. Substantial economic damage. This is not some futuristic nightmare, Mr. President. This is the economy that lies ahead for America unless we act now, unless we lay the groundwork for long-term deficit elimination by adopting this resolution.

Mr. President, this agreement provides us with an historic opportunity to place our country back on the right fiscal path. But it also provides the American people some assurance that our political process can work. After more than 2 years of competing proposals, acrimonious debates, and fruitless negotiations, many Americans have become understandably cynical of our ability and even willingness to ever agree on a plan to balance the budget. But this agreement should give us some hope. It proves that we can compromise on specifics without compromising on principle—that when an agreement indisputably benefits the American people, we can set aside partisanship and get the job done.

Of course, while the resolution before us today is an encouraging one and should be celebrated, we should also recognize what it is not. This is only a first step, Mr. President, and no Member of this body can say with certainty that this resolution signals a conclusive end to the failed budget politics of old. Indeed, I believe that only a balanced budget amendment to the Constitution can ensure that fiscal prudence and responsibility will be exercised indefinitely into the future.

And let me be clear about another matter. The budget resolution before us is not perfect. Are there flaws in it? Yes, Mr. President, I think there are. In fact, I suspect that every Member of this body could find aspects that trouble them in this resolution—aspects that they may have written in a slightly or even greatly different manner.

For instance, some may criticize this resolution because it expands new entitlements or does too little to reform existing entitlements before the baby boom generation begins to retire. In fact, it is with the latter concern in mind that I am particularly troubled by the assumption of home health care being shifted from part A to part B of Medicare. I fear that this shift may actually imperil this vital program even as it masks the true problems of the

Medicare trust fund, which must be addressed if we are to preserve and protect the Medicare Program for senior citizens in the future. Still others may criticize this plan as being insufficient in terms of deficit reduction because it would cut the deficit by only 1 percent of today's GDP over the next 5 years, or because it provides what they consider to be too much of an increase in discretionary spending. To put these types of concerns in the words of one analyst from the CATO Institute: ''On balance, this is a bad deal. Republicans should just say no.''

Conversely, there are those who may see the cuts quite differently and argue that this agreement goes too far in cutting certain programs and does too little to fund new initiatives. Still others do not support the tax relief included in this resolution, or argue that the package of tax cuts being discussed would disproportionately benefit higher income individuals or families.

But Mr. President, after 28 years of deficit spending, we can no longer let the perfect be the enemy of the good. We can no longer let politics drive our budget decisions because for 2 years—2 years, Mr. President—Republicans and Democrats have squared-off over a variety of issues, while offering competing plans. And the result has been wholly unimpressive. There has been no agreement. No plan for a balanced budget. And I think it's worth noting that the only reason that we have this resolution before us today is that competing budget plans were unsuccessful. It is compromise that offers us this chance to reach agreement and lay the groundwork for long-term balance. But if each Member of this body rejects such compromise and demands instead that the plan do exactly what he or she would want in the ideal world, then only one thing is for sure: This plan will be derailed—and our historic opportunity will be lost.

And lest we focus only on those parts of the budget that are less than perfect, let's not overlook the incredibly positive aspects of this plan. For instance, not only will this plan balance the budget in the year 2002, if its policies are continued, OMB tells us that it will lead to a surplus of $34 billion in the year 2007. And while many have cited the fact that the total deficit reduction in this plan will be only $204 billion over the next 5 years, they fail to mention that there will be more than $700 billion in additional savings during the 5 years thereafter. Consider for a moment the two dramatically different futures that potentially lie ahead for this Nation: If we reject this plan and continue with the status quo, we will add another $1.1 trillion to the national debt over the next 10 years. On the other hand, if we use the 2002 to 2007 surpluses to buy-down the debt, this plan will ensure that more than $800 billion would be available for useful investments, and not eaten up by the national debt.

Perhaps most importantly, by putting us on a course to balance the budget in 5 short years, this plan will also allow us to address the significant long-term threats described by OMB and CBO because we will have laid the groundwork for even larger reforms in the coming years. And it will also hold future Congresses accountable to maintain this same level of fiscal responsibility.

And let's not forget the important impact that a balanced budget will have on economic growth. I know that there are those who say that our economy is doing well. They point to the growth rate for the last economic quarter and the fact that we now have had continuous growth for 6 straight years, and they say things could not be rosier. And it's at least partly true, Mr. President. We are now approaching the post-World War II record for the longest period of growth without a recession. But no one is projecting that the economy will maintain this pace, and the average annual rate of growth during the current 6-year streak has been an unimpressive 2.5 percent—the lowest level of growth during a recovery in this century.

But, tragically, even this lethargic annual rate of growth is not predicted to last—and cannot last—unless we tackle the deficit now. Look out to future years and we see that the economy is anticipated to grow at even more anemic rates; 2.0 percent in 1998; 2.1 in 2000. The numbers are not impressive. However, with the enactment of a balanced budget plan, CBO tells us that potential growth will be enhanced because resources now devoted to consumption can instead be used for investment. So, Mr. President, this resolution presents us with our most direct and tangible means of stimulating economic growth in the short-term, even as we seek to extend our current economic expansion for another 5 years.

And, finally, to those concerned with various details of the plan, let's remember this: Within the framework of this resolution, there are specific levels of savings in various programs, specific levels of tax cuts and the resolution even includes some of the policies that should be used to achieve these targets. But, appropriately, this resolution does not spell out all of the details, and it leaves opportunities for the authorizing and appropriating Committees to fulfill the parameters and benchmarks that have been set. So let's remember that the goal of this resolution—a balanced budget in 2002—is in ink, but some of the details are still in pencil. And that's OK. The administration will continue to have the opportunity to encourage specific spending priorities, and Members of this body will also have their opportunity to influence and mold these decisions.

Now, Mr. President, let me address one final question. Whenever there is a political initiative as significant as the one before us, pundits begin to ask: ''Who is the political winner in this agreement? Is it Republicans? Or is it Democrats?'' Well, let me suggest an answer: The winner in this resolution is our Nation and its people. Deficits have damaged this Nation and its citizens for 28 years and set us on an inevitable economic crash course. But today, with this resolution, we have an opportunity to avert this crash by ending these deficits in the short-term, which lays the groundwork for eliminating them completely in the long-term. What lies before us is a framework for achieving a balanced budget by 2002 and holding off the pending disaster that inaction invites.

So I think our goal could not be more clear: We cannot let this opportunity slip through our hands. We must begin anew—never again permitting our Nation to be recklessly endangered by deficits and deficit spending. We must move forward with a recognition that our budget belongs to the people—and, as such, it must always be handled carefully and responsibly. These are our challenges—and, together, we can and must meet them.

Mr. President, ''a journey of a thousand miles begins with the first step.'' I am reminded of this Chinese proverb today because this resolution represents such a monumental first step in our journey to a balanced budget. To be sure, our journey is not complete. And it will not be complete unless Members of this body, the House of Representatives, and the President maintain a strong commitment in the coming years to follow through and make this balanced budget goal a reality. We cannot falter in these coming challenges. But, in the meantime, we should celebrate today for all that it represents. Mr. President, this resolution places our Nation on the right path and, against a future of uncontrolled deficits and all that the dangers and problems that these deficits entail, this resolution gives us hope for a new beginning of fiscal sanity, economic growth, and prosperity.

So I think our choice should be clear. We need to take this path—and we need to adopt this resolution. The benefit of doing so, Mr. President, is too great. The cost of failing to do so, conversely, is simply too severe.

Mr. REED. Mr. President, like many I recognize that this budget agreement is a good faith effort. It shows a recognition by Republicans that their past plans were extreme and unpopular. Indeed, the agreement acknowledges, to a degree, that Americans want us to invest in priorities.

However, for all its positive steps, I do not believe it is the right budget outline for our future. I support a balanced budget plan, but I cannot support a resolution which sets in motion a questionable package of unfair tax cuts and other misguided priorities.

The agreement contains a number of laudable elements. The welfare act's excesses are curbed. It takes a small first step toward health care coverage for children, and important education tax credits are provided. And it does purport to continue the march toward a balanced budget.

Indeed, we would not be able to consider this agreement without the 1993 budget agreement. With only Democratic votes, that package has cut the deficit for 4 years in a row and brought the deficit to its lowest point as a percentage of the Gross Domestic Product [GDP] since 1974. Ironically, my colleagues on the other side of the aisle predicted the 1993 budget would cause economic collapse and ruin. Yet, today, the economic growth generated, in part, by the 1993 budget has brought us to the point where it is conceivable to reach budget balance. Today's national economy is a marvel of low inflation, low unemployment, and strong revenues, which is good news for many although it has yet to reach some in my State of Rhode Island.

Again, there are sound elements of this plan, but I would caution that a budget resolution is short on specifics, long on figures, and tends to obscure the magnitude of what is under consideration. While the budget resolution is nonbinding, it imposes an austere procedural and fiscal discipline on what the Senate can and cannot do. Certainly the defeat of the Hatch-Kennedy amendment showed that this budget resolution can, and could continue to be, used to thwart efforts to meet even the health care needs of America's children.

Mr. President, for all its effort, I believe this agreement falls short in a number of key areas.

First, the deal's economic assumptions are optimistic, and are based on a $225 billion midnight revenue windfall estimate from the Congressional Budget Office. Sadly, the accuracy of these estimates is not guaranteed. Since 1980, CBO's revenue estimates have been wrong 11 times, and, on several occasions, these estimates have been off by more than $50 billion. I would also add that try as the Senate might, the business cycle cannot be legislated out of existence. My sincerest hope is that the current economic growth continues, however, history shows that what goes up usually comes down. If we experience a downturn, this agreement could need massive retuning, which would probably not include the elimination of tax breaks for the well-to-do, but would mean pain for society's most vulnerable.

Second, and, most important, I believe the agreement's nontargeted tax breaks are the wrong direction for an agreement which claims to balance the budget. When we are engaged in the task of trying to balance the budget, we should not make the job more difficult by enacting questionable tax breaks for those individuals who are already benefiting handsomely from the current economic growth.

This agreement calls for tax cuts totaling $250 billion over 10 years. When it comes to taxes, what starts small, explodes later. Indeed, 44 percent of the cost of the agreement's tax breaks are packed into the years 2005, 2006, and 2007. Indeed, the cost of these tax cuts grows 32 percent in the final 2 years of the deal. What does this portend for the second 10 years of the agreement? According to the nonpartisan Center on Budget and Policy Priorities, the revenue loss could reach up to $650 billion from 2008 to 2017. I would hasten to remind my colleagues that this is the time when the baby boom retirees will begin to place enormous pressure on already strained entitlement programs.

In contrast, targeted, middle-class tax breaks, like the Hope Scholarship, are supportable because they help working families afford college and prepare their children for the competitive international economy. Unfortunately, the agreement lacks even the attractiveness of closing corporate welfare loopholes that subsidize the shipment of jobs overseas and other questionable business activities to pay for tax breaks.

Mr. President, the specifics of the tax bill this agreement calls for are questionable to say the least. As the resolution's year-by-year revenue loss tables show, there is plenty of budgetary room for time bombs and gimmicks. Indeed, after the revenue loss from the tax breaks doubles between 1999 and 2000, it falls in 2001 and 2002, but it keeps rising and explodes after 2007. As others have pointed out, the pattern is not accidental. Instead, it is designed to permit a number of questionable tax gimmicks to give the appearance of fairness and fiscal propriety. One such revenue trick is to phase in the capital gains indexation which conveniently hides the first 5 year revenue loss and assumes more revenue early on in the second 5 years as investors rush to cash in on capital gains indexing. According to experts, capital gains indexing will cost three times as much in the second 5 years as in the first 5 years of the budget deal.

Some may argue that if gimmicks are employed and subsequently wreak havoc on deficit reduction, Senators will do the right thing and repeal these taxes. Mr. President, I am not so sure that you can put the tax cut genie back in the bottle. This agreement contains no commitment to control a revenue loss explosion. Indeed, all of the President's requests for such assurances were rejected by Republicans. The word ''permanent'' is used to describe the capital gains tax cuts, but not the President's education tax incentives. I would also add that it is very difficult to repeal taxes both politically and practically. For example, phased-in capital gains indexing and other revenue games are hard to repeal or modify because taxpayers will have accepted the Government's tax cut offer on which the Senate would be hard pressed to renege.

But, I am not simply concerned with revenue loss and tax cut chicanery. I believe that many of the tax cuts called for in this agreement are of dubious merit and value. The best example of this fact is an across the board capital gains tax cut. Such a proposal is not investment oriented. There will be no holding period or connection to investments in small businesses. As Paul Volker, former head of the Federal Reserve said before the Senate Finance Committee:

> ''. . . a near-term reduction in the capital gains tax rate from present levels does not strike me as a pressing matter, especially given the current performance of the economy and the medium and longer-term budgetary prospects . . . [A] very large across the board reduction of capital gains taxes poses serious problems of equity and complexity, of revenue loss and of distortion of decision making.
>
> If public policy is to make a serious effort to raise the level of savings and investment, and do so equitably, the priorities seem to me clear. We should move as fast as we can toward a surplus in the Federal budget.''

There are those who would argue that a capital gains cut would help millions of Americans. However, the typical beneficiary of a capital gains cut is not a middle-income family. Indeed, households with incomes over $100,000 receive about three-quarters of all capital gains income, and as the Joint Tax Committee reported—JCS–4–97:

> ''. . . [W]hile many taxpayers may benefit from an exclusion or indexing for capital gains, the bulk of the dollar value of any tax reduction will go to those taxpayers who realize the bulk of the dollar value of gains.''

In other words a capital gains tax cut benefits the wealthy who actually have capital gains.

There are other questionable tax cuts in this plan, such as the estate tax cut which would only benefit the top 1.2 percent of estates and the backloaded IRA proposal which aims to increase savings for retirement, but causes a revenue loss explosion when the pressure on entitlements is most acute due to the baby boomers. Again, the President had tax proposals which were better and helped family business owners without significantly adding to the deficit.

Third, while the agreement correctly focuses on education through a $35 billion targeted tax incentives for college costs, a commitment to increase the Pell grant for fiscal year 1998, a commitment to technology in the classroom, and a minimal commitment to improving literacy, the need may exceed what this plan allows due to its 10 percent reduction in domestic investment in real terms. Groups like the Committee for Education Funding are greatly concerned about the restrictive discretionary spending caps in the agreement which could severely thwart efforts to invest in our education needs. The agreement contains no school construction funds and little room in budget caps for such an initiative. There is no room for further Pell grant increases, as the defeat of my amendment to increase Pell grant funding demonstrates. There are scarce resources for the estimated $4.8 billion price tag to reform schools as suggested by the National Commission on Teaching and America's Future. Moreover, there is no commitment to fund

Goals 2000, School to Work, national service, or the burgeoning need for research into early childhood development

Fourth, the agreement makes very modest room for health care needs, and, as I have stated there was no room in this agreement for a more robust children's health care program paid for with a tax on tobacco. I am also concerned that there are limited resources available for the National Institutes of Health's fight against cancer and HIV.

Fifth, I am concerned that the $115 billion in Medicare cuts called for in the agreement may exceed what is absolutely needed to preserve Medicare. Indeed, the level of cuts in the years 2001 and 2002 total $69 billion. I am also disturbed that no solid estimates are available for the premium increases that many seniors face. The agreement also ignores the long-term-solvency issues of the Medicare program and may leave some with the mistaken impression that Medicare is guaranteed to be there for them. There are even those in the other body who would like to add the dubious concept of medical savings accounts to this plan.

Sixth, the agreement ignores our investment deficit, and even its new initiatives lose ground due to inflation and in relation to the growing tax cuts. Specifically, infrastructure investment is frozen at a time when the U.S. Department of Transportation estimates we need $50 billion each year just to properly maintain our transportation system. Last week, a Rhode Island television station ran a series on the poor road conditions of my State, but sadly this agreement provides only minimal assistance to fix Rhode Island's roads. In the area of housing, the agreement notably extends essential section 8 contracts for senior housing, but leaves little for other affordable housing programs. Last, my colleagues should ask themselves whether the budget caps employed to offset the cost of unsound tax cuts will crowd out important programs and hamstring the Senate's ability to respond to the needs of all Americans in an increasingly competitive world?

The agreement does not continue the path of deficit reduction begun by the 1993 budget agreement. Indeed, the deficit actually increases in each of the next 3 years from $67 billion this year to $90 billion in 1998 to $90 billion in 1999 to $83 billion in 2000. Then miraculously, the deficit falls as the Congress starts to cut $69 billion from Medicare, $49.7 billion from domestic investments, $46 billion from defense, and $10 billion from Medicaid. All these reductions fall in just 2 years, leaving little margin for unsound budget estimates or exploding tax cuts.

Mr. President, on balance there is much in this agreement that should be applauded, and the bipartisanship it displays is laudable. It acknowledges that the Contract With America embodied the wrong policies and priorities for our future. It provides for some investments in health care and education. It restores some benefits for legal immigrants hurt by last year's welfare act, and it builds on the success of the 1993 deficit reduction package.

However, the fundamental question is, Does this agreement meet the challenges of the future? Will it allow us to truly reform education? Will it help more working families afford college? Will it rebuild our roads, bridges, and rails? Will it provide opportunities for those making the transition from welfare to work? Most important, is this agreement fair or does it ask too much of those who can least afford it?

Mr. President, this budget resolution is not the plan for our future. It is too generous where fiscal discipline is required and too tight-fisted where investment is direly needed. And, sadly, it fails to meet the test of fairness and honesty we owe hard working American families.

Mr. President, as the specific legislation to implement this agreement is developed, I am hopeful that its excesses can be curbed, and I would urge my colleagues to accept amendments which would make this plan worthy of greater support.

Mr. LEVIN. Mr. President, the revenue provisions in the budget resolution which is before the Senate reflects the bipartisan budget agreement entered into by the President and the congressional leadership. I quote from the Budget Committee's report accompanying this resolution:

> The Bipartisan Agreement assumes the net tax cut shall be $85 billion over the next five years and not more than $250 billion over the next ten years, to provide tax relief to American families. Under the Agreement, revenues would continue to grow, from $1554.9 billion in 1997 to $1890.4 billion in 2002, an increase of $335.5 billion over the five year period.
>
> As always, the Ways and Means Committee in the House and the Finance Committee in the Senate will determine the specific amounts and structure of the tax relief package. The tax-writing committees will be required to balance the interests and desires of many parties (while protecting the interests of taxpayers generally) in crafting the tax cut within the context of the goals adopted by the Bipartisan Budget Agreement.

I also want to read those guidelines from the letter sent to the President on May 15, 1997, from the Speaker of the House and the Senate majority leader:

> It was agreed that the net tax cut shall be $85 billion through 2002 and not more than $250 billion through 2007. We believe these levels provide enough room for important reforms, including broad-based permanent capital gains tax reductions, significant death tax relief, $500 per child tax credit, and expansion of IRAs.
>
> In the course of drafting the legislation to implement the balanced budget plan, there are some additional areas that we want to be sure the committees of jurisdiction consider. Specifically, it was agreed that the package must include tax relief of roughly $35 billion over five years for post-secondary education, including a deduction and a tax credit.

Would the distinguished ranking member of the Budget Committee agree that this agreement and this budget resolution leave great flexibility for the Congress to shape the tax reconciliation bill?

Mr. LAUTENBERG. I do agree with the Senator from Michigan.

Mr. LEVIN. Does the Senator agree that within the parameters of an $85 billion net tax cut through the year 2002 and no more than $250 million over the next 10 years, including $35 billion in tax relief over 5 years for post-secondary education, including a deduction and a tax credit, there is significant flexibility in the size and the targeting of a permanent capital gains tax reduction and in the size and the specifics of death tax relief included in the package?

Mr. LAUTENBERG. Again, the Senator is correct.

Mr. LEVIN. Does the Senator agree that the term ''broad-based'' as applied to permanent capital gains reductions as in the agreement letter, and in the committee report is subject to a reasonable debate as to its interpretation?

Mr. LAUTENBERG. I agree with the Senator.

Mr. LEVIN. And does the Senator agree that the term ''significant'' as it is applied to estate tax relief in that same letter and in the report is subject to reasonable interpretation as to the size and specific provisions of any change in the estate tax?

Mr. LAUTENBERG. I do agree.

Mr. LEVIN. As I read the table summarizing the agreement, entitled ''Long Range Summary, 1997–2007,'' on page 77 of the committee print, there is an agreement regarding net tax figures for the years 1997 through 2002. The word ''agreement'' appears above the columns for those years. The word ''projections'' appears above the columns for the years 2003 through 2007. Am I correct then that the net tax cut figures for the years 2003 through 2007 are not agreements on specific numbers, but the numbers in those years are simply OMB projections?

Mr. LAUTENBERG. The Senator from Michigan is correct.

Mr. LEVIN. I thank the distinguished ranking member of the Budget Committee. I ask these questions to reflect my concern that any tax bill produced pursuant to the budget agreement and this budget resolution not set in motion tax policies which will create large deficits in the next decade. Also, I strongly believe we must carefully study the effect of any tax provisions which we include in the revenue reconciliation legislation to assure that it is fair, and not weighted to benefit principally those who need it least.

Mr. KENNEDY. Mr. President, with reluctance, I oppose this budget resolution. It has many worthwhile features, and I am hopeful that as the process continues, it can be significantly improved. In its current version, it has too many obvious defects.

It contains excessive tax cuts that are likely to balloon in the future and lead to massive new deficits that make the pledge of a genuinely balanced budget a hollow promise. It fails to ask the rich to make a fair contribution to reducing the deficit, and rewards them with massive tax breaks instead. It threatens the system that delivers health care to the elderly. It contains excessive reductions in the needed level of public investment. And it does not do enough to provide health insurance coverage to the 10 million children without such coverage today.

The last time a budget promised balance and large, ballooning tax cuts at the same time was the Reagan budget of 1981. And the tax cuts in this budget do balloon in the future. As a May 21 study by the Center on Budget and Policy Priorities shows, the tax cuts in the budget are growing at a rate of 32 percent in the final 2 years of the first 10-year period. That study also indicated that the tax cuts are likely to cost about $650 billion, nearly two-thirds of a trillion dollars in the second 10-year period, from 2008 through 2017.

The budget also asks too little sacrifice from corporate tax subsidies.

Our recent budget history should teach us that we only have so much money for tax cuts. We should target those scarce tax cut dollars to working families and the middle class. But too many of the tax cuts that the Republican majority brags about in this budget would benefit the very wealthiest individuals and corporations.

As part of the bipartisan budget agreement, Speaker GINGRICH and Senator LOTT wrote to the President, ''We believe these levels provide enough room for * * * broad-based permanent capital gains reductions, significant death tax relief, * * * and expansion of IRAs.'' President Clinton will be hard-pressed to preserve his important tax cuts for education if the Republican majority in Congress holds to its present course.

The capital gains tax cuts in S. 2, the Republican leadership tax bill, would cost $33 billion in the first 5 years and fully $96 billion in the second 5 years. More than 85 percent of its benefits would go to those with incomes greater than $100,000 a year, according to an analysis by Citizens for Tax Justice. Fully two-thirds of the benefits from lowering the capital gains tax rate would go to the top 1 percent of taxpayers—those with incomes above $241,000. This wealthy elite would get an average tax cut of about $6,800 from the capital gains tax cut, while families in the middle fifth of the population would get an average tax cut of $4.

The estate tax cuts in S. 2, the Republican leadership tax bill, would cost $18 billion in the first 5 years and $48 billion in the second 5 years. All of the benefits of these tax cuts would go to the 1 percent of estates larger than $600,000 in value.

A 1989 Joint Tax Committee analysis of an IRA provision similar to that in the Republican leadership tax bill found that 95 percent of the benefits went to the top fifth of taxpayers.

Reasonable restrictions on the tax cuts for capital gains and estate tax relief place much less of a burden on the deficit. The Democratic leader, for example, has introduced targeted capital gains tax cuts that cost $4.5 billion, and estate tax cuts that cost $3 billion over the next 5 years.

In addition, this budget takes only modest steps to control the massive subsidies that the tax laws now bestow on the wealthy. It has been estimated that over four-fifths of tax subsidies go to the richest fifth of the population. At a time when billions of dollars of budget cuts are being proposed in health benefits for the elderly, it makes no sense to provide tax breaks to billionaires who renounce their citizenship.

The tax expenditures listed in a December 1996 Senate Budget Committee report add up to more than $2.7 trillion over the next 5 years. That's more than 30 percent of the cost of running the entire Federal Government over the same time period. These tax entitlements represent a larger share of the Federal budget than Social Security, Medicare, Medicaid, or any spending program.

Together with Senator JOHN MCCAIN and other Senators, I have joined in a bipartisan effort to reduce corporate subsidies using a base-closing type Federal commission. Cutting corporate subsidies would introduce a needed element of fairness in the budget. When so many individuals and families are being asked to bear a heavy burden of budget cuts, there should be no free rides for special interest groups and their cozy subsidies.

Medicare cuts, at $115 billion, make up nearly two-fifths of the total spending cuts in this budget. These Medicare cuts grow to $155 billion over 6 years, and $215 billion over 7 years. Even though this budget does not ask as much of beneficiaries as did the Republican budgets of the last 2 years, cuts of this size raise serious questions about the continued willingness of Medicare providers to participate in the system.

Defense did not sacrifice to make its contribution. The levels in the budget are essentially the higher of either the President's or the Republicans' proposals. The Republicans' levels were higher in the short run, and the President's levels were higher in the long run.

Domestic appropriations contribute $61 billion over 5 years and are assumed to contribute $273 billion over 10 years to keep the budget in balance. Coming after the 1990 budget, which essentially froze total appropriations, these cuts seriously reduce the pool of money from which education, research, and other needed investments are made to ensure the future growth of the economy.

The budget does make a worthwhile start for children's health, by allotting $16 billion—$3.2 billion a year on average—over the next 5 years. But the budget also takes $14 billion out of Medicaid at the same time, leaving doubts about how much net funding will actually reach children in need.

We should be realistic about what $3.2 billion a year can and cannot do. According to the Congressional Budget Office, the Federal cost of providing Medicaid coverage to one child in 1997 will be $860. At $860 per child, $3.2 billion dollars a year will cover about 3.7 million children. This level is only one-third of the number of uninsured, just enough to cover those children below poverty with a little left over. If we stop at the $16 billion in the budget agreement, we will be leaving out almost 7 million children in working families who earn too much for Medicaid but not enough to buy the health insurance their children need.

The $20 billion over the next five years in the Hatch-Kennedy CHILD amendment was designed to help these families, and I regret that it was narrowly defeated. Senator HATCH and I continue to believe that is should be included in the budget, and we intend to offer it as part of the reconciliation bill later this year.

The debates ahead will offer realistic opportunities to improve the budget package in all of these areas and eliminate its worst provisions. I look forward to working with my colleagues to enact a balanced budget that truly reflects the Nation's needs and priorities.

Mr. KEMPTHORNE. Mr. President, I rise today in support of Senate Concurrent Resolution 27, the Concurrent Budget Resolution for fiscal year 1998. This resolution charts the course to achieve the goal that the people of America and Idaho want and deserve—a balanced budget. With the spending targets set forth in this resolution Congress will balance the federal budget for the first time in nearly 30 years.

This accomplishment has a very personal perspective for me because the last we had a balanced budget, in 1969, I was a junior in high school. Now, almost 30 years later, as we are on the verge of balancing the budget again, I have two children in high school who have never seen a balanced budget. An entire generation of Americans has lived their entire lives under the burden of a national debt that is now almost $20,000 for every man, woman and child in this country. Our children deserve a better future than having to pay the interest on a $5 trillion debt. This budget resolution offers them hope for a better tomorrow.

Mr. President, I am proud to support this monumental budget resolution not only because it achieves a balanced budget and eliminates the national debt, but because it accomplishes these goals while providing significant tax relief to working American families. This resolution confirms that the money in the Federal budget belongs to the taxpayers of this country, not the government, and it s about time we start leaving more of it where it belongs, in the taxpayers pocket.

This resolution provides families with a $500 per child tax credit, cuts the estate tax, provides a capital gains tax reduction and allows tax relief for education costs. And the resolution provides for these tax cuts while reducing Federal spending more than one trillion dollars over the next decade.

This resolution doesn't forget our commitment to the elderly. We accomplish these tax cuts and spending reductions without making any legislative changes to Social Security, and we shouldn't, Social Security is not the problem. This budget also insures the solvency of Medicare by simply slowing the rate of growth while still allowing spending to increase 28 percent, more than twice the rate of inflation. This is an increase from $209 billion this year up to $280 billion in 2002. Without this reform the Medicare Trustee s report estimated that the Medicare Part A trust fund would be bankrupt by 2001.

Mr. President, the budget resolution before us is a strong plan for reversing the decades old Washington habit of spend, spend, and spend some more. It won't be easy to stop this out of control deficit train and turn it around, but Republicans are determined to get the job done, and we will.

I am proud to vote for this resolution and with it a brighter tomorrow for our children. I ask my colleagues to join me in supporting Senate Concurrent Resolution 27.

I yield the floor.

Mr. GLENN. Mr. President, I rise to comment on the important resolution before us today, the concurrent budget resolution. This is truly a remarkable occasion. We are considering the outlines of a plan that will balance the budget over the next 5 years.

This bipartisan proposal achieves a number of important accomplishments. The most significant of course is balancing the budget by 2002. I believe that the Budget Committee Chairman DOMENICI and ranking member LAUTENBERG have done an outstanding job in their work to bring this agreement to the floor of the Senate.

Without a constitutional amendment, this agreement will balance a budget that has been the focal point of national debate and a goal supported by most every candidate for President and Senator for at least as long as I have been in office.

Four years ago we proposed cutting the budget deficit in half. After many difficult and contentious votes, Senate Democrats along with a tie breaking vote from Vice-President GORE helped enact a program that set us on a course of real deficit reduction. Many criticized that effort and predicted economic disaster. But now after 4 years of economic growth and reduced deficits we are in a position to finish the job. After 4 years, our deficit has been reduced from $290 billion down to $67 billion.

This proposal outlines a plan to extend the solvency of the Medicare trust fund for at least a decade. It will expand beneficiaries' choice of private health plans by allowing preferred provider plans and provider sponsored plans to compete in the managed care programs in Medicare. Additional preventive health benefits are provided and beneficiary copayments for outpatient services are limited. Part B premiums are maintained at 25 percent of program costs and any increases necessary for home health care benefits are phased in over 7 years. Low income seniors are protected from any potential home health premium increases.

In order to ensure that important areas of service are adequately protected this agreement identifies priorities such as education reform, Pell grants, child literacy, and Head Start.

Two very important initiatives are anticipated in this agreement. The first provides $16 billion to expand health coverage to up to 5 million children who do not now have health insurance. The second revises last year's welfare reform to restore necessary benefits to disabled immigrants. I believe that the President's initiatives on these issues are commendable.

Although important progress is made in this agreement, I want to make clear that I have a number of concerns.

I have worked on and voted on budget agreements before and I recognize some of the pitfalls. My first concern is the question of tax cuts. If the first priority of this agreement is to balance the budget, I do not believe that we should make that job any harder. This agreement calls for a net tax cut of $85 billion over 5 years. Why can't we eliminate these cuts and balance the budget sooner? Why can't we apply those funds to establish a budget surplus and apply it to debt reduction?. Or at least, why can't we wait to determine if this agreement and its underlying assumptions prove successful? What happens to our deficit reduction and balanced budget efforts in the event of an economic downturn? There is no assurance that this agreement will be as successful as the one 4 years ago.

I recognize that tax incentives have historically been employed to stimulate a sluggish economy. Although some may argue our economic growth could be even higher, last quarter's 5.6 percent growth is the highest in 10 years. The stock market is at record highs, a core inflation rate of 2.5 percent in the last year is the best in 30 years, the monthly unemployment rate of 4.9 percent is at a 25 year low. I am not convinced that this is time to use tax cuts to stimulate the economy. I believe that deficits should be reduced in good economic times. If tax cuts are to be used in good economic times what tools will we have in a less favorable economy?

The tax cuts anticipated in this resolution are calculated to cost a net $85 billion over 5 years. I am concerned, however, that beyond the scope of the 5 year resolution the cost of these tax cuts will go even higher. Indeed the agreement expects that the 10 year cost will rise to $250 billion.

Even though this agreement provides for a balanced budget in 2002, entitlement spending is expected to soar beyond the turn of the century. Yes, we improve the solvency of Medicare in this budget and put it on a firm footing for 10 years, but beyond that time frame Medicare costs will rise. This agreement continues to use the surplus provided by the Social Security system to reach a balance. Beyond the turn of the century the surpluses will provide retirements benefits for baby boomers. I am concerned that again we are putting off finding a solution to these problems when relatively small steps taken now can avoid much larger steps that will undoubtedly need to be taken later.

During the consideration of the resolution I supported efforts to provide additional support for children without health insurance, additional support for early childhood development, and additional support to rebuild crumbling schools. Although we were unsuccessful on these amendments, this will not be the end of the work. Those battles will continue throughout the reconciliation and appropriations process and I am hopeful that we will have some success.

Let me say further that I recognize that just because this agreement does not solve each and every problem is no reason to oppose it. The perfect then becomes the enemy of the good. Important progress is made here and although not perfect I intend to vote for the good.

GROWTH WINS

Mr. ROTH. Mr President, it is no coincidence that the first balanced budget agreement in a generation has come about at a time when the economy is red hot and when joblessness has dropped below 4.9 percent. The expanding economy has been shrinking the deficit as well as the gulf between both sides of the budget debate.

Any lingering distance between Congress and the administration was swept away on the eve of the budget agreement when the Congressional Budget Office predicted that a tidal wave of new money would flood the treasury in the next 5 years.

These new CBO estimates project that even without a budget agreement, increased revenues and decreased outlays would shrink the deficit an additional $225 billion.

Perhaps even more important than the first balanced budget in a generation, this tidal wave of new money has washed away the ground underneath opponents of growth. Nothing signified the victory of growth over zero-sum, class-warfare politics more clearly than the words of President Clinton's former Labor Secretary Robert Reich when he told the New York Times a few weeks ago, ''The fact is, a lot of the deficit solved itself. It was the one solution that no one thought of.''

Actually, it was the guiding philosophy of the Kemp-Roth tax cut. If I may quote Jack Kemp, ''Even with spending restraint, we cannot balance the budget consistently without economic growth.''

Mr President, on this point the record is quite clear. Following the tax cuts in the early eighties the economy did soar. But so did the deficit. The problem was, while revenues to the Federal Government doubled during the decade, spending more than doubled.

In short, growth did its job—we just asked too much of it. The amount of wealth produced by our country was astounding and continues to be astounding. However, it is not limitless. So neither can our spending be limitless.

We can protect the elderly and offer a helping hand to the poor, but only with solid growth in the economy. Without growth, the poor and elderly are pitted against each other in competition for meager resources, while the rich are vilified for their success. Left unchecked, these battles corrode the American dream.

Mr President, I believe this budget represents a new coalition, bound by the common objective of higher growth. Because growth is the key to funding worthwhile social programs without unfairly burdening middle-class families. It is the key to providing a strong defense and a clean environment. It is the key to rebuilding the American dream.

Growth has won the debate because it has proven itself. Even the more ardent opponents of growth oriented policies must realize that to raise $225 billion from taxpayers would require a typical middle-class family to pony up an additional $450 per year

Some will argue that the huge Clinton tax increase of 1993 is responsible for the low deficit, high growth, low unemployment economy we now enjoy. But that ignores the fact that this economic expansion began during the Bush administration. Others say it is the information age, along with deregulation and corporate restructuring that strengthened our economy.

Regardless of who is right, and I do have some thoughts on the subject, I relish such a debate about the connection between taxes and growth. What is no longer debatable is that growth is the key to higher income for all Americans as well as higher revenues for the Federal Government.

Look how far we have come in just 5 years. When President Clinton took office, he offered a $19 billion dollar stimulus package predicated on the notation that private enterprise could not produce the jobs our country needed. We no longer harbor fears about the ability of America to produce for her citizens.

Some make the point that this budget will only be balanced for 5 years. And this is true. It is also true that we face additional challenges beyond 2002 in both Social Security and Medicare, especially when the baby boom begins to retire. But the seeds of a solution to these long-term problems can also be found in this budget. Explicitly it restrains spending. Implicitly, it acknowledges that growth is the key to finding revenue for popular programs.

Both sides of the American political conversation are now committed to playing within the bounds of fiscal restraint, while searching for ways to promote growth. This formula has served us well in the past and it will serve us well in the future.

The old bromide is true. A rising tide does lift all boats. And the same tidal wave that has lifted millions of Americans to unprecedented new heights of prosperity in the past 6 years has also finally sunk that leaky old boat, class warfare.

There are only two roads we can travel. One is to downsize the American dream and learn to live in a slow growth world; the other is to grow the economy up to level that makes the American dream possible. With this budget agreement, Congress and the President have decided its better to grow up.

Ms. MIKULSKI. Mr. President, I rise in support of the budget resolution. I support this resolution for two reasons. First, it continues the progress we have made since 1993 in moving toward a balanced budget. Second, it protects priorities which are vital to our Nation's future.

It is not a perfect plan. There are parts of it that give me serious pause. I am especially concerned by the deep cuts in Medicare. I know that this budget resolution only provides a blueprint for other committees to follow. So, I reserve the right to vote against the final Medicare package if the cuts threaten health care for our senior citizens.

With this resolution, we are finally taking the historic step of balancing the Federal budget for the first time since 1969. In 1993, I was proud to support President Clinton's economic plan. Since that plan was enacted, our deficit has been reduced from $290 billion to less than $70 billion.

The 1993 vote was strong medicine. But it was the right medicine for our economy. Today, we have an opportunity to finish the job we began in 1993. We can adopt this resolution which will bring us to a balanced budget by the year 2002.

But, unlike previous attempts to balance the budget, this resolution protects crucial investments in our future. Balancing the budget must be based on principles. First and foremost, it must meet families' day-to-day needs.

I believe this resolution succeeds in putting families and children first. It makes major investments in education—from adding 1 million children to the Head Start Program to making it possible for millions of students to receive a college education.

This resolution expands health care coverage to 5 million uninsured children. I want to do more. This resolution still leaves another 5 million children with no health insurance. I am supporting the Kennedy-Hatch CHILD bill which would make sure that every child has access to immunizations, early detection screening, and basic health care. I view the commitment made in this budget resolution to children's health as a downpayment on the job. I hope we will finish the job by enacting the CHILD bill later this year.

The bill before us will continue our progress in making our neighborhoods safe. It ensures that the programs of the 1994 crime bill, which have been so effective in bring down crime rates, will be continued.

I am particularly pleased that the budget resolution protects the violent crime reduction trust fund, including the community policing or COPS Program. The COPS Program has already put over 1,200 new police officers on the streets in my State of Maryland.

Under this budget agreement, environmental protection will also be strengthened. It ensures that another 500 Superfund sites can be cleaned up by the end of 2000, and provides funding to help communities clean up brownfield areas so that they can be redeveloped.

Under this balanced budget agreement, we will also be taking important steps to move people from welfare to work and to provide tax relief for working families. It will enable us to provide help for those who practice self help.

As the Finance Committee begins putting together the tax component outlined in this budget agreement, I hope they make tax relief for middle income families their priority. I want to enact capital gains relief. I think we owe it to those who have invested in their community through purchasing and maintaining a home. They should be able to realize the full gain on their investment, and not have it taken away through capital gains taxes.

I hope we can do something to provide capital gains relief for other types of investments as well. I believe that the longer you hold an investment, the less you should pay in capital gains. That rewards those who invest in our economy for the long run, without rewarding those who are just out to make a fast buck.

I want us to have estate tax relief, so that a car dealer in Frederick can pass on the business to the next generation, or a small family farm in western Maryland or the Eastern Shore can stay in the family.

I hope the Finance Committee will put together a tax package that puts families first. If the tax package is unfairly tilted toward the well-to-do, I will oppose it.

Although I will support this budget resolution, I must be clear that there are parts of it that give me great pause. I am particularly troubled by the $115 billion in cuts in the Medicare Program. If we were given the opportunity to vote separately on each of the major components of this package, I would oppose the Medicare component.

In the last Congress, when the majority party was attempting to push through $270 billion in cuts to the Medicare Program to provide tax cuts for the wealthy, I opposed them. I said at the time that we did not have a $270 billion solvency problem in the Medicare Program, rather we had a $89 billion solvency problem. I was joined by the majority of my Democratic colleagues in that point.

So to see a resolution which calls for $115 billion in cuts to Medicare is of deep concern to me. I acknowledge this is much better than plans that were before us over the last 2 years. However, I am still concerned about the impact on seniors and on health care providers of this magnitude of cuts.

I realize that the budget resolution does not cut a single dollar from the Medicare Program. It only provides a guideline for the authorizing committee to follow. We are a long way from making any actual changes in Medicare. So I hope that the Finance Committee will exercise extreme care in crafting the Medicare piece of the budget reconciliation bill. I believe we can ensure the solvency of Medicare without creating a financial burden for seniors or providers.

Let me acknowledge one final area of concern. America owes a special debt to our veterans. We have a sacred commitment to honor all of our promises to them. I want to ensure that we provide adequately for veterans' health care.

I am pleased that we passed an amendment to express the sense of the Senate that we must provide sufficient funding for veterans programs and benefits. This amendment includes language to urge that third party payments—that is, payments from private insurers—be used only to supplement, not supplant veterans health care funding. It makes clear that the Senate intends to keep our faith with America's veterans. I won't stand for anything less than that.

Despite these reservations, I will support this resolution. It plots our course toward a balanced budget and puts families and children first. I believe this budget resolution will make a real difference in the lives of working Americans, and I will support it as a framework for future action.

Mr. ENZI. Mr. President, I rise in opposition to Senate Concurrent Resolution 27, the Budget resolution. The budget resolution before us has gone through an incredible amount of negotiating to get to this point. I commend the Budget Committee chairman and the ranking member for working so diligently on this budget.

As we began our work on the blueprint for our Nation's future, I had certain criteria in mind the budget resolution had to meet in order for me to support it. Unfortunately, this budget does not meet enough of my criteria to justify my support.

I would like to take this opportunity to explain my position and those provisions which I feel leaves this agreement short of the mark.

I feel that a good budget agreement should balance the budget before the year 2002. The Congressional Budget Office estimates a $225 billion windfall of unexpected revenues over the next 5 years. We should be giving this unexpected revenue back to the American people and use it to reduce the deficit.

It also concerns me that there are no enforcement measures in place to ensure that the budget will remain in balance after the year 2002, let alone before that.

Finally, the spending cuts are back loaded in the last 2 years of the agreement, and will take place after President Clinton leaves office. That isn't right. I believe the American working families expect action from us today—not promises for a better tomorrow.

I voted for amendments that I felt would make the budget more enforceable and realistic. Without these meaningful amendments, the resolution does not go far enough. The amendments would ensure that the debt limit would not be increased, and that these additional unexpected Federal revenues and the projected $225 billion revenue windfall would go toward tax cuts and deficit reduction.

If we don't produce a balanced budget, we lose, and generations to come will lose right along with us. A balanced budget only gets more difficult to achieve the longer we wait.

If we are genuinely concerned about the welfare of our children, we should first look at balancing the budget while it is still realistic and possible for us to do so. The longer we wait the more we turn our children's dreams and hopes for a brighter future into a terrible nightmare. They look to us for leadership. They look to us to pass a budget that actually balances, and continues to balance the budget every year. I have no intention of letting them down.

I yield the floor.

Mr. LEVIN. Mr. President, the budget resolution which the Senate is now considering represents the next step forward in a process begun in 1993. It reflects a considerable bipartisan accomplishment of the congressional leadership and the President. While I don't agree with it in every specific, it represents the best opportunity to reach a balanced budget by the year 2002, in a way which protects Medicare, Medicaid, funding for education and environmental protection.

In 1992, the deficit in the Federal budget was $290 billion which represented 4.7 percent of the gross domestic product. The most recent estimate of the deficit for fiscal year 1997 is $67 billion, approximately eight-tenths of one percent of the gross domestic product.

Over the 5 years from 1993 to 1998, the deficit has been reduced by about 1 trillion dollars from the deficit for those 5 years projected at the time. This remarkable progress has come about in large part as a result of the deficit reduction package which President Clinton presented in 1993, and which this Senate passed, without a single Republican vote, by a margin of one vote, the Vice-President's.

The economy has responded to the steady reduction of the deficit. The economy grew for the first quarter of 1997 at a 5.6 percent rate, with an inflation rate of 2.7 percent. The unemployment rate is now 4.9 percent, the lowest in 24 years. This compares to an unemployment rate in 1992 of 7.5 percent. More than 12 million new jobs have been created since President Clinton took office. Now, this budget agreement, reflected in the budget resolution before us, holds the promise of bringing us even closer to finishing the job.

This budget gets many of the nation's priorities right. It protects Medicare and Medicaid—while assuring the solvency of the Medicare trust fund for another decade—it includes an important new initiative for children's health insurance, assures necessary funding for the protection of our natural environment, and perhaps most importantly, it includes the largest increase in investment in the education of our children in over 30 years. The agreement includes the commitment to pass $35 billion of postsecondary education tax cuts and funding for the President's initiatives in child literacy, school technology, Head Start, and an increase in the maximum Pell Grant to $3,000. Overall, this represents a 13 percent increase over the five years of the budget, and a 36 percent increase in education and training from last year's budget resolution.

Mr. President, the resolution before us also makes room in the budget for $250 billion in net tax cuts over the next 10 years, and $85 billion in net tax cuts over the next 5 years. This could provide an opportunity, within the confines of a budget which balances in 2002, to provide investment in our Nation's future growth and tax relief to middle income families. This will require, however, that the Congress show the discipline and the determination to shape the tax legislation which this budget resolution will make possible in such a way as to meet these objectives.

Toward that end, providing they are part of a real package that gets us to a zero deficit by 2002, I intend to support the education tax cuts which the President has proposed, a $500-per-child tax credit adequate to provide tax relief to middle income families with children, and capital gains relief for homeowners. Also, I believe that, if consistent with the deficit reduction goals laid out in the resolution, that targeted capital gains relief for long-term investments and an incremental approach to estate tax relief should be used.

We must be careful, as we stand on the threshold of a balanced budget, not to set in motion tax policies which will create large deficits in the next decade.

For that reason, I hope that the tax-writing committees will consider tying tax reductions to actually accomplished milestones of deficit reduction.

Second, we must carefully study the effect of any tax provisions which we include in the final tax reconciliation legislation to assure that it is fair, and not weighted to benefit those who need it least. Many of the capital gains and estate tax proposals which we have seen proposed over the last several years would clearly have mostly benefited the top 10% of income earners.

The budget resolution before us leaves great flexibility to the tax-writing committees, and ultimately to the House and Senate to fashion an equitable tax bill that provides not only tax relief, but investment in our nation's future, particularly through education. Also, and very importantly, the resolution provides for the tax provisions to be considered separately in a reconciliation bill after the other elements of the balanced budget have been enacted. This will provide the Senate with the opportunity to reject a tax bill which is inconsistent with balancing the budget and keeping it balanced in the years beyond 2002, and/or a tax bill which does not focus its relief on middle-income families and investment in education. It will also provide the President with the opportunity to veto such legislation. While I hope that course will prove unnecessary, it does provide greater assurance that the budget agreement that we will soon ratify in this budget resolution will produce an outcome of which we can be truly proud.

Mr. President, I want to commend all of those who worked to produce this bipartisan budget resolution. It is with hope that we are finally approaching a balanced budget which protects the nation's priorities that I will support this resolution.

Mr. FRIST. Mr. President, I rise today in support of Senate Concurrent Resolution 27, the 1998 concurrent budget resolution, which outlines the bipartisan budget agreement between the President and the Congress. While I acknowledge the legislation's shortcomings, I support the overall agreement because it is a step in the right direction for our country.

Before I begin, I want to commend Senator DOMENICI and the other negotiators for their tireless and unwavering commitment to reaching this agreement. Their leadership serves the American people well.

Today, this bipartisan balanced budget resolution fulfills a series of promises that we made to the American people. We promised to pass a balanced budget by 2002—reflecting our commitment to economic growth, fiscal responsibility, and the simple principle that our Government should live within its means. Today, the plan before us will achieve that goal. We promised to strengthen Medicare—reflecting our commitment to the health care of senior citizens. Today, the plan before us will extend the solvency of Medicare's part A hospital insurance trust fund for 10 years and make structural reforms that will preserve the program in the future.

We promised tax relief to help families and promote economic growth—reflecting our belief that the American people, rather than the Federal Government, should make decisions about how to spend, save, or invest their hard-earned income. Today, the agreement before us includes $250 billion in permanent tax cuts over 10 years including a $500-per-child tax credit, capital gains relief, death tax reform, expanded individual retirement accounts [IRA's], and education tax incentives. For every $1 in new spending, we cut taxes $3.50.

We also promised to reduce the size and scope of the Federal Government. Today, the agreement before us reduces total Government spending $320 billion over 5 years and more than $1 trillion over 10 years. That's savings of $1,200 over 5 years and $3,800 over 10 years for each man, woman, and child in America. In fact, for every new $1 added to this budget, we reduce spending $15.

In constructing this budget, we promised to reject gimmicks and rosy economic scenarios in our assumptions. Unlike the President's past two budgets, the agreement before us does not include mechanisms that automatically and arbitrarily impose one-time spending cuts or tax increases to eliminate budget shortfalls. It is also based on the conservative economic assumptions of the Congressional Budget Office [CBO], which forecasts economic growth even more conservatively than most private economists at about 2.1 percent annually over the next 5 years. We chose these assumptions so we could err on the side of caution.

However, even the most conservative assumptions involve a considerable degree of uncertainty. Forecasting the performance of a multi-trillion-dollar economy is far from an exact science. I believe we have done the best we could with the information we have available. But if the agreement does not produce the expected results due to unforeseen circumstances, I will not be discouraged as long as we maintain our focus on a balanced budget and fiscal responsibility.

Finally, we promised to reject rhetoric and partisan rancor to work together—Republicans and Democrats alike—to achieve results for the American people. In this spirit, we have worked to accommodate the President's priorities, and he has worked to accommodate ours. Today, the agreement before us is the product of countless hours of negotiations between a Democratic President and a Republican Congress. I hope we can continue working in a bipartisan manner.

Mr. President, I cannot express my support without also outlining my concerns in four particular areas. First, this agreement does not adequately restrain long-term entitlement spending growth to prepare for the Baby Boomers' retirement just over a decade away. In fairness, the authors of this agreement do not claim that it does. But as we approach this new demographic era, we must be acutely aware of this situation.

Today, 200,000 Americans turn 65 every year. By 2011, 1.5 million Americans will turn 65 every year, a trend that will continue for 20 years. As the elderly population increases, our younger working population will shrink. Today, there are 4.9 workers paying for every retiree's benefits in programs like Social Security and Medicare. In 2030, when we will have many more retirees to support, there will only be 2.8 workers to support each beneficiary.

This dramatic demographic shift will bring significant economic, political, social, and cultural changes that will transform our society. If we continued on our current spending course, entitlements—our automatic spending programs—and interest on the debt would consume all federal revenues in just 15 years—leaving not a single dollar for roads, education, national parks, medical research, defense, or other basic government functions. I believe this agreement will help ease this demographic pressure, but more work lies ahead. We must begin sooner rather than later to deal with these problems fairly and effectively.

This week, I joined with Senator KERREY in offering a Sense of the Senate amendment on the need for entitlement reform. Specifically, it encouraged Congress and the President to work to enact structural reforms in entitlement spending in 1997 and beyond which sufficiently restrain the growth of mandatory spending in order to keep the budget in balance over the long term, extend the solvency of the Social Security and Medicare trust funds, and to avoid crowding out funding for basic government functions, and that every effort should be made to hold mandatory spending to no more than 70 percent of the Federal budget. I am pleased that the Senate adopted this amendment unanimously. While a Sense of the Senate amendment is not binding, I believe it will help lay the foundation for more substantive reforms in the future.

Medicare is my second concern. As the second largest entitlement in the budget serving more than 38 million seniors, Medicare will have a profound impact on our long-term fiscal health. When we consider that the average two-earner couple receives $117,000 more in benefits than they paid in taxes and premiums and factor in that Medicare is projected to be bankrupt before the baby boomers retire, we see the urgent nature of this problem. While I am encouraged by the bipartisan attempt to modestly restrain Medicare growth, we must redouble our efforts to save and strengthen this vital program through true structural reform.

In addition to the demographic pressures outlined earlier, Medicare also faces the challenge of delivering 21st century health care through a bureaucratic 1960's delivery system. Clearly, piecing together fair and balanced policy options that achieve the required $115 billion in savings should not be our only goal. Working within the framework of this budget agreement, Congress should adopt structural reforms that tailor the program specifically to seniors' needs.

These reforms should give beneficiaries more choices among competing health plans—similar to the ChoiceCare proposal introduced by Senator GREGG and my Provider Sponsored Organizations [PSO] bill—while retaining the current fee-for-service option for any senior who wants it. With these options, seniors could choose a plan that covers prescription drugs, a benefit not available under the current program. We also need to educate our young people about the benefits of long-term-care insurance. By changing the structural dynamics of the system, we truly can prepare Medicare for the challenges that await us.

My third concern involves our investment in research and development. Advances in technology have been responsible for one-third to one-half of our long-term economic growth through improved capital and labor productivity and the creation of new products and services. Despite this important relationship, our Federal investment in research and development has been falling as a percent of our gross national product [GNP] compared to other advanced nations. Unfortunately, this budget agreement does not reverse this troubling trend.

While some research and development investments such as the National Institutes of Health [NIH] and the National Science Foundation [NSF] are protected, many others are cut. Total Federal research and development funding could fall up to 14 percent over the next 5 years. As a percentage of GNP, it will have dropped more than 30 percent from 1994 to 2002. As a research scientist and chairman of the Commerce Science, Technology, and Space Subcommittee, I believe that underfunding research and development risks our national security and our economic competitiveness. If this trend continues, we will be retreating from investments with a proven record of returns that have made us healthier, wealthier, more productive, and more secure than almost any civilization in world history.

Finally, my fourth concern is education. Time after time in this Chamber, we have stressed the importance of a balanced budget to our children. With a balanced budget, they can leave the deficit spending of the past behind and look forward to a future of better economic opportunities. To take advantage of these opportunities, our children will need a quality education. I am pleased that education is a priority in this agreement. However, we are not targeting our resources where they are needed most—elementary and secondary education.

In the President's budget, about 85 percent of the new education spending and tax initiatives are directed toward higher education. This budget agreement is structured in a similar way. These facts are troubling when you consider that only 28 percent of fourth graders are proficient in reading, only 21 percent of eighth graders are proficient in math, and about 30 percent of college freshman must take remedial coursework.

Our higher education institutions are the envy of the world, but without a stronger K–12 education system, this academic superstructure rests on a foundation of quicksand. I am concerned that our academic success will not last if we do not target our resources where there is the greatest need and greatest potential. Ultimately, we should consider targeting at least 50 percent of new education resources toward elementary and secondary education in the future. I urge my colleagues to focus more on this problem.

Mr. President, as I have mentioned, my vote today is not the final solution to our budget problems. My vote today is merely a down payment on a long-term commitment to my constituents in Tennessee and to all Americans—a commitment to fiscal responsibility.

The issues raised by this agreement will not disappear if this resolution passes. In fact, we will debate them again and again this year as we implement the agreement in the appropriations and reconciliation process. However, we can build on the momentum of this agreement to recommit ourselves to the discipline and diligence necessary to free our children from debt and unlock the doors of economic opportunity for our future. I look forward to meeting this challenge.

Ms. MOSELEY-BRAUN. Mr. President, today the Senate will vote on the blueprint our nation will follow to reach fiscal balance by the year 2002. I commend the efforts of the President and the Congressional leadership to reach this agreement. It is clear that unless we get our deficit under control, we will be leaving our children—and our children's children—a legacy of debt that will make it impossible for them to achieve the American Dream.

This budget resolution reflects public opinion. This is a bipartisan agreement because of clear public opposition to continued deficit spending.

Although the deficit has been reduced in the past few years, our Nation's debt still obscures our ability to focus on the issues that most impact Americans' daily lives. The deficit under President Carter was $73.8 billion when he left office. Under President Reagan it ballooned to $221 billion, and reached $290 under President Bush. When President Clinton took office, he inherited a $290 billion deficit. The national family was in debt $4.4 trillion.

Under President Clinton's leadership, however, the deficit has been reduced to $67 billion, the lowest nominal level since 1981. During the Bush administration, private sector growth averaged 1.3 percent annually, but under President Clinton, growth has averaged 3.5% per year. Furthermore, last year's deficit was 1.4 percent of the size of our economy, well below the deficits of other major economies, and the smallest level since 1974. This year, it will fall to about 1 percent of the economy.

President Clinton's 1993 economic budget plan gave the signal to the world's financial markets that Democrats were committed to fiscal responsibility and that we would put our country on a glide path to balance. Our Nation is now in our 6th straight year of economic growth. Unemployment was 7.5 percent in 1992. Last month it fell to 4.9 percent, the lowest level in a quarter century.

During the first quarter of this year, the economy grew at an annual rate of 5.6 percent, the best in a decade. And since President Clinton took office, more than 12 million new jobs have been created.

The best news about this resolution is that it continues the trend begun in 1993: this budget makes strides toward balance. Balance was a precondition of this agreement. While I regret that we did not pass a balanced budget amendment to the Constitution, the proof of the pudding is in the eating: the President and congressional leaders have reached a consensus and agreed that this budget should reach balance in the year 2002. And this budget has achieved that.

Mr. President, an area where the nation has reached a consensus is tax cuts. Everybody likes tax cuts. Public opinion is always in favor of tax cuts and this budget resolution provides for a net tax cut of $85 billion over 5 years.

The tax cuts include: a child tax cut; about $35 billion in higher education tax cuts; a capital gains tax cut; a cut in the estate tax; and a variety of other tax proposals included in the President's budget, including the welfare-to-work tax credit.

But this budget resolution only outlines the overall framework of the budget. The tax cuts that were agreed upon must be finalized in reconciliation in the Finance Committee. But these are the likely ones.

While I support the concept of these proposals, I would have preferred to finish balancing the budget first.

Mr. President, the budget resolution also reflects the popular support for health care and Medicare. And the changes contained in the Medicare Program will not hurt seniors.

The agreement calls for $115 billion in Medicare savings, keeping the Medicare trust fund secure for another decade. It expands seniors' choices of private health plans by allowing preferred provider organizations and provider-sponsored plans to compete in Medicare's managed care program.

Furthermore, this agreement will make some fixes to the Medicaid Program. While the resolution does not contain a per-capita cap, which would have hurt Illinois, it calls for $13.6 billion in net Medicaid savings. It restores Medicaid coverage for certain legal immigrants. It provides food stamps to individuals subject to last year's welfare reform bill time limits, who are seeking work but have not been able to find a job. And it provides a welfare-to-work initiative.

The other good news is that this budget also provides for: expansion of the funding for Superfund hazardous waste cleanups; help up for to five million children, who currently lack health insurance, receive health insurance coverage by 2002; and it provides for the largest increase in education spending in 30 years.

This budget resolution does however, contain a few disappointments. It does not come to grips with the fundamental challenges our Nation faces in the coming years. Instead of confronting these challenges and taking steps to meet them, it is the budgetary equivalent of the scene from ''Casablanca'' when Claude Rains says ''Round up the usual suspects.'' In this case, the ''usual suspects'' are domestic discretionary spending and cuts in reimbursements for Medicare and Medicaid health providers.

Like Captain Renault, this agreement is more concerned with the appearance of action than with actually achieving something. And unlike the situation in ''Casablanca'', where the captain's inaction produced a good result, the failure to address our fundamental retirement security and investment challenges now, makes the future more difficult for all of us.

Since 1991, discretionary spending has remained relatively flat. While the President has resisted deeper cuts this year, this budget resolution nonetheless short-changes domestic spending. The agreement cuts investments in non-defense discretionary programs by at least $61 billion below the level needed to maintain the current level of services. This agreement represents roughly a 10 percent cut in real terms in non-defense discretionary programs. This translates into less money for cops on the streets, less money for sewers, and less money for our highways—fundamental public investments needed to keep our country strong.

The squeeze is being put on discretionary funding to pay for tax cuts. Furthermore, nothing is being done to address entitlement spending. This budget resolution does nothing to address the ominous long-term issue facing our country: changing demographics and its effect on our ability to maintain retirement security for future generations.

I was a member of the Bipartisan Commission on Entitlement and Tax Reform. The Commission made it clear that unless we get the deficit under control, by the year 2003, mandatory spending—most of which goes to Medicare and Social Security—plus interest on the national debt, will account for fully 73 percent of the total Federal budget.

Though the current economic news is generally good, and the economy continues to expand, this trend may not continue. The Congressional Budget Office's report entitled ''The Economic and Budget Outlook: Fiscal Years 1998–2007,'' points out that ''Despite the improved outlook through 2007 . . . the budget situation will start to deteriorate rapidly only a few years later with the retirement of the first baby boomers and the continued growth of per-person health care costs.''

By the year 2012, the Social Security trust fund will begin spending more than it takes in. And by the year 2029, the trust fund will have exhausted all of its resources. After 2012, when there are no more surpluses, Federal deficits will really begin to explode, an explosion fueled by the looming retirement of the baby boom generation.

The fact that for the next 15 years Social Security will be running a surplus, works to disguise the extent of the problem, as does the fact that the retirement security budget is currently roughly in balance. Social Security and Medicare payroll taxes, Medicare part B premiums, and interest earned by the Social Security and Medicare trust funds roughly equal the spending by those two programs, at least for the moment.

The long-term prognosis, however is nowhere near as favorable and the problem with this budget resolution is that it does nothing to address these problems now, while there is still time. Granted, the proposed set of Medicare reductions will extend the solvency of the trust fund until 2008. There are also some true systematic reforms to the Medicare Program that will move many of the program features toward prospective payment systems.

However, this is not nearly enough. This budget resolution does not even extend the Medicare Program solvency to the year 2010 when the baby-boom generation begins to retire. Think about this: Currently, 13 percent of the population is over age 65, and that number will double by the year 2030. The problem of fixing Medicare for the long run is only going to get more difficult. If we wait until the next millennium to deal with Medicare, it is going to take a lot more than $115 billion over five years to fix the problem. If we want Medicare to exist for our children and for many of us, we have to seize this opportunity to overhaul the program in a long-lasting way.

Equally depressing is our complete ignoring of needed Social Security reform. There has been a lot of talk over the last few years about tax cuts and the need to give Americans some relief from the burden of excess taxation. As you may know, 70 percent of Americans pay more in payroll taxes than income taxes. The average worker retiring in 2015 will pay $250,000 in payroll taxes over her working career.

People pay these taxes into a system that they believe will provide them with some measure of retirement security. They expect Medicare to be there to cover health care costs and they expect Social Security to be around to provide a measure of income support. Eighty percent of Americans get more than 50 percent of their retirement income from Social Security.

The Social Security system, just like Medicare, is not prepared for our future changes in demographics. Current retirees can expect to get back in benefits what they paid in taxes plus interest within eight years.

For the vast majority of past and current retirees, Social Security has been a great value. They paid into the system with the promise that when it was their turn to retire, Social Security would be there. Well, the outlook is not as good for future generations of retirees. Already, the probability of getting back what they will pay into the system is diminishing. In the year 2015, it will take the average worker 13 years to recover what he pays in payroll taxes.

This already eroding value of Social Security is compounded by the facts that we are planning to reduce the consumer price index which will lengthen the time it takes to recoup taxes and even more problematic, the trust fund is expected to become insolvent in 2029.

A lot of work has been left undone by this budget resolution. This resolution does not even begin to make the reforms necessary to ensure that the next generations of Americans can retire with the same dignity as their grandparents and parents. Cutting $115 billion from Medicare is simply a quick fix to get past the initial 2001 exhaustion date. Future seniors should not have to worry about whether Medicare will pay their doctor's bill or whether their Social Security check will arrive on time.

Mr. President, I was particularly disappointed that this proposal did not invest in education infrastructure. It is a sad fact of life that in thousands upon thousands of classrooms all across the country, our schools are not physically up to the task of educating all Americans for the 21st century. Too many of our schools are literally falling down around our children.

Too many of our schools are overcrowded to the point where students cannot learn effectively. Too many of our schools do not have the physical infrastructure necessary to support the integration of computers into classrooms.

According to the U.S. General Accounting Office, which at my request conducted an intensive, 2-year study of the condition of America's schools, 14 million children attend schools in such poor condition they need major renovations or outright replacement; 7 million children attend schools with lifethreatening safety code violations; and it will cost $112 billion just to bring schools up to what the GAO calls good, overall condition—in other words—up to code. This budget resolution does nothing to address these concerns.

Mr. President, education does not just provide benefits to individuals. Education benefits the public. Every single American benefits from improvements to our elementary and secondary education system.

It is unfortunate, then, that we continue to pay for our education system as though its benefits were individual and local in nature. In order to remain the world's economic leader, we must reform our education funding system that was designed to meet the needs of yesterday's economy.

Our reliance on local property taxes to pay for elementary and secondary education causes wide disparities in the abilities of school districts to adequately fund education. Under our current system, wealthy communities with low tax rates can often generate sufficient revenues to build the finest facilities, while poor communities with very high tax rates often cannot raise enough to support even mediocre schools. While many poor districts try their hardest, and have the highest tax rates, the system works against them.

According to the U.S. General Accounting Office, poor and middle-class school districts in 35 States make a greater local tax effort than wealthy districts. In my home State of Illinois, the poorest districts tax themselves at an average rate of 43 percent higher than the wealthiest districts. This phenomenon is our school finance system's greatest irony: the lowest-income areas often have the highest property tax rates and the schools with the fewest resources.

The GAO found that although most states make some attempt to supplement local funding in poor districts, wealthy school districts in 37 states have more total funding per pupil than poor districts. These disparities exist even after adjusting for differences in geographic and student need-related educational costs. In Illinois, the wealthiest 20 percent of districts have almost two-thirds as much to spend per pupil than the other 80 percent.

Because we rely on the local property tax to fund education, the opportunities available to our children are subject to the vagaries and disparities of local property wealth. Children in wealthy communities are able to attend the best schools and have the most opportunities, while children in poor and middle-class communities often have access to second-rate facilities and lesser opportunities. This budget resolution does nothing to reverse these trends.

In conclusion, I believe that our Nation's budget, reduced to its essentials, is very much like the budget of any family. It should balance revenues and spending, it should address the needs and priorities of the various family members, it should be fair in the apportionment of spending and sacrifice, and it should lay a foundation for the future well-being of its members.

It should address the looming needs of the American family, especially in regards to health care and retirement security, as well as reinvestment in the infrastructure which is in progressively worse shape.

The agreement reached can be thought of as a decision to pay off some, but not all, of the old bills, to give more support to a variety of family activities, and to give up a part time job. Because the economy is so robust, those decisions represent the cashing in of a prosperity dividend.

Mr. President, Congress must not only look at the 5 and 10 year effect of the policies we enact. We need to look at how the policies we change today affect the future. It is true that long-term economic estimates are notoriously unreliable, but having said that, long-term budget problems are in no small part related to long-term demographic trends. And long-term demographic trends are reliable.

Our actions now will impact future generations, our grandchildren. For example, if Social Security were examined under the requirements of private pension funds, you would find that it is underfunded by hundreds of billions of dollars. Congress should look outside the budget horizon, particularly at the long-term budgetary consequences of tax cuts. Tax cuts are back-loaded in this resolution.

Mr. President, in Alice in Wonderland, Alice asked the Cheshire Cat, ''Which way should I go?'' And the Cheshire Cat responded ''It depends on where you want to go.'' Congress must decide which way to go. Mr. President, this budget resolution will balance the budget. But more work needs to be done to meet our obligations to future generations of Americans, to invest in people and to protect their retirement security. Every generation of Americans has addressed and resolved challenges unique to their time. That is what makes our country great. Now is the time to take steps toward ensuring that our generation will honestly address its needs so that future generations will have at least the same opportunity.

Our generation should leave no less than we inherited.

Mr. SMITH of New Hampshire. Mr. President, I rise to voice my concerns about the budget resolution we debate here today. Since the announcement of a budget deal earlier this month, I have carefully examined the plan, contemplated its effect on our economy and the future of our children, and pondered the advice of many. I have also observed the floor debate and statements of my colleagues, and have heard the views of many of my constituents in New Hampshire. After much deliberation, I must oppose this budget.

While I do not support the resolution, I would like to commend my colleagues who have worked so hard to try to craft a good plan. I appreciate their efforts and the difficult discussions they have endured. Most importantly, I realize that negotiating with the White House is no easy task. However, my concerns about the deficit, the exploding growth of entitlements, and the huge tax burden on Americans, far outweigh the temptation of a politically appealing agreement with the President. History has taught us that the most politically expedient solution is not always good for Americans.

What happened to the Republican Congress that came into town in 1995, ready to attack the problems in our economy that had been ignored for decades? Where is the spirit of dedication that accompanied our success and the commitment to our principles that led to our win? Where are those voices that denounced Washington's business as usual? I cannot answer these questions, but I do know that we should not disappoint the voters who trusted us.

For a minute, allow me to set aside the rhetoric that surrounds this debate and look at the facts. Fact 1: Under the plan, the era of big government is not over. This budget deal proposes to spend $5 billion more than even President Clinton requested for fiscal year 1998. In fact, spending for 1998 increases about $70 billion from 1997—a bigger increase than any budget passed by Democrat-controlled Congresses in recent years. Over 5 years, this plan spends $189 billion more than Congress proposed in last year's budget resolution. The so-called savings that have been celebrated by proponents are just reductions from the inflation-adjusted baseline that rises each year.

Fact 2: All the pain is in the out-years. Since Congress revisits the budget resolution every year, we cannot count on anything past 1998 and we have no assurance that the cuts in spending will ever be achieved in 2001 and 2002. At the very least, we must cease the fairy tale rhetoric about savings that will be achieved over the next decade.

Fact 3: The deficit goes up! While the deficit for this year is projected to be $67 billion, under this plan, it is estimated to grow to $90 billion for the next 2 years and then drop slightly to $83 billion in 2000. Not until 2001, does the deficit drop to below today's level. If we can reduce the deficit from $53 billion in 2001 to 0 in 2002, why can't we reduce it by $53 billion this year? Furthermore, the deficit reduction is due, in large part, to suspicious economic assumptions. Overnight, the Congressional Budget Office discovered a $225 billion ''fiscal dividend'' of new tax revenues that may or may not be realized in the out-years.

Fact 4: The tax cuts will not provide noticeable relief. While we must vote on the spending increases now, we have but a skeleton of a commitment on tax relief for Americans—legislation which won't be discussed until next month. Since we have already promised away

$35 billion for the President's education credit, the tax writing committees are left with very little room to accommodate the equally important capital gains tax reductions, death tax reform, the $500 per child tax credit, expansion of individual retirement accounts [IRA's] and other relief provisions. For instance, $100 billion would not even cover the full $500 credit. These restrictions will produce scaled-down, phased-in, and barely noticeable adjustments.

Fact 5: The proposal contains no real entitlement reform. This budget proposes $115 billion in Medicare savings, but does absolutely nothing to fundamentally restructure the ailing program. In fact, the biggest reform is an accounting change that we condemned as a ''gimmick'' just last year—and rightly so. Worse yet, the plan wipes out many of the real reforms we enacted in last year's welfare reform legislation by restoring welfare payments to legal immigrants and expanding Food Stamp work slots.

Fact 6: The budget deal protects additional money for Presidential priorities, but no programs are terminated. While the resolution guarantees that spending will go up for programs such as Head Start and bilingual education, there is not one word about reforming or eliminating arts funding, AmeriCorps, or corporate welfare programs. Since total discretionary spending increases in this legislation, I hold out little hope that wasteful spending programs will be tackled this year.

A legitimate balanced budget plan should shrink the size of Government, reduce the deficit, and reform entitlement programs. The budget must be accompanied by a credible tax package that includes complete repeal of the estate tax; a 50 percent cut in the capital gains tax rate; an immediate $500 per child tax credit available to all, regardless of income; and creation of an ''IRA-Plus'' plan. These tax cuts should be financed by reducing spending, not increasing other taxes.

Although this plan contains many serious flaws, it is my hope that we can renegotiate a plan that meets but one condition: it must be a good deal for Americans. In its current form, I cannot, in good conscience, support this budget resolution.

Mr. JOHNSON. Mr. President, I rise in support of Senate Concurrent Resolution 27, the fiscal year 1998 budget resolution.

Mr. President, this bipartisan budget agreement represents a hard-fought achievement for our nation. It is neither the perfect plan, nor is it the plan that I would write if I were solely responsible for this enormous task. What this plan does represent, however, is a compromise between two parties, a compromise between Congress and the administration, and a delicate balance of important national investment and tax priorities. Under the circumstances, no plan could be perfect. This plan, nevertheless, is a good plan.

Mr. President, this plan is the culmination of more than 2 years of debate. During the course of this debate we have witnessed several critical events: the shutdown of the Federal Government, the death of the so-called Contract With America, and the emergence of a group of centrists committed to a sensible approach to balancing the Federal budget.

In order to understand this agreement in its proper context, we should take a moment to remember that this agreement today would not be possible without tough votes cast by Democrats on the Omnibus Reconciliation Act of 1993. The success of that deficit reduction package is indisputable. When President Clinton took office in January 1993, the Federal budget deficit stood at $290 billion. Experts are now projecting a deficit for this year in the range of $67 billion. We have seen, for the first time in a century, declining deficits for 5 years in a row, and the deficit as a percentage of the size of the economy is at its lowest in decades. Not a single Republican supported the 1993 deficit reduction bill. Not one. Yet, without this enormous achievement, we could not be finishing the job today.

It is also vitally important that we remember the great battle over the shape of Government that has taken place over the past 2 years. At the beginning of the 104th Congress, we heard talk of a revolution. We were told that we needed to cut Medicare by $270 billion over 7 years. We were told that Medicaid should be reduced by $170 billion, and that Federal Government would no longer guarantee health care coverage for the poorest Americans. And we were told that the earned income tax credit—a program that reduces the tax burden on low- to moderate-income working families—should be cut by $32 billion. Speaker GINGRICH's revolution also called for massive reductions in discretionary spending, leading to cuts in critical education programs, veterans' programs, and environmental protection.

These large-scale reductions would be necessary because Speaker GINGRICH's plan contained a massive tax cut of $280 billion over 7 years. The majority of the tax cuts would be of little benefit to typical American families. In fact, with the cuts in the EITC, many families needing the most help would have paid higher taxes.

Democrats knew that there was a better way. We said that we could balance the budget by 2002, but we had to do it with the right priorities. We said that we could balance the budget while enacting a modest package of tax cuts that would be targeted to typical American families. We said that we could preserve Medicare, invest in education, and balance the budget. This budget agreement proves that we were right.

With a better-targeted tax cut package, this agreement allows us to balance the budget while making investments in critical priorities. The agreement provides $35 billion in tax cuts for education, funding for the child tax credit, and still leaves room for relief in estate and capital gains taxes.

The agreement would increase funding for Pell grants by $8.6 billion over 5 years. This funding boost would increase the maximum Pell grant to $3,000—which is a $300 increase—and it would expand eligibility so that more students can be provided assistance.

The agreement will provide $16 billion over 5 years for innovative new programs to provide health care coverage for 5 million children who have no health insurance. This achievement stands in stark contrast to proposals in the Contract With America that would have removed the Federal guarantee of health care coverage under Medicaid.

The bipartisan agreement allows for the largest expansion of education programs since the time that Lyndon Johnson was President. Head Start will be expanded by $2.7 billion, allowing for 1 million children to be enrolled in this critical program by 2002. This is a vast improvement over the Contract With America, which called for the elimination of the Department of Education, cuts in student loans, and reductions in Head Start.

The agreement provides for growth in Federal student loan programs, increasing student loan volume by $7 billion by the year 2002. In contrast, the Contract With America would have added to student debt burdens by charging interest while the students were still in school.

The agreement will reform Medicare to extend the life of the Medicare trust fund for 10 years. Rather than receive benefit reductions, Medicare beneficiaries will be eligible for new preventive care benefits, such as mammography coverage, other cancer screening, and diabetes management.

The agreement will implement President Clinton's proposed budget for the National Park Service, producing an increase of $57 million over current budget levels.

The budget plan provides key funding for crop insurance programs, allocating $200 million necessary from discretionary funds to reimburse crop insurance agents for the cost of administering the program.

The agreement will fund the President's budget request for tribal priority allocations, which pay for law enforcement, child protection, education, and road maintenance on our Nation's reservations. This provision will boost funding by $200 million for the next fiscal year, and by $800 million over 5 years.

I do want to take a moment, however, to express my concern that the tax-writing committees in both the House and the Senate take considerable care as they fill in the details of the agreement to reduce taxes by a net $85 billion over 5 years and $250 billion over 10 years. There may be great temptation to structure these tax cuts so that their full cost to the Treasury is not felt until the years beyond the 10-year path laid out by this agreement. It would be a grave mistake, and highly irresponsible, to pass into law a tax cut package that could not be sustained over the long term. Our goal should be to keep this budget in balance for good. Accordingly, I urge my colleagues on these committees to keep long-term fiscal considerations in mind.

Mr. President, I want to thank all those on both sides of the aisle that spent countless hours negotiating this agreement. We have not yet finished the job, but the passage of this resolution is a crucial step down the road to balanced budget.

Mr. FAIRCLOTH. Mr. President, I reluctantly have to rise in opposition to this balanced budget agreement.

Mr. President, this agreement will balance the budget in 5 years. But, we are already $5 trillion in debt. We can't wait 5 years. We can't go deeper into debt, just to spend more on domestic programs.

In the last 40 years, the Government has grown too big—it is time for our national debt to get smaller. In fact, this budget could actually be balanced by the year 2000 rather than 2002, and still provide tax relief for working families, were it not for the first 3 years of higher spending which the President insisted upon. I want to commend my colleagues who negotiated with the President, and I have no doubt it was difficult to persuade the President to agree to a budget that ever achieves balance. But I simply cannot support the spending increases and tax increases in this budget.

If this budget resolution is enacted, spending will grow—that's right, grow—by $267 billion over 5 years, rising from $1.622 trillion this year to $1.692 trillion in 1998, $1.753 trillion in 1999, $1.809 trillion in 2001, and $1.889 trillion in 2002. Under this budget deal, deficits will grow next year alone by 35 percent, from $67.2 billion to $90.4 billion. In fact, deficits will be above this year's level for each of the next 3 years. This budget deal allows spending to balloon over the next 3 years, and it does not begin to control spending until the year 2001, which of course will be after the end of the President's second term.

In fact this agreement will actually produce the largest increase in social spending in the last 15 years.

While we're spending at records levels, the agreement gives little in the way of tax relief. And much of the tax relief that is provided is really robbing Peter to pay Paul. The agreement includes a gross tax cut of $135 billion, but let's take another look at that so-called tax cut. If you look elsewhere in the agreement, you'll see that it actually includes $50 billion in new tax increases, including $34 billion in tax increases from the airport and airway trust fund tax.

In addition, the Bureau of Labor Statistics will adjust the Consumer Price Index downward by 0.25 percent. That's another $6 billion in tax increases. In other words we are cutting taxes with one hand, and raising them with another, so the Government can keep spending and deficits can keep growing.

Most of the deficit reduction in this bill comes not from tough choices and policy changes that control Government spending, but from rosey-scenario assumptions made by economists. We are assuming that economic growth will be strong enough, and inflation will be low enough that all the hard choices will be taken care off for us. In fact, 99 cents out of every dollar of deficit reduction in this bill is simply assumed. As my good friend, Senator GRAMM has noted, only 1 cent out of every dollar, or $3 billion out of $350 billion, comes from changes in public policy.

Congress and the President should tell the American people the hard truth about the Nation's deficit. A balanced budget requires hard choices. It cannot be achieved simply by wishing it away.

Even though I cannot support this budget agreement, I must note that this is perhaps the best agreement that could be achieved, considering that we have been negotiating with a President who is dedicated to increasing the size of the Federal Government.

In fact, I find it very instructive to compare this budget agreement with the budget produced in 1993, when the President and a Democratic Congress unveiled their own budget plan. That 1993 budget raised taxes by $241 billion, provided absolutely no net tax relief, and never achieved balance, but continued deficit spending as far as the eye could see. The Clinton budget of 1993 provided spending reductions of $193 billion, as against a net total of $241 billion of tax increases. The current balanced budget agreement of 1997 provides $320 billion of spending reductions, and gives the American people a net total of $85 billion in tax relief.

Without the current balanced budget agreement, it is likely that the Federal Government would face another Government shutdown. This agreement should prevent that from happening.

Is this a perfect agreement? No, it is not. Unfortunately, no agreement which attempts to reconcile a philosophy of tax and spend Government growth with one of tax relief and fiscal restraint is likely to be perfect. Perhaps it is the best that can be achieved under this President.

Although it is perhaps the best that Congress can get from this President, the Nation deserves much better, and for that reason I plan to vote against the budget agreement. With that, Mr. President, I yield the floor.

Mr. KYL. Mr. President, Gen. George S. Patton once said, ''if everybody is thinking alike, then somebody isn't thinking.''

Mr. President, I have no doubt that this budget is going to pass. There appears to be a lot of sentiment on both sides of the aisle that the deal must be approved even though it is flawed in many respects. But, like General Patton, I hope each of us and every American will actually evaluate the budget agreement on its merits before deciding whether or not to go along. I, for one, have concluded that the deal—on its merits—should not be supported, and there are several reasons why.

First, consider the deficits that are projected under the budget agreement. The deficit this year is expected to total $67 billion. We are trying to get a zero deficit—to balance—by the year 2002. But under this budget, the deficit goes up, not down. It climbs 34 percent—to $90 billion next year—and then remains in that range for 2 more years. Only in the final 2 years of the 5-year plan—in 2001 and 2002—would the deficit drop dramatically.

Think about that. We are at a $67 billion deficit now, and we are trying to get to balance in 5 years. This budget lets Congress and the President go on a spending binge for 3 years, and then requires us to eliminate a $90 billion deficit in just 2 years. It cannot be done.

It is as if you decided to go on a diet and lose 20 pounds by the Fourth of July. But instead of losing the weight gradually, you decided to put on 10 more pounds and then started the diet in earnest on July 1. You would fail to achieve your goal. The same is the case regarding deficit reduction. If it is going to take 5 years to eliminate a $67 billion deficit, how can we possibly eliminate a $90 billion deficit in just 2 years? The answer is that we will not.

Second, consider tax relief. Of course, the budget itself does not include a family tax credit, capital gains relief, relief from death taxes, on an education tax credit. It merely establishes the overall size of the tax cut that will be written later. But the amount of tax relief we will be able to provide is very small: a net total of $85 billion over 5 years—about 1 percent of the $8.6 trillion in tax revenue that will be collected over that time period. A tax cut of 1 percent. It is minuscule.

It is going to be impossible to provide all of the tax cuts that we have promised within that small amount.

Mr. President, the tax relief we promised to working families—to help small businesses create jobs and provide better wages—will total $188 billion alone. President Clinton's education credit will cost another $35 billion. And there are a variety of other tax cuts as well.

What that means is that a single mother probably cannot count on a full $500-per-child tax credit. It probably will be something less, phased in over a period of time. And maybe only some parents will qualify.

It means that small businesses, including those started by women and minorities, cannot count on the tax relief that would enable them to expand, hire new people, pay better wages, and do the things necessary to become more competitive.

It certainly will not be significant enough to prolong the economic expansion, which is already reaching historic lengths. That means the economy will probably slow, and people would be hurt be recession. We can prevent that by providing the economy with the shot in the arm that it needs to keep on growing. But that will require a larger, more meaningful tax cut.

Third, consider whether or not this budget preserves Medicare for our seniors today and for those who will count on it in the future. Instead of going bankrupt in 2 years, this budget lets Medicare go bankrupt in less than 10 years. We need to make sure Medicare is safe and solvent for the long haul, particularly when the first wave of the Baby Boom generations begins to retire in 2010. This budget does nothing to protect Medicare for the next generation.

It merely delays insolvency, mainly by reducing provider reimbursements, which will either diminish the quality of care provided to today's generation of older Americans or drive more doctors and hospitals out of the Medicare Program altogether, leaving seniors with limited health-care choices.

It shifts the costs of home health care from part A to part B—a gimmick that we roundly denounced when the President proposed it before.

Fourth, consider whether or not this budget makes good on the President's pledge that ''the era of big government is over.'' It does not. In fact, there are 13 new mandatory and entitlement programs in this agreement. And their costs will explode early in the next century.

Fifth, and this may be the most telling of all, to pass this budget agreement we will first have to waive the discretionary spending caps for fiscal year 1998 that were established by the Democrat Congress and the Democrat President in 1993. Outlays will actually exceed the statutory cap by about $7 billion. In other words, the Republican majority, which was sent to Washington to try to curb spending, will allow spending to grow even more than the free-spending Congress of the early 1990's.

Mr. President, this budget will not produce the intended results. It merely postpones all of the tough decisions until a new President and a new Congress are elected early in the next century. It is, as Yogi Beara once said, deja vu all over again—a remake of the 1990 and 1993 budget deals that simply yielded more spending, bigger government, and more taxes.

I intend to vote ''no.''

Mr. BYRD. Mr. President, the Budget Resolution before us today is nothing more than a blueprint that, if implemented in its entirety through subsequent reconciliation and tax legislation, purports to balance the federal budget by 2002. Whether or not a balanced budget will actually be achieved in five years, Heaven only knows. Having said that, this agreement must nevertheless be recognized as the byproduct of a reasonable compromise between a Democratic President and a Republican Congress. Such bipartisan cooperation has not been witnessed in recent years, when two government shutdowns have highlighted the paucity of compromise in our federal government.

Mr. President, I would like to commend the leaders from both parties who have worked hard to forge a balanced-budget agreement that will likely pass both houses of Congress. However, I also want to remind all Senators that most of us did not sign the Bipartisan Budget Agreement announced by the President and the Congressional leadership on May 2, 1997, and we are not thereby bound to its individual components. As much as we want to jump on this budgetary bandwagon, we must be careful not to subject this Budget Resolution to any less scrutiny than would be applied to a strictly partisan budget proposal.

Mr. President, the Budget Resolution before us today purports to achieve a budget surplus of $1 billion in FY 2002. To accomplish this task, discretionary spending will be cut by a total of $138 billion over five years, Medicare and Medicaid will be cut by $129 billion, and other mandatory programs will be reduced by approximately $40 billion. In addition, the proposal would amend budget rules to extend the statutory caps for discretionary spending and the pay-as-you-go requirements for mandatory spending through 2002. While I am concerned about the depth of the spending cuts targeted towards discretionary spending, which has been declining sharply as a percentage of the federal budget since the 1960's, I cannot ignore the substantial improvement in discretionary funding that this Budget Resolution achieves over its immediate predecessors. Furthermore, this plan places spending priorities on many needed investments in transportation infrastructure, educational assistance, environmental protection, and crime-prevention programs.

Mr. President, if the Budget Resolution included only the aforementioned spending reductions, I would likely be standing on the floor today declaring my unequivocal support for its passage. However, the Budget Resolution before us also includes certain provisions that have nothing to do with balancing the budget. In fact, these provisions—namely, the $85 billion in net tax cuts included in Senate Concurrent Resolution 27—take us in the opposite direction and make it more difficult to balance the budget. In essence, Mr. President, if we approve these tax cuts, we are with one hand digging deeper the very hole our other hand is trying so hard to fill. Such ambidexterity should not be relied upon to balance the budget. We should eschew all tax cuts until after we firmly erase the budget deficits that have so plagued our nation in recent years. Tax cuts were, after all, the primary culprit for the rapid escalation in the federal budget deficit in the 1980's. It is all too easy to enact tax cuts and save the pain for later. We have done it before, and the lessons learned from that exercise should instruct us not to do it again.

Mr. President, some may guarantee that the Budget Resolution before us today will balance the budget in five years and still provide such tax relief. If the economy continues to perform at close to its current pace, that very well may be true. However, if the economy turns sour in the next five years, the tenuous $1 billion surplus projected for FY 2002 under this Budget Resolution may be worth less than the paper on which it is printed here today. We may never see that surplus, or anything close to it, if we combine the contradictory goals of tax cutting and budget balancing in this resolution. Suppose, for example, that we provide these tax cuts today and then find ourselves in the year 2000 well above the deficit targets proposed by this resolution. Will we be able to repeal these foolhardy tax cuts to bring us closer to balance? Will we be able to tell those beneficiaries of these tax cuts to give them up? I have served in this body long enough to recognize that tax cuts such as the ones included in this Budget Resolution are virtually a one-way street; there is no turning back. We should steer clear of this diversion and stay focused on the course of balancing the budget.

Mr. President, before I conclude my remarks, I want to remind all Senators of the actions that have helped to bring us to this point, where balancing the federal budget is well within our reach. According to the Congressional Budget Office, the FY 1997 budget deficit will be approximately $67 billion, or less than one percent of Gross Domestic Product (GDP). Just five years ago, many Senators will remember that we were facing a budget deficit of $290 billion, or about 4.7 percent of GDP. This considerable improvement in the fiscal order of our nation did not occur by accident. Rather, it can be traced directly to the passage in 1993 of the Omnibus Budget and Reconciliation Act (OBRA–93) by the 103rd Congress, with the support of President Clinton. That landmark legislation combined responsible spending cuts and revenue increases to begin the painful—but necessary—process of eliminating the deficit. There can be no doubt of the success of OBRA–93 in bringing down the deficits and stimulating economic growth. We are currently in our sixth consecutive year of economic growth, unemployment has dipped below five percent, and inflation has remained in check. The Budget Resolution before us today continues the task of balancing the budget from the propitious starting point made possible by OBRA–93, and it relies on projections of similar economic conditions in the future. Mr. President, it is safe to say that, were it not for OBRA–93, the task of balancing the budget by FY 2002 would be substantially more difficult, and the Budget Resolution before us today would not come close to balance.

After discussing what actions have made this Budget Resolution possible, however, I believe it is also important to focus on what actions were not needed. Specifically, I am referring to the proposed constitutional amendment to balance the budget, which was again defeated earlier this year. Without constitutionally tying the hands of this and future Congresses, the leaders of the Congress and the President have come together to forge a balanced-budget plan. The plan is not perfect, by any means, but it must serve as a reminder that, in order to balance the budget, it takes only the courage to stand in the well of this chamber and cast our vote for a specific plan to eliminate the deficit. There is no substitute for courage that can be drawn from such an ill-conceived constitutional amendment.

In conclusion, Mr. President, let me announce my intention to support final passage of S. Con. Res. 27.

I commend the members of the majority and minority leadership, and the Budget Committee, who have come together with equanimity to work out a bipartisan budget agreement with the White House. Compromise is never easy to achieve, but its results may well be worth our efforts. After all, let us not forget that the Senate itself was, according to ''The Federalist Papers,'' the ''result of compromise between the opposite pretensions of the large and the small States.'' Similar conflicting ''pretensions'' have helped mold the bipartisan budget agreement before this body into a reasonable approach to balance the budget.

Mr. President, I yield the floor.

Ms. LANDRIEU. Mr. President, I rise in support of Senate Concurrent Resolution 27, the bipartisan budget agreement as amended during the debate of the past few days. Mr. President, I believe that the Budget Resolution represents an important victory for this body and for the American people in that we can finally look forward to a balanced budget by 2002. Priorities like Medicare, Medicaid, education and the environment have been protected. This agreement, the first true balanced budget in 28 years, delivers on a personal promise of mine to work to strengthen the economy, balance the budget and put families first.

Mr. President, I salute the work of both parties as the primary reason this agreement was reached. Each side had to give and take to get us to this point. I commend the President and the congressional leadership, particularly Senator DOMENICI and Senator LAUTENBERG, for their responsible conduct throughout this entire process. We are in their debt.

Mr. President, the budget agreement puts more resources into educating America's children—from Head Start to college—than the Federal government has done in 30 years. It secures Medicare's solvency for a decade, cleans up poisonous waste sites and will help move millions of Americans from welfare to work. Just as important, it accomplishes all this and gives needed tax relief to hard-working families and small businesses through capital gains and estate tax cuts and a $500 per child tax credit.

Mr. President, this agreement only begins our work, it doesn't end it. I will go forward with my colleagues fighting for families—to strengthen our investment in children by repairing their crumbling schools, extending medical coverage to more children, and cutting juvenile crime—and to strengthen Social Security and make retirement secure for every working American.

Mr. KERRY. The Senate shortly will be taking a very momentous step. We will be acting on a budget resolution designed to eliminate the federal budget deficit by 2002. This has been an objective many of us have fervently sought for many years. It has been my objective since I came to the Senate in 1985.

The Federal Government has run a deficit continuously for more than 30 years, but it soared to what were then almost inconceivable heights in the 1980s during the Reagan and Bush Administrations. As a result of those stratospheric deficits, the national debt has multiplied several times, exacting a toll from our economy, increasing interest rates, and making debt service one of the largest expenditures in the Federal budget.

I would like nothing more than to vote for a solid budget resolution that would achieve balance while allocating resources in a way most likely to meet our most pressing national needs. Because of the strength of my desire to achieve balance and eliminate the deficit, I am tempted to vote for the resolution that the Senate is considering today. It does, of course, project balance in 2002.

Mr. President, I know how difficult it is to achieve a budget compromise, which entails bridging the great differences among elected officials—the President and his Administration and both Democrats and Republicans in the Congress. President Clinton and his senior advisers, the Senate and House Republican leadership, and the chairmen and ranking members of the House and Senate Budget Committees have labored mightily for many weeks to try to devise the plan on which we will be voting today. Given those differences they had to bridge, I think they are to be commended for what they accomplished.

But above all the applause for the deal they struck, and the bipartisan congratulatory cheers simply for laying aside the usual bickering and sticking with the plan they have prepared, I hear my conscience saying it is wrong to ignore my core set of values and what I believe should be the priorities for our Nation.

This budget deal, Mr. President, may be historic. I strongly support the fact that it achieves balance in 5 years, and if that balance actually is achieved, it surely will be historic. But that is far from the only measure that should be applied to a budget. Deficit elimination is a vital objective, but it is neither an economic policy nor a statement of priorities for our Nation or its Government.

Said another way, it matters, and matters greatly, how we achieve balance, not just that we achieve it.

Mr. President, despite the fact it achieves balance, and despite the fact that one can imagine many budgets that would be worse for our Nation—indeed, one need look no further than the draconian budget the congressional Republicans tried to force down our throats as recently as 2 years ago—this budget does not meet America's needs as I believe they can and must be met while achieving budget balance. It fails this test in two ways—one of those consists of vital activities it fails to include, and the other consists of the detrimental effects of its contents.

The foremost deficiency of this budget is that it has no vision for America's children. To partially address this deficiency, I offered an amendment to enable the Senate to consider legislation later this year to meet the critical early developmental needs of children from birth to age 6. I applaud the managers for accepting this amendment. But earlier, the Senate rejected a bipartisan amendment that would have provided the budgetary room needed to enact a program providing health insurance to the millions of children who do not now have it.

We were presented with a deal that gives lip service to some of our critical domestic needs by providing limited room for so-called Presidential initiatives. These include $16 billion over 5 years to provide health insurance to children who do not now have it; an increase in Pell grants; and increased funding for bilingual and immigrant education, child literacy initiatives, Head Start, and Environmental Protection Agency and National Park Service operations. But the allocations for these categories fall far short of the additional investments that are needed in these and other critical areas.

The share of our gross domestic product invested in education, training, infrastructure, and civilian research and development will continue to decline for the next 5 years under this budget blueprint. Many Senators—on both sides of the aisle—pointed this out during the debate and each one in turn was rebuffed.

Look at the amendment by my great friend and colleague, the senior Senator from Massachusetts, Senator KENNEDY, and the chairman of the Judiciary Committee, Senator HATCH. The amendment they offered would enable an expansion of health coverage to all uninsured American children. But their amendment was defeated—shot down for the sake of the deal. Look at the amendment by my able friend, the senior Senator from Illinois. Senator

MOSELEY-BRAUN attempted to set aside $5 billion for school construction. Of the schools in Massachusetts, 92 percent are in disrepair, and this money would have been a downpayment on our obligation to allow these children and all American children to have at a minimum a proper setting in which to learn. But Senator MOSELEY-BRAUN's amendment was rejected. And, why? Because it purportedly would have busted the deal.

The Senator from Minnesota, Senator WELLSTONE, sought to increase funding for Head Start, school lunches, and school construction. Republicans cynically demolished that amendment by passing a substitute amendment calling for a school voucher program.

At the head of the list of the harmful features of the bill can be placed the effects of its tax cuts. I support and believe the Nation can benefit greatly from the President's initiatives to provide assistance through the Tax Code to American families and individuals to help them meet the costs of higher and continuing education. But this budget resolution includes tax cuts that are sufficiently large that the result inescapably will be to increase the deficit—yes, I said increase the deficit—for at least the next 2 years.

Considerably more potentially destructive, despite a fuzzy commitment by the deal cutters that the tax cuts will not be backloaded—that is, they will not result in mushrooming revenue loss in the future, the revenue losses will significantly increase in the outyears. The net revenue loss over 5 years will be $85 billion; the net loss over 10 years is projected to be $250 billion.

Mr. President, while President Clinton did win some less-than-ironclad assurances that the Republican-controlled Finance and Ways and Means Committees will include some of his tax cut priorities regarding education tax deductions and credits and a child tax credit, the Republicans insist on including sweeping, broad-based, across-the-board capital gains and estate tax reductions among a host of tax cuts. These cuts will have a dramatically skewed distribution, providing the greatest portion of their benefits to taxpayers with annual incomes placing them among the top 5 percent of the Nation.

It is instructive to look at two proposals. Reducing capital gains taxation from 28 percent to 19.6 percent will yield 85 percent of the benefit to the top 5 percent of taxpayers, all with incomes exceeding $100,000. Reducing the estate tax by increasing the exemption from $600,000 to $1 million will benefit only the wealthiest 1 percent of households. Under current law, 98 percent of Americans who die leave estates wholly exempt from estate taxes. Such proposals can only be viewed as Republican ''welfare-for-the-rich'' at its worst.

Mr. President, while non-defense discretionary accounts are squeezed harder as we approach the magical balance to occur in 2002, and while most Americans have worked hard and sacrificed for the past 5 years to keep our economy booming and slash the deficit more than $200 billion and will be required to tighten their belts further by this resolution, the richest Americans and American corporations are absolved from contributing to the final push to 2002. The deal virtually ignores corporate welfare—both that which exists among discretionary spending programs and the far larger amount which exists in the Internal Revenue Code.

At a time when beneficiaries of spending programs—especially lower-income beneficiaries—have been subjected to significant reductions in those benefits they have received, corporate beneficiaries are asked to bear virtually none of the cost of achieving budget balance, much less paying for the investments in people and infrastructure that are so badly needed.

As my distinguished friend, the eternally junior Senator from South Carolina, Senator HOLLINGS, said on the floor on Tuesday evening, there is a scarcity of discipline in this budget and even less willingness to take less-than-pleasant budget medicine now in order to experience economic and budgetary order in later years. Instead, even that limited budgetary reckoning the deal entails is largely postponed until the final 2 years of the deal. Because of this, the national debt will increase significantly in the next several years, resulting in ever-higher debt service costs which must be borne by the budget until that debt is reduced.

I reiterate that I staunchly support balancing the Federal budget. But I do not believe in balancing the budget in just any way. One roadmap for achieving balance is not the same as every other roadmap for achieving balance. There unquestionably is a difference. Indeed, I have worked on and voted for balanced budget plans over the years with colleagues on both sides of the aisle. But, I cannot vote for this one. It is a Wizard of Oz budget deal—no home, no heart, no brain, and no courage.

If this budget passes and becomes the operative structure for fiscal decision making by the Congress, as I expect it may, I will work diligently to do everything possible to meet the needs of America's children, and other pressing needs, within its constraints, and to alter those constraints where it is possible to do so.

But, with no joy, I will vote no on final passage, greatly disappointed and saddened that the Senate has not taken the steps and provided the opportunities that are so badly needed to fairly confront and meet our Nation's most critical needs while achieving a balanced budget.

Mr. DASCHLE. Mr. President, this is an historic occasion. This budget outline is the first plan Congress has produced in 28 years to balance the budget.

I want to thank all of those who worked so hard to get us to this point, including the President and Vice President, Erskine Bowles, Frank Raines, John Hilley and others at the White House, Senators FRANK LAUTENBERG, ranking member of the Senate Budget Committee, House minority leader DICK GEPHARDT and JOHN SPRATT.

I also want to thank our partners across the aisle: Senate majority leader LOTT, Senator PETE DOMENICI, chairman of the Senate Budget Committee, Speaker GINGRICH and Congressman JOHN KASICH.

And all the staff, in both houses, the administration and including my own, who have worked so diligently to complete this agreement.

Finally, I want to thank two former colleagues, Senators Jim Sasser and Harris Wofford, who were defeated for re-election in 1994—in no small part because they supported the 1993 deficit reduction plan. Without that plan we would not be here today. Because of that plan, we've been able to cut the budget deficit by 75 percent. In less than 5 years, we've gone from a $280 billion deficit to a $67 billion deficit.

The U.S. economy has added more than 12.5 million new jobs, and 3 million small businesses. Our economy is now growing at a virtually unparalleled rate of 3.5 percent a year. Unemployment is at its lowest level in 24 years. Young people graduating from college this month are entering one of the best job markets in years. That's a remarkable record of progress.

I support this budget resolution because it builds on that progress. Make no mistake: This budget plan is not the culmination of the Contract With America. It is, in some fundamental ways, a repudiation of that contract.

Where the contract targeted tax relief to those who needed it least, this budget agreement targets it to those who need it most. Where the contract would have left Medicare to wither on the vine, this agreement extends the solvency of the Medicare trust funds for a decade. Where the contract represented a declaration of war, this resolution is instead a declaration of principles.

There is a difference between a budget that slashes and burns to get to zero, and a budget that is truly balanced. This resolution—if we adhere to it—will result in a balanced budget that addresses not only our financial deficit, but our investment deficit as well. This budget plan sets aside $35 billion in education tax relief, to help working families pay for college and job training. This plan will provide health insurance for 5 million children—half of the uninsured children in America. This plan extends the life of Superfund, so we can clean up the environmental mistakes of our past, and it invests in environmental safeguards, so we can avoid mistakes in the future. This budget keeps Medicare solvent for another decade—without gouging senior citizens who depend on the program.

It is a good deal. But it is not a done deal. We still have a long way to go before this declaration of principles is translated into an actual budget—13 individual appropriations bills, plus a reconciliation bill.

We know full well, from the last Congress, how difficult these next steps can be. It is my hope that we will also remember the painful consequences of refusing to take those steps. As long as the commitments we have received now in writing are honored, we will proceed in good faith toward reconciliation.

That does not mean, however, that we will be passive observers of this process. Any attempt to undermine our agreement and skew the tax relief to benefit disproportionately those who need tax relief the least will be met with forceful opposition. So will any effort to shortchange our agreement on education tax credits and children's health insurance.

The time for negotiations on these priorities is over. There is more than enough money, and flexibility, in this budget plan to honor these important commitments. There is also enough room in this framework to accommodate our proposal to help communities rebuild crumbling schools, and replace obsolete schools. According to the Government Accounting Office, one-third of all schools—serving 14 million children—require extensive repair or replacement. Almost 60 percent of schools have at least one major structural problem, from sagging roofs to cracked foundations. About half have unhealthy environmental conditions, such as poor ventilation or inadequate heating. Half lack the basic electrical wiring needed to connect them to the information superhighway.

It is wrong for us to hobble future generations with the debts of this generation; that is why we are taking these steps to eliminate the deficit. But it is equally wrong to deny future generations the basic tools they will need to make a life for themselves and their own families. Education is the most important of those tools, and that includes safe, adequate schools.

It is our hope that we can have a truly balanced budget on its way to the President's desk before the August recess. Then we need to turn our attention to other concerns, including juvenile drug abuse and crime, pension reform and, yes, campaign finance reform. Bipartisanship does not come easy to this Congress. But this budget outline proves it is not impossible.

It is my hope that we will be able to work together to make sure this balanced budget framework is not the only bipartisan victory of this Congress, but merely the first. There is much more we need to do.

AMENDMENTS NOS. 310, 338, 339, 349 WITHDRAWN

Mr. DOMENICI. Mr. President, I ask unanimous consent that any amendments that were pending at the desk and have not been called up be withdrawn.

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

Amendments Nos. 310, 338, 339, 349 were withdrawn.

The PRESIDING OFFICER. Under the previous order, the clerk will report House Concurrent Resolution 84.

The assistant legislative clerk read as follows:

A Concurrent Resolution (H. Con. Res. 84) establishing the Congressional Budget for fiscal years 1998 through 2002.

The PRESIDING OFFICER. All after the resolving clause is stricken, and the text of Senate Concurrent Resolution 27 will be inserted in lieu thereof.

The question now occurs on agreeing to the concurrent resolution, House Concurrent Resolution 84, as amended.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. There is a request for a second.

Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on agreeing to House Concurrent Resolution 84, as amended. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced, yeas 78, nays 22, as follows:

[Rollcall Vote No. 92 Leg.]

YEAS—78

| | | |
|---|---|---|
| Abraham | Dorgan | Lieberman |
| Akaka | Durbin | Lott |
| Baucus | Feingold | Lugar |
| Bennett | Feinstein | Mack |
| Biden | Ford | McCain |
| Bingaman | Frist | McConnell |
| Bond | Glenn | Mikulski |
| Boxer | Gorton | Moseley-Braun |
| Breaux | Graham | Murkowski |
| Brownback | Grassley | Murray |
| Bryan | Gregg | Nickles |
| Burns | Hagel | Reid |
| Byrd | Harkin | Robb |
| Campbell | Hatch | Roberts |
| Chafee | Hutchinson | Rockefeller |
| Cleland | Hutchison | Roth |
| Cochran | Inouye | Santorum |
| Collins | Jeffords | Sessions |
| Conrad | Johnson | Shelby |
| Coverdell | Kempthorne | Smith (OR) |
| Craig | Kerrey | Snowe |
| D'Amato | Kohl | Stevens |
| Daschle | Landrieu | Thurmond |
| DeWine | Lautenberg | Torricelli |
| Dodd | Leahy | Warner |
| Domenici | Levin | Wyden |

NAYS—22

| | | |
|---|---|---|
| Allard | Helms | Sarbanes |
| Ashcroft | Hollings | Smith (NH) |
| Bumpers | Inhofe | Specter |
| Coats | Kennedy | Thomas |
| Enzi | Kerry | Thompson |
| Faircloth | Kyl | Wellstone |
| Gramm | Moynihan | |
| Grams | Reed | |

The concurrent resolution (H. Con. Res. 84), as amended, was agreed to, as follows:

*Resolved,* That the resolution from the House of Representatives (H. Con. Res. 84) entitled ''Concurrent resolution establishing the congressional budget for the United States Government for fiscal year 1998 and setting forth appropriate budgetary levels for fiscal years 1999, 2000, 2001, and 2002.'', do pass with the following amendment:

Strike out all after the resolving clause and insert:

***SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1998.***

*(a) DECLARATION.—The Congress determines and declares that this resolution is the concurrent resolution on the budget for fiscal year 1998 including the appropriate budgetary levels for fiscal years 1999, 2000, 2001, and 2002 as required by section 301 of the Congressional Budget Act of 1974.*

*(b) TABLE OF CONTENTS.—The table of contents for this concurrent resolution is as follows:*

## TITLE I—LEVELS AND AMOUNTS

**SEC. 101. RECOMMENDED LEVELS AND AMOUNTS.**

The following budgetary levels are appropriate for the fiscal years 1998, 1999, 2000, 2001, and 2002:

(1) FEDERAL REVENUES.—For purposes of the enforcement of this resolution—

(A) The recommended levels of Federal revenues are as follows:

Fiscal year 1998: $1,199,000,000,000.
Fiscal year 1999: $1,241,900,000,000.
Fiscal year 2000: $1,285,600,000,000.
Fiscal year 2001: $1,343,600,000,000.
Fiscal year 2002: $1,407,600,000,000.

(B) The amounts by which the aggregate levels of Federal revenues should be changed are as follows:

Fiscal year 1998: $−7,400,000,000.
Fiscal year 1999: $−11,100,000,000.
Fiscal year 2000: $−22,000,000,000.
Fiscal year 2001: $−22,800,000,000.
Fiscal year 2002: $−19,900,000,000.

(C) The amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1998: $113,500,000,000.
Fiscal year 1999: $119,100,000,000.
Fiscal year 2000: $125,100,000,000.
Fiscal year 2001: $130,700,000,000.
Fiscal year 2002: $136,800,000,000.

(2) NEW BUDGET AUTHORITY.—For purposes of the enforcement of this resolution, the appropriate levels of total new budget authority are as follows:

Fiscal year 1998: $1,386,700,000,000.
Fiscal year 1999: $1,440,100,000,000.
Fiscal year 2000: $1,488,939,000,000.
Fiscal year 2001: $1,520,200,000,000.
Fiscal year 2002: $1,551,600,000,000.

(3) BUDGET OUTLAYS.—For purposes of the enforcement of this resolution, the appropriate levels of total budget outlays are as follows:

Fiscal year 1998: $1,372,000,000,000.
Fiscal year 1999: $1,424,100,000,000.
Fiscal year 2000: $1,468,800,000,000.
Fiscal year 2001: $1,500,700,000,000.
Fiscal year 2002: $1,515,900,000,000.

(4) DEFICITS.—For purposes of the enforcement of this resolution, the amounts of the deficits are as follows:

Fiscal year 1998: $−173,000,000,000.
Fiscal year 1999: $−182,200,000,000.
Fiscal year 2000: $−183,200,000,000.
Fiscal year 2001: $−157,100,000,000.
Fiscal year 2002: $−108,300,000,000.

(5) PUBLIC DEBT.—The appropriate levels of the public debt are as follows:

Fiscal year 1998: $5,593,500,000,000.
Fiscal year 1999: $5,841,000,000,000.
Fiscal year 2000: $6,088,600,000,000.
Fiscal year 2001: $6,307,300,000,000.
Fiscal year 2002: $6,481,200,000,000.

(6) DIRECT LOAN OBLIGATIONS.—The appropriate levels of total new direct loan obligations are as follows:

Fiscal year 1998: $34,000,000,000.
Fiscal year 1999: $33,400,000,000.
Fiscal year 2000: $34,900,000,000.
Fiscal year 2001: $36,100,000,000.
Fiscal year 2002: $37,400,000,000.

(7) PRIMARY LOAN GUARANTEE COMMITMENTS.—The appropriate levels of new primary loan guarantee commitments are as follows:

Fiscal year 1998: $315,700,000,000.
Fiscal year 1999: $324,900,000,000.
Fiscal year 2000: $328,200,000,000.
Fiscal year 2001: $332,200,000,000.
Fiscal year 2002: $335,300,000,000.

**SEC. 102. SOCIAL SECURITY.**

(a) SOCIAL SECURITY REVENUES.—For purposes of Senate enforcement under sections 302, 602, and 311 of the Congressional Budget Act of 1974, the amounts of revenues of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are as follows:

Fiscal year 1998: $402,800,000,000.
Fiscal year 1999: $422,300,000,000.
Fiscal year 2000: $442,600,000,000.
Fiscal year 2001: $461,600,000,000.
Fiscal year 2002: $482,800,000,000.

(b) SOCIAL SECURITY OUTLAYS.—For purposes of Senate enforcement under sections 302, 602, and 311 of the Congressional Budget Act of 1974, the amounts of outlays of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are as follows:

Fiscal year 1998: $317,600,000,000.
Fiscal year 1999: $330,600,000,000.
Fiscal year 2000: $343,600,000,000.
Fiscal year 2001: $358,100,000,000.
Fiscal year 2002: $372,500,000,000.

**SEC. 103. MAJOR FUNCTIONAL CATEGORIES.**

The Congress determines and declares that the appropriate levels of new budget authority, budget outlays, new direct loan obligations, and new primary loan guarantee commitments for fiscal years 1998 through 2002 for each major functional category are:

(1) National Defense (050):

Fiscal year 1998:
(A) New budget authority, $268,200,000,000.
(B) Outlays, $266,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $600,000,000.

Fiscal year 1999:
(A) New budget authority, $270,800,000,000.
(B) Outlays, $265,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $800,000,000.

Fiscal year 2000:
(A) New budget authority, $274,800,000,000.
(B) Outlays, $268,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,100,000,000.

Fiscal year 2001:
(A) New budget authority, $281,300,000,000.
(B) Outlays, $270,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,100,000,000.

Fiscal year 2002:
(A) New budget authority, $289,100,000,000.
(B) Outlays, $272,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,100,000,000.

(2) International Affairs (150):

Fiscal year 1998:
(A) New budget authority, $15,900,000,000.
(B) Outlays, $14,600,000,000.
(C) New direct loan obligations, $2,000,000,000.
(D) New primary loan guarantee commitments, $12,800,000,000.

Fiscal year 1999:
(A) New budget authority, $14,900,000,000.
(B) Outlays, $14,600,000,000.
(C) New direct loan obligations, $2,000,000,000.
(D) New primary loan guarantee commitments, $13,100,000,000.

Fiscal year 2000:
(A) New budget authority, $15,800,000,000.
(B) Outlays, $15,000,000,000.
(C) New direct loan obligations, $2,100,000,000.
(D) New primary loan guarantee commitments, $13,400,000,000.

Fiscal year 2001:
(A) New budget authority, $16,100,000,000.
(B) Outlays, $14,800,000,000.
(C) New direct loan obligations, $2,100,000,000.
(D) New primary loan guarantee commitments, $13,800,000,000.

Fiscal year 2002:
(A) New budget authority, $16,400,000,000.
(B) Outlays, $14,800,000,000.
(C) New direct loan obligations, $2,200,000,000.
(D) New primary loan guarantee commitments, $14,200,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1998:
(A) New budget authority, $16,200,000,000.
(B) Outlays, $16,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1999:
(A) New budget authority, $16,200,000,000.
(B) Outlays, $16,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 2000:
(A) New budget authority, $15,900,000,000.
(B) Outlays, $16,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 2001:
(A) New budget authority, $15,800,000,000.
(B) Outlays, $15,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 2002:
(A) New budget authority, $15,600,000,000.
(B) Outlays, $15,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1998:
(A) New budget authority, $3,100,000,000.
(B) Outlays, $2,200,000,000.
(C) New direct loan obligations, $1,100,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1999:
(A) New budget authority, $3,500,000,000.
(B) Outlays, $2,400,000,000.
(C) New direct loan obligations, $1,100,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 2000:
(A) New budget authority, $3,200,000,000.

(B) Outlays, $2,300,000,000.
(C) New direct loan obligations, $1,100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $2,900,000,000.
(B) Outlays, $2,000,000,000.
(C) New direct loan obligations, $1,100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $2,800,000,000.
(B) Outlays, $1,900,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1998:
(A) New budget authority, $23,900,000,000.
(B) Outlays, $22,400,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $23,200,000,000.
(B) Outlays, $22,700,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $22,600,000,000.
(B) Outlays, $23,000,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $22,200,000,000.
(B) Outlays, $22,700,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $22,100,000,000.
(B) Outlays, $22,300,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1998:
(A) New budget authority, $13,100,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $9,600,000,000.
(D) New primary loan guarantee commitments, $6,400,000,000.
Fiscal year 1999:
(A) New budget authority, $12,800,000,000.
(B) Outlays, $11,300,000,000.
(C) New direct loan obligations, $11,000,000,000.
(D) New primary loan guarantee commitments, $6,400,000,000.
Fiscal year 2000:
(A) New budget authority, $12,200,000,000.
(B) Outlays, $10,700,000,000.
(C) New direct loan obligations, $11,100,000,000.
(D) New primary loan guarantee commitments, $6,500,000,000.
Fiscal year 2001:
(A) New budget authority, $11,000,000,000.
(B) Outlays, $9,500,000,000.
(C) New direct loan obligations, $11,000,000,000.
(D) New primary loan guarantee commitments, $6,600,000,000.
Fiscal year 2002:
(A) New budget authority, $10,700,000,000.
(B) Outlays, $9,100,000,000.
(C) New direct loan obligations, $11,000,000,000.
(D) New primary loan guarantee commitments, $6,700,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1998:
(A) New budget authority, $6,600,000,000.
(B) Outlays, −$900,000,000.
(C) New direct loan obligations, $4,700,000,000.
(D) New primary loan guarantee commitments, $245,500,000,000.
Fiscal year 1999:
(A) New budget authority, $11,100,000,000.
(B) Outlays, $4,300,000,000.
(C) New direct loan obligations, $1,900,000,000.
(D) New primary loan guarantee commitments, $253,500,000,000.
Fiscal year 2000:
(A) New budget authority, $15,200,000,000.
(B) Outlays, $9,800,000,000.
(C) New direct loan obligations, $2,200,000,000.
(D) New primary loan guarantee commitments, $255,200,000,000.
Fiscal year 2001:
(A) New budget authority, $16,100,000,000.
(B) Outlays, $12,100,000,000.
(C) New direct loan obligations, $2,600,000,000.
(D) New primary loan guarantee commitments, $258,000,000,000.
Fiscal year 2002:
(A) New budget authority, $16,700,000,000.
(B) Outlays, $12,500,000,000.
(C) New direct loan obligations, $2,700,000,000.
(D) New primary loan guarantee commitments, $259,900,000,000.
(8) Transportation (400):
Fiscal year 1998:
(A) New budget authority, $46,400,000,000.
(B) Outlays, $40,900,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $46,600,000,000.
(B) Outlays, $41,300,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $47,100,000,000.
(B) Outlays, $41,400,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $48,100,000,000.
(B) Outlays, $41,300,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $49,200,000,000.
(B) Outlays, $41,200,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1998:
(A) New budget authority, $8,800,000,000.
(B) Outlays, $10,400,000,000.
(C) New direct loan obligations, $2,900,000,000.
(D) New primary loan guarantee commitments, $2,400,000,000.
Fiscal year 1999:
(A) New budget authority, $8,500,000,000.
(B) Outlays, $10,900,000,000.
(C) New direct loan obligations, $2,900,000,000.
(D) New primary loan guarantee commitments, $2,400,000,000.
Fiscal year 2000:
(A) New budget authority, $7,800,000,000.
(B) Outlays, $11,000,000,000.
(C) New direct loan obligations, $3,000,000,000.
(D) New primary loan guarantee commitments, $2,400,000,000.
Fiscal year 2001:
(A) New budget authority, $7,800,000,000.
(B) Outlays, $11,400,000,000.
(C) New direct loan obligations, $3,100,000,000.
(D) New primary loan guarantee commitments, $2,500,000,000.
Fiscal year 2002:
(A) New budget authority, $7,800,000,000.
(B) Outlays, $8,400,000,000.
(C) New direct loan obligations, $3,200,000,000.
(D) New primary loan guarantee commitments, $2,500,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1998:
(A) New budget authority, $60,000,000,000.
(B) Outlays, $56,100,000,000.
(C) New direct loan obligations, $12,300,000,000.
(D) New primary loan guarantee commitments, $20,700,000,000.
Fiscal year 1999:
(A) New budget authority, $60,500,000,000.
(B) Outlays, $59,300,000,000.
(C) New direct loan obligations, $13,100,000,000.
(D) New primary loan guarantee commitments, $21,900,000,000.
Fiscal year 2000:
(A) New budget authority, $64,239,000,000.
(B) Outlays, $60,700,000,000.
(C) New direct loan obligations, $13,900,000,000.
(D) New primary loan guarantee commitments, $23,300,000,000.
Fiscal year 2001:
(A) New budget authority, $63,000,000,000.
(B) Outlays, $61,900,000,000.
(C) New direct loan obligations, $14,700,000,000.
(D) New primary loan guarantee commitments, $24,500,000,000.
Fiscal year 2002:
(A) New budget authority, $63,300,000,000.
(B) Outlays, $62,300,000,000.
(C) New direct loan obligations, $15,400,000,000.
(D) New primary loan guarantee commitments, $25,700,000,000.
(11) Health (550):
Fiscal year 1998:
(A) New budget authority, $137,800,000,000.
(B) Outlays, $137,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $100,000,000.
Fiscal year 1999:
(A) New budget authority, $145,000,000,000.
(B) Outlays, $144,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $154,100,000,000.
(B) Outlays, $153,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $163,400,000,000.
(B) Outlays, $163,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $172,200,000,000.
(B) Outlays, $171,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(12) Medicare (570):
Fiscal year 1998:
(A) New budget authority, $201,600,000,000.
(B) Outlays, $201,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $212,100,000,000.
(B) Outlays, $211,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $225,500,000,000.
(B) Outlays, $225,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $239,600,000,000.
(B) Outlays, $238,800,000,000.

*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2002:*
*(A) New budget authority, $251,500,000,000.*
*(B) Outlays, $250,800,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*(13) Income Security (600):*
*Fiscal year 1998:*
*(A) New budget authority, $239,000,000,000.*
*(B) Outlays, $247,800,000,000.*
*(C) New direct loan obligations, $100,000,000.*
*(D) New primary loan guarantee commitments, $100,000,000.*
*Fiscal year 1999:*
*(A) New budget authority, $254,100,000,000.*
*(B) Outlays, $258,100,000,000.*
*(C) New direct loan obligations, $100,000,000.*
*(D) New primary loan guarantee commitments, $100,000,000.*
*Fiscal year 2000:*
*(A) New budget authority, $269,600,000,000.*
*(B) Outlays, $268,200,000,000.*
*(C) New direct loan obligations, $100,000,000.*
*(D) New primary loan guarantee commitments, $100,000,000.*
*Fiscal year 2001:*
*(A) New budget authority, $275,100,000,000.*
*(B) Outlays, $277,300,000,000.*
*(C) New direct loan obligations, $100,000,000.*
*(D) New primary loan guarantee commitments, $100,000,000.*
*Fiscal year 2002:*
*(A) New budget authority, $286,900,000,000.*
*(B) Outlays, $285,200,000,000.*
*(C) New direct loan obligations, $200,000,000.*
*(D) New primary loan guarantee commitments, $100,000,000.*
*(14) Social Security (650):*
*Fiscal year 1998:*
*(A) New budget authority, $11,400,000,000.*
*(B) Outlays, $11,500,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 1999:*
*(A) New budget authority, $12,100,000,000.*
*(B) Outlays, $12,200,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2000:*
*(A) New budget authority, $12,800,000,000.*
*(B) Outlays, $12,900,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2001:*
*(A) New budget authority, $13,000,000,000.*
*(B) Outlays, $13,000,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2002:*
*(A) New budget authority, $14,400,000,000.*
*(B) Outlays, $14,400,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*(15) Veterans Benefits and Services (700):*
*Fiscal year 1998:*
*(A) New budget authority, $40,500,000,000.*
*(B) Outlays, $41,300,000,000.*
*(C) New direct loan obligations, $1,000,000,000.*
*(D) New primary loan guarantee commitments, $27,100,000,000.*
*Fiscal year 1999:*
*(A) New budget authority, $41,500,000,000.*
*(B) Outlays, $41,700,000,000.*
*(C) New direct loan obligations, $1,100,000,000.*
*(D) New primary loan guarantee commitments, $26,700,000,000.*
*Fiscal year 2000:*
*(A) New budget authority, $41,700,000,000.*
*(B) Outlays, $41,900,000,000.*
*(C) New direct loan obligations, $1,200,000,000.*
*(D) New primary loan guarantee commitments, $26,200,000,000.*
*Fiscal year 2001:*
*(A) New budget authority, $42,100,000,000.*
*(B) Outlays, $42,200,000,000.*
*(C) New direct loan obligations, $1,200,000,000.*
*(D) New primary loan guarantee commitments, $25,600,000,000.*
*Fiscal year 2002:*
*(A) New budget authority, $42,300,000,000.*
*(B) Outlays, $42,400,000,000.*
*(C) New direct loan obligations, $1,300,000,000.*
*(D) New primary loan guarantee commitments, $25,100,000,000.*
*(16) Administration of Justice (750):*
*Fiscal year 1998:*
*(A) New budget authority, $24,800,000,000.*
*(B) Outlays, $22,600,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 1999:*
*(A) New budget authority, $25,100,000,000.*
*(B) Outlays, $24,500,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2000:*
*(A) New budget authority, $24,200,000,000.*
*(B) Outlays, $25,200,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2001:*
*(A) New budget authority, $24,400,000,000.*
*(B) Outlays, $25,900,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2002:*
*(A) New budget authority, $24,900,000,000.*
*(B) Outlays, $24,900,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*(17) General Government (800):*
*Fiscal year 1998:*
*(A) New budget authority, $14,700,000,000.*
*(B) Outlays, $14,000,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 1999:*
*(A) New budget authority, $14,400,000,000.*
*(B) Outlays, $14,400,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2000:*
*(A) New budget authority, $14,000,000,000.*
*(B) Outlays, $14,700,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2001:*
*(A) New budget authority, $13,700,000,000.*
*(B) Outlays, $14,100,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2002:*
*(A) New budget authority, $13,100,000,000.*
*(B) Outlays, $13,100,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*(18) Net Interest (900):*
*Fiscal year 1998:*
*(A) New budget authority, $296,500,000,000.*
*(B) Outlays, $296,500,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 1999:*
*(A) New budget authority, $304,600,000,000.*
*(B) Outlays, $304,600,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2000:*
*(A) New budget authority, $304,900,000,000.*
*(B) Outlays, $304,900,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2001:*
*(A) New budget authority, $303,700,000,000.*
*(B) Outlays, $303,700,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2002:*
*(A) New budget authority, $303,800,000,000.*
*(B) Outlays, $303,800,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*(19) Allowances (920):*
*Fiscal year 1998:*
*(A) New budget authority, −$0.*
*(B) Outlays, −$0.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 1999:*
*(A) New budget authority, −$0.*
*(B) Outlays, −$0.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2000:*
*(A) New budget authority, −$0.*
*(B) Outlays, −$0.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2001:*
*(A) New budget authority, −$0.*
*(B) Outlays, −$0.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2002:*
*(A) New budget authority, −$0.*
*(B) Outlays, −$0.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*(20) Undistributed Offsetting Receipts (950):*
*Fiscal year 1998:*
*(A) New budget authority, −$41,800,000,000.*
*(B) Outlays, −$41,800,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 1999:*
*(A) New budget authority, −$36,900,000,000.*
*(B) Outlays, −$36,900,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2000:*
*(A) New budget authority, −$36,900,000,000.*
*(B) Outlays, −$36,900,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2001:*
*(A) New budget authority, −$39,200,000,000.*
*(B) Outlays, −$39,200,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*
*Fiscal year 2002:*
*(A) New budget authority, −$51,100,000,000.*
*(B) Outlays, −$51,100,000,000.*
*(C) New direct loan obligations, $0.*
*(D) New primary loan guarantee commitments, $0.*

***SEC. 104. RECONCILIATION.***

*(a) RECONCILIATION OF SPENDING REDUCTIONS.—Not later than June 20, 1997, the committees named in this subsection shall submit their recommendations to the Committee on the Budget of the Senate. After receiving those recommendations, the Committee on the Budget*

*shall report to the Senate a reconciliation bill carrying out all such recommendations without any substantive revision.*

*(1) COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY.—The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within its jurisdiction that increase outlays by $300,000,000 in fiscal year 2002 and $1,500,000,000 for the period of fiscal years 1998 through 2002.*

*(2) COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS.—The Senate Committee on Banking, Housing, and Urban Affairs shall report changes in laws within its jurisdiction that reduce the deficit $434,000,000 in fiscal year 2002 and $1,590,000,000 for the period of fiscal years 1998 through 2002.*

*(3) COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION.—The Senate Committee on Commerce, Science, and Transportation shall report changes in laws within its jurisdiction that reduce the deficit $14,849,000,000 in fiscal year 2002 and $26,496,000,000 for the period of fiscal years 1998 through 2002.*

*(4) COMMITTEE ON ENERGY AND NATURAL RESOURCES.—The Senate Committee on Energy and Natural Resources shall report changes in laws within its jurisdiction that provide direct spending (as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985) to reduce outlays $6,000,000 in fiscal year 2002 and $13,000,000 for the period of fiscal years 1998 through 2002.*

*(5) COMMITTEE ON FINANCE.—The Senate Committee on Finance shall report to the Senate changes in laws within its jurisdiction—*

*(A) that provide direct spending (as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985) to reduce outlays $40,911,000,000 in fiscal year 2002 and $100,646,000,000 for the period of fiscal years 1998 through 2002; and*

*(B) to increase the statutory limit on the public debt to not more than $5,950,000,000,000.*

*(6) COMMITTEE ON GOVERNMENTAL AFFAIRS.—The Senate Committee on Governmental Affairs shall report changes in laws within its jurisdiction that reduce the deficit $1,769,000,000 in fiscal year 2002 and $5,467,000,000 for the period of fiscal years 1998 through 2002.*

*(7) COMMITTEE ON LABOR AND HUMAN RESOURCES.—The Senate Committee on Labor and Human Resources shall report changes in laws within its jurisdiction that provide direct spending (as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985) to reduce outlays $1,057,000,000 in fiscal year 2002 and $1,792,000,000 for the period of fiscal years 1998 through 2002.*

*(8) COMMITTEE ON VETERANS' AFFAIRS.—The Senate Committee on Veterans' Affairs shall report changes in laws within its jurisdiction that provide direct spending (as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985) to reduce outlays $681,000,000 in fiscal year 2002 and $2,733,000,000 for the period of fiscal years 1998 through 2002.*

*(b) RECONCILIATION OF REVENUE REDUCTIONS.—Not later than June 27, 1997, the Senate Committee on Finance shall report to the Senate a reconciliation bill proposing changes in laws within its jurisdiction necessary to reduce revenues by not more than $20,500,000,000 in fiscal year 2002 and $85,000,000,000 for the period of fiscal years 1998 through 2002 and $250,000,000,000 for the period of fiscal years 1998 through 2007.*

*(c) TREATMENT OF CONGRESSIONAL PAY-AS-YOU-GO.—For purposes of section 202 of House Concurrent Resolution 67 (104th Congress), legislation which reduces revenues pursuant to a reconciliation instruction contained in subsection (b) shall be taken together with all other legislation enacted pursuant to the reconciliation instructions contained in this resolution when determining the deficit effect of such legislation.*

*(d) ADJUSTMENTS.—*

*(1) DEFICIT NEUTRAL ADJUSTMENTS.—Upon the reporting of reconciliation legislation pursuant to subsection (a), or upon the submission of a conference report thereon, and if the Committee on Finance reduces the deficit by an amount equal to or greater than the outlay reduction that would be achieved pursuant to subsection (a)(5)(A), the Chairman of the Committee on the Budget, with the concurrence and agreement of the ranking minority member, may submit appropriately revised reconciliation instructions to the Committee on Finance to reduce the deficit, allocations, limits, and aggregates if such revisions do not cause an increase in the deficit for fiscal year 1998 and for the period of fiscal years 1998 through 2002.*

*(2) FLEXIBILITY ON ADJUSTMENTS.—*

*(A) IN GENERAL.—If the adjustments authorized by paragraph (1) involve a reduction in the revenue aggregates set forth in this resolution, in lieu of revenue reductions, the Chairman of the Committee on the Budget may make upward adjustments to the discretionary spending limits in this resolution, or any combination thereof.*

*(B) LIMIT.—The adjustments made pursuant to this subsection shall not exceed $2,300,000,000 in fiscal year 1998 and $16,000,000,000 for the period of fiscal years 1998 through 2002.*

## *TITLE II—BUDGETARY RESTRAINTS AND RULEMAKING*

### *SEC. 201. DISCRETIONARY SPENDING LIMITS.*

*(a) DISCRETIONARY LIMITS.—In this section and for the purposes of allocations made for the discretionary category pursuant to section 302(a) or 602(a) of the Congressional Budget Act of 1974, the term ''discretionary spending limit'' means—*

*(1) with respect to fiscal year 1998—*

*(A) for the defense category $269,000,000,000 in new budget authority and $266,823,000,000 in outlays; and*

*(B) for the nondefense category $257,857,000,000 in new budget authority and $286,445,000,000 in outlays;*

*(2) with respect to fiscal year 1999—*

*(A) for the defense category $271,500,000,000 in new budget authority and $266,518,000,000 in outlays; and*

*(B) for the nondefense category $261,499,000,000 in new budget authority and $292,803,000,000 in outlays;*

*(3) with respect to fiscal year 2000, for the discretionary category $537,193,000,000 in new budget authority and $564,265,000,000 in outlays;*

*(4) with respect to fiscal year 2001, for the discretionary category $542,032,000,000 in new budget authority and $564,396,000,000 in outlays; and*

*(5) with respect to fiscal year 2002, for the discretionary category $551,074,000,000 in new budget authority and $560,799,000,000 in outlays;*

*as adjusted for changes in concepts and definitions and emergency appropriations.*

*(b) POINT OF ORDER IN THE SENATE.—*

*(1) IN GENERAL.—Except as provided in paragraph (2), it shall not be in order in the Senate to consider—*

*(A) a revision of this resolution or any concurrent resolution on the budget for fiscal years 1999, 2000, 2001, and 2002 (or amendment, motion, or conference report on such a resolution) that provides discretionary spending in excess of the discretionary spending limit or limits for such fiscal year; or*

*(B) any bill or resolution (or amendment, motion, or conference report on such bill or resolution) for fiscal year 1998, 1999, 2000, 2001, or 2002 that would cause any of the limits in this section (or suballocations of the discretionary limits made pursuant to section 602(b) of the Congressional Budget Act of 1974) to be exceeded.*

*(2) EXCEPTION.—*

*(A) IN GENERAL.—This section shall not apply if a declaration of war by the Congress is in effect or if a joint resolution pursuant to section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985 has been enacted.*

*(B) ENFORCEMENT OF DISCRETIONARY LIMITS IN FY 1998.—Until the enactment of reconciliation legislation pursuant to subsections (a) and (b) of section 104 of this resolution—*

*(i) subparagraph (A) of paragraph (1) shall not apply; and*

*(ii) subparagraph (B) of paragraph (1) shall apply only with respect to fiscal year 1998.*

*(c) WAIVER.—This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.*

*(d) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the concurrent resolution, bill, or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.*

*(e) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, outlays, new entitlement authority, revenues, and deficits for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.*

### *SEC. 202. ALLOWANCE IN THE SENATE.*

*(a) ADJUSTMENTS.—In the Senate, for fiscal year 1998, 1999, 2000, 2001, or 2002, upon the reporting of an appropriations measure (or the submission of a conference report thereon) that includes an appropriation with respect to paragraph (1) or (2), the Chairman of the Committee on the Budget shall increase the appropriate allocations, budgetary aggregates, and discretionary limits by the amount of budget authority in that measure that is the dollar equivalent, in terms of Special Drawing Rights, of—*

*(1) an increase in the United States quota as part of the International Monetary Fund Eleventh General Review of Quotas (United States Quota); or*

*(2) any increase in the maximum amount available to the Secretary of the Treasury pursuant to section 17 of the Bretton Woods Agreement Act, as amended from time to time (New Arrangements to Borrow).*

*(b) COMMITTEE SUBALLOCATIONS.—The Committee on Appropriations of the Senate may report appropriately revised suballocations pursuant to sections 302(b)(1) and 602(b)(1) of the Congressional Budget Act of 1974 following the adjustments made pursuant to subsection (a).*

### *SEC. 203. ALLOWANCE IN THE SENATE FOR SECTION 8 HOUSING ASSISTANCE.*

*(a) ADJUSTMENT FOR DISCRETIONARY SPENDING.—In the Senate, for fiscal year 1998, upon the reporting of an appropriations measure (or upon the submission of a conference report thereon) that includes an appropriation for Section 8 Housing Assistance which fully funds all contract renewal obligations during that fiscal year, the Chairman of the Committee on the Budget may increase the appropriate allocations in this resolution by an amount that does not exceed $9,200,000,000 in budget authority and the amount of outlays flowing from such budget authority.*

*(b) COMMITTEE SUBALLOCATIONS.—The Committee on Appropriations of the Senate may report appropriately revised suballocations pursuant to sections 302(b)(1) and 602(b)(1) of the Congressional Budget Act of 1974 following the adjustments made pursuant to subsection (a).*

### *SEC. 204. ENVIRONMENTAL RESERVE.*

*(a) ADJUSTMENTS FOR MANDATORY SPENDING.—*

*(1) ALLOCATIONS.—In the Senate, upon the reporting of legislation (or upon the submission of a conference report thereon) pursuant to subsection (b), the Chairman of the Committee on the Budget may increase the allocation pursuant to sections 302(a) and 602(a) of the Congressional Budget Act of 1974 to the Committee on*

*Environment and Public Works by an amount that does not exceed—*

*(A) $200,000,000 in budget authority and $200,000,000 in outlays for fiscal year 1998; and*

*(B) $1,000,000,000 in budget authority and $1,000,000,000 in outlays for the period of fiscal years 1998 through 2002.*

*(2) PRIOR SURPLUS.—For the purposes of section 202 of House Concurrent Resolution 67 (104th Congress), legislation reported (or the submission of a conference report thereon) pursuant to paragraph (1) shall be taken together with all other legislation enacted pursuant to section 104 of this resolution.*

*(b) LIMITATIONS.—The adjustments made pursuant to this section shall only be made for legislation that provides funding to reform the Superfund program to facilitate the cleanup of hazardous waste sites.*

***SEC. 205. PRIORITY FEDERAL LAND ACQUISITIONS AND EXCHANGES.***

*(a) ADJUSTMENT FOR DISCRETIONARY SPENDING.—In the Senate, for fiscal year 1998, upon the reporting of an appropriations measure (or upon the submission of a conference report thereon) that includes an appropriation for the National Park Service's Land Acquisition and State Assistance account at the fiscal year 1998 request level (as submitted on February 6, 1997) and up to an additional $700,000,000 in budget authority for priority Federal land acquisitions and exchanges during that fiscal year, the Chairman of the Committee on the Budget may increase the appropriate allocations by an amount that does not exceed $700,000,000 in budget authority and the amount of outlays flowing from such budget authority.*

*(b) COMMITTEE SUBALLOCATIONS.—The Committee on Appropriations of the Senate may report appropriately revised suballocations pursuant to sections 302(b)(1) and 602(b)(1) of the Congressional Budget Act of 1974 following the adjustments made pursuant to subsection (a).*

***SEC. 206. ALLOWANCE IN THE SENATE FOR ARREARAGES.***

*(a) ADJUSTMENT FOR DISCRETIONARY SPENDING.—In the Senate, for fiscal year 1998, 1999, and 2000, upon the reporting of an appropriations measure (or upon the submission of a conference report thereon) that includes an appropriation for arrearages for international organizations, international peacekeeping, and multilateral development banks during that fiscal year, the Chairman of the Committee on the Budget may increase the appropriate allocations, aggregates, and discretionary spending limits in this resolution by an amount that does not exceed—*

*(1) $415,000,000 in budget authority and the amount of outlays flowing from such budget authority for fiscal year 1998;*

*(2) $1,227,000,000 in budget authority and the amount of outlays flowing from such budget authority for fiscal year 1999; and*

*(3) $242,000,000 in budget authority and the amount of outlays flowing from such budget authority for fiscal year 2000.*

*(b) COMMITTEE SUBALLOCATIONS.—The Committee on Appropriations of the Senate may report appropriately revised suballocations pursuant to sections 302(b)(1) and 602(b)(1) of the Congressional Budget Act of 1974 following the adjustments made pursuant to subsection (a).*

***SEC. 207. INTERCITY PASSENGER RAIL RESERVE FUND FOR FISCAL YEARS 1998–2002.***

*(a) IN GENERAL.—If legislation is enacted which generates revenue increases or direct spending reductions to finance an intercity passenger rail fund and to the extent that such increases or reductions are not included in this concurrent resolution on the budget, the appropriate budgetary levels and limits may be adjusted if such adjustments do not cause an increase in the deficit in this resolution.*

*(b) ESTABLISHING A RESERVE.—*

*(1) REVISIONS.—After the enactment of legislation described in subsection (a), the Chairman of the Committee on the Budget may submit revisions to the appropriate allocations and aggregates by the amount that provisions in such legislation generates revenue increases or direct spending reductions.*

*(2) REVENUE INCREASES OR DIRECT SPENDING REDUCTIONS.—Upon the submission of such revisions, the Chairman of the Committee on the Budget shall also submit the amount of revenue increases or direct spending reductions such legislation generates and the maximum amount available each year for adjustments pursuant to subsection (c).*

*(c) ADJUSTMENTS FOR DISCRETIONARY SPENDING.—*

*(1) REVISIONS TO ALLOCATIONS AND AGGREGATES.—Upon either—*

*(A) the reporting of an appropriations measure, or when a conference committee submits a conference report thereon, that appropriates funds for the National Railroad Passenger Corporation and funds from the intercity passenger rail fund; or*

*(B) the reporting of an appropriations measure, or when a conference committee submits a conference report thereon, that appropriates funds from the intercity passenger rail fund (funds having previously been appropriated for the National Railroad Passenger Corporation for that same fiscal year),*

*the Chairman of the Budget Committee shall submit increased budget authority allocations, aggregates, and discretionary limits for the amount appropriated for authorized expenditures from the intercity passenger rail fund and the outlays flowing from such budget authority.*

*(2) REVISIONS TO SUBALLOCATIONS.—The Committee on Appropriations may submit appropriately revised suballocations pursuant to sections 302(b)(1) and 602(b)(1) of the Congressional Budget Act of 1974.*

*(d) LIMITATIONS.—*

*(1) IN GENERAL.—The revisions made pursuant to subsection (b) shall not be made—*

*(A) with respect to direct spending reductions, unless the committee that generates the direct spending reductions is within its allocations under sections 302(a) and 602(a) of the Budget Act in this resolution (not including the direct spending reductions envisioned in subsection (b)); and*

*(B) with respect to revenue increases, unless revenues are at or above the revenue aggregates in this resolution (not including the revenue increases envisioned in subsection (b)).*

*(2) BUDGET AUTHORITY.—The budget authority adjustments made pursuant to subsection (c) shall not exceed the amounts specified in subsection (b)(2) for a fiscal year.*

***SEC. 208. MASS TRANSIT RESERVE FUND FOR FISCAL YEARS 1998–2002.***

*(a) IN GENERAL.—If legislation is enacted which generates revenue increases or direct spending reductions to finance mass transit and to the extent that such increases or reductions are not included in this concurrent resolution on the budget, the appropriate budgetary levels and limits may be adjusted if such adjustments do not cause an increase in the deficit in this resolution.*

*(b) ESTABLISHING A RESERVE.—*

*(1) REVISIONS.—After the enactment of legislation described in subsection (a), the Chairman of the Committee on the Budget may submit revisions to the appropriate allocations and aggregates by the amount that provisions in such legislation generates revenue increases or direct spending reductions.*

*(2) REVENUE INCREASES OR DIRECT SPENDING REDUCTIONS.—Upon the submission of such revisions, the Chairman of the Committee on the Budget shall also submit the amount of revenue increases or direct spending reductions such legislation generates and the maximum amount available each year for adjustments pursuant to subsection (c).*

*(c) ADJUSTMENTS FOR DISCRETIONARY SPENDING.—*

*(1) REVISIONS TO ALLOCATIONS AND AGGREGATES.—Upon the reporting of an appropriations measure, or when a conference committee submits a conference report thereon, that appropriates funds for mass transit, the Chairman of the Budget Committee shall submit increased budget authority allocations, aggregates, and discretionary limits for the amount appropriated for authorized expenditures from the mass transit fund and the outlays flowing from such budget authority.*

*(2) REVISIONS TO SUBALLOCATIONS.—The Committee on Appropriations may submit appropriately revised suballocations pursuant to sections 302(b)(1) and 602(b)(1) of the Congressional Budget Act of 1974.*

*(d) LIMITATIONS.—*

*(1) IN GENERAL.—The revisions made pursuant to subsection (b) shall not be made—*

*(A) with respect to direct spending reductions, unless the committee that generates the direct spending reductions is within its allocations under sections 302(a) and 602(a) of the Budget Act in this resolution (not including the direct spending reductions envisioned in subsection (b)); and*

*(B) with respect to revenue increases, unless revenues are at or above the revenue aggregates in this resolution (not including the revenue increases envisioned in subsection (b)).*

*(2) BUDGET AUTHORITY.—The budget authority adjustments made pursuant to subsection (c) shall not exceed the amounts specified in subsection (b)(2) for a fiscal year.*

***SEC. 209. HIGHWAY RESERVE FUND FOR FISCAL YEARS 1998–2002.***

*(a) IN GENERAL.—If legislation generates revenue increases or direct spending reductions to finance highways and to the extent that such increases or reductions are not included in this concurrent resolution on the budget, the appropriate budgetary levels and limits may be adjusted if such adjustments do not cause an increase in the deficit in this resolution.*

*(b) ADJUSTMENTS FOR BUDGET AUTHORITY.—Upon the reporting of legislation (the offering of an amendment thereto or conference report thereon) that reduces direct non-highway spending or increases revenues for a fiscal year or years, the Chairman of the Committee on the Budget shall submit revised budget authority allocations and aggregates by an amount that equals the amount such legislation reduces direct spending or increases revenues.*

*(c) ESTABLISHING A RESERVE.—*

*(1) REVISIONS.—After the enactment of legislation described in subsection (a), the Chairman of the Committee on the Budget may submit revisions to the appropriate allocations and aggregates by the amount that provisions in such legislation generates revenue increases or direct non-highway spending reductions.*

*(2) REVENUE INCREASES OR DIRECT SPENDING REDUCTIONS.—Upon the submission of such revisions, the Chairman of the Committee on the Budget shall also submit the amount of revenue increases or direct non-highway spending reductions such legislation generates and the maximum amount available each year for adjustments pursuant to subsection (d).*

*(d) ADJUSTMENTS FOR DISCRETIONARY SPENDING.—*

*(1) REVISIONS TO ALLOCATIONS AND AGGREGATES.—Upon the reporting of an appropriations measure, or when a conference committee submits a conference report thereon, that appropriates funds for highways, the Chairman of the Committee on the Budget shall submit increased outlay allocations, aggregates, and discretionary limits for the amount of outlays flowing from the additional obligational authority provided in such bill.*

*(2) REVISIONS TO SUBALLOCATIONS.—The Committee on Appropriations may submit appropriately revised suballocations pursuant to sections 302(b)(1) and 602(b)(1) of the Congressional Budget Act of 1974.*

*(e) LIMITATIONS.—*

*(1) IN GENERAL.—The revisions made pursuant to subsection (c) shall not be made—*

*(A) with respect to direct non-highway spending reductions, unless the committee that generates the direct spending reductions is within its allocations under section 302(a) and 602(a) of the Budget Act in this resolution (not including the direct spending reductions envisioned in subsection (c)); and*

*(B) with respect to revenue increases, unless revenues are at or above the revenue aggregates in this resolution (not including the revenue increases envisioned in subsection (c)).*

*(2) OUTLAYS.—The outlay adjustments made pursuant to subsection (d) shall not exceed the amounts specified in subsection (c)(2) for a fiscal year.*

***SEC. 210. EXERCISE OF RULEMAKING POWERS.***

*The Congress adopts the provisions of this title—*

*(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and*

*(2) with full recognition of the constitutional right of either House to change those rules (so far as they relate to that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.*

***TITLE III—SENSE OF THE SENATE***

***SEC. 301. SENSE OF THE SENATE ON LONG TERM ENTITLEMENT REFORMS, INCLUDING ACCURACY IN DETERMINING CHANGES IN THE COST OF LIVING.***

*(a) FINDINGS.—*

*(1) ENTITLEMENT REFORMS.—The Senate finds that with respect to long term entitlement reforms—*

*(A) entitlement spending continues to grow dramatically as a percent of total Federal spending, rising from fifty-six percent of the budget in 1987 to an estimated seventy-three percent of the budget in 2007;*

*(B) this growth in mandatory spending poses a long-term threat to the United States economy because it crowds out spending for investments in education, infrastructure, defense, law enforcement and other programs that enhance economic growth;*

*(C) in 1994, the Bipartisan Commission on Entitlement and Tax Reform concluded that if no changes are made to current entitlement laws, all Federal revenues will be spent on entitlement programs and interest on the debt by the year 2012;*

*(D) the Congressional Budget Office has also recently issued a report that found that pressure on the budget from demographics and rising health care costs will increase dramatically after 2002; and*

*(E) making significant entitlement changes will significantly benefit the economy, and will forestall the need for more drastic tax and spending decisions in future years.*

*(2) CPI.—The Senate finds that with respect to accuracy in determining changes in the cost of living—*

*(A) the Final Report of the Senate Finance Committee's Advisory Commission to study the CPI has concluded that the Consumer Price Index overstates the cost of living in the United States by 1.1 percentage points;*

*(B) the overstatement of the cost of living by the Consumer Price Index has been recognized by economists since at least 1961, when a report noting the existence of the overstatement was issued by a National Bureau of Economic Research Committee, chaired by Professor George J. Stigler;*

*(C) Congress and the President, through the indexing of Federal tax brackets, social security benefits, and other Federal program benefits, have undertaken to protect taxpayers and beneficiaries of such programs from the erosion of purchasing power due to inflation; and*

*(D) the overstatement of the cost of living increases the deficit and undermines the equitable administration of Federal benefits and tax policies.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions in this resolution assume that—*

*(1) Congress and the President should continue working to enact structural entitlement reforms in the 1997 budget agreement and in subsequent legislation;*

*(2) Congress and the President must find the most accurate measure of the change in the cost of living in the United States, and should work in a bipartisan manner to implement any changes that are necessary to achieve an accurate measure; and*

*(3) Congress and the President must work to ensure that the 1997 budget agreement not only keeps the unified budget in balance after 2002, but that additional measures should be taken to begin to achieve substantial surpluses which will improve the economy and allow our nation to be ready for the retirement of the baby boom generation in the year 2012.*

***SEC. 302. SENSE OF THE SENATE ON TACTICAL FIGHTER AIRCRAFT PROGRAMS.***

*(a) FINDINGS.—The Senate finds that—*

*(1) the Department of Defense has proposed to modernize the United States tactical fighter aircraft force through three tactical fighter procurement programs, including the F/A–18 E/F aircraft program of the Navy, the F–22 aircraft program of the Air Force, and the Joint Strike Fighter aircraft program for the Navy, Air Force, and Marine Corps;*

*(2) the General Accounting Office, the Congressional Budget Office, the Chairman of the Joint Chiefs of Staff, the Under Secretary of Defense for Acquisition and Technology, and several Members of Congress have publicly stated that, given the current Department of Defense budget for procurement, the Department of Defense's original plan to buy over 4,400 F/A–18 E/F aircraft, F–22 aircraft, and Joint Strike Fighter aircraft at a total program cost in excess of $350,000,000,000 was not affordable;*

*(3) the F/A–18 E/F, F–22, and the Joint Strike Fighter tactical fighter programs will be competing for a limited amount of procurement funding with numerous other aircraft acquisition programs, including the Comanche helicopter program, the V–22 Osprey aircraft program, and the C–17 aircraft program, as well as for the necessary replacement of other aging aircraft such as the KC–135, the C–5A, the F–117, and the EA–6B aircraft; and*

*(4) the 1997 Department of Defense Quadrennial Defense Review has recommended reducing the F/A–18 E/F program buy from 1,000 aircraft to 548, and reducing the F–22 program buy from 438 to 339.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that, within 30 days, the Department of Defense should transmit to Congress detailed information pertaining to the implementation of this revised acquisition strategy so that the Congress can adequately evaluate the extent to which the revised acquisition strategy is tenable and affordable given the projected spending levels contained in this budget resolution.*

***SEC. 303. SENSE OF THE SENATE REGARDING CHILDREN'S HEALTH COVERAGE.***

*(a) FINDINGS.—The Senate finds that—*

*(1) of the estimated 10 million uninsured children in the United States, over 1.3 million have at least one parent who is self-employed and all other uninsured children are dependents of persons who are employed by another, or unemployed;*

*(2) these 1.3 million uninsured kids comprise approximately 22 percent of all children with self-employed parents, and they are a significant 13 percent of all uninsured children;*

*(3) the remaining uninsured children are in families where neither parent is self-employed and comprise 13 percent of all children in families where neither parent is self-employed;*

*(4) children in families with a self-employed parent are therefore more likely to be uninsured than children in families where neither parent is self-employed; and*

*(5) the current disparity in the tax law reduces the affordability of health insurance for the self-employed and their families, hindering the ability of children to receive essential primary and preventive care services.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that from resources available in this budget resolution, a portion should be set aside for an immediate 100 percent deductibility of health insurance costs for the self-employed. Full-deductibility of health expenses for the self-employed would make health insurance more attractive and affordable, resulting in more dependents being covered. The government should not encourage parents to forgo private insurance for a government-run program.*

***SEC. 304. SENSE OF THE SENATE ON A MEDICAID PER CAPITA CAP.***

*It is the sense of the Senate that in order to meet deficit reduction targets in this resolution with respect to medicaid—*

*(1) the per capita cap will not be used as a method for meeting spending targets; and*

*(2) the per capita cap represents a significant structural change that could jeopardize the quality of care for children, the disabled, and senior citizens.*

***SEC. 305. SENSE OF THE SENATE THAT ADDED SAVINGS GO TO DEFICIT REDUCTION.***

*(a) FINDINGS.—The Congress finds that—*

*(1) balancing the budget will bring numerous economic benefits for the United States economy and American workers and families, including improved economic growth and lower interest rates;*

*(2) the fiscal year 1998 budget resolution crafted pursuant to an agreement reached between the Congress and the Administration purports to achieve balance in the year 2002;*

*(3) the deficit estimates contained in this resolution may not conform to the actual deficits in subsequent years, which make it imperative that any additional savings are realized be devoted to deficit reduction;*

*(4) the Senate's ''pay-as-you-go'' point of order prohibits crediting savings from updated economic or technical data as an offset for legislation that increases the deficit, and ensures these savings are devoted to deficit reduction; and*

*(5) Congress and the Administration must ensure that the deficit levels contained in this budget are met and, if actual deficits prove to be lower than projected, the additional savings are used to balance the budget on or before the year 2002.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that—*

*(1) legislation enacted pursuant to this resolution must ensure that the goal of a balanced budget is achieved on or before fiscal year 2002; and*

*(2) if the actual deficit is lower than the projected deficit in any upcoming fiscal year, the added savings should be devoted to further deficit reduction.*

***SEC. 306. SENSE OF THE SENATE ON FAIRNESS IN MEDICARE.***

*(a) FINDINGS.—The Congress finds that—*

*(1) the Trustees of the Medicare Trust Funds recently announced that medicare's Hospital Insurance (HI) Trust Fund is headed for bankruptcy in 2001, and in 1997, HI will run a deficit of $26,000,000,000 and add $56,000,000,000 annually to the Federal deficit by 2001;*

*(2) the Trustees also project that Supplementary Medical Insurance (SMI), will grow*

*twice as fast as the economy and the taxpayers' subsidy to keep the SMI from bankruptcy will grow from $58,000,000,000 to $89,000,000,000 annually from 1997 through 2001;*

*(3) the Congressional Budget Office reports that when the baby-boom generation begins to receive social security benefits and is eligible for medicare in 2008, the Federal budget will face intense pressure, resulting in mounting deficits and erosion of future economic growth;*

*(4) long-term solutions to address the financial and demographic problems of medicare are urgently needed to preserve and protect the medicare trust funds;*

*(5) these solutions to address the financial and demographic problems of medicare are urgently needed to preserve and protect the medicare trust funds;*

*(6) reform of the medicare program should ensure equity and fairness for all medicare beneficiaries, and offer beneficiaries more choice of private health plans, to promote efficiency and enhance the quality of health care;*

*(7) all Americans pay the same payroll tax of 2.9 percent to the medicare trust funds, and they deserve the same choices and services regardless of where they retire;*

*(8) however, under the currently adjusted-average-per-capita cost (AAPCC), some counties receive 2.5 times more in medicare reimbursements than others;*

*(9) this inequity in medicare reimbursement jeopardizes the quality of medicare services of rural beneficiaries and penalizes the most efficient and effective medicare service providers;*

*(10) in some states, the result has been the absence of health care choices beyond traditional, fee-for-service medicine for medicare beneficiaries, which in other counties and states plan providers may be significantly over-compensated, adding to medicare's fiscal instability; and*

*(11) ending the practice of basing payments to risk contract plans on local fee-for-service medical costs will help correct these inequities, mitigate unnecessary cost in the program, and begin the serious, long-term restructuring of medicare.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that the Finance Committee should strongly consider the following elements for medicare reform—*

*(1) any medicare reform package should include measures to address the inequity in medicare reimbursement to risk contract plans;*

*(2) medicare should use a national update framework rather than local fee-for-service spending increases to determine the annual changes in risk plan payment rates;*

*(3) an adequate minimum payment rate should be provided for health plans participating in medicare risk contract programs;*

*(4) the geographic variation in medicare payment rates must be reduced over time to raise the lower payment areas closer to the average while taking into account actual differences in input costs that exist from region to regional;*

*(5) medicare managers in consultation with plan providers and patient advocates should pursue competitive bidding programs in communities where data indicate risk contract payments are substantially excessive and when plan choices would not diminish by such a bidding process; and*

*(6) medicare should phase in the use of risk adjusters which take account of health status so as to address overpayment to some plans.*

***SEC. 307. SENSE OF THE SENATE REGARDING ASSISTANCE TO LITHUANIA AND LATVIA.***

*(a) FINDINGS.—The Senate finds that—*

*(1) Lithuania and Latvia reestablished democracy and free market economies when they regained their freedom from the Soviet Union;*

*(2) Lithuania and Latvia, which have made significant progress since regaining their freedom, are still struggling to recover from the devastation of 50 years of communist domination;*

*(3) the United States, which never recognized the illegal incorporation of Lithuania and Latvia into the Soviet Union, has provided assistance to strengthen democratic institutions and free market reforms in Lithuania and Latvia since 1991;*

*(4) the people of the United States enjoy close and friendly relations with the people of Lithuania and Latvia;*

*(5) the success of democracy and free market reform in Lithuania and Latvia is important to the security and economic progress of the United States; and*

*(6) the United States as well as Lithuania and Latvia would benefit from the continuation of assistance which helps Lithuania and Latvia to implement commercial and trade law reform, sustain private sector development, and establish well-trained judiciaries.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that—*

*(1) adequate assistance should be provided to Lithuania and Latvia in fiscal year 1998 to continue the progress they have made; and*

*(2) assistance to Lithuania and Latvia should be continued beyond fiscal year 1998 as they continue to build democratic and free market institutions.*

***SEC. 308. SENSE OF THE SENATE REGARDING A NATIONAL COMMISSION ON HIGHER EDUCATION.***

*It is the sense of the Senate that the provisions of this resolution assure that a national commission should be established to study and make specific recommendations regarding the extent to which increases in student financial aid, and the extent to which Federal, State, and local laws and regulations, contribute to increases in college and university tuition.*

***SEC. 309. SENSE OF THE SENATE ON LOCKBOX.***

*It is the Sense of the Senate that the provisions of this resolution assume that to ensure all savings from medicare reform are used to keep the medicare program solvent, the Treasury Secretary should credit the Medicare Hospital Insurance Trust Fund (Part A) with government securities equal to any savings from Medicare Supplemental Medical Insurance (Part B) reforms enacted pursuant to the reconciliation instructions contained in this budget resolution.*

***SEC. 310. SENSE OF THE SENATE ON THE EARNED INCOME CREDIT.***

*(a) FINDINGS.—The Senate finds that—*

*(1) an April 1997 study by the Internal Revenue Service of Earned Income Credit (EIC) filers for tax year 1994 revealed that over $4,000,000,000 of the $17,000,000,000 spent on the EIC for that year was erroneously claimed and paid by the IRS, resulting in a fraud and error rate of 25.8 percent;*

*(2) the IRS study further concluded that EIC reforms enacted by the One Hundred Fourth Congress will only lower the fraud error rate to 20.7 percent, meaning over $23,000,000,000 will be wasted over the next five years; and*

*(3) the President's recent proposals to combat EIC fraud and error contained within this budget resolution are estimated to save $124,000,000 in scoreable savings over the next five years and additional savings from deterrent effects.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that the President should propose and Congress should enact additional programmatic changes sufficient to ensure that the primary purpose of the EIC to encourage work over welfare is achieved without wasting billions of taxpayer dollars on fraud and error.*

***SEC. 311. SENSE OF THE SENATE ON REPAYMENT OF THE FEDERAL DEBT.***

*(a) FINDINGS.—The Senate finds that—*

*(1) Congress and the President have a basic moral and ethical responsibility to future generations to repay the Federal debt, including money borrowed from the Social Security Trust Fund;*

*(2) the Congress and the President should enact a law that creates a regimen for paying off the Federal debt within 30 years; and*

*(3) if spending growth were held to a level one percentage point lower than projected growth in revenues, then the Federal debt could be repaid within 30 years.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that—*

*(1) the President's annual budget submission to Congress should include a plan for repayment of the Federal debt beyond the year 2002, including the money borrowed from the Social Security Trust Fund; and*

*(2) the plan should specifically explain how the President would cap spending growth at a level one percentage point lower than projected growth in revenues.*

***SEC. 312. SENSE OF THE SENATE SUPPORTING LONG-TERM ENTITLEMENT REFORMS.***

*(a) FINDINGS.—The Senate finds that the resolution assumes the following—*

*(1) entitlement spending has risen dramatically over the last thirty-five years;*

*(2) in 1963, mandatory spending (i.e., entitlement spending and interest on the debt) made up 29.6 percent of the budget, this figure rose to 61.4 percent by 1993 and is expected to reach 70 percent shortly after the year 2000;*

*(3) this mandatory spending is crowding out spending for the traditional "discretionary" functions of Government like clean air and water, a strong national defense, parks and recreation, education, our transportation system, law enforcement, research and development and other infrastructure spending;*

*(4) taking significant steps sooner rather than later to reform entitlement spending will not only boost economic growth in this country, it will also prevent the need for drastic tax and spending decisions in the next century.*

*(b) SENSE OF THE SENATE.—It is the Sense of the Senate that the levels in this budget resolution assume that Congress and the President should work to enact structural reforms in entitlement spending in 1997 and beyond which sufficiently restrain the growth of mandatory spending in order to keep the budget in balance over the long term, extend the solvency of the Social Security and Medicare Trust Funds, avoid crowding out funding for basic Government functions and that every effort should be made to hold mandatory spending to no more than 70 percent of the budget.*

***SEC. 313. SENSE OF THE SENATE ON DISASTER ASSISTANCE FUNDING.***

*(a) FINDINGS.—The Senate finds that—*

*(1) emergency spending adds to the deficit and total spending;*

*(2) the Budget Enforcement Act of 1990 exempts emergency spending from the discretionary spending caps and pay-go requirements;*

*(3) the Budget Enforcement Act of 1990 expires in 1998 and needs to be extended;*

*(4) since the enactment of the Budget Enforcement Act, Congress and the President have approved an average of $5,800,000,000 per year in emergency spending;*

*(5) a natural disaster in any particular State is unpredictable, by the United States is likely to experience a natural disaster almost every year.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the functional totals underlying this concurrent resolution on the budget assume that the Congress should consider in the extension of the Budget Enforcement Act and in appropriations Acts—*

*(1) provisions that budget for emergencies or that require emergency spending to be offset;*

*(2) provisions that provide flexibility to meet emergency funding requirements associated with natural disasters;*

*(3) Congress and the President should consider appropriating at least $5,000,000,000 every year within discretionary limits to provide natural disaster relief;*

*(4) Congress and the President should not designate any emergency spending for natural disaster relief until such amounts provided in regular appropriations are exhausted.*

***SEC. 314. SENSE OF THE SENATE ON ENFORCEMENT OF BIPARTISAN BUDGET AGREEMENT.***

*(a) FINDINGS.—The Senate finds that—*

*(1) the bipartisan budget agreement is contingent upon—*

*(A) favorable economic conditions for the next 5 years; and*

*(B) accurate estimates of the fiscal impacts of assumptions in this resolution; and*

*(C) enactment of legislation to reduce the deficit;*

*(2) if either of the conditions in paragraph (1) are not met, our ability to achieve a balanced budget by 2002 will be jeopardized.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the functional totals and limits in this resolution assume that—*

*(1) reconciliation legislation should include legislation to enforce the targets set forth in the budget process description included in the agreement and to ensure the balanced budget goal is met; and*

*(2) such legislation shall—*

*(A) establish procedures to ensure those targets are met every year;*

*(B) require that the President's annual budget and annual Congressional concurrent resolutions on the budget comply with those targets every year;*

*(C) consider provisions which provide that if the deficit is below or the surplus is above the deficits projected in the agreement in any year, such savings are locked in for deficit and debt reduction; and*

*(D) consider provisions which include a provision to budget for and control emergency spending in order to prevent the use of emergencies to evade the budget targets.*

***SEC. 315. SENSE OF THE SENATE REGARDING THE NATIONAL INSTITUTES OF HEALTH.***

*(a) FINDINGS.—Congress finds that—*

*(1) heart disease was the leading cause of death for both men and women in every year from 1970 to 1993;*

*(2) mortality rates for individuals suffering from prostate cancer, skin cancer, and kidney cancer continue to rise;*

*(3) the mortality rate for African American women suffering from diabetes is 134 percent higher than the mortality rate of Caucasian women suffering from diabetes;*

*(4) asthma rates for children increased 58 percent from 1982 to 1992;*

*(5) nearly half of all American women between the ages of 65 and 75 reported having arthritis;*

*(6) AIDS is the leading cause of death for Americans between the ages of 24 and 44;*

*(7) the Institute of Medicine has described United States clinical research to be "in a state of crisis" and the National Academy of Sciences concluded in 1994 that "the present cohort of clinical investigators is not adequate";*

*(8) biomedical research has been shown to be effective in saving lives and reducing health care expenditures;*

*(9) research sponsored by the National Institutes of Health has contributed significantly to the first overall reduction in cancer death rates since recordkeeping was instituted;*

*(10) research sponsored by the National Institutes of Health has resulted in the identification of genetic mutations for osteoporosis; Lou Gehrig's Disease, cystic fibrosis, and Huntington's Disease; breast, skin and prostate cancer; and a variety of other illnesses;*

*(11) research sponsored by the National Institutes of Health has been key to the development of Magnetic Resonance Imaging (MRI) and Positron Emission Tomography (PET) scanning technologies;*

*(12) research sponsored by the National Institutes of Health has developed effective treatments for Acute Lymphoblastic Leukemia (ALL). Today, 80 percent of children diagnosed with Acute Lymphoblastic Leukemia are alive and free of the disease after 5 years; and*

*(13) research sponsored by the National Institutes of Health contributed to the development of a new, cost-saving cure for peptic ulcers.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that this Resolution assumes that—*

*(1) appropriations for the National Institutes of Health should be increased by 100 percent over the next 5 fiscal years; and*

*(2) appropriations for the National Institutes of Health should be increased by $2,000,000,000 in fiscal year 1998 over the amount appropriated in fiscal year 1997.*

***SEC. 316. SENSE OF THE SENATE REGARDING CERTAIN ELDERLY LEGAL ALIENS.***

*It is the sense of the Senate that the provisions of this resolution assume that—*

*(1) the Committee on Finance will include in its recommendations to the Committee on the Budget of the Senate changes in laws within the jurisdiction of the Committee on Finance that allow certain elderly, legal immigrants who will cease to receive benefits under the supplemental security income program as a result of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2105) to continue to receive benefits during a redetermination or reapplication period to determine if such aliens would qualify for such benefits on the basis of being disabled; and*

*(2) the Committee on Finance in developing these recommendations should offset the additional cost of this proposal out of other programs within the jurisdiction of the Committee on Finance.*

***SEC. 317. SENSE OF THE SENATE REGARDING RETROACTIVE TAXES.***

*(a) FINDINGS.—The Senate finds that—*

*(1) in general, the practice of increasing a tax retroactively is fundamentally unfair to taxpayers; and*

*(2) retroactive taxation is disruptive to families and small business in their ability to plan and budget.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the levels in this budget resolution assume that—*

*(1) except for closing tax loopholes, no revenues should be generated from any retroactively increased tax; and*

*(2) the Congress and the President should work together to ensure that any revenue generating proposal contained within reconciliation legislation pursuant to this concurrent resolution proposal, except those proposals closing tax loopholes, should take effect prospectively.*

***SEC. 318. SENSE OF THE SENATE ON SOCIAL SECURITY AND BALANCING THE BUDGET.***

*(a) FINDINGS.—The Senate finds that—*

*(1) this budget resolution is projected to balance the unified budget of the United States in fiscal year 2002;*

*(2) section 13301 of the Budget Enforcement Act of 1990 requires that the deficit be computed without counting the annual surpluses of the Social Security Trust Funds; and*

*(3) if the deficit were calculated according to the requirements of section 13301, this budget resolution would be projected to result in a deficit of $108,700,000,000 in fiscal year 2002.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the assumptions underlying this budget resolution assume that after balancing the unified Federal budget, the Congress should continue efforts to reduce the on-budget deficit, so that the Federal budget will be balanced without counting social security surpluses.*

***SEC. 319. SENSE OF THE SENATE SUPPORTING SUFFICIENT FUNDING FOR VETERANS PROGRAMS AND BENEFITS.***

*(a) FINDINGS.—The Senate finds that—*

*(1) veterans and their families represent approximately 27 percent of the United States population;*

*(2) more than 20 million of our 26 million living veterans served during wartime, sacrificing their freedom so that we may have ours; and*

*(3) veterans have earned the benefits promised to them.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that—*

*(1) the assumptions underlying this Budget Resolution assume that the 602(b) allocation to the Department of Veterans Affairs will be sufficient in fiscal year 1998 to fully fund all discretionary veterans programs, including medical care; and*

*(2) funds collected from legislation to improve the Department of Veterans Affairs' ability to collect and retain reimbursement from third-party payers ought to be used to supplement, not supplant, an adequate appropriation for medical care.*

***SEC. 320. SENSE OF CONGRESS ON FAMILY VIOLENCE OPTION CLARIFYING AMENDMENT.***

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

*(1) Domestic violence is the leading cause of physical injury to women. The Department of Justice estimates that over 1,000,000 violent crimes against women are committed by intimate partners annually.*

*(2) Domestic violence dramatically affects the victim's ability to participate in the workforce. A University of Minnesota survey reported that 1/4 of battered women surveyed had lost a job partly because of being abused and that over 1/2 of these women had been harassed by their abuser at work.*

*(3) Domestic violence is often intensified as women seek to gain economic independence through attending school or training programs. Batterers have been reported to prevent women from attending these programs or sabotage their efforts at self-improvement.*

*(4) Nationwide surveys of service providers prepared by the Taylor Institute of Chicago, Illinois, document, for the first time, the interrelationship between domestic violence and welfare by showing that from 34 percent to 65 percent of AFDC recipients are current or past victims of domestic violence.*

*(5) Over 1/2 of the women surveyed stayed with their batterers because they lacked the resources to support themselves and their children. The surveys also found that the availability of economic support is a critical factor in poor women's ability to leave abusive situations that threaten them and their children.*

*(6) The restructuring of the welfare programs may impact the availability of the economic support and the safety net necessary to enable poor women to flee abuse without risking homelessness and starvation for their families.*

*(7) In recognition of this finding, the Committee on the Budget of the Senate in considering the 1997 Resolution on the budget of the United States unanimously adopted a sense of the Congress amendment concerning domestic violence and Federal assistance. Subsequently, Congress adopted the family violence option amendment as part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.*

*(8) The family violence option gives States the flexibility to grant temporary waivers from time limits and work requirements for domestic violence victims who would suffer extreme hardship from the application of these provisions. These waivers were not intended to be included as part of the permanent 20 percent hardship exemption.*

*(9) The Department of Health and Human Services has been slow to issue regulations regarding this provision. As a result, States are hesitant to fully implement the family violence option fearing that it will interfere with the 20 percent hardship exemption.*

*(10) Currently 15 States have opted to include the family violence option in their welfare plans, and 13 other States have included some type of domestic violence provisions in their plans.*

(b) SENSE OF CONGRESS.—It is the sense of Congress that the provisions of this Resolution assume that—

(1) States should not be subject to any numerical limits in granting domestic violence good cause waivers under section 402(a)(7)(A)(iii) of the Social Security Act (42 U.S.C. 602(a)(7)(A)(iii)) to individuals receiving assistance, for all requirements where compliance with such requirements would make it more difficult for individuals receiving assistance to escape domestic violence; and

(2) any individual who is granted a domestic violence good cause waiver by a State shall not be included in the States' 20 percent hardship exemption under section 408(a)(7) of the Social Security Act (42 U.S.C. 608(a)(7)).

**SEC. 321. SENSE OF THE SENATE ON TAX CUTS.**

It is the sense of the Senate that the Concurrent Resolution on the Budget assumes that—

(1) a substantial majority of the tax cut benefits provided in the tax reconciliation bill will go to middle class working families earning less than approximately $100,000 per year; and

(2) the tax cuts in the tax reconciliation bill will not cause revenue losses to increase significantly in years after 2007.

**SEC. 322. SENSE OF THE SENATE REGARDING ASSISTANCE TO AMTRAK.**

(a) FINDINGS.—The Senate finds that—

(1) Amtrak is in a financial crisis, with growing and substantial debt obligations approaching $2,000,000,000;

(2) Amtrak has not been authorized since 1994;

(3) the Senate Committee on Commerce, Science, and Transportation favorably reported legislation to reform Amtrak during the last two Congresses, but no legislation was enacted;

(4) the Finance Committee favorably reported legislation in the last Congress that created a dedicated trust fund for Amtrak, but no legislation was enacted;

(5) in 1997 Amtrak testified before the Congress that it cannot survive beyond 1998 without comprehensive legislative reforms and a dedicated source of capital funding; and

(6) Congress is obligated to invest Federal tax dollars responsibly and to reduce waste and inefficiency in Federal programs, including Amtrak.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that:

(1) Legislative reform is urgently needed to address Amtrak's financial and operational problems.

(2) It is fiscally irresponsible for Congress to allocate additional Federal dollars to Amtrak, and to distribute money from a new trust fund, without providing reforms requested by Amtrak to address its precarious financial situation.

(3) The distribution of money from any new fund to finance an intercity rail passenger fund should be implemented in conjunction with legislation to reauthorize and reform the National Rail Passenger Corporation.

**SEC. 323. SENSE OF THE SENATE REGARDING THE PROTECTION OF CHILDREN'S HEALTH.**

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

(1) Today's children and the next generation of children are the prime beneficiaries of a balanced Federal budget. Without a balanced budget, today's children will bear the increasing burden of the Federal debt. Continued deficit spending would doom future generations to slower economic growth, higher taxes, and lower living standards.

(2) The health of children is essential to the future economic and social well-being of the Nation.

(3) The medicaid program provides health coverage for over 17,000,000 children, or 1 out of every 4 children.

(4) While children represent ½ of all individuals eligible for medicaid, children account for less than 25 percent of expenditures under the medicaid program.

(5) Disproportionate share hospital (DSH) funding under the medicaid program has allowed States to provide health care services to thousands of uninsured pregnant women and children. DSH funding under the medicaid program is critical for these populations.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that the health care needs of low-income pregnant women and children should be a top priority. Careful study must be made of the impact of medicaid disproportionate share hospital (DSH) reform proposals on children's health and on vital sources of care, including children's hospitals. Any restrictions on DSH funding under the medicaid program should not harm State medicaid coverage of children and pregnant women.

**SEC. 324. DEPOSIT OF ALL FEDERAL GASOLINE TAXES INTO THE HIGHWAY TRUST FUND.**

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

(1) Since 1956, Federal gasoline excise tax revenues have generally been deposited in the Highway Trust Fund and reserved for transportation uses.

(2) In 1993, Congress and the President enacted the first permanent increase in the Federal gasoline excise tax which was dedicated to general revenues, not the Highway Trust Fund.

(3) Over the next five years, approximately $7,000,000,000 per year in Federal gasoline excise tax revenues will be deposited in the general fund of the Treasury, rather than the Highway Trust Fund.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions in this resolution assume that Congress should in the extension of the Budget Enforcement Act, ISTEA reauthorization, appropriations Acts, and in any revenue bills, that all revenues from Federal gasoline excise taxes, including amounts dedicated to general revenues in 1993, should be dedicated to the Highway Trust Fund so that such taxes may be used for the purpose to which they have historically been dedicated, promoting transportation infrastructure and building roads.

**SEC. 325. SENSE OF THE SENATE EARLY CHILDHOOD EDUCATION.**

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

(1) Scientific research on the development of the brain has confirmed that the early childhood years, particularly from birth to the age of 3, are critical to children's development.

(2) Studies repeatedly have shown that good quality child care helps children develop well, enter school ready to succeed, improve their skills, cognitive abilities and socioemotional development, improve classroom learning behavior, and stay safe while their parents work. Further, quality early childhood programs can positively affect children's long-term success in school achievement, higher earnings as adults, decrease reliance on public assistance and decrease involvement with the criminal justice system.

(3) The first of the National Education Goals, endorsed by the Nation's governors, passed by Congress and signed into law by President Bush, stated that by the year 2000, every child should enter school ready to learn and that access to a high quality early childhood education program was integral to meeting this goal.

(4) According to data compiled by the RAND Corporation, while 90 percent of human brain growth occurs by the age of 3, public spending on children in that age range equals only 8 percent of spending on all children. A vast majority of public spending on children occurs after the brain has gone through its most dramatic changes, often to correct problems that should have been addressed during early childhood development.

(5) According to the Department of Education, of $29,400,000,000 in current estimated education expenditures, only $1,500,000,000, or 5 percent, is spent on children from birth to age 5. The vast majority is spent on children over age 5.

(6) A new commitment to quality child care and early childhood education is a necessary response to the fact that children from birth to the age of 3 are spending more time in care away from their homes. Almost 60 percent of women in the workforce have children under the age of 3 requiring care.

(7) Many States and communities are currently experimenting with innovative programs directed at early childhood care and education in a variety of care settings, including the home. States and local communities are best able to deliver efficient, cost-effective services, but while such programs are long on demand, they are short on resources. Additional Federal resources should not create new bureaucracy, but build on successful locally driven efforts.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the budget totals and levels in this resolution assume that funds ought to be directed toward increasing the supply of quality child care, early childhood education, and teacher and parent training for children from birth through age 3.

**SEC. 326. HIGHWAY TRUST FUND NOT TAKEN INTO ACCOUNT FOR DEFICIT PURPOSES.**

It is the sense of the Senate that the assumptions underlying this budget resolution assume that the Congress should consider legislation to exclude the receipts and disbursements of the Highway Trust Fund from the totals of the Budget of the United States Government.

**SEC. 327. AIRPORT AND AIRWAY TRUST FUND NOT TAKEN INTO ACCOUNT FOR DEFICIT PURPOSES.**

It is the sense of the Senate that the assumptions underlying the budget resolution that the Congress should consider legislation to exclude the receipts and disbursements of the Airport and Airway Trust Fund from the totals of the Budget of the United States Government.

**SEC. 328. MILITARY RETIREMENT TRUST FUNDS NOT TAKEN INTO ACCOUNT FOR DEFICIT PURPOSES.**

It is the sense of the Senate that the assumptions underlying this budget resolution assume that the Congress should consider legislation to exclude the receipts and disbursements of the retirement and disability trust funds for members of the Armed Forces of the United States from the totals of the Budget of the United States Government.

**SEC. 329. CIVIL SERVICE RETIREMENT TRUST FUNDS NOT TAKEN INTO ACCOUNT FOR DEFICIT PURPOSES.**

It is the sense of the Senate that the assumptions underlying this budget resolution assume that the Congress should consider legislation to exclude the receipts and disbursements of the retirement and disability trust funds for civilian employees of the United States from the totals of the Budget of the United States Government.

**SEC. 330. UNEMPLOYMENT COMPENSATION TRUST FUND NOT TAKEN INTO ACCOUNT FOR DEFICIT PURPOSES.**

It is the sense of the Senate that the assumptions underlying this budget resolution assume that the Congress should consider legislation to exclude the receipts and disbursements of the Federal Unemployment Compensation Trust Fund from the totals of the Budget of the United States Government.

**SEC. 331. SENSE OF THE SENATE CONCERNING HIGHWAY TRUST FUND.**

(a) FINDINGS.—The Senate finds that—

(1) there is no direct linkage between the fuel taxes deposited in the Highway Trust Fund and the transportation spending from the Highway Trust Fund;

(2) the Federal budget process has severed this linkage by dividing revenues and spending into separate budget categories with—

(A) fuel taxes deposited in the Highway Trust Fund as revenues; and

(B) most spending from the Highway Trust Fund in the discretionary category;

(3) each budget category referred to in paragraph (2) has its own rules and procedures; and

(4) under budget rules in effect prior to the date of adoption of this resolution, an increase in fuel taxes permits increased spending to be included in the budget, but not for increased Highway Trust Fund spending.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) in this session of Congress, Congress should, within a unified budget, change the Federal budget process to establish a linkage between the fuel taxes deposited in the Highway Trust Fund, including any fuel tax increases that may be enacted into law after the date of adoption of this resolution, and the spending from the Highway Trust Fund; and

(2) changes to the budgetary treatment of the Highway Trust Fund should not result in total program levels for highways or mass transit that is inconsistent with those assumed under the resolution.

**SEC. 332. SENSE OF THE SENATE CONCERNING TAX INCENTIVES FOR THE COST OF POST-SECONDARY EDUCATION.**

It is the sense of the Senate that the provisions of this resolution assume that any revenue reconciliation bill should include tax incentives for the cost of post-secondary education, including expenses of workforce education and training at vocational schools and community colleges.

**SEC. 333. SENSE OF THE SENATE ON ADDITIONAL TAX CUTS.**

It is the sense of the Senate that nothing in this resolution shall be construed as prohibiting Congress in future years from providing additional tax relief if the cost of such tax relief is offset by reductions in discretionary or mandatory spending, or increases in revenue from alternative sources.

**SEC. 334. SENSE OF THE SENATE REGARDING TRUTH IN BUDGETING AND SPECTRUM AUCTIONS.**

(a) The Senate finds that—

(1) the electromagnetic spectrum is the property of the American people and is managed on their behalf by the Federal Government;

(2) the spectrum is a highly valuable and limited natural resource;

(3) the auctioning of spectrum has raised billions of dollars for the Treasury;

(4) the estimates made regarding the value of spectrum in the past have proven unreliable, having previously understated and now overstating its worth;

(5) because estimates of spectrum value depend on a number of technological, economic, market forces, and other variables that cannot be predicted or completely controlled, it is not possible to reliably estimate the value of a given segment of spectrum; therefore,

(b) It is the Sense of the Senate that as auctions occur as assumed by this Resolution, the Congress shall take such steps as necessary to reconcile the difference between actual revenues raised and estimates made and shall reduce spending accordingly if such auctions raise less revenue than projected.

**SEC. 335. HIGHWAY DEMONSTRATION PROJECTS.**

(a) FINDINGS.—The Senate finds that—

(1) 10 demonstration projects totaling $362,000,000 were listed for special line-item funding in the Surface Transportation Assistance Act of 1982;

(2) 152 demonstration projects totaling $1,400,000,000 were named in the Surface Transportation and Uniform Relocation Assistance Act of 1987;

(3) 64 percent of the funding for the 152 projects had not been obligated after 5 years and State transportation officials determined the projects added little, if any, to meeting their transportation infrastructure priorities;

(4) 538 location specific projects totaling $6,230,000,000 were included in the Intermodal Surface Transportation Efficiency Act of 1991;

(5) more than $3,300,000,000 of the funds authorized for the 538 location-specific projects remained unobligated as of January 31, 1997;

(6) the General Accounting Office determined that 31 States plus the District of Columbia and Puerto Rico would have received more funding if the Intermodal Surface Transportation Efficiency Act location-specific project funds were redistributed as Federal-aid highway program apportionments;

(7) this type of project funding diverts Highway Trust Fund money away from State transportation priorities established under the formula allocation process and under the Intermodal Surface Transportation and Efficiency Act of 1991;

(8) on June 20, 1995, by a vote of 75 yeas to 21 nays, the Senate voted to prohibit the use of Federal Highway Trust Fund money for future demonstration projects;

(9) the Intermodal Surface Transportation and Efficiency Act of 1991 expires at the end of fiscal year 1997; and

(10) hundreds of funding requests for specific transportation projects in Congressional Districts have been submitted in the House of Representatives.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) notwithstanding different views on existing Highway Trust Fund distribution formulas, funding for demonstration projects or other similarly titled projects diverts Highway Trust Fund money away from State priorities and deprives States of the ability to adequately address their transportation needs;

(2) States are best able to determine the priorities for allocating Federal-Aid-To-Highway monies within their jurisdiction;

(3) Congress should not divert limited Highway Trust Fund resources away from State transportation priorities by authorizing new highway projects; and

(4) Congress should not authorize any new demonstration projects or other similarly-titled projects.

**SEC. 336. SENSE OF THE SENATE REGARDING THE USE OF BUDGET SAVINGS.**

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

(1) Poverty rates among the elderly are at the lowest level since our Nation began to keep poverty statistics, due in large part to the social security system and the medicare program.

(2) Twenty-two percent of every dollar spent by the Federal Government goes to the social security system.

(3) Eleven percent of every dollar spent by the Federal Government goes to the medicare program.

(4) Currently, spending on the elderly accounts for 1/3 of the Federal budget and more than 1/2 of all domestic spending other than interest on the national debt.

(5) Future generations of Americans must be guaranteed the same value from the social security system as past covered recipients.

(6) According to the 1997 report of the Managing Trustee for the social security trust funds, the accumulated balance in the Federal Old-Age and Survivors Insurance Trust Fund is estimated to fall to zero by 2029, and the estimated payroll tax at that time will be sufficient to cover only 75 percent of the benefits owed to retirees at that time.

(7) The accumulated balance in the Federal Hospital Insurance Trust Fund is estimated to fall to zero by 2001.

(8) While the Federal budget deficit has shrunk for the fourth straight year to $67,000,000,000 in 1997, measures need to be taken to ensure that that trend continues.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that budget savings in the mandatory spending area should be used—

(1) to protect and enhance the retirement security of the American people by ensuring the long-term future of the social security system;

(2) to protect and enhance the health care security of senior citizens by ensuring the long-term future of the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.); and

(3) to restore and maintain Federal budget discipline to ensure that the level of private investment necessary for long-term economic growth and prosperity is available.

**SEC. 337. SENSE OF THE SENATE REGARDING THE VALUE OF THE SOCIAL SECURITY SYSTEM FOR FUTURE RETIREES.**

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

(1) The social security system has allowed a generation of Americans to retire with dignity. Today, 13 percent of the population is 65 or older and by 2030, 20 percent of the population will be 65 or older. More than 1/2 of the elderly do not receive private pensions and more than 1/3 have no income from assets.

(2) For 60 percent of all senior citizens, social security benefits provide almost 80 percent of their retirement income. For 80 percent of all senior citizens, social security benefits provide over 50 percent of their retirement income.

(3) Poverty rates among the elderly are at the lowest level since the United States began to keep poverty statistics, due in large part to the social security system.

(4) Seventy-eight percent of Americans pay more in payroll taxes than they do in income taxes.

(5) According to the 1997 report of the Managing Trustee for the social security trust funds, the accumulated balance in the Federal Old-Age and Survivors Insurance Trust Fund is estimated to fall to zero by 2029, and the estimated payroll tax at that time will be sufficient to cover only 75 percent of the benefits owed to retirees at that time.

(6) The average American retiring in the year 2015 will pay $250,000 in payroll taxes over the course of his or her working career.

(7) Future generations of Americans must be guaranteed the same value from the social security system as past covered recipients.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions of this resolution assume that no change in the social security system should be made that would reduce the value of the social security system for future generations of retirees.

**SEC. 338. SENSE OF SENATE ON ECONOMIC GROWTH DIVIDEND PROTECTION.**

(a) FINDINGS.—The Senate finds that with respect to the revenue levels established under this resolution:

(1) According to the President's own economists, the tax burden on Americans is the highest ever at 31.7 percent.

(2) According to the National Taxpayers Union, the average American family now pays almost 40 percent of their income in State, local, and Federal taxes.

(3) Between 1978 and 1985, while the top marginal rate on capital gains was cut almost in half—from 35 to 20 percent—total annual Federal receipts from the tax almost tripled from $9,100,000,000 annually to $26,500,000,000 annually.

(4) Conversely, when Congress raised the rate in 1986, revenues actually fell well below what was anticipated.

(5) Economists across-the-board predict that cutting the capital gains rate will result in a revenue windfall for the Treasury.

(6) While a USA Today poll from this March found 70 percent of the American people believe that they need a tax cut, under this resolution Federal spending will grow 17 percent over five years while the net tax cuts are less than 1 percent of the total tax burden.

(b) SENSE OF SENATE.—It is the sense of the Senate that with respect to the revenue levels established under this resolution, to the extent that actual revenues exceed the revenues projected under this resolution due to higher than *anticipated economic growth, that revenue windfall should be reserved exclusively for additional tax cuts and/or deficit reduction.*

***SEC. 339. DEFICIT-NEUTRAL RESERVE FUND IN THE SENATE.***

*(a) IN GENERAL.—In the Senate, revenue and spending aggregates may be changed and allocations may be revised for legislation that provides funding for early childhood development programs for children ages zero to six provided that the legislation which changes revenues or changes spending will not increase the deficit for—*

*(1) fiscal year 1998;*

*(2) the period of fiscal years 1998 through 2002; or*

*(3) the period of fiscal years 2002 through 2007.*

*(b) REVISED ALLOCATIONS.—*

*(1) ADJUSTMENTS FOR LEGISLATION.—Upon the consideration of legislation pursuant to subsection (a), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section. These revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels and aggregates contained in this resolution.*

*(2) ADJUSTMENTS FOR AMENDMENTS.—If the chairman of the Committee on the Budget submits an adjustment under this section for legislation in furtherance of the purpose described in subsection (a) upon the offering of an amendment to that legislation that would necessitate such a submission, the chairman shall submit to the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section. These revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels and aggregates contained in this resolution.*

*(c) REPORTING REVISED ALLOCATIONS.—The appropriate committee shall report appropriately revised allocations pursuant to sections 302(b) and 602(b) of the Congressional Budget Act of 1974 to carry out this section.*

***SEC. 340. SUPPORT FOR FEDERAL, STATE, AND LOCAL LAW ENFORCEMENT OFFICERS.***

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

*(1) Our Federal, State, and local law enforcement officers provide essential services that preserve and protect our freedoms and security, and with the support of Federal assistance, State and local law enforcement officers have succeeded in reducing the national scourge of violent crime, as illustrated by a murder rate in 1996 that is projected to be the lowest since 1971 and a violent crime total in 1996 that is the lowest since 1990.*

*(2) Through a comprehensive effort to attack violence against women mounted by State and local law enforcement, and dedicated volunteers and professionals who provide victim services, shelter, counseling, and advocacy to battered women and their children, important strides have been made against the national scourge of violence against women, illustrated by the decline in the murder rate for wives, ex-wives, and girlfriends at the hands of their ''intimates'' fell to a 19-year low in 1995.*

*(3) Federal, State, and local law enforcement efforts need continued financial commitment from the Federal Government for funding and financial assistance to continue their efforts to combat violent crime and violence against women.*

*(4) Federal, State and local law enforcement also face other challenges which require continued financial commitment from the Federal Government, including regaining control over the Southwest Border, where drug trafficking and illegal immigration continue to threaten public safety and menace residents on the border and throughout the Nation.*

*(5) The Violent Crime Reduction Trust Fund established in section 310001 the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14211) fully funds the Violent Crime Control and Law Enforcement Act of 1994, including the Violence Against Women Act, without adding to the Federal budget deficit.*

*(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions and the functional totals underlying this resolution assume that—*

*(1) the Federal Government's commitment to fund Federal law enforcement programs and programs to assist State and local efforts to combat violent crime, including violence against women, will be maintained; and*

*(2) funding for the Violent Crime Reduction Trust Fund will continue in its current form at least through fiscal year 2002.*

***SEC. 341. SENSE OF CONGRESS REGARDING PARENTAL INVOLVEMENT IN PREVENTION OF DRUG USE BY CHILDREN.***

*It is the sense of the Congress that the provisions of this resolution assume that, from resources available in this budget resolution, a portion should be set aside for a national grassroots volunteer effort to encourage parental education and involvement in youth drug prevention and to create a drug-intolerant culture for our children.*

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. LAUTENBERG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

[Applause.]

The PRESIDING OFFICER. Under the previous order, the Senate insists on its amendment, requests a conference with the House and is authorized to appoint conferees.

The majority leader.

Mr. LOTT. Mr. President, I have a couple unanimous consent requests that I think Members will be very interested in. First, let me take a moment to comment on the cooperation and the significance of that vote.

It truly was a bipartisan effort. It was cooperation between the Congress and the President. I think we should be proud of it, and it is an example of what I hope we can do more of in the future.

I thank the Democratic leader for his efforts, his willingness to be on the floor and work with us on some of these votes. We had a couple of bumpy spots along the way, but I think the result was a good one.

I particularly thank the chairman of the committee. I know he feels a rush of emotion right now. He has been working on trying to get us to this type of budget resolution for 25 years. I think he has done a great job. I commend him and thank him for the great work he has done.

[Applause, Senators rising.]

Mr. LOTT. Also, the Senator from New Jersey stood right there with him. They worked together. He kept his word, and we got a tremendous result here of 78 to 22, overwhelming. Without that type of cooperation across the aisle from the Budget Committee, it could not have been achieved. So I thank one and all for what has been achieved today.

[Applause, Senators rising.]

Mr. DASCHLE. If the majority leader will yield for just a moment, I know people are waiting for the vote on the judges, so we need to be expeditious. I, too, commend the distinguished Budget Committee chairman and the ranking member for the extraordinary demonstration of leadership. This vote would not have been possible were it not for the way they worked with the White House, with us, in coming to the vote we have today.

This is a historic moment. We will balance the budget as a result of this resolution. Democrats and Republicans alike can take credit and can take a great deal of pride in what we have done today. So I commend them and appreciate very much their leadership today.

Mr. DOMENICI. Mr. President, will the leader yield for 1 minute?

Mr. LOTT. Mr. President, I say to the chairman, I will yield to him. He has earned the time.

Mr. DOMENICI. I don't want to start thanking people, because there are so many who did so much. I do want to say, from my standpoint, that my highest, highest thanks go to our majority leader. He has not been a majority leader for a long time, and this is a very, very difficult undertaking. There were a lot of potential pitfalls.

Frankly, I commend him for being a very, very courageous majority leader. He has a lot of courage. When something has to be done and he agrees to do it, it is like you have a great army with you; we just move. If he wasn't in the lead, I was, and we took turns and we got this done.

I also want to say that this is a bipartisan effort. I say to Senator DASCHLE, thank you. When we had trouble, we would call on him.

Last but not least, I always knew FRANK LAUTENBERG, but I didn't know we were really friends. I think I can say we have a bond between us now that came about because we worked on a very, very difficult set of issues for a long time. I thank him and his staff for their cooperation, and close by saying to all the Senators, thanks for the way you conducted yourselves. This is a complicated, messy process, but I think we did the Senate well, which I always want to do.

I will close by saying that the one staff person I must always recognize, and I think the White House at one point suggested without Bill Hoagland we couldn't put this together. I thank him publicly.

Frank, it is good to be your friend.

Mr. LAUTENBERG. If I may, Mr. President, I too, want to say that my work with Pete DOMENICI was illuminating, a learning experience at times. His smile sometimes was beguiling, but the steel nerves always showed through. It was a good experience.

I noted with one of our colleagues over there, Senator NICKLES—and I am sure that he does not mind my quoting him here—he said that this markup in the budget was the least acrimonious that he had seen in his 17 years on the Budget Committee. I, too, in the 14 years I have been on the Budget Committee.

We had plenty of differences. Do not let anybody think it was smooth going all the way. But there was a determination to get the job done. It was largely PETE's leadership and our willingness to just put aside some differences.

My leader, TOM DASCHLE, was always there to encourage me and the team.

Senator LOTT, too, you know how to push at times and how to pull at other times. You still got us going in the same direction. I don't get it. But it was a pleasure working with the majority leader.

My team, John Cahill, Bruce King, Sander Lurie, Marty Morris, Sue Nelson, Mitch Warren, and the others whom I was fortunate enough to inherit from the experienced days of Senator Exon and Senator Sasser, Amy Abraham, Matt Greenwald, Phil Karsting, Jim Klumpner, Nell Mays, and Jon Rosenwasser, everybody helped enormously. I want to say Bill Hoagland and the majority leader's team were cooperative. They tried to always make sure we understood exactly what was going to be in there. There was no attempt to deceive or fool.

Thus, we have an agreement that we can all be proud of. The American people should be proud of it. They saw us cooperating, as the majority leader said. And here we saw a vote of 78 to 22. That is pretty darn good.

Thank you very much. I yield the floor.

Mr. LOTT. I thank the Senator.

I do have a couple unanimous-consent requests to make. I think Members will be very interested in this. Then we can go on with some closing statements and some wrapup information.

We have some other matters that we are going to try to work through in the afternoon. But if we can get these two agreements, then we could announce there would be no further votes today. I think that would be very important.

## EXECUTIVE SESSION

### EXECUTIVE CALENDAR

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now proceed to executive session to consider the following nominations: No. 73, Donald Middlebrooks; No. 74, Jeffrey Miller; No. 75, Robert Pratt. I further ask unanimous consent that the nominations be confirmed en bloc, the motions to reconsider be laid upon the table, statements relating to any of these nominations be printed in the RECORD, the President be immediately notified of the Senate's action, and that the Senate then resume legislative session.

The PRESIDING OFFICER. Is there objection?

Mr. LEAHY. Reserving the right to object, Mr. President, we are now at the end of May. We have confirmed a grand total of two judges in this session. If we confirm these, it will make five, one a month, which is zero population growth in the Federal judiciary.

I will not ask for a rollcall, but we have been told over and over again these were all being held up so we could have rollcalls on them. I suspect we will not have them because it will be embarrassing to see that three excellent, well-qualified judges, held up all this time, then would get voted on virtually unanimously.

I will also note Margaret Morrow, the one woman who was on the panel on this, still is not before the Senate and still is being held for mysterious holds on the Republican side.

I urge my good friend, the majority leader—and he is my good friend—I urge him to do this. I have been here 22 years with outstanding majority leaders, Republicans and Democrats, with Senator Mansfield, Senator BYRD, Senator Baker, Senator Dole, and Senator Mitchell as majority leaders. And now I have the opportunity to serve with the distinguished Senator from Mississippi as the majority leader.

No majority leader has ever allowed the Senate before to do what is happening to the Federal judiciary now. I urge my friend from Mississippi not to allow this Senate to be the first Senate that acts toward the Federal judiciary or diminishes the integrity and the independence of our Federal judiciary, the integrity and independence recognized and commended and praised throughout the world, to let it be diminished here.

I urge the distinguished majority leader to work with the distinguished Democratic leader, the distinguished chairman of the Judiciary Committee, Mr. HATCH, and myself and others, to move these judges. We have 100 vacancies. We have 25 to 28 sitting before the committee that could go immediately, or nearly immediately. We have to do this and stop—stop—the belittling and diminishing of our Federal judiciary. It is part of what makes this a great democracy. We should not allow it to happen.

I will not object to the request of the distinguished majority leader.

The PRESIDING OFFICER. Is there objection to the request?

Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

THE JUDICIARY

Donald M. Middlebrooks, of Florida, to be United States District Judge for the Southern District of Florida.

Jeffrey T. Miller, of California, to be United States District Judge for the Southern District of California.

Robert W. Pratt, of Iowa, to be United States District Judge for the Southern District of Iowa.

STATEMENT ON THE NOMINATION OF ROBERT W. PRATT

Mr. LEAHY. Mr. President, I am delighted that the majority leader has decided to take up the nomination of Robert W. Pratt to be a U.S. District Judge for the Southern District of Iowa. Mr. Pratt is a well-qualified nominee.

We first received Robert Pratt's nomination in August 1996. He was not accorded a hearing last Congress and the President renominated him on the first day of this Congress for the same vacancy on the District Court for the Southern District of Iowa. He had a confirmation hearing on March 18 where he was supported by Senator HARKIN and Senator GRASSLEY and was reported to the Senate by the Judiciary Committee on April 17, more than 4 weeks ago.

With this confirmation the Senate has confirmed five Federal judges in five months—one Federal judge a month. Even with the three judicial confirmation votes today, there are still almost 100 judicial vacancies in the Federal courts. Since this session began, vacancies on the Federal bench have increased from 87 to 103 and we have proceeded to confirm only five nominees. After these three confirmations, after more than doubling our confirmation output for the entire year in this one afternoon, we still face 98 current vacancies today and that number is continuing to grow. At this rate, we are falling farther and farther behind and more and more vacancies are continuing to mount over longer and longer times to the detriment of more Americans and the national cause of prompt justice.

Mr. President, I ask unanimous consent to have printed in the RECORD recent articles on the crisis caused by the vacancies in the Federal courts.

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

[From Time, May 26, 1997]

EMPTY-BENCH SYNDROME—CONGRESSIONAL REPUBLICANS ARE DETERMINED TO PUT CLINTON'S JUDICIAL NOMINEES ON HOLD

(By Viveca Novak)

The wanted posters tacked to the walls of courthouses around the country normally depict carjackers, kidnappers and other scruffy lawbreakers on the lam. But these days the flyers might just as well feature distinguished men and women in long dark robes beneath the headline "Help Wanted." As of this week, 100 seats on the 844-person federal bench are vacant. Case loads are creeping out of control, and sitting judges are crying for help.

The situation is urgent, says Procter Hug Jr., chief judge of the Ninth Circuit Court of Appeals, which covers California and eight other Western states. Hug says that with a third of its 28 seats vacant, the court has had to cancel hearings for about 600 cases this year. Criminal cases take precedence by law, so at both the trial and appellate levels, it is civil cases that have been crowded out. Civil rights cases, shareholder lawsuits, product-