

## SCHEDULE

Mr. DOMENICI. Mr. President, on behalf of the leader, I will make the following statement.

This morning the Senate will immediately resume consideration of the conference report to accompany the Balanced Budget Act, with 1 hour equally divided between the chairman and the ranking member of the Budget Committee. Following the conclusion of debate on the conference report, at approximately 10:15 a.m., the Senate will proceed to vote on the adoption of the conference report.

Following that vote, it is the intention of the majority leader that the Senate begin debate on the conference report to the Taxpayer Fairness Act. As Members are aware, there are also 10 hours of statutory debate time in order for this conference report. Therefore, Members can anticipate additional rollcall votes following the 10:15 a.m. vote. As always, Members will be notified as to when those rollcall votes will be ordered.

Mr. President, I yield the floor.

THE BALANCED BUDGET ACT OF  
1997—CONFERENCE REPORT

The PRESIDING OFFICER (Mr. BROWNBACK). Under the previous order, the Senate will now resume consideration of the conference report accompanying H.R. 2015, which the clerk will report.

The assistant legislative clerk read as follows:

Conference report to accompany H.R. 2015, an act to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

The Senate resumed consideration of the conference report.

The PRESIDING OFFICER. There will now be 1 hour remaining equally divided between the chairman and the ranking minority member of the Budget Committee.

Who seeks recognition?

Mr. DOMENICI. Mr. President, if my friend from New Jersey has no objection, why don't we just agree that time will expire promptly at 10:15 so everybody will know the vote will start at 10:15.

Mr. LAUTENBERG. No objection.

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

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. I will speak for a couple minutes.

There is a sense of the historical significance of what it is that we are about to do. It is not simply the accomplishment of having put in place a balanced budget. It goes further than that; that is, to note that this agreement has been developed, if I might use the word "hammered" out, by bipartisan cooperation. My friend and colleague, the chairman of the Budget

Committee, Senator DOMENICI, and I and others, of course, labored long and hard to help present the views of all of our colleagues into an understanding and a package that would be acceptable as a consensus product.

So we are here at this moment, and within 1 hour it is believed that we will have passed this reconciliation bill and will embark upon the work of passing the second reconciliation bill which will complete the task.

I think we have set some records here this year, not only because we will have achieved a balanced budget, which is the best belief of all Members here who will be supporting this, but I took a moment, I say to Senator DOMENICI, to check on where we stand with our appropriations bills. There were 9, I believe, that have been completed, and perhaps a 10th one ready. That is quite fantastic, not yet August and having done those.

I want to say to all of my colleagues, I am proud that we were able to get this job done under fairly stringent conditions. We do not have as much money as we were accustomed to having in the past, but with what we had we made it do very well. We have covered lots of things that needed attention, child health care, assurance of the solvency of Medicare, an opportunity for kids to get an education, to be investing in research in our society, a number of things that are very positive outcomes, again, within the context of the resources we had available.

All Members of both parties deserve to be proud of our accomplishment. We have shown America something, that we can work together for the common good, and at the same time we can be fiscally responsible and we can help prepare for the next century, which is around the corner.

This agreement will lead us, I think, to a positive path as we prepare to enter the 21st century, investing in all kinds of good things, as I have said, and education, particularly, I think as the cornerstone for the development of our society.

The agreement shows that it is not inconsistent to be both fiscally responsible and progressive. There is now broad consensus that we simply have to live within our means, but there is also appreciation that the future will not simply take care of itself. It takes work. We have to prepare for it, investing to make sure that our people are ready for it.

That is what we are doing in this legislation: getting our fiscal house in order. We are investing in our children. We are extending the educational opportunities for millions of Americans. In short, we are getting ready, and our children and grandchildren will reap the rewards in decades ahead.

So, Mr. President, I am proud to be here as this balanced budget legislation is approved. We want to see it get to the White House. It is a moment in history, and I hope it will be regarded as a very positive moment in the record

books years from now. I am grateful and proud to have been a part of the process.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, the distinguished Senator, Senator THURMOND, has asked me if he might speak as in morning business for 3 minutes. I ask unanimous consent that he be permitted to do that and it come out of my time on the bill.

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

(The remarks of Mr. THURMOND pertaining to the submission of S. Res. 111 are located in today's RECORD under "Submission of Concurrent and Senate Resolutions.")

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I will save a few remarks until just before the vote. Certainly, if anybody else on our side wants to speak, they are welcome. Nobody is bound to speak, but if they would like to, we have 15, 20 minutes on our side.

I would like to make just a few comments about some of the processes we have been involved in and thank a few people.

Mr. President, I do not believe 15 years ago that anybody assumed the Budget Act could be used to balance a budget as we are doing it here today. The reconciliation instruction and then the reconciliation bill are strange-sounding words and a strange-sounding name for a bill. But essentially we have, by evolution and development and some changes in the law, permitted a budget resolution which does not involve the President; it involves just a majority vote in both Houses. We permitted it to be used to force the passage of reform legislation or tax bills such as the one we have before us.

I think everybody should recognize a couple of very interesting historic evolutions as this process developed. One is the adoption of the Byrd rule by the U.S. Congress as part of the law that applies to the Senate of the United States. And, obviously, one need not search as to where that came from. It came from Senator ROBERT BYRD.

Essentially, one of the Parliamentarians has praised it this way, that the Byrd rule limits our ability to ride the budget horse into passing all kinds of legislation that have little to do with the budget.

I am very pleased to say, and I was able to say to the distinguished Senator BYRD yesterday, that when you put a bill together as large as this, with as many committees and as many innovative minds, you cannot help but try to ride the budget horse beyond what it ought to be used for. There were many, many, I would say scores of legislative language that violated this rule as this process was evolving and

these bills were getting developed, because the rule is a tough rule and it has great, great impact in that those provisions are stripped from the bill if they are subject to a Byrd rule. Then we were able to bring down the scope and numbers to a very, very small number that remained as of yesterday, and I am very pleased, working together, everybody has come up with the conclusion, from what I can tell, that whatever Byrd rule language or violation of Byrd rule language is in this bill has been thought by almost everyone to be necessary and something that we can leave in the bill. I am very pleased with that. I must make sure everybody knows that there were many, many more before we exerted the power and pressure of the Byrd rule. And I think that bodes well in terms of not abusing the process.

Having said that, Mr. President, again, I yield the floor. If anyone else on our side would like to speak, time is available to them. I suggest that if no one is speaking, the time be charged equally, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

#### LIMITED TAX BENEFITS IN RECONCILIATION

Mr. DOMENICI. Mr. President, as required by the Line-Item Veto Act, the Joint Committee on Taxation has informed the conferees that the conference report on H.R. 2015, the Balanced Budget Act of 1997, contains one limited tax benefit. It can be found in section 5406 and concerns the treatment of services performed by certain inmates. As required by the Line-Item Veto Act, section 9304 of the conference report specifically designates section 5406 as a limited tax benefit and as such, it is therefore subject to the President's cancellation authority under the Line-Item Veto Act.

Mr. FRIST. Mr. President, today represents an enormous accomplishment for me and for the Republican Party. The budget agreement now before us is the culmination of years of hard work and concerted effort. I want to especially commend Chairmen DOMENICI and ROTH for their hard work and diligence. I have thoroughly enjoyed working with Chairman DOMENICI on the Senate Budget Committee and commend him for his extraordinary efforts to broker this agreement. My staff affectionately calls him "the legislative warrior" and I agree. He has fought a major battle for the Republican Party and the American people this year—a battle to balance our Federal budget and to eliminate our Federal deficit.

Three years ago, as I campaigned across the State of Tennessee, I listened to the concerns of the people that I met and I made some promises

to them. These men and women were concerned about the amount of money they were able to bring home after Uncle Sam had taken his share. They were outraged by a government that was unable to live within its means. They were worried about their retirement and the continued existence of Medicare and Social Security.

I promised the people of Tennessee that we would do something about these concerns. I promised them that we would give them tax relief, so that they would be able to keep more of what they make and decide for themselves how to spend, save, or invest their hard-earned money. I promised them that we would pass a balanced budget—the first since 1969—and eliminate our Federal deficit. And I promised them that we would protect, preserve, and strengthen Medicare and Social Security to ensure that these programs would still be around for their children and their children's children.

I am proud to be able to return to Tennessee and tell my friends, relatives, and neighbors that we have made good on two of these promises and have taken the first steps toward fulfilling the third. The bills that we will pass over the next couple of days will give hard-working Americans the largest tax cut that they have seen in 16 years—over \$90 billion. This tax relief will benefit Americans of all ages and in all tax brackets. We have included tax credits for children and for education and capital gains and estate relief. Almost 80 percent of these benefits go to families earning less than \$75,000 a year.

Over 43 million parents will owe \$500 per child less in taxes. Taxpaying students and nearly 5 million parents of kids in college will owe \$1,500 less per student in taxes as a result of the college tuition credit.

Last year, 2.4 million Tennesseans filed tax returns with the Internal Revenue Service. Over the last 16 years, these taxpayers have not seen one tax reduction—only increases. As the cost of raising a family and sending kids to college has become increasingly expensive, the value of the personal exemption has dropped dramatically. In 1948, the average American family paid about 3 percent of its total income to the Federal Government in taxes. Today, that family is paying closer to 25 percent.

The Federal Government claims approximately 19 percent of every paycheck that an employee in Knoxville, TN who makes \$22,000 a year takes home. That \$22,000 figure doesn't mean much to her—she sees only \$17,820—and that's before State and local taxes take their bite. The time has certainly come to give these hard-working people some much-needed tax relief.

In addition to the \$500 per child tax credit and the \$1,500 college tuition tax credit, the tax package will cut the capital gains tax rate from 28 to 20 percent for the highest bracket and from 15 to 10 for the lowest. It will raise the

exemption for taxable estates and family-owned businesses and farms. And it will expand the options for individual retirement accounts.

Despite the belief that a capital gains tax cut is only for the rich, in 1995, more than 226,000 Tennesseans paid capital gains taxes to the tune of \$2.65 billion. More than half of these—160,786 to be exact—had incomes of \$75,000 or less. And 40,000 of those who paid tax on capital gains actually had an income of less than \$15,000.

This budget package will also balance the budget by 2002 and restore fiscal responsibility to our Federal Government. For years, Republicans have called for a balanced budget and an end to the reckless spending for which Washington to famous—or rather infamous. A balanced budget will lower interest rates, and generate higher economic growth—including more jobs and lower inflation. An article in this week's Washington Post touted that the "Deficit Effort Really is 'a Big Deal'." Benjamin Friedman, a Harvard University economist, noted:

For every dollar that the government doesn't have to borrow, there's an extra 50 cents invested in new plant and equipment by American businesses. And experience shows that investment eventually raises profits, wages and the U.S. standard of living.

The challenge before us now is to keep the Federal budget in balance—and I am committed to ensuring that we do that.

The third promise was one to protect Medicare and Social Security. We have made a first step toward strengthening Medicare by cutting \$115 billion to health care providers and extending the life of the Medicare trust fund for 10 years. But I remain deeply disappointed that the Senate-passed provisions that would have enacted structural changes in the Medicare Program were excluded from this conference agreement. I have spoken many times about the need for entitlement reform. And unfortunately, this budget does nothing to address it. If we do nothing, entitlement spending and interest on the national debt will consume all Federal revenues by 2012—leaving not a single dollar for important Government priorities like roads, education, national defense, and medical research.

The Medicare trust fund will become insolvent in 10 years. Real, structural reforms are absolutely necessary to preserve Medicare for our children and our children's children. In 2010, the cash flow of the Social Security trust fund turns negative and by 2029, the Social Security trust fund will be bankrupt. This must be the next priority of the U.S. Senate.

For years, our focus has been to balance the budget. Today, we have achieved that goal. I join with my colleagues to congratulate the Congress and the White House on working together, in a bipartisan fashion, to bring real fiscal responsibility back to Washington.

But we must look ahead to tomorrow and pay close attention to the impending fiscal disaster that lies ahead if we do not make some hard choices to reform our entitlement spending. Today, 200,000 Americans turn 65 every year. By 2011, 1.5 million Americans will turn 65 every year. Today, 3.3 workers pay for the benefits that every retiree receives from Medicare and Social Security. By 2025, there will be only two workers to pay for each beneficiary. It is clear that something must be done.

Mr. President, I am delighted that we have made a considerable downpayment on our promises to the American people with this budget package and I look forward to the challenges ahead.

CLARIFICATION OF TWO PROVISIONS IN THE  
BUDGET AGREEMENT

MR. KENNEDY. Mr. President, I would like to clarify two items of concern in the budget agreement.

Last year, when Congress passed the welfare reform bill, it granted States the authority to deny State and local public benefits to certain immigrants. Included in that bill was a provision that exempts nonprofit charitable organizations from verifying immigration status.

The conference report on the budget bill explicitly grants the States authority to require immigrants to provide proof of eligibility for State and local public benefits. This new provision allows States to "require an applicant for State and local public benefits (as defined in section 411(c)) to provide proof of eligibility". Section 411(c) refers to the definition of State and local benefits in title IV of the welfare bill.

It is my understanding that this provision does not grant the States authority to require charities to conduct immigration verification for State and local public benefits. The nonprofit exemption in section 432 of the welfare bill explains that a nonprofit charity, in providing "any State or local public benefit (as defined in Section 411(c)) \* \* \* is not required under this title to determine, verify, or otherwise require proof of eligibility \* \* \*". As Congress has plenary power in the immigration arena, it seems that States may not add a requirement for charities to verify immigration status without express authority from Congress. States were not granted that authority in last year's welfare bill, and States are not granted that authority in this budget bill.

Since the clarification of State verification authority is being inserted into title IV of the welfare reform law, the nonprofit exemption applies. Authority, if any, to require charities to conduct immigration verification would have to be found in a distinct, express grant of Federal authority outside title IV of the welfare bill.

I would also like to clarify that under the conference report on the budget bill, refugees, asylees, and certain other immigrants currently receiving SSI will not lose their eligibility for SSI.

Section 402 of last year's welfare law instituted a bar on SSI for certain qualified aliens. Section 402(a)(2)(A) created an exception to this bar for refugees. Refugees can receive SSI benefits for five years from the date they are admitted into the United States.

The conference report on the budget bill modifies these provisions in two ways. First, the conference report extends the refugee exception from 5 years to 7 years. An additional, separate provision of the conference report, section 402(a)(2)(E), creates a new exception to the bar on SSI benefits which reinstates SSI benefits for qualified aliens receiving benefits on August 22, 1996.

For refugees, these are two independent sources of SSI eligibility. It is my understanding that refugees not receiving SSI benefits on August 22, 1996 will qualify for SSI through section 402(a)(2)(A) for a period of 7 years. Refugees already receiving SSI benefits on August 22, 1996 will be eligible to keep those benefits, even after their 7 years has expired, under section 402(a)(2)(E) without regard to the 7 year cutoff.

Thank you for letting me briefly clarify those two points, Mr. President.

TITLE XI OF H.R. 2015

Mr. HATCH. Mr. President, I would like to commend the chairman of the Budget Committee, and the distinguished majority leader, on the inclusion of a little noticed provision in this conference report. I am referring to the National Capital Revitalization Act. This provision is, in my view, an important step in cleaning up the District of Columbia and making our Nation's Capital City once again the safe and beautiful place we all expect it to be.

Among other important changes, this bill completely overhauls the District of Columbia's broken criminal justice system. If implemented properly, I am certain that this legislation will result in a criminal justice system for the District of Columbia that is fairer for the victims of crime, that appropriately punishes criminals, and that incarcerates criminals in a secure, appropriate environment.

I see that my colleagues from Kansas and Florida are on the floor, and I would like to commend them for their hard work on this issue, as well. They have worked tirelessly to see these provisions included in the budget reconciliation conference report.

Mr. President, I am committed, as I know my colleagues are, to ensuring that these provisions are implemented in the most effective manner. A number of the provisions in the National Capital Revitalization Act, particularly as they relate to, among other things, the transfer of District of Columbia corrections functions to the Federal Bureau of Prisons and the assumption by the U.S. Parole Commission of parole functions of the District government are issues within the authorizing jurisdiction of the Judiciary Committee. I would like to ask my colleagues, the Senator from Kansas and

the Senator from Florida, if this is their understanding, as well.

Mr. BROWBACK. I thank the Senator from Utah for his kind remarks, and note that I agree with his assessment. I look forward to working with him and the Judiciary Committee on the important work of ensuring effective implementation of the National Capital Revitalization Act.

Mr. MACK. I also appreciate the comments of the chairman of the Judiciary Committee, and agree with him that the Judiciary Committee has jurisdiction over a number of these matters. I share Senator HATCH's commitment to a safe and beautiful national capital, and look forward to working with him to implement this important act.

Mr. HATCH. Mr. President, I thank my colleagues for their comments, and look forward to working with them as implementation of the National Capital Revitalization Act goes forward.

Mr. FAIRCLOTH. Mr. President, I am compelled to vote against H.R. 2015. This legislation will put us on a track to reduce the deficit. It will save us more than \$1 trillion over the next 10 years. It puts binding caps on spending increases, so that a super majority will have to vote to increase spending. The bill continues the pay-as-you-go provisions of past budget deals, so that any new spending has to be offset by other spending reductions. It seeks to make Medicare solvent for the next 10 years and creates a National Bipartisan Commission on the Future of Medicare to address the long term solvency of Medicare.

Regrettably, while all of the aforementioned is positive, there are significant drawbacks in this bill.

First and foremost, the legislation raises taxes on tobacco by 15 cents a pack. When I was elected, I said I would never vote for a tax increase and I never have. This is a clear and punitive tax increase on tobacco. If we needed this revenue to reduce the deficit, rather than raising taxes, we could have cut more wasteful and unnecessary spending. We should have done that.

Second, while the bill puts us on a path to deficit reduction, it raises the debt ceiling which allows the Treasury to go \$450 billion deeper in debt than we already are. I think that being \$5 trillion in debt is shameful enough. We do not need to raise the debt ceiling.

Third, Mr. President, this legislation weakens last year's welfare law. When I ran for the Senate, I said that I wanted workfare, not welfare. Last year, we passed landmark legislation to end the welfare system as we know it in the United States. But it became clear soon after the bill was signed into law that the President was not committed to welfare reform. Just weeks after the bill was signed by the President, he went to the Democratic Convention in Chicago and promised to undo it next

year. This bill weakens the work requirements. It builds in more flexibility to the work program. In Washington, flexibility is a code word for weakening, and that is what we have done to the work requirements for food stamp recipients.

Not only have we weakened the welfare law, but we have restored \$11 billion in welfare benefits for noncitizens. We seemed to have forgotten that welfare was and is a failure. Putting more people on welfare doesn't help society. But that is what we have done in this bill. We have increased the welfare roles, and we have added people who are not even American citizens. The very fact that non-citizens are receiving welfare is testimony to a system that has gotten out of control. Welfare is also prone to great fraud. Why else would we have to clarify that a noncitizen who is receiving welfare from the U.S. Government must actually be residing in the United States. Can you imagine that we would be paying welfare to people who are not even living in the United States.

Mr. President, we have also created a new program regarding welfare. We are spending \$3 billion to put welfare recipients to work. Welfare reform was supposed to save money and now we are spending money to reform welfare. Again, this kind of backward logic only seems to work in Washington. I am supportive of helping move welfare recipients to work—but another Government jobs program is not what we need.

Mr. President, as I said, there are many good aspects to the bill, but it violates the fundamental promises I made to the people of North Carolina when I ran for the Senate regarding welfare and taxes. I will not break my word to the people that supported me in 1992, and I will not vote for this bill.

Ms. MIKULSKI. Mr. President, I am pleased to be able to support the conference reports on the Balanced Budget Act and the Taxpayer Relief Act. Together, these bills will bring us to a balanced budget by the year 2002, while providing vitally important investments in education, in children's health, and in economic development.

I believe that my job as the Senator from Maryland and the Senator for Maryland is to save jobs, save lives, and save communities. I believe these bills will help us to do all three.

These bills address the day-to-day needs of America's families, and they keep faith with America's seniors. They open the doors to opportunity and give help to those who practice self help.

Mr. President, I am particularly pleased that the conferees rejected the unnecessary and harmful structural changes in the Medicare Program. As my colleagues know, I adamantly opposed the means testing of the Medicare program, and the change in the age of eligibility for Medicare from 65 to 67. Such major changes should not be considered without Presidential

leadership and a national discussion. I am pleased that these changes were not included in the final budget package. I believe the commission established by this agreement is a better way of addressing the long-term solvency concerns of Medicare.

There is much good news for senior citizens in the Medicare portions of this budget. We have ensured the solvency of the Medicare Program for at least the next 10 years. We have provided funds for critical new preventive care benefits, by expanding coverage for mammography and colorectal screening, and by improving self-management of diseases like diabetes. These are investments that will pay off, improving the health of Medicare beneficiaries and saving lives.

Having said that, however, I am disappointed with other cuts that these bills make in the Medicare Program. It is disturbing that the Federal guarantee of adequate reimbursement rates to nursing homes has been abandoned. I believe this will put nursing homes in a budget squeeze and will have a negative effect on the quality of care that we provide to our most fragile elderly. I am also disappointed with the excessive cuts in the reimbursement rates for such key services as home oxygen therapy. I believe seniors will be hurt by this change. I hope that we will have an opportunity to revisit these issues in the future.

This legislation also will provide a tremendous investment in the health of America's children. The \$24 billion provided for health care for uninsured children in this bill is the single largest increase for children's health efforts in over 30 years.

Mr. President, there are 10 million uninsured children in this country; 1 in 8 of the children in my own State of Maryland have no health insurance coverage. It is really shameful that we have allowed so many children to be at risk.

I believe we have to do all we can to ensure that no child goes without adequate health care. I wish we could have reached every uninsured child with this bill. I pledge to do all I can to work toward that goal. While it does not reach 100 percent coverage for our children, I do believe that this bill makes tremendous strides in the right direction.

Over 5 million children who currently have no health care will now get their immunizations, early screening, and other health care services. We have taken a great step in ensuring healthy children who are ready to learn and ready to succeed.

I like this budget package because it also opens the doors to education for young people and to people seeking to further their education. The \$1,500 HOPE scholarship contained in this bill will help to make available to every student the first two years of college. The tuition tax credit the bill provides for juniors, seniors, and graduate students will enable thousands more young people and returning students to

get the education and skills they'll need to succeed in the 21st century.

The tax provisions of this package will provide much needed tax relief for working families, for family-owned businesses and farms, and for those who have invested in their homes and communities. This bill is good for those who work hard, play by the rules, and pay their taxes.

The child tax credit will provide relief to some 27 million families. When the credit is fully phased in, families with children under 17 years of age will be able to claim a \$500 per child credit. We ensure that working families who qualify for the earned income tax credit—who may not pay income taxes but who do pay payroll taxes—will also benefit from the child tax credit. That means we will provide help to families with incomes below \$30,000—from the firefighters in Baltimore County to the watermen on the Chesapeake Bay. They work hard, they contribute to our economy and our communities, and they deserve our help.

This bill rewards investment and thrift. It will allow Americans who have invested in their communities by the purchase of a home to be able to recoup their investment when they sell that home, without being subject to onerous capital gains taxes. It ensures that people who have built a family farm or a small business with a lifetime of hard work can pass that enterprise on to the next generation.

It encourages savings. The bill's new IRA provisions will reward those who practice self help, by increasing access to IRA's, and by allowing withdrawals from IRA's for the first-time home buyers and for educational purposes.

Mr. President, this budget package does not provide everything I would like, and I do not like every provision of this package. But I believe overall, this is an agreement well worth supporting.

These conference reports finish the job the Congress began in 1993, when the President and congressional Democrats passed the deficit reduction bill. In 1992, our deficit was \$290 billion. This year, it will be less than \$45 billion. This historic economic plan started us on the road to elimination of our deficit. The bills we are passing this week will finish the job we began in 1993.

This is a victory for fiscal responsibility. It is a victory for America's families. It keeps faith with our seniors, opens the doors of opportunity to those seeking an education, protects children's healthy and rewards those who save and who invest. I am proud to support it.

#### DUOPOLY AND NEWSPAPER-TV CROSS OWNERSHIP

Mr. KERREY. Mr. President, I share Senator HOLLINGS' concern that the provisions in the reconciliation bill on the duopoly and newspaper-TV cross ownership rules which affect television broadcast license ownership violate the Byrd rule.

The duopoly rule limits the number of television stations a single person can own in a market and the newspaper/broadcast cross ownership rule makes it difficult for newspapers to own a television station in the same market where it publishes a paper to assure that there is not a monopoly on information.

The conference provisions violate the Byrd rule because they make substantive changes in policy which have no budgetary effect.

At a time when the Congress and the American people are concerned about the growing concentration in the broadcast industry, this is not the time or place to consider these changes.

The Congress ordered the Federal Communications Commission to review the duopoly rule in 1996. The budget agreement should not pre-empt that review.

I join my colleagues in observing that a point of order would lie on the broadcast provisions of this bill.

Mr. CAMPBELL. Mr. President, back in May of this year, the leadership and the administration reached a historic agreement. That agreement was then supported overwhelmingly by the House and the Senate when the concurrent resolution on the budget for fiscal year 1998 came before the two bodies for consideration, putting forth the blueprint by which the Federal Government could reach a balanced budget by the year 2002.

This week the Congress and the administration have reached yet another monumental agreement, ensuring passage of the Balanced Budget Act of 1997 and its companion, the Taxpayer Fairness Act. These two bills, together, put forth the spending and revenue changes for the next 5 years. And, the passage of these measures and their subsequent enactment into law will signify the first balanced budget since 1969. For 28 years, the Federal Government has run a deficit and has talked about the need to balance the budget. Finally, due to the extraordinary leadership of the House and Senate, as well as the incredible amount of bipartisanship and cooperation, Americans are witnessing the Federal Government take the necessary action to get its fiscal house in order.

The tax portion of this agreement will provide Americans with the first major tax cut in 16 years. This bill provides for a net tax cut of more than \$90 billion over the next 5 years. This is slightly more than the \$85 billion agreed upon in the budget agreement of earlier this year, and I am delighted that the budget negotiators were able to provide a little extra for this country's hard-working families and individuals.

Specifically, this bill is an investment in our children. After years of trying to get a child tax credit enacted, the Taxpayer Fairness Act will provide families with a \$500 per child tax credit for children under the age of 17. Over the years I have received many a letter

from Coloradans who are supportive of this tax credit, and finally, they are going to be able to take advantage of it. Imagine what a family of four can do with a \$1,000 credit. They can use the money to invest in their two children's education. They can put the money toward a downpayment on a house or simply use the money to ease their financial burdens. This child tax credit will mean different things to each of the millions of families that is eligible for it. But what it means to me is that this Government cares enough about this country's children and the hard-working parents struggling to raise their children to offer them some much-needed and well-deserved tax relief.

And the benefits for families and their children do not stop there. Once a child is ready to go on to higher education, millions of taxpayers will benefit from the tuition tax credit and millions more will benefit from the student loan interest deductions.

Equally important to my home State of Colorado are the benefits from capital gains and estate tax relief. I cannot begin to quantify how many Coloradans—homeowners, small business owners, farmers, ranchers—have written or spoken with me over the years urging the Federal Government to ease the burden from these taxes, and while I would have liked to see these provisions go a little farther, I am pleased about the benefits this bill will bring to the many farmers, ranchers, and small business owners in my State. Capital gains and estate tax relief, in combination with other tax provisions in this bill including IRA expansion, will contribute to economic growth and create jobs, thereby once again assisting America's families.

In all, the tax bill represents a major step forward for the economy as a whole and for the pocketbooks of taxpayers. Out of every dollar earned by an individual today, roughly 25 cents of that goes toward the individual's Federal tax burden—this is just the Federal taxes. And, today, we are going to do some truly significant by passing a bill which will provide major tax cuts, benefiting Americans at every stage of life.

While the accompanying spending bill is more contentious by nature, it provides for several important and necessary reforms to our Nation's largest entitlement programs. The Medicare Program, which was facing certain insolvency within the next 5-year span of the balanced budget agreement, is now actuarially sound for the next decade. Most importantly, the savings achieved in the program are not unfairly achieved on the backs of beneficiaries, but rather through expanded choice, competition and a curbing of the rampant fraud and abuse. The Department of Health and Human Services cites \$23 billion in fraud and waste under the current Medicare structure. This bill finally provides us with a mechanism to protect those taxpayer dollars.

Further reforms in Medicaid, the section 8 assisted housing program, and improvements to the welfare to work legislation of last year have resulted in a historic starting point for meaningful and fair reform. I make no bones about my dissatisfaction with certain provisions included in the bill, as well as the exclusion of others, and I look forward to working with my colleagues to address these concerns. However, the benefits and the great need for the reforms this legislation precipitates have won it my support.

On a larger scale, this tax bill and the Balanced Budget Act, taken together, will finally get the budget balanced. Since first coming to Congress in 1987 as a Member of the House of Representatives, I have been a proponent of a balanced budget and have supported efforts to achieve this goal. And, I am pleased to be here today to be a part of this historic moment. I would be completely remiss if I did not acknowledge the hard work of the House and Senate leadership, including the chairmen and ranking members of the Budget and Ways and Means committees. In 10 years in Congress, I have never before witnessed a budget bill, and a balanced one at that, which has passed with such ease and cooperation. With that, Mr. President, I will vote for these two bills, and I yield the floor.

Mr. FEINGOLD. Mr. President, I want to offer a few comments on the recently negotiated bipartisan budget agreement. The past few months have been truly historic. We have seen both parties come to the table in good faith and negotiate a budget agreement that puts us on the track toward a balanced unified budget. And all of that has been done without a constitutional amendment to balance the budget. Indeed, as I have noted before, I am convinced the presence of such an amendment would only have delayed such an agreement, perhaps by a decade or more.

Mr. President, balancing our budget has been my highest priority as a Member of this body. I ran on that issue in 1992, and I am pleased that we will enact a budget package that puts us on track to achieve that goal.

As we congratulate ourselves on fashioning this agreement, however, we should recall that this agreement would not have been possible without the President's deficit reduction package enacted in 1993, a package some now estimate will achieve approximately \$2 trillion in deficit reduction between 1993 and 2002. The heavy lifting needed to balance the budget was done in that package, and while this budget agreement puts the finishing touches on the work of eliminating the deficit, it was that 1993 budget package that made it much easier to reach an agreement.

But Mr. President, though I am pleased we are on track to balancing the unified budget, I have mixed feelings with regard to the specifics of the tax cutting aspects of the bipartisan

agreement. As the headline of the editorial in yesterday's Milwaukee Journal Sentinel stated, this budget deal is well-intentioned, but flawed. I am particularly concerned at what appears to be backsliding on our commitment to fiscal prudence and responsible budgeting by passing a tax cut before we have eliminated our budget deficit. As the editorial stated, "any balanced budget strategy that also cuts tax revenue is inherently risky."

The tax-cut package in this agreement has the strong odor of business as usual about it, a return to the 1980's when politicians stumbled over themselves to promise newer and bigger tax cuts without regard to our budget deficit. The result was an explosion of deficits and debt which has taken years to contain. Even now, we are still coping with the legacy of fiscally irresponsible tax cuts.

I was the first Member of either body to oppose the tax cut proposals of both parties nearly 3 years ago, and I am disappointed to see that some of the concerns I expressed then have been realized. Instead of remaining focused on how to balance the budget in the near term and how to address the fiscal pressures facing the budget in the long term, much of the discussion between the negotiators of both parties amounted to a tax cut auction, with each side bidding up their own favorite tax cuts in an appeal for political credit.

As I noted almost 3 years ago, a tax cut bidding war will only serve to undercut the efforts we have already made and the work which remains to get our budget under control. Aside from the fiscal hole tax cuts produce, they divert us from the tough and unpleasant task of finding needed spending cuts.

Mr. President, who wouldn't rather talk about cutting taxes than cutting programs that people like? Unfortunately, to some extent, this is what has happened in the budget agreement, with the result that the goal of a balanced budget may be taking a back seat to the more politically appealing debate of how to cut taxes.

The evidence is fairly compelling in this regard, Mr. President, and both political parties are at fault. The movement of any tax-cut bill while we are still experiencing budget deficits is the most obvious sign. Moreover, that tax cut measure has grown over the past few weeks. In order to accommodate all their constituencies, negotiators for both parties produced a tax cut package even bigger than the plan agreed to this spring.

And, there is reason to believe that in order to accommodate this expanded tax-cut package, the budget negotiators resorted to what some would describe as accounting gimmicks.

Mr. President, these signs all indicate a potentially troubling trend. The desire of the negotiators for an even larger tax cut was such they were willing to resort to cooking the budget

books. It is fair to conclude the national priority of fiscal prudence and a balanced budget are in danger of being pushed aside by politically motivated tax-cut proposals.

Mr. President, let me be clear. I very much want to support a significant tax cut, but I won't support one until we balance the books. We do a disservice to those who elect us if we help shift the focus away from fiscally sound budgeting and instead promote self-serving but fiscally irresponsible tax cuts.

At the time we passed the budget resolution, I expressed my concern that while the tax cut agreement might be sustainable as part of the shorter-term budget resolution, it could become unsustainable in the long run, and I am concerned that this is just what happened.

The tax-cut package which passed the Senate was heavily backloaded with an annual cost of \$54 billion. The negotiated tax-cut package produced by the conferees is even worse, and while accounting gimmicks and timing shifts might help achieve technical balance in 2002, they do not alleviate the problems we will face when the retiring baby boomer generation will put increased pressure on the budget. According to analysis done by the tax watchdog group Citizens for Tax Justice, the actual annual cost of this tax measure will be \$64 billion, even larger than the cost of the bill as it left the Senate, and over twice the annual cost of the President's proposed tax cut.

Mr. President, as I noted before, I very much want to support a tax cut, but it simply isn't fiscally responsible to enact a tax measure with an annual cost of \$64 billion before we have balanced our budget.

Balancing the budget must be our first priority, and this tax measure is inconsistent with that goal.

Having noted my concerns about the tax package, however, let me conclude by expressing my support for the reconciliation measure which cuts spending. As I noted earlier, the bipartisan package is truly historic, and I applaud the work done by the negotiators from both parties who helped craft that measure.

Certainly more needs to be done. The Medicare Program needs to be further strengthened and modernized, as does the Medicaid Program. As I have stated frequently, one of our highest priorities must be to reform our current long-term care system which is largely funded through Medicaid. I have introduced legislation which would implement reforms in this area, and I very much hope we can begin that absolutely critical task soon.

We also need to continue to cut spending in Federal programs. Though we may be on track to achieve balance in the unified budget by 2002, we must dedicate ourselves to achieving the next goal of ridding the Federal budget of its dependence on the surpluses generated by the Social Security trust

fund. Those surpluses mask our true budget condition, and if we are to ensure retirees will receive the benefits to which they are entitled, we need to pursue further spending cuts now.

We must cut spending also to begin to pay down the massive national debt, the bulk of which was generated between 1980 and 1992, and which continue to require increasingly large interest payments—payments that account for a growing portion of our annual budget.

We must cut spending also so we can enact a fiscally responsible tax cut, one whose benefits are distributed equitably to families at all income levels.

Finally, we need to cut spending to ensure Government works more efficiently and effectively and to bolster the credibility and national confidence in our Government.

The work of cutting spending and reducing the deficit which was accomplished by the 1993 budget package, and to a lesser extent by the bipartisan budget plan negotiated this week, must continue. I very much hope the bipartisan efforts which led to this year's agreement can continue as we pursue those further spending cuts.

I congratulate the negotiators from both parties for their efforts on the reconciliation measure which does the real work, the spending reduction measure, and look forward to working with them in taking the next steps toward further spending cuts to balance the budget without using Social Security trust funds, begin to pay down the national debt, fund a fiscally fair and responsible tax cut, and to make Government programs more efficient and more effective.

Mr. President, I ask unanimous consent that the text of the editorial titled "Budget Deal Well-Intentioned, But Flawed" from the Wednesday, July 30, 1997 Milwaukee Journal Sentinel be printed in the RECORD.

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

[From the Milwaukee (WI) Journal Sentinel, July 30, 1997]

BUDGET DEAL WELL-INTENTIONED, BUT  
FLAWED

Americans deserve a tax cut, but even more they deserve relief from the \$5 trillion debt that is burdening them with yearly interest payments of more than \$200 billion. The budget deal agreed to Monday by Republicans and Democrats won't ease that burden, which is the chief reason this plan isn't as good as it may seem.

The historic agreement ostensibly would balance the budget for the first time in nearly 30 years and cut taxes significantly for the first time since 1981. Among other things, the measure would grant tax credits for children and reduce the tax on capital gains.

The measure will be popular, which helps explain why GOP and Democratic leaders were telling each other how cooperative and constructive they were. Why is such cooperation missing, however, in reforming scandalous campaign finance practices by both parties?

Negotiators deserve credit for writing a blueprint to balance the books in five years.

But any balanced-budget strategy that also cuts tax revenue is inherently risky. If spending increases threaten to produce red ink—and they do—so do tax cuts. Reducing revenue is premature.

It's true that the health of the national economy makes tax cuts less risky than they would have been three or four years ago. But if history is any guide, the boom won't last forever. The stresses on the economy will become more intense after five years have elapsed, when large numbers of working men and women will retire. Unless more is done to curb the growth of entitlement programs such as Social Security, the deficit—and, thus, the national debt—will begin to soar again.

Wisely, the negotiators agreed to raise cigarette taxes to help provide health care for poor children. They also abandoned a proposal—it would have made tax-filing even more mind-numbing than it is now—that would have allowed investors to subtract the effects of inflation when calculating their capital gains.

The package as a whole, however, contains dangers that could have been avoided. The time for tax cuts comes after, not before, the mountain of debt has been reduced to a saner, safer level.

Mrs. MURRAY. Mr. President, this is a good day for regular people. Today, we are putting our differences aside, making smart compromises, and getting the peoples' work done. After 3 years of strife, partisanship, and government shutdowns, I am glad to see that this Congress is finally coming together for the good of the people.

As I listen to the debate on the historic balanced budget reconciliation bill, I can't help but remember the first budget that I helped draft as a new Member of the Budget Committee, the 1993 Omnibus Budget Reconciliation Act. It was a 5-year deficit reduction plan that reduced the deficit from nearly \$300 billion in 1993 to about \$60 billion for 1997.

The 1993 plan had deep spending reductions and ambitious goals for reducing the deficit. But it also contained important new investments in our economy, our work force, and our children. That plan passed without one vote from the other side, which I think is unfortunate. I stood on the floor of the Senate and listened to speech after speech from my colleagues on the other side claiming the plan would force the economy into recession and explode the deficit.

I am proud to stand here today and say that the exact opposite happened. Our economy is strong and growing at a steady rate, and the deficit has declined each year since. Balancing the budget is no longer an insurmountable goal. The 1993 plan brought us within reach. A lot of Members had the courage to make the tough calls back then. Some of them are no longer here in the Senate. But the state of the Nation today—the low deficit and the booming economy—has vindicated the 1993 plan.

The Balanced Budget Reconciliation Act before us today finishes the job. We will balance the budget by 2002; we have protected the solvency of the Medicare Program without draconian cuts; we have expanded our investment

in education; and we have created a new children's health insurance program to cover an additional 5 million children who have no health security; and we have provided moderate tax relief. This is a balanced and fair plan.

The real winners today are our working families; senior citizens; and our children. Not only do they benefit from the largest investment in education since 1965; the largest investment in children's health since 1965; and the fiscal soundness of the Medicare Program, but we all win when we reduce the deficit and balance the budget. We are already seeing the fiscal and economic dividends from reducing the deficit, and this will only continue.

Let me say now I was deeply concerned when this legislation originally passed the Senate. So concerned, in fact, that I had to vote no on the Senate bill. The changes in the Medicare Program that were included would have seriously altered the program and threatened the health care security for millions of senior citizens.

Immediately following that vote, I began working to ensure that these changes were removed from the final conference agreement. I could not and would not support anything that would result in more individuals being uninsured. Increasing the Medicare eligibility age from 65 to 67 would have only added to the 47 million Americans with no health insurance. The means testing of the part B premium was not just an administrative nightmare, but a short-term solution that would have only forced higher premiums on all seniors regardless of income. The \$5 copayment for home health care would have fallen disproportionately on low-income women. Well over two-thirds of women over 65 earn less than \$13,000 a year. A \$5 copayment for each home health care visit could have added hundreds of dollars a year to the cost of health care for millions of low-income senior citizens.

I could not have supported the final agreement if these provisions had remained. Because I was committed to a balanced budget, I knew I had to work hard to ensure that these provisions were dropped. I spoke with the White House, with the conferees, and with many of my colleagues and constituents about this, and I am pleased our hard work paid off. The final agreement slows the growth of Medicare without forcing more seniors into poverty and does not jeopardize the level of care that we have guaranteed to our senior citizens.

I know many families in Washington State who are struggling to pay for college or who are worried about the financial burden of a college education for their child. Included in today's agreement are real tax incentives to help families invest in their child's education and to provide relief to today's students who are struggling under a huge burden of debt. As I said earlier, families are the winners today. This agreement will help those families

who are struggling to help their child and will keep a college education within reach.

In 1993, I worked with many of my colleagues in Congress and with the Clinton administration in an effort to enact comprehensive health care reform that would guarantee health care coverage for all Americans. Lack of affordable, quality health insurance coverage was and still is a major problem for many individuals. Unfortunately, our plan was too ambitious and the American people told us that they wanted smaller, targeted reforms. In 1996 we enacted the Health Insurance Portability and Accountability Act Kennedy/Kassebaum, which expands health care access for workers between jobs and provides protections for those with pre-existing conditions. This legislation was an important step in improving health care access for all Americans.

Today's agreement takes another big step by providing \$24 billion to improve access to health insurance for the 10½ million children who lack any direct access to quality, comprehensive health care. This new health insurance program that will improve the quality of life for millions of children and families, is the real crown jewel of this agreement.

I have spent a great deal of time and energy pushing for expanded health care coverage for children. I have always considered this to be one of my top priorities and feel some relief today knowing that we have succeeded. In Washington State, we made a similar commitment to our children back in 1993, today's agreement will give us the opportunity to build on this commitment and reach out to more children.

While I feel a great sense of accomplishment today, there is one group of individuals who will not be celebrating. Despite the fact that my family violence option clarification amendment was adopted on three separate occasions, the budget conferees chose to once again try and sweep domestic violence under the rug. Victims of domestic violence were forgotten in this agreement. My amendment, adopted three times by the U.S. Senate, would have given States the ability to waive victims of domestic violence from the work requirements and time limitations called for in the new welfare reform law. It was not a secret way to allow women to stay on welfare, as many claim, but rather a way to protect victims of domestic violence and help them get out of poverty. There is no good reason—no excuse whatsoever—why this provision should have been taken out of the agreement. This is perhaps the greatest disappointment for me in this whole process.

I am committed to moving this amendment again and again until my colleagues understand how violence and abuse can be life threatening barriers to work. I will keep making my colleagues vote on this amendment

until we have succeeded. Those who oppose this amendment need to understand that when they vote "no" they will be voting against victims of domestic violence and abuse.

Looking back over the past 4 years, I am amazed at the progress we have made on reducing the deficit and yet I know that it was not an easy task. I always believed we could balance the budget and still maintain important investment programs, but it does take a great deal of work and many, many tough decisions. As a member of the Senate Budget Committee I have had to make those decisions and choices. But, I always knew that it could be done. Today's agreement is my proof.

Mr. LEVIN. Mr. President, I will support the Balance Budget Act of 1997 which takes us the final step in a process begun in 1993. It reflects a considerable bipartisan accomplishment. While I don't agree with it in every specific, it gives a significant boost to education, provides for the largest investment in health care for children in 30 years, protects Medicare and Medicaid, and it reaches a balanced budget by the year 2002.

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 1 percent of the gross domestic product. Over the 5 years from 1993 to 1998, the deficit has been reduced by about \$1 trillion 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 5.9 percent rate, with an inflation rate of 2.7 percent. The unemployment rate is now 5 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 bill holds the promise of bringing us even closer to finishing the job.

I opposed this bill when it originally passed the Senate in part because it included a provision to increase the eligibility age for Medicare, and a second provision to require a \$5 per visit copayment for home health care. I am pleased that both provision were deleted from the legislation by the conference committee.

I am also pleased that this bill restores benefits for legal immigrants who are currently receiving assistance or who become disabled and protects the minimum wage and other protections for welfare recipients moving from welfare to work.

Mr. President, this bill will secure the Medicare trust fund for at least the

next decade, and provides for additional preventive benefits. It represents hard work and compromise and demonstrates that when the Congress moves in a bipartisan way, much can be accomplished.

Mr. KERRY. Mr. President, I come to the chamber today to support this balanced budget. We have worked for many years, making hard choices, fighting for our priorities, managing this country's budget process—all in order to be able to stand in the Chamber as members of both political parties in support of a balanced budget.

It is not the bill I would have written, but there is a large degree of foolishness in rejecting the good in favor of the perfect. A great debt is owed to the chairman and ranking member of the Finance Committee and their counterparts on the Budget Committee as well as their staffs who have worked with us over the course of these many months in crafting this plan.

And, there is no question in my mind, Mr. President, that this legislation is better than the deal the Senate passed last month—a plan I opposed because it did not do enough for hard-working American families and largely ignored America's children. This legislation before us now incorporates many of the provisions I and others on this side of the aisle fought to have included.

For that reason, this is a day of vindication for Americans who believe, as Democrats have proven, that it is vital to balance the Federal budget and extend health care to children, provide broader educational opportunities, ensure the future for our senior citizens and safeguard our environment.

Since 1993, we have moved in this direction. In 1993, when the first Democrat in a generation was elected President and Democrats formed the majority in both Houses of Congress, we have worked arduously to break the spiraling deficits which plagued our Nation for a decade and provide a solid economic foundation for our Nation as we move into the 21st century. And, Mr. President, we've succeeded. We have waited for the day when the benefits of our hard work would be as obvious as they are today.

Even the possibility of the legislation before us now—a conceptually balanced budget with tax breaks—is testament to the application of Democratic ideals to fiscal policy. In 5 years, we cut the deficit from \$290 billion to the current level of perhaps less than \$50 billion. Interest rates are subdued. We are seeing the lowest unemployment and inflation rates and the largest drop in poverty rates in a generation. Consumer confidence has shown the best improvement since the Eisenhower administration and the value of the stock market has doubled since 1993—the Dow break records every day—and the market itself is experiencing the fastest growth since the Second World War.

We have been successful, because, since the Great Depression, our party

has stuck by the fundamental belief that sound economic and social policy go hand-in-glove, that our Nation is stronger when all Americans have equal economic opportunity.

Thomas Jefferson taught us that ours is a Nation of the common man and enshrined this belief in one of our most treasured documents when he wrote of the self-evident truth that all men are created equal.

Andrew Jackson echoed this creed when he restated the party's commitment to the humble members of our society—the farmers, mechanics and laborers. That commitment, that core set of beliefs, is in fact, Mr. President, the essence of the American dream and the foundation of what has become the greatest contribution this Nation has provided to the world's social economic history—the growth of a vibrant middle class. Universal economic opportunity, sound fiscal policy based on equitable distribution of benefits and assistance to those most in need—those are the fundaments of Democratic economic policy. That is the goal of the program we put in place in 1993, and that is the end to which our fiscal policies are directed. Franklin Roosevelt reminded us of our commitment to expanding opportunity when he said: "the spirit of opportunity is the kind of spirit that has led us as a Nation—not as a small group but as a Nation—to meet very great problems."

Mr. President, as Democrats, we believe that deficit reduction is a means to an end. We believe that tax breaks are a means to an end. But, unlike the Republicans, we do not subscribe to the callow notion that deficit reduction is an economic policy in and of itself or that tax breaks are an end which justify any means. We do not believe that cutting vital programs is a courageous or visionary act. We believe that courage lies in advancing economic opportunity: this requires wisdom, innovation and prescience. It is chilling that this dichotomy of political and economic philosophy remains as obviously demarcated today as it was 100 years ago. I re-read the cogent description by William Jennings Bryan of the two opposing ideas of government: he separated the parties into those who "legislate to make the well-to-do prosperous and wait for their prosperity to leak through on those below, or those who legislate to make the masses prosperous and ensuring that their prosperity will find its way up through every class which rests upon them."

Mr. President, as a U.S. Senator, I have an obligation to the constituents who elected me to represent their interests, to act on their behalf and to present their views to this body. At times here, there is often a temptation to acquiesce ones core set of beliefs to the majority. It is easier to be hidden by the crowd than to stand alone and dissent, simpler to obey the tenets of a deal than the core of ones belief, more politic to do what is possible than do what is right, and more efficient to

save time by agreeing. But remember the words of Harry Truman, Mr. President, when he said that "whenever you have an efficient government, you have a dictatorship."

I am pleased that our provocation, our urging, our insistence in crafting this compromise that helps working class Americans was successful. I cannot turn away from the long history which has shaped my essence sense of fairness, my overarching insistence on making government work for the common good and the needs of my constituents. Mr. President, for that reason, I voted against the tax portion of the reconciliation bill as I voted against the spending portion when they passed the Senate the first time, and because these bills were dramatically improved, I am able to support the conference report today.

Mr. President, I am grateful for the work of the Senator from Delaware, Senator ROTH who chairs the Finance Committee and my friend from New York, Senator MOYNIHAN, who serves as that committee's ranking member. They have improved a gravely flawed piece of legislation passed by the House of Representatives and the Senate the first time.

During the course of the initial debate, I attempted to shape the legislation so it would do more for more average citizens, but time and again we were rebuffed. I said at the time, Mr. President, that before I could approve it when it returns from conference, this legislation needed significant improvement, especially as regards the treatment of children and hard-working American families.

In the original Senate package, nearly 43 percent of the breaks went to the wealthiest 10 percent of Americans—those who earn more than \$120,000. In the original plan, Mr. President, 60 percent of hard-working poor and middle class Americans got only 12.7 percent of the tax breaks, while the richest 1 percent of Americans get 13 percent of the benefits. In the original Finance Committee proposal, the poorest 60 percent got as much as the richest 1 percent. This was a new standard of unfairness. This was anathema to the party of Jefferson and Jackson and Truman and Roosevelt. I tried to change it; I was unsuccessful and I rejected it.

I am pleased the conference report has a more equitable distribution by allowing more working class Americans to take advantage of the child-tax credit, for example. By most measures, Mr. President, this proposal has moved closer to our ideals and is unquestionably more equitable.

There is no more obvious improvement in this bill, Mr. President, from the original Finance Committee plan than the treatment of hard-working middle class families raising children. During the initial debate, I attempted to give more help to the American families on the lower end of the economic spectrum—young families with young

children—who will be doing the most for our country in the future.

Mr. President, I attempted to correct this basic inequity by offering an amendment which would have improved the bill by granting a refundable child tax credit to all working families. Most Americans pay more in payroll taxes than income taxes. Income taxes have remained stable for most Americans in the past 10 years while payroll taxes have increased 17 percent.

My distinguished colleague from Louisiana, Senator LANDRIEU, attempted to amend the original plan so families who receive the earned income credit would not be penalized. She is a new member of this body, Mr. President, but she has already made an enormous contribution. She is a young mother and as such speaks with a clear voice on the difficulties of raising children today, and Mr. President, because this proposal incorporates her vision and my vision, it is a better deal for all Americans.

I am pleased also that this conference report allows Americans to offset the credit against these payroll taxes. Now, it applies to all Americans even those receiving the earned income credit. This is in distinct contrast with the original Finance Committee plan under which nearly 40 percent of America's children were excluded from the tax credit. Those 40 percent are the children of working class Americans, children of young teachers, police officers, farmers and nurses who work hard and are the backbone of this country.

Now, Mr. President, the Democrat proposal—more measured and fair—has prevailed. And, more Americans will be afforded a share of the great economic success this country has enjoyed since 1993. I could tell you that this bill provides a tax break for 5.9 million more American families with children than the Senate bill and 7.5 million more families than the House bill, but instead of relying dry statistical analyses and distributional tables, let me take a moment to show you some real people and compare how the different plans affect them.

The Richards family from Sioux Falls, SD, Charlie and Karen and their two children, will receive \$975 from the child tax credit and both their children will be covered by health insurance. Under the House plan, the family would have received no child tax break; under the Senate plan, \$418. This legislation, incorporating my amendment, will give them twice as much in the child tax break.

Under this plan, the Ussinger family from Albuquerque, NM will receive \$1500 in child tax breaks. The House plan would have given them \$6 and the original Finance Committee plan would have provided \$458. This plan, incorporating my amendment, will give the Ussingers three times as much.

The Buckman family from Washington, DC, will now receive \$594 in the child tax break. Under the House bill,

the Buckmans would have gotten nothing and the Senate version would have given them only \$143. So, this plan, incorporating my amendment, will give the Buckmans here in our Nation's capital four times as much in child tax breaks.

All of those children, Mr. President, every one of them, and 5 million more, will have health insurance thanks to our insistence and the leadership of Senator KENNEDY that we deliver the largest investment in the health of our children since the enactment of Medicaid, a generation ago.

This plan invests an unprecedented \$24 billion for uninsured children, and since it is funded by a tax on cigarettes, it is, in fact, a double health benefit. This plan serves as a financial barrier—a powerful disincentive for children to start smoking in the first place. It supplements, not supplants, current health care coverage. Our plan requires that States maintain their current Medicaid eligibility levels of spending to access Federal dollars to ensure that this investment is not used to replace public or private money that already covers children.

Mr. President, simply put, this is the embodiment of the Democratic principles I mentioned earlier. This victory for America's children and middle-income families is a victory for America itself. We will all benefit from a healthier generation of children.

Mr. President, there are some elements of this package about which I am unsure. I would have preferred the approach to capital gains reduction for which Senator BUMPERS and I have fought for a decade—a measured, targeted approach instead of the broad-based cut this bill contains. I would have rejected the large back-loaded expensive IRA provision. But, at the end of the day, we must ask ourselves if this legislation meets the basic standards of fairness to which we attest; does it help average, hard-working American families? The answer is yes. Does it provide assistance for America's children and the young families struggling to raise them—those who have as yet not enjoyed the fruits of the economic boom? The answer is yes.

I am pleased to be able to join the majority of our colleagues, Mr. President, in supporting this plan.

Mr. KEMPTHORNE. I strongly support, and will be proud to vote for, the Balance Budget Act and the Taxpayer Relief Act. With these two bills, Congress has finally kept the promises made to Americans to balance the budget and to cut their taxes.

When I talk to folks back home in Idaho, they always ask the same question: When is Congress going to get its act together and balance the budget and reduce our taxes?

These folks aren't asking for much. They just want the Federal Government to stop spending so much of their hard earned money and leave more at home so they can pay their bills and raise their families.

Now, when these two bills become law, I can go home I can look them in the eye and say, "We heard you and we took action."

I am proud to be a member of the Congress that had the discipline and the courage to balance the budget and cut taxes. This is a historic time in Congress. We have stopped the out of control spending frenzy in Washington, DC and have reestablished fiscal responsibility to the Federal Government.

We balance the budget by 2002, the first time in nearly 30 years. I was in high school when the budget was last balanced. My daughter just graduated from high school. An entire generation of budget deficit. We must stop accumulating debt for our children and their children to pay. With a national debt of more than \$5 trillion its time we balanced the budget.

We also provide the first tax cut in 16 years—\$96 billion over the next 5 years. We didn't balance the budget by raising their taxes. We let folks keep more of what they earn.

Three-quarters of the tax cuts from this bill go to those making less than \$75,000 a year. Taxes for a family with two kids making \$30,000 a year will see their taxes cut 50 percent. In a State like Idaho, where the median household income is about \$20,000, this is significant relief to those who deserve and need it most.

This tax cut empowers American families with choices which allow them to better plan their future and the future of their children. This tax cut bill provides a permanent \$500 per child tax credit for families with children under the age of 17. Families can spend and invest this money in ways they think best, and families will do that better than government ever will.

We also encourage the education of future generations. This bill creates HOPE scholarship tax credits for families already paying for higher education. We create tax free education investment accounts so families can save for future education expenses. Families can also make penalty-free withdrawals from existing IRA's for educational purposes. We've brought the dream of affording college to more American families.

We also reward the financial success of current generations, not penalize it, by reducing capital gains taxes from 28 percent to 20 percent. We increase the death tax exemption from the current \$600,000 to \$1,000,000 over the next 10 years. We allow families not to pay tax on money they receive from the sale of their homes. We raise the death tax exemption on small businesses and farms up to \$1.3 million effective January 1, 1998. No longer will we tax out of existence businesses that have been in families for generations by forcing the heirs to sell the business just to pay the estate taxes.

Last week an Idaho couple, Chuck and Sarah Johnson, came in to see me about the death tax and the threat it

poses to their families' future. The Johnsons, who own and operate a dairy farm in Meridian, ID, told me that unless Congress changes the current confiscatory estate tax laws on small businesses they will not be able to pass on their lives' work to their sons.

The Johnsons' assets, like most family businesses, are in the land and equipment used to run the operation. They don't have nonproductive cash laying around to pay taxes. Small business is the economic life blood of Idaho and the nation, and this legislation recognizes and rewards families like the Johnsons for their hard work.

I am proud to vote in favor of the Balanced Budget Act and the Taxpayer Relief Act. In 1992, when I submitted my name for election to the U.S. Senate, I promised to expand tax credits for parents with children, to cut capital gains taxes, to reduce death taxes, to expand individual retirement accounts to pay for education expenses. With passage of these bills the Congress has accomplished these important goals.

Promises made, promises kept; taxes cut and the budget balanced.

#### COLORECTAL CANCER SCREENING BENEFITS

Mr. D'AMATO. Mr. President, I would like to commend the conferees for the provisions of this legislation that establish new preventive care benefits within the Medicare Program. There has been some criticism of these provisions by those who do not see the wisdom of adding new Medicare benefits at a time when we are cutting over \$110 billion from the program. However, at a time when we are forced to reduce program spending, our goal should be to make the overall program as cost-effective as possible. These new preventive benefits, particularly colorectal cancer screening, are both medically wise and economically smart. I am proud to have the opportunity to be in the Senate at a time when we enact these new benefits into law.

I am pleased that the conference report provides that the determination by the Secretary of Health and Human Services [HHS] regarding the coverage of the barium examination as a colorectal cancer screening provision will be made by January 1, 1998 or within 90 days of enactment, whichever is earlier. Given the recent recommendations of the American Cancer Society and reports by the Agency for Health Care Policy and Research and other groups, I see no reason that HHS cannot meet this deadline. Medicare coverage of colorectal cancer screening takes effect on January 1, 1998. This deadline assures that the determination on Medicare coverage of the barium examination and other screening procedures will be made as the program goes into effect.

I also note that the conference report incorporates language from the Senate provision directing the Secretary of HHS to consult with appropriate organizations in making the determination

with regard to coverage of the barium examination and other new screening technology. The American Cancer Society is one of the organizations that HHS should consult with because that group, more than any other, represents the interests of cancer patients and their families. The new ACS guidelines, which I understand are based upon the results of a 2-year study by a panel of 16 experts on colorectal cancer, should be of great assistance to HHS in establishing the best possible colorectal cancer screening program for Medicare recipients.

Mr. President, this budget agreement represents a major accomplishment for our Government, our economy, and our Nation as a whole. It also represents a major step forward for elderly Americans across this country. These new preventive benefits will help our senior citizens and save thousands of lives. I am glad to have had the opportunity to work on this legislation. Thank you, Mr. President.

Mr. HOLLINGS. Mr. President, I submit the following views in dissent to the provisions contained in title III, Communications and Spectrum Allocation Provisions of the Budget Reconciliation Act of 1997. As a subconferee on title III, I stand in opposition to the provisions adopted by the subconference, and ultimately, the Congress. These provisions are a classic example of the charade that is being perpetuated on the American public under the guise of balancing the budget. The administration and the congressional leadership have devised a plan that turns sound communications policy on its head.

The final product actually represents the first time the Administration and Budget Committees admit that their original assessments on spectrum auctions were unrealistic. Their admission is reflected in the fact that, also for the first time, universal service funds will be used to make up the shortfall in the auctions in order to balance the budget. Unfortunately, the price that we will pay for their recognizing the error of their ways, will result in higher phone rates for rural America.

Title III contains dramatic changes to long-standing communications policy. There were many policy changes made that I do not support and deserve greater discussion. But for purposes of this statement, I will only discuss the following three issues:

First, for the first time, the U.S. budget will be balanced by raiding the universal service fund. This is one of the most blatant budget gimmicks to plug a shortfall as I have ever seen. The bill language as provided to the Budget Committee actually had a blank line for the dollar amount to be filled in at some later point. In the end, the universal service plug was \$3 billion. It is not quite clear how the language will actually work—if it works at all. It clearly imposes a financial burden on the telephone companies in an effort to float an interest free loan

to the Government. In essence, we are asking small telephone companies to make do without the financial support they rely on every month and may force these companies to raise rates.

Second, the deal struck by the administration and the congressional leadership requires the Federal Communications Commission [FCC] to auction broadcast licenses. This is a fundamental change to our long-held policy that broadcasters are licensed to serve the public interest. The Congress and the FCC impose special public interest obligations on broadcasters and that is why broadcasters were exempted from auctions under the original auction authority. But now we need money to pay the bills and so the conference has selectively targeted a group of pending broadcast licenses to be assigned by competitive bidding, not by comparative hearings. These applicants had no notice and no opportunity to challenge this change in policy. All of the pending applicants sought these licenses with the expectancy of comparative hearings. Now we have budget folks coming in here and telling us that budget policy is more important than communications policy.

Along these same lines, the deal eliminates the FCC's ability to use lotteries as an assignment process, except in the case of assigning public broadcast licenses. Here, we preserved the FCC's authority to use comparative hearings to assign these licenses. I urge the FCC to develop appropriate criteria to assign these licenses. The local communities deserve the right to have qualified public broadcast licensees. Public broadcasting is too important to leave to random chance.

Third, the last point I want to make relates to the change made to the local ownership rules under the guise of increasing the pool of bidders for the analog auction. The deal waives the FCC's rules on duopoly and newspaper-broadcast cross-ownership for the purpose of allowing these parties to bid on the analog return spectrum in 2001. Subsection 3003(D) of the reconciliation conference report violates Section 313(b)(1)(D) of the Budget Act, also known as the "Byrd Rule."

These provisions are in violation of the Byrd Rule because: First, the inclusion of these provisions has no revenue impact as indicated by CBO letter dated July 14, 1997; Second these provisions fail to qualify as a necessary term and condition for the purposes of conducting the auction; third these provisions selectively benefit one competitor over another by maintaining other ownership limitations; and fourth these provisions represent substantive policy changes to the Communications Act of 1934, as amended, and can be achieved by the free-standing pieces of legislation already introduced in the House and Senate.

Here, subsection 3003(D) is applicable only in cities with populations greater than 400,000 as measured by the 1990 decennial census. For purposes of deter-

mining cities with populations in excess of 400,000, the FCC should refer to the April 1, 1990 Decennial Census, as referenced in PPL-27 Table 3, Resident Population for Cities with Population Greater than 100,000 Sorted by Population Rank. The FCC should take note that this is the first time the Congress has directed the FCC to issue a blanket waiver of these two rules and established a statutory threshold that relief is only permissible in these specified markets; and furthermore, the relief is only justified when there is an increase in the number of broadcast outlets in the large markets.

The legislative history supports this position. The House provision established a blanket waiver of these provisions for all markets. The final provision provides for relief only in cities with populations greater than 400,000. In contrast to the general review of the duopoly rule required under the Telecommunications Act of 1996, the Congress here has spoken clearly that media concentration is not warranted at this time, particularly in cities with populations less than 400,000, and should only be allowed when there is a possible increase in the number of broadcast outlets. Here that increase in the number of broadcast outlets is anticipated at the end of the digital TV transition when the FCC will auction off the returned analog spectrum.

It is important to note that repeal of these two rules represents a drastic change in policy. For years, the policy has been to preserve diversity and sources of information. In particular, a merger between a daily newspaper and a broadcast station will reduce the independent sources of news in the community. The budget deal's elimination of the newspaper-broadcast cross-ownership rule exacerbates the growing recent problem of media concentration because even in large metropolitan areas there is often only one major daily newspaper. In such a community, that newspaper may be the only major source of non-broadcast local news and information. With a city's only newspaper aligned with major broadcast stations, a great deal of power and influence is held by a few individuals at the expense of the needs of the community.

For example, the October 23, 1995, edition of Electronic Media reports examples of newspaper/broadcast cross ownership situations where critical information for the community was stifled because of the lack of independence by the news outlets. For example, during a particularly contentious strike at the major newspaper in Detroit, the cross-owned tv and radio stations were forbidden to air stories about the strike. In addition, a broadcast story about cheating by automotive repair shops was canceled because of potential loss of advertising revenues at the cross-owned newspaper. A company that owns a broadcast station and a newspaper would likely combine its news departments in order to

achieve economies of scale. The problem though is not an economic one, but one of information and diversity of views. Such combinations reduce the diversity of sources of local news and public affairs in that community.

I ask unanimous consent that the letters to which I referred be printed in the RECORD.

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

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, July 14, 1997.

Hon. ERNEST F. HOLLINGS,  
Ranking Democrat, Committee on Commerce,  
Science, and Transportation, U.S. Senate,  
Washington, DC.

DEAR SENATOR: As you requested, I am pleased to provide you with additional information regarding CBO's estimates of the receipts from auctioning licenses to use the spectrum that is currently allocated for broadcasting analog television signals. As you indicated in your letter, CBO estimated that the analog spectrum provisions in the House-passed version of the reconciliation bill would increase receipts by \$500 million more than those in the Senate-passed version of the bill.

The difference between these two estimates is attributable to language included in the Senate-passed version of the bill that would direct the Federal Communications Commission (FCC) to extend analog broadcast licenses beyond 2006 under certain conditions. Both versions would provide for the extension of analog broadcast licenses under certain circumstances but under the Senate version such an extension would be more likely. CBO believes that the possibility of any extension of the existing licenses would make the returned analog spectrum less desirable to potential bidders because they would be uncertain as to when they would be able to use the spectrum. As a result, we have discounted our estimates of auction receipts to reflect the probability of such an extension.

The provisions in the House version of the bill waiving the duopoly and cross-ownership rules for newspapers and broadcast stations did not contribute to the difference between the cost estimates of the two versions of the bill.

If you wish further details, we will be pleased to provide them. The CBO staff contacts are Rachel Forward, David Moore, and Perry Beider.

Sincerely,

JUNE E. O'NEILL,  
Director.

U.S. SENATE, COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,

Washington, DC, July 9, 1997.

Hon. JUNE O'NEILL,  
Director, Congressional Budget Office, Ford House Office Building, Washington, DC.

DEAR DIRECTOR O'NEILL: In its June 27, 1997 cost estimate of H.R. 2015, the Congressional Budget Office (CBO) scored the revenues generated from the auction of returned analog spectrum at \$3.2 billion. (See CBO June 27, 1997 Cost Estimate at Table 5.) However, in its July 2, 1997 cost estimate of S. 947, CBO scored the revenues generated from the auction of returned analog spectrum at \$2.7 billion. (See CBO July 2, 1997 Cost Estimate at Table 4.)

My understanding is that the \$500 million difference in the CBO scores results from the

discretion granted to the Federal Communications Commission (FCC) to extend a license beyond 2006. Is my understanding correct? Therefore, based on that assumption, is it not the case that the House provisions waiving the duopoly and newspaper-broadcast cross-ownership rules do not have a revenue impact on the House score given by CBO?

Due to the fact that the Reconciliation Conference will begin tomorrow, I would appreciate a response by noon tomorrow. Thank you in advance for your assistance with this matter.

With kindest regards, I am  
Sincerely,

ERNEST F. HOLLINGS,  
*Ranking Democrat.*

Mr. KYL. Mr. President, when the budget agreement was announced in May, I expressed a great deal of skepticism about whether it would provide adequate tax relief to hard-working American families, whether Medicare's solvency would be assured, and whether the savings necessary to achieve a balanced federal budget would really be obtained.

After reviewing the two bills that are before the Senate today—bills intended to implement the budget agreement—I must still conclude that they are, by themselves, inadequate. Too little tax relief is provided to Americans—with or without children—who go to work every day, play by the rules, and struggle to make ends meet. Too little is invested in creating jobs and making our country more competitive.

The legislation does extend Medicare solvency, but only for a decade. It is disappointing, to say the least, that President Clinton failed to step up to the plate and fight for the significant reforms that an overwhelming, bipartisan majority of the Senate supported to put Medicare on a more stable footing for our children and grandchildren in the decades to come.

Nevertheless, Mr. President, the bills represent steps in the right direction. They provide at least some tax relief to millions of families who are trying to do right by their children, to young Americans who are striving to get a higher education and make our communities better and more productive places for us to live, and for seniors who need relief from capital gains or estate taxes to make ends meet in their retirement years.

They will extend Medicare solvency, while expanding the health-care choices available to seniors. There are tough, new antifraud provisions designed to weed out and punish those who would steal Medicare dollars from older Americans. Hundreds of thousands of Americans will be able to save money tax-free to pay for health care in new medical savings accounts, and seniors will no longer be denied the right to purchase health services from a doctor of their choosing.

In addition to Medicare reform, the bill reforms Medicaid, and achieves savings in the Student Loan Program, Federal retirement, and housing. It raises money from the auctioning of broadcast spectrum. In all, the legisla-

tion achieves about \$130 billion in savings over a 5-year period.

Should we have done more? Yes. While many people will benefit from the tax-relief bill, many others will be left out. But with President Clinton opposed to a broader tax-relief package, and without the votes to pass a bill over his objection, it is clear that a more far-reaching measure has no chance of passage in the near term. So we are faced with the choice of either providing at least a limited amount of tax relief this year, or denying relief to everyone.

For me, that is an easy choice. We ought to do what we can now and keep fighting for more. This is by no means the end of the fight. Just as the tax relief provided to small businesses last year was not the end of the road, this is not the end, either. It is one more step in the direction of providing the tax relief that the American people so badly need and deserve.

The amendment I offered to the budget agreement back in May makes clear that the door is open for additional tax relief next year, and I intend to be back fighting for more. And in any event, interim tax relief, which really adds a great deal of complexity to the Tax Code, is no substitute for permanent structural reforms that will move us toward a fairer, flatter tax that will provide relief for everyone.

Mr. President, the cornerstone of the tax bill before the Senate today is the \$500-per-child tax credit that Senators GRAMS, COATS, HUTCHINSON, NICKLES, and I introduced on the day Congress reconvened this year. It is an idea that many of us have pursued for a number of years, and it has been a top goal of the Republican Congress since 1994. With the idea finally on the verge of becoming law, others are now claiming credit. As President Kennedy put it, "victory has a thousand fathers." So be it.

Mr. President, just think what \$500 per child will mean to a married couple with two children and an income of \$35,000 a year. That family will see a 40 percent reduction in its tax bill. Think what that will mean in terms of helping to pay for child care, health or dental care, clothes, or a trip to summer camp. Obviously, \$500 is no panacea—anyone who has raised a child knows how expensive a proposition that can be—but it will help.

Think what a single mom in the inner city could do with an extra \$500 per child. It might help provide after-school care to keep a son or daughter off the streets, safe, and out of trouble. Maybe it would help her send her child to a better, safer school, or just put food on the table.

We are talking here about letting hard-working, tax-paying families keep more of what they earn to do what they know is best for themselves and their children. We put our faith and trust in families.

We also create new opportunities in this bill for people to save for their re-

tirement in enhanced individual retirement accounts. Nonworking spouses will be able to save a full \$2,000 annually in an IRA regardless of the working spouses' access to a pension plan. Penalty-free early withdrawals would be allowed for first-time home purchases to make the dream of home ownership a reality for more Americans. For those trying to sell their homes, we provide a meaningful capital-gains exclusion.

This legislation provides significant new incentives to help people save for a college education. And what better way to ensure that the next generation is prepared to lead us to a brighter future than to ensure greater access to higher learning: new opportunities to save tax-free in education savings accounts, an extension of the tax exclusion for employer-provided educational assistance, and a \$2,500-per-year student-loan interest deduction.

Mr. President, the family and education credits are probably the most popular parts of this tax-relief package, but there are other important provisions included as well.

I know that not as many people are concerned about capital-gains and estate-tax relief compared to the education tax credits in particular, but I would suggest that unless good paying jobs are available for young people when they graduate, education tax credits will amount to little more than empty promises. We need to do more, and that is why the capital-gains and estate-tax provisions are in this bill.

Three decades ago, the Nation's bipartisan leadership joined together in calling for a deep reduction in the capital-gains tax rate. In fact, it was President John F. Kennedy who recommended a plan that would have taxed only 30 percent of long-term gains. In other words, President Kennedy would have excluded 70 percent of gains—a far greater reduction than is contained here.

There was a reason that he called for a significant cut in the capital-gains tax. "The present tax treatment of capital gains and losses is both inequitable and a barrier to economic growth," the President said. "The tax on capital gains directly affects investment decisions, the mobility and flow of risk capital from static to more dynamic situations, the ease or difficulty experienced by new ventures in obtaining capital, and thereby the strength and potential for growth of the economy."

In other words, if we are concerned about whether new jobs are being created, whether new technology is developed, whether workers have the tools they need to do a more efficient job, we should support measures that reduce the cost of capital to facilitate the achievement of all of these things. Remember, for every employee, there was an employer who took risks, made investments, and created jobs. But that employer needed capital to start.

President Kennedy recognized that. He recognized that our country is

stronger and more prosperous when our people are united in support of a common goal—and alternatively, that we are weaker and more vulnerable when Americans are divided among lines of race, gender, and income.

While some politicians may employ divisive class warfare to their political advantage today, President Kennedy simply put good policy ahead of good politics. And I am with him.

The capital-gains reductions in this bill will help keep the economy on track, producing new jobs and new opportunities for all Americans to get ahead. It will free up resources locked up in old technology and old investments, and make them available to update equipment and factories, and put Americans in a more competitive position in the global marketplace.

The estate-tax reductions, too, will help create new jobs. According to the Heritage Foundation, outright repeal would create as many as 150,000 new jobs a year. But this bill does not repeal the death tax. It effectively adjusts the tax for inflation over a 9-year period, and that is all it does. While it provides an additional exemption for family owned businesses and farms, the rules are so complex that I predict few, if any, will actually benefit from them.

There is something unseemly, though, about a tax that forces grieving families to visit the funeral home and the tax collector at the same time. There is something wrong with a tax that takes more than half of whatever someone has managed to acquire over his or her lifetime with after-tax dollars. The death tax ought to be repealed outright, and I intend to continue to fight for that objective.

Mr. President, what a difference a Republican majority in Congress has made. In 1993, President Clinton and the Democrat-controlled Congress passed the largest tax increase in history, increased spending and left a budget in deficit for as far as the eye could see.

This week, Congress will send to the President a budget that aims for balance, limits government spending, extends the solvency of Medicare, and provides badly needed tax relief to millions of Americans. It is safe to say that none of these things could have been achieved without a Republican majority.

These bills will not accomplish everything we set out to do, but with President Clinton in office, it is unlikely that we can do much more right now.

I intend to support these bills as steps in the right direction, but I intend to keep pushing next year for the kinds of entitlement reforms that will protect the next generation, and expand on the tax relief that today's generation needs and deserves.

Mr. DODD. Mr. President, I rise today to express my views on this historic moment as we offer the American people a balanced budget for the first time in almost 30 years. Mr. President,

this agreement is truly a remarkable accomplishment for both President Clinton and Members of Congress, and it is a well-deserved victory for the American people. This means less debt for our children's generation, lower interest rates for families seeking to buy a car or a home, and a more vibrant economy for businesses to expand and create jobs.

This moment must not be viewed in isolation because, in many respects, the victory we claim today stands on the shoulders of the progress we have made to reduce the deficit over the past few years.

Let's give credit where credit is due. In 1990, President Bush put this country above his party and above his own political ambitions by endorsing a plan that lowered the deficit by \$500 billion. It was wildly unpopular in his own party because it raised taxes on affluent Americans. But it was the right thing to do. President Bush's efforts on behalf of his country should be remembered and commended.

When President Clinton came into office, he, too, stepped up to the challenge of combating the deficit. He proposed a far-reaching economic plan in 1993—more appropriately called the balanced budget plan of 1993—and it was enacted into law without a single Republican vote.

President Clinton's balanced budget plan, which I supported, has reduced the deficit by more than 75 percent from \$290 billion in 1992 to an estimated \$67 billion this year. That \$67 billion represents less than 1 percent of gross domestic product in 1997, the best we've seen since Harry Truman's presidency. We have now seen four consecutive years of deficit reduction, something that has not occurred since before the Civil War.

And our economy is only getting stronger as a result of what we did in 1993. The unemployment rate is at 5 percent, representing the lowest level in 24 years. There have been 12.5 million new jobs created in these past 4½ years of the Clinton administration. That's more than any prior administration. Home ownership has increased from 63.7 to 65.4 percent—the highest percentage on record. Median family income is up \$1,600 since 1993, representing the fastest growth since the Johnson administration. And the stock market continues to break records, growing from 3,200 to 8,000, the fastest growth rate since World War II. The list goes on and on.

Clearly, Mr. President, we no longer hear the voices that predicted that President Clinton's plan in 1993 would not balance the budget, but instead would cause a recession, raise interest rates, and put American families out of work. Those voices of opposition have been drowned out by our overwhelming record of successes.

And without this tremendous record of progress, we could never have what we have today—the first time in a generation that our government will not run a deficit.

The underlying bill represents the first tax cut in 16 years. It provides much-needed tax relief for working American families. The 1981 and 1986 tax cuts, which I voted against and which set the Reagan economic program in motion, blew a hole in the deficit and left us with an astronomical national debt. By contrast, this bill promotes fiscal responsibility, sustains balance, and is the most progressive economic package since the Lyndon Johnson package in the 1960's.

Mr. President, I am particularly pleased with the child tax credit included in this budget agreement. Because of the efforts of President Clinton and a number of my colleagues in Congress, the child tax credit will be expanded to cover 7.5 million more children from lower income working families than would have been covered under the congressional leadership's original plan. In my State alone, upwards of 692,000 families will be eligible for this credit—almost 80 percent of families in my State.

We succeeded in making this credit largely refundable against income and payroll taxes, benefiting 27 million families with 45 million children. Clearly, Mr. President, this is great news for the millions of families in America who, although they work very hard, still struggle just to make ends meet.

Mr. President, this bill clearly reflects our commitment to expanding educational opportunity, as it is the largest investment in higher education since the GI bill in 1945.

There are few issues more critical to American families than education. I think we can all agree that unless we tap and nurture the talents and energies of all our people, we won't be able to meet the challenges of the 21st century. This budget agreement recognizes this by providing American families with more than \$35 billion in tax relief for education.

The bill before us today provides increased funding for Head Start, provides the largest Pell grant increase in two decades, includes community service loan forgiveness, and allows students to deduct the interest on their college loans. Further, this bill includes a \$1,500 HOPE scholarship credit for the first 2 years of college, and provides a credit for the second 2 years of college and for life-long learning, as well. For Connecticut, this package means that as many as 149,000 students will benefit—85,000 more Connecticut students than under the Republican proposal.

This bill also provides targeted tax relief to middle class investors, small businesses and family farms.

It reduces the capital gains tax rate in a way that encourages longer term investments and in a way that provides relief to a growing percentage of middle-class Americans reporting capital gains income on their tax return. And

we provide measured relief without indexing these gains for inflation, a provision originally contained in the congressional leadership's proposal, which surely would have threatened to throw our budget out of balance.

Further, if you've worked to own a home, and that home has increased in value, we exempt up to half a million dollars of that increase from capital gains taxes. This provision allows homeowners to reap the rewards of home ownership, and encourage more people to buy homes. This part of the tax package is particularly meaningful to homeowners in my State of Connecticut who were hurt disproportionately during the recession of 1991.

And, if you're a farmer of a small business owner, we exempt the first \$1.3 million of the value of your estate from taxation, so you can pass on the fruits of your labor to your children.

Clearly, Mr. President, the bill before us today, makes a difference to small investors, small businesses, and hard-working Americans. It is reasonable and responsible, and recognizes the value of providing measured relief to American families, small businesses, and family farms. But fundamentally, this bill isn't about statistics. It's about meeting vital family needs and providing additional resources to meet the many challenges our working families face. This bill strengthens families and puts working families first.

And yet, the underlying bill is not a perfect bill. In the midst of providing tax relief that is fair and equitable, I believe it is imperative that we not lose sight of our obligation to enact legislation that is fiscally responsible. We should be enacting legislation that will allow us to maintain the fiscal discipline we have worked so hard to achieve in recent years, dating back to the wise decisions we made in 1993.

That is why I offered an amendment during the budget reconciliation negotiations which demanded we adhere to our budget agreement in which we agreed to a net tax cut of \$85 billion through 2002, and not more than \$250 billion through 2007. And that is why, today, I have serious concerns about Joint Committee on Taxation reports estimating that these tax cuts will cost \$95 billion through 2002 and upwards of \$275 billion by 2007.

Nevertheless, this bill takes several steps to ensure that the cost of the tax cuts will not spiral in later years. Most significantly, it drops the proposal to index capital gains. In addition, it puts income limits on individual retirement accounts.

Mr. President, we must be committed to preserving the integrity of the balanced budget agreement. The American people will not be served by a budget that reaches balance briefly in 2002 and then veers back out of balance afterward.

Mr. President, on the whole, this agreement is more fair and more disciplined than any in recent history. The bill before us today does more for

working families, more for small businesses, and more for family farms. We have stimulated jobs and growth, and encouraged investment, and most importantly, we have put America's families and their children first. I am proud of these accomplishments, Mr. President, and, let us not forget that we did it all while balancing the budget, benefiting Americans today and in the future.

Mr. DOMENICI. Mr. President, I would like to discuss an issue that relates to Medicare's diabetes self-management benefit.

As my colleagues know, the reforms we have under consideration include a provision which would extend Medicare coverage of blood glucose monitors and testing strips to type II diabetics. This seems to make abundant good sense.

The provision would also reduce the national payment limit for testing strips used by diabetics by 10 percent beginning in 1998.

I have some concern about these policies especially since the incidence of diabetes is growing and people are being afflicted at earlier ages. For example, it is an epidemic among Indians.

It could also impact diabetic patients. This 10 percent reduction in payment for diabetes test strips could prove harmful to many durable medical equipment [DME] suppliers.

I call to my colleagues attention, a study that is currently being conducted for the Health Care Financing Administration by AFYA to consider the reasonableness of Medicare payments for approximately 100 specific DME items, including diabetic test strips.

Once that study is completed, Congress may want to revisit this issue.

By itself, the 10 percent reduction may cause some DME suppliers, particularly the smaller operations, to sustain financial losses such that they no longer supply test strips. Also, some suppliers may stop taking assignment of diabetic test strips because they cannot afford to furnish Medicare products under the reduced pricing scheme. This could, in turn, lead to a situation whereby the Medicare diabetic patient will pay the difference and may have to pay the full amount up front and wait for Medicare to reimburse the reduced share.

Finally, another issue which I think is worth mentioning relates to home oxygen. I have received many calls and letters from constituents who oppose a reduction in the monthly payment amount for home oxygen. This bill reduces reimbursements for home oxygen by 25 percent in 1998 and then an additional 5 percent in 1999.

I would hope that my colleagues would take these matters under consideration, and that they join me at some future point in giving these matters further consideration.

Mr. JEFFORDS. Mr. President, the impending passage of this balanced budget agreement is a historic moment

for our nation. This legislation represents a real victory for all Americans. Children, students, families and senior citizens will all benefit from our actions today. This budget not only puts us on a financially responsible path but also protects the Federal social safety net.

This legislation is built on consensus, and no plan built on compromise can make everyone happy. There are certain provisions that I wish were in this bill and there are other provisions that I feel could have been changed. Overall, though this budget package provides benefits that will strengthen our economy, reduce the tax burden on individuals and families, and eliminate spiraling deficits.

The measure provides tax relief to families and children, with a permanent \$500 per child tax credit under the age of 17. The bill creates incentives for savings and investment with expanded individual retirement accounts, reducing capital gains and increased deductions for small business. But most importantly, this legislation furthers our efforts to provide health care and education for all children.

This conference report will establish a new \$24 billion health care coverage program for as many as 5 million uninsured children. I would like to express my special appreciation to Senator ROTH and Senator LOTT for including in the children's health initiative a provision that will allow States, like Vermont, whose Medicaid coverage for children already extends beyond 200 percent of poverty, to cover children with incomes 50 percentage points higher than their Medicaid cutoff. I feel this section will give these pioneering States the necessary flexibility and resources to continue moving forward toward the goal of ensuring that all children have access to quality health care.

With \$35 billion in education tax incentives, the bill will ease the burden on students and families paying for higher education. These tax incentives will help families save for college, pay tuition costs while students are in college, and repay funds borrowed to pay for college. The bill's education tax incentives are not limited to college expenses. The bill has a life-long education tax credit to help workers who want to brush-up on their job skills or learn new employment skills.

In addition, the children's tax credit in this bill will result in meaningful savings for families. For a family with two children, this bill will result in a 1999 tax bill that's \$1,000 less than they would have otherwise owed.

This agreement also recognizes the critical relationship between education and our national economic well-being. In a day and age beset by downsizing, when job skills are constantly becoming outmoded by technological advances and break-throughs in learning, education will be a lifetime endeavor. I am happy that the bill recognizes this, and makes lifetime learning more easily affordable. Aid to education is not

limited to tax incentives; the tax incentives are supplemented by meaningful spending increases for scholarship grants and literacy programs. Throughout my years in the Congress, first on the Education and Labor Committee in the House, and now as chairman of the Senate Labor and Human Resources Committee, I have worked to make education more readily affordable and more easily accessible. This bill represents an important step in that direction.

During my tenure in Congress I have tried hard to put our fiscal house in order while protecting programs that are important to the nation. I am pleased to cast my vote in favor of this agreement, which I believe does just that. Today, this body is taking a giant step closer to insure the future economic security of our children and the next generation.

Mr. SPECTER. Mr. President, I have sought recognition to comment on the historic legislation we are considering today, which will have profound effects throughout our Nation as we near the first balanced Federal budget since 1969. As a longtime supporter of the balanced budget constitutional amendment and the line-item veto, I am particularly pleased to have this opportunity to reflect on the significance of this occasion.

I think the 5-year glide path to a balanced budget is very important for America. I think the two big priorities for America today are education and health care. I like what is being done here and in the tax reconciliation bill we will be considering, but I remain a little worried about our seniors. We might have to make some modifications for their benefit in the future after we see how some of these changes are implemented. I will be keeping a close eye on this issue as I travel in Pennsylvania's 67 counties, where we have more than 2 million senior citizens.

From the beginning, I have said that a balanced budget could only become reality with support from the center. There is now a feeling around Congress that the American people are sick of all the bickering and they have asked us for action on the issues that mean the most to them, chief among them balancing our Nation's budget. Since 1995, I have worked with the Chafee-Breaux centrist coalition to try to reconcile the differences between the two parties on the major entitlement and tax issues which we needed to address if we were going to achieve a balanced budget. I was proud of my association with this group of 22 Senators, which got 46 votes for its substitute budget resolution in 1996 and showed that there was bipartisan support for a centrist-oriented plan.

The Balanced Budget Act of 1997 represents what I have been saying for several years, that the budget can be balanced without leaving a bad taste in the minds of the public toward Republicans. It can be done without appear-

ing insensitive toward the poor, elderly, children, and without appearing unconcerned with education, health care, and the environment. The budget agreement reflected in this legislation represents the traditional Republican objective of balancing spending and revenues and reflects my approach of moderation within fiscal conservatism, or what has been termed compassionate conservatism.

I would not further that this legislation reflects my preference for cutting with a scalpel, not a meat ax. As chairman and ranking member of the Labor, Health and Human Services and Education Appropriations Subcommittee, in the past 2 years Senator HARKIN and I have succeeded in terminating 126 programs totaling \$1.4 billion using this scalpel approach. The patience that has been demonstrated by our Budget Committee chairman, Senator PETE DOMENICI and the other key budget negotiators reflects their action to achieve the level of savings needed to bring the budget into balance.

Throughout the budget process, I have sought to work with my colleagues to protect programs and funding which was particularly important to groups of Americans least able to fend for themselves. In particular, I am pleased to note that the Conference Report includes the \$1.5 billion in Medicare premium subsidies which are essential for the estimated 3.2 million American seniors who earn in the area of \$9,000 to \$12,000 annually. I initiated an effort with several of my Republican colleagues to restore these funds when they were initially left out of this bill as reported out of the Finance Committee. After five of us wrote Majority Leader TRENT LOTT to urge that the funds be restored to the bill, the leadership accepted our request and added the \$1.5 billion. Once the funds were restored, however, I still had some concerns about the allocation of these funds and whether the subsidies would continue as long as the premium increases. During Senate floor consideration of the bill, I was pleased to offer an amendment cosponsored by Senator ROCKEFELLER, SANTORUM, SNOWE, COLLINS, and CAMPBELL to make the premium subsidies permanent as is the premium increase. Although a majority of Senators voted with us, the amendment only received 52 of the 60 votes needed to meet certain Budget Act procedural requirements and thus failed to be accepted.

Among the reforms I supported in the Medicare Program is the expanded array of choices from which beneficiaries can obtain coverage. These new Medicare Plus plans will include traditional fee-for-service, provider sponsored organizations, medical savings accounts, private plan/health maintenance organizations, and preferred provider organizations. Beneficiaries will be given the freedom to choose the option which best meets their health care needs. I have also supported the addition of \$4 billion in

preventive health services to the Medicare benefit package, such as coverage of annual screening for breast, prostate, and colorectal cancer, bone density screening, and diabetes self-management services that would include nutrition therapy and blood testing strips.

This legislation is designed to protect the solvency of Medicare for 10 more years. I view this program as part of our social contract with our senior and believe that we must keep our noses to the grindstone to develop a means of permanently protecting Medicare so that it remains available to provide adequate health care for future generations of American seniors.

Another group of Americans I have sought to help in the budget process are children who do not have access to adequate health care. I am quite pleased that the \$24 billion child health program included in this legislation has the potential to cover over 5 million children of the working poor who currently lack health insurance. My Healthy Children's Pilot Program Act of 1997 [S. 435] was the first Republican bill introduced in the 105th Congress which sought to bridge this glaring gap in the Nation's health care system. Although I believe that we could have provided such coverage through a discretionary spending program that relied on the States to implement creative new programs, I fully support the program established under the Balanced Budget Act, which will direct \$24 billion over 5 years to States for the purpose of providing health care to children in low income families who earn too much for Medicaid, but too little to be able to purchase health insurance. One specific concern of mine as Congress crafted this legislation centered around ensuring that Pennsylvania's vanguard Caring and BlueCHIP children's health programs were protected rather than superseded by a new Federal bureaucracy. I am pleased to see that this bill specifically grandfathered Pennsylvania's programs, recognizing them as examples of success and innovation.

During consideration of the Senate version of this legislation, there were several provisions I could not support and I am pleased that the Balanced Budget Act of 1997 does not contain them. In particular, these were the provisions to extend the Medicare age of eligibility from 65 to 67, to impose new copayments on Medicare beneficiaries receiving home health services, and to means-test Medicare premiums. As the final compromise legislation demonstrates, it is possible to reach the goal of a balanced budget while also protecting access to quality health care, affordability, and choice in the Medicare program. This bill will also begin what I hope is a bipartisan process to address the long term implications of the baby boom generation for the Medicare program by establishing a

Medicare Commission which will report to Congress with recommendations on how to ensure Medicare program solvency well into the 21st Century.

Another issue which I have worked on is preserving funding for Pennsylvania under the Medicaid Disproportionate Share Hospital Program, which reimburses States for their payments to hospitals for medical treatment for low income Americans. Of particular importance to Pennsylvania were the proposed restrictions on the use of funds by States to reimburse Institutes of Mental Disease [IMD's]. While we were able to convince Chairman ROTH to delay the restrictions by 1 year during Senate floor consideration of the bill, I continue to be troubled that this legislation unfairly penalizes Pennsylvania by limiting its ability to spend Federal resources on IMD's. I have worked with Gov. Tom Ridge and Senator RICK SANTORUM to seek modifications to these legislative provisions and would note that Pennsylvania faced losses of as much as \$1.7 billion under an early draft of the Medicaid reform proposal and will instead face reductions in the area of \$131 million. I am not satisfied with the proposed reforms in this program and, since the IMD restrictions do not go into effect until fiscal year 2000, I will work closely with Governor Ridge and Senator SANTORUM to see what we can do to ensure that Pennsylvania receives its fair share of Medicaid DSH funds in the outyears.

In closing, I would note that as with any comprehensive reform legislation, it will take some time to determine what, if any, modifications will be needed to ensure that we protect seniors, children, and others who rely on the Federal and State programs that constitute our social safety net. However, on the whole, this is a good piece of legislation which moves us toward the goal of balancing the Federal budget by 2002.

Mr. BRYAN. Mr. President, the balanced budget agreement before us is an historic document. The agreement puts us on the path to a balanced budget in 2002, the first balanced budget since 1969.

The agreement contains significant changes for Medicare, Medicaid, and welfare. The Children's Health Insurance Initiative is also a momentous move toward ensuring all children in this country will not want for lack of health care.

This was my first year as a new member of the Senate Finance Committee. The committee spent many hours debating and considering the myriad of issues involved in developing the Medicare and other health areas of this budget bill. These issues were complex, the debate long, and decisions very difficult to make. As with any far-reaching legislation, no one, including myself, agrees with every provision included.

#### NEW MEDICARE CHOICES AND BENEFITS

New choices are provided for Medicare beneficiaries to choose how they

would like to receive their health care. These choices include: continuing the traditional fee-for-service Medicare; provider sponsored organizations which are similar to HMO's, except they are operated by medical providers rather than insurance companies; private fee-for-service; preferred provider organizations which allow beneficiaries to choose doctors outside their HMO network; continuing current private plan HMO's that generally provide more benefits, including prescription drug coverage, than traditional Medicare, at a lower cost. A medical savings account combined with a \$6,000 high-deductible policy option will be tested as a demonstration project limited to 390,000 participants. This \$6,000 deductible is nearly three times as high as the maximum deductible allowed in last year's health care reform law. I supported the Senate version which would have limited the demonstration to 100,000 participants, and established a cap on out-of-pocket expenses of \$3,000, which were not accepted in the final budget agreement. With the bill's high deductible, there is serious concern regarding whether any but the most affluent Medicare beneficiaries will be able to choose this option, and if they do, what the impact of the loss of those generally healthier and younger beneficiaries will be on the traditional Medicare fee-for-service option expenses.

Medicare beneficiaries' future health will be improved with the inclusion of new preventive health care services. These new services include mammography, PAP smears, diabetes, prostate and colorectal screening, bone density measurement, and vaccines.

#### MEDICARE FRAUD AND ABUSE PREVENTION

This budget bill also builds on efforts to reduce Medicare fraud and abuse efforts included in last year's Health Insurance Portability and Accountability Act. A new toll-free telephone number is established to allow Medicare beneficiaries to report fraud and billing irregularities directly to the Inspector General of the Department of Health and Human Services. It is hoped the toll-free hotline will encourage beneficiaries to be even more diligent in reviewing their Medicare bills, and reporting any discrepancies. Additionally, Medicare beneficiaries will be given the right to request an itemized billing statement for their Medicare services.

Suppliers of durable medical equipment must provide information as to persons with an ownership or control interest in the company. These suppliers, and home health agencies, comprehensive outpatient rehabilitation facilities and rehabilitation agencies are all required to post a surety bond of \$50,000. These are efforts to ensure only legitimate Medicare providers are certified, and to reduce the incidences of fraud and abuse in these services.

The Secretary of Health and Human Services will be able to refuse to enter into, or renew a Medicare agreement with a provider, either an individual or an entity, who has been convicted of a

felony under Federal or State law for an offense which would be inconsistent with the best interests of Medicare beneficiaries. If a provider has been mandatorily excluded from participating in Federal and State health care programs because of a conviction involving Medicare or Medicaid program-related crimes, patient abuse, or felonies related to health care fraud or controlled substances, the exclusion shall be for a period of 10 years if the provider has been convicted on only one occasion, and permanently excluded if the provider has been convicted on two or more occasions. Its the old three strikes and you are out reapplied.

#### LONG-TERM MEDICARE REFORMS

As a member of the senate Finance Committee, I supported efforts that would have begun to make long-term Medicare reforms. I am disappointed none of these proposals were included in this final budget.

Over the past 2 years, the rapidly rising costs of the Medicare program, and its future solvency, have been major concerns. The 1997 Medicare Trustees Report concluded the Medicare part A trust fund, providing hospital service coverage, is likely to become insolvent as early as 2001. This balanced budget does buy us approximately 10 more years of trust fund solvency. But unless we promptly address the solvency of Medicare, we will still face a medical and fiscal crisis as the baby boomers retire, and begin to rely upon Medicare.

The Congressional Budget Office estimates that Medicare costs in 1997 will be \$212 billion. In 2007, the costs are estimated to total over \$467 billion—well over a 100 percent increase.

In the year 2011 alone, the year the baby boom generation begins to reach 65 years of age, more than two and a half million individuals will become Medicare eligible. Medicare cannot come close to covering these future retirees, as well as those already retired, unless changes are made. This is the harsh reality we should have dealt with in this budget.

I firmly believe a reduction in Medicare benefits for eligible beneficiaries should not occur. Yet, to ensure these health care benefits continue, changes must be made elsewhere in the Medicare program.

Raising the Medicare eligibility age to coincide with the Social Security eligibility age, and increasing the costs of the Medicare Part B—the physician and outpatient services coverage—monthly premium of the most affluent 4 percent of all Medicare recipients are two ways to ensure our Medicare program remains solvent past 2001—and that benefits are not reduced for all older Americans.

In fact, in 1983, during the Reagan administration, similar age eligibility requirement changes were made for Social Security beneficiaries to help prolong the solvency of that program as well.

The Senate bill would have increased the age of eligibility for Medicare from 65 years to 67 years of age. Yet this shift would have taken place during a span of 25 years—from 2003 to 2027—and would not have affected anyone who is currently receiving Medicare benefits.

One of the major criticisms of the Medicare age increase proposal was that it could leave many seniors without adequate health care coverage if they choose to retire earlier. Currently, if an individual wants to retire earlier than the Social Security retirement age of 65 years, the individual takes a reduction in his or her Social Security benefit. We could allow early retirees, who are Social Security eligible, to buy in to Medicare coverage earlier. This may, however, require higher costs for such beneficiaries, until they reached the age of full eligibility for Social Security and Medicare benefits.

This final budget bill has bought us some time to deal responsibly with preserving Medicare. A national bipartisan commission will be established to recommend long-term Medicare reforms to ensure this vital health care program can meet the challenge of providing coverage for the baby boom generations. When this commission reports its recommendations, Congress must act upon its reform recommendations immediately. And it would be irresponsible of Congress not to make the tough, often unpopular, decisions that are going to be necessary to preserve this vital program. The sooner these reforms are made, the sooner we can ensure future Medicare beneficiaries will not face a reduction in covered medical services, and that Medicare survives into the 21st century.

#### CHILD HEALTH CARE

This budget agreement is also a pivotal effort to address the needs of the 10 million uninsured children in this country. An unprecedented \$24 billion will be flowing to States to provide health care to these children. This new child health program will be paid for, in part, by a 10-cent-per-pack increase in the cigarette tax for the years 2000 and 2001, and another 5-cent-per-pack increase in 2002, for a total of 15 cents. Although I would have preferred the full 20-cent increase in the cigarette tax that the Senate included in its version of the budget bill, this increase will still provide a substantial increase in the number of children receiving health care coverage.

I am, however, concerned with these final child health provisions. The Senate child health proposal would have ensured children had a comprehensive benefits package. Children's health care coverage would have specifically included such services as vision and hearing, prescription drugs, and mental health care. Instead, States will decide what benefits to offer.

The importance of a comprehensive benefit package, tailored to the specific health care needs of children, is key to ensuring that these new health

care funds are used as to benefit children. This final bill provides States a number of options to determine a benefits package.

As a former Governor, I understand the desires of State Governors who want freedom to determine how to use the Federal child health funds. However, the goal, first and foremost, is to provide children throughout this country the health care services they need. Given the amount of Federal child health funds going out to the States, and the creativity shown in the past by some States in skirting restrictions placed on Federal funding, I am concerned some of these vital funds could find their way to other areas.

Such a diversion of funds occurred several years ago, when Congress appropriated money for the States to begin receiving Medicaid DSH—disproportionate share hospital—Federal funds. This money was to help hospitals providing care to the poorest and most vulnerable people cover their increased expenses. Some States' money found its way into State road construction budgets among other uses. Congress had to step in and take corrective action.

This budget bill will allow States to use 10 percent of the child health initiative funds for noncoverage purposes, which are defined as administration and health care outreach. That 10 percent is \$2.4 billion of the total Child Health Care Initiative—and that is significant money. Congress must ensure States use all of the child health funds for the purpose for which they are intended—to provide the children of this country comprehensive health care coverage period.

#### CONCLUSION

As historic as this balanced budget may be, it marks a first step toward what must be done to assure the millions of Americans who are current and future Medicare beneficiaries that their health care benefits will continue. There is much work yet to be done to honor the commitment this country has made to Medicare to assure not only that these health care services continue, but the quality and scope of care are sustained, and the rampant fraud and abuse of the program is brought to a halt. Necessary reforms are required. The sooner they are implemented, the sooner Medicare can be assured of continuing into the 21st century. We are taking a major step toward this goal today, but many steps are yet to be taken.

Mr. JEFFORDS. Mr. President, the impending passage of this balanced budget agreement is a historic moment of our Nation. The vote that my colleagues and I are making in support of this balanced budget agreement is a vote that each American should take pride in. This legislation represents a real victory for all Americans. Children, students, senior citizens, and families will all benefit from our actions today. This conference report will put this country on a financially re-

sponsible path while also taking the necessary steps to protect Medicare and provide health care coverage to our Nation's uninsured children.

This legislation is built on consensus, and no plan built on compromise can make everyone happy. There are certain provisions that I wish were in this bill and there are other provisions that I feel could have been changed. However, it is more important that we move the process forward instead of shutting down the system. Overall, though this budget package provides benefits that will strengthen our economy, reduce the tax burden on individuals and families and eliminate spiraling deficits.

The measure provides tax relief to families by providing a permanent \$500-per-child tax credit for children under the age of 17. The bill creates incentives for savings and investment with expanded individual retirement accounts, reducing capital gains and increased deductions for small business. The legislation provides for estate tax relief which will affect many residents of my home state of Vermont. The bill will impose roughly \$297 billion in savings over the next 5 years and \$900 billion over the next 10 years while still protecting programs that are vital to the interest of all Americans. But most importantly, this legislation furthers our efforts to provide health care and education for children.

Mr. President, there is no resource more precious than the children who are right now playing in the school yards from Vermont to California. I worked closely with my colleagues Senator HATCH, Senator KENNEDY, Senator CHAFEE, and Senator ROCKEFELLER to develop legislation that would provide health care coverage for our Nation's uninsured children. This conference report will establish a new \$24 billion health care coverage program for as many as 5 million uninsured children. The establishment of this coverage is not the end but only the beginning to ensure that every child born in this country will have a healthy start in order for them to fulfill their own personal American dream.

I would like to express my special appreciation to Senator ROTH and Senator LOTT for including in the Children's Health Initiative a provision that will allow States like Vermont whose Medicaid coverage for children already extends beyond 200 percent of poverty to cover children with incomes 50 percentage points higher than their Medicaid cutoff. I feel this section will give these pioneering States the necessary flexibility and resources to continue moving forward toward the goal of ensuring that all children have access to quality health care. In addition, the children's tax credit in this bill will result in meaningful savings for families. For a family with two children, this bill will result in a 1999 tax bill that's \$1,000 less than they would have otherwise owed.

The children's tax credits in this bill will result in meaningful savings for families with children. For a family with two children, this bill will result in a 1999 tax bill that's \$1,000 less than they would have otherwise owed. In addition, the bill recognizes the critical relationship between education and our national economic well-being. With \$39 billion in education tax incentives, the bill will ease the burden on families paying for higher education. These tax incentives will help families save for college, pay tuition costs while students are in college, and repay funds borrowed to pay for college. And the bill's education tax incentives are not limited to college expenses. The bill has a life-long education tax credit to help workers who want to brush up on their job skills or learn new employment skills.

This agreement also recognizes the critical relationship between education and our national economic well-being. In a day and age beset by downsizing, when job skills are constantly becoming outmoded by technological advances and breakthrough in learning, education will be a lifetime endeavor. I am happy that the bill recognizes this, and makes lifetime learning more easily affordable. Aid to education is not limited to tax incentives; the tax incentives are supplemented by meaningful spending increases for scholarship grants and literacy programs. Throughout my years in the Congress, first on the Education and Labor Committee in the House of Representatives, and now as chairman of the Senate Labor and Human Resources Committee, I have worked to make education more readily affordable and more easily accessible. This bill represents important steps in that direction.

During my tenure in Congress, I have tried hard to put our fiscal house in order while protecting programs that are important to the Nation. I am pleased to cast my vote in favor of this agreement, which I believe does just that. This plan finally puts four walls and a roof on a foundation toward a balanced budget that this Congress has been building over the last 15 years. Today, this body is taking giant steps closer to ensure the future economic security of our children and the next generation.

Mr. BINGAMAN. Mr. President, a little over two weeks ago, I sat down with several Albuquerque families who are working hard to pay the bills, put food on the table, and give their children a good home. Among those gathered at the meeting, there was Carol Howell, who is struggling with the help of her husband to make ends meet and raise four children. And there was Jan Usinger, a divorced mother with a Masters degree in French, working three jobs to build a decent life for her three children.

Each of the families I met were perfect examples of who should reap the benefits of any tax relief package pro-

duced by Congress. And yet, what brought us together that day was the sad fact that none of these families would be able to claim the highly-touted \$500 per child tax credit in the bill passed by the Senate—not because they earned too much money, but because they earned too little. In the eyes of some in Congress, these families were not rich enough to deserve the full child tax credit. Some even argued that to give hard-working families making about \$25,000 a year a tax break was like giving them welfare.

I'm pleased to say that in the heated debate that took place in Washington over who should be allowed to claim the child tax credit, these families finally won—and they won big. Jan Usinger, who would have seen only \$6 in tax relief from the child credit under the House bill, will now get a tax break of \$1,500 in the final bill negotiated between the President and Congress. That's no small change when you consider the cost of clothing, school supplies and child care.

The final tax relief compromise enacted last week is a significant victory for the Usingers, and for the millions of working and middle-income families like them across the country. Some of the more helpful provisions in the bill will help offset the cost of raising children, make college more affordable, and even help adults go back to school for more training. There is also a \$24 billion set-aside to provide health insurance to more children from working families now unable to afford it.

The child tax credit tops the list of provisions New Mexico families will find most helpful. This new child credit will be available to families earning between \$15,000 and \$30,000, as well as those making between \$30,000 to \$150,000 a year. The size of the credit will vary according to the number of children and parents in the family, along with other factors.

Best of all, the credit can be used to reduce a family's total federal tax burden—whether it's income taxes or federal payroll taxes. This is a key change from earlier versions of the bill, and it will make a big difference for the nearly three-quarters of lower-income working Americans who pay more payroll taxes than income taxes. Furthermore, employers will be instructed to make adjustments on withholding forms so that families can see the benefit of this credit as soon as possible.

While the economic benefits of a college-educated workforce have increased tremendously over recent years, the financial obstacles have increased even faster. To help make higher education more accessible, the tax bill now includes a \$1,500 tax credit for the first two years of college, and a credit of up to \$1,000 for students after their first two years of college. Together, these credits would cover nearly all the costs of the average public college in the U.S. Workers can also receive up to \$5,250 in employer-provided training each year, without having to count the

benefit as taxable income. At a time when workers must continually update their skills, this break will help them get the training they need to make it in today's job market.

Finally, a major source of economic anxiety for working families is the cost of medical care. Almost 150,000 New Mexico children are without health insurance, and many of them come from working families who earn too much to qualify for Medicaid, but not enough to afford health insurance for their children. The provision setting aside \$24 billion for expanding children's health insurance was designed with these working families in mind. It will provide states like New Mexico the resources to cover these children, giving them access to everything from routine checkups and antibiotics to emergency medical care. This provision will help more kids develop into healthy adults, and it will do so without imposing unworkable new federal mandates.

It's important to note that this tax relief would not be possible or responsible, were we not on the brink of balancing the federal budget. In 1992, our nation ran a whopping \$290 billion budget deficit, which has been shaved down to an estimated \$45 billion this year. I think it is fair to say that if our country had not tightened its belt in the 1993 budget package to achieve this deficit reduction, interest rates would probably be higher, unemployment higher, and our economic growth slower. Now the people who helped sacrifice to get us to the point where we are today—like the 70 percent of New Mexicans earning under \$30,000 a year—are getting some deserved tax relief.

This tax deal is not perfect, and it certainly hasn't done much to make the tax code any simpler. But this final compromise does deliver where it matters. It provides relief not just to upper-income families but to the many new, young families in New Mexico who are working hard to deliver a decent quality of life to their children and to provide the educational opportunities and health care support that will lay a strong foundation for their success. In the end, this bill helps us invest in all of our children—and for this reason I think we have actually achieved something worthwhile this week in Washington.

Mr. President, I do need to make references as well about certain provisions in this tax bill which are very good for small businesses in New Mexico as well as around the nation.

First, the bill reinstates the home office business deduction, which I know is a very important issue for many self-employed people in our state and many other small business owners.

This legislation also includes an important provision phasing in an increase in the self-employed health insurance deduction. The percentage of the deduction in 1997 is now at 40%, but it rises to 100% by the year 2007.

Also, many businesses benefit by investing in continuing education programs for their employees, and this tax

bill extends for three more years the tax exclusion for employer-provided educational assistance.

It also provides an enhanced deduction which businesses can claim for the donation of computers and technology to schools.

Also, very importantly, a provision has been included that I have been working with a number of Senators over the last year. This provision builds on a small business initiative included in the 1993 budget plan. The original legislation stated that gains from stock held more than five years in publicly traded firms with assets less than \$50 million would be taxed after the sale of stock at 50% of the capital gains tax rate. The new provision allows this gain to be rolled over into other small businesses of the same size on a fully tax-deferred basis.

This will hopefully keep more capital in the small business sector. Overcoming venture capital deficiencies in New Mexico is one of the major hurdles that our state constantly faces. Hopefully, this provision will do some good for our state.

Furthermore, small businesses with average gross receipts of less than \$5 million will be exempt from the corporate alternative minimum tax. This covers a great majority of New Mexico companies.

Also in the estate tax area, owners of qualified family owned businesses and farms will be able to exclude—starting next year—up to \$1.3 million of their estate from inheritance tax. This is a very big provision—particularly as the general estate tax will be incrementally increased from \$600,000 to \$1 million by the year 2006. This family-owned estate tax relief puts the entire exclusion in place next year. The requirements are that the family owned business or farm must be at least 50% of the estate and heirs must participate in the business for 10 years after decedent's death. This provision will help a great number of small firms, farms, and ranches pass on to their heirs estates which often have a vast majority of their value tied up in the business. The failure to provide this exclusion in the past has unfortunately forced some families to liquidate businesses after the principal owner died.

Also on the farm front, farmers who often face years of boom and bust are provided the option of 3-year income averaging for the next two years. I suppose we are going to see if this provides relief to farmers and consider whether to extend this option in the years that follow.

Finally, the tax deal also includes extension of the research and experimentation credit for another year as well as it extends the Generalized System of Preferences (GSP) through June, 1998. This provision is particularly important to our state's jewelry firms that import some of their stones and materials from lesser-developed countries.

These are some of the items that I feel that small businesses should know

about. If you download the actual bill from the World Wide Web, Mr. President (the address is <http://speakernews.house.gov/taxfull.htm>), you'll be printing 304 pages. My staff had to do this, in fact. Hopefully, by highlighting these items, some small businesses won't be completely dependent on H&R Block and the various computer tax packages that sort out this material.

I recognize that if the standard of living is going to increase for citizens of this state, small business is going to be the primary engine in that effort. In any case, I am happy to report and restate that I think we have actually achieved something worthwhile this week in Washington.

#### WAIVING THE RULES REGARDING MEDIA CONCENTRATION

Mr. GORTON. Mr. President, I rise today to address a provision in the reconciliation bill that deals with spectrum. In an ill-advised concession, the Senate accepted a partial waiver of the duopoly and newspaper-broadcast cross-ownership restrictions that will allow broadcasters and newspaper owners in cities with populations over 400,000 to bid for the returned "analog" spectrum in those markets. I believe this simply is bad policy. As plainly explained in the report, the Senate, like the House—that originally sought an even broader waiver—put revenue concerns first. First, and ahead of what I believe to be graver concerns for the intellectual wealth and benefits that accrue from a diversity of voices and opinions in a marketplace.

Fortunately, although we have, in my view, compromised unacceptably, we have not done so unqualifiedly. The final bill provides for a waiver of the duopoly and newspaper-broadcaster cross ownership ban only in cases of cities of over 400,000. Moreover, the bill provides only a one-time waiver, only in large markets, which are likely to have more (and more diverse) media, and only under circumstances (the auction of "duplicate" spectrum) in which the number of broadcast voices could double.

#### BALANCED BUDGET ACT OF 1997

Mr. DODD. Mr. President, with today's passage of the Balanced Budget Act of 1997, the Senate has taken a historic step toward ensuring the long-term solvency of the Medicare program.

I am pleased that many of the provisions that I found to be so objectionable when this bill first came to the floor of the Senate one month ago, have since been removed. In stating my reasons for originally opposing the bill, I shared my deep concern over the proposal to raise the age at which individuals are eligible to receive Medicare from 65 to 67. The likelihood of these seniors finding affordable private insurance would have been slim—many

would have been forced to forego coverage. It was a wise decision on the part of my colleagues serving as conferees on this bill that they did not decide to exacerbate the current problem of lack of health coverage for early retirees further with this measure.

I am also pleased that a provision that would have required the poorest and sickest seniors to pay up to \$700 a year in home health costs has also been dropped. Looking to the most vulnerable Medicare beneficiaries to shoulder this level of cost under the guise of addressing the long-term financial challenges of this program would have been indefensible.

In addition to the removal of these onerous provisions, this legislation has been improved since the vote in the Senate by the commitment to continue Medicaid coverage for the 30,000 disabled children who will lose their Supplemental Security Income benefits as a result of eligibility changes in the welfare reform bill enacted last year. This provision, which was highlighted as a priority in the original budget agreement between President Clinton and Congress, was noticeably absent in both the House and Senate bills. Along with Senator CONRAD, I offered an amendment to continue health insurance for these children and was disappointed to see it fail by only nine votes. However, I am grateful to the conferees that protection for these children of working poor families was achieved in the conference negotiations.

This legislation will also significantly increase health coverage for children who currently lack insurance. We certainly have come a long way on this issue since the debates of earlier years. Even as recently as last year, the question was still whether or not to provide health insurance to our nation's children, rather than how we might accomplish this admirable goal. By adopting the Senate provision, which calls for \$24 billion for this new initiative, we can now offer the hope to more than seven million children that cost will not be a barrier to securing health care.

Of course, I am disappointed that the important and courageous attempt to ask those Americans who can afford to contribute a little more for their health care to do so was dropped. It is important to remember that only the wealthiest 8% of seniors would have seen a rise in their premiums. I maintain my conviction that the adoption of means testing of Medicare premiums was a step in the right direction toward the long-term solvency of the critically important safety net that Medicare provides to millions of senior citizens.

I also continue to have significant concerns about the reductions in Medicare and Medicaid payments to hospitals and managed care organizations. In order to ensure that our nation's seniors and lower-income citizens receive the affordable and high-quality