

all classified as defense spending, which will result in new outlays in 2003 of \$2.771 billion. When outlays from prior-year budget authority are taken into account, discretionary outlays for the Senate bill total \$10.12 billion in 2003.

Despite the bipartisan support of 59 Senators, the Senate was blocked on procedural grounds last month from approving a 302(a) allocation for the Appropriations Committee. Consequently, the Appropriations Committee voted 20-0 on June 27 to adopt a set of non-binding sub-allocations for its 13 subcommittees totaling \$768.1 billion in budget authority and \$793.1 billion in outlays. While the committee's subcommittee's allocations are consistent with both the amendment supported by 59 Senators last month and with the President's request for total discretionary budget authority for fiscal year 2003, they are not enforceable under either Senate budget rules or the Balanced Budget and Emergency Deficit Control Act.

For the Military Construction subcommittee, the full committee allocated \$10.622 billion in budget authority and \$10.122 billion in total outlays for 2003. The bill reported by the full committee on June 27 is fully consistent with that allocation. In addition, S. 2709 does not include any emergency designations or advance appropriations.

I ask unanimous consent that a table displaying the budget committee scoring of this bill be printed in the RECORD.

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

S. 2709, MILITARY CONSTRUCTION APPROPRIATIONS ACT,  
2003

(Spending comparisons—Senate-reported bill (in millions of dollars))

	Defense	Mandatory	Total
Senate-reported bill:			
Budget Authority .....	10,622	.....	10,622
Outlays .....	10,120	.....	10,120
Senate committee allocation: <sup>1</sup>			
Budget Authority .....	10,622	.....	10,622
Outlays .....	10,122	.....	10,122
House-passed: <sup>2</sup>			
Budget Authority .....	10,083	.....	10,083
Outlays .....	10,052	.....	10,052
President's request: <sup>3</sup>			
Budget Authority .....	9,663	.....	9,663
Outlays .....	9,996	.....	9,996
SENATE-REPORTED BILL COMPARED TO:			
Senate committee allocation: <sup>1</sup>			
Budget Authority .....	.....	.....	.....
Outlays .....	(2)	.....	(2)
House-passed:			
Budget Authority .....	539	.....	539
Outlays .....	68	.....	68
President's request:			
Budget Authority .....	959	.....	959
Outlays .....	124	.....	124

<sup>1</sup> The Senate has not adopted a 302(a) allocation for the Appropriations Committee. The committee has set non-enforceable sub-allocations to its 13 subcommittees. The table compares the committee-reported bill with the committee's allocation to the Military Construction Subcommittee for informational purposes only.

<sup>2</sup> The cost of the House-reported bill does not include \$6 million in 2003 outlays estimated by CBO to occur as a result of the House-passed 2002 supplemental. Outlays from the 2002 supplemental will be added after completion of the conference on that bill.

<sup>3</sup> The President requested total discretionary budget authority for 2003 of \$768.1 billion, including a proposal to change how the budget records the accrual cost of future pension and health retiree benefits earned by current federal employees. Because the Congress has not acted on that proposal, for comparability, the numbers of the table exclude the effects of the President's accrual proposal.

Notes: Details may not add to totals due to rounding. Totals adjusted for consistency with scorekeeping conventions. Prepared by SBC Majority Staff, 7-16-01.

Mrs. FEINSTEIN. I believe that completes the military construction bill.

Mr. President, I yield back all my time. It is my understanding the vote will be tomorrow at 10:30.

The PRESIDING OFFICER. Under the previous order, the substitute amendment, as amended, is agreed to.

The amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mrs. FEINSTEIN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Ohio.

#### A BUDGET DEFICIT REALITY CHECK

Mr. VOINOVICH. I rise today to discuss an issue that I have been known to have some thoughts about from time to time, and that is our Nation's fiscal situation and this body's approach to its budget responsibilities, something the President and I have talked about on many occasions.

The country's finances are in dire condition. We face a sea of red ink as far as the eye can see, and perhaps the worst thing about it is that few people in this body appear to recognize or acknowledge how bad that predicament is. The Federal Government is running a deficit and will for the foreseeable future, when just last year we had an on-budget surplus. Despite this, Congress continues to spend money like drunken sailors, refusing to prioritize and make the tough choices necessary to stop the bleeding and get us back on track.

In the rush to spend, we are not asking the basic question: Is this the best use of our limited funds at this point in time?

I want to emphasize to my colleagues how critical our budget situation has become. Over the past year, the budget outlook has worsened dramatically. Last year, the Congressional Budget Office predicted a unified budget surplus of \$313 billion. That is for fiscal year 2002. That means the Social Security surplus and the on-budget surplus together equals \$313 billion. We all thought everything was going great, and I was extremely pleased because Congress believed that we might be able to once again use the entire Social Security surplus to reduce the national debt, after all, we did it in 1999 and 2000. As a matter of fact, during that period of time we reduced the national

debt \$365 billion, the first time that had happened in almost 30 years. Unfortunately, it is not turning out that way. Instead of reducing the debt, we are going to add to it. Seven months ago CBO released budget projections that showed the Federal Government is in much worse fiscal condition than we all thought. These new projections show that the Federal Government will spend the entire Social Security surplus in both the current fiscal year and in fiscal year 2003.

Today, our fiscal condition continues to deteriorate. Figures from the Senate Budget Committee show that we will likely suffer a budget deficit of \$152 billion this year. That means that this year we will borrow and spend the entire \$157 billion Social Security surplus and on top of that we are going to have to borrow another \$152 billion through the issuance of new debt. Put another way, the Federal Government will borrow a total of \$310 billion this year. This is new debt on top of the staggering \$6 trillion national debt we already owe.

It is no wonder that our constituents have such a hard time grasping the magnitude of the national debt when it is counted in unfathomable terms like trillions of dollars.

Unfortunately, next year it gets even worse. For fiscal year 2003, which begins October 1, if we maintain our current course of spending we will borrow and spend the entire \$176 billion Social Security surplus and issue \$194 billion in debt on top of that. Already, next year's budget deficit totals \$370 billion, and that is before any supplemental spending, which we all know is inevitable.

If anyone believes these discouraging numbers can be turned around by a growing economy, I think they ought to understand that these projections for 2003 are based on a healthy inflation-adjusted economic growth rate of 3.4 percent.

I would like to draw everyone's eyes to this chart that I am talking about for fiscal year 2002 and fiscal year 2003. This year, fiscal year 2002, we were projected to have a \$313 billion surplus, but instead we are going to take the Social Security surplus that the President and I talked about using to pay down debt and spend that to operate the government. Then on top of that we are going to borrow another \$152 billion. So we are going to borrow nearly \$310 billion.

Next year, the Social Security surplus will be \$175 billion. Instead of using that money to pay down debt, we are going to spend it to run the Government, and then we are going to add another almost \$200 billion of additional debt.

When people come to see me in my office and want something from the Federal Government, I ask the question of them: Is it so worthwhile that we should borrow the money? Does it justify spending the Social Security surplus or causing the Treasury to issue new debt?

We are filling the gap today in the only way we know; that is, we are putting the Treasury back in the business of auctioning new debt to raise the billions of dollars needed to pay for the Government's operations this year.

What I find very telling about the Treasury auctions is the duration of some of the new bonds. They mature in roughly 10 years. What that tells me is the U.S. Treasury recognizes the Federal Government will need to borrow money for a long time. This speaks volumes about our long-term budget predicament. We better take notice.

What we really need is a fiscal reality check. We are sinking deeper and deeper into deficits. But most disturbing of all, I don't hear any outcry. No one seems to be paying any attention. What I do hear are constant calls for more Government programs and for more Government spending.

The fact that our Nation faces several serious challenges right now, including a serious national security challenge, does not exempt us from the basic rules of fiscal policy. In fact, I believe the national security crisis we now face demands of us an even more vigilant look at what we are doing with our spending to make sure the needed funds go to the most pressing priorities.

Spending without check, wrapping every pork project in the flag and calling it a national security priority, saying yes to every major interest group, and playing politics with the public's purse are all irresponsible behaviors that will sentence us to another long term of deficit spending and increased national debt.

We recently passed a farm bill that even leading farm legislators decried as too expensive. Besides returning to the failed farm policies of the past, this legislation increased agricultural spending by \$80 billion over the next 10 years. We have also just finished a Defense authorization bill that contains huge increases. The Senate-passed bill authorizes \$393.4 billion in spending. That is an increase of \$42 billion or about 12.2 percent over last year. We cannot have it all.

The White House is calling for a \$45 billion increase in defense spending and a big increase in spending on homeland security. These are serious needs and deserve our attention. They require making some tradeoffs to meet them. We do need to increase defense spending, but let's examine whether \$45 billion is the right number. I was heartened to learn that the House of Representatives acted to move about \$2.3 billion in funding from defense allocations to other programs. The Senate should do the same, and then some, instead of forever increasing funding by adding additional spending to the total. We need to make some tough decisions to make tradeoffs and shift funding within given budget totals.

At the same time, the record growth of domestic spending over the past several years has been nothing short of

meteoric. Given the huge increases many agencies and programs have had, do we really need to continue feeding them at these huge levels? If anything, I think agencies need a breather to spend the money Congress has been shoveling their way over the past several years. Anyone looking for the location of the recently departed surplus, need look no further than the huge increases in discretionary spending for fiscal years 1998 to 2002.

This is the chart that shows it: Agriculture, the average growth was 5.2 percent; total growth was 21 percent from 1998 to 2002; Commerce, 51 percent; Defense, 24 percent; Education, 60 percent; Energy, 23 percent; Health and Human Services, 50 percent; HUD, 44 percent.

These are unbelievable increases in spending. That is a lot of money in the pipeline. The fact is, at this stage of the game, we need to look at the spending we have already done during the last several years and scrutinize our domestic priorities to make sure our most pressing needs receive our limited budget dollars. This means making tough choices, telling some people no, and having the guts to stand up to groups that are considered untouchables and say we cannot afford them right now.

I am talking about lots of other requests we will be getting. For example, we are talking about Medicare and what we are going to do about that. What we have to understand is we just cannot rack up huge bills today that will come due tomorrow because tomorrow's bills will be even bigger than today's. I am talking about Social Security and Medicare. These two critical programs are headed toward serious financial trouble and will require huge infusions of cash to keep them going. On top of that, there is widespread agreement, myself included, that we need to provide a prescription drug benefit to seniors. And it is not going to be cheap. This is the issue now before the Senate.

We face a situation in a couple of decades in which spending on Social Security, Medicare, and other entitlements will equal what we spend today on the entire Federal Government. In a few short years, the percentage of overall spending that is left for defense and other domestic needs will be very little. To their credit, David Walker, the Comptroller General, and CBO Director, Dan Crippen, have made this point over and over again, before committee after committee, but no one seems to be listening.

Make no mistake, we will meet these obligations. The trillions of dollars in special issue Treasury bonds held by the Social Security trustees are going to be redeemed and made good by the Treasury. Some beltway pundits might dispute the reality of the Social Security trust fund, but they are dead wrong. The liabilities in the trust fund are real. The day will come, in 2015 or 2016, when the money coming into So-

cial Security will not be enough to cover all the payments, and we will have to reach into that Social Security trust fund and begin redeeming those IOUs. To pay those IOUs we either have to borrow more money or raise taxes.

The fact is the day of reckoning is rapidly approaching. We need to start being concerned about it. Remember the money that was supposed to be kept in the lockbox to pay down the debt? I remember the lockbox. I was going to bring my lockbox from my office to demonstrate my point. We will not see the money in that lockbox paying down debt for probably a decade. We won't see an on-budget surplus for at least 10 years at the rate we are going.

Mr. President, I want my colleagues to recognize that the surpluses we refer to are on a unified basis. The public is being told we might go back to that unified budget. But I hope they understand that the unified budget includes the Social Security surplus. When we talk about a surplus, the surplus we are talking about includes the Social Security surplus. In my book that is not a true surplus because it requires raiding the Social Security surplus. The people that know, understand we will be using that Social Security surplus for a long time; not to pay down debt but to pay for the regular operation of the Federal Government.

When the day arrives in 2015 or 2016 and that Social Security surplus disappears, we will have to find additional money to pay for Social Security and Medicare.

Our budget process is broken and needs to be fixed. This year, the Senate is increasingly resigned to the fact that we will not adopt a budget resolution. I say, shame on the majority. This is the first time since 1974 that the Senate has not passed a budget resolution. What it tells us about the State of the budget process is this: It is a critical document that we need to manage our money, and we did not even write one. In its current form, the budget process is weak and meaningless and does nothing to control the endless congressional urge to splurge.

When the Budget Enforcement Act expires in September, Katy bar the door on the floor of the Senate when the spending rampage begins.

I fully support my colleagues efforts to extend the discretionary spending caps and extend the pay-go rules. These are important steps in reestablishing fiscal discipline. The problem is, these safeguards are not enough. These good rules have been circumvented repeatedly in the past, so we know that rules to enforce fiscal discipline can be ignored unless there is a broad-based sense of urgency that we must address our budgetary crisis. Until we change our thinking and recognize we must live within our means, we will continue to face a mounting deficit despite the rules.

In the absence of an enforceable budget document this year, one key

step for enforcing budgetary discipline in Congress would be to adhere to the aggregate discretionary spending total of \$759 billion proposed in the President's budget and in the budget resolution that passed in the House of Representatives.

Many of my colleagues say it is not possible to limit spending to that amount. I disagree, and I applaud my colleagues in the House who understand that we have to make those hard choices. Drawing a line in the sand at \$759 billion is a way to do that.

A few weeks ago my friend from Kentucky, Senator BUNNING, and I sent a letter to the President with 34 signatures from Members of the Senate pledging to back him up if he vetoes excessive spending bills. I hope the President will exercise his veto authority for any bills that would likely increase spending beyond \$759 billion.

But the President has to understand that if he vetoes any spending over \$759 billion, we cannot hold to that figure unless we shift money from the defense budget.

What I am suggesting is that we shift some of the money from the defense budget to the domestic side, rethink some of the large increases in domestic spending that are in the 2003 budget, and spread that money around to meet our other domestic needs. That means taking on things such as NIH, that we all love. That has almost increased 50 percent during the last several years.

The President knows, as a former State Governor, that when you have a financial problem, what you do is reconsider your spending plans. If you have some peaks in spending, you have to reduce those so you can make more money available to stay within your budget. This administration has to understand if they receive every dime they want for defense spending and do not do anything about the peaks they have on the domestic side of the budget, we are going to have a catastrophe at the end of this year. They will get their money for defense, the domestic money will be forthcoming, and we will go far beyond the \$759 billion.

We will do the same thing that happened in the 1980s when I was mayor of the city of Cleveland and watched what was happening here in Washington. The President got his defense money, others got their domestic spending, and this terrible debt that we have, the \$6 trillion debt we are paying for today is a result of that fiscal irresponsibility. We have to make sure it doesn't happen again.

As I said, these are the kinds of hard choices I had to make as a mayor and Governor. I did not have the option of just borrowing the money from our pension funds. I could not do that. If I told the people of Ohio, for example, when I was Governor, I was going to use the Public Employees Retirement Funds to run the State of Ohio, they would have run me out of office. But here in the Federal government it apparently is OK for Congress to use the

Social Security money. It is unbelievable to me. We should be doing what cities are doing in this country today, what States are doing in this country today, and what families are doing. There are a lot of families in this country today who are reallocating their resources because the money is just not coming in. They are changing their priorities, and we should do the same thing. We are no better than America's families.

If people around here could not borrow the money or use pension funds, I can tell you things would be different. That is why we ought to have a balanced budget amendment, so we have the same kind of fiscal restraint we had as Governors and mayors and county officials.

This year is an anomaly, however, and I hope not to see it repeated. I hope that next year we will have in place an invigorated budget process that helps Congress resist its worst urges and control spending in a responsible way.

Yesterday, Federal Reserve Chairman Alan Greenspan said:

... that the underlying disciplinary mechanisms that form the framework for Federal budget decisions over most of the past 15 years have eroded. The administration and Congress can make a valuable contribution to the prospects for the growth of the economy by taking measures to restore this discipline and return the Federal budget over time to a posture that is supportive of long-term economic growth.

If we do not get things under control, we are not going to have the economic growth necessary to take care of all our needs. That is why I have been developing a budget process reform bill with Senator FEINGOLD. This bill will extend important aspects of the existing budget process, such as the spending caps and PAYGO.

In addition, the bill contains several provisions aimed at providing more information on the true state of the budget so people understand what is going on around here. It is not hocus-pocus.

The bill requires accrual accounting for Federal insurance programs. It requires CBO and the Joint Tax Committee to report how legislation changes interest costs. It requires the GAO to issue an annual report on the magnitude of liabilities facing the Federal Government. And it convenes another budget concepts commission, which last met in 1967, to assess whether the fundamental measures for the Federal budget are the right ones.

With some tough new guidelines to rework the budget process, a willingness to accept the fact that future expenses are as real and as important as today's, and the guts to make the tough choices necessary to prioritize our spending, we might just have a shot at achieving sound fiscal health.

Today, the Federal budget deficits are not as big as those we faced in the 1980s compared to the economy as a whole. But we are headed quickly in that direction. Given the rampant spending proclivities of Congress, it

will not be long before our situation becomes just as bad as it was in the 1980s. I implore my colleagues to understand that we are on the edge of an abyss. We must stop before we commit fiscal suicide.

A lot of people will say that the 1980s were pretty great, but it is also part of the reason, as I mentioned, that we have the enormous debt we have today. I remind my colleagues that we spend 11 percent of the annual Federal budget to pay for our fiscal irresponsibility of the past; i.e., we were not willing to either pay for or do without things. We borrowed the money, used the Social Security surplus, and that is why we have the debt we have today.

We are now engaged in the war against terrorism at home and abroad, and we have some very pressing domestic needs. We have to understand that we cannot get the job done by practicing business as usual. We have to understand that. We just cannot do that anymore.

The decisions we make this year are going to have enormous impact on the United States of America, our ability to maintain a competitive position in the world, and on the quality of life of our children and grandchildren. Our country and their future are in our hands.

Let history record that we had the courage to prioritize our Nation's needs within the framework of fiscal responsibility—to make tough choices and exercise tough love today, for our children's and grandchildren's tomorrows.

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

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

#### TERRORISM INSURANCE

Mr. REID. Mr. President, I am not going to formally ask this UC because there is no one here to object, but I want to again offer the UC regarding terrorism insurance. I will just lay on the record that when we initially offered this, we wanted a ratio of three Democrats to two Republicans, which is fairly standard. We were told by the minority they would rather have four and three. Remember, this is terrorism insurance. So we said: Fine, four-three. And now they won't agree to that. It is too bad.

The country needs this legislation. We can't do it until we go to conference. This is only appointing conferees.

I hope we are able to get this cleared in the immediate future. I ran into one of the President's lobbyists out here. The President has three or four people who cover the Senate. One of them told