

HOUSE TO DEBATE BUDGET  
RESOLUTION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from South Carolina (Mr. SPRATT) is recognized for 60 minutes as the designee of the minority leader.

Mr. SPRATT. Mr. Speaker, I yield to the gentleman from Illinois (Mr. EMANUEL).

Mr. EMANUEL. Mr. Speaker, I thank the gentleman from South Carolina (Mr. SPRATT) for yielding me this time. In the 2000 Presidential election, President Bush declared that he was against nation building. Who knew it was America he was talking about? President Kennedy used to say, to govern is to choose, and how we make our choices in this budget is a reflection of our values and the choices we want to make for the American people. It is not just a set of numbers; it is a set of priorities, a set of values, a set of principles.

I put together an analysis of what the President has done here in America with his budget and what he is doing in Iraq with the American taxpayers' money. Take job training, for instance. In the United States, although we have cut \$316 million in vocational education, in Iraq, \$60 million for demobilizing and job training for 130,000 enemy combatants. Funding is \$353 million for American enterprise fund and job training. \$151 million has been cut in adult training here in the United States. Those are values; those are priorities.

Take the area of college education. Here in the United States we have cut \$101 million in the President's budget for Perkins loans; \$327 million has been cut in Pell grants for college education. In Iraq, \$20 million for higher education and development projects creating U.S.-Iraqi university partnerships.

Expanding literacy, we have cut reading programs here in the United States; \$40 million for building 275 schools and training 10,000 teachers in Iraq. That is just one example of the set of priorities and values that the President's budget reflects here at home.

My view is, I am for investing in Iraq's future, giving the children of Iraq a future, but not one that is less promising and less strong and less valuable than the one we have here for the people in the United States. We should not invest in Iraq for things we are not willing to invest for here in the United States.

Take the issue of health care. Americans are facing a huge health care crisis. Costs are growing by 20 percent a year for the last 3 years and are expected to grow like that going forward. What have we done since the President got elected? We used to have 38 million uninsured in America, today we have 43 million uninsured, and not a single proposal to deal with it.

In the President's budget, we cut \$278 million for health professional train-

ing. In Iraq, we fund free training for 2,200 health professionals and 8,000 volunteers.

There has been a \$94 million cut to community access programs to coordinate health care services to underinsured. In Iraq, \$793 million has been spent for health care construction and medical equipment. \$78 million in the United States is cut for health activities to provide health care for rural America; \$28 million is provided for operation and staffing of 150 health clinics for 3 million Iraqis.

Down here, funding has been cut for all child care programs here in the United States; \$44 million is provided for community development projects in Iraq for child care facilities. Those are our values; those are our priorities. Why is Congress willing to fund Iraq's health care professionals, why are we investing American money for 2,200 new health care professionals, yet here in the President's budget we cut health professional training not just by \$78 million. That is a 64 percent cut in that budget.

What is it about the Iraqi health care system that we can see an investment that will reap the benefits of a stronger, healthier Iraqi population; but here at home, we say to rural America and community health care, we say to control cost, we are going to cut and slash. Those are our values; those are our priorities. These budgets are not numbers. They reflect what we care about and what we envision. We cannot have a vision for Iraq that is stronger and better than the one that we envision for the American people.

Mr. Speaker, that is just in the area of health care. In the Corps of Engineers, in Iraq we have opened up a new port for commerce. In the United States, the Corps of Engineers, we have a 10 percent cut in their budget, in the President's budget. We are investing \$4 billion to open up a new port in Iraq, and we are cutting the Corps of Engineers here in the United States that helps economic growth and the movement of goods and services.

That budget for Iraq reflects our values, and that budget for America reflects our values. These are not our values at work. We can have differences among our parties; but ultimately the budget has to reflect what we think and how we see America growing, how we see our children getting educated, how we see our workers getting trained, and how we see the health care for our communities.

We cannot invest in Iraq in a way that envisions they have a brighter future than the one we are envisioning for our own families. As we hear from my colleagues this evening about the budget choices we make, there are other areas we are going to be talking about on education, job training, health care, commerce, the environment.

We have a policy for the marshes to be restored in Iraq, yet we are cutting the Environmental Protection Agency

in the United States. We have a \$4 billion water program going on in Iraq, yet for our drinking water facility we have cut \$300 million here at home. Those are not our values; those are not our priorities.

So when the President declared in 2000 when he was running for the Presidency that he was against nation building, he was right; but who knew it was the United States he was talking about. But think of the upside: in 2004 when President Bush seeks reelection, he can at least say he kept his commitment, that he was against nation building because the end result of his economic policies, the end result of his budgets, 9 million uninsured Americas, 2.7 million Americans who had jobs since he became President lost their jobs, 43 million Americans have no health care, 33 million Americans work full time without health care, 2 million additional children who used to be part of the middle class are now in poverty, and a trillion dollars' worth of corporate assets have been foreclosed on.

As Ronald Reagan once said, facts are a stubborn thing. Those are the facts, and those are the results of the President's economic priorities. This is his fourth budget since being President. He has made an investment in Iraq that he has not measured up and made here in the United States. We must have the priorities that we hold for Iraq to be true for the United States. That is what this debate and this discussion about the budget is.

Mr. Speaker, I thank again the gentleman from South Carolina (Mr. SPRATT) for allowing me this opportunity to lay out some of the choices that I went through on the budget.

Mr. SPRATT. Mr. Speaker, I thank the gentleman from Illinois (Mr. EMANUEL) for his contribution.

The gentleman was talking about the budget. The reason the budget is topical is tomorrow the House takes up what we call the budget resolution. It is a tough task that lies before us tomorrow. The budget resolution is just an outline. This is it right here. I have the Democratic substitute to it. It is about 67 pages double-spaced. So why is it so tough? It is tough because the deficit this year is \$521 billion. This year, 1 year, the deficit is \$521 billion.

□ 2015

The budget is in deficit over the next 10 years by at least two to three times that amount, by at least \$4 trillion on top of that amount. That is one reason the task is tough.

It is also tough because we did not have to be here. We did not have to be in this situation. Three years ago when President Bush took office, he gained a benefit that no President in recent history has enjoyed. He gained a budget which he inherited in surplus, big-time surplus, by more than \$100 billion. The previous year, the year 2000, the surplus was \$236 billion. We actually paid off debt of the United States in 1999, 2000 and 2001. That was the context in which Mr. Bush came to office.

His economists at his budget shop, the Office of Management and Budget, looked out over the next 10 years and told the President they foresaw surpluses, cumulative surpluses, of \$5.6 trillion. Today, just 3 years later, those surpluses have disappeared. Vanished. They are gone. They are no more. In their place we have a deficit, a cumulative deficit, of \$2 to \$3 trillion over the next 10 years, depending on assumptions you make about tax and spending policy.

What happened to that surplus of \$5.6 trillion? As it turned out, we warned the President. We had seen surpluses like this projected before. The projection is really an economist's construct of the future, and they missed it. They misestimated the size of the surplus by at least 50 percent. And when you diminish the surplus expected of \$5.6 trillion by 50 to 55 percent, it becomes \$2.6 to \$2.8 trillion. All of that remaining surplus has now been wiped out by tax cuts and then some, and by spending increases, largely for defense.

The President says we have to rein in spending, but for the most part, spending has gone to defense, homeland security, the New York bailout, the airline bailout, the consequences of 9/11, categories that could hardly have been controlled. Domestic discretionary spending on education and health care and the environment has been growing at 2 to 3 percent a year. He says we have to rein it in, but he ignores the spending category that is the big spike in the budget.

In any event, the surplus has disappeared. The surplus of \$5.6 trillion is no more. It has been replaced by a deficit. So you would expect the President in that light to send us a budget this year that would begin to move us into balance, take us back to the path we were on when he came to office, when he saw nothing but surpluses for the next 10 years.

The President does indeed present us a budget which claims to cut the deficit in half by 2009, within 5 years. But he omits from that calculation anything for waging war of low intensity against the insurgencies and so forth in Iraq and Afghanistan. Nothing for the deployments we have there. Even though his Office of Management and Budget says that there will probably be at least \$500 billion more needed sometime later this year or early next year, you will not find that calculated anywhere in the President's budget.

When he says we are going to cut the deficit in half, not a nickel after 2004 is included for the cost of our deployments in Afghanistan and Iraq, even though the cost is substantial and they are not coming to an end, unfortunately, anytime soon.

And so the President does not bring the budget to balance. Indeed, he does not run his budget out 10 years as was customary just a few years ago.

When he came to office, so that he could say that there is plenty of support for the type of tax cut I am pro-

posing, \$1.7 trillion in tax reduction over 10 years, he extended his projection of the budget out over 10 years to get the cumulative total of \$5.6 trillion. Those who looked closely noticed that two-thirds to three-fourths of all that surplus occurred in the second half of that 10-year period of time. Now, the surplus has disappeared, the basis for those tax cuts has been removed, so what does the President recommend for next year? Another \$1.3 trillion in tax reduction. He recommends making permanent all of the tax cuts made in 2001, 2002 and 2003.

We are not here tonight to advocate higher taxes or more taxes or more revenues. We are here to advocate rebalancing the budget as a critical domestic priority, particularly given the fact that in just a few years we are going to see a demographic phenomenon the likes of which this country has not seen before, the retirement of the baby boomers. Within 20 years, the number of people on Social Security will nearly double. The number of beneficiaries on Medicare will nearly double. We should be preparing now by saving, and we are not.

We are dissaving. We are spending more than we take in. As a consequence, our children are going to have to bear the cost of Medicare and Social Security for our retirement, for the baby boomers' retirement. And in addition to that, they are going to have to bear the consequences of the debt that we are now stacking up, which could easily be \$7, \$8, \$9 trillion by the time the baby boomers begin to retire and start drawing their benefits. That is why this is a serious period that requires serious fiscal policy.

So what does the President recommend? He recommends another \$1.3 trillion in tax cuts, and the budget resolution that our colleagues on the other side of the aisle, the Republicans, will bring up tomorrow will embrace essentially the same tax agenda, which can only mean, given the fact that we have no surplus anymore, that every dollar of those tax cuts, if they are enacted and implemented, every dollar of revenue lost due to those tax cuts will go straight to the bottom line, will enlarge the deficit and will make it bigger and not smaller.

That is the situation we find ourselves in tonight and tomorrow as we take up the budget resolution, with a tough problem and difficult to handle.

Before going further, let me recognize the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. I thank the gentleman from South Carolina for his hard work on the budget. It is a lot of hard work and a lot of dedication. He articulates what the problem is.

I like to use charts when I discuss the budget because sometimes people lose perspective of exactly what the problem is when you talk about the budget and the mess that we are in.

This is a chart showing the deficit from the Johnson administration,

Nixon, Ford, Carter. The red here is the Reagan and Bush deficits; the green is the Clinton administration digging us out of the mess; and the red is the present Bush administration budget.

The difference between the \$100 billion surplus that we expected and the over-\$650 billion deficit we see now, this is on-budget, this is after you have spent the \$150 billion Medicare and Social Security surplus, that is a \$750 billion swing. That is a big number.

I like to put it in perspective. If you look on the Federal budget, on the line item Revenue Individual Income Tax, that is all the individual income tax that we take in, we take in less than \$800 billion in individual income tax. Here in 3 years, the budget deterioration, the deficit situation has deteriorated \$750 billion, almost the entire value of the entire individual income tax that we take in.

As the gentleman from South Carolina indicated, we had a surplus. When this administration came in, the budget discussion, the questions that were asked of Chairman Greenspan, questions like, if we paid off the entire national debt, what would happen to the interest rates? What would happen to the bond market? Should we retire all of the debt or just the long-term debt or maybe just the short-term debt? That was the discussion, how to pay off the national debt.

Since the first budget of this administration was enacted, we have not heard anything about paying off the national debt.

Some of the Republicans want to take credit for some of the hard work and tough decisions made during the Clinton administration. I would remind them that when the Clinton administration came in and passed the first budget, it was passed by the narrowest of margins and not a single Republican in the House or in the Senate voted to start this green line going up.

In 1995, when the Republicans used those votes, demagogued those votes, took over the House and the Senate and offered their first budget, it included massive tax cuts. President Clinton vetoed those tax cuts. They threatened to close down the government if he did not sign the tax cuts. He vetoed them anyway. They shut down the government and he vetoed them again. He would not sign a budget that would wreck the progress that we had already made. As a result of the presidential vetoes, not the congressional action, the presidential vetoes, we maintained a straight line all the way up to a surplus of \$100 billion.

When President Bush came in, the Congress passed those tax cuts again, and we see what happened as a result.

The administration promises to cut the deficit in half within 5 years. First of all, as the gentleman from South Carolina indicated, the President is not going to be able to achieve that goal. But the goal itself is insulting. We started this administration with a surplus expected to be \$100 billion and now

we have gotten into the mess and the President only promises to clean up half of the mess. What we ought to be talking about is, when do we get back to a major surplus and when do we pay off this additional debt that we actually have?

We got into that mess with massive tax cuts. The administration and some Republicans like to say, who got the tax cuts? This chart by 20th percentiles shows the lowest 20 percent, the middle 20 percent, third 20 percent, fourth 20 percent, the highest 20 percent, highest upper-income brackets. Who got the tax cuts?

You can call it what you want. This is the chart. There is a line here at about the 50 percent mark. Half of the value of the tax cuts went to the upper 1 percent of the population. So whatever they say, this is the chart.

When you run up that kind of debt, you have to pay it back off, but in the meanwhile, you have to pay interest on the national debt. This chart shows the interest that we will be paying on the national debt.

This line is the interest we expected to pay as we were paying off the entire national debt; that is this dark line here. The red line is the interest on the national debt that we are going to have to pay because we have messed up the budget.

These lines show the difference in interest on the national debt. It is going to be \$341 billion more in interest on the national debt every year and growing. By 2010, about \$1.2 trillion in additional interest on the national debt.

\$341 billion additional interest on the national debt; like I said, we are bringing in less than \$800 billion in individual income tax, but \$341 billion at \$34,000 apiece, that is enough to hire 10 million Americans, give 10 million American jobs at \$34,000 apiece.

There are only 9 million listed as unemployed. Ten million could have been hired with just the difference in interest on the national debt. Ten million. We are struggling to hire 100,000 police officers and cannot do it. We would like to hire 100,000 additional teachers, maybe even 1 million teachers. Ten million additional people at \$34,000 apiece just in the lost interest on the debt.

We were told we got into that mess to create jobs. You need a chart to show the jobs. This is one chart. There are other charts that show the same picture, the number of jobs from everybody's administration back to Harry Truman.

Harry Truman created about 4 million jobs in his second administration. Eisenhower, about 1.9 million jobs the first term, lost about 200,000 in the next term, but it is a net plus, 1.7 million. Kennedy-Johnson, Johnson, Nixon, Ford. Everyone creating jobs. Clinton, over 10 million jobs the first term, another 10 million jobs the second term; until you get to this administration, lost almost 3 million jobs already.

□ 2030

When we look at this chart, we wonder what happened. This administration will point to 9-11 as the cause for the loss in jobs. In my view, because we had so much additional spending right after 9-11, about \$40 billion, properly done, we should have been gaining jobs after 9-11. But whatever the situation with 9-11, just remember that this chart includes the Korean War, the Vietnam War, the hostages in Iran, Grenada, Persian Gulf War, Somalia, Kosovo. Everyone has had military involvement including the Korean War and the Vietnam War, and everyone creates jobs during those crises except this administration. We have lost jobs.

Now, we need to look at the chart because some in this administration will say that the tax cuts are working. Look at the chart. The economy is doing well. We look at the chart. This is the worst since Harry Truman. Actually, the worst since the Great Depression, but this chart just goes back 50 years. This is not a good result. The tax cuts did not work. Millions of Americans lost their jobs.

The final chart shows the real crisis that we have, and that is maintaining Social Security. Chairman Greenspan said if we make the tax cuts permanent, we have to, I think he said, adjust Social Security. He did not say cut, but the people will get less than they anticipated. Most people would call that a cut. Increase the age of retirement, reduce the cost-of-living increases, most people would consider those as cuts; but we will use "adjust." If we make the tax cuts permanent, we must adjust Social Security. This chart shows that we are bringing in more Social Security than we are paying out now, and in 2017 we are going to start paying out more than we are bringing in.

This chart shows that in just a few years we will be paying out \$300 billion more in Social Security than we are bringing in. If we add the Social Security deficit with the additional interest on the national debt, the GAO just recently produced a chart that showed that the projected Federal revenues in just a couple of decades will be insufficient to pay the Social Security deficit and interest on the national debt. It will be insufficient to pay that. Before we get to Medicaid and Medicare and before we get to all other government spending, just the deficit and Social Security and interest on the national debt will absorb all Federal revenues.

There is one thing about this chart that is interesting, and that is as challenging as this chart is, if the President, instead of giving a tax cut to that upper 1 percent, had allocated what he has got in store for the upper 1 percent into the Social Security trust fund, we would have been able to pay Social Security without reducing benefits or adjusting benefits for 75 years. Or we can look out for the upper 1 percent and give them the tax cuts that the President has proposed. We had a choice. We

had a choice in education, tax cuts for the millionaires or Pell grants and fully fund No Child Left Behind.

We have talked about veterans benefits. We do not pay enough in the budget proposed by the Republican majority, not enough to maintain present services for veterans health care. Homeland Security, underfunded. The troops are not properly equipped. And this administration has shown no indication that they care about the budget. I mean, just the way that the war has been fought, we appropriated \$87 billion a couple of months ago. We had already spent \$79 billion. That is \$166 billion on the war with more coming. The meter is still ticking. \$166 billion is more than we spent in a year in the Department of Homeland Security plus the Department of Education plus the Department of Transportation plus the Department of Labor plus the Department of State, combined, not up to \$166 billion. What has this administration talked about as to how to pay for it? Tax cuts and no cuts in spending? It all goes to the bottom line.

Now, \$166 billion compared to the Persian Gulf War 12 years ago, how much did we spend on the Persian Gulf War? How much did the Persian Gulf War cost the United States of America? \$7.4 billion, 7.4. We have spent 166 billion already and counting. It cost 7.4 billion because we had allies. It was not "my way or the highway." We had allies, and they paid most of the expenses. This time it is all on our dime. We are spending \$166 billion and more. It goes right to the bottom line on the deficit chart.

So I would say to the gentleman from South Carolina, we can do better than this. We do not create a chart like this by accident. We do not create this green shaded area by accident. Tough choices were involved. And we can make those tough choices. We can fund our priorities, the ones that the gentleman from Illinois talked about: the health care, the transportation, the housing, all of those needs. We can address those. But we have to do it in a fiscally responsible way.

During this period of time when we were exercising fiscal responsibility, making the tough choices, we were creating millions of jobs. When we resorted to fiscal irresponsibility, none of the tough choices, we noticed that not only have we wrecked the budget, but we have also lost jobs in the process. So these are the kinds of things that are going on.

GENERAL LEAVE

Mr. SCOTT of Virginia. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the subject of the gentleman from South Carolina's (Mr. SPRATT) Special Order.

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida). Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SCOTT of Virginia. Madam Speaker, I yield back to the gentleman from South Carolina.

Mr. SPRATT. Madam Speaker, I would like to pick up where the gentleman left off with more explanatory charts. We have said that the projected surplus in the year 2001 when the President came to office was an unprecedented \$5.6 trillion. There it is on this simple table. Under the President's fiscal policies and under the situation of the times, not all of his making, that surplus declined from \$5.6 trillion to a deficit today in accordance with his 2005 budget, which will equal over this same period of time 2002, 2011, a cumulative \$2.928 trillion deficit. From \$5.6 trillion in surplus to \$2.9 trillion in deficit. The arithmetic is simple. That is a reversal of \$8.5 trillion over a 3-year period of time. We have never seen fiscal discipline come so unraveled, all of the effort in the 1990s to put the budget in balance for the first time in 30 years, to put it in surplus, to bequeath that surplus to President Bush only to have it absolutely wiped out over the next 3 years.

Here is a very simple graph that shows the path the deficit has taken since 1989 when the first President Bush was the President. As we can see, under the administration of the first President Bush, the deficit declined and grew worse, from \$153 billion to \$221 billion to the point where in the last year the first President Bush held office, we had a deficit of \$290 billion. In 1991, 1992, a deficit of \$290 billion. That was the situation that President Clinton found when he came to office in January of 1993.

If we look at the curve rising up, it shows us that every year of the Clinton administration, the bottom line of the budget got better and better and better. Every year the deficit was lower until 1998 when we had a surplus for the first time in 30 years and in the year 2000 we had a surplus, a phenomenal surplus, of \$236 billion. The next year President Bush came to office. Three solid years preceded him in surplus. His own economists told him to expect a surplus of \$5.6 trillion. They blew it. They overestimated it. We warned him to be wary, but nevertheless that was the situation in which he came to office. Here is what has happened since. The \$521 billion here at the bottom of this chart is the projected deficit for this year from the administration. That is not our estimate. We are not trying to put some sort of spin on it. The facts are bad enough and speak for themselves. The Office of Management and Budget, Mr. Bush's shop, said the deficit this year will be \$521 billion.

As we see the next chart, we pick up that \$521 billion over here on the vertical axis, right there, \$521 billion, the deficit in 2004; and then we make some politically realistic, and we think budgetarily realistic, adjustments to the path that CBO, our Congressional Budget Office, has plotted for the

President's budget because they make certain assumptions that are, frankly, not realistic. For example, they require by law to assume that when a tax cut expires, it dies, it sunsets, it does not come back. We know from practical experience that popular tax cuts are almost always renewed, and therefore they do not give a plus-up to the budget. If we make assumptions like that, politically realistic assumptions, then the President's budget will go from \$521 billion to 389 next year. It gets a bit of a bounce from this economy. It is helping. The economy is helping diminish the budget deficit, but it bottoms out at about that level and stays around 300 to \$400 billion for the next 10 years to the point where in 2014, the deficit is still over \$500 billion: \$21 in 2004; \$02 in 2014. That is our best estimate of where we are going under the President's budget per his projections adjusted for what we consider political reality.

By the way, the blue line up there, which the gentleman from Virginia (Mr. SCOTT) was just rising to call my attention to remind the Members, that is the plot we were on, the path we were taking when President Bush came to office, and that is how far we have descended into debt. From all the way up here, \$250 billion in surplus down to deficits of \$521 billion.

It is obvious to anyone, everyone, that a budget deficit of this magnitude requires bold measures. Simple half measures simply will not cut it. We learned that in the 1980s and the 1990s. We need a long-term plan for deficit reduction. We need enforcement to back up our intentions, and we need to look at every segment of the budget, spending and revenues both.

If we look at this simple pie chart here, we will see that this wedge, domestic nonhomeland security, discretionary spending, that is, education, the FBI, the Justice Department, the National Parks Service, the government as we know it falls in this wedge right here. The entitlement programs take up two thirds of the budget. This other wedge, the red wedge, is for defense and international support, international aid, foreign aid, discretionary spending; and then this sliver down here is homeland defense. A small sliver today, but growing every year, \$46 billion this year, an account that did not even exist in the budget 3 years ago.

□ 2045

Well, what does the President propose? Essentially what he proposes is to rein in spending, his words, but he goes only to this segment of the budget, 15 percent of the budget, domestic, nonhomeland security, domestic discretionary spending. He goes to it and begins to clamp down on it and take one-half to one percentage points out of it, cuts that do not seem that draconian in truth.

But, in effect, the President takes about \$10 billion to \$15 billion below constant dollar levels out of the domes-

tic discretionary accounts, and by the fifth year of his budget forecast, that is all that is left. That is all that is left. The cut amounts to \$40 billion to \$50 billion. It begins to become serious, particularly in accounts like education and health care.

Now, we have taken seriously this budget forecast because it is, I think, a call to arms. If you add up all of the deficits shown on this politically realistic line, they come to about \$3.5 trillion over the next 10 years. If we are realistic, honest, frank, and face the facts, that is the future we are looking at. I do not think that is a sustainable course. I do not think that is a future we want to have or a situation we want to bequeath to our children.

So we have come up with a budget that will be offered tomorrow as a substitute to the budget offered by our Republican colleagues. Their budget never gets in deficit, partly because they only run the budget out 5 years, not 10 years as was customary in the recent past. They do not go the extra 5 years, because that would require them to confront an uncomfortable decision.

Their tax cuts will expire within that second 5 years. They intend to renew those tax cuts. But if they renew those tax cuts that were passed in 2002, 2003 and 2001, if they renew those tax cuts, the budget will never balance, at least not on any chart we have got or any forecast that is likely to be made. It will be in deficit for as far out as the eye can see.

We, however, have taken our budget and run it out 10 years, and we have made certain assumptions about tax cuts. We protect middle-income tax cuts. We call for the extension of the marriage penalty provisions. We call for extension of the child tax credit at \$1,000. We call for extension of the 10 percent bracket. So we protect middle-class tax cuts.

In addition, we protect the estate tax. We protect the reforms in the estate tax and call for a reduction in the estate tax by substantial increases in the unified estate and gift tax credits.

What do we do? This is most important. After doing these things, spending \$10 billion over 5 years, more than they commit to education, \$4 billion more to the environment, all down the line with critical priorities, veterans health care, \$2.5 billion more than the President provides for veterans health care because veterans deserve it, we promised it, and they are stacked up trying to get appointments at veterans hospitals today. We have taken care of critical priorities with a really discriminating eye as to what really matters.

In the process, we have also provided for a fiscal framework that will balance the budget within 8 years, by 2012, will accumulate less debt each year, less deficit each year, than the Republican bill that is the main bill on the floor tomorrow. Our substitute will accumulate less debt, smaller deficits, and will balance by the year 2012.

I yield to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. I notice some of the gentleman's numbers are slightly different than the numbers I was using. I think we need to explain that these numbers are with the unified budget. The ones I was using were what are called on-budget, which means that you save the \$150 billion in Social Security and Medicare surpluses. That \$521 billion assumes that you have spent through that already, before you start counting the deficit.

Mr. SPRATT. The gentleman makes an excellent point. If the \$521 billion were not reduced or diminished by the offset of the Social Security surplus, which is about \$160 billion, it would instead be \$681 billion, instead of \$521 billion. In truth, he was here when we voted to do it. We have taken Social Security off budget. We acknowledge that the moneys in that trust fund are being accumulated today to be spent in the very near future, and they should not be consolidated with and diminish other accounts. You should look at the budget bottom line without offsetting the Social Security surplus gains.

Mr. SCOTT of Virginia. I would also ask the gentleman, who was here leading the charge during the time when we eliminated the deficit and went to surplus, if he could explain what PAYGO means.

Mr. SPRATT. Madam Speaker, I would say to the gentleman, the word "PAYGO" will be used frequently in this debate. In 1990, as we were trying to get our hands around the deficit, we came up with some budget process changes that had enormous significance. They were scoffed at at the time, but they have worked remarkably well.

One was the pay-as-you-go rule, or PAYGO rule. What it provided was if anyone wants to cut taxes, he must either cut taxes in one place in the code and raise them elsewhere, or find an entitlement benefit and cut it by an amount commensurate with the tax cut so that it is deficit neutral, it does not enlarge the deficit.

By the same token, if one wants to enhance, enlarge, liberalize an entitlement, benefit, it either has to be paid for with a new revenue stream or you have to cut another entitlement somewhere in order to offset it and make it deficit neutral.

Mr. SCOTT of Virginia. Is that the one behind you? The red, green and yellow on the floor.

Mr. SPRATT. I will put your favorite chart up.

Mr. SCOTT of Virginia. When we had PAYGO with the fiscal discipline, wherein if you increased the spending, you had to pay for it, or if you cut a tax, you had to pay for that, what color is that on the chart?

Mr. SPRATT. The green is surplus. It is deficit diminution. The red is a growing deficit.

Mr. SCOTT of Virginia. Then what happened to PAYGO in recent years?

Mr. SPRATT. The PAYGO rule was adopted for 5 years, renewed again for 5 years in 1997, and expired in 2002, and has not been renewed. But for the PAYGO rule, the tax cuts that were passed in the early 2000 period by the Bush administration could not have come to the House floor.

Mr. SCOTT of Virginia. Unless they were paid for.

Mr. SPRATT. Offset, fully offset.

I yield to the gentlewoman from Nevada.

Ms. BERKLEY. I would like to thank the gentleman from South Carolina for his leadership in this extraordinary quest to balance the budget and provide the surpluses that this Nation so sorely needs. I would like to thank the gentleman for allowing me to speak tonight on an issue that I care greatly about.

I voted for the first Bush tax cuts, and I voted consistently to cut estate taxes and to eliminate the marriage penalty tax, so I do not think anybody could accuse me of being a wild-eyed tax and spend liberal, but I do understand fiscal responsibility and I understand what is important to the people I represent.

Our President speaks of his commitment to education and his dedication to our seniors and veterans and his support for improving health care, but when it comes to providing the funding needed to match this rhetoric, I am afraid this President refuses to put his money where his mouth is. In fact, our President cuts nearly all domestic programs after the year 2005. He cuts education and training programs, health care and environmental protection programs, and veterans programs as well, all of which are vitally important to the millions of Americans all across our vast country.

One item in this year's budget that escaped without any cuts is the Yucca Mountain project. Despite hundreds of unanswered scientific questions, multiple lawsuits now pending in Federal court and troubling homeland security issues, the President has budgeted nearly \$900 million for this white elephant, an increase of more than 50 percent.

Since September 11, we are living in a far more dangerous world, yet the administration refuses to acknowledge the very real terrorist threat that will be unleashed if thousands of shipments of nuclear waste are allowed to cross the Nation on their way to the State of Nevada. One terrorist attack on a shipment of high level nuclear waste could unleash the most deadly substance known to man, threatening lives and causing billions of dollars in environmental damage. The funding that is now being wasted on this giant hole in the middle of the Nevada desert should be used in ways that benefit America's families, not in the profits of the nuclear energy industry.

Why not pour these hundreds of millions of dollars into providing educational programs for our students,

greater access to health care, benefits for our veterans and into efforts to make our Nation energy independent? Or to restore the \$850 million in funding for homeland security activities that has been left out of the Republican budget?

In times of war, America has made promises to our veterans that we failed to fulfill in times of peace. As our troops fight in Iraq and Afghanistan and in countries across the globe, President Bush is refusing to ensure quality health care and pensions and benefits for our veterans. The Republicans provided \$1.3 billion less in funding than recommended by our VA Secretary for Health Care Programs, including cuts to long-term care that will affect over 8,000 former service members.

In Las Vegas, aging veterans need more care than their families can possibly provide, and they turn to the VA long-term care facilities to provide the necessary health care services. These brave men and women, who fought for and protected our Nation, must know that they can count on the VA to assist them with the care they have earned through their military service.

Our veterans deserve better than having to worry that the budget cuts at the VA will deny them the high-quality health care they were promised when they left military duty. We must send them a message that we are indebted to their sacrifices and that we remain committed to our promises and to increasing these levels of funding to keep pace with the demand in Las Vegas and nationwide.

Another area, Madam Speaker, of the budget that is of vital importance to my district is funding for dropout prevention programs. Nevada has one of the highest dropout rates in this Nation. School officials in Nevada are working diligently to develop and implement programs to keep our kids in school, but they lack the funding and the resources at the local level.

I do not have to tell the gentleman that students that do not earn a diploma, that do not graduate from high school, will make far less in the workplace than their counterparts, and they are at a high risk of incarceration, far higher than those who do graduate high school. Sadly, the President's budget for fiscal year 2005 completely eliminates all Federal funding for dropout prevention efforts in Nevada and nationwide.

Like many other States, Nevada is facing a health care crisis. The exploding growth of Nevada has put a strain on our health care system. Working families in my State are struggling to make ends meet, and many are scared to death of the financial burden they face as a result of having no health insurance should they require medical treatment.

The Bush budget does nothing, nothing, to help these families access health care or obtain insurance coverage. Instead, it hands almost \$46 million over to the HMOs, cuts training

for nurses by 60 percent and slashes Medicaid.

Not only does the Bush budget ignore the realities of the uninsured, the President has also proposed shifting the cost of Medicaid onto the States. Most of our States are already facing a fiscal crisis. In the State of Nevada, we raised taxes to an unprecedented level. In Nevada, this shift that the President is suggesting will result in those most in need of assistance, children, the disabled and working families being cut from the rolls or having their benefits slashed unmercifully.

The President's budget represents far more than just numbers on a page. It is a commitment to meeting the needs of our Nation, our communities and those that we elected to serve in this United States Congress. The Bush budget fails to meet the needs of our veterans, our students, our teachers and our seniors.

Rather than invest in dropout prevention, long-term care for our veterans or protecting the Medicare system, this budget increases funding for Yucca Mountain at the expense of those who will suffer as a result of these misplaced priorities.

I would urge all of my colleagues to vote for the Democratic alternative. It makes sense, it is balanced, it is smart and it puts our Nation's citizens at the forefront when it comes to priorities.

I thank the gentleman for letting me share the problems that the people in my community are experiencing and that will only be exacerbated by the President's budget.

Mr. SPRATT. I thank the gentleman for her contribution.

Madam Speaker, going back to this chart, I think it should be obvious to almost any citizen, every fair-minded person, that a budget accumulating a deficit of \$3 trillion to \$4 trillion over the next 10 years, and possibly more, plotted by this line right here, is a budget that is not sustainable and should not be passed.

□ 2100

The Republicans have brought to the floor and will bring up tomorrow a budget resolution that, in effect, hides the outyear consequences because they simply quit in 2009. They do not go further. They do not extrapolate what will happen when the tax cuts, passed in 2001, 2002 and 2003, are made permanent. But what will happen is shown on this chart: the deficit will never get better. We have decided that this kind of problem requires bold decisions, and this budget resolution brought to the floor tomorrow by the majority party does not make them.

We are offering instead an alternative. It could be bolder, but it is definitely a step forward and a step in the right direction. Our budget fiscally will sustain smaller deficits each year and every year from 2005 through 2014 because we do not fear the extension of our budget into the outyears, because we propose a path through those years that will eventually bring us to bal-

ance. Indeed, our budget will balance in 8 years, by the year 2012, using realistic and reasonable assumptions. We will accumulate less debt, we will have smaller deficits, and we will put the budget back in balance.

Madam Speaker, let me emphasize too that in doing so, we will provide the same basic level for national defense as our Republican colleagues, and we will up them one. We will provide \$5 billion more than they provide for homeland defense. We will protect the middle-income tax cuts, as I said earlier, the marriage penalty, the 10 percent bracket, the child tax credit. We will even provide that the estate tax should be substantially reformed by significantly increasing the estate and gift tax credits.

Within that same context, we will provide \$10 billion more than our Republican colleagues do over 5 years, \$10 billion more for education. We will provide \$2.2 billion more for the environment. We will provide \$5 billion, as I said, more for homeland security. And over 10 years, we will provide \$6.6 billion more for veterans health care.

We have been discriminating and careful about the increases we have made. We have picked our priorities with care. But we protected those things that are essentially important, the safety net and important programs like veterans health care, as they should be protected; but we have still protected our children and our future by bringing the budget to balance within 8 years.

Madam Speaker, I appreciate the opportunity to make this presentation and will be back to the floor tomorrow to pick up where we leave off tonight.

Ms. JACKSON-LEE of Texas. Madam Speaker, I rise today being very disturbed with the direction that the Republican Party and this administration is taking our great Nation. The prime reason for my concern is the national budget which will come before this body tomorrow. The Nussle budget clearly does not improve upon the severely flawed Bush Administration budget. The needs of average Americans are still ignored. The interests of a wealthy few outweigh the needs of an entire Nation in this budget. I say this not out of partisanship, but from a statement of the facts. I want to highlight a few areas in this budget that are particularly egregious.

#### EDUCATION

This President and the majority party in this body have spent so much time talking about their record on education, and as hard as I try I cannot see what they have to be proud of. It is one thing to address areas of critical need with rhetoric, but to advocate a policy and then not fund it sufficiently is plain irresponsible. At the top of the list of my concerns is the No Child Left Behind Act (NCLB) and the fact that it has become an unfunded mandate. The House Republican resolution provides at least \$8.8 billion less than the \$34.3 billion authorized for education programs under the "No Child Left Behind" Act for 2005. This low funding leaves millions of elementary and secondary school students without the services Congress and the President promised just two years ago. For example, the Republican bud-

et denies Title I services to 2.4 million students who qualify under the Act.

But the irresponsibility does not end with No Child Left Behind. For the third straight year the Republican Party has frozen the funding level for Pell Grants. Both the Republicans and the President freeze the maximum Pell Grant award at the 2003 level of \$4,050, with an average grant of \$2,399. Such small Pell Grants make college unaffordable for millions of students: the College Board reports that tuition and fees at 4-year public colleges today average \$4,694. In any market this gap would be hard to swallow, but with the current state of joblessness that the Republican Party's agenda has created it is near impossible for so many American families to send their children to college. I fear that this agenda, if allowed to continue, will cause a perpetual state where our American families aren't able to succeed.

#### VETERANS

Our brave American veterans are another group who were outraged by the President's budget and will unfortunately be disappointed with the Republican House Budget. I hear so much in this body from the majority party about the greatness of our Armed Forces, and they're right, but again it's just empty rhetoric on their part. Those brave men and women fighting on the front lines in our War Against Terror will come back and find that the Republican Party looks at them differently once they become veterans. Almost all veterans need some form of health care, some will need drastic care for the rest of their lives because of the sacrifice they made in war, but the Republican Party continues to turn a blind eye to their needs. On a bipartisan basis, the Committee on Veterans Affairs recommended that \$2.5 billion more than the President's budget was needed to maintain vital health care programs for veterans. Nevertheless, the House Republican budget provides \$1.3 billion less than what the Committee recommended for 2005.

The entire Department of Veterans Affairs is going to suffer because of the Republican agenda. Over the next five years the money allocated to the Department of Veterans Affairs will not even be able to maintain these programs at their current levels. In 2007, the budget is \$227 million less than what the Department of Veterans Affairs needs to keep pace with inflation. Over five years, the Republican budget cuts \$1.6 billion from the total needed to maintain services at the 2004 level. I've heard from veterans groups throughout my district in Houston, and I'm sure each Member of this body has heard from groups in their own district, because veterans are one group that comes from all parts of this Nation. These brave veterans have told me their stories of how they are suffering now with the current state of Veterans Affairs. I am going to have trouble telling them that not only will things continue to stay bad, but if this budget passes this body things will only continue to get worse. That is not what our returning soldiers from Iraq and Afghanistan should have to look forward to—a future where their needs are not only not provided for, but are in fact ignored.

#### IRRESPONSIBLE REPUBLICAN POLICIES

Education and Veterans Affairs make up only two areas where the Republican budget fails Americans. The truth is there are many other programs and services vital to our Nation that are at risk because of the Republican



agenda. At this point, an average American may be asking why the Republican Party finds it necessary to cut so many fundamental programs. The answer is simple, yet disturbing: The majority party is cutting important programs in order to finance all their irresponsible tax cuts. They will continue to make the argument that tax cuts provide stimulus for our economy, but millions of unemployed Americans will tell you otherwise. In fact the Congressional Budget Office itself said "tax legislation will probably have a net negative effect on saving, investment, and capital accumulation over the next 10 years."

While the Republican Party continues its offensive for irresponsible tax policies, they allow our national deficit to grow increasingly larger. The deficits are so large and their policies are so irresponsible that they won't even make deficit projections past 2009. It's clear that the Republican Party is hiding from the American people. This President and this majority in Congress have yet to advocate a fiscal policy that helps average Americans. Special interests have become king in this budget at the price of sound fiscal policies.

#### DEMOCRATIC AND CBC ALTERNATIVE BUDGET

The truth about the budget is that a sound fiscal policy that funds needed programs is possible. The Democratic Alternative Budget and the CBC Alternative Budget are both examples of how we can get out of the quagmire that the Republican agenda has put this Nation in.

The Democratic budget achieves balance within eight years through realistic policy choices that protect funding for key services. The Democratic budget also has a better bottom line than the Republican budget every year, meaning a smaller national debt and fewer resources wasted paying interest on the national debt. Chronic deficits crowd out private borrowing, run up interest rates, and slow down economic growth. In addition, the Democratic budget provides \$1.3 billion more than the Republican budget for veterans programs for 2005 and \$6.6 billion more over five years. The Democratic budget provides \$2.1 billion more for appropriated education and training programs than the Republican budget for 2005 and \$9.8 billion more over the next five years. The Democratic budget also provides \$3.7 billion in mandatory funding to make up the current shortfall in funding for Pell grants and additional funding to make college loans cheaper for students. These programs are all funded while maintaining a sound fiscal policy. The Democratic budget achieves balance within eight years through realistic policy choices that protect funding for key services. The Democratic budget also has a better bottom line than the Republican budget every year, meaning a smaller national debt and fewer resources wasted paying interest on the national debt. Republicans will surely try to counter this by touting the benefits of tax cuts. However, most Americans are waking up to the fact that mass tax cuts targeted toward the wealthiest Americans will only bog down our national economy. The Democratic budget accommodates the extension of marriage-penalty relief, the child tax credit, and the ten percent individual income tax bracket. These tax cuts provide relief to middle-class families whose incomes have stagnated under the current administration's economic policies. This is what a sound fiscal policy really stands for.

This body was made to stand for the will of all Americans; if we allow this budget proposal to take effect we will have failed our mandate. I for one will not stand by silently; I have a duty to my constituents and indeed to all Americans to work for their well being and I will continue to honor that duty.

#### INNOVATIVE BUDGETING PROCEDURES FOR CONGRESS

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida.) Under the Speaker's announced policy of January 7, 2003, the gentleman from Illinois (Mr. KIRK) is recognized for 60 minutes as the designee of the majority leader.

Mr. KIRK. Madam Speaker, I believe the Federal Government must return to a balanced budget, not just as a goal of sound financial policy, but also as the sacred moral fulfillment of commitments that we have made to the American people.

I am pleased to be joined here by my colleague, the gentleman from Wisconsin (Mr. RYAN), who has joined across the ideological spectrum of our party to make sure that we have a budget that not only cuts the deficit, but that is enforced to make sure that the commitments we make under that budget are actually fulfilled.

I yield to my colleague, the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Madam Speaker, I thank the gentleman from Illinois (Mr. KIRK) for his work on this budget issue as well. Only if all of us work together to bring real reform to the budget process can we actually achieve that. The prior speaker, the gentleman from South Carolina (Mr. SPRATT), is a person who also deserves a tremendous amount of credit for his work on the budget issue. He is a person who has been around and has witnessed this budget process work and not work, and we really do look forward to working with him on this issue as well.

Madam Speaker, I want to briefly describe what the problem we have here is. Every time we bring a budget to the floor of the House of Representatives and the Senate and pass something, and we pass a budget every year, we debate about the numbers, we debate about the glidepath, the dates, all of those things. We just saw the charts of the gentleman from South Carolina (Mr. SPRATT).

This week the House Committee on the Budget will be bringing a budget resolution to the floor. The problem with this entire process is, once Congress sets a budget, Congress does not have to stick to that budget. That is a big problem. Look at how we do it with our family budgets. We do not have the ability to just assume more income into our families when we set a budget for our family budget for the year. However, Congress does that. So what we have here in this current system, it marks the 30th year where we have operated under these current rules, since

the 1974 Budget Act was passed, where we will pass a budget resolution, not into law, but as a resolution, binding Congress for the year to those numbers. The problem is, Congress does not have to follow those resolutions, and there are a thousand tricks out of those budget caps.

What we have proposed together, many of us, a large group of us on the Republican side of the aisle, and now we have some Democratic cosponsors on some of our bills, so that we are making this a bipartisan effort is, number one, let us make our budget binding. Let us actually pass a budget at the beginning of the session and get its top numbers signed into law by the President so that we have a budget that is legally binding on Congress. Once that is established, that can, therefore, give us the rules to enforce that budget. If we pass a budget that is not legally binding that we do not have to adhere to, it is difficult to enforce it.

So what we are proposing is, and this is something our coalition has come up with, I have introduced legislation along with the gentleman from Texas (Mr. HENSARLING) and the gentleman from Indiana (Mr. CHOCOLA) and the gentleman from California (Mr. COX) to do this as well; and the gentleman from Illinois (Mr. KIRK) has also introduced legislation. What we are proposing is, number one, a budget that gets signed into law in its numbers by the President; and, number two, because it is a legally binding budget and a legally binding document, we can, therefore, enforce it. If Congress, if spending exceeds the budget in any given year, automatically, an across-the-board spending cut, a sequester, kicks in to bring us back into conformity with the budget if Congress does not pass a bill to bring us into conformity with the budget. If we want to break that spending, it is no longer a majority vote, which is the case today; it is a two-thirds vote in the House and the Senate to actually break this legally-binding budget.

There are many other things we do in this bill, but I think it is very important that as Congress sets its track for spending, as we decide our priorities, as we determine when we hope to balance the budget, what level of spending for this, what level of taxing for that, we ought to be able to enforce that budget so we have the discipline needed to adhere to those goals and those challenges and those numbers.

Now, there are some other things that we think we need to do to address this issue, and that is there are a thousand little tricks that are employed here in Congress to get around what little spending discipline we have. For instance, we can pass an emergency spending bill, although emergencies do not have to be paid for in the current budget rules. Emergencies are things like a natural disaster like a tornado or a hurricane or a flood or, God forbid, another act of terrorism. Those things