that class action lawsuits are not serving the people that they are supposed to serve. The lawyers get the cash, the plaintiffs get the coupons, the consumers pay higher prices for goods and services, and it is an abuse.

Tomorrow we have the opportunity to correct it once and for all, to pass a bill that will be identical to the bill passed by the Senate and send it to the President of the United States for his signature. He has been a champion on this issue. He has indicated his willingness to sign that legislation.

I urge my colleagues to get the job done, to pass this legislation and reform the abuses in our class action lawsuit industry that have taken place, and let us return it to class action justice for plaintiffs who deserve it.

APPOINTMENT AS MEMBER TO COMMISSION ON CIVIL RIGHTS

The SPEAKER pro tempore (Mr. JINDAL). Pursuant to section 2 of the Civil Rights Commission Amendments Act of 1994 (42 U.S.C. 1975 Note), the order of the House of January 4, 2005, and upon the recommendation of the minority leader, the Chair announces the Speaker's appointment of the following member on the part of the House to the Commission on Civil Rights to fill the remainder of the term expiring on May 3, 2005:

Mr. Michael Yaki, San Francisco, California.

ORDER OF BUSINESS

Ms. KAPTUR. Mr. Speaker, I ask unanimous consent to reclaim my 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

LET US KEEP SECURITY IN SOCIAL SECURITY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, Social Security, our Nation's largest retirement insurance program, is supposed to be one leg of a three-legged stool of retirement security for all Americans.

The other two legs are private savings, private savings like certificates of deposit, for example, and private pensions like IRAs and 401(k)s, or defined benefit and contribution plans. However, in an age when personal savings are virtually nonexistent, and company pensions are being scaled back or often stripped away, Social Security has become the basic retirement insurance plan for most Americans, and surely for women.

That is one reason why we have to protect it from those who would harm it. Unfortunately, President Bush wants to dismantle the one guaranteed element of retirement income that Americans have, by privatizing Social Security, by making retirement security a gamble.

In fact, he is borrowing down the Social Security trust fund to mask huge shortfalls in other places in his budget. So he is creating the real problem in the Social Security trust fund, because it will not be able to meet future obligations.

I ask, how can the President defend his plan in the face of the statistics regarding the diminishment of personal savings by most Americans and numerous recent news reports regarding the collapse of pension plans?

Over the past 3½ decades, personal savings, as a percentage of disposable income, has trended downward in our country. During the 1970s, the average rate of savings was about 10 percent. Then it kept going down, downward to the last first three quarters of last year; it was less than 1 percent per family.

Meanwhile, consumer credit card debt is going through the roof and has up-trended from an average of $41.8 billion in 1955 to $2 trillion in November of 2003.

Even as the savings rate has plummeted, pension plans too are becoming less reliable. In Southern California, Abbott Labs recently spun off a division and cut the retirement benefits for employees of the so-called new company.

Shortly after the spin-off, employees were told that Hospira would be freezing their accrual of pension benefits and eliminating retiree health care for many of them. Several of those employees are now suing the companies in an attempt to get back their promised benefits, accusing the companies of plotting the spin-off specifically to deprive the oldest workers of their benefits.

In my own district, Owens-Illinois, one of the world's leading producers of glass and plastics packaging, recently announced that it would be cutting prescription drug coverage for its retirees in favor of forcing the retirees to participate in the Medicare prescription drug plan. The company will cover the $35 premium for this plan, but will not guarantee that the dollar amount will increase should the plan premium change.

Another local company, Doehler-Jarvis, was a manufacturer of aluminum die cast automotive parts that had two plants in Toledo. The company went through many takeovers such as Harvard Industries, which then filed for reorganizational bankruptcy. At that time, the company canceled retirees' health benefits, but did not tell them. They just stopped paying claims over the weekend. Finally, they filed liquidation bankruptcy and were unable to continue paying pension benefits, so the Pension Benefit Guaranty Corporation, the Federal insurer of the Nation's private defined benefit pension plans, had to step in.

While this helped the situation somewhat, it was by no means perfect. Only actual retirees get benefits under the PBGC, not their survivors; and those who chose early retirement options previously offered by the company were unable to collect benefits at all until their regular retirement ages under the reorganization.

In addition, given the flood of recent companies that have experienced pension problems or breakdowns, the Pension Benefit Guaranty Corporation is no longer failsafe as it once was. In fact, the General Accounting Office recently placed it on the watch list of high-risk Federal agencies for the second year in a row. In fact, the Pension Benefit Guaranty Corporation went from having an $11 billion surplus in fiscal year 2002 to a record deficit in 2003 of $11 billion and a $23 billion deficit in 2004.

Unfortunately, the President's fiscal year 2006 Federal budget will only put more pressure on already-struggling pension plans under the PBGC. Buried under the fine print of his budget is a multi-billion dollar premium hike for the Nation's underfunded defined pension plans. The weakest pension plans will be forced to pay almost $2 billion in new premiums next year and $3.3 billion for fiscal year 2007.

The premium hike is in addition to billions more in make-up payments that companies with weaker pension plans must pay to become adequately funded.

Yet through all of these turbulent times with private pension plans, retirees have known that they had one guaranteed source of income that they earned as insurance against old age, one monthly check that would be coming into them called Social Security.

We must continue to ensure that the fundamental security of Social Security remains in this vital and successful program. There should be no gamble with the Social Security guarantee, no roulette of our retirement earned benefits. Let us keep security in Social Security. Our people have earned it.

THE FEDERAL DEFICIT

The SPEAKER pro tempore (Mr. JINDAL). Under the Speaker's announced policy of January 4, 2005, the gentleman from South Carolina (Mr. SPRATT) is recognized for 60 minutes as the designee of the minority leader.

Mr. SPRATT. Mr. Speaker, we received last week the budget of the United States, as requested by President Bush, for fiscal year 2006. And having looked at it to some extent, I have to say we regret that it continues the same bad choices that have led to huge deficits and mounting debt during the last 4 years.

For the third year in a row, the Bush administration's budget sets a record level deficit, $415 billion, and offers no plan to put the budget back in the black again.

Unfazed by these deficits, the Bush administration proposes tax cuts on top of them which can only go to the bottom line and make the budget's bottom line worse. To offset a small portion of these plans, the Bush administration calls for cuts in services to students and veterans, small business and law enforcement, environmental protection and urban and rural development. And although most of these cuts are significant to those who will be taking the hit, they barely make a dent in the bottom line of the budget.

Let us start and look at where we have been in order to appreciate where we are today. Just to show the Members that the budget can be balanced, this chart shows that in the year 1992, the United States had a deficit of $290 billion. This was the deficit inherited by President Clinton when he came to office January 20, 1993. By February 17 he had on the doorstep of Congress a plan to cut that deficit by more than half over the next 5 years. That plan was ridiculed here on the House floor, only passed by one vote here, only passed by the Vice President's vote in the Senate, but look at the results. Just to show that it can be done, the budget can be balanced, under the administration of President Clinton over 8 years, the bottom line of the budget got better year after year after year.

Starting with a deficit the year before of $290 billion, the President lowered that to $255 billion; $164 billion a couple of years later; then $22 billion; and, finally, in the year 2000, due to the Clinton budget passed in 1993 and the Balanced Budget Act of 1997, the budget was in surplus by $236 billion, 5 short years ago. The year before President Bush came to office, the budget was in surplus by $236 billion.

President Bush came to office committed to substantial tax cuts. We warned him at the time to be careful about assuming that these surpluses would continue indefinitely and keep rising. He nevertheless pushed through his substantial tax cuts and his other spending policies, and we can see what has happened every year since. The bottom line of the budget has gotten worse and worse to the point where 3 years ago, it was $378 billion in deficit, a record amount. That was 2003. In 2004 it was $412 billion in deficit, another record level. And this year the Office of Management and Budget, the President's budget shop, tells us recently that they expect a deficit this year of $427 billion. A dubious record, but that will be the third year in a row that the bottom line of the budget has registered a worse deficit than the year before, $427 billion.

□ 1645

Now, the President set a goal last year looking at these dismal results for improving the bottom line of the budget. He said over 5 years we are going to cut that deficit in half. In my book, 5 years is not good enough. Nevertheless, that was the goal he set for himself, and he claims that the budget he submitted this year will achieve that result. But in truth, the budget he submitted this year is more notable for what it omits, excludes, than for what it includes.

The President has not included in his budget for 2006 sent up last week any reasonable allocation of likely expense for the deployment of our troops in Iraq and Afghanistan in 2006. I would like to think they would not be there, but we have to be realistic. We know from 3 years' experience approximately what it has cost to maintain those deployments. They should be recognized in the budget, but they are not.

The President proposes to privatize or partially privatize Social Security and he gives us a likely cost for the first few years of implementation of those privatization plans between 2009 and 2015. His cost, OMB's cost for that time period, is $749 billion. That is nowhere to be found in these numbers. Even though it falls within the 10-year time frame of the budget, it is not included in the numbering.

The President asks for additional tax cuts. He asks for the tax cuts that he passed in 2001, 2002, and 2003 that expire for the most part on December 31, 2010, to be renewed and made permanent. Even though we now know that given the bottom line of the budget, the red condition, the fact it is a historic deficit, $427 billion, the bottom line can only get worse if those tax cuts are extended and made permanent. The President says, ''I want to do that.'' In addition, there is another $383 billion of expiring tax cuts that will have to be handled as well.

But there is one big item called the Alternative Minimum Tax. Over the next several years, this tax will affect more and more tax filers. Last year, to buy us a little time so we could repair that particular formula of the Tax Code so that it does not hit middle-income taxpayers, for whom it was never intended but is hitting now because it is not indexed to inflation, we built a little patch in last year's budget to at least leave the effect of it in constant status for 1 year.

Mr. KIND. Mr. Speaker, if the gentleman will yield, I thank the gentleman for highlighting the huge budget shortfalls we are facing, but one other item that seems to be masked in the budget numbers on the previous chart, does that include the amount of money that is currently being borrowed from the Social Security and Medicare trust funds? Is that amount also reflected in those figures showing deficits?

Mr. SPRATT. Mr. Speaker, reclaiming my time, the deficit is worse, and the gentleman makes an excellent point. When the surplus, and Social Security is running a surplus next year and this of $150 billion to $160 billion, that amount is actually offset against the gross deficit in the regular budget of the United States. So if you remove that offset, the surplus in Social Security, which is netted out against the deficit, that number becomes $687 billion instead of $427 billion.

Mr. KIND. If the gentleman will yield further, the current raid on both the Social Security and Medicare trust funds makes those budget deficit numbers much worse?

Mr. SPRATT. That is correct. I had another chart up which the gentleman is familiar with which shows you on the back of an envelope in a simple form the net effect of the three Bush budgets sent up in 2002, 2003, and 2004.

When the President sold his tax cuts to the Congress, his Treasury Secretary and his Director of OMB both said, We will not need to come back to you until 2008 to ask for the debt ceiling of the United States to be increased. They were back the next year, 2002. They said, We have incurred so much debt, despite our intentions, that we need to raise the legal ceiling on the debt of the United States by $450 billion.

The next year, 2003, they were back again. The tax cuts were beginning to be fully implemented, taking a toll on the bottom line, with other effects like a recession, like increased military expenses. But all of this added up to a need to increase the debt ceiling by $984 billion.

Let me put that in context. The entire national debt of the United States before Ronald Reagan took office was less than $984 billion accumulated since the beginning of the Republic. Then last November, before we could adjourn, Treasury was back, the administration was back, and they said, Before you can leave here, unless the government is going to shut down, the ceiling on the debt of the United States has to be raised again by $800 billion.

That means that this $984 billion increase made on May 26, 2003, lasted only 16 months. We are in effect adding $1 trillion to our national debt every 18 months. Nobody in his right mind thinks that that course can be continued.

This is the net total by which Congress had to raise, Republicans for the most part voting for it, had to raise the debt ceiling of the United States in order to accommodate Mr. Bush's budgets for the first 4 years, $2.234 trillion. That was the amount we had to raise the debt ceiling over 3 years in order to accommodate his budget.

Let me go back to the things that were left out of the President's budget, because, as I said, it is more notable for what it excludes than what it includes. As I said, there was nothing in the calculation of the taxes that he wanted to make permanent to fix the AMT, though all know this is a looming problem that politically has to be addressed in the next several years. There was not even money to patch it over for another year to study how to fix it.

Secondly, there was not a dime for Social Security privatization. Ten years of budget, not a dime for Social Security privatization, even though the President has made it his number one agenda initiative.

Thirdly, there was nothing for the cost of the war in Afghanistan, the insurgency there, nothing for the cost of our deployment in Afghanistan or Iraq or enhanced security in North America. The Congressional Budget Office, recognizing that that is a number that is there and has to be somehow or another estimated and included in the budget, captured, in order to have the budget be a complete and full account of what we are likely to spend, did a model.

They said, assume we can reduce our forces beginning in 2006, between 2006 and 2010, down to 40,000 troops in the theater, the CENTCOM theater, not necessarily Iraq, but in the CENTCOM theater, with 18,000 troops remaining in Afghanistan. What is the cost over the 10-year period of this budget? The cost to do that is $384 billion. Let us hope we do not have to incur that, but some significant number has to be included in this budget to make it a realistic budget.

Finally, when you add those three items, then we have less surplus. When you have less surplus, you have a bigger deficit, you have more debt service, because you borrowed more principal on which you have to pay interest. You add all of those items together, you get a $2 trillion adjustment to the budget.

This, therefore, is what we see, adjusting for the four items that I have just outlined, the budget path that the Bush budget will take over the next 10 years. $427 billion, third year in a row, it sets a record level, a deficit of $427 billion for the year 2005. It goes up the next year and levels off in the range of $400 billion, and then comes out at the end of 10 years at $566 billion.

We are not reaching to make this point; we are simply putting back in the budget costs we think are realistic and need to be captured in order to have a truthful portrayal of what the budget looks like.

This is the course that the Bush administration is plotting for us in the budget they have just submitted, and most people think that this is not a sustainable course.

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

Mr. SCOTT of Virginia. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, on this chart the gentleman shows the blue line as to the President's promise to cut the deficit in half within 5 years. Cutting the deficit in half within 5 years is certainly a modest goal.

Is it not true that the projected surpluses that we started off this administration with would have created $5 trillion in surplus? Yet according to the first chart you had, we are very much in debt, and we come up with a promise to cut the deficit in half in 5 years. What kind of goal is that? Why are we not talking about returning to surplus, where we were, and not having all of these deficits? Is cutting the deficit in half not somewhat of a bizarre goal?

Mr. SPRATT. Mr. Speaker, reclaiming my time, first of all, the gentleman is absolutely correct. When the President came to office, he had an advantage that no President in recent times had enjoyed, a surplus projected to be $5.6 trillion between 2002 and 2011, over a 10-year period of time; $5.6 trillion. That surplus is now gone, vanished. In its place there is a deficit over the same time period of $3 trillion to $4 trillion. This shows you how the $3 trillion to $4 trillion accumulates over that period of time.

We have had a swing of $8.5 trillion to $9 trillion in the budget over a 4- to 5-year period of time, a swing in the wrong direction of $8 trillion to $9 trillion.

Mr. SCOTT of Virginia. Mr. Speaker, I would say to the gentleman that one of the things when you run up all this deficit, you have to pay interest on the national debt every year. The interest on the national debt, you have a chart that shows what we spent in 2004, what we are going to have to spend.

Mr. SPRATT. The big red bar is the amount of interest, or debt service, that we pay, first in 2004, and then to its right, 2010.

Mr. SCOTT of Virginia. Mr. Speaker, if the gentleman will yield further, interestingly enough, I remember when President Clinton left office that we expected to pay off the national debt held by the public by 2008, in which case we would be paying zero interest on the national debt. Here you show in 2010 a $300 billion interest expense.

Is it not true that with $300 billion at $30,000 each, you could hire 10 million Americans? That is even more than the number of people unemployed today.

Mr. SPRATT. The gentleman is correct. When the President came to office, we had before us in Congress a novel idea, which would have been truly a conservative fiscal proposal, namely, that we would take the surplus in Social Security alone and instead of buying up new debt and funding new spending, we would use that surplus to buy old debt, retire that debt. We would add that money, $3 trillion-plus, to net national savings, bringing down the cost of capital, boosting the growth of our economy; and then in 2020, when the Social Security beneficiaries, the baby boomers, begin to press their claims for benefits, Treasury would be more solvent than ever to meet those obligations.

That would have been the first long step we could have taken toward Social Security solvency. There was support for it on both sides of the aisle. The President rejected that in preference for his own budget, which has led us to the deficit which appears there now.

Mr. SCOTT of Virginia. Mr. Speaker, if the gentleman will yield further, when we have all that interest on the national debt, that means that NASA will not have any money. NASA-Langley in my district is suffering cutbacks, laying off people. Shipbuilding, we would not be able to build the number of Navy ships, we are particularly trying to cut back on aircraft carriers. Pell grants are not going up with inflation. We are cutting back veterans health care. We are not keeping up with inflation to maintain present services and veterans health care in the middle of the war.

Is that not the kind of thing that happens?

Mr. SPRATT. Mr. Speaker, reclaiming my time, the gentleman is right on the mark. When you have an enormous increase in debt service like this, what it does is crowd off, trade off, other things that would normally be purchased, defense and non-defense goods and services.

Instead, the one thing that is truly obligatory in the budget is interest on the national debt. We cannot fail to pay it, or the credit of the United States collapses. So it takes precedence over everything else. You can see it has become the big boy on the block. It eclipses other non-defense spending priorities. From education to health care to veterans health care, you name it, interest on the national debts will be crowding out these other priorities, and the American people will pay substantial taxes to service this debt and wonder why they get nothing in return.

□ 1700

Mr. SCOTT of Virginia. Mr. Speaker, I had just one other question. On the first chart that the gentleman had up there, on the other side, the first chart the gentleman had, I remember we had something called pay-go during the Clinton years.

Can the gentleman explain how that helped us keep the trend up, and then what happened?

Mr. SPRATT. Mr. Speaker, we had two rules in the 1990s that applied from 1990 through the year 2000, really until 2002, and those rules effectively said, number one, the pay-go rule, if you want to increase an entitlement, liberalize the benefits of an entitlement program, you have to pay for them with an identified new source of revenues, or you have to cut some other entitlement somewhere else of the same amount.

Secondly, if you want to cut taxes, you have to have another tax to offset the revenue loss, or you have to cut entitlements enough so the bottom-line effect is neutral. Those two rules, with a discretionary spending cap, those rules that helped us put the budget in surplus for the first time in 30 years to a $236 billion surplus, what the Bush administration did was let those rules lapse, expire.

Mr. SCOTT of Virginia. So during those years, we had fiscal responsibility. We could not spend money unless we paid for it; we could not cut taxes unless we cut spending; and maintaining that fiscal responsibility kept that line going up. And, at the top of that line, we stopped pay-go and we passed tax cuts without spending cuts, and we passed spending increases without paying for them; is that right?

Mr. SPRATT. That is correct.

Mr. SCOTT of Virginia. And that graph shows what happens.

Mr. KIND. Mr. Speaker, if the gentleman will yield for a question, this is a little bit before my time, but correct me if I'm wrong; it was really a Democratic Congress, working with the first Bush administration, the current President's father, that first instituted the pay-as-you-go rules back in the 1992 budget; is that correct?

Mr. SPRATT. That is correct. The Budget Enforcement Act of January 1991, President Bush.

Mr. KIND. It was President Clinton in his first budget that he submitted during his first administration that asked for maintaining and continuing the pay-as-you-go rules that Democrats had to pass without one single Republican vote in the House of Representatives; is that right?

Mr. SPRATT. That is correct; and in the Senate.

Mr. KIND. And, Mr. Speaker, not one Republican back then had supported the pay-as-you-go rules that required tough political decision-making, tradeoffs, in essence, with the budget, which is something that the Democrats in Congress today are advocating in the alternative budget resolutions that were submitted, because it worked so well in the 1990s, the pay-as-you-go rules, which are very simple. If you are proposing a pay increase or a tax cut in one area, you have to find an offset in the budget to pay for it in order to maintain balance.

And it led to the 4 years of budget surpluses, as the gentleman pointed out, 2 years of which the Social Security-Medicaid trust fund was not even being raided but, instead, we could use that money for important debt reduction, starting to pay off the national debt.

I was here during that first Bush taxcut debate we had a few years ago where the big concern, on the Republican side at least, was that we were going to pay off the national debt too fast, if you could believe those days, which never materialized. But now today, we are back into chronic budget deficits, and one of the fastest growing areas in the budget today is interest on the national debt.

I see two major problems with the huge budget deficits today that are unprecedented and we did not face before. One is, who is owning that debt? Who is paying for our deficit financing? Right now, Japan is the number one purchaser of our government debt, soon to be surpassed by China. I do not believe it is in our country's long-term economic interests to be so dependent on foreign entities, let alone China, to be the number one purchaser of our debt in financing these deficits.

The other big difference we have today is ever since those long-ago years when the pound sterling was a viable currency, we have never had a rival currency up against the dollar in the international marketplace. That is changing today with the strength of the euro in the European Union and in the common marketplace.

Now, if these countries that are currently investing in buying our bonds decide to take their investment somewhere else, such as in the euro, which is gaining in strength, and the dollar, which is declining in value, we are going to get caught holding the bag in trying to finance these deficits, and that could be the perfect financial storm being created.

So again, I think it is a reason why we need to work together in a bipartisan fashion and, at the very least, reach agreement in reinstituting something that worked in the 1990s, the pay-as-you-go rules.

I commend the gentleman from South Carolina (Mr. SPRATT), our Ranking Member on the Committee on the Budget, for the leadership and the honesty that he has shown in presenting the figures so that we can, at the very least, agree on the facts and the challenges that we are facing, and then coming up with some commonsense solutions that have a proven history of working in the past. I am going to continue to work with the gentleman and the rest of my colleagues here in trying to put together an honest and reasonable budget in order to get us back on that glidepath of fiscal discipline and fiscal responsibility again.

Mr. SPRATT. Mr. Speaker, let me turn to the gentleman from Virginia, but if I could briefly demonstrate, before I yield. This chart right here shows something else that is left out of the budget for 2006. The President, acknowledging that he has a deficit in 2005 of $427 billion, and it is likely to be at least that large in 2006, nevertheless asked for renewal and making permanent tax cuts that total 1 trillion, 7 billion dollars.

As for the effect of these tax cuts, this chart right here is pretty simple, but pretty instructive. This blue line at the top indicates the level that the administration told us projected the individual income tax revenues would follow if their tax cuts were passed. As my colleagues can see, it projected that revenues for last year would be 1 trillion, 118 billion dollars from the individual income tax. In truth, they were $804 billion. That is more than $300 billion short of what was projected. Do it on the back of an envelope. It is simplistic accounting.

But we cannot avoid the conclusion: that is three-fourths of the deficit in the year 2004. This is the effect, undeniable effect that tax cuts have had on the bad bottom line that we are looking at now.

Mr. MORAN of Virginia. Mr. Speaker, I would like to ask the gentleman if the revenue numbers also include the surplus that is coming in from FICA taxes, from Social Security. Because what this administration has been doing is really masking the seriousness of the deficit that they have created, because they have been taking the Social Security surpluses and offsetting it against the actual deficit to make the deficit appear much smaller.

Mr. SPRATT. Mr. Speaker, we discussed this a bit earlier, and the gentleman is absolutely right. The numbers we are talking about are the unified deficit numbers. That is to say, we consolidate all of the accounts of the budget. Social Security is actually in surplus now and will be for some years to come, so the surplus of about $160 billion in Social Security is offset against the deficit and the rest of the budget, making that deficit appear smaller than it truly is.

Mr. MORAN of Virginia. Mr. Speaker, what I am getting at is, I remember, as the gentleman does, when the Clinton administration acquired a substantial surplus and was projecting at the end of the year 2000 about $5.5 trillion of surplus. To meet the Social Security obligations for the next 75 years, what they were going to do is to take the Social Security surplus and put it back into the Social Security trust funds, so we would not have this issue with regard to supposedly bankrupting Social Security. All of that could have been avoided if we had followed through on those policies. Unfortunately, what this administration did was to promptly pay out that money in tax cuts.

We have been talking about these high numbers, trillions and billions; in fact, I wish the people, if there is anyone watching at home, they might write down what $1.7 trillion represents. It is 1 comma 7, and then 11 zeroes.

Mr. Speaker, $1 trillion is a thousand billion; a billion is a thousand million. This is an enormous amount of money that we have reduced our revenue by as a result of tax cuts, most of which went to the people who needed it the least.

Now, what is most troubling, I think to many people that we represent, is the cuts that are going to occur in the lives of people dependent upon programs. I want the gentleman to conclude his points, but when we talk about cutting $60 billion out of Medicaid nursing home costs and health costs for children and eliminating vocational education, all of it relates back to this policy, and it seems almost as though it is an excuse to cut domestic social programs that represent only 16 percent of the deficit, and yet almost 100 percent of the cuts are coming out of these domestic social programs.

But I would like to address that, and I would like to elaborate on that in a bit. I know the gentleman wants to conclude his comments and hear from our friend, the gentleman from Maine, as well.

Mr. ALLEN. Mr. Speaker, I thought I would say a few words about an event I did not so long ago, just before the election, or right after the election in my district in Maine. I went to Windham High School, which is not so far outside of Portland, and talked to a group of students, civics students and their teacher, Bruce Bowers. They had asked me to come and talk to them about the Federal deficit, the Federal debt, the growing national debt, and what it means to them, because I had said on numerous occasions during the course of the campaign that the Republican budgets which have been passed here are immoral. We are passing on our current expenses, our current choices, to our children and grandchildren.

Well, they had studied the issue. They knew more than people in this House did, in many cases, I think, and they held up these signs. They had these signs in back of where I was speaking, and believe me, I got a grilling. But here were some of the signs: ''Pay as you go.'' ''No taxation without representation.'' ''Fiscal mismanagement should not tax our future.''

These kids understood what is not immediately obvious; that they were going to pay the bills for tax cuts that had been passed today or in the last 4 years, and for the war in Iraq, because essentially we are borrowing money to do those things. And they know that 20 years from now, when they want to be sending their kids to college, they will be paying taxes to the Federal Government, and there will be less of that money to pay for education, there will be less of that money to help them get job training, there will be less of that money to help their kids find the assistance they need to go to college, there will be less of that money to pay for their own national defense, because they will be paying exorbitant interest, levels of interest on the national debt; much more of what our tax dollars pay for 20 and 30 years from now will be just interest, interest on today's obligations.

Let us talk just about a couple of those. We are spending $1 billion a week in Iraq. Remember Paul Wolfowitz, the Assistant Secretary of Defense, who came before the committee and said, this is a case where Iraq can pay for the cost of its reconstruction, and reasonably quickly at that. Wrong. Not just wrong about weapons of mass destruction, not just wrong about the connection to al Qaeda, but wrong about what we would be paying. We are paying over and over again, and we are borrowing that money and our kids will pay the bill, eventually.

But it is also true that in 2005, $89 billion would go to people in tax cuts, $89 billion would go to people for tax cuts from households earning $350,000 a year or more; $89 billion. And those kids in Windham understand. They know that that is going straight to add to the annual deficit, the overall Federal debt that they are going to pay interest on that bill for years to come. Not just the $89 billion in 2005 that go to tax cuts for the rich, but probably $100 billion in 2006 and on and on and on.

The Republicans in the House and the Bush administration are bankrupting this country. They are imposing a burden on our children and grandchildren that is unconscionable, and they will sit and tell us, oh, well, we will grow our way out of this. These revenues will simply vanish. And the truth is, now, after all they have done to hurt the American middle class in the last 4 years, they have now come up with these cockamamie private accounts in Social Security idea that will, by itself, double the national debt in 20 years.

Mr. SPRATT. Mr. Speaker, I have just put up a chart to show exactly what the gentleman was just saying. Privatization means that tax funds that are now put in a public trust fund will instead go into private accounts that will cause the government to borrow more and more and more and more over time. The Bush administration acknowledges that between 2009 and 2015, when it first implements this particular proposal, that the cost will be $754 billion. We have obtained, using the Social Security actuary numbers, the true impact for the first 10 years of implementation and for the second 10 years of implementation, fully implemented. The cost right there, that little blue bar chart, bar on the graph there, the plan that the President is proposing adds $4.9 trillion to the unified deficit of the United States by 2028.

But we are only halfway up the slope at this point. The borrowing in the trillions goes on and on and on until the year 2055 to the mid-2050s, an enormous increase in the national debt.

□ 1715

So we even if the budget were to be cut in half, the deficit were to be cut in half by 2009, which it will not, the numbers simply will not support that outcome, there is a huge change in the budget deficit looming on the horizon at that point in time which means that the deficit will not be balanced again or anywhere close to it in our lifetime when this debt is added to it.

Mr. CASE. Mr. Speaker, I want to be clear that I understand exactly what the gentleman is saying.

I appreciate very much the opportunity to have this opportunity to learn from the gentleman. I want to go back to the context that we are talking about for just a second because I did take the opportunity to read the budget that came out of this administration.

More specifically, I took the opportunity to read the historical tables because I think it is important for us to see what has been before we can talk about what is coming up in the future. And we have talked already quite a bit about the total debt, and I am very happy that the gentleman is focusing on debt because we can talk about deficits, annual deficits every single year, but it is not as if annual deficits are static. If you have got deficits every year, you are borrowing it from somewhere; that means that debt goes up. If you have a deficit of $300 billion this year, that is borrowed money. Another deficit the next year, $600 billion.

Mr. SPRATT. Your debt service goes up, too.

Mr. CASE. Yes, that is absolutely right. The gentleman has an excellent chart that demonstrated that earlier, that under this President's own budget the interest on the national debt will double or more in the next 5 years while every other program is remaining basically at the same level of funding.

So the question that I have got, I am looking here at the President's own budget, noting that in 2004 we had a total national debt of $7.3 trillion. That was just a year ago and that was up, as the gentleman pointed out earlier, by $2 trillion just over a few years. So we are going up pretty darn fast.

I am looking here at the President's budget. This is the President talking; this is not us talking. It shows here in 2010, just 5 short years from now, we will have, according to this President's budget, a national total debt of $11.1 trillion. So $7.3 trillion last year. Under this budget, we are going to $11.1 trillion and, of course, that is the aggregate, is it not?

Mr. SPRATT. In 4 years.

Mr. CASE. Absolutely, in 4 years. And the point that the gentleman is making now, and by the way, that is a 60 percent increase in the total national debt in just a few short years, so obviously something is out of whack.

Now what the gentleman is pointing out in the chart that he is pointing us to right now is that essentially when we talk about this national debt, we are not talking, we are not including some very key aspects here. We are not talking about the cost of the privatization plan, right?

Mr. SPRATT. No, it is not included. And what I am saying here is this additional debt will be stacked on top of what is already monumental statutory debt of the United States growing every year because of the deficit in our regular budget, growing every year.

Mr. CASE. In the same spirit, we are not talking in this budget about any fix to the Alternative Minimum Tax, right?

Mr. SPRATT. No.

Mr. CASE. Nor are we talking about the costs of the war which are now projected to be astronomical if we project out over a reasonable period of time. That is additional debt.

Mr. SPRATT. When those adjustments are made, the numbers the gentleman just gave will only get worse.

Mr. CASE. We are not talking about additional debt service on the additional debt that will be incurred as a result of the first three. Those do not enter into the additional interest payment.

So what we are really talking about, I guess the point I am trying to make and trying to get clarity from the gentleman, is that when we are talking even under the President's own budget of an increase of 60 percent in the national debt, assuming we agree to this budget straight out, we will assume if the President gets his way on privatization and on the Alternative Minimum Tax which we all want to do on the reasonable costs of the war, on other initiatives, not to mention further cuts in any taxes or continuation of any tax reductions, we are talking about trillions of dollars of additional debt during that same period.

Mr. SPRATT. No question about it. When you add this on top of it, it becomes almost irreversible. I do not see how you can add this and ever expect to see the budget close to balance again.

Mr. CASE. Let me conclude by making one other point that came out of our Committee on the Budget hearings just a week ago when I asked Office of Management and the Budget Director Bolton, hey, I have not heard much about debt. I have heard plenty about deficits, but I have not heard much about debt. Of course, frankly, I speculate that the reason is it is a lot easier to talk about reducing the deficit in half. But if we only reduce the deficit in half every year, we are still talking about compounded total debt because that is borrowed every single year. So it is not good enough to talk about reducing the deficit in half. It is a matter of balancing our books.

Mr. SPRATT. Absolutely correct.

Mr. CASE. I thank the gentleman for his good work, and I am happy to learn at his feet.

Mr. SPRATT. The gentlewoman from Pennsylvania (Ms. SCHWARTZ).

Ms. SCHWARTZ of Pennsylvania. I would like to make a few comments, and I ask for some of the gentleman's comments on some of my observations as a new member of the Committee on the Budget. I really sought to get on the Committee on the Budget. It is something I wanted to do because I know that my constituents sent me here to speak up for them, to look out for them and really to be an advocate for fiscal discipline, fiscal responsibility and for wise Federal spending.

As a former State legislator, as a State senator for 14 years, I know how important Federal Government investments are, that they do allow our State and local governments to meet their obligations without assuming the costs and responsibility for Federal shortfalls. They allow for shared responsibility of new initiatives aimed at promoting economic growth, quality education, access to health care, protecting the environment, and providing for a safe and secure homeland.

To do this, I want to mention three principles; and I would appreciate comments on it. I believe that we have to first recognize our obligations. The gentleman has talked about this, a good bit about our obligations that we already have. We have to work within our budgetary limits to meet them, and we have to make smart investments focused on the Nation's current and future fiscal well-being.

Unfortunately, as the gentleman has been pointing out with his charts, the President's budget does not meet any of these three simple rules.

Similar to his previous budgets, the President's fiscal year 2006 blueprint prioritizes the tax cuts for wealthiest Americans over meeting our obligations to all Americans, failing to adequately invest in keeping and creating new jobs, failing to expand affordable health insurance, failing to meet the health care needs of our veterans, and some of the other speakers talked about that, and failing to protect those who were working on our front lines to keep our Nation safe from terrorism.

As the gentleman's chart points out, one of the greatest failings of this President's proposal is his intention to change our commitment to older Americans.

Just last week, the President visited my district. He came to Montgomery County to promote his plan to change Social Security. Now, my constituents listened pretty carefully. Quite a few of them turned out. And they were anxious to know some of the details, some of the things the gentleman has on the charts, and what it would mean to them and to their families.

I am going to just mention a few, and maybe the gentleman can help us with some of the answers.

They wanted to know exactly what the term ''private account'' means. They wanted to know how private accounts would affect the value of their guaranteed benefit. They wanted to know whether it would provide more or less security for their retirement. They wanted to know how much they would really be able to control these accounts.

And they wanted to know how the proposal would impact disability and survivor benefits. They wanted to know how this proposal could possibly strengthen Social Security for the long term. And, moreover, they wanted to know how we as a Nation could afford to pay that $4.9 trillion that it would cost to create these private accounts out of Social Security.

I ask the gentleman to comment on some of these questions because before we can begin to talk at all about some of the long-term fiscal health of Social Security, we have to give the American people some of the answers the President has not given.

What we do know, and I think the gentleman has some charts on this, is that the President's proposal will do two things. It will dramatically reduce guaranteed benefits, and it will significantly add to the Nation's growing debt. So I ask the gentleman to confirm these, and I will say one third thing that I know it does, and that is that it does nothing to promote the long-term solvency of Social Security.

Mr. SPRATT. The gentlewoman has touched upon major impacts. One of our problems is the President's budget is lacking in detail as to all of the program, project and activity cuts that they would actually propose in the years after 2006. It is hard to tell. We have a chart here that shows what we know about the reduction in what is called nondefense domestic discretionary spending. And we can see here that we expect a reduction below purchasing power of about $180 billion over a 5-year period of time. That is education. That is veterans health care. That is highways. That is the government as we know it. Everything that people tend to identify the government with is included in these accounts. They have only come all together to $350 billion.

So you can, of course, out of $350 billion achieve some cost reduction, but there is only so much that can be achieved there. And keep in mind, this is not the source of the problem. These accounts have not increased in the last 3 years, but this is where the administration is going to squeeze as much as they possibly can, but there will never be enough in these accounts to eradicate a deficit of $427 billion next year.

Nevertheless, there will be deep pits, student loans, Pell grants, all of these things that matter to American families, kitchen-table issues.

Ms. SCHWARTZ of Pennsylvania. I have heard from many of my constituents, just some of the initiatives and some of the deep cuts that the President is talking about, even though they are not going to affect the savings that we need to provide these private accounts. It does not equate. I have nurses asking me about loan forgiveness programs, teachers asking me about education.

Mr. SPRATT. This is before the private accounts. When the private accounts are layered on top of this, they add so much to the deficit it is hard to predict what will be left of the accounts and items and projects that were just referenced.

Ms. SCHWARTZ of Pennsylvania. It is true the private accounts really do not have the details from the President about how they would work, what they would really mean; and it is true that they do not strengthen the fiscal viability of Social Security unless what we are really talking about is deeply cutting benefits. Is that right?

Mr. SPRATT. Exactly.

Ms. SCHWARTZ of Pennsylvania. Mr. Speaker, I can say as someone new to the Committee on the Budget, I appreciate the gentleman's wisdom on this. If we are going to meet some of our obligations to families and communities and to local governments, we have to be able to correct this budget, work together. I think the President has suggested that. I know that the gentleman has always worked closely with Republican counterparts.

As a new member of the Committee on the Budget, I know that we as Democrats and Republicans want to be honest with the American people, tell them the real consequences of what we are doing, and come to a budget resolution that will meet the obligations of the American people.

I thank the gentleman very much for his detailed information. I look forward to working with him to accomplish that goal.

Mr. SPRATT. Mr. Speaker, I yield to the gentleman from Texas (Mr. CUELLAR).

Mr. CUELLAR. Mr. Speaker, I appreciate the leadership the gentleman has shown in the Committee on the Budget.

I want to focus on one part of the administration budget and that deals with education. When I looked at this 3,000-page budget proposal the other day, I was quickly struck by the fact that out of the 150 programs that are slated for elimination, 48 of them, that is one out of three, were in education.

Education has the power to break the cycle of poverty. Education has the power to change lives. As millions of Americans have proven, education has the power to change the future. It has changed mine.

I think the gentleman will agree with me that if we would call, or any Member would call, any economic development foundation in their district and ask them about the importance of a broad-based comprehensive education system, I think they would get the answer, an answer that we all know, that is, there is no greater resource today in our great Nation to attract better jobs with better wages to our communities than a strong education program that we have.

Mr. SPRATT. There is no other individual in the Congress I could point to who is a better testament to that principle than the gentleman from Texas (Mr. CUELLAR), who I believe has four degrees. Am I correct?

Mr. CUELLAR. I thank the gentleman very much.

I think the gentleman agrees with me that educational programs alone are no guarantee. These programs are successful only with the inspiration of our parents, the support of our community, and the hard work of our students. Many educational programs are threatened by this budget which includes the Upward Bound Program, the Talent Search, the GEAR UP among other programs. But I think today, if the gentleman would allow me just a few minutes to talk about one program, and that program exemplifies what it means to offer opportunity to an individual, what it means to offer opportunity to a family, a community and a country.

I think the gentleman is familiar with this program called Even Start. The budget calls for a $225 million cut from the Even Start program. That is a cut that would basically eliminate this program. In my own State, there are 90 Even Start programs in the State of Texas serving more than 5,500 families. In my part of the district, Seguin, Texas, there are 60 families that depend on this.

This is a very remarkable program that allows the parents to learn along with the children, where they are able to get their GED, where they are able to pull themselves up and not only educate their children but also to get trained, educated so they can get a job. It provides a sense of pride that makes them better parents, and that is what we are trying to do through our educational system.

□ 1730

I think the gentleman from South Carolina (Mr. SPRATT) would agree that if we have these budget cuts in education, as is proposed, this will not make our families stronger, this education will not make our Nation stronger, and I believe these cuts in education will make it very hard on thousands of families that are working hard, playing by the rules to make this transition from poverty to prosperity.

You know, now as we are talking about providing the tools to break this cycle of poverty and provide more home and opportunity for the children, I think we need to talk about something you have been talking about, Mr. SPRATT, and I would ask you this particular question. We agree that we need to have budget discipline. And, yes, we need to preserve educational programs like the Even Start program. So how do we do both?

And I think, just like you have said before, in order for us to do this, just do it just like we do the budget at home, we set priorities. We set priorities. We need to decide in Congress what are those priorities? Is it spending $280 million to study the icy moons of Jupiter, or do we educate our children? Is it spending $480 million to support the states of the former Soviet Union, or are we going to save America's farms?

I think, like you have been saying, Mr. SPRATT, it is a time to set priorities for our Nation, and now it is the time to make sure that we set those priorities, not only for our Nation, but for our own individual districts. And I ask you to continue the efforts and the endeavor to make sure that the American public understands that we can have a budget, balance the budget, but at the same time, the way we lower the deficit is to set the priorities, the priorities in education and health care, and economic development.

Mr. SPRATT. We can balance the budget and also balance our priorities. In 1997 when we did the Balanced Budget Agreement of 1997, we had the biggest plus-up in education in 15 or 20 years. We will have a budget resolution, a Democratic budget resolution on the floor, and it will adequately fund education. That will be the last thing that we will cut. Certainly we will not have 38 educational programs eliminated in our budget.

Now, in the time remaining let me recognize the gentlewoman from Georgia.

Ms. MCKINNEY. Mr. Speaker, to continue the discussion about the budget, let me just say that the purpose of a budget, the budget is the most important legislative document that the Congress will produce; and in fact, all legislative bodies produce a budget, be it the school board, city council, county commission, the legislature, and of course us here in Washington, D.C., in the Congress.

And the budget is our statement of values. It is a statement of values, because we look at the definition of politics, and it is the authoritative allocation of values in a society; and how are those values authoritatively allocated? They are reflected in the decisions that we make with respect to how we are going to spend our money.

And so when the President sends his budget to the Congress, the budget of the President then reflects the values of the President. And so this President has talked about an American prosperity, an America of prosperity and opportunity. But the America that the President seems to value is a very narrow America indeed.

In other words, our mantra ought to be leave no American behind in our quest for opportunity and prosperity for all. But, sadly, many Americans have indeed been left behind. And the situation is not getting better, it is getting worse.

A very few Americans are doing extremely well. But many of us are being left behind, and, in fact, too many of us are being left behind. For the latest statistics available, it takes 100 million Americans at the bottom to equal the share of national income received by the top 2.7 million Americans.

And this budget does not even begin to address the widening income gulf in our country. In fact, it exacerbates it. The employment and income picture has gotten worse for people of color, in particular, since 2000, eroding the tremendous progress that was made during the decade of the 1990s.

And in fact, since 2000 more than one-third of the progress made in reducing poverty among African American families has been completely, totally, absolutely 100 percent erased, as 300,000 African American families fell below the poverty line just from the year 2000 to the year 2003.

I would like to bring your attention to the product of an organization, a product that I have become dependent on as I try and travel around the country and educate folks about the true conditions faced by people in this country.

It is the State of the Dream from United for a Fair Economy. And every year they produce a report, ''The State of the Dream 2004,'' ''The State of the Dream 2005,'' about the inequalities, the disparities that exist in our country along the racial divide.

Now, I have got a couple of charts here that I would just like to show. Now, on the index of income, can you imagine that from 1968 to 2001, the average black income was 55 cents compared to that for white income, and 57 cents in 2001?

What United For a Fair Economy has found is that since the murder of Dr. Martin Luther King, Junior, on some of those most important indices, the situation has gotten worse, not better, for people in our country.

And here over the span of 33 years, we have only increased the well-being by 2 cents. And at the current rate, it would take 581 years to even out the black-white gap in income.

Or we can look at poverty. Overall poverty to close the gap, 150 years to close the gap, the poverty gap as experienced by black Americans and white Americans.

Or we can look at child poverty. The President says he wants to leave no child behind, but sadly, if we look at the numbers, and these numbers represent real children, it will take us 210 years to close the child poverty gap.

The President talked about housing, and we all know that homeownership is the cornerstone for the beginning of the accumulation of wealth, and look here at homeownership. It will take us 1,664 years to close the homeownership gap. Is that not incredible?

What does that tell us about our country's values and priorities? Our President talks about making this an opportunity, making this a prosperity society for all Americans, but if the President's budget does not deal with these very real differences in the way real Americans live, then the President has talked to us but he has not really backed his words with a policy statement that will change the way the bulk of Americans live in this country. The President cannot create an ownership society without addressing these disparities, and sadly, his budget proposal falls short of even his stated goals.

I look forward to actually being able to call the gentleman from South Carolina (Mr. SPRATT) Mr. Chairman and have folks on the other side of the aisle call him Mr. Chairman, too.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today to vehemently state my disappointment, frustration, and objection to the FY 2006 budget submitted by President Bush.

When President Bush submitted his 2006 budget to Congress recently, he said, "The taxpayers of America don't want us spending our money into something that's not achieving results." I couldn't agree more.

The President's 2006 budget cuts money from America's veterans, America's first responders, students, small businesses, health, urban and rural development, and environmental protection.

Is the President saying our veterans, first responders, students, and small businesses are not achieving results?

The unnecessary tax cuts for the rich and an optional war with Iraq are not producing results.

The President's budget does not contain a single dime of money for war effort in Iraq or his proposed reforms to privatize Social Security.

How is this possible? How can the budget for the country omit the two most important issues mentioned during the President's address to the Nation on the State of the Union?

Instead, those costs are hidden from the American people in the form of an $80 billion emergency supplemental request to Congress. A request that was not mentioned during prime time coverage on national television.

This budget continues the same bad choices of this administration and will lead to the same bad results—huge deficits and increasing debt.

This President and this administration has squandered an inheritance of a 10-year surplus of $5.6 trillion and has replaced it with deficits that our children may have as their responsibility.

This budget will severely impact Texas citizens negatively as well as other American citizens. They deserve better.

Never before has America faced such an array of issues that demand creative, competent leadership.

But the Bush administration has pursued solutions that serve only to escalate the problems we are facing.

We should be making progress, but in too many areas we are either backsliding or simply holding the line.

Programs and policies that not only provide assistance for the poor but for a large portion of the American people who need help to keep their heads above water are under attack.

To cut the Medicaid program for the poor of $60 billion over 10 years, to cut the Small Business Administration's technical assistance program to small businesses by 37.9 percent, and to cut community policing programs up to 95.6 percent is not only immoral but irresponsible.

Eight million Americans are unemployed. But Republicans passed a new set of tax breaks that reward corporations who send jobs overseas.

About 45 million Americans have no health insurance. But Republicans have proposed Health Savings Accounts that benefit a wealthy few, encourage employers to drop insurance coverage and will increase the number of uninsured by 350,000.

Over 8 million children nationwide are struggliing to meet new national education standards. But Republicans refused to provide promised help to our schools, leaving millions of children without the help they need in reading and math.

America needs a budget that reflects the morals of this country, a budget the American people can trust and support, one that supports the national security policy that is as strong and brave and as decent as the heroes who serve to protect us.

America needs a budget that includes all its citizens and a budget that is fair and balanced.

The President needs to do for all of America what he is asking the rest of the world to do—to treat all its people with decency and respect.

Mr. BISHOP of New York. Mr. Speaker, I rise today to express my opposition to the President's FY06 budget—a budget that I believe goes against our values as a society. If the proposed budget passes, it would be a disaster for constituents in my home district on Long Island and districts nationwide, forcing working families to make up for many of the cuts in the form of higher State and local taxes.

The American people deserve honesty, and this budget is dishonest by omission, and dishonest in how it portrays the overall budget projections. The President claims that the steep budget cuts he advocates are necessary to cut the deficit in half in 5 years. This is simply not true, and the budget the President proposes fails to accomplish his stated goal.

First, the budget is dishonest by omission. Nowhere in the FY06 budget does the President account for significant costs, including:

Fails to account for the enormous costs of privatizing Social Security as proposed by the President; a whopping $6 trillion over the next 20 years; $754 billion over the period from 2009–2015;

Fails to account for the continuing presence of our troops in Iraq—the administration knows we are going to approve an Iraq supplemental upward of $80 billion for the first part of this year alone—and an estimated $384 billion over 10 years—yet still omits it in the budget;

Fails to account for growth in interest costs;

Fails to reform the Alternative Minimum Tax that is disproportionately burdening middle income families in my district on Long Island.

As troubling as the glaring budget omissions is the knowledge that the deficit is largely a self-inflicted wound. The President inherited a record annual surplus of $236 billion—which now, 4 years later, has tanked into a deficit in excess of $400 billion. Any attempt at honest accounting suggests that we are looking at a decade or more of similar deficits.

The reason we are faced with an unethical budget is because the President refuses to acknowledge the fiscal irresponsibility of his choices, and will not entertain even the most moderate suggestions, such as repealing only the portion of the tax cuts that benefit the top 1 percent of taxpayers.

Unfortunately this budget builds on a disturbing trend. This administration and the leadership in Congress appear to be intent on valuing wealth over work, thereby placing working families at a distinct disadvantage. The tax policies the President advocates disproportionately advantage the wealthiest to the detriment of working Americans, and working families will continue to bear the brunt of the rising inflation spurred by the rising interest rates.

The Bill Gates' of the world pocketed their tax cut at the insistence of the President. However, this President sees no problem eliminating funding for Perkins Loans in his budget, even though the cost of tuition is rising and will continue to rise as the administration's policies force inflation. As a result of the decision to eliminate Perkins, this year more than 670,000 student borrowers could lose out on loan forgiveness if they become teachers, law enforcement officers or if they serve in the military. This is just one of many examples of valuing wealth over work.

In my district, the budget scales back and eliminates several long-term shore protection projects important to the safety and economic security of Long Island.

The President has no problem zeroing out the Fire Island to Montauk Point Study, just as it nears completion.

The President eliminates funding to dredge the Patchogue River, even though this creates a huge safety hazard for boaters.

The President does not hesitate to slash funding for the Long Island Sound Study Office from $7 million to less than $500,000, even though this is vital to the livelihoods and economy of the east end of Long Island.

The President falls far short of his promise under the No Child Left Behind bill, even though this means that taxpayers will have to foot the bill at the local level to pay for education.

Finally, the President does not seem to mind taxing veterans' health care at $250 per year, and doubling copayments for veterans' prescription drugs, at a time when we should be saluting our veterans.

Our values as a society are not reflected in this budget. We must ban together in Congress to force an honest accounting, and insist upon the restoration of long-term fiscal responsibility to our Nation. It's not enough to talk about compassion—it is high time that we refocus our priorities and show some compassion.

GENERAL LEAVE

Mr. SPRATT. Mr. 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 my Special Order today.

The SPEAKER pro tempore (Mr. CONAWAY). Is there objection to the request of the gentleman from South Carolina?

There was no objection.

SETTING THE RECORD STRAIGHT ON THE COST OF THE MEDICARE PRESCRIPTION DRUG BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Connecticut (Mrs. JOHNSON) is recognized for 5 minutes.

Mrs. JOHNSON of Connecticut. Mr. Speaker, the landmark Medicare Prescription Drug and Modernization Act that this body passed in 2003 was the subject of heated rhetoric and partisan attacks at that time. Most recently, we have heard the claim that the costs of this wonderful Medicare prescription drug benefit have skyrocketed far above the estimates relied upon when we passed the bill in 2003. Allow me to set the record straight.

The cost of the Medicare prescription drug benefit that will guarantee every senior in America affordable prescription drug coverage has not changed. In November of 2003, the Congressional Budget Office estimated that the costs of the drug benefit from 2004 to 2013 would be $408 billion. Today, they estimated it at $410 billion.

In December of 2003, the Centers for Medicaid and Medicare Services, using different assumptions, estimated that the cost of the bill over the same 10-year period would be $511 billion. Today, they are saying it will cost $518 billion. So, whatever estimates we use, whichever set of assumptions we wish to rely on, CBO's or CMS', the answer is the cost estimates have not changed. They varied about plus or minus 1 percent.

So what is the issue? What is the big uproar over? The answer is simple. New estimates just released by the administration are for a 10-year period that begin in 2006, not 2004. These estimates cite a cost of $724 billion. That is because they drop 2 years when there was no drug program and add 2 years when millions more Medicare beneficiaries are going to enjoy the benefits of our Medicare Modernization and Prescription Drug Act. It is just that simple. The 10-year estimating period changed. So, of course, the estimates went up.

But it is easy for the estimators to count the new number of people who benefit from the program in the 2 additional years and drop the 2 years when there was no program. It is more difficult for them, and so they do not do it, estimate the saving that the Medicare modernization and prescription drug bill will enable Medicare to enjoy while at the same time improving the quality of care we will be able to deliver to our seniors.

The Medicare Modernization Act fundamentally changed the way Medicare delivers care to our seniors. By offering welcome to Medicare physicals and disease management programs, we have transformed Medicare from simply an illness treatment program to a wellness and preventative health program.

Medicare has always been good at treating our seniors once they got sick, but did nothing to prevent them from getting sick. Worse, Medicare did nothing to help seniors with chronic illnesses to prevent that chronic illness from worsening.

America's seniors deserve the changes we made in the Medicare Modernization Act. That act modernized the delivery system of care to enable Medicare to deliver the most recent medical advances to our seniors, particularly to those with chronic diseases.

□ 1745

By moving from an illness model to a preventive care model, we can keep seniors out of high-cost care settings, like hospitals and emergency rooms. If you are looking for a sensible way to control costs, this is the way to do it. Disease management programs, like the ones the Medicare Modernization Act have introduced into Medicare, have proven they save health care dollars and they improve health care quality.

PacifiCare has already saved $244 million through existing disease management programs to their 720,000 Medicare beneficiaries. They have saved $75 million through medication management for patients with congestive heart failure and reduced hospitalizations by 50 percent. They have saved $185 million by improving blood sugar and cholesterol levels in diabetics. They have saved $72 annually through their congestive heart failure program, which has served 15,000 patients.

McKesson, which will bring Medicare seniors into the Medicare Modernization Chronic Care Improvement Program this year, currently saves $3,089 per patient each year in their disease management programs. They have reduced emergency department visits by 61 percent. They have reduced hospitalizations by 66 percent.

XLHealth, which operates a Medicare Chronic Care Improvement Program, has reduced medical costs in 2,500 Medicare patients since 2000. Their disease management program has reduced hospitalizations by 25 percent, amputations by more than 50 percent, and heart bypass surgery by 65 percent.

The bottom line: disease management programs save money and improve health care quality. And thanks to the Medicare Modernization Act, these programs will create a better quality of life for seniors with congestive heart failure, diabetes, chronic obstructive disease, and other chronic illnesses and bend the curve of Medicare's cost growth.

These recent estimates we have been hearing so much about simply do not include any consideration of the power of disease management programs to reduce the cost of chronic disease and to improve the quality of care in Medicare. Twenty percent of our seniors have five or more chronic conditions and account for two-thirds of Medicare spending. Twenty percent. Of course disease management will reduce the cost of Medicare.

MMA also initiated another new, though related, development in Medicare that will create significant savings while improving quality, but isn't reflected in cost estimates drawing attention today. For the first time, electronic prescribing will become routine in the Medicare program, with electronic medical trends coming along thereafter.

Electronic prescribing technology will save lives and money by eliminating adverse drug interactions, eliminating handwriting errors, and by notifying physicians when a lower cost generic alternative is available. As we all know, generic drugs often far cheaper than brand name drugs. Electronic prescribing will save money, and while this technology called for in the MMA, the cost savings are not reflected in the cost estimates.

Repealing the MMA would be the wrong medicine for America's seniors. Doing so would deprive them of prescription drugs and the high level of coordinated and preventive care that will keep our seniors healthier and control Medicare spending by improving the quality of our health delivery system.

CODEL TO PAKISTAN AND AFGHANISTAN

The SPEAKER pro tempore (Mr. CONAWAY). Under the Speaker's announced policy of January 4, 2005, the gentleman from Indiana (Mr. PENCE) is recognized for 60 minutes.

Mr. PENCE. Mr. Speaker, I am glad to have the opportunity this evening to address you on a subject that is both a meaningful memory for me, as the elected representative of the people of eastern Indiana's Sixth Congressional District, but also, as I believe we will hear not only from my recollection but