

oil and gas. You would think turning that proposal down might have sent a message. But, instead, our colleagues in the other body now give 90 percent of the tax incentives to the same traditional industries and devote only 6 percent to new technologies.

If the President is serious about getting a proposal before August, he should start by making clear his opposition to a waiver, letting oil companies off the hook for groundwater-polluting chemicals such as MTBE. I do not believe granting immunity to polluters for groundwater cleanup costs and saying States should pay for it has a single thing to do with getting an energy policy that will put America on the right track.

Americans want to know our energy policy is about the common interest, not special interest. They want to know we are going to get a bill that helps us diversify off of our foreign sources of energy.

There are many other things the President's plan endorses that I think are dead wrong, and we are going to have plenty of time to talk about them. But I would mention them briefly.

For example, this current proposal fails to recognize how our country has been gouged by high energy costs from companies such as Enron. It does nothing to hold the line against what I call the latter-day Ken Lays, and would leave future Enrons with the opportunity to steal from consumers. What we need is a tough bill in relation to market manipulation that includes making sure utilities that continue to be sued by Enron are not the deep pockets for their extreme market manipulation and trading practices that the Federal Energy Regulatory Commission has failed to adequately deal with.

The President's endorsed energy plan also rolls back dozens of environmental rules and laws that were put in place to protect Americans' public health and safety. Many of them were put in by previous Republican administrations. So we are going to have lots of time to discuss this energy plan and proposal when we return and the Senate Energy Committee starts discussing this proposal. But because gas prices are still high, and because we still need to address where we are going as a country, I want to make sure this Senator stands firm on the fact that we cannot continue to tread water or stay in the same place. We need to take the same aggressive actions previous administrations did, as we changed our investment strategy, as we put the Nation on call for an emergent need, and moved forward on a policy.

That is what I call progress. The Europeans already understand this. That is why they are making a significant investment in renewable energy technology. The Japanese understand this. That is why their automakers are making big investments and cornering the market on fuel efficiency technologies

and vehicles. And even China understands this because they have put in place higher fuel efficiency standards than in the United States. What we need to do is recognize the energy future by planning for it, not with half-baked policies that dither around the margins of the problem but with real leadership on an energy economy of the future.

I hope that tonight the President will address the American people and tell us what his real plan is to lower gas prices in the future, to give America an independence from our overdependence on foreign oil. I hope he will give this country the kind of boost that previous administrations have, by leading the way with new technology investments and a vision of the future that will give our country the national and economic security it deserves. I think he will find that there are many Americans waiting to hear that plan—there are farmers, environmentalists, businesspeople, certainly a number of us in the Senate and, I would say to the President, even some of the neocons of previous administrations who are ready to hear an energy strategy that gets us off of our overdependence on foreign oil. I look forward to those comments.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

#### CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2006—CONFERENCE REPORT

Mr. GREGG. Mr. President, I ask unanimous consent that notwithstanding the receipt of the House message and having the Senate papers at the desk, the Senate begin consideration of the conference report to accompany the budget resolution; provided further that the time from now until the arrival of the ranking member be under the control of the chairman; provided further that when the ranking member arrives, he be recognized to be in control of a like amount of time.

The PRESIDING OFFICER (Mr. THUNE). Without objection, it is so ordered.

Mr. GREGG. Mr. President, this order allows us to start opening statements on the budget. Senator CONRAD should be available around 6 o'clock this evening, and his side will control the time after he arrives, which will be commensurate with the time we control, which I presume will be approximately an hour that we will use now until 6 o'clock.

Mr. President, we are now turning to the budget of the United States, which

is pending in the House and being debated in the House. This obviously is a major item for us as a Congress. It is very hard to take the position that a government that spends \$2.6 trillion should not have an outline as to how it is going to spend that money, should not have a proposal and a policy for spending that money. That is why a budget is important.

A budget doesn't get into the specifics of how the dollars are spent, but it does set out a very substantial and important blueprint as to how those dollars will be spent and what the policies are that will affect spending and taxes as we move into the future.

The budget that we bring today is a result of a lot of hard work. I want to especially thank my colleague from North Dakota, the Democratic ranking member of the committee, and his staff, who have been extremely courteous and extraordinarily professional in the way they have approached the process. Senator CONRAD is someone I have enjoyed working with very much. We disagree, obviously, but the disagreements have been on policy, and certainly there has been nothing but a professional, cordial, and friendly relationship between us.

I also thank the majority leader and the assistant majority leader, Senator FRIST and Senator MCCONNELL, for their extraordinary effort. I especially thank members of my committee, all of whom have been very much engaged and who have been very involved in developing the budget.

In addition, I specifically thank Senator SMITH from Oregon, who has been a critical player in developing what is one of the core issues of this budget, which I will get into in a few minutes.

Of course, I especially thank the staffs, both the majority staff and minority staff, and especially the staff on our side, led by Scott Gudes, and our colleagues across the aisle in the House who worked so hard to get us to this point.

The budget we are bringing forward today is the result of what I consider to be some serious public policy problems we confront as a nation, and they involve the amount of spending the Federal Government is doing in relationship to revenues, and specifically the rate of growth of our spending and the fact that we are confronting very significant deficits not only in the short term but in the long term.

I want to go through a few charts to explain the parameters of the problem. I think it is critical that people understand that and understand how this budget was developed. We received testimony in the committee from the Comptroller General of the United States that there are on the books today obligations of the Federal Government that exceed projected revenues of the Federal Government amounting to approximately \$44 trillion. Now, a trillion dollars is an incomprehensible amount of money for anybody to understand. I will try to

put it into context. This means we already have obligations that we have committed to as a government that we have not figured out how we are going to pay for, which in their total add up to \$44 trillion, which amount of money compared, for example, to all of the taxes collected by the United States since we became a nation—all of the taxes collected during that time, over 200 years, total \$38 trillion. So we actually have on the books more in obligation than we have collected in taxes in the history of the Nation.

To try to put it in another context, if you take all the net worth of everybody in this country—everybody's car, house, savings account, stock, every asset that everybody has in this country—and add it all together, it adds up to about \$47 trillion.

This chart reflects the problem. The chart here is \$44 trillion in outstanding obligations of the Federal Government. Over here we have the present net worth of the United States, which is \$47 trillion. The amount collected since the beginning of the country is \$38 trillion. The larger part of the chart reflects \$44 billion, calculated on the actuarial life of these programs. The larger part of the chart is what the cost would be if you projected these programs out into infinity, which would be 100 years, which is about \$84 trillion.

So you can see that we are confronting a massive fiscal problem as a nation. The effects of this problem will be that somebody is going to have to pay this bill. Our generation is running up the bill and we are passing it on to our children, and our children will have to bear a huge cost in order to pay off this \$44 trillion in debt that we have added up. To pay that off, basically, their quality of life is going to have to be reduced, unless we get started on addressing this problem now.

Where does the \$44 trillion come from? What are the obligations that created this huge number? This chart reflects it. It is entirely almost what is known as entitlements, or mandatory spending; it is the orange line. If you look at the mandatory spending, these are programs on the books that say, if you are a citizen and you have certain physical or demographic or income characteristics, you have a right to payment by the Federal Government. The majority of these entitlements, the mandatory spending is Social Security, Medicare, and Medicaid. These three items make up the vast majority of the cost of the \$44 trillion, which is unpaid for. In fact, Medicare and Medicaid—the health care items of those three entitlements—represents about \$27 trillion of the total of \$44 trillion—\$27 trillion of unfunded liabilities. That means after taking all of the taxes you pay, your HI tax—the hospital tax which you pay out of your payroll every week—there is still a debt, an obligation on top of those taxes of \$27 trillion—a huge amount of money.

Well, now, some would represent that if we raise taxes, we can solve this

problem. But we cannot. I want to explain why and the next chart does that.

Historically, the Federal Government has spent about 20 percent of the gross national product. That is what we spend as a Federal Government. We take the gross national product—20 percent of it—and spend it to govern. That has been in our history for quite a while, since the 1960 period. That is the blue line that runs across the chart. If you take the top three—Social Security, Medicare and Medicaid—just the cost of that, as projected out into the future, you will see that by about 2028, 2031—depending on what happens around here—the cost of those three programs to pay the benefits that have been committed under those three programs will exceed 20 percent of the gross national product.

What is the practical effect of that? It is that if that were allowed to occur, you would have no money available to pay for national defense, education, environmental protection, the building of roads, or for anything other than those three programs. It gets worse. The line keeps going straight up—this is where the \$44 trillion comes in—as those programs continue to demand more and more in order to support them because of the obligations that are on the books. So you can raise taxes almost endlessly and never catch up with the spending that we have on the books.

That is the point. You cannot tax your way out of this problem. You simply cannot do it. You have to address these major programs and try to control their rate of growth so they are affordable, while still maintaining a benefit structure that is fair, especially to low-income Americans. If you don't do it, the practical effect would be that you will have to double the taxes on our children in the area of withholding in order to keep up with these costs during the period 2020 to 2040. That would mean our children, instead of being able to buy a house, a car, expand their education, or send their kids to college, they will have to pay a radically increased tax burden in order to support our generation. What is causing this huge explosion in costs? It is the fact that the baby boom generation is so large, the demographic shift is so huge, when our generation starts to retire because we go from a generation that has changed the culture of America throughout our lifetime to when we retire we will change the dynamics of the demand on the Federal Government; we shift that so radically that we put all these new costs on our children and our children's children to support our generation when we retire.

People have heard me say this before. These retirement systems—Medicare, Medicaid, Social Security—were structured on the concept that there would always be a pyramid, many more people paying into the system than taking out. In 1950, 16 people were paying into the system for every one person that was taking out. That is the pyramid concept, the genius of Franklin Roo-

sevelt. Today, there are 3½ people paying into the system, and it is still affordable. But as we head into this next century and as this huge baby boom generation of which I am a member retires, there will only be two people paying into the system for every one person taking out. So we go from a pyramid to a rectangle, and you simply cannot support the system as it is structured.

The taxes on our children will far exceed their capacity to pay them in order to support the benefit structure. So how do we address this? Well, one way is to bury our heads in the sand and say it is not a problem and hope our children can handle the tax burden increase. But that is not acceptable. As leaders and as people charged with the responsibility of public policy in this country, we need to get ahead of this issue before we get to the problem. And that is where this budget comes into play.

The President sent us a budget which for the first time in 7 years stepped on the sacred ground of trying to address the entitlement costs of the Federal Government. Independent of the budget, of course, he has tried to address the Social Security issue. By law, the Budget Committee is not allowed to address Social Security. So that one is taken off the table for us as a committee. But we do have the capacity as a Budget Committee to step forward and try to do something about the issue of entitlements beyond Social Security, and that is what we are going to try to do in this budget. We are going to try to begin the process of relieving the pressure that is going to be put on the next generation.

This budget does three basic things. In the short term, it reduces the deficit in half over 4 years. It does this by aggressively controlling the rate of growth of discretionary spending that is nondefense. Specifically, we freeze it for 3 years. That is a very aggressive position. Nondefense discretionary spending is frozen for 3 years. But more importantly, we reestablish enforcement mechanisms known as spending caps. Members can come to the floor, and if a bill exceeds that freeze, they can make a point of order against that bill, and it will take 60 votes in the Senate to pass that bill. That is an important change, a very important change—not a change but a reinstitution of budget discipline.

What happened? Why don't we have caps today? We do, but they are very much at the margin. The problem is that because we did not pass a budget last year and because 2 out of the last 4 years we have not passed a budget, we have lost most of the really effective enforcement mechanisms or are on the verge of losing most of those enforcement mechanisms in the next budget cycle. So it is critical we get a budget to put those enforcement mechanisms back into place so we can control in the short term the rate of growth of a number of accounts but especially the discretionary accounts.

We put in place a budget which moves us toward reducing the deficit in half over 4 years. That is one deficit issue. More importantly, the big issue, which I have just discussed, which is this long-term fiscal catastrophe we are headed toward as a nation unless we do something about it, we begin to address that. We do not do radical steps in that direction. This is going to be a long and arduous process. It is difficult, and it is going to be a bumpy road, but what we do is we take some very significant steps down that road toward reintroducing fiscal restraint into the entitlement accounts that we have under our control and that we are willing to address.

We do this in two specific accounts that are critical: Medicaid and something called the Pension Benefit Guaranty Corporation. We can look at these three accounts—Social Security, Medicare, and Medicaid—as being the primary drivers of our problem, but there are other issues out there that are very significant in driving our fiscal problems, and one of them is the Pension Benefit Guaranty Corporation. It is a corporation that makes sure, if you have a pension, a defined benefit plan, and your company goes under, the Federal Government guarantees that pension.

The taxpayers end up with a bill for doing that, by the way. Mismanagement on a corporation's behalf, excessive benefits structure, poor management in the marketplace, a company goes under, and the taxpayers end up with the bill. That projected liability out there today, the contingent liability of the taxpayers of the United States for the Pension Benefit Guaranty Corporation, is estimated to be \$25 billion to \$30 billion, and it may be radically higher than that, to be very honest.

So we need to reform that system, and the budget we are addressing today begins that process. We try to address that niche issue of significant fiscal problems we have as a nation, which is correcting the Pension Benefit Guaranty Corporation.

Equally and even more important is we step forward on one of three entitlement accounts. We only have jurisdiction over two of the three, as I mentioned earlier. We step forward on the Medicaid issue, and we put in place—Senator SMITH basically orchestrated this, and he is going to talk about it—a process to move to get substantive reform in the Medicaid accounts so they are affordable and continue to deliver a quality service to kids in need and people who have to go into nursing homes and cannot afford it, but at the same time they are affordable.

What we do is have an advisory committee or a commission set up which will study the issue. It must report by September 1. We have a reconciliation instruction which says the committee of jurisdiction has to come back and reduce the rate of growth of Medicaid by \$10 billion. I will get back to that.

And we limit that action on the \$10 billion reduction, so we delay it a year. So there is a year to get ready to do that.

I want to put this \$10 billion in context because this is a major savings item of the budget in the area of entitlement reform. Over the next 5 years, we are going to spend \$1.12 trillion, a huge amount of money, on Medicaid. This budget is suggesting that we reduce that rate of spending over the next 5 years by \$10 billion; \$10 billion on a \$1.12 trillion base, approximately 1 percent. One would think we were scorching the Earth when we initially proposed this. Obviously not.

The practical effect of this is we are taking a program that is going to grow at 41 percent over the next 5 years and reducing its rate of growth to 39 percent. We can do that. If we are halfway decent as managers of the tax dollars of Americans, we can do that, reduce 1 percent off a program that is growing so quickly, reduce its rate of growth from 41 percent back to 39 percent.

In fact, we can do that, and we can actually give more services to more kids and more people who are deserving of it. The reason is that Medicaid, unfortunately, has some problems right now in the way it is functioning. There is a fair amount of Medicaid money which is being shifted from the delivery of service to needy children and to people who need help going into nursing homes over to simply the general operation of State government. That should not happen anymore, and we can end that.

Unfortunately, there is a lot of abuse, where people are spending down in order to qualify for Medicaid and hiding assets and transferring over to the taxpayers costs which they should fairly bear.

There are significant savings which can occur in the way we purchase pharmaceuticals under Medicaid. There is a whole list of items which Governors are willing to consider in order to accomplish savings. But what the Governors need is more flexibility. We give the Governors more flexibility and a little less rate of growth in this program, and they are going to deliver more services to more people at less cost. It is that simple. A good Governor will do that, and there are a lot of Governors out there willing to try.

So there has been a compromise we reached on Medicaid which has been orchestrated and energized by Senator SMITH of Oregon. I congratulate him for it. It is a good compromise because it will start us on the path toward looking at public policy which will start to address—it is not going to resolve the problem—will start to address the issue of this element of the entitlement problem, the Medicaid element of this chart, and it is one of the three major items.

In addition, as I mentioned, we have taken up the PBGC issue. This is the first budget in 7 years which has stepped on the sacred ground of entitle-

ments and tried to manage them at least marginally. The total amount of entitlement for reconciliation savings—not all of it is entitlement—but the total amount of reconciliation savings in this bill is approximately \$35 billion. That is a very reasonable number. That is a 5-year number. So it is something that can certainly be accomplished.

The third thing that this budget does is it continues to energize economic growth. When the President came into office, he was confronted with a very severe recession as a result of the burst of the Internet bubble. That was compounded, of course, by the attack of 9/11, which caused our economy to stumble severely as a result of the adjustment to what was a new world. Then we had to dramatically expand our commitment to national defense and homeland security in order to participate aggressively in finding the people who were responsible for this horrific act of 9/11 and making sure that we are as well prepared as possible in avoiding another attack.

So the President was confronted with an unfortunate set of facts relative to the economy, and there was a recession. But that recession's severity was significantly reduced because this President had the foresight to reduce the tax burden on America's workers early so that people were allowed to keep their money and there was incentive for entrepreneurship, an incentive to go out and work harder, and an incentive to create jobs. The recession was shallowed out as a result of that. Now we are seeing a dramatic turnaround in the amount of revenues the Federal Government is receiving because of that.

Revenues dropped precipitously, everyone knows that, but they dropped because we were in a recession and because we were attacked. The tax cut that was put in place has essentially helped us recover in the revenues area because people have gone out and they have become more productive as they have been willing to work harder, earn more, and create more jobs because the tax burden has been reduced. The function of that is that more incentive is created to be productive.

We are seeing the results. Last year, tax revenues grew at 9 percent. This year, they are going to grow around 7 percent or maybe even faster. The month of April, which has not been formally reported yet, looks like it is going to be one of the highest collection months as far as revenue goes in the history of the country, a dramatic jump in revenues as a result of the tax cut. For the foreseeable future it is expected under this budget, and I think under all economic assumptions, that tax revenues are going to continue to compound at a rate of about 6 to 6½ percent as a result of a strong economy, driven by a good tax policy.

We continue that tax policy in this bill. This bill does not assume any new tax cuts, but it does assume that tax

cuts that are on the books, that are very constructive, and which people use in their day-to-day life will be continued—tax cuts such as the R&D tax cut, the research and experimentation tax cut, the deduction for teachers' classroom expenses, the deduction for qualified education expenses, the deduction for State and local taxes, the welfare-to-work tax credit. These are tax credits that are continued.

We hear a lot of talk from the other side of the aisle that, oh, there are just not enough tax increases in this bill; we have to raise taxes. Which one of these deductions which is about to expire does the other side of the aisle want to allow to expire and put more burden on American workers? I doubt there are very many that would fall into that category that are on this list, and that is what this bill assumes—that we will continue in place tax proposals which encourage people to be more productive, such as the R&D tax cut, or give people a benefit they deserve, such as teachers being allowed to expense classroom costs, and that are popular. So we will continue a tax policy under this bill which will continue to energize economic growth.

As we have brought this budget forward, it puts us on a path to accomplishing positive steps in the area of fiscal responsibility and fiscal restraint. It is a budget which reflects the President's initial budget which was a commitment to trying to begin to address the deficits in the short run and, more importantly, the long-term issue of the fiscal problems we confront because of the demographic boom which I mentioned, which is coming at us. For that reason, it is a very positive budget.

I wish to make one more point about the budget before I yield to the Senator from Oregon, whose thoughts are very important here because he is one of the key players in addressing this critical issue of Medicaid. This budget is critical because it also puts back in place and actually energizes new initiatives in the area of enforcement mechanisms. These are procedural things, yes, and they are arcane things, yes. Most people do not understand what they are, that is true. But it was interesting, when Alan Greenspan testified before the Budget Committee last week, he said the most significant thing that had happened in the area of disciplining Federal spending was that we had budget enforcement mechanisms in place through the late 1990s and early 2000 period and we needed to reinitiate those initiatives. By law, we cannot pick them all up because this is a resolution, not a law. The way this works, we cannot pick them all up. But to the extent that the budget resolution can put back in place and strengthen enforcement mechanisms to allow this Congress to be disciplined in the way it spends money, this resolution does that in an extraordinarily aggressive way.

So this is a good resolution. It is a positive step. It takes us on the right

direction toward fiscal discipline. I certainly hope my colleagues will support us in moving it forward.

Now I yield to the Senator from Oregon such time as he may consume.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. SMITH. Mr. President, I thank the chairman of the Budget Committee, Senator GREGG, for yielding time but much more for his patience with all of his colleagues—and I suppose myself primarily—during what has been a very difficult and grueling period of time for the majority and even some in the minority who are focused on this issue.

I also want to express my appreciation to BILL FRIST, the majority leader, and MITCH MCCONNELL, the whip, who have come at this responsibility of producing a budget with determination and understanding that without a budget, we have considerable chaos in this Chamber. To the general public it probably looks as if we are in chaos all the time, but they have seen nothing until they have seen us without a budget.

As I have approached this budget, two things have been apparent to me. No. 1, that we had to have a budget. I understand the institutional responsibility the majority carries when it comes to advancing the legislative work of the American people. I have also been mindful for some time that Medicaid needs reform, restructuring, and, in my view, restructuring not unlike what the State of Oregon has done with the Oregon health plan, to make sure that those intended to be served and covered, those legitimate and truly eligible, find access to this essential strand in America's safety net.

Each one of us in this Chamber comes from their own perspectives and with their own sense of responsibility, their own history from their States. In my case, I come from a State that prides itself on pioneering in many ways, not the least of which is in the area of health care. One of the crown jewels of that pioneering is the Oregon health plan, which was an effort on the part of one of our former Governors, John Kitzhaber, to find a way, with the resources available through the Federal match with State resources, to cover more people more effectively with preventive medicine and essential services in a way that gets the most bang for the medical buck.

Clearly, America will come to a point when more people of the baby boom generation come on to Medicaid where such a model or something similar will be necessary for our country to both afford it and to provide it. So as I approached this budget, it was with caution, especially caution due to the people who are covered by Medicaid. These are the elderly, the poor, the disabled, the unusually vulnerable in our society, who when they are thrown off of Medicaid are thrown into emergency rooms, where the cost of their medicine is simply shifted over time on to the

escalating costs of private plans which many small businesses struggle today to continue to provide to their employees.

When we came to this debate, I was very mindful that the House of Representatives had passed a reconciliation number which, in the case of their Chamber, I believe was \$18.5 billion over 5 years to the Ways and Means Committee and \$20 billion to the House Commerce Committee, a total of \$38.5 billion over 5 years. That is a very large number, and the programs to be affected were not Social Security. It was announced that Medicare would not be touched. That leaves, on the list of programs, very few.

So it was my feeling—despite my high regard for the budget chairman, Senator GREGG—that I needed to engage and, if I could, to take out the Senate number, which was \$14 billion. He and others were honest enough to say it was to Medicaid. So the Senate went to zero.

Then comes the clash of institutional responsibility, the ability to do the Nation's business without in any way, in my view, putting such undue pressure upon Medicaid as a class of people that should not be borne in haste, or done in haste, by putting a budget number ahead of sound policy.

I know that the people in the medical community who are counting on us want us to do this right, if we do it at all. I know many of them would have liked a budget with a number that remained at zero. That has not been possible. But the minimum number that I was told, necessary to get a budget, was \$10 billion over 5 years, with no cuts required in the first year. That also was coupled with the creation of a commission. You will look through this budget and you will not find a commission in it because that is not the kind of thing you put in a budget. A commission is something that Congress could create, but it can more quickly be created through an executive decision, with resources currently allocated, so that work can begin in a more timely way.

I want to make it also clear that the Secretary of Health and Human Services, the former Governor of Utah, Mike Leavitt, is a person in whom I have implicit confidence. He is a man of integrity. He is a man of his word. He is a man who understands that his reputation and mine are on the line in constructing the kind of commission that is inclusive, that is bipartisan, that is academic in its nature, and is charged with the responsibility to produce a Medicaid program—not just short term but long term—that is a system that we can be proud of and that will serve the people who need its coverage.

It is the strong desire of the Senate, and I do not speak for my Democratic colleagues, but my partner in this effort, Senator JEFF BINGAMAN of New Mexico, he and I and our staffs have been working across the aisle to create

the kind of credible structure to recommend to the Secretary. Ideally, and it is my strong urge and plea, this commission will be conducted by the Institute of Medicine. They will be charged to provide to us, by early September, their recommendations of what ways the Senate Finance Committee and the House Commerce Committee can respond to the reconciliation number. I will not prejudge what they will say, but I know they will say it in a way that will be acceptable to Republican and Democratic ears and will give this the kind of academic focus it truly deserves.

But that is a work in progress. Ultimately, you have to trust people to be good, to live up to the public statements they make. The President's administration has made it clear that they approve of the creation of this commission. The majority leader, Senator FRIST, has also assured me of a colloquy that will be part of this budget to the Senate, how we will proceed. Ultimately, the work of the commission will go to the Senate Finance Committee, and there we will take up deciding what should be done under reconciliation.

The Senate Finance Committee is composed of thoughtful people, all of whom, with few exceptions, are anxious to do this right and to serve the people that ought to be served. I hope that everyone will understand this has not been easy, but I think much has been achieved in terms of checks and balances as we proceed.

No one can deny that the awful arithmetic of American demographics confronts future Congresses with a demographic tsunami, and we have to find ways to keep our safety net strong without bankrupting our taxpayers and particularly our children and grandchildren. I think they would want us to do this carefully, to do it right, to do it on the basis of good policy instead of numbers which may, in some cases, be arrived at arbitrarily. But we are going to begin now because this budget should pass. I would say to all of my colleagues who are wondering, as I have, whether to vote for this budget: I have yet to vote for a budget with which I found myself in agreement with everything. I have never voted on a perfect piece of legislation.

But I also remember the time when my party was briefly in the minority and the majority party at the time was unable to come up with a budget at all, and we truly had a chaotic situation. We cannot have that if people are sincere about managing spending and setting this country on a path of promise-keeping, not just to those served, but also to today's and tomorrow's taxpayers.

So I ask my colleagues, particularly those who voted with me to remove the \$14 billion, to now vote in good faith for this budget that Senator GREGG has brought to the floor. It has been a difficult process, and again I say I believe our leaders are to be credited. They

have dealt in good faith. They have a tough job to do, and each of us in this Chamber has principles that we are trying to defend. But this is not the final number. The final number is done in the authorizing committees—in the House Commerce Committee and in the Senate Finance Committee. There is a long way to go. So to those who care about Medicaid, to those who are served by Medicaid: Be engaged and know that my office, my heart, my mind are open to you in order to do this right and not just to do it fast. But, having said that, it is necessary for us to go beyond where we are now, which is operating without a budget at all, because appropriations need to be made, important legislation has to pass, and a budget is the cornerstone of making all this work begin to proceed.

I thank Chairman GREGG for the time, for his understanding, and for his coming to the Senate and bringing the best budget we can produce under all the competing interests and demands.

This is, while not perfect—and I have a long list of things I would rather not be there—this is a beginning and not an ending. But we do not get to the end until we finish this budget.

I announce my support for it and urge all of my colleagues to join in approving it this evening.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I thank the Senator from Oregon. His efforts have been immense. Quite honestly, the budget would not be on the floor and we would not have a chance if it were not for the Senator's courtesy and efforts. He had strong points and made them very effectively. As a result, we will make progress here not only on the entire budget but on what I consider to be the core element of this exercise, which is trying to get a reasonable approach to one of the major entitlement accounts.

I congratulate the Senator. He has had a huge impact. The Senator knows how to get things done around here. I appreciate his courtesy to me.

Mr. President, the time until Senator CONRAD arrives will be charged to my account. When Senator CONRAD arrives, he will take an equal amount of time to what we have used. That was the unanimous consent we entered into. After that, I ask unanimous consent time spent in quorum calls during the consideration of the bill be counted equally against both sides, the majority and the minority, for debate time.

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

Mr. GREGG. Mr. President, the Senator from Oregon has made the point very well, but what is important is important to the majority, specifically, the essence of governance. You cannot govern unless you are willing to set out the principles by which you govern, especially the blueprint which is going to guide you in the governance activity.

Obviously, one of the most significant things done when you are the ma-

jority party and you have the presence, you make the decisions, basic decisions as to how the country's finances will be managed and how moneys will be spent and that they will be shepherded well.

These are tax dollars. People work hard. Every day people are putting in a full day's work and the Federal Government, every day, comes along and says, You worked all day long, we will take "X" percentage of the money you earned. We will take it right out of your pocket and we will spend it on a series of things.

What is important is that the American people first know what we are going to spend it on and how we will spend it—that is where a budget comes into play—and that we be good shepherds of those dollars and use them effectively so people can retain as much money as possible in their pockets to spend on what they know is important in their lives, and the Government does not take it and spend it for them and tell them how their money should be spent, and that we function in a way we get the type of government that delivers the services that are critical to making sure we can defend ourselves and take care of the less fortunate in this Nation, make sure we have strong education, make sure we have good health systems, that we can continue as a nation to have a vibrant and a strong economy.

This all starts with a budget. It is that simple. This is not the end of the product. This is the beginning of the exercise. If you do not have that blueprint in place, it makes the rest of the process extremely complicated and much more difficult.

It is critical we pass this resolution. I strongly believe this resolution is a responsible effort to try to bring our fiscal house in order and to make strides in the area of controlling the rate of growth in spending so it is affordable for our taxpayers, but, more importantly, so it is affordable for the next generations who will have to pay the burden we put on the books today.

It does, for the first time, take that step in the area of entitlement or mandatory spending which has become 59 percent of the Federal Government. A lot of people say, what about the appropriations bills? Appropriations bills are the discretionary side of the budget. They represent less than 30 percent of Federal spending. Half of that is defense, which we have to do today in a very aggressive way because we have been attacked and are at war and people are out there who want to harm us. I held a hearing this morning on terrorists relative to their desire to use biological and chemical weapons against us. It is very sobering, to say the least, but we have to defend ourselves and it will take a lot of money to do that.

Of about 30 percent, half is defense, and the other part goes to nondefense discretionary so it is not the large part of the budget, of the appropriations bills that come through. The most significant part of the budget is the part

of the entitlement accounts which never come across the Senate as individual spending items such as appropriations bills do. They simply are on automatic pilot. Absolutely the only way we can address policy effectively in mandatory accounts is through something called the reconciliation process.

To quickly explain, that allows for the committees that have jurisdiction over these entitlement programs that are already in place and that have grown radically over the years to take another look at those programs and see if they are working as well as they could work. Medicaid is a classic example of a program that needs another look, where if we adjust it so Governors have more flexibility, we have a slower rate of growth in dollars, they can probably do a lot more for a lot more people if we give Governors the type of powers they need to accomplish that.

Reconciliation is the only avenue for effectively doing that type of a review of the mandatory side of the ledger which represents 59 percent of Federal spending today. The reason it is the only effective way is because we all know nothing can go through this Congress—we have been shown that in the last few weeks—nothing goes through this Congress that is controversial without 60 votes. We also know any sort of mandatory change is going to be controversial. Reconciliation gives the opportunity to use a majority rather than a supermajority to review these programs and to make progress in restraining their rate of growth and making them more effective in delivering services. That is why this budget is a unique budget.

It is the first budget we have had a shot at passing in the last 2 years. The last 4 years we have only passed a budget twice. More importantly, since 1997, there has not been a budget which is a step forward to try to address the very critical element of where the Federal Government stands and how it spends money in the area of mandatory entitlement accounts which represent 59 percent of Federal spending.

With that, I reserve our time, recognizing it is going to run against our side of the aisle, with the understanding the ranking member, Senator CONRAD, will be here probably around 6 o'clock at which time I will yield the floor to Senator CONRAD.

I suggest the absence of a quorum with the understanding the time will run against our side.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. DEMINT). Without objection, it is so ordered. Who yields time to the Senator from Tennessee?

Mr. GREGG. Mr. President, I yield to the Senator from Tennessee such time

as he may consume or such time until the Senator from North Dakota gets here.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Is it in order for me to take about 7 or 8 minutes to speak on a subject other than the budget?

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

JOHN BOLTON

Mr. ALEXANDER. Mr. President, I thank the distinguished chairman. I am here to talk about President Bush's nominee to be our next permanent representative to the United Nations, John Bolton. I am privileged to be a member of the Foreign Relations Committee. A few weeks ago at Mr. Bolton's first day of hearing, I heard what I expected to hear. In fact, I was unusually impressed by what I heard. I listened to a man who has been confirmed four times by the Senate, who in the last 4 years has been Under Secretary of State for Arms Control and International Security, Assistant Secretary for International Organizations under the first President Bush, under whom I served, a person who graduated summa cum laude from Yale, received his JD from Yale, a person who helped repeal resolution 3379 equating Zionism with racism.

I listened very carefully. And while we have had a number of distinguished U.N. ambassadors, I rarely have seen anyone who had such a good grasp of diplomacy, of the United Nations, its resolutions, and its history. And during a period of about 7 hours, he handled himself well, and there were tough questions asked. I was impressed with the fact that he had been endorsed by five former Secretaries of State and by more than 50 former ambassadors. I was with one of those former ambassadors over the weekend, the former majority leader of this body, Howard Baker, with whom I and other Members had lunch Sunday. He remarked about how he had dealt with Secretary Bolton over the last 4 years in Tokyo. He liked him. He was impressed with him. He said he spoke frankly, that he would be a good ambassador.

The second day of hearings was a little different. I was surprised and disappointed by what I heard. There was a man named Carl Ford, who was well respected by members of the committee, who presented evidence that John Bolton had "chewed out," to use colloquial words, intelligence analysts in the State Department. Mr. Ford, to his credit, didn't like that because those persons were down the line.

Mr. Ford was a pretty good witness because he didn't overstate his case. He acknowledged that it wasn't unusual for policy people and intelligence analysts to argue, for policy people to hope for intelligence that supported their positions. He just didn't like the fact that in this case he had heard about—he wasn't there, he had heard about—that Mr. Bolton in effect chewed out

one of Mr. Ford's employees and Mr. Ford didn't like it. He told Mr. Bolton so and they exchanged words. That is what he said.

There have been some other things said about Mr. Bolton. I have had the privilege of being confirmed by the Senate and going through a hearing. I am surprised the number of things they can find to say about you when you go through a thing like that. I see the Senator from Massachusetts over there. He was chairman of the committee when I went through the nomination process, and the Democrats were in the majority at that time. So it is a good airing of about anything you can do and anything people can say about you. It serves a purpose.

There were some other things said. It was suggested that Mr. Bolton was misusing intelligence, compromising intelligence. But Mr. Ford himself said:

In this particular case—

The one he was led there to complain about—

there wasn't politicization [of the intelligence].

So that wasn't the case.

A little later, someone called up to say that Mr. Bolton had chased a USAID contractor around a Moscow hotel to stop her from damaging his client. This was when he was in the private sector. But then others, including the employer of that complaining person, disputed the complainer's account, and others did as well. So it boils down to the fact that the credible charge of Mr. Ford was that Mr. Bolton was rude to staff members below him in the bureaucracy.

I imagine Mr. Bolton is embarrassed by those charges. I didn't like to hear them. And perhaps he deserves to be embarrassed by the charges and perhaps he has learned a lesson. But what I heard doesn't change my vote, even though I hope it might change some of Mr. Bolton's ways of dealing with people with whom he works.

How significant is this charge that he was rude to people in the bureaucracy? As has been mentioned by others, if that were the standard for remaining in the Senate, we would have a hard time getting a quorum. There are regularly occasions when busy Senators, eager to make their own point, are rude to their staff and even shout at one another. In fact, the shouting was so loud in the Foreign Relations Committee room by some of the Senators, I could barely hear the charges about Mr. Bolton. That is not attractive, and I don't endorse it. It even caused me to think back about times that I may have become angry or impatient or startled in dealing with a staff member or another person, and made me redouble my efforts to make sure I swallow my pride and think about what I say and not do that anymore. It is not good business.

As I heard Senator VOINOVICH, who has a long reputation of caring for civil servants and caring about those things,

my guess is that was on his mind as well.

How significant is this? Here is what former Secretary of State Larry Eagleburger had to say about it Sunday in the Washington Post. This deserves special attention. Larry Eagleburger was Secretary of State for the first President Bush, but in a way he was more than that. He had 27 years in the foreign service. We hear about a football player is a football player's player or a man is a man's man or a woman is a woman's woman. Larry Eagleburger is a foreign service officer's Secretary of State. He had and has enormous respect from all those men and women who put their lives on the line around the world and in the United States in support of our diplomacy and foreign policy. Here is what he said:

As to the charge that Bolton has been tough on subordinates, I can say only that in more than a decade of association with him in the State Department I never saw or heard anything to support such a charge. Nor do I see anything wrong with challenging intelligence analysts on their findings. They can, as recent history demonstrates, make mistakes. And they must be prepared to defend their findings under intense questioning. If John pushed too hard or dressed down subordinates, he deserves criticism, but it hardly merits a vote against confirmation when balanced against his many accomplishments.

That is where I am. I think the benefit of hearing Mr. Ford's testimony might be a little bit of a lesson to Mr. Bolton and a reminder to the rest of us of how unattractive it is to shout at an associate or unnecessarily dress down a staff member. I agree with Secretary Eagleburger. John Bolton has a distinguished background and record. He has dedicated himself to improving our country's foreign policy. His action toward subordinates might have been inappropriate. Perhaps he has learned a lesson, but it doesn't cause me to change my vote. I am glad to support him.

This is a critical time for the United Nations. Even the Secretary General acknowledges it is in need of reform. Billions of dollars filtered from the U.N. coffers to Saddam Hussein's pockets in the oil-for-food scandal. Top human rights abusers such as Sudan sit on the Human Rights Commission. United Nations peacekeepers in Africa have been found to rape and pillage. Just today, the United Nations appointed Zimbabwe to the Human Rights Commission.

Now the United Nations has many important roles in the world. I am glad we have it. I want it to work, but I believe the President is right in his thinking, that we need to take action to help the U.N. reform itself, and that a frank-talking, experienced diplomat named John Bolton is an excellent candidate for that commission. I intend to vote for him in committee and on the floor. It is my hope that when we come back after the recess, we will have the long hearing as we usually do, and all

the Senators will have a chance to say what they have to say—hopefully without shouting at one another—and that we will report it to the floor and the Senate will approve Mr. Bolton's nomination and give him a chance to go to work in reforming the U.N.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. CONRAD. Mr. President, I rise in strong opposition to this budget. I believe it is a profound mistake for this country to stack additional debt upon already record levels of debt that I believe puts the long-term economic security of our country at risk.

The record is very clear. We now face record budget deficits, and we face them for as far as the eye can see. Those who have assured us repeatedly that deficits are being dealt with have failed the credibility test, and they have absolutely failed the test of fiscal responsibility. This budget bears no relationship to fiscal conservatism or fiscal responsibility, and this vote will be a defining vote on where Members stand with respect to fiscal responsibility for this country.

Here is the record on deficits. Since 2001 the deficits have soared to new records, levels we have never seen in the history of the country—\$412 billion in 2004 and very little improvement anywhere in sight.

As we review back to 1980 the relationship between spending, here is what we see. The red line is the spending line of the United States, the green line is the revenue line. We can see spending has been brought down as a share of gross domestic product rather steadily until this administration. In fact, it is interesting, in the entire 8 years of the Clinton administration, spending came down steadily as a share of GDP. We have now had an increase, largely as a result of the attack of September 11 because 91 percent of this increase is defense, homeland security, aid to New York, and aid to the air-lines.

Going forward, we see that spending will stay roughly at these levels going forward, with some slight additional increase as we get closer to the time when the baby boomers retire.

Look at the revenue line of the United States. Also during the Clinton administration, revenue rose each and every year so that finally we did away with deficits and, in addition, we actually stopped raiding the Social Security trust fund to use it for other purposes.

President Bush came to office, and the revenue side of the equation has collapsed. Last year, revenue was the lowest it has been as a share of GDP

since 1959. The President said when revenue was high as a share of GDP, we must have tax cuts. Now that revenue is at a 50-year low, the President's answer is more tax cuts. The result is a huge ongoing gap between spending and revenue that means ever-increasing debt, and all of it at the worst possible time before the baby boomers retire.

Here is what the Comptroller General of the United States said in a speech to the National Press Club on February 2 of this year. He said:

The simple truth is that our Nation's financial condition is much worse than advertised.

The Comptroller General of the United States had that exactly right. Our financial condition is far worse than advertised. In fact, my first chart showed the deficit at just over \$400 billion in 2004, at \$412 billion. But that is not how much was added to the debt that year. It was far more because the deficit understates the seriousness of our financial condition. So, too, does the budget that was sent to us by the President of the United States. The President told the American people that he is cutting the deficit in half over the next 5 years, but the only way he got there is just by leaving out things. He left out any war costs past September 30 of this year. Does anybody believe there is not going to be any war costs past September 30 of this year?

Here is what we have. The President sent up a supplemental. That passed the Senate and is in conference committee now. The supplemental is \$82 billion for ongoing military operations in fiscal year 2005 but nothing past September 30. Look what the Congressional Budget Office tells us should be in the budget: \$383 billion. That is their estimate of residual war costs.

Mr. SARBANES. Mr. President, will the Senator yield for a question on that chart?

Mr. CONRAD. Yes, I will be happy to.

Mr. SARBANES. As I understand it, the President's budget, and this budget resolution, do not provide anything for the long-term costs of Iraq, Afghanistan, and the continuing war on terror?

Mr. CONRAD. It does not. We have this supplemental, as the Senator knows, that is going through the process. We passed it in the Senate. It is in conference committee now. It is \$82 billion. Much of it will be spent this year; some of it will slop over to next year. This is what the Congressional Budget Office says should be in any realistic budget—not \$82 billion, but \$380 billion, and it is this gap which is part of the unrealistic nature of the budget that is before us and the budget the President sent us.

Mr. SARBANES. So the budget is not really presenting a true picture of what we can anticipate in terms of expenditures; is that correct?

Mr. CONRAD. No, it really is not. I think any objective observer in reading this budget would have to say it is not

a realistic picture of our financial condition. It just leaves out things. In fact, when the President's people came to me and told me how they were going to cut the deficit in half, I said to them: Why don't you just leave out some more things and claim you balanced the budget because it would have about as much attachment to reality as this has.

Mr. SARBANES. Are there other items they have left out besides the costs of Iraq and Afghanistan?

Mr. CONRAD. There certainly are other items. One of the items that is left out is the true cost of the President's tax cut proposals because the President switched from 10-year budgeting to 5-year budgeting, and I think here is why. The dotted line shows the end of the 5 years, and this chart shows the cost of the President's tax cut proposals. As we can see, it is very interesting, right after the fifth year of this budget, the cost of the President's tax cut proposals takes off like a scalded cat. None of that is captured by the President's budget because his budget ends right here at this dotted line. But look what happens right past the dotted line. The revenue hemorrhage escalates dramatically, and it is not just there, but it is also with respect to the alternative minute tax, the old millionaire's tax that is rapidly becoming a middle-class tax trap.

Here is the trend line of the cost to fix the alternative minimum tax. It is straight up, and there is no funding in the President's budget to deal with it. So with 3 million people affected by the alternative minimum tax last year, 10 years from now it is going to be 40 million people a year. It costs \$774 billion to fix. Last year, the President had 1 year of funding to deal with it. He has no funding in his budget this year to deal with it. And so, again, it is an unrealistic budget because it does not capture items we all know are going to have to be dealt with.

Perhaps most remarkably, the President's budget, as the budget before us, does not contain any money for the Social Security Program the President champions and that is championed by many on the other side of the aisle. There is no money. We know the President's proposal costs money. In fact, in the first 10 years, it costs \$754 billion. There is no money in the budget. Over 20 years, the cost of the President's plan is \$4.4 trillion—not a dime of it in the budget. This is not really a budget. It is a political statement, perhaps, but it is certainly not a budget.

When we go back and add back the items the President has left out, just the major items—the alternative minimum tax, the ongoing war costs, according to the Congressional Budget Office the cost of the President's privatization plan—instead of this trend line which the President is predicting, instead we see this hashed red line.

Over the next 10 years, this is where we see the deficits going under the President's plan. The budget before us

has much the same pattern, exploding deficits for as far as the eye can see and at the worst possible time, right before the baby boomers retire.

Mr. SARBANES. What would the deficits be if all of these things are included?

Mr. CONRAD. As we see these deficits, we go back to this chart, and the President is saying they will be in the \$200 billion range at the end of this 5-year period. We do not see that at all. As we can see, they will be in the \$350 billion range. Of course, this, too, underestimates the real magnitude of our problem because it does not capture all that is being added to the debt.

Look where this goes the second 5 years—to deficits of \$620 billion. In a moment I will get to how much is being added to the debt under this budget because I think that is critically important for people to understand. Our friends on the other side of the aisle talk a lot about deficits these days. They never talk about the debt. The debt is the accumulation of all the deficits.

Obviously we face a big demographic challenge going forward. I have indicated all of this is happening at a bad time because the baby boomers are about to retire. Here is what we see. We are going to go from about 40 million people eligible for Social Security and Medicare to 81 million eligible. That is a key reason we ought to be running more balanced budgets at this time.

The President told us back in 2002 that:

None of the Social Security surplus will be used to fund other spending initiatives or tax relief.

That is what he told us. None of the Social Security money would be used to fund other spending initiatives or tax relief. Now we are able to have the benefit of several more years and we are able to look at the record and see what the President's budget will do going forward. The President said none of the Social Security surplus would be used for tax cuts, or other spending initiatives.

Under the budget that is before us from the President and under the budget before us by the majority party, every penny of the Social Security surplus is going to be used under the President's plan for the next 5 years and, by extension, the next 10 years, \$2.5 trillion—\$2.5 trillion of payroll tax money, which is supposed to be used to support Social Security, being used to pay for other things. In effect, it is being used to subsidize his massive income tax cuts for the wealthiest among us, and being used to pay for other things.

The irony of this is the President says Social Security is \$3.7 trillion short over the next 75 years, but in his budget he is taking \$2.5 trillion of Social Security money in the next 10 years alone and using it to pay for other things.

I think this whole picture becomes more clear if one puts it all together.

This is the reason I so strongly oppose this budget that is on the floor. I say to my colleagues, anybody who votes for this budget should never make another campaign claim that they are fiscally responsible or fiscally conservative because this budget absolutely is a testimony to those who worship at the altar of debt. This budget builds debt on top of debt.

Going forward, this chart shows the Social Security trust fund surpluses, which are the green bars. The blue bars are the Medicare trust fund. The red bars are the President's tax cuts. What one sees is the Social Security and Medicare trust funds go cash negative at that very time the cost of the President's tax cuts explodes, driving us right over the cliff into massive deficit and debt. That is where this is all headed.

The President says Social Security is a problem and, of course, he is correct. The 75-year shortfall in Social Security is \$4 trillion. The 75-year shortfall in Medicare is 7 times as much. The 75-year shortfall in Medicare is \$29.6 trillion. This is according to the Social Security trustees.

One would say that is a big problem, that the President is not addressing this problem, not addressing these shortfalls. His proposals make it all worse. His proposals take more money out of Social Security. The budget that is before us takes \$2.5 trillion of Social Security money over the next 10 years and uses it to pay for other things. Then the President comes with a proposal and says establish private accounts and divert more money out of Social Security, another \$700 billion over the next 10 years. Over the next 20 years, he is talking about diverting over \$4 trillion out of Social Security. That is real money. It is no wonder Social Security has a shortfall. The President is helping to create the shortfall.

The President told us in 2001:

... (M)y budget pays down a record amount of national debt. We will pay off \$2 trillion of debt over the next decade. That will be the largest debt reduction of any country, ever. Future generations shouldn't be forced to pay back money that we have borrowed. . . .

These are not my words. These are the President's words. The President said:

... Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our children and grandchildren.

Those are good words. The President was right to utter them. The problem is if one compares the record to the rhetoric, there is no connection.

Mr. SARBANES. Would the Senator yield for a question?

Mr. CONRAD. I would be happy to yield.

Mr. SARBANES. When did the President make that statement?

Mr. CONRAD. That was made in March of 2001, when, the Senator will recall, he was assuring us we could afford to have a massive defense buildup,

deep tax cuts, that it would all add up and he would be able to protect Social Security and Medicare, not use the money for other purposes, and he would have maximum paydown of the debt. He was wrong on every single count. He was wrong by a country mile.

Mr. SARBANES. Grievously wrong. I gather we will probably see the true picture of what has happened over the succeeding 4 years, but we continue to run these deficits and we are getting deeper into debt all the time. Is that not correct?

Mr. CONRAD. It is very interesting to compare this statement where the President says he is going to have “the largest debt reduction of any country, ever. Future generations shouldn’t be forced to pay back money that we have borrowed,” but here is what has actually happened. There is no debt reduction. The debt is exploding. This is just the publicly held debt. The gross debt would be even a worse picture.

I have taken the debt that is the most restrained version of the debt of the United States. The President inherited \$3.3 trillion in debt in 2001. Under his plan, we are headed for over \$9 trillion of debt by 2015. Increasingly, this money is being borrowed from abroad.

Mr. SARBANES. Would the Senator yield for a question?

Mr. CONRAD. I would be happy to.

Mr. SARBANES. If the debt keeps running up, then the carrying charge on the debt goes up every year. So more and more of the annual budget is consumed in order to pay the interest charge on the debt that was built up because deficits have been run before, is that correct?

Mr. CONRAD. The Senator is exactly correct. I think one of the things that is so disturbing about this is an increasingly large part of our budget is being consumed by interest costs to service this debt. It is going to do nothing but get worse. Part of the result of that is, not only are we borrowing money from ourselves but increasingly we are borrowing money from abroad. If we look at what we now owe abroad, here is what we see. These are stunning numbers, I might say, but this is the latest information we have on what we owe other countries.

We owe Japan over \$700 billion. We owe China, now, almost \$200 billion. We owe the United Kingdom over \$171 billion. I am reading a book on George Washington. He would be turning in his grave to think our country owes Great Britain \$171 billion. We owe the Caribbean Banking Centers over \$100 billion. I don’t know what the Caribbean Banking Centers constitute, or where they get their money, but we owe them over \$100 billion. We owe South Korea over \$67 billion.

The pattern that is so clear is the extraordinary increase in foreign holdings of our debt. The foreign holdings of our debt have increased almost 100 percent since President Bush took office. That is an utterly unsustainable course. Foreign holdings of our debt

have gone up almost 100 percent since 2001.

Some people look at that and ask, what difference does it make? Isn’t that just fine, someone is willing to loan us money? Shouldn’t we take Japan’s money? Shouldn’t we take China’s money? What is the difference it makes?

Here is the difference it makes: What happens when they decide to quit loaning us all this money? What happens if they decide they do not like the idea of loaning us this huge amount of money?

This was in the Financial Times in January of this year “Central banks shun U.S. assets.” “Shifting reserves to eurozone will deepen Bush’s difficulties in funding deficit.” “Actions likely to undermine dollar’s value further.” We can connect the dots.

Here is what has happened to the value of the dollar since 2002. Against the Euro, the dollar has declined 34 percent. If you were one of these countries holding all of these dollars and you see the value of the currency declining, might you get the idea it is time to put your money some other place? We have already seen the warning signs. South Korea, a month or so ago, indicated they might diversify out of dollar-dominated securities and the stock market went down 170 points. Weeks later, the Japanese Premier said they might diversify out of dollar-dominated securities and the dollar took a huge hit. In March of this year, perhaps the most successful American investor of our time, Warren Buffett, said he is going to bet against the American dollar again this year because of this pattern. The currency value is declining, and declining sharply. Warren Buffett tells us a key reason is these massive deficits we are running—trade deficit, budget deficit—are forcing us to borrow more and more money from abroad.

I say to those who might be listening, how does it make America stronger to borrow more and more money from abroad? How does that make us stronger?

Mr. SARBANES. Mr. President, that is the question I wanted to put to my colleague.

As I understand what is happening, we are becoming increasingly dependent economically on countries abroad. We are losing control over our own economic destiny.

They say, well, they are still willing to lend us this money. That may be, but in the course of doing it, we become more and more dependent upon them. They can continue to give us the money, we get deeper and deeper into the hole, which then raises the prospect that if they shift their policy, we can take a very serious hit. There is no commentator I have read who believes we can continue on this path indefinitely. At some time there will be a reckoning.

What has happened is the United States has become dependent on the kindness of strangers. We say we are

No. 1, that we have the world’s strongest economy. Yet we are in hock to everyone around the world.

The Senator showed the figures of the holdings of other countries. The China figures, which are still well short of Japan, are going up on an ascending trend that is almost breathtaking in terms of how much deeper we get into hock.

I ask the Senator, not only does that have serious economic implications, but doesn’t it also reduce our ability to deal on important political and security issues when we are this indebted and this dependent on others in economic terms? They are in a position to give a real jolt to our economy if they choose to do so, which then, it seems to me, restricts our ability to deal on a whole range of other issues we may have with one or another of these countries.

Mr. CONRAD. Here we face these massive trade deficits. The trade deficit was over \$600 billion last year. For the most recent month, after the dollar has declined dramatically, it is supposed to improve our trade situation. What happened to the trade deficit? Did it go down? No. In the most recent month, the trade deficit was \$61 billion, the biggest ever. That is after the dollar has declined 34 percent. It makes our goods less expensive and makes foreign goods more expensive. That should have improved our trade position, and yet it did not.

We have a problem. The sooner we face up to it, the better. None of this adds up.

You can live beyond your means for a time. A family can do it. An individual can do it. A government can do it a lot longer because governments can print money. But there are consequences to that, as well.

Those who say deficits do not matter, go ask the German people about after World War I. Ask them whether they think deficits matter. We all know what happened in Germany after World War I. The currency collapsed because of their heavy foreign indebtedness after the war.

What did they do? You wanted to buy shoes? You filled a wheelbarrow full of the German currency because that is what it took to buy a pair of shoes.

We are not in that shape, and God forbid we ever get in that shape, but the trend lines are not favorable. They are not good.

Our foreign holdings of our debt have gone up almost 100 percent. In fact, that chart is a little out of date because the truth is, it is already over 100 percent. That is what has really happened. This debt is mushrooming every year, and under the budget that is before the Senate the debt of the United States is going to go up \$600 billion a year each and every year of this budget.

They say they have the deficit going down, and yet the debt is going up. What kind of doubletalk is that? The deficit is going down, but the debt is

going up. It is going up \$600 billion a year, every year. Anyone who votes for this budget is voting for it.

The budget before the Senate leaves out the full 10-year numbers because they know past the 5 years everything gets worse. It leaves out funding for the ongoing war beyond fiscal year 2006. It leaves out the alternative minimum tax reform. It leaves out the cost of Social Security privatization. When you add it all back, you get a very different result than our colleagues are showing the American people.

When you go back and create a real budget, here is what we find. Deficits, massive deficits each and every year going forward, never going below \$572 billion. That is not the full increase in the debt. This leaves out things which we will get to in a moment.

Our friends on the other side say, well, we are reducing the deficit. In one meeting we had—in the conference committee Democrats were excluded, absolutely excluded from the negotiations on this budget. Let me repeat that: Democrats were not allowed or permitted to be in the room when these discussions were undertaken.

Mr. SARBANES. Will the ranking member yield on that point?

Mr. CONRAD. I am happy to.

Mr. SARBANES. Would the Senator agree with me that is an outrageous departure from the traditional practice in terms of how conference committees ought to operate? Traditionally, conference committees have met, both parties have been included in the conference committee, debate has taken place, issues have been raised, and decisions made. The majority may be able to impose their decisions because that is how it gets decided, but there is an opportunity to try to shape the debate and have an influence on what is decided.

In this instance, the Democratic members of the conference committee were completely excluded, except for one show-and-tell meeting that was held, a pro forma meeting.

Mr. CONRAD. Required by the rules.

Mr. SARBANES. Yes. Which had to be done; otherwise, presumably, it never would have happened. All these decisions were made by—and only by—the Republican members of the conference committee from the House and the Senate.

Now, it is an abuse of power, in my opinion. It is another reflection of an arrogance of power in terms of how the institution ought to operate. I think it is very important to register the point that this is what transpired. The American people need to understand that this budget resolution was not the consequence of a give-and-take in the normal legislative way. This was done by the majority simply imposing their will.

Mr. CONRAD. That, in fact, is the case. We were excluded in every way. The only time we were included is at the meeting that is required by the rules. There is a requirement there be

at least one meeting of the conference committee, and we were there. We made our statements. We were ushered out, and that was the end of the conversation. I said I do not think that is the way our Forefathers intended the process to work. One of our colleagues on the other side said: Well, our Forefathers never envisioned political parties. That is true; they did not envision political parties. But they did envision the abuse of power by a majority. That is one of the things that consumed them in writing the Constitution of the United States. They were deeply concerned that a majority would run roughshod over the rights of a minority. They did not see it in terms of political parties. They did see it in terms of majority power and minority rights. This majority has adopted the view that it is only about majority power. That is a mistake. That is not what the Founding Fathers intended.

Here are the results of that kind of mistake. When you look at the deficits, our colleagues say they are going to improve the deficit. But in fact, here, as shown on this chart, is a comparison of the budget conference report and the deficits it produces compared to what would happen if we put the Government of the United States on autopilot.

If we just used the CBO baseline, we would have lower deficits than is produced by the work of this conference committee and the majority. In fact, they have increased the deficits by \$168 billion over 5 years, over the CBO baseline. So they have made the deficits worse by \$168 billion in comparison to what would have happened if we would have just put the Government on autopilot. When our friends say they are going to cut the deficit in half over the next 5 years, here is the strongest answer in factual terms I know of. It is right here. This is the fiscal year 2006 budget resolution from the GOP conference report. This is their own document, their own calculation, of what is going to happen to the debt of the United States each and every year under this budget. Here is what it says. It is not my document. This is their document. They say that the debt is going to go up by \$683 billion the first year, by \$639 billion the next year, by \$606 billion the third year, by \$610 billion the fourth year, by \$605 billion the fifth year.

Where is the deficit cut in half? Where is it? Every year the debt is going up by over \$600 billion. Just visually, on this chart, this is what we see. They are building a wall of debt. Here is where the debt stood, debt subject to limit, and where it will stand at the end of this fiscal year in September. If this budget is adopted—and I pray it is not, for the good of this country. For the economic security of America, I hope this budget is not adopted. Why? Because it builds a wall of debt. Each year, each and every year, the debt climbs by another \$600 billion under this budget resolution.

Anybody who votes for this budget ought never to again claim they are

fiscally responsible or fiscally conservative because they are taking us on a path of deficits and debt and decline unparalleled in American economic history. That is where this is all headed.

Mr. SARBANES. Will the Senator yield for a question?

Mr. CONRAD. I am happy to yield.

Mr. SARBANES. As this wall of debt is built up, I want to come back again to the carrying cost on that debt. It has to be understood, in each annual budget, there is going to be a larger and larger amount to cover the interest charge on this expanding debt that is being built up year to year. Furthermore, if we run a risk that other countries are not going to want to hold our paper, as they are doing, we are probably going to have to raise our interest rates. In fact, interest rates are already on the way up, in any event. If you have to raise them even more, to get others to continue to hold our paper, the carrying charge is going to go up.

So the carrying charge is going to go up because the debt is going up, and it is also going to go up because the interest rates will be going up. So there will be a double blow dealt to the American economy, and a bigger and bigger chunk of each year's budget will be eaten up in paying the interest charges on this enormous debt. Isn't that correct?

Mr. CONRAD. What is stunning here is who is it going to go to? It used to be America financed its own debt; that is, we borrowed the money from ourselves. Increasingly, we are borrowing the money from abroad. Increasingly, we are dependent on the decisions of foreign central bankers to finance our voracious appetite for foreign capital.

The Senator is exactly right. As the debt increases, even if interest rates remained unchanged, the interest cost would go up because of the increasing debt, the increasing borrowing that we are doing as a nation. On top of that, we know the increasing debt will put pressure to increase interest rates because people are going to keep making us these loans, especially when the value of our currency is declining.

The only way to offset that is to increase the interest rates. So then you get hit by a double whammy, the double whammy of increased interest because your debt has increased and also it is increased because interest rates are increasing.

Mr. DORGAN. Mr. President, I wonder if my colleague, the Senator from North Dakota, would yield for a question?

Mr. CONRAD. I would be happy to yield.

Mr. DORGAN. Mr. President, I notice on our desks there is something called the conference report. It is what I asked Senator CONRAD about earlier today, whether he was aware of what was in the conference report. I guess that was at about noon or 1 o'clock. I believe the Senator responded that he

was not aware at that point because he had not seen it.

But because this is called a conference report, I would ask the Senator—you are the ranking member on the Budget Committee here in the Senate—were you a part of the conference? Were you a conferee?

Mr. CONRAD. Well, I was, in the sense that my colleagues chose me as a conferee, along with the distinguished senior Senator from Maryland, Mr. SARBANES, as well as the senior Senator from Washington, Mrs. MURRAY, but we were not invited to any of the working sessions. We were not invited to any of the negotiations. We were not invited to be any part of any of the discussion, other than the one meeting that is required by rule. It was a public session of the conference committee in which we were permitted to make short statements, but we were not part of any negotiation or any discussion.

(Mr. ALLEN assumed the Chair.)

Mr. DORGAN. Just to further inquire, you were selected by the Senate to be a conferee to this conference but, in fact, were not invited to the conference; is that the fact?

Mr. CONRAD. That would be the fact.

Mr. DORGAN. Let me ask the question: I asked midday whether you knew what was in this conference report, and I well understand now why you could not know if the conferees on this side of the aisle were not welcomed to the conference. In fact, if the conference was held without participation from the minority party, then I understand this report is produced, in whole, by the majority party. It is a big, thick document stuck on our desks maybe midafternoon or late this afternoon.

I was listening to the debate by my colleague, Senator CONRAD, and he was talking about deficits and debt. I thought maybe someone would challenge him on his figures. Wouldn't it be the case that it would be hard to challenge your figures because they come from page 4 and page 5 of the budget prepared by the majority party? In fact, what it says on page 4, which is their conference report—a conference they didn't allow the minority to participate in—is that each and every single year, they are going to have massive amounts of deficit spending. And they start with \$7.9 trillion of debt on page 4 and end up with \$11.1 trillion. Yet they are out here thumbing their suspenders, boasting about how terrific they are at reducing the Federal deficit.

Can you show me any place in here where they are reducing the Federal deficit? It looks to me, on page 4 or page 5, they are filling the tub with deficits.

Mr. CONRAD. Here it is. This chart shows graphically precisely, according to their numbers—not my numbers; these are their numbers—what they say their budget will do. It says they are going to increase the debt every year by \$600 billion. They say they are going to cut the deficit in half over 5

years, but the debt goes up each and every year by over \$600 billion. If that isn't doubletalk, I don't know what is. They say the deficit is going down, but the debt is going up. It is their own calculations. They are building a wall of debt that is unprecedented, and they are doing it right before the baby boomers begin to retire, and we all know what that means. They are going to present a future Congress and a future President with the most extraordinarily difficult choices that any Congress or any President has faced in this country's history because this is a complete lack of fiscal responsibility—deficits on top of deficits on top of debt, up, up, and away, no end in sight, and all of it at the worst possible time, before the baby boomers retire.

I say to my Republican colleagues: Any Republican colleague who votes for this budget ought to make a pledge here tonight that they will never again claim the mantle of fiscal responsibility, that they will never again claim to be fiscally conservative, because this is a borrow-and-spend budget of historic proportion. Our friends on the other side of the aisle have decided that the way to win elections is to borrow the money and use it to fund tax cuts and use it to fund spending and don't worry about anything adding up because they will be out of town before the bills come due.

Mr. DORGAN. If I may inquire further, isn't it the case that this budget document is actually a budget document that is wearing makeup? If you take the makeup off this document, what does it look like? Let's assume they put everything in this document that they know is going to happen. Then what does it look like? As bad as it is now, isn't it the case that this becomes a fiscal catastrophe?

Mr. CONRAD. In some ways, it is almost hard to place language on this document. The Senator says it has makeup. This isn't pretty with or without the makeup because the results of this are going to be a country that is deeper and deeper in debt, whose long-term economic security is put at risk, that more and more is dependent upon the decisions of foreign central bankers on our economic well-being. The harsh reality here is that you can live beyond your means for a while, but it catches up with you. And that is what this budget represents.

Our friends on the other side of the aisle want to spend money. Make no mistake about that. The spending is going up under this budget. They just don't want to pay for their spending. They prefer to borrow the money. They don't want to raise the taxes necessary to support their spending.

One could have more respect for their position if they did one of two things: if they either cut their spending to match their willingness to pay for it by raising revenue or if they were willing to raise the revenue to match their spending appetite. But our friends on the other side of the aisle are not will-

ing to do either. They want to spend the money, but they don't want to raise the revenue to pay for it. Instead, their answer is, borrow the money. Borrow the money to fund tax cuts. Take the money from the Social Security trust fund, \$2.5 trillion.

They say Social Security is short of money. So what is their answer? Their answer is to take \$2.5 trillion out of it to pay for income tax cuts that go primarily to the wealthiest among us.

Here is the evidence of that because buried in this budget are additional tax cuts, dividends, capital gains that will give on average to those who are earning over \$1 million a year in our society a \$35,000 tax cut per year. For those who earn less than \$50,000 a year, the vast majority of Americans, they will get \$6 a year. This is our Republican friends' notion of a balanced plan—\$35,000 a year for those who earn over \$1 million a year, \$6 for those who earn less than \$50,000 a year. And for those who are fortunate enough to earn \$50,000 to \$200,000 a year, they would get \$112. That is our Republican friends' notion of tax fairness.

Mr. SARBANES. Will the Senator yield?

Mr. CONRAD. I am happy to yield.

Mr. SARBANES. The number of people in this country who earn over \$200,000 a year is less than 1 percent of all taxpayers, is it not?

Mr. CONRAD. It is.

Mr. SARBANES. It is a tiny group. So this tiny group under this chart will be receiving the overwhelming proportion of this tax cut that is included in this budget resolution.

Mr. CONRAD. Those who earn from \$200,000 to \$1 million a year get on average \$1,480 under the tax cut plan that is contained here. Again, those who earn more than \$1 million a year get, just on these tax provisions—by the way, these are just a couple of the tax provisions. This does not include the estate tax provisions that go overwhelmingly to the wealthiest among us. Just these two tax provisions would give \$35,000 a year to those earning \$1 million a year and \$6 of tax cut to those who earn less than \$50,000. It will give \$112 to those who earn between \$50,000 and \$200,000.

I would just say that the priorities of this budget are also out of whack. This budget, in the year 2006, for those fortunate enough to earn over \$1 million a year, the tax cuts going to that group of people will cost \$32 billion in that year alone. That is the cost of the tax cuts for those earning over \$1 million a year in that year alone: \$32 billion. But they say there is not the money to restore the education cuts that are contained in this budget which would cost \$4.8 billion. They say there is no money to do that. But there is eight times as much money to give tax cuts to those earning over \$1 million a year. I guess one could say our Republican friends have said: It is seven times as important to give these tax cuts to those earning over \$1 million a year as it is to restore these education cuts.

I don't share those priorities. I believe those are misplaced priorities. I don't think those are the priorities of the American people. They are profoundly wrong for the long-term economic strength of our country.

Mr. SARBANES. Will the Senator yield for a question?

Mr. CONRAD. Yes.

Mr. SARBANES. Is the \$32 billion—the cost of the tax cut that goes to those making over a million dollars, is that just for 1 year?

Mr. CONRAD. That is for 1 year.

Mr. SARBANES. So, presumably, in the following year it will cost another \$32 billion?

Mr. CONRAD. Actually, even more the next year.

Mr. SARBANES. That gives you a clear picture of what the priorities are in this budget. The priorities are to give \$32 billion in tax cuts to millionaires, and yet to cut the education programs to almost below what they were in 2005; is that correct?

Mr. CONRAD. It is very hard to understand this set of priorities. The Senator is exactly correct. This is the amount this budget would need to add to restore education programs to the 2005 level. It would require \$4.8 billion. They say, no, they cannot do that because they have to give \$32 billion of tax benefits to those earning over a million dollars a year. And it is not just with respect to education, although I argue that education is the clearest priority for our country. What is it that will allow us to compete in this global world economy? What is it that is going to allow us to compete and win? It is having the best-educated, the best-trained workforce, and having the most efficient system to disburse the resources we have, to employ them in the most competitive and effective way. That is what is going to make us dominant.

You can see we are slipping. We are running these massive trade deficits. Does anybody care? Is anybody paying attention? It is not just in education. It would cost \$1.1 billion to maintain funding for law enforcement. But, no, they say you have to cut the COPS Program, shred the COPS Program. The COPS Program put 100,000 police on the street and helped reduce crime in this country. They say that has to go, we cannot afford it; but we can afford 30 times as much to give tax cuts to those earning over a million dollars a year.

A budget is a chance to make choices. That is what it is about. It is about priorities, about what is important. The choices that are being made by our friends on the other side are the choices to add to the debt, add to the deficits, take all the money from Social Security trust fund surpluses—every dime—and use it to pay for other things, including tax cuts that go overwhelmingly to the wealthiest among us.

Are those the priorities of the American people? You know, even wealthy

people I talk to say these are not their priorities. I have had so many wealthy people say to me, "I don't need another tax cut." A gentleman stopped me the other day—an enormously wealthy individual—and he said: Look, what matters to me is how my country does. I have been very fortunate. I have done extremely well here. I want others to have the chance I had.

That means they have to have a chance to get a good education, and that means our country has to do well. I don't know of a country anywhere, ever, that has gotten stronger by becoming more dependent on borrowing from other countries. I would like some of our colleagues to come out here and tell me what country became stronger by borrowing more money from foreign countries. Where is it written in history that a country made itself powerful and strong by borrowing more and more money from other countries? You know, so many people have warned us we are on an unsustainable course. The Comptroller General of the United States warned us we are on an unsustainable course of deficits and debt. The Chairman of the Federal Reserve Board has warned us we are on an unsustainable course of deficits and debt. Another thing the Chairman of the Federal Reserve Board told us is, you ought to reinstitute the budget disciplines that helped this country in the past, those budget disciplines that apply to both the spending and the revenue side.

But this budget doesn't do that. This budget has pay-go provisions that apply on the spending side. Here is what Chairman Greenspan said:

A budget framework along the lines of the one that provided significant and effective discipline in the past needs, in my judgment, to be reinstated without delay. I am concerned that, should the enforcement mechanisms governing the budget process not be restored, the resulting lack of clear direction and constructive goals would allow the inbuilt political bias in favor of growing budget deficits to again become entrenched.

He said that in 2003 before the Senate Banking Committee. The Chairman of the Federal Reserve Board was right about that matter. But that is not what our friends have done here. They have not restored the budget disciplines that worked in the past. No, no. They have taken half of the formula.

The New York Times ran an editorial on Wednesday: "In Search of Budget Moderates." I would write a different headline. My headline would be: In Search of People Who Are Fiscally Responsible.

If you want to spend the money, raise the revenue to pay for it. If you don't have the stomach for raising the revenue to pay for it, cut your spending. Those are the choices that were put before our Republican colleagues. They chose to do neither. They chose instead to run up the debt of this country, which is already at record levels, and they said: Caution to the wind, let's add to the debt \$600 billion a year each and every year of this budget. That is what is here. It is their own estimates. It is their own claims

about their own budget. It is not somebody else's calculations; it is theirs and they are responsible. They will be held accountable for their votes tonight.

Mr. DORGAN. Will the Senator yield for a moment?

Mr. CONRAD. Yes, I am happy to.

Mr. DORGAN. The Senator made a very powerful presentation, as usual. This is an embarrassment—this train wreck of a budget that was brought to the floor of the Senate in a manner that excluded the minority party from participating, in a manner that excluded those who were designated as our conferees from participating, brought to the floor the afternoon it is to be considered. The only thing that trumps the bad numbers here is the bad judgment.

A hundred years from now, everybody here will be dead. Historians can look at this and determine what were our priorities, what was important in this country to the policymakers, and how they spent the money. This is an embarrassment, a train wreck. We are going to have a lot of discussion about choices and judgment. That is important, the choices of: What did we decide to invest in? Who got the tax cuts?

That is important. But the bad numbers the Senator has spoken about are staggering. I know nobody is going to come to the floor to respond directly to what he has described because there is no response to it.

As I conclude, I will say that some while ago somebody told me you don't understand the economic strategy that is employed here: Don't worry about the deficits; spend all this money, and give big tax cuts to upper income folks. Katie bar the door. Don't stare problems directly in the eye; don't deal with them. Let me explain it to you. You take three glasses and one apple. Cut the apple in half and put one-half in the first glass, put the other half of the apple in the second glass, and the third half in the third glass. I said: But there are only 2 halves.

He said: You don't understand our economic strategy.

I said: No, I sure don't.

That is exactly the basis on which they create a strategy. It is a mirage, a total myth. This document pretends to do something it doesn't. It is an embarrassment. The minority was not allowed to come to conference, and the majority that is supposed to represent the conservative movement in the United States has become the biggest spenders in the history of this country and the biggest supporters of Federal debt and deficits we have ever seen. And that is in this document. Do not take it from me, it is not my word, it is in black and white on page 4 and page 5. I am very anxious tonight for somebody to come down here and describe why and how they got to this point and how they justify it.

I appreciate the Senator yielding.

Mr. SARBANES. Mr. President, will the Senator yield for a final question?

Mr. CONRAD. Yes, I will.

Mr. SARBANES. The Senator has spoken in a very articulate way about fiscal responsibility. My own understanding is, looking back at history, when we have gone to war, as the President took us to war in Iraq, we have usually raised taxes to help cover the cost of the war or at least cover part of the cost of the war in an effort to be fiscally responsible.

In this administration, we went to war and, if I am not mistaken, at the same time the administration was pushing for tax cuts. So we were again being hit doubly. The cost of the war was being imposed on the budget affecting our deficit and debt situation, and at the same time they were seeking tax cuts—in other words, diminishing revenues—which also affected negatively our deficit and debt situation, and that is contrary to fiscal responsibility and contrary to what has happened in previous war engagements; is that not correct?

Mr. CONRAD. It is correct. Here we have a situation in which we are at war, and we have had very substantial tax cuts already. Last year the revenue was the lowest it has been as a share of gross domestic product since 1959. The deficits are at record levels. And the President's answer is spend more money and cut the tax base further, expanding the deficits, expanding the debt, and doing it all right before the baby boomers start to retire. It is truly a reckless course the President is taking us on. It is a reckless course. I hope at some point colleagues on both sides of the aisle will get serious about the long-term economic security of the country.

The Senator from Massachusetts has been extraordinarily patient. Mr. President, Senator KENNEDY has very graciously offered to wait until the Senator from West Virginia has concluded his remarks. We certainly thank him for his consideration. I yield such time as the Senator from West Virginia may use.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I thank the distinguished Senator from North Dakota and I thank the distinguished Senator from Massachusetts. The Senator from Massachusetts has been waiting prior to my arrival on the floor. I have no problem with waiting until he is recognized.

Mr. KENNEDY. Mr. President, I thank the Senator for his generosity, but I look forward to listening to the Senator from West Virginia. I know we are going back and forth. I ask unanimous consent to proceed after the Senator from West Virginia.

The PRESIDING OFFICER. Will the Senator state his request once again? The Chair was unable to hear it.

Mr. KENNEDY. I was asking for recognition after the Senator from West Virginia. I withhold.

The PRESIDING OFFICER. I say to the Senator from Massachusetts, the time is under the control of the Senator from North Dakota.

Mr. CONRAD. How much time would the Senator like?

Mr. KENNEDY. If I could have a half an hour.

Mr. CONRAD. I am pleased to yield 30 minutes to the Senator from Massachusetts after the Senator from West Virginia has concluded.

Mr. KENNEDY. Mr. President, do I have it correct, I will have the opportunity for recognition after the Senator from West Virginia?

The PRESIDING OFFICER. The Senator from Massachusetts is correct, and the time for the Senator from Massachusetts is under the control of the Senator from North Dakota who stated that after the Senator from West Virginia has concluded, the Senator from Massachusetts will have 30 minutes to speak on the measure.

The Senator from West Virginia has the floor.

Mr. BYRD. I thank the Chair. Mr. President, I thank again my friend from Massachusetts. I will try to be brief so that I do not impose on the Senator from Massachusetts.

Mr. President, in his book, "Profiles in Courage," John F. Kennedy recalls the tale told by Lucius Quintus Cincinnatus Lamar, a U.S. Senator from the State of Mississippi. And I read from John F. Kennedy's book:

Lamar, in the company of other prominent military and civilian officers of the Confederacy, was on board a blockade runner making for Savannah harbor. Although the high-ranking officers after consultation had decided it was safe to go ahead, Lamar related, the Captain had sent Sailor Billy Summers to the top mast to look for Yankee gunboats in the harbor, and Billy said he had seen ten. That distinguished array of officers knew where the Yankee fleet was, and it was not in Savannah; and they told the Captain that Billy was wrong and the ship must proceed ahead. The Captain refused, insisting that while the officers knew a great deal more about military affairs, Billy Summers on the top mast with a powerful glass had a much better opportunity to judge the immediate situation at hand.

"Profiles" quotes Senator Lamar:

Thus it is, my countrymen, you have sent me to the topmost mast, and I tell you what I see. If you say I must come down, I will obey without a murmur, for you cannot make me lie to you; but if you return me, I can only say that I will be true to love of country, truth, and God . . .

So ends the quote from John F. Kennedy's book, "Profiles in Courage."

Mr. President, I have been to the topmost mast. As the senior member of the Appropriations Committee that must implement this budget, as a Senator from a State that will suffer under this budget, as a taxpayer who must bear the debt burden of this budget, I see herein calamity, tragedy, and callous indifference.

Budget deficits, we now know, are not short-term aberrations emanating from an economic recession or the attacks of September 11, as some have long maintained. They are the inevitable result—the inevitable result—of structural imbalances embedded deep within this administration's failed fiscal policies.

From \$158 billion 3 years ago, to \$375 billion 2 years ago, to \$413 billion last year, to \$427 billion this year, this administration proposes record deficits for today, for tomorrow, and for the indefinite future. So this talk about cutting the deficit in half is fiction, nothing else but fiction. This budget excludes the long-term costs of military operations in Iraq. It excludes the costs of Social Security reform.

It looks no further than 5 years down the road, effectively concealing the consequences of the administration's proposals for more tax cuts. The American people must think Congress is out of its mind to believe that a budget that proposes such enormous deficits, while excluding so much, could serve as an example of tough decisions. Well it "ain't" so. Rising deficits suggest just the opposite—an inability to make tough decisions. For that matter, cheap shots at programs for the elderly and poor and for rural America hardly represent tough choices.

The administration has been clear that despite the deteriorating budget, it will not sacrifice its political priorities. The sacrifice, it insists, must come from others, must come from somebody else, must come from somewhere else; from veterans, who need health care; yes, from families who cannot afford to heat their homes; yes, from students who require Federal loans; oh, yes, from our police and firefighters who need training and equipment to cope with new dangers.

In my State of West Virginia, this budget will result in tens of millions of dollars in cuts for our schools, tens of millions of dollars in cuts in nutritional childcare and family services for lower income families. It will eviscerate economic development programs, likely resulting in half a billion dollars in cuts for the State and its localities over 5 years. Yes, let them suffer the cuts. It requires cuts in Medicaid. It requires cuts in other programs that will deny affordable health care to seniors and to families across the States. All together, the cuts included in this budget amount to nickels and dimes within the context of the \$2.5 trillion budget. They do not fix the deficit problem. Talk about cutting the budget deficit in half, they do not fix the deficit problem. Even with these cuts, this budget will worsen the deficit by \$33 billion this year. Think about that. The Congress is proposing to cut investments that are essential to the care of our seniors, essential to our veterans, essential to our schoolchildren, and the result is a \$33 billion increase in the budget deficit.

Our constituents must wonder for what they are being asked to sacrifice. A few simple phrases describe this budget: High deficits and debt, more tax cuts for the wealthy that we cannot afford, more cuts to programs for the elderly, more cuts to programs for veterans, more cuts to programs for the schoolchildren, and not a dime to ensure the solvency of the Social Security and Medicare Programs.

I think highly of the Senator from New Hampshire. I am very fond of him. I admire him greatly. He has done yeoman's work as chairman of the Budget Committee. I cannot support this budget. I defer to that great Senator's expertise on many budgetary matters. He is absolutely superb as a chairman, but the only right vote that I can see from the topmost masts that I have climbed is a vote against this budget.

I again thank my friend from Massachusetts, Senator KENNEDY. I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. I believe I have up to 30 minutes; is that right?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. Mr. President, I first want to congratulate the Senator from North Dakota and my two other colleagues, my old friend and colleague from Maryland, Senator SARBANES, and Senator DORGAN, for their excellent presentation in terms of the budgetary impact of this budget.

I think they have explained very clearly, eloquently, and passionately the severe risks that this budget puts in terms of the economic future of this country and its relationships and dependency on other countries throughout the world.

I would like to address another aspect of this budget, and that is with regard to domestic priorities that are front and center for most families in this country. First, I would like to discuss the priority of education, and then, second, the budget cuts in Medicaid, which is a lifeline to millions of children and disabled people and women in our society, and third, the further undermining of our whole pension system, which has been included as part of this budget as well. We are having a great national debate on the issues of Social Security and the integrity of the Social Security fund. Under the provisions of this budget, we are going to find that the availability and the assurance of pensions is going to be seriously undermined and threatened as well.

But as an initial matter, I ask unanimous consent that an excellent statement by the Episcopal Church, the Evangelical Lutheran Church, the Presbyterian Church, the United Church of Christ, and the United Methodist Church, with regard to this budget, be printed in the RECORD.

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

WASHINGTON, DC,  
April 28, 2005.

CONGRESS SHOULD REJECT THIS BUDGET

In response to the FY 2006 Budget Conference Report to be considered by Congress and as a follow-up to a March 8, 2005 press conference calling the President's FY '06 Budget "unjust," five mainline protestant leaders issued the following statement:

On March 8, we as leaders of the Episcopal Church USA, Evangelical Lutheran Church in America, Presbyterian Church (USA),

United Church of Christ, and United Methodist Church General Board of Church and Society, issued a joint statement questioning the priorities of President Bush's 2006 Federal Budget. We remembered the Gospel story of Lazarus and the rich man and noted that the 2006 budget had much for the rich man but little for Lazarus. It was our hope that Congress would take action on behalf of "Lazarus." Sadly, all indications are that that has not been the case. Therefore, today we call upon Congress to reject this budget and go back to the drawing boards.

We believe our federal budget is a moral document and should reflect our historic national commitment for those in our own country who suffer from hunger, lack of education, jobs, housing, and medical care as well as concern for our global community. There are good programs that can help solve all of these problems. We know, we have seen them at work and we are doing our part with our own programs. But we cannot do it alone. Government must be a partner in providing opportunities for our fellow women and men to pursue their God given gifts. We commend those who attempted to improve the FY '06 budget by adding funds for Medicaid, education, the Global Fund to Fight AIDS, Tuberculosis, and Malaria, and international family planning. We regret that the speed with which this document is being brought to the floor does not allow time for the careful examination such a document requires.

As we view the FY '06 Federal Budget through our lens of faith this budget, on balance, continues to ask our nation's working poor to pay the cost of a prosperity in which they may never share. We believe this budget remains unjust. It does not adequately address the more than 36 million Americans living below the poverty line, 45 million without health insurance, or the 13 million hungry children. Worldwide it neither provides sufficient development assistance nor adequately addresses the Global AIDS pandemic. Therefore, we ask Congress to reject this budget and begin anew.

We conclude today, as we did March 8, by asking that together we "pledge ourselves to creating a nation in which economic policies are infused with the spirit of the man who began his public ministry almost 2,000 years ago by proclaiming that God had anointed him "to bring good news to the poor."

THE MOST REVEREND  
FRANK T. GRISWOLD,  
Presiding Bishop and  
Primate of the Epis-  
copal Church, USA.

THE RIGHT REVEREND  
MARK HANSON,  
Presiding Bishop of  
the Evangelical Lu-  
theran Church in  
America.

THE REVEREND DR.  
CLIFTON KIRKPATRICK,  
Stated Clerk of the  
General Assembly,  
Presbyterian  
Church, (U.S.A.).

THE REVEREND JOHN H.  
THOMAS,  
General Minister and  
President, United  
Church of Christ.

MR. JAMES WINKLER,  
General Secretary,  
General Board of  
Church and Society,  
United Methodist  
Church.

Mr. KENNEDY. I will just read a few lines from this statement.

We believe our federal budget is a moral document and should reflect our historic national commitment for those in our own country who suffer from hunger, lack of education, jobs, housing, and medical care, as well as concern for our global community.

As we view the FY 2006 Federal Budget through our lens of faith, this budget, on balance, continues to ask our nation's working poor to pay the cost of a prosperity in which they may never share. We believe this budget remains unjust. It does not adequately address the more than 36 million Americans living below the poverty line, the 45 million without health insurance, or the 13 million hungry children. . . . Therefore, we ask Congress to reject this budget and begin anew.

Mr. President, with a budget we have a chance to make a difference. We have a chance to make a difference for working families and for millions of Americans who work hard every day, who care for their families, who want the best for their children, their communities, and their country. This budget should make a difference for them. It should be a budget for America, a fair budget that improves the lives of average Americans. That is not this budget.

President Bush and the Republican Congress had a chance to make a difference and they failed. In this budget, they choose instead to lavish more tax breaks on the wealthy at the expense of poor Americans who rely on Medicaid and at the expense of parents who want to send their children to college. It is Medicaid, strike one; education, strike two; and this budget is strike three. We ought to throw it out.

Here is how this budget harms education in America. Education is the golden door to opportunity for our citizens. Parents know that education makes the American dream possible for their children. Education is essential to our future competitiveness and our strength as a nation. We cannot compete in the world without skilled workers. We cannot maintain a strong defense without a skilled and dedicated military.

The budget proposed by the President and the Republican leadership in Congress fails our future. It fails American families struggling to pay for their children's college education. It fails American workers seeking to improve their skills and secure better jobs to support their families. It fails our companies looking for the best workers. It fails our military looking for the brightest recruits. It weakens America as we strive to compete in the global economy and maintain our security in a dangerous world.

American workers are being battered by the tidal wave of globalization and this budget does nothing for them. Nothing. Since this administration has been in office, 2.8 million manufacturing jobs have been lost. By the year 2015, 3.4 million jobs are at risk of being sent overseas.

This chart demonstrates, according to Forrester Research, one of the most authoritative analytical groups in terms of jobs being outsourced, the job

outsourcing projections we are facing. Do you think there was any effort at all in this budget conference to take into consideration this flow line, to be able to take the remedial steps by providing additional skills to our workers, such as training, increasing vocational schools, commitment in terms of adult education, continuing the upgrading of our skills? Absolutely not.

The wages of average workers are going down at a time when the cost of living is going up. At the same time, other nations are producing increased numbers of workers with advanced skills. China, today, is graduating 300,000 engineers; India, 200,000 engineers; the United States of America, 50,000 engineers. Better than half of those foreign nationals who graduate in the sciences from American universities are going back overseas. How are we going to be able to maintain national security? How are we going to be able to maintain our economy with these flow lines?

Look at what has happened since 1975 with regard to American production of scientists and engineers. The United States in 1975 was third in the world. The United States today is 15th in the world and we are in a downward slide.

This Senate said we were going to change that flow line. This Senate went on record by supporting, Republicans and Democrats alike, \$5.4 billion to make sure we were going to be able to graduate 50,000 to 60,000 more engineers and scientists a year.

What did this conference do? They said, no, no. Did they say, we will give you 15,000 or 20,000 engineers? No. Or 10,000? No. Or 5,000? No. Or 1,000? No. Zero. Effectively, they zeroed that amendment out that had Democratic and Republican support alike not only with regard to math and science but also with regard to the TRIO Program, the Upward Bound Program, the GEAR UP program, the vocational education program, adult literacy programs, all the programs that provide additional training and help and assistance.

For the first time in a decade, this budget cuts the education budget. Page 34 of this budget, two-thirds of the way down, are the projections of 2005 through 2010. It is cutting our education commitment by some \$15 billion over the next 5 years—not increasing it, not even holding its own—cutting education. Rejecting the Senate amendment that added \$5.4 billion, the conferees instead cut \$15 billion in the discretionary education budget.

If our country is to remain strong in this rapidly changing world, if our economy must work for everyone, every American must have an equal chance at the American dream.

No Child Left Behind is not just a political slogan; it is a solemn pledge to every parent and every child in America. But this budget leaves 3 million children behind. In 2006, 3 million children are left behind. Remember our commitment, that all children were going to reach proficiency over the pe-

riod of the next 12 years? Under this budget, by 2013, we will be leaving 4.8 million children behind on the projections we have.

This budget cuts student aid, helping young people who would be able to go to college. Where do we find that in this budget? In the reconciliation part, it talks about \$13.6 billion in cuts; \$7 billion will come from the student aid program and \$6.6 billion will come from pensions. That means the companies are going to have an increased tax. Companies will have to pay more into the Pensions Benefit Guaranty Corporation, big companies and small companies. That will discourage companies from maintaining their pension programs. That is what the administration wanted.

We had offsets for our amendment of \$5.4 billion. What were the offsets? Closing corporate tax loopholes. Imagine the Republican majority saying all right, Senator KENNEDY, maybe you will close the tax loopholes you have identified, but not ours. But that is not the case. Those tax loophole closure provisions already had passed virtually unanimously in the Senate previously. The Senate voted for them and then did not use them, did not close them completely previously. Corporate tax loopholes to pay for education and training: That was the choice for the Budget Committee. And they said no to education, no to training, and yes to the corporate loopholes.

This budget with regard to education, is important not only for those who are going to college but for those who are trying to make it through K-12. Every child and every parent ought to understand the judgment made at the instigation of the leadership of the Republican Party—and this President—to make a reduction of \$15 billion in education for the K-12 education; \$13 billion in terms of higher education and the pension program; and the elimination of the \$5.4 billion. We could have added funding for education. Instead this budget cuts education.

Money is not everything, but it is a clear indication of a country's priorities. What we are talking about with these investments, we were enhancing the Pell grant which would be available to 5.3 million young Americans who are qualified, are talented, and able to go to school but are having hard times making ends meet, and help and assistance to working families. That is what we were interested in doing. That is what was turned down.

Mr. SARBANES. Would the Senator yield the floor?

Mr. KENNEDY. I yield.

Mr. SARBANES. Wasn't the money in order not to do this to education contained in the Senator's amendment coming from closing corporate tax loopholes that had previously been passed by an overwhelming majority in this Senate?

Mr. KENNEDY. The Senator is absolutely correct. That was passed and ac-

cepted by Republicans and Democrats alike on previous legislation and was never incorporated, never utilized, as we say around here. So there had been an agreement that these were the most egregious loopholes and, therefore, we used that as an offset for the increase of the \$5.4 billion in education funding.

The conference came back and said, no, we want those loopholes back and we are going to cut education for the neediest children, the TRIO Program, the Upward Bound Program, vocational education, and cut back on scholarship programs for the sons and daughters of working families in middle America. That is what is in this budget in education.

Mr. SARBANES. Isn't it a dramatic demonstration of a choice in priorities, that rather than choosing to fund education, to give young people these opportunities which have been paid for, what they now say is, we had to cut the programs because we have a deficit problem?

The very able Senator from Massachusetts took that into consideration when he proposed his amendment because he wasn't going to add to the deficit. He was going to cover the costs of the amendment by closing these egregious loopholes in corporate taxes. They came along and cut the education programs and allowed the egregious tax loopholes to continue. It is a dramatic demonstration of the priorities of this Republican budget.

Mr. KENNEDY. I was listening to the Senator's comments earlier about the foreign policy implications of debt. He has been active in areas of education. He knows from his own experience in the Foreign Relations Committee, the Banking Committee, the Joint Economic Committee, what is happening in the other countries.

What we saw on the front page of the Washington Post last week was that China was reducing their overall numbers in their military. What they are doing is enhancing their research and development and education and training programs because they are going to go smaller in terms of the total numbers of people in the military and go more into high-tech military equipment which require high level training and high skills.

Would the Senator not agree with me? They are graduating 300,000 engineers, and India is graduating 200,000 engineers. And General Electric has just moved its top research center over to—where? to Maryland or to Massachusetts? no—to India. And DEC, one of the leading, innovative companies in this country, has just opened their new research facility, hiring 3,000 Indian engineers. We are not just exporting jobs, we are seeing the export of research and technology. And what is our response? Cutting back on training young Americans and giving more tax breaks to individuals.

I say to the Senator, who has been here for years as a member of the Foreign Relations Committee, isn't he

troubled by these flow lines, not only with regard to our national security but in terms of our ability to be competitive?

Mr. SARBANES. Absolutely. And the Senator from Massachusetts has been sounding this clarion call. I make reference to the chart the Senator showed earlier, which shows what is happening in terms of our young people going into math and science and engineering as a percent of the 24-year-olds who could go into those fields to develop that kind of competence which we need in the so-called global economy.

Now, as I understand this chart, in 1975, the United States was third in the world, as shown over on the left side of the chart; is that correct?

Mr. KENNEDY. The Senator is—

Mr. SARBANES. In 1975, we were third in the world; is that correct?

Mr. KENNEDY. The Senator is correct.

Mr. SARBANES. We are talking now about math, science, and engineering. Everyone talks about technology, the competition we are engaged in, and so forth. How do you compete in that world if you do not train the people and have the professionals with the skills to do it? We went from being third in the world as to the percentage of our young people going into math, science, and engineering, to where now, as of the year 2000, we are 15th in the world, as I read over on the right side of that chart.

We have slipped all the way back; there are 14 countries ahead of us worldwide in terms of the people they are putting into math, science, and engineering.

Mr. KENNEDY. Well, the Senator is exactly correct. If we think we are going to have the technological advantage in another 20 years, either commercially or militarily, with these kinds of flow lines, then we are dreaming dreams that never will exist. This is absolutely preposterous.

We have had an excellent presentation on the overall economic implications of this conference report, but we are talking about the human investment that makes the difference for us to be No. 1 competitively, both militarily and commercially.

The other point I want to mention to the Senator is that the loopholes we closed were the loopholes that were tax incentives for corporations to move jobs overseas. Do we understand? We, as a country, are concerned or should be concerned about outsourcing, sending jobs overseas. Now we are seeing that not only the jobs are going overseas, the research is going overseas, the education advantage is going overseas, the debt control is going overseas. And we are seeing the incentives to move those jobs overseas with the tax loopholes we closed.

But did the Republican budget conference keep the loopholes closed? No. They restored them. They restored them. They are back, now available to companies to go ahead and outsource

American jobs. This is a performance that just defies reason—we heard over the course of the campaign, which was not all that long ago, how everyone was talking about—Republicans and Democrats—what we were going to do about outsourcing. They have given their answer, and they have given it to us tonight.

Mr. SARBANES. Will the Senator yield on that point?

Mr. KENNEDY. Yes.

Mr. SARBANES. I want to make sure I understand the Senator on this very point. As I understand it, the tax loopholes, or at least some of the tax loopholes the Senator was closing in order to be able to fund education, were incentives or inducements in the Tax Code to encourage American corporations to move their investment and operations out of the United States and send them overseas. Is that correct?

Mr. KENNEDY. That is correct. It is exactly right. And we had those agreed on, Republican and Democrat alike. I think it was by 76 votes here in the Senate on the FSC-ETI legislation.

So we had the offset of incentives that were moving jobs overseas. We were closing that loophole and investing in able, capable young Americans in higher education, in training teachers for math and science, of which we are in desperate need. No Child Left Behind has the guarantee that we are going to have a well-qualified teacher in every classroom by the year 2006. We are far behind. This would have given us an opportunity to meet that goal.

But most importantly, we would have given the helping hand to many other young people in the TRIO Programs and the Upward Bound Programs and the rest.

Mr. President, over 160 organizations representing students and educators supported our amendment. They generated thousands of calls to their legislators. Just in Massachusetts, I received more than 1,000 letters from adult education students and teachers urging that this amendment be retained, telling their stories about how adult education is changing their lives for the better. We have letters from colleges and universities across the country urging Congress to increase the Pell grants, to save the Perkins Loans Program. We have letters from students, counselors, and young adults urging us to save college preparation programs for first-generation students, such as TRIO and GEAR UP. Over 600,000 students have sought more information about this amendment.

On their own, five Republican Senators wrote the budget conference committee to tell them this President should support this amendment and the conference committee should support this amendment, and that the education and Pell grants needed their support. Yet this conference rejected all those pleas and cut education.

Now, the Republican leadership and the White House decided it was more important to maintain the loopholes to

reward corporations that send jobs overseas rather than invest in our own young people here at home.

Our amendment embraced the hopes and dreams of millions of Americans. All parents want their children to have lives of fulfillment and opportunity, to raise strong and healthy families, and afford to live comfortably in safe neighborhoods.

When we first debated this resolution a little over a month ago, a majority in the Senate said no to the President's cuts in education. Today, a majority of the Senate should say no again. We should stop the raid on student aid and pass a budget that strengthens, not weakens, America.

Now, Mr. President, on another subject, just last month the Senate made it clear that cuts to the Medicaid Program were unacceptable. In a bipartisan vote, we agreed to not make any cuts until a bipartisan commission had time to examine the Medicaid Program and recommend possible reforms based on sound policy. Just this week, in an overwhelming, bipartisan vote, the House instructed the budget conferees not to cut Medicaid.

Yet the budget we will be voting on shortly not only cuts Medicaid—despite consensus in both the House and Senate against cuts—its cuts to the program are almost as deep as those we voted down in March. The Senate rejected the \$15 billion in cuts to the Finance Committee. Yet this budget report that was drafted in the dark of night behind closed doors forces the Finance Committee to cut \$10 billion.

If these cuts were not bad enough, the bipartisan Medicaid Commission has turned into a partisan commission that the administration can stack with members they know will recommend the cuts they have determined. Instead of a real examination of the Medicaid Program so that we can modernize the program with needed reforms, we will have a commission whose agenda will be to recommend cuts.

It is not just Medicaid that is at risk. What does it say about Republican priorities if this Republican budget cuts a program that provides health care for 53 million low-income Americans—children, parents, the elderly, and the disabled—in order to provide large, new tax cuts for the wealthy?

Republicans say they are for a culture of life, but Medicaid sustains that life. One-third of all the births in America are covered by Medicaid. Medicaid sustains life for a third of our mothers and our babies. But this budget says the lives of poor mothers and poor children are not that important after all. Under this budget, tax breaks for the rich are more important than life itself.

I want to show you what has happened with regard to low-income children. Since 1997, 23 percent of children in America were not covered. Now we have reduced that to 15 percent. We are making very important progress in terms of providing some insurance for

children. But now with this budget, we are going to see this line go back up because of the following.

If you look at this chart, you will see what is happening to children and also to low-income parents. The total number of low-income children has increased by 6.7 percent and 5.5 percent in terms of low-income parents who have lost their health insurance. We have seen a 1.7-percent growth in the Medicaid Program and an increase of 8 percent to cover low-income children. So we are making some progress, but not with this budget.

This budget takes away those gains for children. Take them away from the elderly. Take them away from the services for expectant mothers who are delivering. That is what this budget does, and that is what is so incredibly wrong in terms of this budget.

We know the harmful consequences of the lack of access to health care. In the early 1960s, President Kennedy commissioned a study to find out why half of our young military draftees were rejected for service. The study, which was released in 1964 and provided the basis for Medicaid coverage policy for children, found these young men had physical and mental developmental problems that were highly treatable if they had had access to health care as children. As a result, the Medicaid program was set up. That is the basis for it. And we have made enormous progress. Now we are going to see the undermining of that program.

Finally, Mr. President, the budget also includes a reserve fund for the Grassley-Kennedy bill to provide health coverage for families with disabled children. The bill is titled the "Family Opportunity Act."

For the last 5 years, Senator GRASSLEY and I have been fighting to get this legislation passed.

The Family Opportunity Act allows families of children with severe disabilities to buy health care coverage under the Medicaid program, without becoming poor, staying poor, or giving up custody of your child. It is legislation cosponsored by more than half of the United States Senate and over 200 disability, health care and other organizations.

Almost one in ten children in America has significant disabilities. But many do not have access to even the most basic health services they need because the private health insurance won't cover them.

In every one of these plans you read numerous exclusions that hurt children with disabilities—no coverage for hearing aids, for special health needs, for assistive technology, for services at school, and on and on and on.

These families aren't looking for a hand-out—just a helping hand. All they want is the opportunity to buy affordable coverage, because the private health insurance market won't offer it to them.

More than any other investment we can make in this budget, we should se-

cure funding for these families who struggle everyday to afford the health care their children need to live healthy and successful lives.

I hope that we can finally see this profamily bill enacted into law this year.

The budget sets up a reserve fund for Senate action to bring the benefits of information technology to our inefficient health care system. Unfortunately, a similar reserve fund is not available for House action.

Information technology has revolutionized virtually every industry in America—only health care lags behind.

IT is critical to our efforts to bring costs down and improve quality. It can provide for more efficient delivery of care, and it can reduce errors and increase quality. HHS estimates that widespread use of IT can save as much as \$140 billion a year.

The VA has implemented the most advanced IT system in the country over the past few years. The results have been remarkable. Since 1996, VA costs per patient have actually decreased 7 percent, while private sector costs per patient have increased by 62 percent. During this period, the VA has been widely recognized for improving its quality of care.

Obviously, not all of these successes have been due to information technology—but the VA system thinks that much of it has.

We have a tremendous opportunity to improve the ability of IT to make a real difference in the quality and efficiency of health care—but we have to act now.

I commend Senator GREGG and Senator CONRAD for working with the chairman of our Health Committee, Senator ENZI, and me as well as Senator GRASSLEY and Senator BAUCUS on the Finance Committee—to include this fund in the budget.

The fund is a small step in the right direction, but it will be a wasted step unless Congress enacts legislation to improve the use of health IT in America.

The two key components of any legislation, in my view are incentives for hospitals and health care providers to use IT to improve quality and in acquiring IT. Part of this effort is developing technical standards in partnership with the private sector to ensure that the money is spent on systems that really enhance quality.

Our economic competitors in Europe and elsewhere are making the investments needed to improve their health IT systems. The British are investing over \$15 billion, yet we in this country continue to delay.

IT can cut costs in many ways. Our fragmented and uncoordinated health care system imposes high costs in duplication and waste. Patients with multiple chronic illnesses see as many as fourteen doctors a year.

Doctors repeat tests that have already been performed. Residents take histories that have already been taken.

Patients show up for doctors' appointments that are essentially a waste of time because tests have been performed but the results have not been delivered.

It has been estimated that one in seven hospitalizations could be avoided if complete medical records were available for the patient. One out of five laboratory tests are duplicative of ones that have already been performed. This adds up to immense amounts of money. IT can reduce this needless duplication.

We as a nation cannot afford to miss this opportunity to make the investments needed to improve health care and cut costs.

My time is about up, but I must comment on how this budget resolution also attacks our defined benefits system. Pensions are more important than ever. We know of the assault that is on the very nature Social Security. Separate from Social Security, the number of secured, defined benefit plans is going down. This particular budget increases the premium tax on employers with a heavy burden on manufacturing companies. It will hurt small businesses. These premium increases will obviously hurt many workers and retirees, and it will also jeopardize long-term retirement stability. Pensions are important. They are a part of the quality of life for working American families. This budget does a disservice for them as well.

I hope this budget will be rejected.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, as I understand the Senator from North Dakota, Senator SARBANES wishes to speak for 10 minutes. I would suggest that Senator SARBANES speak for 10 minutes, then we go to Senator GRASSLEY for 15 minutes, then we go to Senator STABENOW; however you want. We will go back to your side for a half or so, and then we will come back over here. The next speaker on our side, after we go from Senator SARBANES to Senator GRASSLEY to—

Mr. CONRAD. Actually, we have Senator AKAKA and then Senator STABENOW.

Mr. GREGG. We may want to put Senator HUTCHISON between Senators AKAKA and STABENOW. But if not, we will go with that sequence.

Mr. CONRAD. Can I suggest that Senator HUTCHISON had indicated to staff she would be more interested in a little later time slot.

Mr. GREGG. Yes, around 9. But I assume we will hit that hour by that time.

Mr. CONRAD. If we went to Senator AKAKA for 10 minutes and then Senator STABENOW for 15, we would then be very close to 9 o'clock.

Mr. GREGG. Why don't we plan to do it that way. Then move to Senator HUTCHISON. With that being the general lay of the land, let's proceed.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I commend my very able colleague from

Massachusetts for a very powerful statement about the priorities in this budget. He is absolutely right.

The budget resolution is the single most important document we deal with in the Congress because it contains within it thousands of decisions that are critical to our national life, all of which reflect our choices about priorities.

As the Senator pointed out, this budget resolution makes it a priority to keep tax loopholes for large corporations, many of which induce them to send jobs overseas, rather than closing those loopholes—which have been overwhelmingly supported by the Senate, both Republicans and Democrats—in order to fund education. It is a clear example of the wrong set of priorities. I thank the Senator, first for his leadership in the Senate which got that amendment adopted, which would have done something for education in this country, and for articulating so well what is at stake here as we move ahead.

The budget presents very fundamental questions to us. What do we establish as priorities? Which programs are important? How do we balance programs with tax cuts, with deficit reduction? In my view, this budget does not reflect the right answers. It contains substantial cuts in a number of important domestic programs, including Medicaid, education, affordable housing—the list goes on and on.

The justification for these cuts is that we have a deficit problem to deal with. If you ask, why are you cutting these programs which we so desperately need, the answer that is given is: Well, we have a big deficit.

But the question that needs to be asked and understood is: Where did this deficit come from to begin with? When President Bush came into office in 2001, he inherited a surplus in the Federal budget. The projection was that we would run a \$5.6 trillion surplus over the next 10-year period. Those were the projections.

In his first budget proposal, which included, in my view, an excessive tax cut, primarily for those at the top of the income scale, he said: We can proceed with tax relief without fear of budget deficits. That is what the President said: We can proceed with tax relief without fear of budget deficits.

The following year, with the budget already in deficit, having moved from surplus to deficit, the President advocated for another tax cut while promising, and I quote him:

Our budget will run a deficit that will be small and short-term.

In fact, the President's budget that year stated that deficits would be so short-term that by today, by now, the Government would be back in surplus. How wrong he was.

Instead of the \$5.6 trillion 10-year surplus projected when the President took office, the projections now are for a deficit over the same period of \$3.7 trillion. When you factor in, as my able

colleague from North Dakota stated earlier in the debate, some of the costs we know are coming, such as the continuing cost of the war in Iraq, the cost of reforming the alternative minimum tax, the cost of some of the President's proposals to make tax cuts permanent, that is a deterioration in our fiscal position of over \$9 trillion.

There are a number of reasons for this fiscal reversal. Spending to recover from the attacks of September 11, to pay for operations in Iraq and Afghanistan have played a part. But the deficits are not primarily the result of increased spending by the Congress. By far the greatest factor contributing to the return of deficits and these disastrous projections is on the revenue side, and the primary reason on the revenue side is the President's tax cuts.

We are now living with the consequence of those tax cuts: deficits and debt as far as the eye can see. The architects of this budget claim that to deal with these deficits, we must have serious cuts in domestic programs. At the same time these serious cuts in education, health care, and housing are being made, this budget resolution contains billions of dollars in additional tax cuts for the wealthiest Americans. In fact, as my able colleague from North Dakota, Senator CONRAD, pointed out, in 2006 alone, the President's tax cuts are scheduled to give \$32 billion to those making over \$1 million a year. So for millionaires, there is going to be \$32 billion in tax cuts in 2006.

The New York Times, in an editorial earlier this week, recognized that this budget is skewed toward the wealthy. Let me quote from that editorial:

Congress is likely to approve a budget blueprint this week that manages to be profigate and mean-spirited at the same time. . . . It calls for generous tax cuts for investors, who hardly need more help, and for harsh spending cuts for the needy, who certainly do.

The Times hoped there would be pressure on the drafters of this budget sufficient to “inject some common sense and human kindness into the process.”

Regrettably, that appears to have been a vain hope. This budget resolution contains \$70 billion in tax cuts that are given fast-track procedural protection at the same time there are very deep cuts in a number of domestic programs.

There are those who seek to defend the spending cuts by saying that they are necessary in order to rein in the deficit. I want to say to them that these cuts are not about reducing the deficit; these cuts are about making room for tax breaks for wealthy people.

As the Washington Post reported, “the cost of those tax cut extensions would more than nullify the savings from the spending cuts.” Let me repeat that. “The cost of those tax cut extensions would more than nullify the savings from the spending cuts.”

There are Medicaid cuts—so important to providing health care for our

people—and education cuts, which set us back in the effort to fund our schools and undertake educational initiatives, which may well be the best investment America can make in its future strength.

We are failing to face up to the global competition in which we find ourselves, and we are making choices in this budget that are directly contrary to strengthening our economy and strengthening our Nation. Make no mistake about it, the argument that is made that we must cut these programs that are so essential to our people in order to address the deficit misses entirely the point that room is being made in this budget for further tax cuts for very wealthy people.

So the choice of priorities is the tax cuts on the one hand—more tax cuts, excessive tax cuts, for the very top of the income scale on the one hand—and cutting back on education and health care, the environment, and housing. As the Post pointed out and I quoted, the cost of those tax cut extensions would more than nullify the savings from the spending cuts.

These are the wrong priorities, the wrong choices. I urge my colleagues to vote against this disastrous budget resolution.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa has been accorded 15 minutes.

Mr. GRASSLEY. Mr. President, I first compliment the chairman of the committee, Senator GREGG, for his outstanding work in getting a budget before the Senate because that didn't happen last year. I am so glad we have a budget because it is discipline for the Congress, and anybody knows, when it comes to spending money, Congress needs discipline. So I urge my colleagues to support this conference report.

Of course, a budget resolution is more or less a blueprint. It sets the overall level of spending and also for revenue of the Federal Government. The budget itself does not change any law. As I said, it is a blueprint, ground rules, for all of the other spending and revenue legislation that will be considered in the Senate yet this year.

Under the Senate rules, any bill that exceeds the level set in the budget may be subject to a point of order that would require a 60-vote supermajority. That is where the discipline comes—when people want to spend more money without raising taxes or taking the money from some other program, then they would be beyond the budget, and consequently a point of order could be raised. It is very difficult to get a 60-vote supermajority in this body. Consequently, it keeps spending within the budget. So it is budget discipline that Congress needs.

By imposing the supermajority requirement, the budget encourages the Senate to stay within these overall limits that are in the document we are going to vote on tonight, while at the

same time providing the opportunity to exceed those limits if a super-majority can be gotten. And when there are extenuating circumstances, you have to assume extenuating circumstances get that sort of a vote in the Senate.

The annual budget process is often the subject of much controversy, as I think you can tell from the debate tonight. I want to take a moment and focus on a number of specific provisions as they relate to the committee that I chair, the Senate Finance Committee, which has the responsibility for all of the legislation that affects Medicaid and Medicare, as well as everything dealing with the raising of taxes or the decreasing of taxes involved with the income tax code.

The budget resolution conference report provides reconciliation instruction—in other words, mandating that the Finance Committee, like it mandates other committees to do similar things in their jurisdiction, to achieve \$10 billion in program savings and \$70 billion in tax relief.

While these instructions do not actually require the Finance Committee to enact any specific policy—that is our option how we meet these goals—there are a number of policies that are assumed and I think realistic within the numbers that are provided in the budget resolution.

The budget provides for \$10 billion in savings from the Finance Committee, and I surely and confidently commit the Finance Committee to make every effort to work in a bipartisan fashion where we keep in mind principles that guide us in producing a better Medicaid Program.

The Finance Committee will look at proposed savings that will be shared equally—I should not say equally but shared proportionately between the Federal Government and the States because the Medicaid Program is a Federal-State partnership.

States are in trouble. We want to help them. We want to emphasize flexibility for the States through voluntary options that States can exercise to get more bang for the Medicaid dollar and even save money in the process, maybe in some instances, through flexibility, even serving a larger population than they now serve but with a more efficient expenditure of that money. The Finance Committee will do this while making a commitment not to eliminate coverage for Medicaid beneficiaries.

I look forward to taking action to improve Medicaid. Doing nothing is far worse for Medicaid. If we do not eliminate wasteful practices, if we do not provide States with this necessary flexibility, if we do not provide States the relief they are asking for, they are simply going to cut whole groups of people off the rolls to make their budget ends meet within their State legislative prerogative.

I recall reading in the paper a couple of months ago, I think it was the State

of Mississippi found itself in a position where it could not afford everything the Federal Government mandated on Medicaid, and they just dropped 55,000 people from the rolls. They should not have to do that, they do not want to do that, and we can help them not to do that by giving more flexibility to the States.

That is why I say doing nothing is far worse for Medicaid beneficiaries than what we are going to attempt to do in the next few months through this reconciliation instruction to provide a rational, reasoned approach to protecting and strengthening the Medicaid Program. That is what we will do in meeting our instructions.

I am going to leave Medicaid now and go to the tax relief portions in this budget and comment on two aspects: The amount of relief for the budget period—that is the next 5 years—and the use of reconciliation to bring about the tax relief that a majority of this Senate is going to say we need.

Before I start with the numbers, I want to put in context the revenue side of the budget. Some have argued, and particularly we have heard this even tonight, that bipartisan tax relief has gutted the revenue base permanently, and that is hogwash. They argue that this change is a reason to raise taxes. People want to raise taxes, can you believe that, Mr. President, instead of not extending the tax relief that was voted in 2001, 2003, and I guess some in 2004?

The facts, according to the Congressional Budget Office—and remember, they work for everybody, Republicans and Democrats; they are not Republican or Democrat, they are professionals. Their statistics show otherwise.

I want to put a chart up and have my colleagues concentrate on Congressional Budget Office data, and this covers the period of time from 1960 to 2015, so we get a historical response to people who are saying we have permanently gutted the tax base.

This chart shows the volatility of revenue and its relationship to economic performance. When we suffer economically—and that is the green line on the chart—as related to the ups and downs in the growth of the economy, the gross domestic product, it shows that we suffered economically. You can see the red lines going up and down being revenue coming into the Federal Treasury in relationship to the growth or the sinking of the economy over this historical period of time. Then we also see when the economy grows, revenues go up. When the economy sinks, obviously, revenue coming into the Federal Government goes down.

We have heard so much about what this administration has done to the revenue base of the country. What we see in the first 4 years of the Bush administration—so you have to look at the years 2001 to 2005—you will remember we inherited a recession. I hope

people on the other side of the aisle realize that the NASDAQ lost 50 percent of its value in the year 2000. I hope people remember that this economy started in a recession 3 months before President Bush was ever sworn in for the first time. So the bubble broke. We had those corporate scandals that date back to the midnineties becoming public in the year 2001. And then we can see from the chart that the uptick in the economy started late in the Bush administration and continues today.

The Congressional Budget Office shows, as we can see, revenue is coming back. So let's not confuse cause and effect. The tax reduction we voted on in 2001 and 2003 has helped the economy recover and the Federal Treasury is benefiting. So we have to look at what is projected out, starting this year and into the future.

We see the economy fairly stable for the next few years, and we see the revenue base high above the growth of the economy. So let's be clear, undertaxation of the American people is not the source of our budget problems. And all the people over here who think we ought to raise taxes, I wonder when they have their town meetings how many people in their town meetings say: I am undertaxed; I want to pay more taxes. I do not have people coming to my town meeting saying that. I think what the American people are saying is that Congress overspends, and this budget is all about discipline in spending. Undertaxation, I hope my colleagues understand over there, is not the source of our problems.

Now, let's start with a basic number. When the Senate Budget Committee considered the resolution a few weeks ago, Republicans laid out our plan for reconciled tax relief. This plan was a product of discussion with members of the Republican caucus, just like I presume the Democrats have discussions about tax policy among their people.

Our objective now is to preserve current law, levels of tax relief that were voted in 2001 and 2003, and anybody who says you should eliminate the tax cuts of 2001 and 2003, they are not saying eliminate the tax cuts, they are saying raise your taxes. That is what they are saying.

Our plan centers on a seamless extension of tax relief provisions that began in 2001. It is critical that these provisions be rationalized in a commonsense way. Assuring taxpayers of the continuity of promised tax benefits should be one of our highest priorities.

Taxpayers should not face a reversal of the level of tax relief we have delivered. Certainty of tax policy is absolutely necessary for economic growth, and economic growth is absolutely necessary for creating jobs. This objective is critical with respect to the widely applicable provisions dealing with capital gains and dividends, small business expensing, low-income savings, the alternative minimum tax, and college tuition deductibility.

Do those people over there who say we ought to eliminate the tax cuts of

2001 and 2003 think we ought to eliminate the college tuition deductibility? I do not think so. But that is where they would take us. Millions of taxpayers from all walks of life have come to rely upon these tax relief provisions, and they are going to expire if we do not do something about it. They are going to get an automatic tax increase without even a vote of Congress if we do not do something. We should have guts enough to vote for tax increases if we want to, not just sit idly by and let taxes go up.

Some on the other side have been critical of the \$70 billion in reconciled tax relief that is in this budget resolution, as was Social Security reform. At my hearing this week we heard a lot of complaining about so-called Social Security reform, but we do not get a lot of answers from the other side on Social Security or on taxes. We do not get problem solving. We do not get any constructive dialogue.

Where is the Democratic plan for tax relief? Has anyone seen it? All we hear are criticisms. How many times have we heard about AMT? Answer: We have heard we ought to be doing something about AMT plenty of times. There is an AMT problem. I have a couple of charts that tell the story. I would like to have my colleagues look at the baseline.

I ask unanimous consent for an additional 5 minutes.

The PRESIDING OFFICER. Without objection, the Senator from Iowa is allotted an additional 5 minutes.

Mr. GRASSLEY. I want my colleagues to look at the baseline. We can see the orange line. That is the individual taxes based on historical average.

The AMT is part of the individual income tax. Historically, individual income taxes have been at about 8 or 9 percent. That is the red line. The AMT and the regular tax balloon proportionately, under current law, over the next 40 years is going to go up very dramatically. This balloon effect is due to the sunset of bipartisan tax relief and AMT.

Now let us focus a little bit closer. Let us look at the next chart. This chart shows that extension of the bipartisan tax relief still leaves individual taxes at record levels. The blue line shows individual taxes are going to be growing very dramatically. The chart also shows that fixing the AMT leaves individual income taxes at record levels, as we can see from the orange line. What we can see is we seriously do have an alternative minimum tax problem and fixing it will not gut the revenue base over the long term. It is common sense that an unfair tax such as the alternative minimum tax, that is out of control, should be fixed without regard to offsets.

Common sense plays out on the budget side as well. We have even heard incorrect assertions that this budget does not address the alternative minimum tax problem. Well, guess what. In this budget, there is room for ex-

tending the current patch or hold harmless for millions of families facing an alternative minimum tax.

We hear all about the fact that the budget does not have anything to do with the alternative minimum tax. Well, it does. I just said it does. It is part of it. But where is the Democratic plan for alternative minimum tax relief? Where is the response for even the current period we are talking about in this budget? I have been looking for a Democratic plan and I cannot find it.

This budget contains plans for tax relief. The reconciliation instructions give us the resources to maintain current law tax relief. Put another way, the reconciliation instruction is our best means to protect against the tax hike automatically foisted upon millions of American taxpayers.

Now I turn to the second aspect of the tax relief portion of the budget. We will hear a lot of criticism against the use of reconciliation for tax relief. It was not an easy choice. I prefer regular order in the Senate, but recent tax legislative history in the Senate suggests that the reconciliation option is an important tool to have at our disposal.

With partisan obstructionism on the part of Democratic leadership, many regular order tax relief packages over the last 2 years have been stalled in the Senate. Even tax relief packages that the Democrat leadership claims to support encounter that sort of partisan obstructionism.

Members will recall that several cloture votes were required to get the bipartisan FSC/ETI legislation through the Congress last October. Likewise, we were unable to go to conference with the House on the CARE Act and other popular tax relief packages because of Democratic leadership objections. The situation has only become worse this year. The climate may still be more difficult if the Democratic leadership acts on the threats they have talked about of shutting down the Senate if the controversy over judicial nominations is brought to the forefront. From a practical standpoint, there is a significant risk that reconciled tax relief may be the only tax relief vehicle that can pass the Senate in this environment. I hope that is not the case. It is prudent to consider a possibility. Because of this hostile partisan environment, a reconciliation bill may be the only known path to preserve the tax relief provided during the last 4 years. For this reason, our caucus viewed the reconciliation numbers as a comprehensive blueprint for preserving current law levels of tax relief.

There is \$36 billion of tax relief for regular order tax relief we will have to offset. This amount is meant to cover packages such as a comprehensive energy bill.

What it comes down to is this: We need to take care of legislative business. We need to continue the tax relief promised to the American people, but we are better off with a plan that prevents tax hikes. I am pleased we have this plan.

Once again, I urge my colleagues to support the budget resolution.

The PRESIDING OFFICER. The Senator from Hawaii is recognized for a period of 10 minutes.

Mr. AKAKA. Mr. President, I rise to speak in opposition to the conference report for the fiscal year 2006 budget resolution and associate my remarks with those of many of my colleagues. My reasons start with missed opportunities and misplaced priorities, added to fiscal irresponsibility. I could support this measure if it provided enough funding for education, for veterans, for health care, for law enforcement. But it fails in many ways in these areas and, instead, gives priority to tax cuts largely for the well-off. It also masks the full story by leaving out recent war costs, estimated costs for the President's reform plan for Social Security, and costs for fixing the alternative minimum tax that is extending into the middle class.

It is terrible that the conference report includes reconciled tax cuts of \$70 billion that will drive our Nation further and further into debt. Moreover, it is dismaying that these tax cuts would be funded at the expense of working families. Health care costs are increasing. Our health care providers are confronted with inadequate reimbursements, rising costs, and an increasing demand to provide care for the uninsured. I have met with many of my own constituents, particularly doctors, nurses, and administrators, who have conveyed to me their deep concerns with their ability to continue to provide treatment for Medicare and Medicaid beneficiaries because the reimbursement costs are so low. The providers are unable to adequately meet their costs of providing care to beneficiaries.

The reductions in Medicaid included in the budget resolution will lead to further cuts in coverage and benefits for people without other health insurance. The cuts will prevent individuals from being able to access health care, which will increase the burden on our public health system. The Medicaid cuts will further erode the ability of hospitals, clinics, physicians, and other medical providers to meet the health care needs of our communities.

Medicaid programs are demanding a larger share of State spending than they have in recent years. Reducing the Federal commitment to Medicaid will push additional costs to the States and increase the number of people who are uninsured or underinsured. Shifting the burden of providing essential health care services to States and to providers is irresponsible. We need to work together to slow health care costs, but not by cutting programs on which so many people depend.

Medicaid is an essential part of the public safety net in my State, where Medicaid and QUEST provided essential health services to nearly 190,000 people in 2002. QUEST is Hawaii's Medicaid expansion program that provides

health coverage through managed care plans for eligible lower-income residents. Medicaid is an essential part of the health care safety net in all of our States. Denying treatment to people in need to support more reckless tax cuts for the wealthy is a significant mistake. Cuts in Medicaid and other programs, such as Medicare, will cause real pain to real people.

I am deeply frustrated that we are no longer able to move legislation forward that expands access to health care. Instead, access is being reduced through poorly thought out arbitrary cuts that will have detrimental effects on working families across the country.

The conference report also fails veterans. VA hospitals and clinics are already in difficult financial straits. Hospitals are millions of dollars in the red. Outdated medical equipment cannot be replaced. Nursing home beds are being closed. And large groups of veterans are being denied care. If the level of funding included in the budget resolution comes to fruition, things will continue to deteriorate.

It is abundantly clear that VA needs an additional \$2.8 billion more than it was provided last year. The conference report does not include this level of funding. I remind my colleagues that payroll and inflation increases for doctors, nurses, and medications cost more than \$1 billion.

Simply maintaining current services may not be enough to ensure that VA can meet the health care needs of veterans. Chronic illnesses of our aging veterans population and newly recognized challenges—such as the need to shape new programs for veterans affected by hepatitis C—will further strain VA's resources. We must anticipate increased and changing demands for treating complex diseases, such as hepatitis C, and ensure that veterans with multiple, overlapping medical problems receive all the treatment that they need. Additionally, we must be certain that VA has the resources it needs to care for those servicemembers returning from Operations Iraqi and Enduring Freedom. This became all the more important when the Senate rejected my amendment to add funding for VA to the war supplemental.

The budget resolution does nothing to provide the resources to rescind the ban on Priority 8 veterans from coming to VA for care. So far, 192,260 veterans have been turned away across the country, including 502 in my home State of Hawaii. We are even starting to see other groups of veterans being denied access to care. This sends the wrong message to our troops overseas.

When you add up payroll and inflation, new workload, and new initiatives, and factor in funding to support rescinding the ban on Priority 8 veterans, it is my view that VA needs at least a \$2.8 billion increase in funding for fiscal year 2006. The budget resolution falls short.

Every time we work on a budget resolution I have to ask why education

continues to be behind the curve. We tried to fix the anticipated cuts in education funding when the resolution was considered by this body in March, and although we were rebuffed on most amendments offered by my side of the aisle, I was heartened to see several of my colleagues across the aisle vote with us on the Kennedy higher education and workforce amendment.

Unfortunately, although the Senate spoke, conferees did not agree. Rather than sticking with the Senate position on important programs such as career and technical education, GEAR UP, TRIO, and workforce investment, the conference report before us continues to underfund or outright eliminate funding that these programs require to be successful. In addition, the conference report does nothing to cover the funding shortfall for No Child Left Behind compliance or to restore funding to 48 education programs recommended for termination in the President's budget. The list of programs includes the Excellence in Economic Education Act, which I authored to combat economic and financial literacy in grades K through 12.

With regard to cuts in the area of first responders and law enforcement, the conference report slashes certain major programs, including the Office of Community Oriented Policing Services. The package cuts over \$1 billion in aid to state and local law enforcement and completely eliminates the COPS hiring program—both universal and school resource officers—in what is the fourth year in a row where such cuts are being made. During consideration of the budget in the Senate, an amendment attempted to restore funding to this vital program. Unfortunately, this, too, was not adopted.

In addition, the budget would deny resources to many of our first responders: firefighters, police, EMS workers and other first responders. The budget creates a shortfall of more than \$1.6 billion with cuts to first responder programs, including the State Homeland Security grant program, Urban Area Security Initiative, firefighter assistance grants, the COPS program as I mentioned before, and Byrne Justice Assistance grants. An amendment to restore funding to our first responders was considered when the Senate took up the budget in March; however, we were again unsuccessful in restoring funding to these programs.

It is clear to me that this budget conference report fails families and communities across this country, including in my State of Hawaii. For these many reasons, I am unable to support the conference report. I urge my colleagues to oppose the conference report.

Mr. ROCKEFELLER. Mr. President, our annual budget should be a blueprint of our Nation's priorities. It should be a statement of our collective values and contain positive initiatives for growing our economy and preparing for a better future for our children. Unfortunately, this budget does not achieve

any of these objectives. This budget makes the Federal deficit worse than if we had done nothing, which means we will pass on an even greater burden of debt to our children and grandchildren. This blueprint also reflects a misguided set of priorities that sends a clear message to the least among us—our poor children, our disabled, and our elderly—that they are not as important as our wealthy.

It is unacceptable—and truly stunning—that Congress is being confronted with a budget resolution that contains \$10 billion in cuts to Medicaid, a health care program for our most vulnerable citizens, while simultaneously offering an additional \$106 billion in tax breaks, much of which is designated for our Nation's wealthiest citizens. Where is the justice in these numbers?

Last month, a bipartisan majority in the Senate rejected any cuts to Medicaid. Members on both sides of the aisle said no. But the Republican leadership ignored the result. On Tuesday, an overwhelmingly bipartisan majority in the House voted 348 to 72 to strike the Medicaid cuts from the budget. Again, the Republican leadership ignored the result, ignored what a majority of Members said. Now we are being asked once again to vote for these arbitrary cuts, even though we have already made our wishes and those of our constituencies known.

Because of the budget resolution before us, West Virginia could lose more than \$84 million in Federal Medicaid funds over the next 5 years. This would put over 350,000 West Virginians who depend on Medicaid at significant risk for benefit reductions, increased cost-sharing, or the loss of health care coverage altogether.

These cuts are on top of the numerous unfunded mandates that the Federal Government has passed down in recent years. Twenty-nine States, including West Virginia, are facing a drop in their Federal medical assistance percentage, FMAP, next year because of a change in the statutory formula used to compute FMAP. This budget means that West Virginia will see a loss of approximately \$17 million next year on top of the \$36 million in Federal funds the State is already slated to lose under current law. I have said it before, and I will say it again—the hospitals, doctors, nursing homes and clinics in my State simply cannot afford to absorb cuts of this magnitude.

How can we suggest cutting \$10 billion from such basic support for vulnerable individuals in the same legislation that is seeking over \$100 billion in tax cuts?

This budget reflects the wrong priorities, the wrong principles, and the wrong decisions. These are priorities that I cannot—and refuse to—vote for.

Our most vulnerable citizens should not be a target for budget cuts, especially when we are offering \$106 billion in tax breaks in the very same budget, a significant portion of which are directed to wealthy individuals who have

been treated to large tax cuts since 2001.

This resolution is wrong for West Virginia and it is wrong for our country. I urge my colleagues to vote “no.”

Mr. ENZI. Mr. President, I rise today in support of the 2006 budget resolution conference agreement. I would like to begin my statement by complimenting my colleague from New Hampshire, Chairman GREGG, for his hard work and bringing this conference agreement to the floor. We need this budget resolution to maintain fiscal discipline and control spending. It establishes spending guidelines, and procedural hurdles for the floor when we fail to live by these guidelines. I commend Chairman GREGG today on his first resolution as chairman.

The budget process forces Congress to contemplate legislative and spending priorities each year. Fiscal year 2006 is especially challenging because I think most of us agree that deficit reduction must be a top priority. Under this resolution, we will consider a reconciliation bill later this year that will cut mandatory spending by \$34.7 billion over 5 years. This will mark the 20th time that reconciliation has been used since 1980.

I have a long track record in support of deficit reduction, and I am committed to helping President Bush and Chairman GREGG achieve this goal. And \$13.6 billion of the reconciled savings will come from programs that I oversaw in my role as chairman of the HELP Committee. When we passed the budget out of the Senate, it contained \$8.5 billion in reconciled savings. The HELP Committee’s instruction increased 60 percent in the conference process. Let me point out that the HELP Committee will be responsible for producing nearly 40 percent of the total cuts of mandatory spending.

For the past month, I have been working with the administration and the Budget Committee to identify a savings number that the HELP Committee could realistically produce, without compromising the effectiveness of the programs under the committee’s jurisdiction. Though the conference report exceeds my initial agreement of \$8.5 billion in savings with Chairman GREGG, I understand that Congress is a bicameral institution—and that compromise is required to reach a final agreement. This conference agreement assumes reconciled savings of \$7 billion on higher education reforms, and \$6.6 billion in savings from Pension Benefit Guaranty Corporation premium increases.

I want to assure my colleagues that I will do my best to produce a reconciliation bill that delivers on this very heavy lift—and I want to reiterate, this budget imposes a very heavy lift on the HELP Committee. As chairman of the HELP Committee, I am committed to reviewing and strengthening programs under HELP’s jurisdiction to ensure they are cost effective, not duplicative, and that accountability is enforced in

order to find responsible savings to reduce our deficit.

That being said, I will not report any legislation from the committee that is either detrimental to the government programs, or their constituencies under my jurisdiction or that I feel compromises the financial health of private industry—even if that means falling short of reaching the \$13.6 billion reconciliation instruction. I will move the committee toward the end zone, but my first duty as chairman is to “do no harm,” even if that means possibly falling a few yards short on deficit reduction targets.

The two issues that the reconciliation process will require the committee to immediately address are higher education reauthorization and pension reform. During the reauthorization of the Higher Education Act, the HELP Committee will need to find \$7 billion in savings to reduce the deficit. My staff has already begun working with the Congressional Budget Office to identify policy options to reach this goal.

We are working to identify additional savings by reforming student loan programs, so that these funds could be used to provide more assistance to enhance low and middle income learners’ access to higher education. This is the cornerstone of my “lifelong learning” vision for the higher education reauthorization bill. The availability of quality education is critical for America’s long-term competitiveness in the global economy. Congress has an important opportunity to meet these challenges head on with the reauthorization of the Higher Education Act.

The conference agreement also proposes \$6.6 billion in reconciled savings associated with changes to the Pension Benefit Guaranty Corporation. I want to inform my colleagues that this is a 230 percent increase from the \$2 billion in reconciled savings agreed to under the Senate-passed Resolution. Right now the PBGC has a deficit of \$23 billion, and I agree with the administration and Chairman GREGG that reforms are needed to shore up its solvency. Pension reform falls under the jurisdiction of both the HELP and Finance Committees—and Chairman GRASSLEY and I are committed to restoring the financial stability of the defined benefit pension system. The solvency of the PBGC is a critical component of these reforms.

I am pleased that conferees agreed to \$70 billion in reconciled tax cuts, and that tax relief remains a priority for congressional Republicans and the administration. I understand that some members wanted a larger tax cut, but this figure will allow Congress to keep in place tax relief that has produced almost 2 years of consecutive job gains. We need to keep the trend going.

The conference agreement will allow the Finance Committee to extend key provisions like the reduction in tax rates on capital gains and dividends, the increase in expensing for small

business under Section 179 and the ability of individuals in states without income taxes to deduct their local and State sales tax from their Federal income tax liability.

The resolution also demonstrates a commitment to energy development in Wyoming and in the entire United States. It is the first step towards developing a comprehensive energy policy in the 109th Congress. The energy reserve fund and the reconciliation instructions for an energy tax incentives package will lay the footwork for a policy that will help our Nation meet its energy needs in a fiscally responsible manner. Specifically, I would like to reinforce my support for recognizing the importance of developing clean coal technologies, something that is vital for the economy of Wyoming. I look forward to working so that these technologies receive the funding necessary to become viable.

Also important to the coal miners in my State is an instruction to the Judiciary Committee to reconcile mandatory savings that could presumably be used to increase certain fees on consumers of explosives. Coal companies and other mining entities are large purchasers of these commercial explosives, and I urge the Judiciary Committee to avoid increasing fees on them, as it would hit my State disproportionately hard at a time when no one wants to see higher energy costs.

I again thank and congratulate Chairman GREGG and his staff for their leadership on this resolution.

I also thank Majority Leader FRIST and his staff for their help in moving this important conference agreement across the finish line.

Finally, I commend my fine staff who worked tirelessly on the resolution—Amy Angelier, Kara Calvert, Diann Howland, David Thompson, Beth Buehlmann, and my HELP Committee Staff Director, Katherine McGuire.

Mr. OBAMA. Mr. President, I rise to speak about the budget resolution. I think that the budget process is one of those issues that doesn’t translate too well outside of Washington. Most Americans know it involves a lot of fighting over a lot of numbers, but other than that what goes on here is largely obscured from public view.

Sometimes I think that is why Washington gets away with passing a budget like this one.

See, a budget is fundamentally about choices—not just choosing where to allocate funding—but where to place our most important values and priorities. And there are no free lunches here either.

We must choose—do we want to run up our debt with tax cuts and give the bill to our children, or do we want to get our fiscal house back in order? Do we want to hand more corporate tax breaks to companies with record profits while handing our veterans higher health care bills, or do we want to keep our promise to those willing to sacrifice in defense of our freedom?

These are the very real choices a budget asks us to make. And they have equally real consequences on people's lives.

When we cut \$10 billion from Medicaid, what does that say to the 53 million Americans—25 million of whom are children—who rely on this program as their only source of health care? The thousands of seniors and kids in Illinois who will be turned away from a doctor's office when they get sick because we chose to end their coverage, what does that say to those Americans?

When we cut out a proposal to increase Pell grants that will send more kids to college, what does that say to the 220,000 who didn't attend last year for the simple reason that they couldn't afford it? What does it say to our kids who will have to compete with kids in India and China for jobs when we cut out proposals to provide new math and science teachers?

When we cut \$351 million in funding for veterans' nursing homes and eliminate \$100 million in State grants for VA facilities, what does that say to the veterans who have sacrificed for this Nation but who cannot seem to get this Nation to sacrifice anything for them? What does it say to these veterans when we provide only around 100 new employees to deal with a backlog of 480,000 compensation and pension claims that haven't even been looked at yet? And what does it say to the men and women who are willing to fight and die for this country when we are not doing much about the nearly 300,000 veterans who go to sleep without a roof over their heads every single night? What does that say to them? What do we say to them?

Maybe we tell them that the budget process is complicated; that we are in some tough times and have tough decisions to make; that we are not happy about the choices, but we have a huge deficit and no money left to spend.

Or maybe we tell them that we couldn't afford to do anything about these important problems because we chose to give out over \$100 billion in tax breaks. \$100 billion on top of the trillions in tax cuts we have already given out most of which have gone to those few who already have so much.

These tax cuts have driven us into the deepest debt in America's history and squandered our opportunity to deal with Social Security, Medicare, Medicaid, and the true costs of the war in Iraq. And yet when we try to do something fiscally responsible like pass an amendment that forces Congress to pay as it goes, we get rejected by those who want to keep borrowing and spending.

Right now, there are millions of middle-class families who are deeply in debt and struggling to pay the bills. This body couldn't wait to pass a bankruptcy bill to make sure they paid every penny of that debt, and yet it has now maxed out the country's credit card many times over. What does this say to Americans about taking responsibility for themselves?

A budget is about choices, and I believe the choices we have made here are just plain wrong.

In this budget, we should be meeting our responsibilities to our fellow Americans while still paying down the debt so we can meet our responsibilities to our children too. It doesn't have to be either-or—we can do both as long as we get our priorities in order. Many of us—Democrats and Republicans—have been trying to do this during the budget process. Unfortunately, the final product does not reflect those efforts. In the future, I hope that both parties can find a way to come together and make sure that America's budget reflects Americans' priorities.

Mr. LEAHY. Mr. President, I am truly frustrated in the failure of the budget resolution conference agreement to include the sense-of-the-Senate provision—which I offered and the Senate accepted by voice vote—that is intended to head off the administration's plans to raid the Crime Victims Fund of over \$1.2 billion.

The Crime Victims Fund was created under the Victims of Crime Act of 1984, VOCA, as a "separate account," meaning that the revenues in the fund are intended to be used solely for financial support of victim services. The fund does not depend at all on taxpayer revenues; it is derived from Federal criminal fines, forfeitures, and special assessments. Since its inception, amounts deposited into the fund in a given fiscal year have remained available to support victim services in subsequent fiscal years.

Following a proposal in the President's budget, this budget resolution conference agreement would rescind all amounts remaining in the fund at the end of fiscal year 2006—an estimated \$1.267 billion. That would leave the fund with a balance of zero going into fiscal year 2007 to support vital victim services.

This is absolutely shameful and unacceptable. The budget is a statement of our Nation's priorities and with this agreement we say to crime victims, "Sorry, but your suffering is no longer our concern." We are telling crime victims—the victims of child sexual and physical abuse, domestic violence, sexual assault, robbery, assault, DUI/DWI crashes, elder abuse, adults molested as children, and the survivors of homicide victims—that their concerns and suffering do not rise to the level of being a national priority.

The provision that we included in the Senate-passed budget resolution expressed the sense of the Senate that we reject the proposed rescission. It assumes that all amounts that have been and will be deposited into the Crime Victims Fund, including all amounts to be deposited in fiscal year 2006 and thereafter, will remain in the fund for use as authorized by the Victims of Crime Act.

The Crime Victims Fund is the Nation's premier vehicle for the support of victims' services. Nearly 90 percent

of the fund is used to award State crime victim compensation and victim assistance formula grants. VOCA-funded victim assistance programs serve nearly 4 million crime victims each year. VOCA-funded compensation programs have helped hundreds of thousands of victims of violent crime.

The fund also serves victims of Federal crimes. VOCA funding supports victim assistance services provided by U.S. Attorneys Offices and the FBI, as well as the Federal victim notification system. It is used for child abuse prevention and treatment grants, and it is also used to provide emergency relief to victims of terrorism and mass violence.

Since fiscal year 2000, Congress has set a cap on annual fund obligations expressly for the purpose of ensuring "that a stable level of funding will remain available for these programs in future years." The "rainy day" fund created by this spending cap has been used to make up the difference between annual deposits and distributions three times during the past 6 years.

When Congress began considering caps on fund obligations, I proposed and Congress enacted an amendment to the Victims of Crime Act to clarify our intent to stabilize and preserve the fund for the benefit of victims. The amendment, now codified at section 10601(c) of title 42, requires that "... all sums deposited in the fund in any fiscal year that are not made available for obligation by Congress in the subsequent fiscal year shall remain in the fund for obligation in future fiscal years, without fiscal year limitation." Thus, in both the authorization and the appropriations processes, Congress has clearly and emphatically stated its intent to maintain a stable source of Federal support for essential victim services.

Over the past 4 years, the Bush administration and this Republican Congress have squandered record surpluses and racked up \$7.6 trillion in Federal debt as a result of reckless spending and budget-busting tax cuts. Now the President and this budget resolution conference agreement propose to reduce the deficit by siphoning off resources that we set aside to assist victims of crime.

The entire crime victims' community—including the National Center for Victims of Crime, the National Network to End Domestic Violence, the National Organization for Parents of Murdered Children, the National Children's Alliance, and Mothers Against Drunk Driving—stands united in opposition to the proposed rescission. These organizations represent the millions of Americans who become victims of crime every year. They have argued that rescinding the fund at the end of fiscal year 2006 would create a "disastrous" situation for victim service providers and their clients.

My friend and colleague, Senator CRAPO, recently joined me to lead a bipartisan group of 29 senators on a letter to the Senate Appropriations Subcommittee on Commerce, Justice and Science requesting that they oppose proposals to rescind all amounts remaining in the fund at the end of fiscal year 2006. Each of those Senators recognized that we bear a responsibility to victims of crime; that it is appropriate that compensation come from convicted criminals and provided to the victim; and that it is entirely inappropriate to expunge this money from the fund and transfer it into the pot of appropriated taxpayer dollars. In the House, a letter with the identical request has 91 bipartisan cosigners. Clearly broad Congressional support for the preservation of the fund exists.

In every State and every community across the country, the Crime Victims Fund plays an essential role in helping crime victims and their families meet critical expenses, recover from the horrific crimes they endured, and move forward with their lives. It is an embarrassment that this budget resolution agreement fails to preserve the fund—as we promised we would—for the benefit of victims.

The PRESIDING OFFICER (Mr. BURR). The Senator from Michigan is now recognized for 15 minutes.

Ms. STABENOW. Mr. President, I rise this evening to strongly oppose this budget resolution, and I do so regretfully as a Member of the Budget Committee. I appreciate the courtesies of our chairman. I also very much appreciate the leadership of our ranking member, who has been so articulate and so committed throughout this process to a responsible budget resolution.

The individual pages of this budget resolution contain a lot of numbers and complicated legislative language, but, taken as a whole, this budget resolution is our Nation's values document. It is about the values and priorities of the American people, our shared values and priorities.

This budget reflects the wrong values and the wrong priorities for our country. The guiding values in our country are responsibility, opportunity, community, and security.

This budget is not responsible. In fact, it is incredibly irresponsible. It contains the largest deficits in the history of our country. Think about that: the largest deficits in the history of our country. It will add \$1.4 trillion to the national debt over the next 5 years.

This budget will force our children and our grandchildren to pay for the misplaced priorities of this President and this Congress. This is reckless, this is wrong, and it does not reflect real American values.

The idea of America is based on optimism, that tomorrow can be better than today. We all want our children to have it better than we did. We all want to leave them with a good economy, not a stagnant one saddled with a large

national deficit. We want our children to have great jobs, not a great big debt.

Unfortunately, since 2001, this administration and the Republican majority have turned a surplus of \$5.6 trillion, created under the Clinton administration, into a deficit of \$5.2 trillion. Back in 2001, I was very pleased to be part of a bipartisan group of Senators, including Senator SNOWE and Senator BAYH, who urged our colleagues to put in place something that would prevent us from sliding into this massive debt. We warned our colleagues and the administration about the possibility that our \$5.6 trillion projected surplus may not hold up if we enacted large tax breaks for our wealthiest Americans.

In order to prevent this from happening, Senator SNOWE and Senator BAYH and I offered an amendment that created a trigger to the 2001 budget resolution that would have prevented overspending on either tax cuts or new spending. Despite support from Federal Reserve Chairman Alan Greenspan and a few of our Republican colleagues, our trigger was rejected by the majority.

I might add that, in coming before our Budget Committee, Chairman Greenspan once again talked about some kind of a mechanism that would get us back into balance, something like a trigger that should have been put in place at the time.

Unfortunately, as a result of the administration's reckless economic policies, we now have the highest deficits in the history of the country. We are borrowing money at a record pace, much of it coming from countries such as China and Japan who now hold 50 percent or more of our foreign debt, which has implications economically for us in our ability to bring trade actions and hold them responsible for following the rules. That has implications in our national security policy.

The value of the dollar is weak overseas, and our economy is basically stagnant after record job losses in the last 4 years. Our manufacturing sector, quite literally, is in a depression in my home State of Michigan, despite hard-working businesses and individuals. These large budget deficits and the stagnant economy are ruining opportunity in our country—opportunity, one of the basic values on which America was founded.

Older workers are losing their jobs and their health insurance. Younger workers have less hope for employment in most of our traditional industries that pay well and provide health insurance and other benefits.

There is nothing worse than ruining the American dream for our children. We can do better than this. Unfortunately, this budget undermines our children's chances to succeed by taking away opportunity. This budget saddles them with a massive national debt and a bad economy. It cuts the very programs that help them succeed, such as education and job training and, I might add, over the objections of this Senate, where the majority of people voted

against many of these education cuts before the resolution passed the Senate.

This final document underfunds our public schools. It eliminates critical student financial aid programs for college students. As most people know, the cost of a college education is soaring. Now is not the time to be cutting assistance. Now is the time to increase it.

This is about creating opportunity for our children to succeed in a new global economy where skills are more important than ever. I remember Chairman Greenspan coming again before our committee, and in his written statement he expressed great concern about the growing skills gap between those who now have skills and those who do not have the skills they need to compete.

This document does not invest in our future. It takes away opportunity rather than investing in opportunity. When the cost of a college education becomes out of reach for our families, it will be harder and harder for our children to contribute to our economy and live the American dream. That is what this is all about. It needs to be what it is all about, making sure we are making critical investments as an entity together, as a Congress, as a Federal Government, as we do in our own families making investments for the future, as a businessperson would do making investments for the future.

This budget also helps break up our country's sense of community. It does so by undermining the commitments we have made to our veterans, our seniors, as well as our farmers.

When our service men and women risk their lives overseas, we make a promise to them. We make a promise to them that, God willing, they will come back alive and we will provide them the quality health care they need and deserve. In essence, we are saying, as a country: Thank you for your service. We want to help you as you come back and resume a civilian life.

Unfortunately, this budget makes cuts in veterans health care programs. Unbelievably, at a time of war, when more and more people are coming home and changing one cap for another, this conference report does not provide the full funding for veterans health care. Even though more and more of our brave men and women are coming home with extensive medical needs, even though many veterans have to wait up to 6 months to get into certain hospital services, this budget still cuts veterans health care. I believe this is morally wrong.

This budget also makes cuts in Medicaid health care. The Medicaid Program not only provides health care for low-income working families, but the majority of our Medicaid spending goes to pay for long-term care for our seniors and people with disabilities. Again, we stood, a majority of us here in the Senate, and said no to that proposal

when it was in the Senate budget resolution. Now it comes back to us in final form, and we see billions of dollars eliminated from critical health care services.

Many people who are in long-term care facilities are seniors who worked hard their entire lives. They paid their taxes. They provided for their children. And now many of them are living out the twilight of their lives in nursing homes. They deserve to do this with dignity.

As my colleagues know, seniors are not eligible for long-term care under the Medicaid health program until they have spent down almost all of their assets. That means many of these seniors have already spent all of their savings and all of their retirement. They have sold their house, and every month they turn over most of their Social Security check to the nursing home. They are basically broke. All they are asking is to live out their lives in dignity, with the health care they need. We can do better than that.

We can do better than this resolution. These cuts in Medicaid health care jeopardize their nursing home care, especially when States already are faced with major budget problems, making it tougher for them to provide quality care for our seniors.

Right now in my State of Michigan, 26 percent of the budget is Medicaid health care, and now we are going to add more burden to the State and force more cuts in care. The cuts in Medicaid health care in this budget are devastating.

This budget also cuts assistance to our struggling family farmers, many of whom could be forced to give up their homes and their farms. Currently they are struggling with unfair foreign competition and low prices. So these cuts will only make their already bad situation worse. The American people know that farmers are the backbone of our rural economy. They are small town community leaders. They work hard every day and are simply trying to survive in today's harsh economic climate. I know because I grew up in one of those small towns in Clare, and many of my family members have been in farming. Family farmers need our support to help deal with unexpected low prices and natural disasters. Unfortunately, this budget will make it harder for them to pass down their farms to their sons and daughters who could someday become our next community leaders.

Breaking our promise to veterans, taking away health care for our low-income seniors and families, and additional hardships on family farmers who grow our Nation's food is not consistent with our real American values.

This budget also makes cuts in assistance to our first responders. I had an amendment, both in committee and on the floor, that would have stopped these cuts. Unfortunately, there was not the support to do it. But our first responders work hard every day pro-

teeting our families. Despite the 2-year-old bipartisan Rudman report that identified our Nation's substantial homeland security unmet needs, we continue to provide \$15 billion less than what is needed to adequately defend our Nation with first responders. This is according to a bipartisan report. We are not doing what we need to do to support our police officers and firefighters and emergency responders to keep us safe. What sense does that make? What is the response in this budget? Decreasing funding for first responders. Again, what sense does that make? This makes our Nation less secure. This budget goes against our real American values—responsibility, opportunity, community, security.

Some of my friends on the other side of the aisle will downplay the size of the deficits and provide a myriad of statistics on why these deficits don't matter. But we need to make sure the American people know the reality of the deficits. The reality is that these deficits are massive. We are not going to balance the budget by cutting non-defense, nonhomeland domestic discretionary spending. In fact, only if we eliminated all of our domestic spending, every single penny, eliminating everything from the National Institutes of Health in health research, the Justice Department, all of our transportation spending, veterans health care, education, the list goes on and on, only if we eliminated every penny would we just barely be able to balance the budget. We would have to eliminate all of it except defense in order to balance the budget because the deficit is so huge.

Slashing critical investments in our future, in our American quality of life will not make a dent in the deficit, but at the same time it will take away our opportunities for the future for our children. We can do better than this budget resolution. Americans deserve better than this budget resolution.

I believe our budget should reflect our values and our priorities as a nation. When we do our household budget, we have to make tough decisions and forgo some things to balance the books. We all have to go through that in our daily lives. We do this because we don't want our children to have to pay for our debts. Parents across the country work hard to build up a nest egg for their children so they can have an opportunity to get a good education, the skills they need, and a start in life as adults with a great chance to succeed. That is what we all want for our children.

This budget does exactly the opposite of what we want for our children, for our parents, for our communities. It does nothing to close egregious tax loopholes or ask our wealthiest Americans to pay their fair share of the costs of wars in Iraq or Afghanistan. At the same time, it pushes all of our soaring debt onto the shoulders of our children and grandchildren. This doesn't represent who we are as Americans. We

believe we should help make a better country for our children and grandchildren. Because of the reckless budget priorities of the last 4 years, our children and grandchildren will inherit massive debt, high interest rates, and a sluggish economy.

We can do better. We can move toward a balanced budget. We can make critical investments in the future—in opportunity, education, innovation, homeland security, health care. We balanced the budget in the 1990s. We can do it again if we work together. American families deserve better than this budget resolution. I urge a "no" vote.

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

Who yields time? The Senator from Washington.

Mrs. MURRAY. Mr. President, I yield myself 10 minutes from our side.

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

Mrs. MURRAY. Mr. President, tonight families in my home State of Washington and across the country are concerned. They are concerned about the security of their jobs, their communities, access to affordable health care, and a quality education. Unfortunately, rather than inspiring confidence, the budget we will vote on tonight leaves too many Americans questioning their future. On issue after issue, this budget falls short of what our communities and our country need to move forward.

I have served on the Budget Committee for 12 years. I have served through recessions. I have served through economic expansion. I have served during periods of record surpluses and record deficits. I know what responsible budgets look like because I have worked with chairmen of both parties to create them. Unfortunately, the budget that is before us tonight, the Republican budget, fails to create jobs, improve security, and meet our country's needs.

I am particularly concerned that this budget agreement, of which I am a conference member, was reached behind closed doors with just one party in the room. The Republicans control Congress, but that does not mean that half the country has lost its voice or that the majority has carte blanche to make decisions that affect our families and communities across the country.

This is becoming an all-too-common tactic of this majority party today. We have seen it with the power grab that seeks to undermine the Constitution and minority rights on our judicial nominations. While simultaneously moving toward breaking Senate rules, the needs of the American people are being ignored by shortchanging them with a pathetic budget that fails to protect our Nation's priorities or to fulfill our commitment to our children, to our seniors, to our veterans.

One powerful example of how this power grab will hurt the most vulnerable is the billions of dollars this budget cuts from Medicaid. At a time when

my State of Washington and other States are struggling to meet their health care costs, we should not be in this Chamber playing games with a program that helps ensure coverage to our most vulnerable residents. The guarantee of health insurance that Medicaid provides is a solemn commitment.

In March, a bipartisan majority of the Senate voted to strike the President's dangerous cuts to Medicaid, and just yesterday the House of Representatives too said no to the cuts. But tonight, ignoring the wishes of the majority of Americans and ignoring the wishes of both Houses of Congress, here we are voting on a budget that includes those exact dangerous and shortsighted cuts. As more and more working families struggle to pay for health care without the benefit of insurance, Congress has a responsibility to protect safety nets like Medicaid, not tear them down.

Those cuts—and this budget—are both irresponsible and they are wrong.

This budget offers too little help for families in Washington State. My State has struggled over the past few years to get back on its feet. But this budget doesn't give Washington State families the support they deserve as they work hard to turn our economy around and build for the future.

People in Washington State deserve a real Federal commitment as they work to create jobs, provide health care, and improve security and transportation. On the issues important to my State, this budget comes up short.

Not only is this budget bad for Washington State, it is also bad for our country's economic future. As Senator CONRAD said so eloquently a short time ago, it lines up massive deficits for years to come. I have to say it is astonishing to me that so many people in the majority speak of the need for fiscal discipline. The rhetoric does not match the reality of this budget.

We are currently fighting a war in Iraq and in Afghanistan, and we are paying for it entirely out of deficit spending. We are paying for today's war on the backs of our children and grandchildren, when we should be doing it responsibly as part of this budget. That is only one of the many major spending initiatives this budget chooses to ignore in favor of keeping the consequences on generations to come.

Tonight, the President was on television talking about our grandchildren. The budget before us robs our grandchildren of an education, of health care, an economic future, and hands them a tremendous debt that they will be responsible for paying. I think that is the most fiscally irresponsible action we can take.

Sadly, this budget also shortchanges our veterans. My home State of Washington is home to 700,000 veterans. They rely on the services that were promised when they signed up. Washington State has also sent thousands of

brave men and women to serve in Iraq and Afghanistan, and now a large group is returning home, including 4,000 members of the National Guard.

That is why I have tried twice in this budget process to increase funding for veterans health care services. And twice the Republicans have said no. I even tried adding funding for this in the supplemental because caring for our veterans is a cost of war. Again, the majority party turned their backs on them.

I am extremely disappointed that Republicans in the Senate have chosen to turn their backs on the men and women who fought for us, our veterans. By denying the crisis at the VA, they are ignoring our responsibilities to fully provide for the men and women who risk their lives for our freedom.

I have heard the Republicans say we can take care of the needs of our veterans through the appropriations process. I am going to tell you, in the budget that is before us today, there will be not enough money to take care of our veterans through the appropriations alone. They will be competing with our military bases and other critical needs for precious few funds.

Our veterans, our military, and our future recruits deserve better. We send these brave men and women overseas to fight for us. They should not have to fight for the health care they have earned when they return home.

Next, let me turn to education. This budget fails to provide the funding that was promised in the No Child Left Behind Act. This budget comes up short of what our local schools need to fulfill a promise we made to our children.

I am also very concerned that this budget drastically cuts student loan programs and programs which provide critical early intervention and preparation for students to help them graduate from high school and succeed in college. There can be no better investment than those, and our young people are robbed of that in this budget.

Finally, I turn to transportation. When we invest in transportation infrastructure, we create jobs and we create economic growth. In fact, it is estimated that for every \$1 billion we spend on transportation infrastructure, we create over 47,000 good-paying, family-wage jobs. We know investing in our transportation priorities today will help us improve our quality of life and provide for future economic growth.

If this Congress truly cared about investing in jobs, we would be here tonight considering a budget that includes the funding necessary to invest in our roads, our highways, and our bridges across this country. Unfortunately, once again, this budget that we are looking at tonight does not provide for our national priorities or for future economic growth.

At the start of the President's second term, this administration promised to restore bipartisanship and they promised to reach across party lines to meet the challenges of governing. I have to

tell you, as a member of the joint House-Senate conference committee, I come here to tell my colleagues that we were not invited to the table. We were told our presence wasn't necessary.

This partisan, backroom dealing spells disaster for the entire budget process. Adoption of this budget resolution is only the first step in the lengthy budget process. It is far too early for this process to break down. I am really disappointed in the decision to ignore many of the bipartisan amendments that were adopted in the Senate and, as a member of the Senate Appropriations Committee, I have to say I fear that this kind of partisan tone will make past budget battles on the floor seem mild.

We have heard a lot about fiscal responsibility throughout this budget process. Unfortunately, those lessons are ignored in this budget resolution before us tonight. We are ignoring our priorities and our responsibilities, and we are increasing our deficits.

Mr. President, I urge my colleagues to reject this budget agreement and sit here tonight and agree to work on a budget agreement that does invest in our future and pays off our debts from the past.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I thank the Senator from Washington, Mrs. MURRAY. She is one of the most valuable members of the Senate Budget Committee. She is thoughtful, she works extraordinarily hard, she is well informed, and she makes a real contribution to the committee. I thank her publicly for what she has done. I have found her to be an exceptional colleague.

The Senator from Colorado is seeking time. How much time would the Senator need?

Mr. SALAZAR. About 10 minutes.

Mr. CONRAD. I yield 10 minutes to the Senator from Colorado.

Mr. SALAZAR. Mr. President, thank you for the debate we are having on the floor of the Senate this evening. I rise in opposition to the conference report on the budget resolution.

This budget keeps mountains of debt on our children and fails to fund the priorities of our Nation from veterans to children, law enforcement, and rural America. It is a bad budget.

The first problem is that this budget heaps more debt on our children and grandchildren than ever before. Counting what the President wants to borrow to privatize Social Security, this budget will add an additional \$600 billion in debt each year for the next 5 years. That is irresponsible. That will amount to over \$3 trillion in additional debt—debt which is more and more funded by foreign central banks.

This mountain of red ink ought to alarm the Nation. It has alarmed Fed Chairman Alan Greenspan, who has been warning us to do something about

it, and other great Americans like Warren Buffet.

We also know that this budget turns our priorities upside down. We ought to fulfill our commitment to the men and women who have laid their lives on the line for this country. Yet this budget shortchanges our veterans by at least \$1.6 billion.

The paltry increase in the veterans health care budget in this conference report will not even cover the cost of inflation. The VA says that increases in its payroll and prescription drug inflation alone will cost \$1.4 billion. VA's costs are sure to rise higher than that due to the increasing number of injured and disabled veterans returning home from Iraq and Afghanistan and other increasing pressures on the system.

At a time when we ought to be standing up for the men and women who wear the uniform for our country, we are retreating from this Nation's basic commitment to our soldiers and to our veterans.

The budget does nothing to rescind the ban on new priority 8 veterans enrolling in the system. Since January 2003, when the VA announced suspension of enrollment of new priority 8 veterans, more than 192,000 veterans across this country—that is 192,000 veterans across this country—and 2,000 veterans in my State of Colorado have sought assistance from the VA and they have been turned away. That is absolutely unacceptable and un-American. We ought to remember the forgotten America.

We ought to remember rural America. The budget before us cuts \$3 billion from agriculture. That is not remembering the forgotten America. A coalition of Republicans and Democrats added back funding for payment in lieu of taxes programs here in the Senate just a few weeks ago. That was an important amendment to the budget reconciliation measure. Rural counties across the West rely on PILT funding from any number of local priorities, from schools to roads.

The budget this Senate is now considering tells mayors and county commissioners across this country that we cannot afford to invest in them and to invest in America's rural communities. For all of us who are from the West, who live in States that have so many acres that are owned by the Federal Government, this is something that should alarm each and every one of us from the West.

We ought to fund public security. Yet this budget accepts the President's priority for law enforcement and homeland security, and in so doing, the Nation and Colorado will suffer.

The COPS Program has helped put over 1,200 additional officers on the streets in Colorado and, yes, we have done a good job in fighting crime. Yet the COPS Program, as presented in this budget, will not allow the hiring of single additional school resource officer in our State or in the Nation.

By reducing the funding for the COPS Methamphetamine Enforcement

and Clean-up Program by 62 percent, this budget would cripple efforts by law enforcement agencies in Colorado to combat meth production and distribution and to remove and dispose of hazardous materials at clandestine methamphetamine labs around our State and around our country.

This budget calls for \$215 million, or a 30-percent cut, to the Assistance to Firefighters Grant Program. In 2004, the Assistance to Firefighters Grant Program provided 54 grants in my own State of Colorado, totaling \$4.6 million. That program assists rural, urban, and suburban fire departments to increase their effectiveness in firefighting operations, firefighter health and safety programs, new fire apparatus, emergency medical service programs, and fire prevention and safety programs in local departments.

Like the President's proposed budget, this budget calls for the complete elimination of funding for the Edward Byrne Memorial Justice Assistance Grant Program which last year consolidated the old Law Enforcement Block Grant Program and the Byrne Formula Program. Funding under this program has been available for law enforcement programs, prosecution and court programs, prevention and education programs, corrections and community corrections programs, drug treatment programs, and finally, planning, evaluation, and technology improvement programs. This funding has gone a long way toward strengthening the criminal justice system at the State and local levels, but it will be no more.

With regard to these important programs, the effects of this budget on my State are clear. In fiscal year 2004, Colorado received \$7.4 million in Byrne grant funding. This budget for fiscal year 2006 eliminates that funding.

Colorado received over \$1 million in funding under the Local Law Enforcement Block Grant Program in fiscal year 2004. Several cities received tens of thousands of dollars in needed assistance, including cities such as Denver, Colorado Springs, and Aurora, and 20 other localities in the Colorado Division of Criminal Justice received grants from this program. Colorado cities now will receive nothing under these programs.

We ought not to forget 9/11 and the heroic efforts of the men and women in law enforcement and first responders who responded on that day. Standing with our President and standing with law enforcement around this Nation, we ought to be investing in those personnel who are at the front line of defense for our homeland security.

Finally, we ought to fund health care and education. This budget directs the Senate and House to save \$32 million from Medicaid and student loans. I am proud, in my family, each of my brothers and sisters are first-generation college graduates. That is part of the American dream that was made a reality for me. That education has been a

success for my family, as it has been a success for generations around America. We got that education because our parents and our faith instilled in us the value of books and ideas. We also got that education because we were able to rely on Federal assistance to go to college.

The price of college increases each year at rates well above inflation. Even so, this budget cuts funding for higher education for the first time in 20 years. I repeat, this budget cuts funding for education for higher education for the first time in 20 years.

Budgets are difficult. Every family in this country knows that. Every family makes its choices on how to invest its resources. Growing up as I did, I understand we cannot have everything we want. In fact, there are too many families in this country that struggle simply for survival every day.

Spending is not restrained in this document. In fact, it has increased and with it so will the deficits. Most importantly, budgets are also a statement of what we believe and what we value.

Why is it that in each and every case in this budget the needy lose and the most powerful win?

Why is it that the neediest among us are not rewarded but punished?

Why is it that every tough decision is taken not in this document but forced onto our children and onto their children?

I can only think of one word to accurately describe the set of priorities outlined in this document. It is wrong, and I will vote against it.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from North Dakota.

Mr. CONRAD. Mr. President, how much time is remaining on both sides?

The PRESIDING OFFICER. The minority controls 2 hours 12 minutes, and the majority controls 3 hours 18 minutes.

Mr. CONRAD. Mr. President, I will take just a few minutes. We have other speakers on the way. I ask the chairman, does he have somebody who wishes to speak?

Mr. GREGG. Mr. President, responding to the Senator's inquiry, Senator HUTCHISON is here, and I think she will be ready to go in 5 to 10 minutes.

Mr. CONRAD. Mr. President, I will take just a few minutes to go back to the central point because I want to make certain that none of our colleagues have missed it tonight, and that is the budget on which we are about to vote dramatically increases the debt of the United States. We have heard a lot of talk about concern for the deficit. We have heard a lot of talk about the deficit being cut in half over the next 5 years. We have heard a lot of talk about the concern of the exploding debt of the United States. It is very important for my colleagues to know what they are about to vote on because those who vote in favor of this budget

are voting to dramatically increase the debt of the United States just before the baby boomers begin to retire.

I do not think it can be fairly said that anybody who votes for this budget is fiscally conservative or even fiscally responsible.

Here is why I say that: Right now, the debt of the United States subject to limit is \$8 trillion. Under this budget, each and every year, the debt of the United States is going to increase by more than \$600 billion, building a wall of debt that is going to hang like a noose around the neck of every citizen of this country. The President is fond of saying it is the people's money, let us give it back to them. Well, it is also the people's debt. When the President says give the people's money back to them, the problem is there is no money to give back. The money is all gone. Instead, what we have is a sea of red ink.

Now, my colleagues do not have to take it from me. This is my chart. I stand by it. But this is not based on my projections or my numbers; this is based on pages 4 and 5 out of this conference report. Here it is. This is the conference report, and if anybody wonders what the effect of this budget is, all they have to do is look on pages 4 and 5. It is right there. What does it say? It says that every year the debt is going to go up by over \$600 billion. It says this year \$683 billion; next year \$639 billion; the next year \$606 billion; the next year \$610 billion; the next year \$605 billion. Where is the cutting of the deficit in half? The debt is going up every year by over \$600 billion, and my colleagues say they are cutting the deficit in half over 5 years? Where is it?

These are not my numbers. These are their numbers. These are the numbers provided in this conference report, and it shows exactly where we are headed. If this is where my colleagues believe we ought to go, vote for this budget. If my colleagues believe we ought to add \$3 trillion to the national debt, vote for this budget. If my colleagues believe we ought to take every penny of Social Security surplus over the next 5 years and use it to pay for other things, vote for this budget. If my colleagues think these are the priorities of the American people, vote for this budget.

The Senator from Colorado.

Mr. SALAZAR. Will the Senator from North Dakota yield for a question?

Mr. CONRAD. I would be happy to yield.

Mr. SALAZAR. The Senator describes this mountain of debt that we are piling up in this Nation and the trillions of dollars never before done in the country in the way that is happening today and has been happening over the last several years and will happen under this budget. That mountain of red debt is debt that every citizen is going to be responsible for in just the way the Senator described and debt we are going to pass on to our children and a mortgage that we are going to create for our children.

When I hear people such as Warren Buffett talk about this mountain of debt and what it means to this country, I am concerned about what it means with respect to the future strong economy of our country and what it means in terms of the ownership of this debt by foreign countries.

Would the Senator from North Dakota, who has studied these issues and is distinguished on the budget of this country, please let the American people know what it is that this budget means for the future of America if we continue to pile up this debt at this unprecedented pace?

Mr. CONRAD. It is very clear what it means because, as I have indicated, according to their own budget documents, this budget, which they have advertised as one that is fiscally responsible, increases the debt each and every year by more than \$600 billion. The thing that is quite stunning is here is what has happened to foreign holdings of U.S. debt just since 2001. According to this chart, it has gone up 97 percent. The truth is this chart is a little bit behind the times. Foreign holdings of our debt have gone up more than 100 percent in just 4 years. The result is we owe Japan over \$700 billion. We owe China almost \$200 billion. We owe the United Kingdom over \$170 billion. We even owe the Caribbean banking centers over \$100 billion. Who would ever have believed the powerful, mighty United States owes the Caribbean banking centers over \$100 billion? Here we are borrowing money from the Caribbean banking centers. Why, we have even borrowed over \$65 billion from South Korea. I have never heard of a country building its strength by borrowing from abroad. I have never heard of a great power that made itself mightier by borrowing hundreds of billions of dollars from countries all over the world.

No, this is not a way to strength. This is a way to weakness. This is a way to dependency on foreign central banks. What happens if all of a sudden they decide they are going to start diversifying out of dollar-denominated securities? Well, we all know what could happen. If they did not show up at the bond market options at the U.S. Treasury Department, if they decided not to show up next Tuesday, interest rates would have to go up dramatically. What would that mean? That would mean higher prices on every mortgage, every car loan, every student loan. Every business in America that has to borrow for its financing would be adversely affected. Our competitive position would be hurt, and American economic strength would be damaged. That is the risk that is being run by this reckless policy of deficits and debt.

Mr. JOHNSON. Will my colleague from North Dakota yield for a question?

Mr. CONRAD. I would be happy to yield.

Mr. JOHNSON. Do I understand the ranking member of the Budget Com-

mittee correctly to say that what this budget proposes to do is to make room for a massive tax cut for those making over \$1 million per year—not just millionaires but people who make \$1 million each and every year—at a cost of \$32 billion in the coming decade, and that we are going to have to borrow the money to provide for those tax cuts? In order to give multimillionaires a tax cut, we are going to borrow the money from Japan and China and then leave middle-class taxpayers to pay the debt service for the rest of their lives, literally, to cover the cost of that borrowing? That is absolutely astonishing. Is that what the Senator suggests this budget recommends that our Nation do?

Mr. CONRAD. Well, that is the plan. That is what this budget calls for. In 2006, this budget accounts for tax cuts to those who earn on average over \$1 million a year, and the tax cuts in the year 2006 alone for those earning over \$1 million a year—the cost will be \$32 billion for that 1 year alone, and every penny of it borrowed. Where are we borrowing it from? Much of it is being borrowed from Japan, China, and countries all over the world. Does anybody really think that is a good idea?

Mr. JOHNSON. If my friend will yield further, what is further astonishing about this is that budgets have to do with priorities, much as it does with a family budget. One has to decide can they go to Disney World if they cannot yet figure out how to pay for their groceries or their car payment. That is what families do across North and South Dakota and across this country.

To put this in some perspective, this is a \$32 billion tax cut next year just for Americans who average \$1 million in income. We are being told that there is not enough money to provide full funding for veterans health care. They need about \$3 billion to \$3.5 billion more next year, we are told by our veterans organizations, in order to honor the service of people who have put their lives on the line and to whom we owe our liberty and freedom, but we are told, no, we cannot afford the \$3 billion, \$3.5 billion for them, but there is \$32 billion for these multimillionaires we are going to borrow.

We are being told in school districts all across my State of South Dakota that No Child Left Behind is going to be underfunded by about \$12 billion this year. My school districts are struggling. They are releasing teachers and counselors. They do not know what they are going to do. Yet we do not have that \$12 billion, but we have \$32 billion for Americans making over \$1 million a year. It seems to me that these priorities are standing America's values on its head. This does not make any sense to any South Dakotan, Republican or Democrat, in my State, that this would be our Nation's priorities. And then to borrow the money, to boot? This is breathtaking.

I appreciate the Budget Committee ranking member's elucidation of these

issues because the American public needs to understand what is going on in this Chamber this evening. I fear this budget is selling America down the river in terms of our future priorities and our future financial obligations.

When it comes to massive foreign borrowing, does this not even impinge on the very notion of American sovereignty? Are we going to be able to make trade, military, and diplomatic decisions in the future if we are in hock up to our eyeballs to foreign nations, in order to pay off debt to multi-millionaires? Does that not have profound long-term consequences for America?

Mr. CONRAD. Let me say what is stunning to me.

Mr. GREGG. I was going to make a point that the Senator would be recognized at 9:30.

Mr. CONRAD. We got into a dialog. We will end that and then we can get back to Senator HUTCHISON, who has been waiting patiently.

What is a little hard to understand about this budget, we are borrowing money at record amounts, much of it from abroad, in part, so we can provide \$32 billion next year in tax reductions for the wealthiest among us.

Not only are we doing that in this budget, this budget also contemplates every dime of Social Security surplus—about \$160 billion a year and growing every year of the 5 years of this budget—that surplus from Social Security is being taken and used to pay for other things when the President is traveling all over the country saying Social Security is short of money.

Somehow none of this quite adds up. Social Security is short of money, so this budget takes \$160 billion a year of Social Security money and uses it to pay for other things? And we are borrowing \$32 billion a year to provide tax breaks for those earning over \$1 million a year? And much of it we are borrowing from abroad on top of the 100 percent increase we have already seen in the last 4 years in foreign holdings of United States debt? Something is way off track.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, this may take a further response—and I know the Senator from Texas wants to go forward—to make clear what the budget does with regard to tax policy. This budget does not do anything outside of a baseline for taxes other than make it possible to extend a series of tax incentives to working Americans that are going to last. These include the research and experimentation tax credit, the deduction for teachers' classroom expenses, deduction for qualified education expenses, deduction for State and local taxes, welfare-to-work credit, work opportunity tax credit, and making sure the alternative minimum tax does not pick up a lot of working Americans which that tax was not supposed to cover.

The representation that this budget has language which initiates tax cuts for other people, whether wealthy or not, is simply wrong. The baseline of the budget for the next 5 years assumes what present tax policy is.

If the other side of the aisle desires to introduce a bill or proposal which raises taxes outside of the present baseline, if they want to raise taxes on wealthy working Americans, if they want to raise taxes on small business, which is what makes up most of the high tax bracket income in our country, they are perfectly within their right to do so, but they should not represent that this budget does anything in that area other than continue the current baseline.

What this budget does in the tax policy area is allow the tax writing committees to extend tax credits and tax deductions that go to working Americans, such as classroom teachers, which are going to lapse and which I suspect a majority of this body would support. That is important.

On the issue of Social Security, there is no other place that Social Security surplus can be invested today than in the Federal Government activity. The Senator from North Dakota knows that. The only thing Social Security surpluses can be used for today is to buy bonds which the U.S. Government issues, and they obviously financed.

So this representation that is being used to finance the operation of the Government, in reciting that as some sort of terrible action, is a reflection of the way the law works. You can invest anywhere else. If you want to invest in something else, as the President suggested, you can put it into personal accounts and let the people invest in stocks or bonds through the Social Security Administration as proposed and give people a real asset that they own outside of Government bonds. That is what the President has suggested. That is what has been rejected by the other side.

They cannot have it both ways. They cannot on the one hand say the law as it works is inappropriate because it funds the Government, and on the other hand say Americans should not be allowed to invest in some sort of activity through the Social Security Administration which would give them private ownership. The policy is inconsistent.

I yield to the Senator from Texas such time as she may consume.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire has yielded to the Senator from Texas.

Mr. GREGG. The Senator wants to respond to what I said, I take it?

Mr. CONRAD. Yes.

Mr. GREGG. Obviously, the Senator has been responding to what I have been saying now for 2 hours. I have worked in 30 seconds, and I think we ought to give the Senator from Texas an opportunity.

Mr. CONRAD. I am happy to do that. The Senator from Texas has been very

patient. Let's allow her to proceed, I will take a few minutes, and we will go on with the other Members scheduled.

Mrs. HUTCHISON. Mr. President, I thank the distinguished chairman of the committee, the Senator from New Hampshire, as well as the Senator from North Dakota. It has been a lively debate.

I rise to support this budget. The committee has done an outstanding job. I will talk about some parts of the budget and talk about what I hope we will see in appropriations, but in the main, this budget does exactly what the President asked us to do in that it achieves the goal of cutting deficits in half within 5 years from the level he projected in 2004.

I heard the distinguished Senator from South Dakota earlier lament this was a budget that was going to somehow add to the debt service of middle-income Americans. It appears to me it does the opposite; that, in fact, it will cut the deficits in half.

We are cutting the deficits in this country, while at the same time providing for the priorities in spending. We are providing, for the first time since I can remember, a contingency fund for the war on terrorism. The Senate voted in an overwhelming majority to include a contingency fund for the war. In the past, we have had supplementals; and we have seen what happens on supplementals. They become Christmas trees. We are trying to fund the war on Iraq and all of a sudden so many other things turn up as emergencies. This is what busts the budget.

The distinguished committee did, in fact, put aside a \$50 billion contingency fund to cover the costs of operations in Iraq. Maybe we will not have to have a supplemental next year; or if we do, it will be later in the year and will be fiscally responsible.

This is a budget that continues to reduce taxes. Every time in the history of our country when we have reduced taxes in a major way, where it could be felt, it has not added to the deficit; it has, in fact, added revenue. We saw our economy start stabilizing when we passed the 15-percent tax on capital gains and dividends, which was a cut in that tax. This budget provides for \$105 billion over 5 years in reduced taxes. It assures we have the stability in the Tax Code that lets people know in 2007 we are not going to have an increase in the taxes that have already been cut; that people can count on the 15-percent tax on dividends and capital gains, at least for the next 5 years.

This would also accommodate the sales tax deduction on the Federal income tax for those States that do not have a State income tax. There has been an inequity in the Tax Code for years, where if you have an income tax in your State, you can deduct that income tax from your Federal tax because you should not have to pay tax on taxes. But if you are a sales tax State, you do not have that same opportunity.

This bill will allow—although this bill does not mandate anything because that is a Finance Committee responsibility—the sales tax deduction to be continued.

The budget allows for continuation of the teacher classroom expenses deduction. We know teachers—every one of us in this country knows teachers—who take money out of their own pockets to buy pencils or tablets or Crayons or whatever it is they need in the classroom, or which their pupils need and cannot afford, to make sure they have the tools for teaching. We allow them to deduct from their taxes the money they put into the classroom. We will be able to extend that deduction in this budget. We will have the opportunity to give teachers who are not paid enough a token of appreciation for the job they do.

And finally, it ensures the AMT will not hit the middle class in our country.

In the big picture, this budget is a very good resolution. Thank heavens, we are going to have a budget this year, which we did not have last year, so we will be able to say: Here is what we are going to spend, and we will stick to that spending level.

I want to mention one area where the budget fell short from what the Senate wanted it to do, and that is in the area of the administration of justice function. This function is the area which funds the Border Patrol. The Senate passed \$42 billion to cover the cost of more Border Patrol agents and other administration of justice functions. The conference report is \$41 billion. It is \$1 billion less.

Now, I want to lay down a marker here because it is essential that when this budget goes to the Appropriations Committee, the Appropriations Committee should set aside money for more Border Patrol agents than the 210 that were in the President's budget. This must be done so we can beef up our borders against illegal intruders.

This is not a matter of illegal aliens coming here to work, although that is a major issue in this country. It is a matter of national security. We have seen some very brave people sitting on the border of Arizona and Mexico in the last few weeks. I have to say, these people have shown a commitment and a caring that should be acknowledged in the Senate, that they would care enough to realize that 10,000 people, it is estimated, are coming across the border illegally into our country every day. We are short of Border Patrol agents, and they are going out there and sitting a quarter of a mile apart to try to monitor and tell the Border Patrol when they see illegal activity.

There has been no violence. But it has made a huge impact. It has made an impact on the number of illegal crossings. And it has certainly made an impact on this country to see that many people are volunteering their efforts to care about the integrity of the borders of our country.

But it is not those volunteers' responsibility. It is the responsibility of

the U.S. Government to patrol our borders and to assure that Americans are safe from illegal intruders. We are not doing the job. We are not doing the job when the FBI Director tells a congressional committee that people from countries with ties to al-Qaida are crossing into the United States through the border with Mexico. It is a security threat, and it is a homeland security threat.

Now, I do believe the supplemental appropriations that is working its way through Congress right now is going to have some help in the Border Patrol area. I know the chairman of the Homeland Security Subcommittee, the Senator from New Hampshire, is very aware and has visited the border himself to see what the problems are. So I do have confidence that in the Appropriations Committee we will address this issue. And we must. We must control our borders at a time when we know we are in a war against terrorism.

Mr. President, 97 percent of the illegal intruders are coming in through the southwest border. But this is a national issue. These people do not stop in Texas and Arizona and California and New Mexico. They go all through our country. It is estimated by Time magazine that there are 15 million illegal people in our country, and it has been estimated that it is really even more, probably 20 million.

Since 2001, 1,300 agents have been added to the force. But this is not sufficient to patrol 6,900 miles of border between Canada and the United States and Mexico and the United States. The issue that has recently started being observed is the aliens from countries other than Mexico who are crossing the border through Mexico, and because of a lack of resources, we are forced to release them practically immediately. This again, I hope, is going to be addressed in the supplemental appropriations.

The Commissioner of U.S. Customs and Border Protection recently said:

We do not have enough agents; we don't have enough technology to give us the security we need. We need more agents and we need to do a smarter and better job.

Two groups of Arab males were discovered by patrol guards from Wilcox, AZ. One field agent said:

These guys didn't speak Spanish, and they were speaking to each other in Arabic. It's ridiculous that we don't take this more seriously. We're told not to say a thing to the media.

We must take this issue seriously. The agent is correct.

I believe that we can address this issue in appropriations, and I believe that with \$41 billion in this account, which is in this budget today, we will be able to allocate the resources to increase the number of Border Patrol agents and to increase the number of detention facilities so we will not have to release the illegal intruders, the "other than Mexicans." We can do it if we prioritize it. The reason I am speak-

ing tonight is to say we must prioritize it. We must take this seriously. It is an issue for our whole country, and it is an issue we must take seriously. We have the funds to do it in this budget, but I want to make sure it is a priority.

The Budget Committee has done a very credible job. This Budget Committee has presented a budget that will cut the deficit, over 5 years, in half at the same time that we are funding the war. And we have a contingency so we will not have to do it through supplemental appropriations. I thank the committee for responding to the will of the Senate when we voted overwhelmingly that we did not want to fund the war with supplementals. Fifty billion dollars is exactly the right amount to have in a contingency. That is responsible budgeting.

I appreciate what the Budget Committee has done. They have addressed our priorities. They have cut back in nonpriority areas, and have cut back in discretionary spending. I hope that as we go into the appropriations process, we will remember the need for more Border Patrol agents and more detention facilities to address this critical issue for the security of our homeland. I believe we will.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, you just heard the Senator from Texas say this budget is going to cut the deficit in half over the next 5 years. I wish that were true. But it is not. Here are the numbers. These are not my numbers. These are the numbers that are in this document, pages 4 and 5. This is what they say is going to happen if this budget is passed. It says the debt is going to go up \$683 billion the first year, \$639 billion the second, \$606 billion the third, \$610 billion the fourth, and \$605 billion the fifth. Where is the deficit getting cut in half?

The amount that is being added to the debt every year is over \$600 billion each and every year. I don't see the difference between revenue and spending, that gap, being cut in half anywhere. No, this is not a budget that is cutting any deficits. This is a budget that is increasing deficits.

The Senator said if we cut taxes, we will get more revenue. I wish that were true. That would be great. Why don't we cut taxes 50 percent and balance the budget, if that is the case?

Here are the facts. Here is what happened to spending and revenue since 1980. The red line is the spending line. The green line is the revenue line. This is spending as a share of gross domestic product in the 1980s. It was up in the 22–23 percent range. Then, in the 1990s, we saw the spending as a share of GDP come down. Revenue went up. Deficits were eliminated.

Then we got a new President in 2001. Look what happened to the revenue. Taxes were cut. Did revenue go up? No. Revenue didn't go up. Revenue went

down. Revenue went down dramatically from the highest share of GDP before the tax cuts to the lowest share of GDP since 1959.

This notion that you cut taxes and the revenue goes up is a fanciful notion. It is a wonderful idea. If that really worked, let's go out and cut taxes 50 percent and balance the budget.

That isn't the way it works. If you cut taxes, you get less revenue. That is what has happened—not just a little less, but a lot less under the President's proposals, which have opened up this chasm of deficits and debt.

Earlier, I was pointing out the cost of the existing tax cuts in 2006, for those making over \$1 million a year, is \$32 billion. That is a fact. The cost of the existing tax cuts in 2006 alone, for those earning over \$1 million, is \$32 billion. That is in this budget. I wish it wasn't in this budget, but it is. That is a matter of priorities. From where are we getting this money? We are borrowing it because we are in deficit. The President says it is the people's money. Indeed, it is. And it is the people's debt. And this budget is exploding the people's debt.

On the question of Social Security, I have pointed out that over the next 10 years, under the President's plan, \$2.5 trillion of payroll taxes used to fund Social Security are being diverted to pay for other things. The Senator from New Hampshire says you have no choice. That is the law. Yes, you have a choice. Absolutely, you have a choice. This budget is a choice. Of course, the choice we could make is to balance the rest of the budget and use this money for the purpose intended, which is either to pay down the debt or prepay the liability of the country. That is a choice we could make. That is a choice I have offered my colleagues repeatedly, to so-called lockbox Social Security funds so they are only used for Social Security. But that is not what this budget does. This budget takes trillions of dollars of payroll taxes and uses it to pay for other things. That is going to come back and haunt us.

The President says Social Security is short \$3.7 trillion. His budget over the next 10 years takes \$2.5 trillion of Social Security money and uses it to pay for other things. Is that making the situation better or worse? It is pretty clear to me; it is making it worse.

Now this idea some of our friends on the other side have gotten into their heads—I don't know where they got it—that if you cut taxes, you wind up with more revenue. Let's go back. Let's reality test. In 2001, the President said: Massive tax cuts. And he said: If you make these massive tax cuts, it will spur the economy, and we will be able to fund a massive defense buildup, and we will be able to protect Social Security and Medicare. And we will be able to have maximum paydown of the debt.

None of those things happened. Go back to 2001. We were presented with this span chart, possible outcomes of

the deficit, this range of outcomes. And the midpoint was chosen as the most likely outcome.

My Republican colleagues said: KENT, don't you understand, when we have these big tax cuts, we will get more revenue, and you will be above the top end of this range of possible outcomes. You are way too conservative.

Look what happened. We had the tax cuts. The red line is what actually happened.

We are way below the range of possible outcomes. After we enacted the tax cuts, they were supposed to give us more revenue. It didn't work.

With that, I will yield 15 minutes to the Senator from Illinois.

Mr. DURBIN. Mr. President, I thank the Senator from North Dakota for his leadership on this budget. When there was a break here and another Senator was speaking, I asked Senator CONRAD an obvious question: Have you ever seen a worse budget since you have been in Congress? His answer was no. Well, I have not either. I cannot remember a budget this bad.

When you take a look at the budget deficits of President Bush, and now his Republicans in Congress, it reminds me of a lot of baseball players who were on steroids and in denial. We are seeing these budget deficits mushroom, and the so-called fiscally conservative Republicans are ignoring it. We need to send out an all points bulletin by the Capitol Police to find out if there is one fiscal conservative left on the Republican side of the aisle because each year now under President Bush we have been digging this deficit hole deeper and deeper.

Sadly, the party that used to stand up and say, we want to balance the budget—in fact, amend the Constitution to do it—has now raced away from that value, that principle, and we find ourselves in a terrible predicament. We have a budget that does not accurately reflect the cost of the war in Iraq. It does not reflect the President's proposal to privatize Social Security. It doesn't reflect making permanent all the tax cuts. It doesn't reflect the cost overruns for the President's Medicare prescription drug program. It doesn't reflect the true cost of plugging this tax loophole problem called the alternative minimum tax.

Do you know what *BusinessWeek* Magazine said? *BusinessWeek* is not a liberal publication. They said of President Bush's budget that it has become a comedy routine.

Listen to what they said:

It resembles Swiss cheese, and the holes are more interesting than the substance.

They understand that this budget doesn't reflect the true spending of America. We understand that if this budget is enacted—and I am sure my Republican colleagues will march lock-step to the well to vote for it—we are going to find ourselves in the deepest deficits in the history of the United States of America. The President and his party are making history with the

deepest deficits in our history and the fact that they are calling for tax cuts in the midst of a war. Tax cuts in the middle of a war? No President has ever done that. This President does it and does not flinch.

We met in the Appropriations Committee this afternoon with an \$81 billion supplemental emergency appropriation because you cannot add it in the real budget. It is not a real budget item; it is an emergency budget item, although we are going into our third year in Iraq. The emergency keeps coming every single year. They won't add it to the real budget because it makes the deficit look a lot worse. That is the reality. Yet, at the same time, as the Senator from North Dakota explains to us, we find ourselves in this deficit hole with the budget that doesn't tell the truth about spending in America.

This President wants to stand up and give tax breaks to the wealthiest people in America. Just next year, as the Senator from North Dakota pointed out, there are \$32 billion in tax cuts for Americans making over a million dollars a year. Did you listen to the President tonight on television? He spoke to the American people. This is what he said: We need to index Social Security benefits in a way that will reduce Social Security payments for some and increase them for lower income people. I am not going to object to increasing payments for lower income people. I think that is a fair, just, moral thing to do. But when you take a close look at the President's proposal, it means if you are making the average income—\$60,000, let's say, and that is not a lot of money, but an average income—when you retire, the President's Social Security benefit change will take over 40 percent of your benefits away. The President said these higher income people—making \$60,000 a year under the President's definition—must be prepared to sacrifice.

The spirit of sacrifice. Where is that spirit of sacrifice when it comes to millionaires next year, millionaires to whom the President's tax cuts will give \$32 billion more to spend. If you are making \$60,000, you need a spirit of sacrifice; if you make a million dollars, have a tax cut. How about \$32 billion worth of tax cuts.

Then look at what this budget cuts: \$10 billion in Medicaid cuts that reduce final funding for health care. Today, the Governor of my State and the mayor of the largest city came to talk to us about Medicaid. They talked to us about what that meant. Medicaid, where I live, is a critical program. Medicaid for most States is essential. Two out of three people in nursing homes in America today rely on Medicaid to pay their bills so they can live there from month to month. Medicaid provides health care to children, pregnant women, seniors, and people with disabilities. The budget resolution cuts \$10 billion out of Medicaid. We passed an amendment on the floor to restore

that money, and I am glad a few Republican Senators stepped up and said we have to, you cannot cut this program. This is for the neediest people in America and, on a bipartisan basis, we restored the money. Sadly, it disappeared when it came to the conference. The conference budget resolution has put \$10 billion in cuts right back into the budget. That is unfortunate.

Medicaid funding covers 130,000 new children in Illinois and 135,000 new parents because we worked hard to make sure that more people had health insurance. This cut will endanger that kind of coverage. As I said, Medicaid, the largest insurer in Illinois, covers more than 2 million people. More than 40 percent of the births in my State are covered by Medicaid, and it provides health insurance to almost 1 out of every 3 kids in my State. That is where the President goes to cut, so that he can fund tax cuts for people making over a million dollars.

Senator OBAMA and I have a town meeting every Thursday morning for visitors from Illinois. The question came up this morning about this whole tax cut proposal. I said that I am reminded that when I was with the President last week in Springfield for the opening of the Abraham Lincoln Presidential Center, we were driving out of town in our motorcade and someone had made a homemade sign and put it up right near the airport. The President could not miss it; nobody could miss it. The sign said this: "Whose taxes would Jesus cut?" Interesting, isn't it? If we are going to have justice and compassion in America, how can we cut health insurance for children, health insurance for the elderly in nursing homes, and then turn around and give a tax cut to people making over a million dollars a year?

The President has cited in his budget his affection for community health centers. Yet grants for community health centers will be cut by this budget. We are going to see nursing homes impacted. Providers to Medicaid patients, whether they are hospitals, pharmacists, or doctors, are going to see dramatic cuts in what they receive.

When you get down to the other aspects of this budget that are troubling, I have mentioned to the Senator from North Dakota that we are eventually going to get it right between the eyes with this alternative minimum tax. This was enacted to make sure some of the wealthiest people in this country paid something in taxes, but it has gotten out of hand. It has reached the point where it is affecting more and more middle-income families. If we don't stop it, it is going to create a great economic hardship on these tax-payers. The AMT applied to 3.3 million people in 2004. That number is going to jump to 35 million by 2010.

This budget refuses to acknowledge the obvious. If we are going to have a fair Tax Code, we have to deal with it. Rather than cut taxes on those making

over \$200,000 and those making over a million dollars a year, this administration and the Republicans in Congress prefer to cut veterans health care, cut No Child Left Behind mandated programs, and cut the health care on which many families and people across America rely.

I believe we can do better. I believe we should be sensible, understanding that fighting a war, as we must—a war on terrorism and a war in Iraq and Afghanistan—requires reality in budgeting; that if we are going to do this, the thought of tax cuts for the wealthiest people in America is off the table.

We may not balance the budget this year because a war is expensive and because the economy is weak and because our gasoline prices do hurt economic growth. But we certainly can see ourselves moving forward if we had a sensible budget resolution. Sadly, this budget resolution does not meet that test.

It is unfortunate that what we are doing today means that more deficits will be heaped on those of previous years. It is hard to imagine that only 5 or 6 years ago, under the previous President, we were generating surpluses in our Treasury, Social Security was stronger, we had an economy moving forward, and sadly since then we have gone into the doldrums. Things are getting progressively worse and more expensive.

As the Senator from North Dakota has pointed out, the mortgage holders for America are Japan, China, and Korea, the OPEC nations, and Caribbean nations, as well as those in Taiwan, Korea, and places such as that. It means we are in debt to them more than our children are in debt to them and that their grip on the American economy will be tighter in this budget resolution.

We are still going to have an all-points bulletin to find a fiscal conservative on the Republican side of the aisle who will vote against this budget. I hope they come to their senses and understand we cannot build a strong nation by these misplaced priorities.

I yield the floor.

Mrs. FEINSTEIN. Mr. President, I rise today to speak about the fiscal year 2006 budget, a budget which does not represent our Nation's priorities. In addition, this budget piles debt upon debt and then passes it on to our children and grandchildren who will have to pay for this irresponsibility.

Perhaps more disturbing, this budget puts tax cuts for the wealthiest Americans ahead of the interests of working families.

Some of my colleagues have consistently talked about the need to curb and cut social programs in healthcare, job training, and community development. However, I want to highlight what these cuts actually mean to people. We should not hide behind titles and statistics. We ought to truly understand how this budget affects the lives of those who have trusted Congress with their well-being.

First and most importantly, this budget resolution cuts Medicaid by \$10 billion. Medicaid provides a critical safety net for 53 million Americans including more than 6 million in California. It provides health and long-term care coverage for more individuals than any other program. For most individuals, it is the health insurer of last resort.

I find it ironic that next week is "Cover the Uninsured Week," a week devoted to calling attention to the 45 million uninsured Americans, 20 percent of whom are children, and millions more who are under-insured. Because of this budget resolution, the number of uninsured Americans will increase.

To give a sense of the magnitude of the Medicaid program, consider that Medicaid now provides health care for 1 in every 5 children. It pays for one-third of all births in this country, almost 40 percent of all long-term care expenses, a sixth of all drug costs, and half of the States' mental health services. It also is the largest payer of services for AIDS patients.

And who is at risk in California under this budget resolution?

Children, pregnant mothers, poor elderly, blind and disabled communities, military families, our parents and grandparents in nursing homes, employees working in long-term care facilities, community hospitals, and community clinics and health centers.

And, that is not all. The community hospital structure in the State of California operates based on a delicate balance of funding streams. \$10 billion in Medicaid cuts threatens that delicate balance and it will have a ripple effect on many sectors, not just community hospitals.

Public hospitals in California rely on Medicaid as their primary source of funding—sixty-five percent of their patients are either insured through Medicaid or have no health insurance.

Medicaid allows patients to access the health care services they need to stay healthy by providing chronic care management, immunizations, cancer screenings, and outpatient care. These are necessary to keep people from getting their health care in hospital emergency rooms where costs are exponentially higher.

This is coming at a time when our health care system has already faced major reductions. Seven emergency room departments in California have closed over the past 18 months. Six of the seven were in Los Angeles County. This is in large part due to the low Medicaid reimbursement rates and the high number of uninsured and uncompensated care costs.

Last February, the L.A. Times reported that UCLA Healthcare, the largest medical complex in the University of California system, would soon be eliminating about 400 full-time positions, and again, this is due to low Medicaid reimbursement rates and an unexpected increase in the number of

indigent patients seeking care at UCLA hospitals.

I fear this situation will only worsen under this budget resolution.

California already ranks dead last among States for Medicaid spending per recipient and I am told it would take more than \$1 billion to lift California out of that position.

To make matters worse, California's Federal Medical Assistance Percentage, or FMAP, is at 50 percent. That is the lowest allowable percentage under Federal law.

This budget resolution does not only affect healthcare. In community development, which I personally understand from my experience as a mayor, this budget drastically cuts the Community Development Block Grant, CDBG, program. This program is vital for low-income families and individuals in more than 1,100 entitlement communities, urban counties and States, and more than 3,000 rural communities.

In the last budget, my home state of California received over \$526 million in CDBG funds, accounting for 12.8 percent of the total \$4.1 billion grant program.

Over the past 5 years, the diverse use of CDBG funds have allowed Los Angeles County to develop almost 9,000 affordable housing units, to create and preserve over 2,000 jobs, to remove over 32 million square feet of graffiti, and to provide loans and technical assistance to over 5,000 businesses among other programs.

This budget is risking over 90,000 jobs and reducing much-needed training for 80,000 people. Basically, it is cutting employment opportunities to motivated people who seek training and want to work. These people are asking for our help and we are shutting the door to their future.

In terms of small businesses, this budget resolution cuts financial assistance to small businesses, the engine of our economic future, which comprises over 90 percent of all businesses in California.

In housing, only half of the 80,000 promised vouchers for low-income families and individuals will be restored under the Section 8 voucher program. These housing vouchers are essential to providing approximately 2 million low-income families, senior citizens and people with disabilities with a safe and affordable place to live.

In sum, this budget asks those communities who are in desperate need of medical services, housing, economic development, and job training, to fund tax cuts for the wealthiest Americans, to pay for the war, and to take the brunt of our budget cuts. This budget resolution will disproportionately affect children, poor working families, the elderly and many others in California. I must object to a budget that protects \$70 billion in tax cuts and mandates more than \$10 billion in needed services. I cannot in good conscience support a budget that continues to ask even more from those who are less able to give.

Mr. FEINGOLD. Mr. President, this resolution is the latest in a string of budgets that continue to set records for fiscal recklessness.

The test of any budget is the bottom line, and any civics teacher looking at the bottom line would have to give this budget an "F." It continues to drive us deeper into the deficit ditch, with little hope that we will ever climb out of it, and it is just as revealing for what it does not include as for what it does.

This budget fails to include a single penny for the President's most important domestic priority, his plan to privatize Social Security. While I strongly oppose such a plan, if the President and congressional leadership are serious about pushing their plan to privatize Social Security, the very least they can do is pay for it.

This budget fails to provide for long-term reform of the alternative minimum tax, something on which there is widespread, bipartisan agreement. But here again, instead of ensuring that this clear priority can move ahead, this budget remains silent.

And perhaps most importantly, this budget fails to restore the common sense pay-go budget rule that helped restrain our collective fiscal appetites, and made us pay for what we wanted to do. That is such a simple, straightforward proposition pay for what you want. It's what every family has to do. It's how the Clinton-Gore administration and Congress finally balanced the Federal books during the 1990s.

We are already in a deep budget hole. The only way we are going to get out is to stop digging. But instead of getting back on track to reducing our deficits, and beginning to pay down our enormous government debt, this budget has Congress digging the hole even deeper.

This budget is deeply flawed in many other ways, but let me discuss just one, the use of expedited budget procedures to impose a controversial and environmentally reckless proposal to drill for oil in the Arctic National Wildlife Refuge. As I noted during the mark-up of the budget resolution in committee, this is a fight that we should have in open debate, not through the abusive use of the reconciliation process that itself relies on the most dubious of budget assumptions.

As one of our colleagues put it, we should not abuse the budget and the budget reconciliation process "in order to be immune from unlimited debate." Allowing oil drilling in this wildlife refuge is an issue that is too important to the public to be passed like this. We should debate it in the open during an energy debate, not further degrade the already adulterated reconciliation process.

This budget aggravates our fiscal problems by adding to the already mountainous Federal debt. It fails to restore desperately needed budget discipline. It corrupts the reconciliation process, originally intended to facilitate deficit reduction, by using it to worsen the bottom line by expediting

more unfunded tax cuts, and by using it to shield a controversial attack on an environmental treasure.

In short, this budget is a disaster. The Nation would be better off without any budget resolution than with this one.

Mr. LIEBERMAN. Mr. President, once again we are on the floor of the Senate facing the destructive proposal to drill for oil in the Arctic National Wildlife Refuge. Before the day is out, the Senate will be voting on a budget resolution that, if adopted, will open the way for this destructive action. I cannot support such a proposal, and, as a result, I cannot support the budget resolution. This is what happens when we attempt to make policy decisions—in this case a disastrous one—outside the normal process of deliberation and full, unlimited debate.

I serve on the Senate Environment and Public Works Committee, which has jurisdiction over wildlife refuges. Under the National Wildlife Refuge System Administration Act, the management of the National Wildlife Refuge System, it is the Secretary of the Interior acting—"through the United States Fish and Wildlife Service"—who is to administer refuge lands.

For nearly 30 years, the wisdom of that approach has been borne out in the form of a thriving network of refuges and wilderness areas. Today, however, the Senate, without full deliberation and unlimited debate, is prepared to ignore the true purposes of a wildlife refuge, and run roughshod over them through a back-door budget-process maneuver.

This is clearly the wrong way to make this decision and the wrong decision to make.

Two months ago, more than 1,000 leading U.S. and Canadian scientists called on President Bush to protect the Arctic National Wildlife Refuge from oil drilling. In their letter to the President, dated February 14, 2005, the scientists questioned assertions that oil could be safely extracted from the Refuge and urged President Bush to "support permanent protection of the coastal plain's significant wildlife and wilderness values."

The scientists said oil development could seriously harm caribou, polar bears, muskoxen and snow geese—among other wildlife. They warned it could disrupt the fragile ecosystem of the coastal plain, which they said could lead to even more widespread injury to wildlife and its habitat.

The signers categorically rejected the notion that the impacts of drilling could be confined to a limited footprint, as pro-drilling forces claim, noting that the effects of oil wells, pipelines, roads, airports, housing facilities, processing plants, gravel mines, air pollution, industrial noise, seismic exploration and exploratory drilling would radiate across the entire coastal plain of the Arctic Refuge. What they said adds up to the obvious—that, by definition, opening up the refuge for oil

drilling will be the end of the Arctic National Wildlife Refuge as true wilderness.

The scientists who signed the letter are experts in the fields of ecology, wildlife, and conservation biology, natural resources management and cultural anthropology. They include Edward O. Wilson, winner of the National Medal of Science and two Pulitzer Prizes for his landmark books on social biology, and Anne Ehrlich, who is a well known biologist from my home State.

Hundreds of scientists are telling us that throwing the Arctic National Wildlife Refuge open to oil companies will harm wildlife and permanently disrupt the wild nature of this unique place. It simply does not make sense to destroy the Arctic refuge for oil that will not lower prices and will not make a noticeable dent in our dependency on foreign energy.

In particular, according to even the most optimistic projections of the Bush administration's own experts, Arctic refuge oil will only reduce our dependence on oil imports from 62 percent to 60 percent, 10 years from now. Clearly, that falls short of the type of impact needed to influence the price of oil on the world market. The numbers I just cited were projected in 2003, before the current steep climb in oil prices. They are the latest we have, and I doubt that the point changes—that the impact on our country's oil imports would be minimal even with the most optimistic view of Arctic oil. In fact, the recent jump in oil prices makes an even more important point—that drilling the Arctic refuge is a hunt for fool's gold; not only would it do little to change the flow of oil imports into our economy, but it would dangerously distract us from the real challenge our Nation—faces and the real solution our Nation needs—turning away altogether from our rampant usage of oil.

These arguments are well known and well understood. That is why the majority of the Nation opposes this drilling plan and why there are not the votes to authorize drilling were we to follow our regular way of doing our business.

But since there are not close to the votes in this Chamber needed to authorize drilling where the debate belongs—in the Energy bill—we are being forced to debate it in the context of the budget.

Is there anyone in this Chamber who believes that the purpose of this provision is to generate revenue for the budget? That in the context of a \$2.6 trillion dollar budget, we must force the opening of a wildlife refuge to get an essential \$2 billion of revenue? Of course not!

The real purpose of this provision is to frustrate the rules of the Senate—rules that not only protect the minority but also the very process of judicious deliberation—in order to jam through a provision through reconcili-

ation that its proponents have been unable to pass for years. The generation of revenue? Merely incidental to that purpose.

Mr. President, I therefore ask my colleagues to look not just at the substance of this issue—on which the merits are clear—but to the policy principle at stake. If the procedural sleight of hand in this measure can stymie open and unlimited debate, where will we be drilling next? What other areas can we open for drilling, and incidentally gain revenue from, through the budget? The Great Lakes? The areas off of our coasts?

And what other measures, all across the substantive spectrum, could now be free from unlimited debate? Just ask yourself, how many provisions out there have been debated that incidentally generate revenue or incidentally reduce outlays? Are they all now to be free from unlimited debate?

As we all know, this institution's historic commitment to open and unlimited debate could soon be besieged on another front. Has the mere prospect of this already made us so cavalier about the Senate's long hallowed rule of law for itself?

Early last month, the senior Senator from West Virginia, Mr. BYRD, spoke so eloquently about the need to protect open debate and about the extent to which the Senate honors this tradition. Of course, our practice of open debate goes back to the very way in which our Founders and Framers conceived of the Senate. I have heard the Senator from West Virginia say, and have been moved by it, that the rule of unlimited debate is there to protect the Nation and its values from falling to the passions of the moment that destroy something timeless. I cannot think of a better example of that need than this, where we are threatened with the loss of an irretrievable piece of our natural heritage.

As we consider how to vote on this resolution, I suggest to my colleagues that this is not a time to ignore the basic conservative values of our country that teach us we ought not to look at every available natural resource area in our country as a place to exploit. Our values are stronger than that and longer term than that. Nature, after all, reminds us of our humanity, and provides us with transcendent moments—for tranquility and for gratitude for God's Creation. And that is what conservation and the battle over this provision are all about.

Today's vote asks us to decide whether we truly value, and will stand firm to protect, this great country's natural legacy. One hundred years ago, the great Republican President Teddy Roosevelt first showed us the way to do this, and acting in his spirit, President Eisenhower brought that protection to the Arctic range. Do we join them in valuing this land and protecting it or are we going to break ranks with those two great presidents and desecrate it, diminish it, change it forever for a

small amount of oil? Is that really what our energy policy should be about? Does it really offer us any hope of more energy independence which we strive for? The answer of course is, no. It is not worth it.

The mark of greatness in a generation is not just the opportunities it builds for itself, but in the resources it creates and leaves for its children. Not least are wilderness resources.

I urge my colleagues to vote down this conference report.

Mrs. BOXER. Mr. President, I oppose this budget and will vote against it. All of my colleagues should. It sets the wrong priorities. It breaks promises to the American people. And it is the height of fiscal irresponsibility.

Let me begin with the priorities. The priorities of the American people are not the priorities of this budget.

It is quite clear what the priorities of this budget are: tax cuts for the wealthy. In just one year, this budget provides a tax cut for millionaires totaling \$32 billion.

Meanwhile, education funding is cut almost \$1 billion below the services we are providing now. A total of 48 education programs are eliminated. The promise that was made in the No Child Left Behind Act is broken by \$12 billion. We should be increasing our commitment to our children, not cutting it.

Veterans programs—for those brave men and women who served our country and are currently serving our country in Iraq and Afghanistan—are cut \$500 million. As more and more veterans return to this country, the demands on the VA system will only grow. This budget ignores them.

This budget provides no funding for additional police officers on the street, and two major programs to help local law enforcement are eliminated.

Medicaid—the health care program for the poor and disabled, a large portion of whom are children—is cut \$10 billion.

Funding for the Centers for Disease Control—to prevent diseases and to fight outbreaks—is cut 9 percent.

The promise we made to our farmers in 2002 is broken with cuts of \$3 billion.

What is going on here? Our children, our veterans, the safety of our streets, and the health of our people—all are taking a back seat to tax cuts for millionaires. This budget helps the wealthiest 1 percent of Americans at the expense of 99 percent of Americans.

You would think that with all of these cuts in spending for important programs, at least the budget would be balanced—or at least would be more fiscally responsible than it has been in the past 4 years.

You would be wrong. This budget increases our debt by \$3.1 trillion over the next 5 years. In 2010, the Federal debt will be over \$11 trillion.

That figure is so high, it is nearly incomprehensible. So let me put it another way: \$11 trillion is \$1 million every day for 30,000 years.

And 11 trillion in debt is not the whole story. This budget does not include the almost \$400 billion in costs for the wars in Iraq and Afghanistan. This budget does not include over \$700 billion in costs for the President's plan to privatize Social Security. This budget does not include over \$700 billion to ensure that middle-class Americans are not hit with the alternative minimum tax.

Why aren't these included? Because it would mean even more debt. Debt upon debt upon debt upon debt. And most of it owed to those from foreign countries. We are borrowing from the Japanese, the Chinese, the British, and others—and sticking the bill to our children and grandchildren.

And speaking of the President's plan to privatize Social Security, I find it ironic that the President again tonight tried to scare the American people by saying that Social Security was going "bankrupt," when at the same time, this budget steals \$2.5 trillion over 10 years from the Social Security Trust Fund. Instead of tax cuts for millionaires, we should be paying back the Trust Fund.

Finally, this budget sets the stage for opening up the Arctic National Wildlife Refuge to oil drilling. It has nothing to do with the budget. It has nothing to do with increasing our energy independence. It has everything to do with destroying one of America's most environmentally pristine areas.

This budget has the wrong priorities, bankrupts our country, and destroys our environment. It should be soundly and overwhelmingly rejected.

Mr. BAUCUS. Mr. President, I rise today to oppose the conference report on the budget resolution. This budget moves the country in the wrong direction. This budget resolution would worsen our fiscal situation.

This budget resolution would increase Federal budget deficits rather than decrease them. On its face, this budget resolution would add \$168 billion to Federal deficits and almost \$1.5 trillion to Federal debt held by the public over the next 5 years. This includes \$70 billion in reconciled tax cuts over 5 years that are completely unpaid for, and an additional \$36 billion of unreconciled tax cuts over 5 years that are not paid for either. All of these additions to the deficit and debt held by the public are disconcerting on their own.

But that is not the full story. This resolution leaves out enormous budgetary costs in order to make the budget picture look rosier than it is. It provides no money to fix the alternative minimum tax. It assumes levels of non-defense discretionary spending for the next 5 years that are unrealistically way too low. It also leaves out funding that will undoubtedly be needed for our efforts in Iraq, Afghanistan and the war on terror. Furthermore, the budget resolution includes cuts in spending that are targeted to the wrong policy areas: toward low-income families,

vital safety net programs, farmers, and ranchers. If the three omitted items were presented honestly, and the wrongly targeted spending cuts were removed, the resolution would increase deficits and debt held by the public by much larger amounts over the next 5 years than it does on its face. And I would hasten to add that not a dime of the nearly \$750 billion for the President's Social Security privatization proposal over the next 10 years is included in this budget resolution. Not to mention the trillions of dollars this proposal would cost in later years.

I am particularly disappointed to see that the conference committee includes a reconciliation instruction to the Finance Committee to cut spending in our jurisdiction. Senator GREGG's budget included \$15 billion in Medicaid cuts over 5 years. The successful amendment offered by Senators SMITH and BINGAMAN reduced the Medicaid cut to zero. But now, the cut is back up to \$10 billion.

There is widespread agreement that Medicaid should not be subject to arbitrary budget cuts. A majority of the Senate voted for the Smith-Bingaman amendment. An overwhelming majority of the House, 348 Members, voted Tuesday to adopt a motion instructing budget conferees not to cut Medicaid.

Four out of five Americans also believe that cutting Medicaid is a bad idea. The Governors are also united in their opposition to having a budget number drive policy in Medicaid reform. And more than 135 advocacy and provider groups have urged Congress to reject the cuts.

But despite the chorus of opposition to cuts in Medicaid, the budget resolution reinstates \$10 billion.

Now, some say that the Medicaid number is less than \$10 billion, because cuts can be made from other programs within the Finance Committee's jurisdiction. I fail to see how \$10 billion represents a victory.

Cuts to important programs like TANF will affect vital work supports, like child care, for low-income working families who are struggling to make ends meet. And I understand that some on the House side are looking to the EITC for additional cuts. Another important program, and cuts here would essentially mean tax increases for hard-working Americans.

Some claim that the cuts to Medicaid are "small" and represent less than 1 percent cut in spending growth over 5 years.

But \$10 billion over 5 years probably means that, over 10 years, the cuts range from \$25 to \$35 billion. That is close to the \$39 billion that Congress allocated to coverage for millions of uninsured children during the 10 year lifetime of the Child Health Insurance Program.

And it is impossible to ignore that this \$10 billion in cuts represents nearly one-third of the total spending cuts in this budget, putting this burden on our nation's poorest and most vulnerable Americans.

Let's not kid ourselves into thinking that the cuts are minimal or that they won't have an effect.

These cuts would tear the fabric of our Nation's safety net at a time when Medicaid is needed more than ever. They would increase the number of uninsured Americans at a time when we should be working on ways to cover more people not making the problem worse.

When the budget was being debated back in March, I said that it made more sense to establish a bipartisan Medicaid commission like the one recommended in the Smith-Bingaman bill than to have the budget cuts drive our policy discussion on Medicaid. The Smith-Bingaman amendment struck the cuts and recommended a bipartisan commission to study the program and advise Congress on how we can improve and sustain Medicaid well into the future. The majority of the Senate agreed with this approach and we struck the Medicaid cuts from the budget.

Now we are voting on a final budget that appears to promise both cuts and a Medicaid commission. While I do not believe this is the right approach, to the extent that we are considering a Medicaid commission, it must be credible to have any value in this debate.

To be credible, any commission should be independent, bipartisan, and comprised of experts who truly understand Medicaid and its role in our health care system. The scope of the commission's work should be broadly focused on maintaining Medicaid's viability over the long term and should not be limited just to considering cuts to the program. And the commission must be given a reasonable time to consider these weighty matters and should not be rushed. The commission must be above the fray of partisan politics, but it must be responsive to the voices of the many stakeholders affected by this critical program. A commission that does not meet this standard will not have our Nation's trust, and its findings will not carry weight in the halls of Congress.

I want to commend my colleague Senator SMITH for his efforts to ensure the Medicaid commission is fair. I agree with Senator SMITH's view that having an independent research institution, such as the Institute of Medicine, oversee the commission would be a good approach to ensure a fair and balanced outcome. But any commission must look at the whole picture with Medicaid—a short-term focus on cuts is not the right approach.

Reforming Medicaid is an important debate to have. But the debate should be driven by policy, not an arbitrary budget target. Medicaid deserves its own policy debate, just as we did with Medicare.

These cuts are short-sighted.

I predict that Medicare, including changes to the new Medicare law, will be on the table if this budget passes.

We should not be penny wise and pound foolish when it comes to Medicaid—America's most vulnerable citizens deserve better from us.

And we should not be adding to our already large Federal deficits and debt.

That is why I will oppose this budget resolution. And I urge my colleagues to do the same.

Mr. LEVIN. Mr. President, this budget reflects the wrong priorities for America. It is way out of touch with working families in Michigan and across the United States. It does not reflect their needs and goals, such as improved education and increased access to health care, but it burdens them with increasing debt. At the same time, this budget continues to cut taxes mainly for the wealthiest Americans at the expense of our nation's fiscal health.

Fundamentally, this budget continues this administration's policies that have led to the deepest deficit and debt in American history. For that reason alone it should be defeated. This administration's policies have taken us from record surpluses to record deficits. The deficit for this year alone is \$427 billion. This budget would increase the deficit next year.

Continued deficits will mean rising long-term interest rates and slower economic growth. Continued deficits will make it more expensive to buy a house, pay for college, or pay off credit card debt. Alan Greenspan recently warned that, if left unchecked, deficits "would cause the economy to stagnate or worse." Continued deficits will also mean the continued use of the Social Security trust fund to cover some of the funding shortfall.

The President's tax cuts are a major cause of the deficits, yet this resolution would add \$70 billion more in tax breaks. Three-quarters of those tax breaks are for the wealthiest 3 percent of Americans, who are earning more than \$200,000 a year.

Not only is this budget fiscally reckless, it is dishonest. Republicans claim the budget would cut the deficit in half over the next 5 years, but they simply leave out several major expenses, including the essential cost of the wars in Iraq and Afghanistan; the cost of the personnel added to the Army and Marines; and the cost of reforming the Alternative Minimum Tax which otherwise would increase the burden on middle income families.

To conceal further the damage it does to the Nation's fiscal outlook, this budget uses 5-year projections instead of the customary 10-year numbers. Hidden just beyond the 5-year budget window is the exploding cost of the tax cuts and their growing effect on the deficit.

To return to the path of fiscal discipline, we need to reinstate "pay-as-you-go" rules that would require both entitlement spending increases and tax cuts to be fully paid for or face a 60-vote point of order in the Senate. The "pay-as-you-go" rules were successful

in the 1990s and would be successful again in restraining the deficit without unduly harming critical public services. The majority has opposed reinstating these rules because they don't want to be forced to pay for new tax cuts.

The budget plan that is before the Congress is a huge missed opportunity. We could be debating a budget today that addresses our Nation's most pressing problems, such as the loss of millions of manufacturing jobs, inadequate education, and the 45 million Americans without health insurance.

Instead, this budget makes some problems worse. In the Senate-passed budget resolution, we were able to defeat proposed cuts to Medicaid, and cuts to the health care program for millions of children, pregnant women, elderly and the disabled. However, this conference report still proposes \$10 billion in Medicaid cuts over the next 5 years. It is unconscionable for this administration and this Congress to pay for tax cuts for the wealthiest Americans by cutting health care for the most vulnerable Americans.

This budget also weakens environmental protection by providing for drilling in the Arctic National Wildlife Refuge. We have a responsibility to promote a balanced energy plan that invests in America's future and protects our environment, not one that damages our protected lands.

In summary, this budget gives massive and fiscally irresponsible tax cuts mainly to the wealthiest Americans while failing to address our real needs. Instead of investing in America, this budget indebts America for years to come. These are the wrong priorities for America, and I cannot support this budget.

Mr. CORZINE. Mr. President, I am disappointed by the budget resolution before us here today.

I am disappointed, but I can't say I am surprised, given the track record of this President and the Republican leadership in Congress.

The process of developing a budget each year provides an opportunity to take stock of our priorities as a Nation.

The President outlines his priorities through his budget, but it is the Congress, with its control of the purse strings, that is ultimately charged with the responsibility of fashioning and enacting legislation.

Regrettably, the priorities reflected in this budget resolution—which mirror those in the administration's budget proposal—are wrong for America and certainly wrong for the people of New Jersey.

In New Jersey, we are particularly sensitive to the choices made by this administration and its allies in Congress, since we provide the greatest contribution of taxes paid relative to what we get back from the Federal Government. Our return on the Federal dollar has fallen from 70 cents to a meager 57 cents under the Bush admin-

istration. This budget will only further increase the strain on New Jersey's citizens, especially our most vulnerable: our children, our disabled, and our seniors.

Put plainly, this budget is not about lowering the deficit or making shared sacrifices or addressing the needs we have as a society. It's about making room for more tax breaks for the most fortunate—and it's not even successful at doing that.

How do we, as legislators, look hard-working Americans in the eye and tell them honestly that we can't afford \$10 billion for Medicaid, but we can afford \$204 billion in tax breaks for the most well-off over the next 5 years? That's how much the president's tax cuts, under this budget, would provide for those with incomes greater than \$1 million.

How do I tell parents in New Jersey that the President and the leaders of his party in Congress don't believe we can afford \$4.8 billion for education next year, but they do believe we can afford more than 6 times that amount in tax breaks for those making more than \$1 million?

What parent thinks education needs a cut? Or first responders? Or community development? Or veterans?

How do I tell the 82,000 commuters who ride New Jersey Transit trains every day or the commuters who ride SEPTA or the millions who rely on Amtrak that the Federal Government would rather pay for tax cuts for the most fortunate than for the infrastructure that literally takes our Nation to work in the morning and brings them home to their families at night?

This choice simply does not reflect our Nation's fundamental values. I don't think it reflects the values of even those benefiting most from it. Nor does it address the real needs of working families in New Jersey and across America.

That reality includes rising health care costs that are driving families into bankruptcy as never before and preventing businesses from creating jobs. It includes growing wage disparity and a labor market that's stayed weaker for longer coming out of a recession than any other time on record.

According to the Tax Policy Center of the Urban Institute and the Brookings Institution, more than 70 percent of the benefits of the President's tax breaks enacted in 2001 and 2003 go to the 20 percent of taxpayers with the highest incomes. More than 25 percent of the tax-cut benefits go to the top 1 percent.

The tradeoff being proposed could not be clearer. The programs this budget proposes to cut are merely a drop in the bucket compared to the cost of the tax cuts.

No amount of spin can obscure the numbers.

Let's remember the context. Since President Bush took office, the Federal budget deficit has deteriorated every

year. This year, we are expected to be \$427 billion in the hole.

In all, the Bush administration has reduced Federal revenues to their lowest level as a share of the economy since the 1950's. As a consequence, we no longer have the resources to deal with the Nation's priorities.

In light of this record, President Bush and his Congressional allies' recent claims of fiscal responsibility simply are not credible. This budget makes those claims even less credible by achieving much of its purported "cost savings" by passing the buck to State and local governments.

Lowering the numbers here in Washington is not the same thing as fiscal discipline if this is simply an exercise in shifting cost burdens to States and communities. That is hardly a plus for the American people—and certainly not for New Jersey.

Our States are already stretched too thin. In New Jersey, we have a budget shortfall of \$4 billion to \$5 billion and annual property tax increases of 7 percent. Much of the reality for States in budget and tax policy has been the result of cost burdens and unfunded mandates passed down from this administration and its allies in Congress.

We have heard claims from the other side that their tax cuts for the most fortunate are somehow responsible for providing a boost to our economy.

But as any serious-minded economist not on the Republican payroll will tell you, the real story of our modest growth has been the longest sustained monetary expansion on record by the Federal Reserve.

Claims that the tax cuts are responsible for significant economic growth are reminiscent of a rooster taking credit for the sun coming up.

The more noticeable result of the tax cuts has been an explosion in our Nation's debt, starting with the \$1.8 trillion cost over 10 years of making the cuts permanent. If we continue along the path set by this administration, by 2015, each family's share of the national debt will be \$73,563. This is simply unacceptable.

I hope that we take a long, hard look at the priorities our Nation has followed under this President because, in my view, those priorities need major changes.

As I said earlier, I am disappointed that the majority party in Congress has chosen to embrace these priorities. That is why I cannot support their budget.

Mr. KERRY. Mr. President, the federal budget should be a reflection of American values. It should be an honest document, it should be responsible, and it should create opportunity. This budget fails that test. It is dishonest because it ignores significant funding obligations. It is irresponsible because it greatly increases our national debt and ignores pressing needs. And it fails to invest in our future and create opportunity for all Americans.

Using an accounting trick that would land a CPA in jail, this budget ignores

billions of dollars that the Nation must spend in the coming years. It excludes the cost of ongoing military operations in Iraq and Afghanistan, which may amount to almost \$400 billion over the next 10 years. It excludes the cost of the President's Social Security privatization plan, which would cost more than \$750 billion over the next 10 years. It excludes the \$600 billion it will cost to repeal the alternative minimum tax over the next ten years. It even excludes the interest on the debt. And yet, the Republican leadership continues to mislead the American people by telling them that this budget will cut the deficit by half.

The budget significantly increases our national debt. If you include the expenditures that the budget omits, the operating deficit in 2006 will be \$579 billion and rise to \$595 billion in 2009. Thus, the budget will add close to \$600 billion a year to our national debt, debt that is increasingly financed by foreign countries and businesses. In fact, foreign holdings of our debt have increased 92 percent since this President came into office. By doing so, this President is ceding financial control to foreign interests, and that undermines America's fiscal and economic stability.

The budget calls for substantial new tax cuts while significantly cutting essential domestic programs. The reconciliation instructions call for a \$70 billion tax cut, which will likely lead to a 2-year extension of the capital gains and dividends tax cuts enacted in 2003 and slated to expire in 2008. In 2005, slightly more than half of these tax cuts will benefit household with incomes over \$1 million, only 0.2 percent of all households.

These tax cuts come at the expense of working Americans. Over the next 5 years, over \$121 billion will be cut from education, veterans health care, environmental protection, housing, and other important programs. This budget fails to fully fund No Child Left Behind. It fails to help our troops by insuring that all members of the National Guard and Reserves have health insurance. It fails to help military families meet the inevitable expenses when a loved one is deployed. And, it sets in motion a backdoor legislative process to auction the Arctic Refuge to oil companies, while failing to adequately fund investments in domestic, reliable and renewable energy.

This budget also hurts manufacturers and small businesses by eliminating the bipartisan Snowe-Kerry amendment which restored \$78 million to the Small Business Administration, an agency whose budget is a mere 3/100ths of a percent of the total budget, yet which has been cut the most of any agency since this President took office.

This budget makes the wrong choices for Americans. It hides the real costs of this administration's priorities. It significantly increases our national debt, debt held by foreign entities and passed on to our children. It provides tax cuts

for the wealthiest Americans while cutting those programs most needed by working families. I do not agree with these choices, and I do not support this budget.

Mr. CONRAD. Mr. President, I yield 10 minutes to the Senator from Minnesota, Mr. DAYTON.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 10 minutes.

Mr. DAYTON. Mr. President, this budget proves the old saying that the end justifies the means. In this case the process used to produce this budget was a disgrace, and the budget itself is a disgrace.

The Democratic Senators who were the official members of the conference committee were not even allowed to attend the meetings behind closed doors. That is not only unfair, that is ridiculous. The other side has the votes on the conference committee to pass whatever they want. That is fair. They are the majority caucus. To not even allow Democratic Senators in the room, what are they hiding? What are they ashamed of?

They should be ashamed of this budget, and they should be ashamed of hiding their decisions behind closed doors. In my home State of Minnesota, we have an open meeting law. It applies to every public body from the State legislature to city councils to school boards. Any meeting of three or more members must be a public meeting. There must be a public notice given so that people can watch their elected officials make the decisions that affect their lives and hold them accountable.

This budget fiasco underscores the need for such an open meeting law in Washington to open the doors of these conference committees to Democrats, to the press, and to the people. But if the budget process we have seen here is the reason we need an open meeting law in Washington, this budget product is the reason we will not get one.

If I were responsible for this disgrace, I would want to hide, too. But I am not responsible for it. No Democratic Senator is responsible for it. This budget manages to increase the Federal debt, as the Senator from North Dakota so articulately demonstrated, and I commend him for his vigilance, for his integrity, and for his straightforward honesty.

This budget increases the Federal debt. It preserves the tax favors for the rich and the super rich, and it cuts services for schoolchildren, college students, senior citizens, veterans, and so many others. To use the President's phrase, that is a trifecta. In this case, it is a terrible trifecta.

This budget also uses a backdoor trick to open ANWR to oil and gas drilling, and that makes it a grand scam.

It is a clear picture, this budget of Republican priorities. It contradicts all the fake rhetoric and false promises such as No Child Left Behind, Clear Skies, or Healthy Communities because this budget leaves millions of

schoolchildren behind and millions more college students in debt. I know because I offered my sixth amendment to fully fund the Federal commitment to special education, and it failed once again.

This budget leaves the Federal share of the cost for special education still less than half of what was promised 28 years ago. It underfunds veterans services, including health care services for our service men and women who are returning from their heroic service in Iraq and Afghanistan, many with serious wounds and injuries. And this is on top of Republicans' rejection of emergency funding for VA health care and supplemental appropriations for our war efforts. Every Democratic Senator voted for that emergency funding for VA health care, and every Republican Senator, except for Senator SPECTER from Pennsylvania, voted against it.

This budget tonight means that all veterans, young and old, will have longer waits for the health care they need, that they were promised, and that they certainly deserve.

This budget tells the truth about Republican priorities, not the soothing rhetoric, not the misleading slogans, not even the face-saving votes on the Senate budget to spare senior citizens in nursing homes from draconian cuts that the President proposed. Those cuts were put back in this budget once again behind closed doors. And it is certainly not the tricks and gimmicks that were used to disguise how bad the deficits in this budget really are.

This budget takes America in the wrong direction, toward a fiscal Armageddon that will occur much sooner than the much advertised and over-dramatized Social Security shortfall that the President's proposal would make much worse.

The continuing deficits in this budget are what the nonpartisan fiscal watchdog, the Concord Coalition, has called "the most reckless fiscal policy in our Nation's history."

The deficit reduction that is pretended to be in this budget is about as likely as finding weapons of mass destruction in Iraq.

As the Republican chairman of the Senate Finance Committee has observed tonight, this budget ignores the rising injustice of the alternative minimum tax which will cause major tax increases for millions of middle-class Americans in the years ahead unless we address it as we should.

As the truth-telling ranking Democrat on the Senate Budget Committee, the Senator from North Dakota, said tonight, this budget hides the rising deficits that begin 6 years from now which will grow and grow until this Nation is so deep in debt that the rest of the world finally refuses to keep loaning us \$500 billion or more every year, and when they stop, there will be, for all of us—our children and our grandchildren—real hell to pay.

This budget is wrong. It is wrong for most Americans, wrong for America,

and wrong for those who are here tonight to approve it. I will vote against it, and I urge my colleagues to reject it also.

I yield the floor.

The PRESIDING OFFICER (Mr. BURR). Who yields time?

Mr. CONRAD. Mr. President, I yield 10 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized for 10 minutes.

Mr. REED. Mr. President, I rise to oppose the budget resolution conference report that is before us this evening. In spite of an expected fiscal year 2006 deficit of \$382 billion, this resolution calls for an additional \$106 billion of tax cuts over the next 5 years.

Reasonable tax cuts focused on energy incentives or educational incentives would not need special reconciliation instructions to protect them because they enjoy widespread bipartisan support. They would actually help our economy. But this resolution contains \$70 billion of unsound tax cuts that would be protected under reconciliation. They would require only 51 votes without any meaningful amendments or debate to become law.

As part of these cuts, there would be \$9 billion to accelerate estate tax relief and \$23 billion for additional capital gains and dividend tax cuts. That amounts to \$32 billion in tax cuts over the next 5 years that will benefit only the very wealthiest members of our society, and those tax cuts are paid for by cuts in programs that are vital to working men and women and families across this country, such as \$10 billion in cuts to Medicaid.

Preliminary analysis of this budget by the Democratic staffs of the Joint Economic Committee and the House Budget Committee finds that well over 90 percent of the benefits from these \$32 billion worth of tax cuts would be received by families in the richest fifth of the income distribution, whereas almost half of the Medicaid cuts come at the expense of families in the bottom fifth of the distribution. This is very clear and very disturbing: tax cuts for the wealthiest Americans at the expense of health care for the poorest Americans. That is what is in this budget. It is wrong. It is unfair. It is unjust. Nearly three-quarters of the Medicaid cuts hurt the poorest 40 percent of families, and there are also cuts in discretionary spending that will hit middle-income families.

In addition to these very difficult and unwise cuts, there are special reconciliation instructions to increase the debt limit. This is an attempt to disguise the irresponsible fiscal policy of the Republican administration and this Republican Congress. We understand that this budget, as the Senator from North Dakota pointed out, is going to increase our deficits without limit over the next several years. Increased deficits hurt our economy. They erode investment. They necessitate foreign

borrowing from countries such as China and Japan. Eventually, we will have to pay back what we have borrowed and eventually this foreign borrowing and lack of investment will undercut our quality of life and our standard of living.

Large budget deficits are now also forcing us to make the unfair budget cuts I just discussed, cuts to Medicaid and other programs that are essential to families throughout this country. We are asking the most vulnerable people in our country, those least able to afford denial of these benefits, to pay for tax cuts of the very wealthiest.

At a time when the number of uninsured Americans is growing and our health care system is in a crisis, as health care is becoming increasingly more expensive and unaffordable, the Republicans are proposing a \$10 billion cut in Medicaid. This will force States to abandon thousands of Americans who currently now depend on these programs for health care. The poor, the sick, and the disabled are paying for tax cuts for wealthy Americans.

These effects are not just on these individuals, but they will affect whole communities. In 2003, the Institute of Medicine prepared a report called *A Shared Destiny*, and it pointed out as one cuts away at the foundations of health care in this country, the Medicaid system, the public health system, that we pay for it in terms of the declining quality of our overall health care system. We pay for it in terms of our reduced access to care in emergency rooms due to overcrowding, and we pay for it in terms of lost productivity as Americans without health care become sick and do not work because they cannot work.

A recent State-by-State analysis by Families USA found that the impact in my home State of Rhode Island of cutting Medicaid by \$10 billion would be 600 fewer seniors served and an \$11 million reduction in Medicaid reimbursements.

These reductions will be devastating for my State and other States. It will be unlikely that my State can as easily handle its commitments through innovative programs such as the medical assistance program and its employer subsidy program called RIte Share, which is designed to help small businesses pay for the health care of their workers so that these workers are not exclusively dependent on State and Federal programs.

I have been visited over the last few weeks by hospital administrators, doctors, disability groups, and countless patient advocacy groups. They have one message: Do not cut Medicaid. It is vital to people. It is essential to our States. But that is exactly what this budget does. It does not represent the priorities of the American people. The vast majority of Americans understands we have to provide at least a minimum level of health care for our citizens.

This budget is also going to result in deep cuts to community development

programs and housing programs. Although CDBG funds have been restored, it cuts deeply at other programs, over \$100 million in cuts from Housing for Persons with Disabilities; \$14 million from Housing for Persons with AIDS; \$24 million from Rural Housing and Economic Development; \$24 million from Brownfields programs; almost \$286 million from HOPE VI Programs; \$226 million from Section 8 Project-Based Assistance; \$252 million from the Public Housing Capital Fund; and on and on.

This budget hurts the most vulnerable members of society to benefit the wealthy. It is not fair, it is not just, and it is not wise policy.

This budget also had a chance to do something positive, to retain the Kennedy amendment to help fund educational programs such as TRIO Upward Bound, TRIO Talent Search, GEAR UP, and LEAP. It did not support the Kennedy amendment and indeed it seeks \$7 billion in additional cuts to student loans. This program reflects irresponsible fiscal policies that have been with this administration from the beginning.

When the President took office in 2000, the public debt was \$3.4 trillion and falling. If we take this budget resolution and pass it, the face value of public debt will be \$6.2 trillion by 2010 and rising. In fact, the more realistic assessment will probably put it higher. We are adding to the burden of our country. We are adding to the burden of the next generation of Americans. These irresponsible fiscal policies are hurting us and this budget contributes to those policies. It jeopardizes our future as it undercuts the safety and security of so many families today.

I urge my colleagues to reject it.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the Senator from Rhode Island for his remarks. He is one of the most thoughtful Members of the body on economic issues. He is a member of the Joint Economic Committee and I very much value his good counsel.

I note the Senator from New Jersey is present. How much time does the Senator from New Jersey seek?

Mr. LAUTENBERG. I would appreciate having 10 minutes.

Mr. CONRAD. I yield 10 minutes to the Senator from New Jersey and welcome him to the floor as well.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 10 minutes.

Mr. LAUTENBERG. Mr. President, I thank the Senator from North Dakota and commend him for his excellent job in the presentation that he has made.

While we are talking about the budget, one cannot help but think about what is not in the budget but that the country is paying for. We are talking about emergency supplementals, costs attributed to the war in Iraq, help for Afghanistan, \$80 billion recently passed. The one thing the public is not

fully aware of is we are not paying in the traditional manner for these costs.

It is painful to see how much we are devoting to the war, what the losses are, while our soldiers and other service people conduct themselves bravely in a very difficult situation. I hope what I am going to say is not the condition, but this could go down as one of the most painful of the wars that we have seen. We are not talking about the numbers. What we are talking about is the morass we have gotten ourselves into.

The confusion was confirmed and the failure to do what we were supposed to was confirmed when on April 25, a few days ago, there was a front page story in the New York Times and the headline is, *Bloodied Marines Sound Off About Want of Armor and Men*. Now, these are brave men. They have been in combat.

I will take the liberty of reading a couple of paragraphs from this article, May 29, 2004, about a year ago.

A station wagon that Iraqi insurgents had packed with C-4 explosives blew up on a highway in Ramadi, killing four American marines who died for lack of a few inches of steel.

The four were returning to camp in an unarmored Humvee that their unit had rigged with scrap metal, but the makeshift shields rose only as high as their shoulders . . .

There was a picture of the humvee shown, and shrapnel from a bomb that was used to attack them went over the top level of the armor.

“The steel was not high enough,” said Staff Sgt. Jose S. Valerio, their motor transport chief, who along with the unit’s commanding officer said the men would have lived had their vehicle been properly armored. “Most of the shrapnel wounds were to their heads.”

Among those killed were Rafael Reynosa, 28-year-old lance corporal from Santa Anna, Calif, whose wife was expecting twins, and Cody S. Calavan, a 19-year-old private from Lake Stevens, Wash., had the Marine Corps motto, *Semper Fidelis* tattooed across his back.

The point of my remarks is a reflection of a trip I and several other Senators took in March of 2004. The soldiers we met with at that time pleaded for three things: One, body armor. One of them said to me: Senator, the vests you are wearing are the best vests that can be purchased. That vest is the most protective, but we don’t have those vests, Senator. Members of the coalition have them.

He said, Senator, I will tell you what else we need. We need armor on our humvee. We don’t have it, and we pay a terrific price for it.

Another soldier said there is a new rifle, an M-4, a substitute for the M-16. It is the best weapon you can get, and it has electronic sighting and can hit a target 600 feet away. It is light and easy to carry. We don’t have them.

We are now with a group of soldiers, Marines, talking about what they experienced in this period. It was painful to read, and yet when one considers the amount of money we have spent on the war effort, the amount of concealment

when this money is put in the form of a supplemental—a “supplemental” for the information of those who do not understand the jargon, supplemental is an emergency supplemental. It is money spent that does not have to be paid for by an assignment from regular revenues or other sources of funding. It is kind of a concealed thing.

When I think about what is being concealed from the American public with this war going on, now over 1,500 have lost their lives, thousands of our soldiers, sailors, Marines—I include all of them when I say soldiers—having severe wounds from the dastardly attacks with roadside bombs and grenade launchers.

The subject came up just now that relates to an amendment I introduced last year, an amendment to the defense authorization bill, to permit dignified media coverage of the return of flag-draped coffins to our Nation. I offered this amendment because the administration banned media coverage of the ceremonies at Dover Air Force Base in Delaware when those fallen heroes were brought back to American soil.

In my view, these soldiers deserve to have the honor of public acknowledgment of the price they have paid, of having those families able to look at something that reminds them their son or their daughter paid the price for our democracy. And they were hiding that information.

Unfortunately, my amendment was defeated in the Senate. But that was not the end of the issue. Since the Pentagon was not allowing the press to photograph these ceremonies, a professor of journalism filed, under the Freedom of Information Act, a request to get the Pentagon to hand over the official photos from these ceremonies.

Just this week the Pentagon, under essentially court order, finally handed over hundreds of these photos. These photos were changed. In fact, they were defaced by the Pentagon. The question is, if you look at these photos, and you see the honor guard that was carrying the casket, flag-draped coffin to a place of rest, to a place of honor, they had their faces blacked out. Were they doing something shameful? Picture after picture, there is a whole contingent of service people, all with their faces blacked out.

I wanted to distribute these photos to every Senator’s office if they do not already have them. We look at row after row of soldiers with their faces blacked out—heroes. Why are they hiding their faces? Because they don’t want the truth told about this war.

A picture of a flag-draped coffin. Shouldn’t it be seen by the public?

I have a photo gallery, I call it, in front of my office door, showing proudly the faces of those who paid the supreme price for their loyalty to country. People look at those photos. They see they are young people. They see they are people who come from every State in the country. We want it to be known who these people were and what they did on behalf of their country.

The honor guard, the soldiers at these ceremonies, had black squares covering their face as if they were embarrassed to be there. It is an honor to participate in that ceremony. They would not want their faces hidden.

Frankly, I don't understand the thinking. When I go to the funeral when one of our people have fallen, it is a dignified, beautiful commemoration of the person we were honoring. We should honor those who have fallen in Iraq and Afghanistan. We have now lost over 1,500 troops. They deserve honor.

This is not a political issue. It is an issue of respect. The soldiers we have lost overseas are more than numbers. They are sons, daughters, fathers, mothers, husbands, and wives. Of course, in my service in the Senate, I have had the honor of attending funerals for the fallen from New Jersey, in New Jersey and at Arlington National Cemetery. The honor guard, dignified, looking strong, fit, determined, perfect unity and discipline, perform the same ceremony for every soldier, whether it is in a small town in New Jersey or at the cemetery of our heroes at Arlington.

The Honor Guard meticulously lifts the flag off the coffin, folds it carefully in precise form, and hands that folded flag, folded into a triangle, to the surviving spouse or parent. It is a very somber and powerful experience.

I watched the flag being handed from a top cover on a coffin in Arlington Cemetery, brought over to the mother of this young man, and she hugged it like she was hugging her son.

After the 1983 terror attack in Beirut, Lebanon, 243 flag-draped coffins of fallen marines were met by President Reagan on the tarmac at Dover. The ceremony was open to the press, and the American people had a chance to witness it.

We need to follow that example now. I have a simple message for the President and Secretary Rumsfeld: Honor our soldiers. I urge President Bush to reverse course and allow the American people to join in honoring our fallen troops. Let's not block the cameras. Let's not distort the truth. Let's honor our men and women in uniform together as a country.

Let it be known that there is a sacrifice that touches families across this country. The face of a young man or a young woman who gave their life for their country ought to be recognized and not in any way hidden, whether in life or when the remains are returned to this country. Let the American people see the price that some families have paid for this war.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I yield 6 minutes to the Senator from New Mexico, Mr. BINGAMAN.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 6 minutes.

Mr. BINGAMAN. Mr. President, I thank my colleague and commend him for the good work he has done on this budget and pointing out the flaws in this budget resolution which I agree with him on.

I want to speak for a moment about the provisions related to health care that are in the budget resolution.

There are 53 million of our Nation's most vulnerable children, disabled, and elderly citizens who rely on Medicaid for their well-being and their livelihood. And there are 45 million Americans without health insurance coverage in this country, including over 400,000 in my home State of New Mexico.

The administration offered a budget proposal to us that added \$140 billion for health care spending. Even with the proposed reductions in Medicaid spending, which they also recommended, the President was proposing a net increase of \$80 billion for health care.

In contrast to that proposal, the budget before us tonight provides no spending for the uninsured and provides a cut in Medicaid of \$10 billion over 4 years. This is even more of a cut in Medicaid than what the administration effectively proposed because the administration's budget proposal only got a scored savings of \$7.6 billion in Medicaid over 5 years. So it is \$140 billion short of the President's proposal on the uninsured, and the cut for Medicaid is scored at greater than the level of cut that the President's budget called for, according to CBO.

In the name of reducing the deficit, this budget actually manages to increase the deficit and still cuts funding for the uninsured and our Nation's most vulnerable children, elderly, and disabled citizens who rely on the Medicaid Program.

It is estimated that a cut of \$10 billion in Medicaid, as is in this resolution before us, will translate to almost \$100 million in Medicaid cuts to my State of New Mexico over the next 4 years. The Medicaid Program in New Mexico is already more efficient and less expensive than private sector health care, and it has been cut repeatedly over the last few years as the State tried to address declining revenues and growing needs.

There is no doubt that any Federal reductions in Medicaid dollars to my State of New Mexico will translate into a reduction in services, a reduction in benefits, and a reduction in coverage for our State's most vulnerable citizens.

Governor Richardson is a great Governor, but he cannot magically produce the \$100 million that the Federal Government would cut from our State under this budget proposal. Despite assertions that cutting \$10 billion from Medicaid will have no impact on the health and well-being of our Nation's most vulnerable citizens, even the best circus elephant or donkey cannot pull off such a feat.

Furthermore, Medicaid is far from broken, as some have claimed. The cost

per person in Medicaid rose just 4.5 percent from 2000 to 2004. That compares to just over 7 percent in Medicare and 12.6 percent in monthly premiums for employer-sponsored insurance. If that is the comparison, Medicaid seems to be about the most efficient health care program around, even more so than Medicare.

The overall cost of Medicaid is going up largely, not because the program is inefficient, but because more and more people find themselves depending on this safety net program for their health care during a recession. While nearly 5 million people lost employer coverage between 2000 and 2003, Medicaid added nearly 6 million to its program. Costs rose in Medicaid precisely because it is working—and working well—as our Nation's safety net health program.

Consequently, Medicaid now provides care to 53 million low-income Americans, including nearly one-quarter of all New Mexicans.

For these reasons and many others, I cannot support the budget resolution before us today.

I would like to emphasize, however, that things would have been far worse if not for the hard work and leadership of Senator SMITH, with whom I offered an amendment to the Senate budget resolution that completely eliminated the \$15 billion in planned cuts to Medicaid.

Senator SMITH has shown a dedication and understanding of the Medicaid program and its importance to the 53 million Americans that it serves that should be applauded.

Due to his dedication, we have a budget before us that has \$10 billion in Medicaid cuts. But it is certainly far better than the \$15 billion in the original Senate budget resolution or the \$20 to \$38 billion in the original House budget resolution or the \$60 billion originally proposed by the President.

I also commend every single Democratic Senator for, first, signing a letter to President Bush opposing block grants or arbitrary caps or limits on Medicaid spending to the States earlier this year and for voting unanimously to eliminate any Medicaid cuts to the budget resolution.

I also thank the more than 200 national organizations that supported the Smith-Bingaman amendment to the Senate budget resolution and urge them to stay active over the coming months to continue to oppose Medicaid cuts.

Before closing, I would like to strongly express the need to undertake any reform or changes to Medicaid on a bipartisan basis. Senator SMITH and I, along with a majority of the Senate and an overwhelming majority in the House of Representatives, have all voted in favor of the creation of an independent, bipartisan Medicaid Commission.

Why a commission? Just like Social Security, just like the 9/11 Commission which examined the intelligence system, and just like Medicare, we believe

that Medicaid deserves a comprehensive and thorough examination of what is working and what is not by all stakeholders—Federal officials, State and local government officials, providers, consumer representatives, and experts.

If the Congress fails to accede to the majority sentiment in both the Senate and House and pass S. 338, the Bipartisan Medicaid Commission Act of 2005, then Senators SMITH and I, on a bipartisan basis, believe that we should have the National Academy of Sciences' Institute of Medicine, or IOM, undertake such a review of Medicaid.

Medicaid is 40 years old this year and deserves a thorough review from top to bottom by an independent, bipartisan, and well-respected group such as the IOM. The purpose of such a commission would be to report on short- and long-range recommendations to improve coverage and access to care, quality, and cost-effectiveness of services for low-income and vulnerable populations served by the Medicaid program by December 2006. The 53 million Americans served by Medicaid deserve nothing less.

I would point out that, in response to questions from Finance Committee Chairman GRASSLEY earlier this year on FDA drug safety issues, Secretary Leavitt referred repeatedly to the "prestigious IOM" and how it was studying FDA drug safety issues and added that "we should move carefully before undertaking any restructuring, and look forward to reviewing the results of the IOM study looking into these matters, as well as working with FDA, Congress and outside stakeholders to ensure an efficient and effective system of drug regulation."

Again, the 53 million Americans served by Medicaid deserve no less than a similar review of the Medicaid program.

If a commission is appointed, instead, that is heavily weighted toward the administration, it will be nothing more than a waste of taxpayer money, as none of the recommendations will have bipartisan buy-in or balance. Once again, we will have missed an important opportunity to improve the Medicaid program.

It is also why I firmly believe we need to make sure that we do whatever we do right rather than quick. Senator COLEMAN said it well when he said we should "measure twice and cut once."

Medicaid is the backstop to Medicare, the backstop to private insurance, and the major funding source for our Nation's safety net providers. Medicaid is, as Health Affairs has called it, "the glue that holds our nation's health care system together." Therefore, we must make sure reform is done right and systematically, rather than quickly and without being thought through.

Finally, during the last Presidential election, the President recognized that 9 million children lacked health care coverage and made a proposal that he called "Cover The Kids."

In the President's own words:

We'll keep our commitment to America's children by helping them get a healthy start in life. I'll work with governors and community leaders and religious leaders to make sure every eligible child is enrolled in our government's low-income health insurance program. We will not allow a lack of attention, or information, to stand between millions of children and the health care they need.

The President put that proposal into his budget, but I do not see it in this budget. As a nation, we should not be going backwards on children's health, but we will in this budget.

Furthermore, Congress is poised to adopt a Federal budget that provides \$70 billion in tax cuts for the wealthiest people while, at the same time, it slashes funding for seniors and children who count on Medicaid for their very survival.

Consequently, I urge a vote against the conference budget resolution.

The votes are going to be here to adopt this budget resolution. I hope this commission we have called for and Senator SMITH has insisted upon will be able to give good direction as to how this could be implemented and how Medicaid can be improved long term.

Mr. President, with that I yield the floor.

Mr. JEFFORDS. Mr. President, I have been in the Congress some 30 years. I have seen a lot of budgets. I have voted for some, and voted against others, but in all my days, I have rarely seen a more irresponsible budget than the one this Congress is about to approve. In a time of rising debt and rising military expenses, we are also absurdly living in a time of rising tax cuts.

Frankly, I am appalled. I am appalled at the fiscal irresponsibility of cutting taxes by \$106 billion over the next 5 years, primarily for the wealthiest among us, while our budget and trade deficits go up. It is no wonder the value of the dollar has plunged.

I am also appalled that this budget excludes future costs of the war in Iraq. In the past, we have sometimes raised taxes to pay for war costs. I believe this is the first time this country has ever cut taxes and waged a war at the same time. I am tired of witnessing a shell game where it is claimed that a budget will lead to a reduction in the deficit, while the President requests billions and billions of dollars in so-called "emergency" military spending.

At the same time this budget calls for increasing tax cuts, this budget will mandate cuts in programs that benefit low-income Americans. A Federal budget is about setting priorities, and the priorities contained in this budget are all wrong.

This budget puts tax cuts ahead of ensuring that our communities have clean water, safe streets, and good schools.

This budget includes \$35 billion in cuts in mandatory programs such as the Food Stamp Program and Medicaid, which serves low-income chil-

dren and their families, people with disabilities, and the elderly. I have a hard time voting for provisions that will simply increase the burden on States to care for low-income and disadvantaged Americans. There are many other low-income programs that will need to be cut to follow this budget blueprint ranging from affordable housing to economic development and nutritional programs.

In short, this is a Sheriff of Nottingham budget. It takes from the poor and gives to the rich.

This budget assumes that funding for domestic discretionary programs will be cut by 5.9 percent this year below the level enacted for 2005, adjusted for inflation. Over 5 years, these cuts are enormous and will affect practically every area of the domestic budget from veterans' health care to job training to special education.

I was not pleased at the cuts in the discretionary budget contained in the Senate-passed budget. This budget is worse. It will lead the country down the path towards cuts in environmental protection programs, transportation programs such as Amtrak, and education programs. This budget will also, unfortunately, enable those who favor oil and gas exploration in the Arctic National Wildlife Refuge to shield such a provision from full debate in the Senate.

I cannot support this budget resolution conference report because of its misguiding priorities. I regret that this budget will lower the quality of life for all Americans by not adequately funding important domestic programs, increasing the deficit, and widening the divide between rich and poor in this country.

Mr. VOINOVICH. Mr. President, I rise to express my opposition to this conference report and explain why I will vote against it.

This is the beginning of my second term in the Senate and one of the reasons Ohio sent me back here is because they know that I am committed to doing something about balancing the budget and paying down the debt—fundamentally sound fiscal principles to which I have been committed throughout my career.

I must say that I have carefully examined this conference report and had hoped to be able to vote in favor of it. And I found a great deal to like in this conference report. This is a very tight budget when it comes to spending and I support that. In fact, I have to commend Senator GREGG and Congressman NUSSLE for producing the one of most fiscally responsible and honest budget resolutions I have seen in 7 years in the Senate. It sets ambitious targets and forces the Congress to make hard choices about our spending priorities. This conference report fully supports the efforts of President Bush to restrain the growth of discretionary spending while defending the nation. Let there be no mistake, this conference report reflects the difficult,

even painful, spending policy decisions we have avoided for far too long.

Unfortunately, spending policy is only one half of a budget and I sincerely wish the budget resolution also forced us to make equally difficult choices about tax policy. This conference report contains reconciliation instructions for \$70 billion in tax cuts we do not need and cannot afford.

Many of my colleagues insist on these reconciliation instructions because they would like to extend until 2010 all or some of the tax cuts enacted in 2001 and 2003. Moreover, they propose to extend these tax cuts without offsetting the revenues lost to the Federal Government. This is unacceptable.

First let me explain why we cannot afford to cut taxes this year.

According to CBO estimates the national debt increased by \$600 billion between October 2003 and October 2004 and will increase by at least the same amount before October 2005. That is a \$1.2 trillion increase in Federal debt in just 2 years. And this conference report instructs the Finance Committee to raise the debt ceiling yet again by over \$700 billion.

Raising the debt limit has become an annual ritual. And why do we keep raising the debt limit every year. It's because we keep borrowing more and more money for spending instead of restricting the growth in federal programs and/or raising the revenues to pay for those programs.

This is against a backdrop in which most experts agree that by 2030, spending for Social Security, Medicare and Medicaid alone will consume 18 percent or more of GDP, about the same amount we are spending today for all operations of Government combined.

Let me be very clear, borrowing for tax cuts now guarantees larger taxes increases later.

Next, let me explain why we do not need to do any tax cuts at all this year.

In January President Bush established a bipartisan panel to advise on options to reform the tax code to make it simpler, fairer, and more pro-growth to benefit all Americans. In July the Advisory Panel will submit to the Secretary of the Treasury a report containing options for reforming the Federal Internal Revenue Code. These options will help Congress: simplify Federal tax laws to reduce the costs and administrative burdens of compliance with such laws; share the burdens and benefits of the Federal tax structure in an appropriately progressive manner while recognizing the importance of homeownership and charity in American society; and promote long-run economic growth and job creation, and better encourage work effort, saving, and investment, so as to strengthen the competitiveness of the United States in the global marketplace.

Essentially, we will be fundamentally reforming the entire tax code next year, so there is absolutely no reason to tinker with it this year. It would be like remodeling your kitchen the year

before you tear down and replace your house.

If for some reason, we do not act on the advisory panel's report, we will still have plenty of time to reconsider extending existing tax cuts. Most of the current tax cut provisions do not expire until 2010 and even the reduced rates on dividends and capital gains do not expire until 2008.

I supported tax cuts in 2001, 2003 and 2004. Nevertheless, we face a different situation today and I will not longer support tax cuts unless they are fully offset. We have to take into consideration that even our current sobering assessment of federal finances may be overly optimistic.

Assuming continued, but declining, spending for the global war on terrorism increases the 10-year deficit by \$418 billion.

Assuming that discretionary spending keeps pace with economic growth, rather than inflation, increases the 10-year deficit by \$1.4 trillion.

Even assuming that expiring tax cuts are only extended for 5 years increases the deficit by \$306 billion.

Assuming continuation of recent adjustments in the alternative minimum tax, AMT, increases the deficit by \$642 billion.

Freezing appropriations, including defense, the war on terrorism and homeland security, would save \$1.3 trillion. However, if combined with the extension of tax cuts and continued AMT relief, the budget would still remain in deficit every year, totaling \$2.2 trillion over the next decade.

We must also remember that current Medicare payment increases for doctors and hospitals expire at the end of 2005. The American Medical Association, AMA, reports that physicians would see a 31 percent decrease in payments from 2006–2013. If we do not act, senior citizens will face serious problems obtaining health care; but it will cost tens of billions to continue reimbursing doctors and hospitals at the current rate.

I have consulted with experts like Federal Reserve Chairman Alan Greenspan, Comptroller General David Walker and financial expert Pete Peterson who share my concern about the federal budget and agree the economy no longer needs the stimulative effect of extended tax cuts. The nation's gross domestic product grew by 4 percent in both 2003 and 2004. Unemployment has dropped from 6.6 percent to 5.2 percent and new jobs have been created every month for the last 21 months. The tax cut medicine worked and it is time to stop before we overdose on too much of a good thing.

My basic yardstick for government spending, including tax cuts, has always been "is it necessary and is it affordable". My colleagues who want to cut taxes or increase spending should find the offsets to make their priorities affordable. If they cannot find such offsets, than let them demonstrate the necessity of their initiatives by gaining 60 votes.

I hope this statement explains my reluctant opposition this conference report.

#### PENSION

Mr. ENZI. Would the Senator yield for a question?

Mr. GREGG. I yield.

Mr. ENZI. I would like to clarify a point with the chairman of the Budget Committee about the timing of substantive legislation and the effect on my Committee's instructions in the FY 2006 Budget Resolution, H. Con. Res. 95. The Health, Education, Labor and Pensions Committee is instructed in this resolution to report \$13.6 billion in reconciled savings by September 16. It is contemplated that a significant portion of those savings will come from reforms to the insurance program of the Pension Benefit Guaranty Corporation. While important, legislation producing the anticipated savings is only a part of broader pension reforms that must be enacted this year in order to stabilize the defined benefit system in this country. As the chairman knows, reconciliation is privileged legislation which is narrow in scope. Many provisions that are essential to comprehensive pension reform may not be permitted in reconciliation. Therefore, it may be necessary to act outside of the reconciliation process in order to enact comprehensive pension reform. My question to the chairman is, if we pass legislation that sets the stage for real savings to occur in reconciliation, will you recognize those efforts in scoring our committee's response to the reconciliation instruction?

Mr. GREGG. Our scoring of reconciliation recognizes how your response fits within the overall legislative landscape. The answer to your question is yes.

Mr. ENZI. I thank the Senator.

#### MEDICAID COMMISSION

Mr. FRIST. Mr. President, I rise today with my colleague from New Hampshire, Senator GREGG, Chairman of the Senate Budget Committee, to discuss the creation of a Medicaid commission to assist Congress and the administration in their task of modernizing Medicaid.

As my colleague knows, the Medicaid program under Title XIX of the Social Security Act provides essential health care and long-term care coverage to low-income children, pregnant women and families, individuals with disabilities, and senior citizens. The program, in fact, provides health and long-term care coverage to approximately one in six Americans. Yet, I think we can all agree that Medicaid now faces financial challenges at both the State and Federal level that, over time, will worsen and threaten the viability of the program. This commission will help us address this challenge.

The members of this independent Medicaid commission will be appointed by the Secretary of Health and Human Services and will represent a broad range of ideas and points of view. It will, for example, include representatives of both the State and Federal

governments, individuals who are covered by the program, and those who provide care and coverage under the program. The commission will be a fair and balanced forum to discuss the needs and challenges of the Medicaid system and to make recommendations that can assist policymakers in improving the program.

I ask my colleague, Chairman GREGG, if he would describe the goals and the timeline of the commission.

Mr. GREGG. As the majority leader has described, the independent commission will assist Congress and the administration by making recommendations regarding the modernization of the Medicaid system.

The commission will have two primary tasks and two important deadlines: It will make short-term recommendations on how to implement the requirements of the budget resolution with respect to the Medicaid program. These recommendations will be contained in a report to the Secretary by no later than September 1, 2005. The commission will also make long-term recommendations on how to modernize Medicaid. These recommendations will be contained in a report to the Secretary by December 31, 2006.

I thank my colleague for his work to develop a commission, and I look forward to working with him and my colleagues on the Finance Committee as we consider the recommendations of the commission to help create a viable plan to modernize and strengthen Medicaid.

Mr. FRIST. I thank the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, we are moving toward completion of the debate on this budget resolution. I want to be recognized for a minute, then the Senator from North Dakota is going to be recognized, and then we are going to return to discuss the specifics of the resolution for a brief period of time between myself and the Senator from North Dakota, and then we are going to hear from the leaders, and then, hopefully, we will vote.

But before we proceed further, and in recognition of all the work that has gone into this resolution, I want to acknowledge one person on my staff who is moving on, and she has had a tremendous commitment to the Senate for many years. That is Gayle Osterberg.

Gayle has worked in the Senate for 12 years, starting out as a staff assistant in the office of Senator Don Nickles, and rising her way up to the position of communications director for, first, the HELP Committee, when I was there, and subsequently went to the Budget Committee where she has done an extraordinary job.

Gayle graduated from the University of Kansas in 1992 with a degree in communications and has effectively used her talent and knowledge of the media to rise up the ladder in the Senate.

While she will be missed, Gayle is moving on to greener pastures and exciting times as vice president of communications for the Motion Picture Association of America. That should be a fascinating job and one she will do very well. We will all miss her on the Senate Budget Committee. We congratulate her, however, on her extraordinary years of work and thank her very much and wish her good luck as she moves forward.

In addition, I want to thank my staff. I want to begin specifically by thanking the Senator from North Dakota. His courtesy, his professionalism, his fairness in dealing with us has been extraordinary, as has his staff. And I thank his staff for their exceptional commitment to the process.

The people listening to this debate over the last many hours may conclude we are quite antagonistic. Yes, we may be on some of the policy issues, but, no, we are not, at the personal and professional level. I admire very greatly the professionalism of the Senator and his staff.

I also especially thank my staff. These are folks who have worked endless hours. Very few of them have gotten any sleep for the last week. And there have been other periods during the intensity of marking up and putting the budget together when very little sleep occurred.

They extraordinarily and professionally put together an exceptional product, headed up by Scott Gudes on the Budget Committee and by Vas Christopoulos on my personal staff.

There are a lot of people, too many names to actually mention. I deeply thank them. I know the Senate thanks them because without these folks who commit their lives to making sure the legislation that moves through this body moves through professionally and is done in a way that we can take pride in, we would not be able to function as a Congress. The American people would not be as well served as they are.

I want to recognize two members of the Senate Budget committee staff who exemplify the professionalism and, especially, the *esprit de corps* that make our committee and this institution such a marvelous place. I know that Senator CONRAD joins me in taking a moment to single out these two special individuals.

Lynne Seymour and George Woodall are two of our senior professional staff members on what we call our “non-designated staff.” They lead our bipartisan administrative staff. Day in and day out they give 110 percent on behalf of the members and staff, whether Republican or Democrat. Lynne and George are the people who really manage the committee, who allow the rest of us on the committee payroll to formulate and execute Federal budgets, to hold hearings, to review programs and to communicate with each other and the rest of the world. They are in charge of what some in private industry call “enabling functions.” That is

an accurate description because Lynne and George’s efforts enable the rest of us to move forward the legislative business of this Senate and the Nation.

After taking over as chairman of this committee a few months ago, I understood that Lynne and George work first and foremost for the United States Senate and I quickly realized that Senator Nickles had left us in good hands. Lynne and George eased the transition and ensured that we were able to move the Budget Committee’s work forward. We hired and added staff. We installed work stations and moved offices. Due in no small measure to their work ethic and high morale, we were able to move forward when the President’s Fiscal Year 2006 budget was transmitted a month after I became Chairman.

Lynne Seymour served on the Budget Committee in the early 1980s and then rejoined us in 1995. She is responsible for all the administrative functions for the committee which, as we all know, is no mean task. Lynne is the manager for all nondesignated staff and serves as a liaison between the committee and other divisions of the Senate, such as the Secretary of Senate, Sergeant-at-Arms, Rules Committee, Ethics Committee and Architect of the Capitol. From the committee’s own biennial funding to the development of a Continuity of Operations Plan, COOP, for the committee, Lynne ensures that the committee’s activities run as smoothly as possible, especially through all the many transitions and office moves that have occurred over the past few years. Lynne is a dedicated individual that others know they can count on, and we all do count on her. She is a positive, graceful force for the majority and minority committee staffs, a consummate professional.

George Woodall has worked on the Senate Budget Committee for the last 11 years. I have come to value his work a great deal. As the systems administrator for the Senate Budget Committee, he keeps the technology flowing and the lines of communication open. Many of us wonder how we managed before blackberries and other current technology. Well, George makes sure that the capabilities of technology do not become liabilities by keeping the PCs, fax machines, email, scanners, and networks running and keeping people connected whenever and wherever needed.

Some people who work with George may not know he is also an ordained minister, actively involved in men’s ministry, addictions ministry, outreach ministry and youth ministry. George’s generosity and willingness to share his gifts is part of everything he does, and the Committee is better for it.

The Budget Committee staff is one of the finest I have had the good fortune with which to work. Lynne and George have each given their best to Republicans and Democrats alike and have served on the committee staff for over a decade. I am privileged to recognize them and to express my gratitude.

Mr. President, we all know it is our staff that somehow gets the work done during weeks such as this one where the Senate has dealt with both the highway bill and concluding a conference report on the budget resolution. As the new chairman of the Budget Committee, it was my challenge in January to get the committee up and running immediately given that we had some of the first tasks in the Senate for the year. Therefore, it was necessary to have experienced staff that could step right in and make things work.

But it is not easy to have an instantly full, experienced staff, with all the bases covered. That is why I have been fortunate to be able to draw on the experience of some of the best employees in the executive branch. I would like to take a moment to recognize the brief but valuable contributions of two executive branch detailees to the Budget Committee—Elissa Konove and Mara Browne.

Elissa Konove came to the Budget Committee in February to be our transportation analyst. In that role as an examiner at the Office of Management and Budget, she had followed the daily track of the highway bill over the last 2 years. When the highway bill laid over to this 109th Congress, Elissa decided to view the dance of legislation from the inside out. I very much appreciate OMB Director Bolten's willingness to share an analyst with such thorough knowledge and a steady hand. I understand Elissa is going back to fight new fires where OMB needs her most, and I know they're happy to have her back. While we will miss her expertise, we thank her for contributions, and we know the executive branch will benefit from her experience in the Congress.

I also would like to recognize another valued addition to the Budget Committee staff who will be leaving us in August, Mara Browne. Mara came over to the Budget Committee from the National Oceanic and Atmospheric Administration, NOAA, where she served in the Satellite Service working on international affairs and private remote sensing issues. Mara began her Federal career as a Presidential Management Fellow and has been an asset to the committee in a number of areas, especially within the general Government function. I thank Mara for her dedication to the efforts of the committee and wish her the best of luck in her future endeavors at NOAA.

Mr. President, I would also like to take a minute or two to recognize just a few of the talented professionals who have helped develop this budget resolution.

First, I would like to acknowledge chairman NUSSLE and his very talented staff. JIM BATES, DAN KOWALSKI, PAUL RESTUCCIA, and their team are simply first rate and the technical accuracy of this resolution and the budget is simply a matter of personal pride.

Second, I want to acknowledge my own staff here on the Budget Com-

mittee. I do not have time to recognize all of them but would like to mention a few—professionals like our legal staff, GAIL MILLAR and ALLISON PARENT. Our policy staff, led by VINCE VENTIMIGLIA, including KIM MONK, DAVID FISHER, PEGGY BINZER, and RICHIE WEIBLINGER.

Since taking over the committee in January, I have been extremely grateful to these committee staff who have worked tirelessly on the budget, and in helping me take over as chairman. I just cannot say enough about JIM HEARN, CHERI REIDY, DAVE PAPPONE, DAN BRANDT and others. I would be remiss if I did not mention BILL LUCIA who we got to come over from the HELP Committee. Bill handles education and income maintenance functions and has done such incredible analysis of pension and student loan reform.

I want to thank our leadership staff for their tireless work on this resolution. I especially want to thank Sharon Soderstrom and Bill Hoagland. They have been there to assist me and the committee on issue after issue. They are true public servants. Through their knowledge, tenacity and interpersonal skills—they bring great credit to our leader and this institution.

Finally, I want to recognize one other special individual. Vasiliki Christopoulos. "Vas" has served with me since I moved from the Governor's Mansion in Concord to join this Senate. Her official title is "administrative assistant" but I doubt that any title could adequately convey all the responsibilities that Vas assumes and carries out. Vas is what in Greek is referred to as "apeeshetehtoh"—that is she is simply "amazing." I doubt there is any member of this Senate who can point to a more dedicated and talented staff person. Vas makes my office work, she makes the larger "team Gregg"—from appropriations to budget to my offices in New Hampshire—work in a seamless, smooth manner. Vas is probably one of the warmest, most decent people that has ever worked in this institution or in any institution. On a daily basis she brightens up the day for everyone she comes in contact with. I cannot say enough to recognize her and express my appreciation.

So, Mr. President, this is an institution that is known by the names of the 100 elected members that serve here. But, I just want to note that there are many other names that are maybe less well known, but who truly make the business of this Senate occur and happen in a way that serves Americans around the great Nation.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the chairman of the committee for his fairness throughout the process, for his professionalism, and for his good humor. We have spent many long days and nights on this floor debating this budget. We have spent a long period in

the Budget Committee. It has been with unfailing good humor on his part and a sense of fairness and bipartisanship that we have moved forward. We certainly don't always agree, but we have never been disagreeable. Perhaps that is a good model for the way we function in the Senate.

I will take a minute to thank Sue Nelson of my staff. This is her last budget resolution. She has been with the Senate Budget Committee for 20 years. She is my deputy staff director. She is the person who is in charge of our numbers and Medicare as well. She at one time worked for Senator DOMENICI. We are going to miss the outstanding professional commitment of Sue Nelson. We are going to miss you very much. Thank you for all you have done for our committee and for the Senate.

I also thank my staff director Mary Naylor. Mary has put together an outstanding staff and has worked unfailingly for us to make our case on what the budget priorities of this country should be, and to the rest of my staff as well who have worked extraordinarily hard and with a real commitment to fiscal responsibility and to fairness.

They are:

Sue Nelson, Deputy Staff Director;  
John Righter, Appropriations;  
Shelley Amdur, Education/Appropriations;

Lisa Konwinski, Counsel;  
Jim Esquea, Medicaid/TANF;  
Jim Klumpner, Economist;  
Jamie Morin, Defense;  
Rock Cheung, International Affairs;  
Sarah Kuehl, Social Security/Transportation;

Steve Bailey, Revenues;  
Mike Jones, Homeland Security/Justice;

Cliff Isenberg, Energy/Environment;  
Jim Miller, Agriculture;  
Stu Nagurka, Communications Director;

Steve Posner, Deputy Communications Director;  
David Vandiver, Planning/Outreach;  
Kobye Noel, Graphics Production Coordinator;

Matt Havlik, Staff Assistant;  
Tyler Haskell, Staff Assistant;

Anne Page, Executive Assistant.

Let me also recognize the staff of the Senator from New Hampshire, especially staff director Scott Gudes and the rest of the members of his staff. This is a good relationship that we have between our two staffs. It is one of respect and fairness, and we deeply appreciate the many courtesies that have been extended to us during this process.

I want to echo the laudatory comments of Senator GREGG regarding the outstanding contributions made by two senior professional staff members of the Senate Budget Committee, Lynne Seymour and George Woodall. Lynne and George are our two most senior administrative staff members who perform their respective duties with great

distinction. They are true professionals who serve the members of our committee and our respective staffs with poise, respect and diligence.

I have the utmost appreciation for their service, because they have attended to our committee during some of the most difficult administrative challenges imaginable. For example, in just over 4 years, since the beginning of the 107th Congress, this committee has had four different chairmen: Senators GREGG, NICKLES, DOMENICI and myself. Thanks to the outstanding service of Lynne and George, the transition from one chairman to the next has been flawless. They have arranged for the moving in and out of our different staffs and the literal moving of our offices several times. They made sure our offices were properly equipped and that our computers, printers, phones, faxes and other technical equipment were in good working order—not an easy task, I assure you.

They have also served our committee and this Senate during some of the most difficult times. They were here on the morning of September 11, 2001 when the Pentagon was attacked and when we believed the U.S. Capitol complex was also threatened. They were also serving our committee when anthrax was discovered in the mail system here in the Senate. These have not been easy times for staff members.

Lynne Seymour and George Woodall have not only persevered, but they have excelled at their duties in serving us. I thank them for their service, and want them to know how much we in the Senate appreciate their long hours, their unselfish contributions and their professional service.

With that, I will proceed to wrap up. I will take a few moments and then we will hear from the chairman and then the leaders, and then we will be prepared to vote.

While I have great respect for the chairman, I have great respect for the staffs that have assembled this budget. I deeply do not believe that this budget charts the correct course for the country. I say to my colleagues, if you want to be supporting more debt, vote for this budget. If you want higher deficits, support this budget. If you believe that it is right to take every penny of Social Security surplus over the next 5 years and use it to pay for other things, then support this budget.

This chart sums it all up. I call it “building a wall of debt.” That is what this budget is all about. We have heard people say it is going to cut the deficit in half. I don’t believe it. Instead, I believe what is going to happen is the debt of the United States is going to go up, up and away. We are starting with \$8 trillion, and every year of this budget debt is going to be increased by more than \$600 billion. Every year it is going to go up by \$600 billion.

Those are not my numbers. Those are the numbers from the budget document itself on pages 4 and 5 of this conference committee report. It shows

what is going to happen according to their own analysis and projections to the debt of the United States: \$683 billion the first year, \$639 billion the second, \$606 billion the third, \$610 billion the fourth, and \$605 billion the fifth year. Anybody who says the deficit is getting cut in half and yet the debt is going up by over \$600 billion each and every year is mistaken. This is a mistake for the country. We ought not to support it. I urge my colleagues to defeat this budget resolution. Let’s go back to the drawing board. We can do better than this.

I thank the Chair and my colleagues.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I thank the courtesy of the Senator from North Dakota and his staff and again thank my staff for the extremely effective way they have brought this process forward.

This is the only opportunity to get us on a game plan for reducing the debt of the Federal Government, for moving forward in a process that is going to bring fiscal restraint to the Federal Government. My colleagues on the other side of the aisle, for all their talk, have not put a budget on the table. This budget is a real document. It is a strong game plan for moving down the road of establishing fiscal responsibility here at the Federal level. It freezes nondefense discretionary spending for 3 years. That is real savings. For the first time in 7 years, it steps onto the turf of entitlement and mandatory spending and begins the process of addressing two major issues which need to be addressed if we are going to get our fiscal house in order, specifically Medicaid and the Pension Benefit Guaranty Corporation.

In addition, it reduces the deficit in half over the next 4 years and, as a result of stepping onto the issues of Medicare and entitlements, it begins the process of correcting the outyear problems we face as a nation which we should not be passing on to our children but which we will pass on to our children if we don’t begin to act now.

There has not been a budget in this Congress for 2 of the last 4 years. It is time to act on a budget. It is our obligation, especially as the majority party, to put forward a game plan for how we as a government are going to function and how we are going to move forward to act in a fiscally responsible way. This budget does that.

In addition, it will continue to energize and activate the very strong economic recovery which we have seen over the last year. Hundreds of thousands of jobs have been added. Revenues have increased dramatically. That is a result of the policies of this President. This budget continues those policies in a manner which will continue that economic expansion, give entrepreneurs the opportunity to be aggressive, and create jobs for Americans.

It is a good budget, and it is a good place to start. It is something we need to do.

I yield the floor.

The PRESIDING OFFICER (Mr. MARTINEZ). The Democratic leader.

Mr. REID. Mr. President, I come to the floor to express my opposition to this budget resolution. Before I discuss the budget, I will take a minute or two to acknowledge the hard work of the chairman and ranking member.

I have the greatest respect for the chairman of the committee. We served in the House together. He left the House to become Governor of the State of New Hampshire. He returned as a Member of the Senate. He is a knowledgeable man with knowledge of what goes on in our country. Even though I may disagree with his political ideology, as a person I have the greatest respect for him. He is a person who always tells you how he feels, and I think he adds a great deal to the Senate.

I especially thank our ranking member, Senator KENT CONRAD, for his outstanding leadership for the people of North Dakota, the country, and our caucus. No one understands the budget better than KENT CONRAD. We could not ask for better leader on the budget than KENT CONRAD. He and his staff are exceptional. I told him earlier this evening, I really miss this budget battle. For 5 years I sat with him on this floor and was with him every minute of the way. And I enjoyed that. He is a man of vision and there is no one who knows numbers better than he does.

I oppose this budget for two primary reasons. First, it is fiscally irresponsible. Second, it makes the wrong choices and sets the wrong priorities. Let me talk about both of these problems for a short time. To understand the current state of our Nation’s fiscal policy, it is helpful to review history. It always helps.

In 1992, the Federal Government ran a record deficit of \$290 billion. In 1993, with the Budget Deficit Reduction Act, without any support in the House or the Senate from a single Republican, we made hard decisions to get the budget under control. In fact, the Presiding Officer on the night we had the vote was Al Gore, and he broke the tie to allow the Budget Deficit Reduction Act to pass. I can remember that night and I will never forget it. George Mitchell assigned Tom Daschle and me to work to see if we could get Bob Kerrey’s vote. That is a story in itself. When we started looking for him, he had gone to a movie—just like Bob Kerrey. Anyway, it worked out. Bob Kerrey decided to vote with the President and change history.

Largely because of those decisions made by us in this body, the budget moved from record deficits to record surpluses. That is why in the last 3 years of President Clinton’s Presidency we paid down the national debt. We were spending less money than we were taking in. Unheard of, but it happened 3 years in a row.

Unfortunately, one of the first acts of this administration and the Republican-controlled Congress was to reverse the great strides we made in the

1990s. Instead of maintaining fiscal discipline and saving for the future, the Bush administration opted to provide lavish handouts to special interests and to the powerful. The result has been a record run of red ink as far as you can see.

Now, my distinguished friend, the chairman of the committee, said that budget deficit is going to be cut in half. I cannot believe someone I bragged on so much a minute ago believes that. Last year, we ran a deficit of—nobody knows how much because Social Security was used to mask a lot of it, but it was approximately \$500 billion, the largest ever. This year, according to the administration, the deficit will even be larger. Running deficits of this size, of course, would always be a concern. But at a time when we badly need to save to prepare for the baby boomers' retirement, such huge deficits are especially irresponsible.

That is why it is so troubling that a budget resolution before us not only fails to reduce the deficits, it makes it worse, much worse. In fact, this budget increases the debt each and every year by more than \$600 billion and passes a burden of repaying the debt to my children, my grandchildren, and my great-grandchildren.

What does this mean for Social Security? Under this budget, every dollar of Social Security surpluses would be taken and spent on other Government activities—every dollar. Think about this. We are going to have a \$2.5 trillion surplus in Social Security over the next 10 years. I say to all the people listening tonight, that is your money. We are supposed to be saving it so we can pay your Social Security benefits in the future. But does this budget save the surplus for Social Security benefits? No. Every single dollar would be used for other purposes. That is not fiscally responsible and it is not right.

This budget's irresponsibility is the first reason I oppose it. Unfortunately, the flaws go much deeper than that. This budget resolution also makes wrong choices and repeatedly short-changes the priorities of working Americans. The budget cuts education—I could talk about the budget cuts in education, but let's talk about adult education. This budget cuts adult education by 60 percent. Who are those people who need adult education? It is young men and women who have dropped out of high school, people who, before finishing high school went into the military; it is a lot of people for a lot of different reasons who decide they want to come back and get an education. A 60-percent cut. That is wrong. Health care, Medicaid, homeland security—it targets rural America with cuts in agriculture and other programs. It slashes funding for new police officers. It cuts funding for firefighting programs, and at a time when we are asking hundreds of thousands of our men and women to place their lives on the line, it forces them to pay more for their health care when their service is

done. While making deep cuts in priorities such as these, the budget continues the recent pattern of Congress favoring special interests and the powerful.

The budget calls for providing millionaires with additional tax breaks worth over \$35,000 a year, while doing nothing to close loopholes that allow huge corporations to avoid paying their fair share—their fair share of paying for our Government responsibilities. It calls for opening a pristine wilderness area in Alaska for the oil and gas industry. It calls for maintaining a large slush fund for HMOs who have had record profits, and it calls for continuing to ban Medicare from negotiating with drug companies to get better prices for prescription drugs. That is hard to comprehend. Medicare cannot negotiate for lower prices. They can go, like I do, to Rite Aid and get their prescriptions there, but no negotiating for prices. These, I am sad to say, are the priorities of the party in power. But the record should be spread; they are not Democratic priorities, they are not the priorities of the American people, and they are certainly not the priorities of my friends and neighbors in Searchlight, NV. You see, in Searchlight, as in other towns and cities all across America, people are working hard and struggling to make ends meet. They are proud people. They are not looking for handouts. They want their Government to be on their side in dealing with gas prices, which in Nevada average \$2.70 a gallon. They want Congress looking out for them as they confront skyrocketing health care costs and they want us, the Congress, working to give their children opportunities for a good education, so they can enjoy the promise of America, as all 100 Senators do.

Sadly, though, this budget wasn't designed with the people of Searchlight in mind. It doesn't address their needs. It won't make their lives any better and won't make our Nation stronger. It will make it weaker, more dependent on borrowing huge sums of money from Japan, China, and Saudi Arabia.

For all these reasons, I believe the budget before us deserves to be defeated. It abandons fiscal discipline and leads to an explosion of debt. It takes Social Security dollars and uses them for other purposes, and it abandons middle-class Americans and those in need in order to give billions in breaks to the special interests and the powerful. I want everybody to know I am not the only one who feels this way.

I know that maybe there has been too much religion in the Congress in the minds of some and I have not joined in that, but I am going to tonight. I have here a letter that is from the Episcopal Church of the United States of America, Evangelical Lutheran Church, the Presbyterian Church, United Church of Christ, and the United Methodist Church. I read this:

This was issued today:

On March 8, we . . . issued a joint statement questioning the priorities of President Bush's 2006 Federal budget. We remembered the Gospel story of Lazarus and the rich man and noted that the 2006 budget had much for the rich man but little for Lazarus. It was our hope that Congress would take action on behalf of "Lazarus." Sadly . . . that has not been the case. . . .

We believe our federal budget is a moral document and should reflect our historic national commitment for those in our own country who suffer from hunger, lack of education, jobs, housing, and medical care, as well as concern for our global community. There are good programs that can help solve all these programs. We know, we have seen them work and we are doing our part with our own programs. But we cannot do it alone. Government must be a partner in providing opportunities for our fellow women and men to pursue their God given gifts. . . .

As we view the FY '06 Federal Budget through our lens of faith this budget . . . continues to ask our nation's working poor to pay the cost of a prosperity in which they may never share. We believe this budget remains unjust. It does not adequately address the more than 36 million Americans living below the poverty line, 45 million without health insurance, or the 13 million hungry children. Worldwide it neither provides sufficient development assistance nor adequately addresses the Global AIDS pandemic . . . We ask Congress to reject the budget and begin anew.

We conclude . . . by asking that together we "pledge ourselves to creating a nation in which economic policies are infused with the spirit of the man who began his public ministry almost 2,000 years ago by proclaiming that God had anointed him "to bring good news to the poor."

It is signed by the Most Reverend Frank T. Griswold, Presiding Bishop and Primate of the Episcopal Church of the United States, the Right Reverend Mark Hanson, Presiding Bishop of the Evangelical Lutheran Church in America, the Reverend Dr. Clifton Kirkpatrick, Stated Clerk of the General Assembly, Presbyterian Church, USA, the Reverend John H. Thomas, General Minister and President, United Church of Christ, and Mr. James Winkler, General Secretary, General Board of Church and Society, United Methodist Church.

Mr. President, those are their words, not mine. I quoted it verbatim.

This is not just a bad budget. It is not just an unwise budget. It is an immoral budget. I urge my colleagues to reject it.

The PRESIDING OFFICER (Mr. BURR). The majority leader.

#### UNANIMOUS CONSENT AGREEMENT

Mr. FRIST. Mr. President, I ask unanimous consent that following the vote on the budget conference report, the cloture vote, with respect to the Portman nomination, be vitiating; provided further, that the Senate resume executive session for the consideration of the nomination and that there be 1 hour for Senator LINCOLN and 10 minutes equally divided for the chairman and ranking member; provided further, that following that time, the Senate vote on the confirmation of the nomination, with no intervening action or debate; provided further, that following

that vote, the Senate proceed to the cloture vote with respect to the Johnson nomination, notwithstanding the provisions of rule XXII, with Senator CARPER to speak for 5 minutes and Senator VOINOVICH for 5 minutes before the vote; provided further, that upon the granting of this request, the Bayh amendment No. 568 to the highway bill be withdrawn.

Before the Chair rules, I will state further it is the understanding of Chairman GRASSLEY that with this agreement, Senator BAYH has agreed to not reoffer his amendment or ask for a vote on the standalone measure prior to a review by the Senate Finance Committee at the July hearing.

Mr. REID. Mr. President, reserving the right to object, I would like to speak for a few minutes on the Johnson nomination.

The PRESIDING OFFICER. The unanimous consent request is so amended. Is there objection to the unanimous consent request? Without objection, it is so ordered.

Mr. FRIST. Mr. President, in a few moments, we will be voting on the budget resolution. I congratulate the distinguished chairman of the Senate Budget Committee, Senator JUDD GREGG, for bringing before the Senate this evening the conference agreement on the fiscal year 2006 budget. I would be remiss if I did not thank both the ranking member of the committee, Senator CONRAD, and the Democratic leader for their cooperation in allowing us to proceed with the conference report expeditiously.

I know being chairman of the Budget Committee is a thankless task, and I know the chairman of the Budget Committee feels that way tonight as well. It is not the most glamorous of legislative committees in the Capitol, and being chairman of the Budget Committee does not win any popularity contests with any Senators, again, as the Budget chairman will recognize.

Nevertheless, the working of this committee is absolutely essential to completing our fundamental constitutional responsibilities on all matters fiscal. This is the first year the senior Senator from New Hampshire has had this responsibility, and he has carried out his duties in a professional and businesslike manner.

It probably seems like ages ago, but it was only 12 weeks ago that the President submitted his executive budget proposal to the Congress. When we complete work on this conference report shortly, we will have a congressional budget. It is our blueprint for enacting spending and revenue legislation for the remainder of the year, but it follows the goals the President laid out in his budget to fund national security, extend expiring tax provisions, limiting the growth in nondefense spending, begin to address the growth of entitlements, and cut the deficit in half in less than 5 years. While it may have seemed to the chairman and many other Members involved that this day

would not arrive, in truth, of the 27 budget resolution conference reports agreed to since the beginning of this congressional budget process in 1976, this is the fifth quickest conference report ever agreed to. I congratulate the chairman and his professional staff for this accomplishment.

Having said this, I think the chairman would agree with me that no budget can meet all the demands and all the goals we have for this country. There are many issues that confront us, and some of those, such as national security, protecting the homeland, supporting education and research, and providing basic benefits to needy Americans require resources. It requires making choices, and it also requires setting those policies in place that will permit the economy to grow. For in the end, the best way of serving the needs of this great country is with a strong and vibrant economy.

Meeting these goals by balancing Federal spending and limiting the burden of taxes on all Americans begins with this budget outline, the outline that is before us this evening. Once adopted, our work will only begin as we fill in the details of the blueprint by passing spending and revenue legislation within the aggregate levels specified in the document.

Enforcing the blueprint means the chairman will not have a chance to rest much before he is back here watching over the building of our fiscal house for next year. Congratulations, again, to Chairman GREGG and his staff director, Scott Gudes, and all the staff who worked so hard to bring us to this point this evening.

To summarize, we will vote in a moment on the budget conference report. Following this vote, we will proceed to the debate on the Portman nomination. We may not need a rollcall vote on that nomination. However, I remind my colleagues that we will have a cloture vote on the Johnson nomination tonight. Senators can, therefore, expect one to two additional rollcall votes this evening following the vote on the budget conference report.

The PRESIDING OFFICER. The clerk will report the conference report.

The assistant legislative clerk read as follows:

The committee of Conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 95), establishing the congressional budget for the United States Government for fiscal year 2006, revising appropriate budgetary levels for fiscal year 2005, and setting forth appropriate budgetary levels for fiscal years 2007 through 2010, having met, have agreed that the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, signed by a majority of the conferees on the part of both Houses.

(The conference report is printed in the proceedings of the House in the RECORD of April 28, 2005.)

Mr. FRIST. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the conference report. The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Connecticut (Mr. LIEBERMAN) is necessarily absent.

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

The result was announced—yeas 52, nays 47, as follows:

[Rollcall Vote No. 114 Leg.]  
YEAS—52

Alexander	Dole	McConnell
Allard	Domenici	Murkowski
Allen	Ensign	Roberts
Bennett	Enzi	Santorum
Bond	Frist	Sessions
Brownback	Graham	Shelby
Bunning	Grassley	Smith
Burns	Gregg	Snowe
Burr	Hagel	Specter
Chambliss	Hatch	Stevens
Coburn	Hutchison	Sununu
Cochran	Inhofe	Talent
Coleman	Isakson	Thomas
Collins	Kyl	Thune
Cornyn	Lott	Vitter
Craig	Lugar	Warner
Crapo	Martinez	
DeMint	McCain	

NAYS—47

Akaka	Dorgan	Mikulski
Baucus	Durbin	Murray
Bayh	Feingold	Nelson (FL)
Biden	Feinstein	Nelson (NE)
Bingaman	Harkin	Obama
Boxer	Inouye	Pryor
Byrd	Jeffords	Reed
Cantwell	Johnson	Reid
Carper	Kennedy	Rockefeller
Chafee	Kerry	Salazar
Clinton	Kohl	Sarbanes
Conrad	Landrieu	Schumer
Corzine	Lautenberg	Stabenow
Dayton	Leahy	Voinovich
DeWine	Levin	Wyden
Dodd	Lincoln	

NOT VOTING—1

Lieberman

The conference report was agreed to.

Mr. GREGG. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The majority leader.

#### UNANIMOUS CONSENT AGREEMENT—EXECUTIVE CALENDAR

Mr. FRIST. Mr. President, I ask unanimous consent that the next vote be the cloture vote with respect to the Johnson nomination; and further that following the disposition of that nomination, the Senate proceed to the consideration of the Portman nomination, as provided under the previous order; provided further that prior to the cloture vote on the Johnson nomination, Senator REID be recognized for up to 5 minutes, Senator VOINOVICH for up to 5 minutes, and Senator CARPER for up to 5 minutes. I further ask consent that following this consent, Senator ALLEN be recognized for up to 3 minutes in order to make a statement regarding his colleague, Senator WARNER.