program is not sufficiently humanitarian, not sufficiently compassionate, and does not sufficiently provide for family unification. If we are to handle the backlog of people who have been waiting to come into this country with the existing requirements to gain citizenship, and if we are to deal with the millions of undocumented immigrants, we will have to have additional green cards. But there will have to be limitations so we do not have what is euphemistically referred to as chain immigration.

We are working on a points system which we are trying to balance. It is very hard to satisfy all competing interests, to balance the demand for Ph.D.s and highly skilled people with the desire to provide opportunities for people who are not highly skilled. Certain points are being given to recognize the family, to have as many family members and as much on family reunification as we can, within a balanced system.

The old adage that the devil is in the details is obviously present here. This morning one group of Senators met at a little after 9; another group of Senators met at 10:15. We are continuing the meetings as we try to come to grips and resolve these issues.

The whole immigration issue is another third rail in politics. Social Security has been described as the third rail of our political system. There is no doubt that immigration is another third rail. It may supplant Social Security as the third rail of the political system because, no matter what we do here, both ends of the political spectrum will criticize us—criticize us for amnesty on one hand, criticize us on the other end of the political spectrum for not being sufficiently compassionate. Politically, it is a loser for those who are engaged in it. But we have a public duty to come to grips with this issue and to have comprehensive immigration reform. We can do that and insist on having border patrols and employer sanctions before we work through the guest worker program. It is truly, as we are structuring it, a temporary worker program, where people come to the United States for a period of time and go back to their native countries. It is a system where we are giving as much support and as much preference for families as we can on a balanced system, and as much to the high-skilled workers to balance off against the low-skilled workers.

The most important thing, as I see it, is to move ahead and persevere, to try to structure a bill which is now 380 pages long—it is in text, thanks to the dedicated work of the staff—and to present it on the floor of the Senate and have the Senate work its will. Aside from the political perils, the object is to restore the rule of law and to bring these 11 to 12 million undocumented immigrants out of the shadows. The advantage to society generally is to eliminate this massive underclass, this massive number of individuals who are in the shadows, and to structure a system where they will, at the outset, have visas to stay here for as long as they like, so long as they comply with our laws and get into the citizenship line at the rear. We are looking to reestablish the rule of law and to avoid the anarchy which now characterizes our immigration system.

I thank the Chair, 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. 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.

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2008—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senate will begin debate on the conference report to accompany S. Con. Res. 21.

Under the previous order, the time until 3 p.m. shall be equally divided between the Senator from North Dakota, Mr. CONRAD, and the Senator from New Hampshire, Mr. GREGG, or their designees.

The Senator from North Dakota.

Mr. CONRAD. Mr. President, I ask unanimous consent that all quorum calls be equally divided.

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

Mr. CONRAD. Mr. President, we bring to the floor the conference report on the budget. It is a conference report that I believe is worthy of our support. Let me say why.

Under this budget plan, we will balance the budget in 5 years. In the fifth year, 2012, we will have, according to the projections, a $41 billion surplus. This is after 6 years of deficit, and in an additional 4 years, we will finally be returning to balance.

The budget resolution we bring to the floor will reduce spending as a share of gross domestic product each and every year, from 20.5 percent in 2008 down to 18.9 percent in 2012. It is that spending discipline that helps us reach balance in the fifth year. It also has the positive effect of bringing down the debt as a share of our gross domestic product in every year after 2010. This is gross debt. If we looked at publicly held debt, it will actually be bringing it down every year from 2009 on. So I believe this is a responsible budget that returns us to a fiscally responsible approach to our Nation's spending.

Some have said there is a big difference in spending between this budget and the President's budget. We have put it on a chart to visually compare over the 5 years the difference in spending in this proposal and what the President proposed.

As you can see, there is virtually no difference—virtually no difference—in spending between this proposal and the President's spending proposal. Yes, it is slightly more spending, but this slight addition is going for veterans health care, to expand children's health care, and to provide further investment in education. Those are the fundamental places where we have modest additions to spending.

As you can see, on a fair comparison basis, when you put the two spending lines together on the same axis, comparing apples to apples, you see the difference in spending is quite modest.

On the revenue side, we have included a 1-year fix to the alternative minimum tax, the old millionaire's tax. It is rapidly becoming a middle-class tax trap. If we had not acted, over 23 million people would be caught up by the alternative minimum tax in this next year. We have avoided that, providing dramatic tax relief to those people.

We also extend the middle-class tax cuts in this proposal. That includes continuation of marriage penalty relief, the child tax credit, and the 10-percent bracket. These provisions will benefit tens of millions of the American taxpayers.

We also include estate tax reform. It is well known under the current estate tax law, we will go to a $3.5 million exemption per person in 2009. Then there is no estate tax in 2010. Then we go back to an estate tax in 2011 that provides only $1 million of exemption per person or $2 million for a couple. Instead of having that anomalous situation, we will continue providing a $3.5 million exemption per person or $7 million for a couple indexed for inflation. I think that makes common sense.

Now, we have heard from some there is a big tax increase in this budget. There is no tax increase in this budget. Let me reemphasize that. There is no assumption of a tax increase in this budget. I do not know what I could say to be more clear.

Here, shown on this chart, is what the President said his budget would produce in revenue over the 5 years. This is the President's own estimate of what his budget would produce. He said his 5-year budget would produce $14.826 trillion of revenue over the 5 years. That is according to the scoring by his own Office of Management and Budget.

Our budget produces $14.828 trillion of revenue over the 5-year period. There is virtually no difference between what the President claimed his budget would produce in revenue and what our budget produces in revenue.

Now, our friends on the other side will be swift to say: Wait a minute, Senator, you are using Office of Management and Budget estimates and CBO estimates, two different estimates. That is true. The point I am making is the President said it was entirely reasonable to expect to raise $14.826 trillion of revenue over this 5 years. That is his own estimate of what his budget would produce. CBO says our budget would produce $14.828 trillion—a $2 billion difference on a $15 trillion base. That is statistically the same. If you put them both on a CBO baseline—in other words, have estimates done for both the President's revenue and our revenue by the CBO—we have 2 percent more revenue than the President—2 percent. We believe 2 percent can be achieved with no tax increase of any kind.

Let me reemphasize that. We believe, if you look at the CBO scoring that says we have 2 percent more revenue than the President, that can be achieved without any tax increase of any kind. I will explain why in a moment. If you look at what is shown on this chart, this is a 5-year budget. But all of us know we are going to write another budget next year, so what matters is next year.

Here shown on the chart is the revenue line in our budget and the President's revenue line. You will notice they are identical. There is no difference—none—not a penny, not a dime. In 2009, there is virtually no difference in the two.

So let's be serious. When somebody jumps up here and says this is the biggest tax increase in history, the only way that is possibly true is if the President has proposed the biggest tax increase in history. Because there is, for next year—and we will write another budget next year—for next year, there is no difference in the revenue in our proposals.

How can it be we could get 2 percent more revenue under the CBO scoring than the President proposes without a tax increase? How is that possible? Well, first of all, we have the tax gap, which back in 2001 was estimated to be $345 billion a year. I believe that tax gap now is in the range of $400 billion a year. That is the difference between what is owed and what is paid. I believe that is now $400 billion a year or thereabouts. Over 5 years that would be more than $2 trillion—money that is owed that is not being paid. But that is not the only source of revenue without a tax increase.

The second area of opportunity to get revenue with no tax increase is the explosion and the abuse of offshore tax havens. I have shown this building down in the Cayman Islands many times on the floor. This 5-story building is the home to 12,748 companies. It is remarkable that all of those companies—12,748—are doing business in this little 5-story building, but that is what they claim. Are they really doing business down there? The only business being done out of this building is monkey business because what they are doing is engaging in an enormous tax scam. They claim they are doing business down there because they don't have any taxes down there. So how does it work? It is a giant shell game.

They have entities in the United States that they say are making no profits, because they move the money offshore into these Cayman Islands subsidiaries where there are no taxes, and all of a sudden they show enormous profits. Who is being fooled by this? Shame on us if we are being fooled. But currently, we are. I would suggest we close down this scam.

The Permanent Subcommittee on Investigations has said we are losing $100 billion a year through these offshore tax havens. Let me quote from their report from earlier this year:

> Experts have estimated the total loss to the Treasury from offshore tax havens alone approaches $100 billion a year, including $40 to $70 billion from individuals and another $30 billion from corporations engaging in offshore tax evasion. Abusive tax shelters add tens of billions of dollars more.

Mr. President, $100 billion a year in tax havens, and tens of billions more——

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

Mr. CONRAD. I am happy to yield to the Senator.

Mr. DORGAN. Mr. President, I was listening to the description of these offshore tax havens. Senator CONRAD and I have worked on these issues for some while. It is interesting, with respect to the revenue stream into this country, that if we close down some of these tax shelters, the result would be increased revenues for the Federal Government and a requirement that those who benefit from the opportunities of being an American company, that they would start paying taxes.

Now, we have had example after example—the Senator used a chart showing a building called the Ugland House, a quiet little 4-story building on Church Street in the Cayman Islands which 12,748 corporations call home. Of course none of them are home there. If you go there—there is an enterprising reporter named David Evans who worked on that particular issue. He went there, and there is nobody there. There are just some windows in a building, and it is quiet in the lobby. Nothing is going on. This is a legal fiction created by lawyers for the purposes of allowing companies to avoid paying their U.S. taxes. It is not just that building, though. That building is an example of the unbelievable abuse of the creation of massive offshore tax shelters. There are hundreds and hundreds of tax shelters.

I asked the Senator to yield to make a point. When I chaired the hearings on the Enron scandal, when I had Ken Lay come by and raise his hand and take an oath and then refuse to testify, and then Jeffrey Skilling, whom you couldn't hardly get to stop talking—he is now in prison. But the fact is, the Enron Corporation, in addition to all of the other things—and part of that we understand now is a criminal enterprise; the evidence exists for that—in addition, they have hundreds of offshore entities. Why? For the purpose of avoiding taxes. That is the purpose of offshore entities and tax havens.

No one runs to these countries like the Cayman Islands for the purposes of creating a big manufacturing plant and saying: That is where we want to move our business. It seems to me what they do is they hire a lawyer to create a legal fiction saying: We now want to be a resident of a tax-haven country because we don't like the obligation of paying taxes to the Federal Government.

I would just ask the Senator, isn't it the case that the Senator's proposition, and mine, the one I have introduced with legislation, is very simple? It says: If you are going to be an American company, why don't you simply decide to pay taxes to this country? If you move your operation somewhere else, we understand that. We don't support that—there ought not be a tax incentive for it—but if you are creating a legal fiction through lawyers telling us you are moving, we are going to treat you for tax purposes as if you were right here, an American company that is required to pay its appropriate taxes.

I know the Senator is probably also going to talk about the sale and leaseback of sewer systems and trolley cars and all the nonsense that is going on. I would just commend Senator CONRAD for doing this, for finally saying in this budget that we are going to shut all this down. Those of you who want to get the revenue in order to move us toward fiscal sanity here, if you really want to help us get the revenue, then join us in shutting these tax scams down, shutting down these tax havens.

I am sorry I took more time for this lengthy question, which turns out not to be much of a question after all, but I did want to point out that I believe this is a very important part of this budget agreement, and I commend Senator CONRAD and those who have put this together because this significantly benefits our country.

Mr. President, I appreciate the Senator yielding.

Mr. CONRAD. Mr. President, first of all, in answering the question of the Senator, I would say what you find is quite stunning. We went on the Internet, I would say to my colleague—first of all, I thank him because the picture of this building down in the Cayman Islands came from him. I have used it repeatedly because it tells such a powerful story: 12,748 companies that call this little building home. We know what is going on. It is a giant scam.

I would say to the Senator, we went on the Internet and we entered in ''offshore tax planning.'' Do you know how many hits you get if you enter in that phrase? You get 1.2 million hits. Here is my favorite. If you go online and you look at what is on the Internet——

Mr. GREGG. Mr. President, would the Senator yield for a question at this point in relationship to the Senator's question?

Mr. CONRAD. I am happy to yield.

Mr. GREGG. Mr. President, the New York Times today was reviewing the financial statements of the candidates for President, and I noticed that the former Senator from North Carolina who is running for President, John Edwards, received half a million dollars in payments last year for his work with Fortress, a hedge fund. I also noticed that the New York Times represents that the Fortress hedge fund is incorporated in the Cayman Islands, probably in that building to which you are referring.

I am just wondering, because the Senator asked who is being fooled here, is it the position of the Senator from North Dakota that Senator Edwards has been fooled here or that he is fooling the American people?

Mr. CONRAD. Look, I do not know what the status of that particular hedge fund is. What I do know is these offshore tax havens are being abused by lots of different entities, not only corporations but wealthy individuals. I don't have any evidence which would suggest that particular hedge fund did anything improper, and certainly you can be engaged in business in the Cayman Islands and not be engaged in anything improper.

The point we are making is that in this particular building, there are 12,700 companies calling it home. But more than that, when you go on the Internet—and by the way, we have yet to see the financial reports of some of the Republican candidates for President, some of whom report they have net worth over $100 million. It will be interesting to see their financial arrangements, and I hope the Senator will be just as focused on any abuse that might be in their portfolios. That will be very interesting.

Mr. DORGAN. Mr. President, will the Senator yield?

Mr. CONRAD. I am happy to yield.

Mr. DORGAN. Mr. President, that was a clever question from our colleague from New Hampshire. I would observe that the discussion I just had about the Enron Corporation—I think the largest financial supporter of the current occupant of the White House for his first run for the Presidency—it was a corporation that had hundreds of offshore tax-haven subsidiaries. It is also the case that it is not new for us to try to shut these down. As we have tried to shut these down, it is not new, either, to find that the current White House by and large opposes the legislation on the floor of the Senate to shut down these tax scams.

I hope that perhaps we can get some support to do what Senator CONRAD and I and others believe ought to be done, to shut down these kinds of tax scams.

Mr. GREGG. Mr. President, if the Senator would yield for a further question.

Mr. CONRAD. Mr. President, reclaiming my time, I will be happy, when I have completed my presentation—the Senator has half the time, and I know he will use it well. I hope he will give me the opportunity to complete my presentation, and then I am happy to answer all of his questions.

Mr. President, when you look on the Internet—this is my favorite one:

Live tax free and worldwide on a luxury yacht. Moving offshore and living tax free just got easier.

That is the kind of scam which is going on that is costing the Treasury of the United States, according to our own Permanent Subcommittee on Investigations, over $100 billion a year.

It doesn't stop there. This is a picture of a sewer system in Europe. What does a sewer system in Europe have to do with the budget of the United States? Well, as it turns out, it has a lot to do with it because this sewer system in Europe was actually purchased by wealthy U.S. investors, depreciated on their books for U.S. tax purposes, and then leased back to the European city in which it is actually located. It has no business purpose. There is only one purpose, and that purpose is to operate as a scam. This is the kind of thing which should be shut down. Nobody can justify this. Nobody can defend this. That is what is going on.

So I believe the combination of closing the tax gap, just a tiny portion of it, combined with shutting down these offshore tax havens, combined with shutting down these abusive tax shelters, could easily provide the 2 percent of revenue we have that is over and above the President, according to a Congressional Budget Office score, with no tax increase to anyone.

The budget conference report we bring to the floor also funds a number of critically important priorities for the American people, including expanding health care coverage for children. When you look at the comparison, the President has provided $2 billion for this purpose over the 5 years. We provide $50 billion so that there is the prospect of covering every child in America who is not otherwise covered with health insurance. That is good policy, it is a good investment, and it is morally right. We ought to ensure that every child in America has health care coverage. It is good policy because if you solve a health care problem for a child, you get a return on that investment for their lifetime.

Another area that has been a priority in this budget is education. Under this budget, we provide some $6 billion in this next year over and above what the President provided because we think education is the future. If we are not world class in education, we are not going to be a world-class power. So we have provided that additional investment in education.

The third area of initiative is in veterans health care. If there is any scandal that I think has troubled the American people more than what we saw at Walter Reed where heroes returning from Iraq and Afghanistan have been subjected to subpar medical treatment, I don't know what it is. I don't know of anything that has so angered so many people, at least in my constituency. So we have adopted a budget here that closely follows the independent budget which is put forward by the veterans organizations themselves which provides for $43.1 billion in funding in the next fiscal year, compared to the President's $39.6 billion.

To recap, the budget resolution we bring to the floor, the conference report, puts the Nation back on a sound fiscal path. It balances by 2012 with a $41 billion surplus in 2012. It reduces spending as a share of gross domestic product each and every year of the 5 years of the budget. It reduces debt as a share of gross domestic product from 2010 on. It adopts spending caps and restores a strong pay-go rule. What is pay-go? Pay-go simply says that if you want to have more mandatory spending or more tax cuts, you can have them, but you have to pay for them, and if you don't pay for them, you have to get a super-majority vote.

This budget also meets the Nation's priorities. It fully funds the President's defense and war cost requests. It rejects the President's cuts in certain key priority areas. It provides increases for children's health, for education, and for our veterans health care, an area in which the American people overwhelmingly want us to invest.

In addition, this budget resolution keeps taxes low. It extends specifically the middle-class tax relief provisions, including marriage penalty relief, the child credit, and the 10-percent bracket. It provides alternative minimum tax relief so that more and more middle-class people don't get swept up in that tax. It provides for fundamental estate tax reform. It includes the deficit-neutral reserve funds for additional tax relief and for the extension of other expiring provisions. It includes no assumption of a tax increase.

This budget also prepares for the long term. It provides for program integrity initiatives to crack down on waste, fraud, and abuse in both Medicare and Social Security. It includes health information technology and comparative effectiveness reserve funds to address rising health care costs. According to the Rand Corporation, widespread health information technology alone could save $81 billion a year. It also adopts a new budget point of order against long-term deficit increases.

I will conclude by saying this budget has specific proposals addressing our long-term fiscal challenge. It provides program integrity initiatives to crack down on waste, fraud, and abuse. It provides new mandatory spending, and tax cuts must be paid for in the pay-go provision. It provides that long-term deficit increase face a point of order, a super-majority hurdle on the floor of the Senate. It provides for the health information technology reserve fund. I have already indicated that the Rand Corporation indicates that health information technology could save $81 billion a year. Finally, it includes the comparative effectiveness reserve fund, so that we look at the technologies and approaches being used across this country on how we could save money by using the best practices in health care.

We think this is a responsible budget, one that meets the needs of the American people. We believe it merits our colleagues' support.

Before I yield the floor, I want to thank my colleague, Senator GREGG. I acknowledge that we have differences about this budget. That is healthy. That is the strength of our democracy, that we have a debate and differences. But I wish to say that Senator GREGG has always conducted himself as a professional and has been extremely helpful as we have gone through the process. He and his staff have cooperated with us closely, while they have disagreed very strongly with respect to some of the conclusions we reached. I wish to acknowledge the way in which he and his staff have conducted themselves as we have gone through this difficult process. I thank him for the many courtesies he has extended to us as we have gone through the budget resolution this year.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. GREGG. Mr. President, let me begin by returning that appreciation to the Senator. Obviously, there are strong disagreements on philosophy and policy, the differences between the parties. The Senator from North Dakota represents the party of tax-and-spend, and we represent the party of fiscal responsibility. Those differences are clear. Independent of those differences, the relationship is friendly, courteous, and generally cooperative. I believe that if the entire institution functioned the way the Budget Committee functions, we would get a lot more done around here.

That being said, I must point out some differences. I am inclined to almost use the—to paraphrase a quip made by, I think, Mark Twain, but it might have been Bill Buckley, who said:

> I do not wish to insult the Senator's intelligence by suggesting that he actually believes most of what he just said.

The fact is that this budget, as proposed, is not a good one. It has in it the largest tax increase in history. It is a tax increase that is especially unfortunate because it is going to take place in the context of a tax law that we finally got right around here, as shown by the revenues flowing into the Federal Government, and the fact that present tax law is generating more revenues than, historically, the Federal Government has received and is doing it in a more progressive way than has historically been done. High-income people are paying more than they have historically paid, and low-income people are getting more back in the way of tax benefits than they have historically gotten.

This bill will basically repeal most of the major tax proposals put in place in the early part of this administration which generated this economic recovery which has gone on for 22 months and has caused us to have 7.4 million jobs created. In fact, the report just came out that the jobs number fell another 5,000, so that we are literally under 300,000 in jobs claims, which is a number that shows we are even essentially at full employment. As a nation, we are under 4.4 percent unemployment. The jobs being created are good jobs, and they are generating revenues to this Government, which has caused us to have a huge burst in revenues, which has caused the deficit to come down. That is all going to be put at risk by the tax increases in this bill.

The tax increases in this bill are going to dramatically affect the capital gains rate, the dividends rate, the child tax credit, the education tax credit, the marriage tax penalty relief, and the middle-class income tax rates. All of those things are in serious jeopardy and, in fact, will probably end up being repealed under this budget if it goes forward under the present structure. We will get into that in a second.

They have created this extremely complex trigger mechanism, which can be and will be undermined by their own budget, should it go forward, and will make it impossible for the tax cuts to survive in this process.

Mr. President, $725 billion of tax increases are in this budget over 5 years. That will be the largest tax increase in the history of the country, no question about that. In addition, the discretionary spending in the budget is huge—$205 billion of new discretionary spending over the President's request, which was very generous, with a significant increase in spending. It is ironic that, as this left the Senate, there was less spending than this—still a significant increase of $140 billion, I think, in spending above the President's request in the discretionary spending. As it left the House, it was less than this. I don't even think it was $200 billion. It comes back at $205 billion. That is sort of like a microwave popcorn cooker, where you put it in the stove and put the House Democrats and the Senate Democrats in together, and it blows up into a great big huge spending package and a great big huge deficit—and tax package, too.

The debt goes up under this bill: $2.5 trillion of debt will be added to the famous ''wall of debt.'' For those of you who haven't seen the wall of debt, you will see it sometime, somewhere. It is coming. So there is $2.5 trillion of new debt added.

Remember, on top of that, they are raiding the Social Security fund to the tune of a trillion dollars. Originally, when the budget left the Senate, at least the Social Security fund—under their projections, which are rosy scenarios, to say the least—wasn't going to be raided. There was going to be an on-balance budget. But now, as it comes back again from this tax-and-spend microwave called the Senate Democrat/House Democrat budget conference, which we were not included in, there is no on-budget surplus. Everything comes out of the Social Security fund. All this debt is added to our children's backs, and it is going to have to be paid for by our children.

In addition, there is absolutely no attempt to address the entitlement crisis we are facing. The fact that our children and our children's children are going to have to pay a cost they simply will not be able to afford, in the area of maintaining the benefit structure, because of the retirement of the baby boom generation and the fact that costs will actually exceed 20 to 25 percent of gross national product, just for the programs of Social Security, Medicare, and Medicaid—and there is no attempt to rein that coming fiscal meltdown in or to address it—that is totally irresponsible.

In fact, not only is there no attempt to address the coming fiscal meltdown as a result of the entitlement spending, there is actually a huge exercise in gamesmanship in this budget, which will allow the HELP Committee, under the leadership of Senator KENNEDY, to dramatically expand entitlement spending. Instead of reining in entitlement spending, under this budget there is a proposal to use reconciliation, which is supposed to reduce the deficit on the spending side of the ledger, to expand spending and the size of the Federal Government, grow the Government.

Why do they do that? Because they only need 51 votes under reconciliation. They could not get that proposal through here. It would be subject to a filibuster under the regular order. So they used reconciliation, which should limit the size of government, to expand government dramatically. That is a very cynical act, in my opinion, because that was never the purpose of the budget. In fact, there are some very good quotes from the chairman of the committee reflecting that exact position—the position I just related.

That brings me back to that statement of Mark Twain—or it could have been Bill Buckley—who said, ''I will not insult the Senator's intelligence by suggesting that he actually believes everything he just said,'' because he didn't believe it, because what he said was the opposite, that reconciliation should not be used the way it is being used in this bill.

The Senator from North Dakota made a couple other statements. I think they were on point when made, but the budget does not reflect these statements. He said we need to be tough on spending. Yet, in this budget, there are zero cuts in spending. In fact, this $205 billion expansion in discretionary spending, entitlement spending, will expand under the reconciliation instruction also, and under the reserve funds, the Government will grow dramatically as a percentage of gross national product. We will bear that burden.

The Senator said:

> I am prepared to get savings out of long-term entitlement programs.

But there are no savings. There was a representation that they were going to do $15 billion in savings, but that representation was a little incomplete because the rest of that should have said: But we are going to spend $50 billion. So there are actually no savings. I think it ended up being $30 billion, but it is a net loss in the entitlement accounts, coupled with this reconciliation exercise, which could be as high as a $30 billion to $40 billion increase.

He also said:

Here is where we are headed: Debt is up, up, and away.

Yes, it is, under this budget. That was a correct statement. It is up, up, and away by $2.5 trillion of new debt, which our generation passes on to the next generation, which is totally inappropriate and unfair.

He said:

I believe, first of all, we need more revenue.

He at least stuck to that statement. There is $736 billion of new taxes in this bill. What is the practical effect of a $736 billion tax increase? Remember, as I outlined before, we have now had 22 consecutive quarters of economic growth—actually, 23 now. That is pretty darn good. We have added 7.8 million new jobs. That is people being put to work. How did that happen? It happened, in large part, because we had an economy that was growing as a result of a tax policy that said to people in America: Go out, invest, take risks, be entrepreneurs, create jobs, and we are going to give you a reasonable return on the money you have invested. This is just called common sense in human nature. If you tax people at a rate that they appreciate and is fair, they are going to be willing to take a risk with their money, go out and invest it and create jobs. If you tax them at a rate they don't think is fair, they invest in tax shelters and inefficiently use their money, and as a result, the Government gets less and the economy doesn't grow as much. In fact, the growth in Federal revenues over the last few years has exceeded projections and has been dramatically higher.

The growth in Federal revenues has been in the last 3 years the highest rate of growth in the history of our country and has represented huge amounts of revenue coming into the Federal Government—huge amounts of revenue.

This revenue, of course, has allowed us to reduce the deficit from what was projected to be $450 billion a couple of years ago, to now probably falling below $200 billion or probably less than 1 percent of the gross national product, or somewhere in that range. It is, in large part, a function of two events: One, the fact these revenues have jumped so high and, two, this administration has been very aggressive in controlling nondefense discretionary spending.

But under this proposal that has been brought forward today by our colleagues on the other side of the aisle, the tax policies which have generated this economic expansion are targeted for extinction. The capital gains rate will jump back to almost 30 percent, 35 percent potentially; dividend rates will jump to 25, 32, 35 percent.

The bottom rate for most taxpayers who are in the low-income end of the economic scale will be increased, and there will be created a huge disincentive for people to be productive in our society. We will go back to the days when it didn't make a whole lot of sense to go out there and take that risk because the Government was going to take so much of your money.

We hear a lot on the other side of the aisle: These tax cuts disproportionately benefit the wealthy in America. I think it is important to remember this: That under the new tax law, or the tax law under which we are now functioning, which is generating all these huge revenues, high-income people pay a larger percentage of the general burden of income taxes than they did under the Clinton years. The top 20 percent of people paying income taxes is paying 85 percent. Eighty-five percent of the income tax burden is borne by the top 20 percent. Under the Clinton years, that same income bracket bore 81 percent of the tax burden, and the lower end of our economy, people who don't make quite so much money or don't make a great deal of money, the bottom 40 percent does not pay any income taxes actually on balance. They actually get money back under the earned-income tax credit, and today they are getting twice as much back as they did under the Clinton years.

It is interesting to note, in fact, that in that group, the low-income household receives far more in Government benefits than they ever pay in taxes. That is an interesting fact which should be pointed out, as well as the fact that on the tax side of the ledger, they get more money back; whereas, the higher income individual, of course, pays a lot more into the Federal Government than they ever get back from the Federal Government, and that is what this chart shows.

If your income is up to $23,000, you are going to get about $31,000. If your income is over $65,000, you are going to pay about $50,000. It is a very interesting fact that when you take not only the tax burden to Americans but the benefits which Americans receive, low-income Americans are, under this Government, under the Bush administration, getting a huge benefit from the Government in the area of tax benefits and also benefits which are structured on the basis of income, and high-income Americans are paying a significant amount more for the cost of the Government.

So we have a tax structure which is extremely progressive and which is much more progressive than under the Clinton years. In addition, this budget, which has such antipathy toward productive Americans, which essentially says to productive Americans, we don't like you, we want to tax you some more, in trying to get at those folks who the other side of the aisle thinks are such scofflaws because they make money and have income and actually pay 85 percent of the burden of income taxes in this country, in trying to get at those folks by raising the dividend tax and raising the capital gains tax, which is the primary target of the other side of the aisle, they are actually significantly impacting low-income seniors, or seniors generally, and this should be common sense because most seniors receive income, other than Social Security, that is dividend based because they are not working any longer.

So when the other side of the aisle decides they want to get people who have dividend income, which is exactly what this budget proposes—they are going to get those folks because they are the enemy—whom they are getting, for the most part, are senior citizens. Fifty-one percent of American seniors have dividend income. So when they decide to double or triple the dividend tax or 2½ times increase it, which is what this bill will do, the people who are going to be impacted are 50 percent of the seniors.

In the area of capital gains, it is also interesting that the same is true: When they decide to get people who make money by selling assets, all those wealthy small businessmen, you know, the guy who all his life worked to build a restaurant, a small company or maybe a gas station, spent his whole life working to get that business up to a level where it had some asset value, and then when he or she retires, they are not going to run it any longer, they are going to sell it, take those revenues and they are going to use it to live on in their retirement years or maybe to help their children out, that evil person who has done that in our society, as the other side of the aisle views that person, they are going to get them by doubling the capital gains rate.

Whom do they get? They get people who are 65 to 74 years old. Thirty percent of those people have capital gains income. People, as they start to age into the retirement years, start to generate capital gains income, and it is logical, when you get to that age, you are going to want to sell those assets which you probably built with the hard sweat of yourself and your family—a farm or a restaurant or a small company—so that you can take those assets and live on them in retirement and live a good retirement life or simply help out your children as they move forward in their life.

So when they get those people, whom are they getting? They are getting retirement people with this proposal. They are raising their taxes.

We are going to hear some of this ''Wizard of Oz'' language about, well, we really don't raise those taxes, we really don't. There is $180 billion of adjustment that we are going to be able to put toward capital gains or something else.

It is a fraudulent statement that it is almost not worth responding to. But let me move to the factual response, which is this: There is no capacity in this budget to institute any significant attempt to continue or to make permanent dividends and capital gains rates. None. In fact, that $180 billion, were it even to appear, which it will not under this budget—a point I will get to in a second—would benefit miscellaneous deductions which are good and right and appropriate but actually don't help the economy all that much because mostly they are socially driven. They involve the marriage tax penalty. They involve children's tax credits, tuition tax credits. They are not like economic drivers, such as dividend rates and capital gains rates which translate immediately into better investment of funds. What they have said is: We will give you that $180 billion if certain events occur in the third and fourth year of this budget.

This is a real Rube Goldberg exercise. It is one of those things where you have 16 different moving parts, and you know none of them are going to work, but you claim they are going to work so you can claim you are actually going to do something you know is never going to occur. That is exactly what this is all about.

For this $180 billion to kick in, the Democratic tax trigger requires the following: A budget resolution—we have the Rube Goldberg chart hot off the press. That is one of our better charts. It took a little bit of thought on this one. In order to get this tax cut or any part of it, the following has to happen: There has to be a budget resolution promising middle-class tax cuts. That is here. We have that. We are going to give you the promise; we are just not going to give them to you. The tax-writing committee marks up the legislation, but it stalls. Why does it stall? Because the way this thing works is there have to be offsets that can be found to satisfy the tax cuts, but if the Congress continues to spend money, that undermines the capacity to reach the factual obligation which would create the tax cuts.

So you can basically spend your way out of doing the tax cuts, which is exactly what the budget proposes. It says it promises the tax cuts and then it proposes $205 billion of new spending in the discretionary accounts and proposes a huge expansion of spending in the entitlement accounts. So it essentially guarantees that the trigger, which allegedly is in place, can't occur to generate the tax cuts because the spending eats away at the outyear surpluses and, of course, that leads to the business community getting a little skittish. It leads to the investors getting a little skittish. It leads to the economy starting to contract, which leads to a slower rate of growth, which leads to less tax revenues, which leads to—surprise—they are not going to give you the tax cuts. It is a self-fulfilling prophecy. It is a trigger that is guaranteed that when it is pulled, nothing happens. It is similar to a Rube Goldberg event.

There was some language which I loved—I have to see if I can find it—that describes this in the budget resolution. It is fascinating. It is so good it can't be not mentioned here. It defines how we get to this tax cut. I will find it or my crack staff will. They so want to destroy the ability to do this tax cut that even in the language of the budget itself they put in obfuscating language that is filled with obfuscation, that you know on the basis of it no one takes seriously the idea of doing the tax cuts. That is reasonable because let's face it, that is not the philosophy of the party of the other side of the aisle. The party of the other side of the aisle has shown itself historically to be a party to believe that it is not your money. It isn't your money. It is their money. You haven't figured out yet that you earned it, and you think you should be able to spend it. You haven't figured out yet that they think you earned it for them and that the Government should be able to spend it. That has been the philosophy of this party for a long time. It doesn't change over the years very much.

Now that they are back in a position of some responsibility—considerable responsibility; they are the party of both the Senate and the House—they have the capacity to execute that strategy which is: We will take your money and we will spend it on what we think is important because we are smarter than you, we know better what you need and, therefore, it shouldn't be your money in the first place because you earned it, the Government has a right to it, and the Government should make a decision as to how best to handle it.

So it should not come as a surprise to anyone that this budget is replete with new spending and dramatic expansions in taxes.

I did find—or my crack staff found it, as they always do—the language which I had seen in the conference report, which is so interesting it has to be read for the record. This is how this trigger works. It is written similar to a reserve trust fund, which is, on its face, a shell event. Almost all these trust funds are shell events. By the way, these trust funds are structured so that we start out with 5 or 6, now we have 23 of them.

I am sorry, reserve, not a trust fund. A reserve fund, not a trust fund. I used the wrong term. A very inappropriate term. A reverse reserve fund.

This is the way it works. In the House, the chairman of the House Budget Committee will increase the revenue aggregate—in other words, will take away tax cut revenue—if he determines the future tax relief legislation—and this is the language I love—does not contain a provision consistent with the provisions set forth in the joint statement of the managers.

What does the joint statement of the managers say? The statement of the managers says that the future tax relief legislation must contain a provision that makes the tax relief contingent on OMB's projection of a surplus. The second trigger would turn off the tax cuts unless a minimum surplus materialized, and the tax cuts can be $179.8 billion or 80 percent of the projected surplus, whichever is less.

Rube Goldberg couldn't have written this language any better. I mean, this language is designed to fail. It is designed to make sure the Government gets that money; that you don't get to keep it, and the Government makes the decision as to where it is spent. It is unfortunate.

We also have in this budget, regrettably, a total failure to address the entitlement accounts. Entitlement accounts are by far the most serious issue we have as a government and as a people, beyond the threat of being attacked by Islamic extremists with weapons of mass destruction. Why do I say that? That sounds like a statement that is a little over the top. Well, it is not. The simple fact is that as the baby boom generation retires, and it is going to retire—we exist; there are 80 million of us—we are going to double the size of the number of retirees in this country.

As I have said before on this floor, and I know the Senator from North Dakota agrees with me, this system is not structured to handle the retirement of a generation that is that large. The whole concept of our system of retirement benefits was that there would be a pyramid. There would always be many more people who paid into it than took out of it. That was the genius of Franklin Roosevelt when he created the Social Security System. In fact, when it started, there were 12 people paying in for every person taking out in 1950. Today, there are three and a half people paying in for every one taking out. By the time the baby boom generation is in full retirement, we will have two people paying in for every one person taking out.

The practical effect of that will be a meltdown of our system, and this chart reflects that. I have shown this before because I think this is probably the most serious issue which we face, beyond the issue of the threat of Islamic fundamentalism and the terrorist threat they represent.

Three accounts—Social Security, Medicare, and Medicaid—by the middle of the period 2020, when the full force of the baby boom retirement is in place, those three programs will absorb 20 percent of gross national product. Twenty percent of gross national product is what the Federal Government spends today. Another way to state this is that at that time the Federal Government will have no money left over for national defense, education, laying out roads or environmental protection. All the money will have to go to pay for those three programs.

But it doesn't stop there. The number continues to go up at a rate which is incredible, and which is totally unsustainable, until it hits about 27, 28 percent of gross national product for those three programs by about 2035. Now, this is a situation which will mean—and it is going to occur—which will mean, because it is going to occur, that our children and our children's children—these pages down here, who do such a great job and who are so personable and put up with our foolishness around here sometimes—they are going to have to pay a burden in taxes in order to support our generation. That will make it virtually impossible for them to have as high a quality of life as we have had in our generation. They would not be able to buy that home or put their children through college or have the enjoyment of a lifestyle that contains discretionary funds because those funds will have to be spent, through taxes, to support these programs. These three programs.

Regrettably, this budget does nothing—zero—to address this looming crisis. It is an act that I think fails our obligations as a generation. We are the governance party now. In the sense that most of us in this room who serve here today are baby boom members—there are some who aren't—it is inappropriate for us as a generation not to try to solve a problem which we are going to create for our children and our grandchildren. Yet this budget does nothing to do that. In fact, it aggravates it by suddenly creating this new concept that you can use reconciliation to expand and grow the size of Government dramatically, which is exactly what it does, which is unfortunate, and which is a terrible precedent for us as a government to pursue.

There was a proposal that came from the administration which I thought was reasonable and which would have reduced the outyear Medicare liability—the unfunded liability—by almost 25 percent. It would not have affected recipients except for those at the high end because all it did was that it impacted recipients, as was suggested, such as Warren Buffett or retired Senators, for example, who could and should pay a fair share of the burden of their cost of Medicare Part D.

Under Medicare Part D today, which is the drug program, if you are retired, it doesn't matter how wealthy you are, you still get the benefit fully subsidized by working Americans. So that a person who is working as a waitress or on an industrial line somewhere, or in a gas station, that person's taxes are subsidizing Warren Buffett's drug benefit, assuming he takes advantage of Part D, which being a conservative individual, I think he probably does, although I don't know whether he does. A retired Senator's drug benefit is subsidized by a working American today.

Well, that is wrong. I mean, obviously, if you have that type of income—and what the President suggested was that people who have over $80,000 of individual income or $160,000 of joint income, which is a lot of money—you should have to pay the full cost of your drug benefit, or at least a high percentage of the cost of your drug benefit. That was rejected. It was rejected by the other side of the aisle.

What a small step. That would have translated into a very significant savings in the long run, which was totally reasonable, but which was simply not pursued or brought to the table by the other side of the aisle. I mean, if they are going to do reconciliation instructions, which expands programs in this country dramatically, which is what this bill does, they ought to at least, on reconciliation, say to the Finance Committee, make former Senators pay the full cost of the drug benefit and people with incomes of over $160,000, or a large percentage of the cost of the drug benefit. But they didn't. They passed completely on that opportunity, even though it was a totally reasonable opportunity and something that should be done.

It should be done soon because the problem is—and it reminds me of that Fram oil filter ad of 10 years ago or so, which said: You can pay me now or you can pay me later. Well, the ''later'' is going to bankrupt our children and our children's children. Paying today, fixing this problem today, translates into long-term huge savings, and it is certainly something that should be done. But it was passed on in this budget.

So what is the practical effect of this budget? It is pretty simple. It is a big-spending, big-taxing, classic budget that comes from the left. It increases taxes by $730 billion, it increases discretionary spending by $205 billion, it raises the Social Security fund to the tune of a $1 trillion, it increases the debt of the Federal Government by $2.5 trillion, it dramatically expands the obligation which we are passing on to our children and which our children will have to pay, it eliminates some tax cuts which have caused this economy to grow and be vibrant and which have created jobs and generated huge revenues to the Federal Government, and it fails to even a little bit—by asking former Senators and wealthy Americans to pay the cost of their drug benefit—to address the looming crisis which we face as a nation, which is the Medicare, Social Security burden which we are going to pass on to our children.

It is not a budget which I would recommend, though I do appreciate the Senator from North Dakota and his energy in pursuing it.

There is one other small point, in the area of fiscal discipline, where we hear all this talk of pay-go. They shouldn't call this pay-go. They should call this ''Swiss cheese go'' because it is targeted to pick up the things they do not like, such as tax cuts. But the things they like, they basically exempt from it, such as agricultural entitlement spending. So it is a choose-the-things-you-like pay-go, or choose-the-things-you-don't-like pay-go. That enforcement mechanism is a nice term—it is a term of motherhood—but it is not going to have much discipline on the spending side of the ledger.

In addition, there are no caps in the outyears. For some reason, even at these very high spending numbers, which are egregious in their excess, they have put no caps in for 2009 or 2010. They have them in there for 2008 but not beyond that. They have expanded advanced appropriations, which is a way to basically get around caps to begin with, over what they have traditionally been.

I understand the President has sent up a letter, or his OMB Director has, and it says they are going to try to discipline the fiscal process through using the veto on appropriations bills. But we know the President can also be put in an untenable position because they can roll all these appropriations into the Defense bill and make it virtually impossible for the President to aggressively and effectively use the veto. It shouldn't be up to the President to discipline this place. We should do it.

There also should be effective points of order retained and carried out. In fact, the pay-go point of order is so neutralized they decided they wouldn't do it year by year. They decided to do a 5-year calculation of pay-go. This is all inside politics around here, or inside substance, but the practical effect of that is you can take credit for something you think is going to take effect in the outyears, when you know that 5-year scoring is sometimes a little sketchy. So you do spending this year with the claim that you are going to save in 5 years, and you can claim you have avoided pay-go. It is a way to game pay-go on the spending side of the ledger.

They basically have eviscerated a whole series of what are important spending restraints around here, or at least they have skewed them in a way that makes spending more capable of occurring and, of course, tax cuts will be aggressively disciplined so they can't occur. Because, after all, it is not your money. It is their money. You have to always remember that.

This budget is based on the basic theme that it is not your money, it is the Government's money, and we deign, we deign as a Congress, to allow you to keep some percentage of what you earn. But most of what you earn we want, and we are going to spend it. This budget does it very well.

Mr. President, I yield the floor.

Mr. CONRAD. Mr. President, I detect the Senator was blushing a bit when he suggested at the beginning of his statement that his party is the party of fiscal responsibility. Wow. That is breathtaking. Their party is the party of fiscal responsibility?

Let us look at what has happened on their watch when they controlled everything. They controlled the House, they controlled the Senate, they controlled the White House. Here is what happened to the debt on their watch.

They have built a wall of debt that is going to take us a generation to recover from. When this President came to office, at the end of his first year—we won't hold him responsible for the first year, although he inherited balanced budgets—the gross debt of the United States stood at $5.8 trillion. At the end of this year, it is going to be $9 trillion. So they have run up the debt $3 trillion in 5 years. If the President's plan is followed, in the next 5 years they are going to run it up to $12 trillion.

Their claim that they have been fiscally responsible is unfortunately contradicted by the facts. They talk about the performance of the economy. Let's look at the performance of the economy.

We have looked at what happened in this recovery compared to the nine previous recoveries, major recoveries since World War II. Here is what you find. Under this recovery we are running, on revenues, $127 billion short of the typical recovery since World War II.

On job creation, in the first 75 months, the previous administration, the Clinton administration, created 18.7 million jobs. In this administration for the same period, 5.2 million. The Clinton administration produced three times as many jobs.

On job creation compared to the nine previous recoveries since World War II, they are 7 million private sector jobs short of what has happened in the typical recovery.

On business investment, again, compared to the nine recoveries since World War II, they are 69 percent below the typical recovery since World War II.

When he talks about this burst of revenue under their fiscal management, you will notice that all his charts start in the year 2004. They forgot about 2001, when they were in charge; 2002, when they were in charge; 2003, when they were in charge. In fact, if you look back on the revenue of the United States, here is what you see. Tell the American people the whole story, not just the bits and pieces they talk about. Back in 2000, the revenue base of the United States was just over 2 trillion dollars. It has taken us until last year, it has taken us 6 years to get back to the real revenue base this country had in 2000.

Let's look at their record. The simple fact is, they increased spending—and they controlled every dime that was spent here. They increased spending by more than 40 percent. They stagnated the revenue base. The result was an explosion of debt. That is their record, and it is indelibly etched in the history of the country. Unfortunately, we are going to pay a long time.

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

Mr. CONRAD. I am happy to yield.

Mr. DORGAN. Mr. President, regarding the first chart the Senator used, which showed the steps of additional debt, I was intrigued, as I was walking through the Chamber, to hear our colleague from New Hampshire say, ''This is your money.'' I understand the origin of that comment. The implication is we don't have to fund schools and roads and law enforcement and defense, and so on.

We all have some responsibility to the country, so part of the money has to go to the Federal Government or State governments to pay for that. But when he says, ''This is your money,'' should he not also, when you hold up that chart, say to the American people: This is your debt? Isn't it the case that in the years in which they ratcheted up that debt by spending money and not asking for the revenue for it, they are saying to the American people: We will load you up with some debt, and by the way, this is your debt. You pay it later. We will probably be done, but you pay it later. Shouldn't that be the second verse to that song?

Mr. CONRAD. What they should say is they have become the party of borrow and spend—because they spent the money. They increased spending more than 40 percent, but they didn't pay for their spending. Instead, they put it on the charge card, and they have run up the debt in a way that is unprecedented in American history.

They will have doubled the debt of the country and doubled foreign holdings of our debt. I have another chart that shows it took 224 years and 42 Presidents to run up $1 trillion of U.S. debt held abroad. This President has more than doubled that amount in 6 years.

That is the record. They can't run away from it because they own it.

When they say there is this huge tax increase—please. This is what the President said he was going to raise in taxes, $14.826 trillion. Here is what we raise, $14.828 trillion—virtually no difference.

That is what the President said his budget would raise. CBO has a little different take on it, the Congressional Budget Office. They show a difference, over the 5 years, of 2 percent; that we have 2 percent more money than they are proposing. The important thing about this budget—we all know we are going to write another budget next year—is what is the difference for revenue this year between our budget and the President's budget. Do you know what it is? Zero—nothing. No difference.

Where is this big world-class tax increase they are talking about? You certainly can't find it in the budget.

When he talks about spending, here is what has happened to the spending under our budget. They are the ones who ran up the spending, increased it 40 percent. We are talking about spending as a share of gross domestic product, down each and every year under this budget; from 20.5 percent of GDP in 2008 down to 18.9 percent of GDP in 2012.

We are turning the corner on debt. They have had it explode on their watch. We are turning the corner and starting to take debt down as a share of GDP.

I heard a lot of talk about this big increase in spending. Where are the increases that are in our budget? First of all, we increase the funding for veterans health care by $6.7 billion over last year. I am proud of it because we are going to keep the promise that was made to our Nation's veterans that they were going to receive quality health care. We have seen the scandal of the veterans being mistreated at Walter Reed under this administration, on their watch, when they were in charge. We are going to fix the problems in veterans health care by putting money where the speeches are.

On education and training, we increase by $3.6 billion because we understand that investment in our kids' education ought to be a top priority.

On justice and law enforcement, we add $3 billion because we are not going to cut the COPS program 94 percent and take police off the street when those additional 100,000 cops all across America have helped us reduce rates of crime. The President inexplicably says cut the COPS program 94 percent. We have rejected that proposal. We say keep the police on the street. Let's keep our streets safe.

On health care, we can begin to ensure the children of America, provide them with health insurance.

When we look at the reasons for the increases in spending under the budget resolution, 34 percent is because of defense and war cost; 25 percent is because of Social Security and Medicare. That is no change that we have made. It is simply the increased cost of those programs.

We also have a 7-percent increase in veterans' benefits and services, to take care of veterans health care.

Net interest up 10 percent. That is nothing we did. That is the debt that this President has run up. We have to pay the bill.

When they talk about this big increase in spending, do you know what it is? It is 2.6 percent. We have added 2.6 percent over the baseline to address veterans health care, to address the Nation's needs in education and health care of our kids. That is exactly what the American people expect and want us to do.

He says the tax cut will never come about. We have the middle-class tax cuts and estate tax reform in this proposal. He says none of it will ever happen because of the trigger. The way the trigger works, the Office of Management and Budget, controlled by the President, tells us what they expect the surplus to be in 2012. We can only use 80 percent of it for tax cuts. That is the way the trigger works.

Under the current scoring by OMB, there is sufficient room, as this chart shows, to fund all the tax cuts that are in this budget, all the middle-class tax cuts and the estate tax reform. Under current Office of Management and

Budget scoring, if you take 80 percent of their projected surplus in 2012, their projected surplus, or 80 percent of it, in 2012 is $232 billion. The cost of the tax cuts is $180 billion. We can fund the tax cuts that are provided here, that go to hard-working, middle-class families, exactly where they ought to go.

He says we are raiding Social Security. He forgot how we got into this position. We got into this position because this President chose to provide tax cuts to the wealthiest among us instead of protecting Social Security. Under the President's plan, he is going to take, from 2008 to 2017, $2.5 trillion of Social Security funds to use it to pay other bills.

Let me say this. If anybody tried this in the private sector, what the President is doing, they would be on their way to a Federal institution, but it would not be the Congress of the United States, it would not be the White House, they would be on their way to the ''big house.'' That is a violation of Federal law.

But, unfortunately, they have dug the hole so deep it is going to take us time to dig out of it. That is exactly what we have done under this budget because, unlike them, we have balanced the budget by 2012. Unlike the President, who even now has not balanced the budget by 2012—under his proposal, we would still be $30 billion in the red by 2012. We balance the budget by 2012 and have a $41 billion surplus. That is a real American value, paying your bills.

When they say their tax relief has somehow magically benefitted the middle class at the expense of the most wealthy among us—whoa, there is a whopper. Here is what happened. The millionaires of our society—and I have respect for those who have succeeded. I applaud them. I am delighted at their success. I hope everybody is financially successful.

But when they somehow say the middle class has been the ones who have gained by their tax policy and not those at the highest end of the income ladder, come on. I don't know whom they think they are fooling with that one. Here are the facts. This is according to the Urban-Brookings Tax Policy Center. Those earning more than $1 million in 2006—this is not a projection, this is what happened in 2006—those earning over $1 million a year got, on average, a tax cut of $118,000. Those earning between $100,000 to $200,000 got $3,700 dollars. Those earning less than $100,000 got less than $700. Please. There is no question who are the primary beneficiaries of these tax cuts. It has overwhelmingly gone to the wealthiest among us.

I am not being critical of the wealthy. I absolutely applaud their success. One of the great things about America is if you work hard and you are inventive and entrepreneurial, you can succeed. That is a great thing about America. We want to preserve it. One of the ways we preserve it is to pay our bills and quit running up the debt and quit running these massive deficits. That is why we worked hard to balance this budget by 2012. The President, even now, has not presented a plan that balances by 2012.

I have already talked about the things that are done within the long term. We have these reserve funds that were in our budget. But let's reflect—our friends on the other side, they criticize reserve funds. Here are all the reserve funds they had in their budget, reserve fund after reserve fund, and they criticize the ones that are in our budget? Please. That is the pot calling the kettle black.

Finally, with respect to the long term, I have said repeatedly, this is one place where Senator GREGG and I entirely agree. We have to tackle the long-term entitlement challenges—absolutely. The only way that is going to happen is bipartisan agreement. Neither party can tackle the long-term challenges on their own.

This is a 5-year budget resolution. Our long-term entitlement plan problems are 10- and 15-year problems.

The sooner we deal with it the better. But the budget resolution is not going to be the place because only one party is carrying the burden there. It has got to be a joint agreement between the two parties. That is why, along with Senator GREGG, he and I have proposed a plan to give, to empower, 16 Members—8 Democrats, 8 Republicans—the responsibility to come up with a long-term plan that would be dealt with separate from a budget resolution.

With that, Mr. President, I notice the Senator from Washington is here. I do not know whether the Senator——

Mr. ALLARD. Mr. President, I would like to have an opportunity to make some comments, if I might. Traditionally, we have always alternated this back and forth.

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

Mr. ALLARD. Probably about 15 minutes.

Mrs. MURRAY. If I can have about 5 minutes before the Senator goes, I would appreciate it. If not, I will come back.

Mr. CONRAD. We can then go to two people on that side.

Mr. ALLARD. Fine.

The ACTING PRESIDENT pro tempore. The Senator from Washington.

Mrs. MURRAY. Mr. President, I just wanted to come to the floor for a few minutes today and talk about the budget that is before us now. It reflects a lot of work. It reflects the priorities of families across this country. Importantly, it returns fiscal responsibility to Washington, DC. It invests in critical needs of all Americans.

I am very proud to be able to say I support it. It is tough and it is strong, which is exactly what we need to be doing today in the United States.

First and foremost, I do want to thank our chairman, Senator CONRAD, on his work on this most difficult task. I have served with him through this process time and time again. I am always amazed and impressed by his thoughtfulness, his attention to detail, and, of course, his amazing charts. He always works well, along with his partner from the House, Congressman SPRATT, to help us establish priorities of which all Americans can be proud.

Writing a budget of this size and scope is not easy, but Senator CONRAD has again proven this year he is up to the task. I am proud to call him a colleague and a friend.

Mr. President, Senator CONRAD and all of us as Democrats want a budget that reflects the priorities of American families. We do that in this budget by investing here at home—in our schools, in our infrastructure, and in our communities. We still provide every dollar the President asks for defense spending over the next 5 years.

At the same time, Americans want us to return to fiscal responsibility in Washington, DC. Every family knows the importance of balancing their own checkbooks and paying their own bills. They expect us, the Federal Government, to be responsible with their money as well.

Unfortunately, as Senator CONRAD pointed out, for too many years under Republican control we have seen a failure to manage those taxpayer dollars. Year after year, they have produced some of the largest debts this country has ever seen. This budget, our budget, says ''no more.''

Our plan does include strong pay-as-you-go rules, and that means we are being responsible for today and not burdening our grandchildren with future debt. In fact, this budget produces a $41 billion surplus by 2012. I really want to say we owe Senator CONRAD a debt for keeping us fiscally responsible yet investing in the right priorities, and still producing a surplus by 2012.

We recognize in this budget that American families want relief from taxes as well. This budget supports middle-class tax relief. It extends marriage penalty relief, child tax credit, and supports reform of the estate tax just to make sure that we protect small business and family farms, and, importantly, provides relief from the alternative minimum tax for 1 year, a tax that increasingly is a burden on middle-class families.

I am especially proud of what we have done in this budget that pays attention, finally, to our veterans when they come home. From stories we have heard of veterans who have been struggling to get mental health care for post-traumatic stress disorder, to some who had to wait months if not years to get the benefit checks they so need, or the lack of focus on traumatic brain injury, the signature issue of this war that is affecting thousands and thousands of our soldiers who have returned home.

What we have seen clearly is the President has not adequately funded veterans care. This budget reverses that terrible trend and provides $43.1 billion for addressing those problems. That is a critical component of this budget that every Member of this Senate ought to vote for.

Importantly, our budget rejects the President's proposal to impose new fees and higher copayments on veterans. The President's budget that came to us said that he wanted to impose fees and copays on the veterans themselves to pay for veterans health care. We say no. We say these men and women have paid the price by serving us. We are not going to charge them again.

Very importantly, we keep the promise to our Nation's heroes and restore that by saying we will not impose fees on our veterans to balance this Nation's budget.

This budget also invests in critical port security needs. I was very proud to work last year on a bipartisan basis to pass the Safe Ports Act. But that bill did not adequately fund the critical infrastructure we need to keep our ports safe. This bill begins that process.

We have increased funding for the Safe Ports Act, which means more radiation detection centers at our Nation's ports, more partners in safe trade, and importantly, the personnel, custom officials to make sure this bill actually works.

On education, our budget reverses the painful cuts that we have seen year after year to education and provides the largest increase in funding for elementary and secondary education programs in 5 years.

Like all of my colleagues, I have been home. I have listened to my teachers, my administrators, my parents, and students at home who tell us the lack of funding in the promise to No Child Left Behind has hindered them from being able to do the right thing, to make sure our children get a good education.

Our budget, this budget that is before us, increases Department of Education funding by $9.5 billion above the President's request and keeps the promise we made when No Child Left Behind was enacted.

As a parent, a former teacher, I know the importance of investing in our children's education. I am very proud this budget does just that.

This budget also provides very important funding for SCHIP; that is the program that Senator CONRAD talked about which is the children's health insurance program. Everyone talks about the incredible burden of health care in this country and who it is impacting most, our Nation's children. This budget expands health care coverage to nearly 6 million children.

Certainly, in this country today that ought to be our top priority. That is what Democrats are saying in the budget before us. We provided a very important step forward for American children with the investment in this budget.

I think it is important to note that in 3 of the last 5 years, the Republican majority failed to pass a budget. They had a much larger majority than we do here in the Senate today, and we saw what happened when a budget did not happen: historic debts that were passed on to our children and grandchildren.

Well, last November, in the election, Americans demanded a change. I believe this budget reflects that call. It returns fiscal responsibility to Washington, DC and, importantly, ensures our Nation's priorities are addressed. I am very proud to support this bill. I encourage all of our colleagues to do so.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank Senator MURRAY for the extraordinary contributions she has made to this budget resolution. There is no more valuable member of the Senate Budget Committee than Senator MURRAY. She was a conferee. She has participated throughout the committee's deliberations on this budget.

Again, there is no one who played a more constructive role than Senator MURRAY. She has been a fierce advocate for education, for expansion of children's health care coverage, and for the transportation needs of the United States. So I thank Senator MURRAY for her very thoughtful participation in the deliberations of the Budget Committee.

I also want to take this moment to thank my colleague, Senator ALLARD, again for his courtesy.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Colorado is recognized.

Mr. ALLARD. Mr. President, first of all, I thank the chairman for his leadership on the Budget Committee and willingness to work with Republicans, to a certain degree, and I do appreciate his leadership.

We have a difference of opinion. I think these are reflected in the budget. I also recognize the ranking Republican, JUDD GREGG. I think he has it just right. I would like to associate myself with many of the comments he made on the Senate floor because I agree with him.

If you have been listening to this debate and what the Democrats on the other side of the aisle have been saying, you may be getting as confused as I am. You know, I listened to this debate, and it seems as though they want the argument all ways—at least four ways.

They want to argue that they are not increasing taxes but yet are increasing taxes. They want to argue that they are holding down spending, but yet they want to take credit for all of this spending they put in the budget. So I think that is confusing.

I think we are missing an opportunity to do more for future generations than what is reflected in this budget. In fact, I think this is a budget that is a disaster in the making for future generations. It took the majority Democrats only 4 months and 15 days to figure out how to raise taxes. Now, they say they are not raising taxes. But taxes are going to go up because of inaction on their part, because they make the rules and the procedures around here in the Senate so complicated that there is not going to be an opportunity for those of us who want to see taxes held down to make that effort without these very high hurdles.

They want to ignore the fact that the U.S. economy has done well; it has grown and prospered over the past several years with the creation of 7.9 million new jobs and tax revenues that have outpaced projections by $300 billion.

The economy has experienced smooth sailing, frankly. Now Democrats are about to pass a huge, bloated budget that will act as a heavy anchor weighing down our economy.

The Democrats do not want to recognize the fact that after we reduced taxes the economy grew. We have had this argument over the years in the Budget Committee, and with the now majority leader on the Budget Committee who does not want to recognize that when you are reducing taxes you actually have an opportunity to increase revenues, particularly when we start with a high tax rate.

If we look at what has happened with taxes before, the President came through with his economic growth packages, he had two growth packages, our economy was struggling, and we just finished, in 2001, what we call—the high-tech bubble had burst, the economy was regressing, and we had the 9/11 catastrophe. We had the war on terrorism. We moved into a time when we had a record hurricane year.

But despite all of those negative impacts, the economy did well. I can recall during the last part of the 1970s when we had high energy prices and we had a struggling economy. Remember, we got into double-digit inflation, double-digit unemployment. We referred to all of this as the misery index because our economy wasn't doing too well.

Most of that was attributed to the fact that energy prices were so high. But look at today and look where energy prices are and look at how the economy continues to grow, which I think speaks to the strength of the economic package that the President has put in place with the help of a Republican Congress.

What we did was reduce taxes in those areas where we thought we could really focus, particularly targeting the small business sector of our economy. That is where innovation occurs. That is where you can expect the greatest economic growth when you have right tax policy.

One of the things we did that really targeted the small businesses was we increased the amount of expenditures that they could write off so that small businesses make investments in their business, maybe it was computers, maybe it was—if they were in construction maybe it was a Bobcat. But it impacted all segments of small business.

The economy responded, and it is still responding. But this particular plan we have before us—and that is what this budget is, it is a plan. It is a plan that is put together by the House and the Senate. It is not anything that is signed by the President. It is an agreement.

So, now, in 4 months and 15 days, they have had this plan that lays out a pact to increase taxes.

It increases discretionary spending at least $205 billion over the President's request over 5 years. The debt increases $2.5 trillion over 5 years, and we don't do anything on mandatory spending. We had several hearings in the Budget Committee about the problem with entitlements, which is mandatory spending—Social Security, Medicare, and Medicaid—and how we needed to control future obligations in those programs because they are getting ready to bankrupt the country. We had testimony in front of the Budget Committee that said the way those programs are currently designed is unsustainable. It is completely ignored in this 5-year plan that has been put out on how they are going to grow the economy. I think it is headed in the wrong direction. It is going to be a disaster for future generations.

The Democratic budget contemplates a huge tax increase. The argument was made from the other side, as always, if you want to increase taxes, you blame the rich because they are making too much money. But everybody ignores the fact that the top 20 percent of taxpayers are paying 85 percent of the taxes. The bottom 40 percent is actually getting a refund, a handout from the Government. It is easy to point to the wealthy and say: They are not paying enough. But in reality, they are already paying a lot. If we allow the Republican tax plan to expire without taking any future action, the result is going to be a negative impact on our economy. I believe that.

This budget spends $23 billion over what the President suggested as far as discretionary spending for 2008, totaling about $82 billion over 2007. The budget spends $205 billion over the President's discretionary spending over 5 years. Entitlement spending grows unchecked by $416 billion over 5 years. It creates reserve funds. We did create a few reserve funds, but we didn't create 23 reserve funds, which is an opportunity to build a shield of smoke and mirrors, which allows spending to go on unchecked. I am concerned about the opportunity we are giving various committees to spend.

If we do this right, we can do a lot of things that will restrain spending, will hold down taxes, and actually provide for future generations of Americans. I am disappointed we haven't done more in those areas. In fact, we haven't done anything but move in the wrong direction.

I had an amendment I offered in the committee and on the floor that said: Let's look at the ineffective programs. This President, to his credit, has put together what they call the PART Program. PART goes into the various agencies and evaluates their programs. Then they rate them. Was it effective? Was it moderately effective? Is it ineffective, or have they made no effort at all? You can easily look into these programs where they didn't make an effort at all to try and establish a process where there is accountability in the way they spend tax dollars, or they can go into a program that was rated ineffective. I said: You know, if we go ahead and reduce spending by 25 percent on some of those ineffective programs, in the first year of this budget we could save about $4 billion, which is minimal, when you think about it, out of a total budget of $2.9 trillion. Over 5 years, that would amount to about a $17 billion reduction in debt, a relatively easy thing we could have done. We ignored that opportunity, as we ignored the opportunity to do something about entitlement spending. We talked about it and talked about it. This could have been a budget that actually called for some action. We have ignored all the recommendations of the hearings and gone ahead with business as usual—increasing taxes, increasing spending.

The Democratic budget literally ignored the entitlement crisis. They have done some manipulation so they can talk four ways about how they are not increasing taxes but in reality they are, about how they are holding down spending but in reality they are increasing spending much more than what Republicans are supporting. It would have been interesting to have seen how they would have created a budget during those 3 years the chairman of the Budget Committee criticized Republicans, when we had 9/11, we had the Internet bubble break, and we had record hurricanes. We had a lot of pressure on our budget. As Republicans, we did a good job. Those were tough times. This budget and these economic times are much better. This was an opportunity for us to do something to hold down spending. We could have done something to hold down the taxes so we could sustain our phenomenal economic growth.

Let me talk about one other issue. If you notice, when the Democrats talked about spending, they talked about it as a percent of gross domestic product. That is an easy argument to make. This economy has done so well that the gross domestic product is growing at a phenomenal rate. So you can increase spending at a phenomenal rate, and your figures can still look good. When you talk about spending as a percentage of gross domestic product, you are not talking about what is happening in the budget. You need to talk about it in terms of real figures from year to year and within the 5-year window of this budget. When you do, we have a tax increase of $736 billion. You have increased discretionary spending by $205 billion, debt by $2.5 trillion, and done nothing as far as entitlement spending is concerned.

I will not vote for this budget. I encourage my colleagues to join me. We can do better. This budget forgets about future generations, and we should do better on their behalf. That is the reason I came to the Congress, because I believed it was important that we eliminate deficit spending.

By the way, he talks about eliminating deficit spending by 2012. If we worked on it, I think we could have gotten rid of deficit spending in 2 years, with the current rate of growth and current incoming revenue, if we had only made the effort. But this budget ignores that effort. We continue to spend and tax as usual.

I am disappointed in this particular budget. We could have done much better. I think it is a disaster for future young Americans. Hopefully, this budget will not pass, and we can have another budget that deals more seriously with the future of this country and the future of America.

I yield the floor.

The PRESIDING OFFICER (Mrs. McCASKILL). The Senator from South Dakota.

Mr. THUNE. Madam President, the conference report on the fiscal year 2008 budget resolution isn't only about a bunch of numbers; it is about our priorities for America. It is about our vision for America. A budget in a lot of ways is like a checkbook. A checkbook tells us about an individual's priorities. This is our national checkbook. It tells us where we are and where we want to go as a nation.

The proponents of this budget are proud of their budget, claiming it is fiscally responsible, it reduces the deficit, it makes hard choices, and leads to a balanced budget. Opponents of the budget resolution say it is nothing of the sort. It adds spending, raises taxes, does nothing about long-term entitlement programs and the crisis America faces there. They say it is a tax-and-spend budget doomed to fail because it grows the Government, slows the economy, and will fail to balance the budget. The question for the American people is, who is right. This is no trivial matter. It is not just about our Government's finances and the Nation's prosperity; it is about our jobs and paychecks. It is about our family's budget. It is about our hopes and dreams. So who is right? Is this a tax-and-spend budget or a fiscally responsible budget? In America, everyone is entitled to their own opinion, but not everyone is entitled to their own facts.

Fortunately, we have plenty of facts by which to judge this budget. We have the facts of the budget, the facts of history, and the hard facts of the IRS form 1040 to determine exactly what this budget is and exactly what this budget does for American taxpayers and families.

I believe a reasonable review of those facts will, sadly, conclude this is, in fact, a tax-and-spend budget, that it is based upon hundreds of billions of new spending, and almost a trillion dollars of new taxes, that it will grow the Government and slow the economy, and that it will fail to balance the budget because no tax-and-spend budget ever has, that it is diametrically opposed to the only solution we factually know to successfully balance the budget, and that is to cut spending and reduce taxes.

How do I reach that conclusion? It begins with two facts of any budget: What does the Government spend? What does the Government tax? From this budget we can tell three things about spending. First, we know every dime the Government is spending today. This budget says what the Government will spend tomorrow plus more to account for inflation and population and whatever other factors come into play. This budget does not require a single program termination, not a single program reduction, not a single program freeze. So we know spending doesn't go down. It goes up in a business-as-usual approach.

Next we also know new spending is added, over $200 billion in new spending over the next 5 years with no offset. Finally, we know there are some 24 reserve funds added where billions of new spending can be added. Some of them allow for tax relief, but mostly they add new spending programs or expand existing ones.

The authors of the budget will tell us that any of these new initiatives have to be offset with either spending cuts or new taxes. Given the fact that not one penny of spending is cut in this budget and that billions of new spending is added, I don't think we can expect to see any future spending cuts. That only leaves one thing to pay for it, and that is taxes.

Thus we see every penny of existing Government kept, we see billions of new spending, and we see promises of even more new spending beyond that. However, to be fair, the Democrats do point to one spending cut they may do. They point to provisions, so-called reconciliation instructions, to cut education spending by $750 million over a 5-year period. They want to use the reconciliation process so the provision cannot be filibustered. So to get this straight, out of a budget of $2.542 trillion this year, out of CBO estimated spending of $12 trillion, $37 billion over the next 5 years, the Democrats are going to try and squeeze $750 million out of savings. That is six one hundred thousandths of 1 percent.

This may turn out to become a spending cut, but consider two facts: First, the $750 million cut that might occur is dwarfed by $205 billion in new spending that is scheduled to occur. Second, that $750 million cut is a spending cut not to shrink Government but to actually grow Government.

The education reconciliation instruction is part of an effort to transfer subsidies that private lenders give to student loans and put the Government back in control of student loans. It is a cut not to shrink Government but a cut to shrink the private sector and expand the Government.

So in this budget, what do we have on the spending side? Well, as I said before, we have no spending cuts, no terminations, no freezes. We have $204 billion, $205 billion in new spending. We have numerous new spending initiatives promised, and the single, potential cut is infinitesimally small, is a fraction of new spending and is designed to use a special process to shrink private lenders and expand Government lending.

On the basis of no spending cuts, billions of new spending, promises of even more spending, and a miniscule cut that is actually a Government expansion—from all that—I think any reasonable person could conclude this budget spends more and more.

But what about taxes, the second part of our equation? Does this budget raise taxes? Does it help or harm taxpayers? Democrats insist there are no tax hikes in this budget. No one's taxes are going to go up, they assure us. But is that true?

If you are kind of boring and you care about budget numbers, you might come up with a different answer. If you are a taxpayer and know what it means to fill out your IRS Form 1040, you definitely will not agree with that assessment.

For those who care about the budget, here are the facts. Every budget passed since 2001 has excluded from its future revenue levels the tax cuts that were passed in 2001. In fact, each budget has excluded the revenue reductions from the 2001 tax relief, the 2003 tax relief, and the 2005 tax relief.

These budgets did not count as Federal tax revenue any of those revenues transferred back to taxpayers by those three tax cuts. Instead, every budget said the tax cuts are in your family's budget and not in the Government's budget; that is, until now.

This budget says those tax cuts are no longer part of your family's budget, but they are now part of the Federal Government's budget. Money cannot have two masters, and this budget says the money going to your tax cut has a new master, and it is not you, it is the Government.

In fact, over the next 5 years, some $736 billion in tax relief that Americans enjoyed yesterday and today to pay their bills, to feed their families, to invest in their dreams, will not be in their families' budgets tomorrow but in the Federal Treasury's coffers.

By transferring $736 billion of tax relief you enjoy today out of your families' budgets into the Government budget, the Federal Government revenue baseline makes a huge leap, and from that a deficit projected at $229 billion in 2012 suddenly becomes a surplus.

Do tax hikes account for that swing in the deficit? We know spending has not been cut. In fact, we know spending is going up. So the only reason the budget could swing from a deficit to a surplus in 2012 is because something has happened on the revenue side. Judging how big the deficit swings to surplus, something big must have happened on the revenue side in this budget, and the facts bear that out.

At $736 billion, that tax hike in this budget is not only the biggest tax hike in history, but it is more than double the largest tax hike in history. In fact, this tax hike is two times the record tax hike of $293 billion that was enacted back in 1993 by President Clinton and a Democratic Congress.

In fact, it is interesting to note, because we are talking about $736 billion in the conference report, if you look at the House-passed budget resolution when it left the House and went into conference, the tax increase was $917 billion. At that level, that would exceed and be greater than all the revenues collected to run all the Federal Government budgets for 156 years—from 1789 to 1957, from Washington to Eisenhower. It is a huge tax hike. So from a budgetary perspective, we know that spending goes up, and we know taxes go up. It is not the Government that will be spending less. The only folks spending less under this budget will be the American taxpayers.

That leads to the next tax hike test: the view of the taxpayer. This one is easier, but it is also more painful, as we look at the IRS Form 1040 that most of us filled out a month ago. We can ask the hard question—those of us who filled out the Form 1040 in the last few weeks or months—if losing various tax changes constitutes a tax hike in the mind of the average taxpayer.

So let's take a look at the Form 1040 and the tax changes this budget is specifically based upon and would include.

Now, obviously, as I said earlier, the House-passed version was a $917 billion level. The report that has come out of conference is at a $736 billion increase in taxes. But if you look at it on a Form 1040, you can see—when we started this process, when the budget was passed earlier this year—it eliminated the marriage penalty relief that was enacted a few years back.

It took the dividend income and capital gains income a lot of people have realized when they have sold stocks, or perhaps seniors in particular who have dividend income, and it takes the increase, or the rate on dividend income, from 15 percent—boom—up to 39.6 percent.

Capital gains as well—as shown right down here on the form—if you look at capital gains, which currently is taxed at a 15-percent rate, that is going up. Your tax rate, right there, is also going up to 20 percent. So you have dividend income and capital gains income tax rates going up in both those areas in this budget.

Now, if you turn to the next page of the tax form, you can see other areas in the budget where taxpayers are also going to see increases.

The Senate Democrats in the conference have restored a few of the Senate-passed items in the Tax Code, which I will get back to in a moment. But where we started out in this whole thing was we saw the standard deduction, itemized deduction, mortgage interest deduction, charitable contribution deduction—all those sorts of things that normally taxpayers are able to take—those went down. If you look at the credit for childcare, which is $1,000 today, and in the original budget, that would have gone down to $500, so you would have seen a decrease in that area of the Tax Code.

If you look down to the earned-income tax credit, which a lot of our men and women in uniform, our soldiers, are able to take advantage of, that, too, would have been slashed and gone down.

You can go up and down this Tax Code, and you can pretty much see every area in the Tax Code that was addressed in 2001, 2003, 2005—the tax relief that has been provided to the American taxpayer—those tax cuts are all going to expire and tax rates and everything else is going to go back up.

Now, the last chart I wish to show you is the tax rate schedule, which I think is also important. I am going to come back to this in a minute because, in fairness to my colleagues on the other side, they attempted, in the Senate resolution, to restore, put back, some of this tax relief.

But if you look at the original proposal, as it came forward from the House, the 10-percent lowest tax rate in the rate schedule, which benefits the lowest income taxpayers in this country, would have been slashed all the way through, completely cut, gone—no 10-percent rate.

Now, as I said, in fairness to the Democrats in the Senate, they put that back in, in an amendment, or at least they have alleged to have put it back in at some point, so some of these tax relief items that were knocked out in the House budget resolution get restored.

But the one thing that is clear—they may have done something that, as I said, only time will tell if we are actually going to realize that benefit and have the 10-percent rate restored—the one thing that is clear is that in the tax rate schedule, every other tax rate is going to go up.

So today, if you are paying at the 25-percent rate, your taxes are going to go up to the 28-percent rate. If you are paying at the 28-percent rate, your taxes are going to go up to the 31-percent rate. If today you are paying at the 33-percent rate, your taxes are going to go up to 36 percent—from 33 percent up to 36 percent. If you are paying at the high rate—the 35-percent tax rate—today, when this is all said and done, your tax rate is going to go up to 39.6 percent.

So as you can see throughout the entire rate schedule—this is even assuming the 10-percent rate gets restored for low-income taxpayers—for every other taxpayer in this country, every other rate in the rate schedule will go up.

What does that mean? That means higher taxes for a lot of Americans across this country. On this basis, I think it is fair to say that typical taxpayers are going to say, yes, these changes constitute a tax hike on them.

Senate Democrats insist there is no tax hike in this budget. So who is right, the taxpayers or the Senate Democrats in their budget? Well, my colleague from North Dakota sees the Democratic budget probably less like a taxpayer, maybe more like a Budget Committee chairman. But this budget, as it was originally proposed, as I said, got rid of the 1,000 tax credit, the 10-percent rate. It got rid of the death tax relief we were going to experience. Their claim now is they put an amendment in the Senate budget, which was adopted in conference, that will restore $180 billion of tax relief that this budget assumed would expire.

Now, if, in fact, there is no tax increase in this budget, why was it necessary to go through the exercise of having an amendment to extend the existing tax relief, such as the 10-percent tax bracket or the child tax credit, or some of the death tax relief that was enacted a few years ago and that will expire in a few years? I think the Senate Democrats saw billions of tax hikes in this budget, such as the taxpayers did, and decided to extend some but not all the tax relief this budget would allow to expire.

Now, by the action of the Baucus amendment that was adopted here, there was an admission, I believe, by the Democrats that billions and billions of dollars of what average taxpayers would call tax hikes actually are in the Democratic budget. If that were not true, we would not have needed an amendment, the Baucus amendment, to attempt to restore some of the tax relief that is set to expire in a few years constituting, as I said earlier, the largest tax increase in American history.

So it looks to me like what happened was an attempt to try and camouflage or disguise what clearly is a very large tax increase on the American people. No matter how they try—we will put this other chart up here—this budget cannot camouflage or disguise the extent to which taxes are going to go up on the American people.

The purpose of this whole exercise in having an amendment that allegedly would, as I said, restore some of the tax relief, was to provide a figleaf, not for the taxpayers in this country but for the tax raisers right here in the Congress.

Again, I wish to illustrate this was the $916 billion in new taxes that came out of the House budget resolution. The bill that left here, the Senate, and which is in the conference report we have before us today, as I said earlier, attempts to restore some of that tax relief.

So what did our colleagues on the other side do? They took a figleaf and said: We want to provide some cover for people here in the Congress who want to see taxes go up. Yet with the American people, what the American people see is a figleaf because this is a figleaf for the tax raisers and provides no cover whatsoever for the taxpayers; that is, the American people.

So even if you say we are going to restore the 10-percent tax rate, some of the death tax benefit that would accrue—and if not extended would expire—even if we do some of these other things they say they have done in their budget, you cannot address all the additional tax increases that are going to happen in this budget.

Let's say you cover some of the child tax credit, let's say you do some of the death tax repeal, let's say you even provide some of the marriage penalty relief that was enacted in 2001 and 2003 and allow that to be restored, you still just make a small dent in the overall tax increase of $900 billion.

So what do we have? We have $180 billion basically put back, restored, to try to provide a cover or some figleaf for over $900 billion in tax increases. So what we have ended up with is a $736 billion increase as opposed to a $900 billion increase.

So the bottom line in all this is, the amendment that passed the Senate—the $180 billion in the conference report—provides some level of coverage. It provides a little cover. There is a little figleaf of coverage there. But in the end, for the American taxpayer, it is about one-fifth of the expected tax hike, and it looks pretty doubtful we will even realize that.

So let me, if I might, say—looking at the other chart on the Form 1040—even if you assume the Democratic amendment puts that $180 billion of figleaf coverage back in there and does something about the child tax credit—which was $1,000 and went down to $500, but they say it goes back to up to $1,000—you are still going to pay more taxes because you are going to lose some of your mortgage interest deduction in the area of itemized deductions. Let's say they did something on the alternative minimum tax which they say they help correct in their $180 billion fig leaf amendment, but you still are going to pay higher taxes on line 43 because your tax rates are going up.

So the point of this whole thing is that in the Tax Code, if you look at a typical 1040 and you are a taxpayer, it is very clear what is happening here. If you are a tax-raiser in Washington, DC, obviously you come to a very different conclusion. But if you are someone who is out there and you are looking at the Tax Code and you are looking at your 1040—and let's just pop up this other chart for these purposes one last time—and you are going through this exercise and you say: OK, gee whiz, they gave us the marriage penalty relief back, well, you are still going to see, if you have dividend income, that going from the 15-percent rate up to the 39.6-percent rate. You are also going to see capital gains rates—if you have any kind of a mutual fund or anything like that which shows a capital gain, your tax rate is going to go from 15 percent up to 20 percent. You can't deny what is the reality of this whole exercise.

The other thing I will point out is that if you look at what works in terms of balancing a budget, it is pretty clear this formula isn't the one that works.

Back in 1997, I was a Member of the House of Representatives, and at that time, as we went through the process of balancing the budget, we had a Republican Congress, a Democratic President, and they agreed to a balanced budget plan that actually got the job done. In fact, the Republican budget plan President Clinton signed into law had two primary features: It had spending cuts of $263 billion, and it had $95 billion in tax cuts. So what did it do? It cut spending and it cut taxes. What was the result of that? Well, we saw the economy grow, we saw Government revenues grow, and pretty soon we were running surpluses.

This budget is very different from that one. This budget has $205 billion of new spending and, as I said earlier, $736 billion in new taxes.

So in 1997 when we had record spending cuts—$263 billion over a 5-year period, and tax cuts of $95 billion over a 5-year period—we saw a good result. We saw an economy that started to grow, we saw the Government start generating surpluses, and that is the exact opposite model of what we are talking about here today. We are talking about a budget today that increases spending by $200 billion a year, that increases taxes by $736 billion a year, and I think that ends up being a formula for higher spending, higher taxes, and a slower growing economy.

This budget is the mirror opposite of what was done in 1997 and yielded the good results that came as a result of a Republican Congress working with President Clinton at that time to get a balanced budget which actually cut taxes, which cut spending. Spending went down, taxes went down, the economy grew, we saw more Government revenue, and that is exactly what we would like to see out of this budget. But, as I said earlier, this budget is the mirror opposite of that budget. This budget increases taxes, it increases spending, and my fear is we are going to see the Government grow—which it will—and we are going to see the economy slow. I hope that doesn't happen, but I don't think, when you increase spending in Washington, DC, and grow the Government and increase and raise taxes, you are going to see the kind of effect on the economy we saw in 1997 when we cut Government spending and cut taxes.

I appreciate the opportunity to come speak to this budget resolution. I will join with many of my colleagues in opposing this because I believe it is the wrong formula for America's future. Higher spending, higher taxes, and more government is not what this economy needs, and it is not what the taxpayers of America need—the people who fill out those 1040s every single year. We ought to keep them in mind because they are the ones who are paying the bills.

With that, I yield the floor.

Mr. CONRAD. Mr. President, the Senator has a vivid imagination. I don't know what these charts refer to, but they certainly don't refer to the conference report that is before the body now. He has mixed up so many different proposals that have been before various bodies, but he has not referenced the matter that is before this body.

What is before the body is the conference report on the budget. The conference report on the budget does not increase spending; the conference report on the budget takes spending down as a share of gross domestic product, which all the economists say is the right way to measure because it takes out the effect of inflation. We are taking spending down from 20.5 percent, which is where they took it when they had control; they ran up the spending when they ran everything here. They controlled the House. They controlled the Senate. They controlled the White House. On their watch, they ran up the spending. We are taking it down, from 20.5 percent of GDP down to 18.9 percent of GDP. That is one of the key reasons we are able to actually balance the budget—something they have never done and something they still have no proposal to do. That is the fact. This is not increasing spending; this is taking spending down as a share of the gross domestic product.

Now, the Senator puts up charts that are people's tax returns and talks about this rate going up and that rate going up. There are no rate increases here. There just aren't. I know the Republicans have given this speech so many times, it is habit. So it doesn't really matter what the budget is; they just trot out the same speech they gave 5 years ago. The problem is it doesn't fit the facts.

The President said in his budget, by his own estimate, that he would raise $14,826 billion over the 5-year life of the budget. Our budget raises $14,828 billion—virtually no difference. Now, this is using his own agency's estimates, the Office of Management and Budget. We use the Congressional Budget Office on ours because they are the official scorekeeper for the Congress. If you put them on the same basis, the Congressional Budget Office basis, we do have 2 percent more revenue than the President's, but our revenue doesn't show up until beyond 2010. We are going to write another budget before then. This budget controls next year. There is no difference in revenue next year. There is no difference in revenue.

I don't know what speech you are going to give next year when there has been no tax increase. I know you will be terribly disappointed, because you believe that there has to be a tax increase. We are going to be here next year, and then we are going to have to trot out all of these speeches that have been given here. I am afraid some of those who have given these speeches are going to be terribly embarrassed.

Mr. SANDERS. Mr. President, would the Senator yield for about 3 minutes?

Mr. CONRAD. I would be happy to yield.

Mr. SANDERS. I would like to ask the Senator a question. Let me begin by thanking him as the chairman of the Budget Committee for his excellent work on the budget resolution. This conference report, despite what some may have heard, is a major achievement for our Nation's veterans, for children without health insurance, for the middle class, and for millions of Americans struggling to make ends meet. None of these achievements would have been possible without the strong work of Senator CONRAD, and I commend him as a member of the Budget Committee for all of his efforts.

As my colleagues know, one of the major issues I have been working on has been to expand federally qualified health centers in this country, and on that subject I would just like to ask the chairman the following question: Does the conference report accompanying the budget resolution assume that $2.6 billion in Federal funding would be provided for federally qualified health centers in fiscal year 2008—$536 million more than the 2007 level adjusted for inflation and $575 million more than the President's request?

Mr. CONRAD. Mr. President, I would say in response to the Senator that it does. This conference report includes the amendment that was offered by the Senator to increase funding for community health centers. As the Senator knows, this is one area of spending the President has supported. More than that, this is an area I think almost all of us believe has had remarkable success.

I have visited community health centers in my own State, and I have seen the remarkable work they are doing. In Fargo, ND, we have a community health center that is serving thousands of people and doing it in an extraordinarily cost-effective way. It is getting very good health care results for its clients.

So I was pleased to support the amendment of the Senator from Vermont. I think this is one of the most cost-effective things we can do to expand health care coverage for the people of our country and the people of our individual States, and I salute the Senator for offering that amendment. We vigorously defended that approach in the conference committee, and the conference agreed to support that level of funding.

Mr. SANDERS. Mr. President, I just want to thank the chairman very much, and I concur with everything he has said. For 40 years, federally qualified health centers have provided high quality primary health care for millions of Americans, regardless of their income, and as the chairman just indicated, they do that in a very cost-effective way. If the Appropriations Committee provides this funding, at least 4 million more Americans would gain access to the high-quality, affordable primary care available in our Nation's health centers in a very short period of time, with millions more getting access as the new centers get up and running. I thank the chairman again, and I look forward to working with him and my colleagues to make this a reality.

Mr. CONRAD. Mr. President, I thank very much the Senator from Vermont, who is an extremely constructive member of the Senate Budget Committee and a fierce advocate for those things he believes in. He is somebody who has done his homework, and we appreciate that very much on the Senate Budget Committee. I thank the Senator from Vermont.

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

Mr. CONRAD. I am happy to yield.

Mr. GREGG. Is the colloquy that just occurred part of the increased spending that doesn't occur in this budget?

Mr. CONRAD. Mr. President, let me just say that the spending in this budget, as I have said over and over—and I will be happy to put up the chart again—spending as a share of gross domestic product goes down under this budget each and every year. It goes down from 20.5 percent of GDP to 18.9 percent of GDP.

The Senator will recall it was on their watch that, not only did the spending go up dramatically, but the revenue stagnated. The result was to explode the debt of the country. That is the record of the other party. Unfortunately, it falls on our watch to begin to clean it up, and this budget does so.

Mr. President, is the Senator from Texas prepared?

The ACTING PRESIDENT pro tempore. The Senator from Texas is recognized.

Mr. CORNYN. Mr. President, with the permission of the bill managers, I would like to yield myself 10 minutes.

Mr. GREGG. Mr. President, was the Senator from North Dakota yielding time to the Senator from Texas?

Mr. CONRAD. No.

Mr. GREGG. I just got that impression, so I was willing to remain silent as the Senator from North Dakota yielded the Senator from Texas time.

Mr. CORNYN. Since I didn't hear any objection, I was assuming we were proceeding.

Mr. GREGG. I yield 10 minutes to the Senator from Texas.

Mr. CORNYN. I appreciate that. Listening to the comments of the distinguished chairman of the Budget Committee, just trying to summarize it, reminds me of a saying in my part of the country—and I will bet it is the same in his part of the country—the most feared words in the English language are ''I am from the Federal Government, and I am here to help.'' That is basically how he summarizes this budget: We are just here to help the American people.

The problem is that this budget puts us on a tax-and-spend budget, which is really the worst of both worlds. It dramatically grows the size of Government over the next 5 years. This is not just 1 year, this is a 5-year budget, and it contemplates a record increase in taxes and explodes the debt. It contemplates the largest tax hike on the middle-class families and farmers and entrepreneurs in our Nation's history—about $736 billion over the next 5 years.

Unfortunately, this tax increase will take place without a vote of the Congress because what it will do is take advantage of expiring temporary tax relief we passed back in 2003 which has produced an economic explosion in this country and the creation of about 7.8 million new jobs just over the last 4 years. We all know this tax relief has helped the economy grow and create jobs.

On this point, I am especially disappointed that this conference report does not include an amendment I authored which passed the Senate on a bipartisan vote by 63 to 35. That amendment, which is not included in this conference report, created a 60-vote budget point of order against any legislation that raised income tax rates on taxpayers, including middle-class families, college students, and entrepreneurs. In addition, the Senate unanimously voted to instruct its conferees to include the point of order in the conference report. But, once again, I guess we are asked to suspend our disbelief because here in Washington, inside the beltway, things happen differently.

We pass amendments by a vote of 63 Senators, we unanimously vote to instruct conferees to include that point of order in the conference report, and that prohibits an increase in tax rates unless at least 60 Senators agree; and, miraculously, it doesn't appear in the conference report.

While I am aware of the procedural ramifications, I think it would have been a powerful message for the Senate to make taxpayers across the country, to make this point to them that, as the chairman of the Budget Committee has said, there will not be an increase in taxes, to reassure them that there won't be. But, frankly, I think the numbers belie some of the statements being made, to the extent that we are not contemplating tax increases over the next 5 years, when in fact this budget contemplates a historic increase in taxes, just to be able to keep up.

The fact is this amendment highlights an essential point—that 63 Members of the Senate, a bipartisan majority, believe tax rates should not be raised. Unfortunately, the way I read this budget, it does contemplate dramatic increases in taxes, and I don't see anything else at the end of the day happening.

Finally, a few comments on the spending side of the ledger. While the chairman said there will not be higher rates next year under this budget, there will be, with no question, higher Government spending—approximately $23 billion above what the President requested, which I may add is not paid for, which goes directly to the debt. In other words, it is an IOU we hand down to our children and grandchildren. In fact, this budget contains billions of dollars in new spending on Washington programs—$205 billion over the President's request over the next 5 years.

When it comes to entitlement reform, this budget does absolutely nothing to address the $69 trillion long-term entitlement crisis we are facing. I wonder when things are going to change around here, when our rhetoric is matched by action. We on this side of the aisle have said we are determined to work with our colleagues on the other side of the aisle to deal with this growing mountain of entitlement spending and debt. Yet we are told, no, not this year, maybe some time in the future.

My question is: If not now, then when? We need the answer to that question. The American people need an answer to that question because the debt continues to pile up through uncontrolled spending on entitlement programs that are on auto pilot, and the bill is being sent to our children and grandchildren. That is wrong and we need to fix it. If not now, I wish to know when.

In fact, if we do nothing over the next 30 years, we won't have a dime to pay for anything else, except four things: Social Security, Medicare, Medicaid, and a part of the interest on the debt. We will not have the resources necessary for other important priorities such as national security, fighting the global war on terror, securing our borders, veterans health care, or education.

For these reasons, I cannot support this budget, which would dramatically increase spending and return us to an era of big Government, known as tax and spend. It passes the IOU down to our children and grandchildren and, at the same time, increases the debt by $2.5 trillion.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I yield 15 minutes to the Senator from Michigan, who, by the way, is an extremely valuable member of the Budget Committee and has played a very constructive role in this process. I thank the Senator for her assistance at every step in the budget process.

The ACTING PRESIDENT pro tempore. The Senator from Michigan is recognized.

Ms. STABENOW. Mr. President, I appreciate the kind words of the chairman. It has been a pleasure working with him and knowing that, given what he has had to deal with, in terms of the lack of budget resolutions and the deficit that has been created, he has done an extraordinary job of putting the fiscal ship of state back in order. It has been a pleasure to work with somebody who is grounded in what is important to the American people.

I find it so interesting; first, there is all of the rhetoric that is thrown around about Government, about tax and spend. What we have seen in the last few years has been a borrow-and-spend mentality—basically not paying for what we are spending. We had a $5.6 trillion surplus when I came into the Budget Committee in 2001, with President Bush coming into office. He was handed a $5.6 trillion surplus—a pretty nice gift for somebody coming into office. We debated what ought to be done with that. Unfortunately, a more balanced approach to focus on middle-class tax cuts, to grow the economy, investments in science, health care, education, and jobs, and putting some money aside for Social Security, for the long term, was rejected. That was our plan, but it was rejected by the majority at the time. Instead, a plan was put into place that has borrowed and spent us into the largest deficits in the history of the country.

When you look at the total debt right now, we are looking at a debt that is estimated to be $9 trillion by the end of this year. What concerns me as well about that is, who is buying that debt? Half of our foreign debt is owned by two countries, China and Japan. They turn around and don't follow the rules on trade. They manipulate their currency, which means their products come in with big discounts and compete unfairly against American workers and businesses. When we ask the administration to get tough, they don't do it. Why? Because it is pretty tough to try to enforce it.

This huge deficit that has been created is not only something we need to be concerned about from a fiscal standpoint, but jobs and what is happening in the global economy and our ability to fully enforce our trade laws—that is also impacted. That is why I am so pleased at what we are seeing with this budget resolution.

We have not had a budget resolution for a few years. When our colleagues were in charge, there wasn't one put together for a number of years. But now we have made a commitment to put together a budget resolution that is based on a couple of very important principles: first, a return to fiscal discipline. We are going to stop digging that hole that has put us into a deficit, and now we are going to work our way back out to fiscal responsibility. In fact, our budget comes into balance within 5 years. I am proud of that.

Secondly, we are putting middle-class families first. Throughout this budget, whether it be tax cuts or investments in education, or whether it be health care for our children, or making sure we fund law enforcement, or whether we are fully funding the military or homeland security, we are focusing on Americans and middle-class families—the folks who are working hard every day, who have been saying, hey, what about us? We have seen jobs go offshore and more and more dollars going to fewer and fewer people, in terms of spending. We have turned that around.

This is a new direction. I am very proud of the work that has been done with the House and the Senate. I am proud of our leader, Senator REID, and our leader on the budget, Senator CONRAD, who has done such an extraordinary job.

What are the elements we have put together relating to the budget? There are many pieces. We basically reversed what the President has done in terms of cuts in investments in Medicare and Medicaid and the COPS Program and a variety of others. Start with this. Basically, there are six areas we have focused on:

First, a return to fiscal responsibility. We put into place something called pay-as-you-go. At my house, it was called common sense, paying the bills and not spending more than you had coming in. That process has been put back into play so we can, in fact, balance the budget and return to fiscal responsibility.

We also have made investing in education and innovation a top priority. We know we are in a global economy and we are in a time and place where it is harder and harder for families to be able to afford college. Yet college is needed more than ever for advanced skills, for people who are going back to work, or for those who need to train for another type of job; and education from preschool and Head Start all the way up to college is a critical part of investing in the future of our country. America's young people are competing with students from around the world. We are competing in a global economy. Higher skills and focusing on education and opportunity are essential. So is innovation, because we know we have been the engine of great ideas. We have to keep that up, whether it is the National Institutes of Health or whether it is the advanced technology program relating to manufacturing technology—all kinds of ways in which America has been the leader. To maintain that, we have to make an investment, as any individual business makes an investment in the future, in innovation and ideas to be able to create more jobs. Our budget says we are going to return to fiscal responsibility and put education and innovation at the top for our families and for our future.

Then we are making a major commitment to cover health care for children. In fact, this budget puts a major commitment forward for the next 5 years of this budget resolution to cover every child with health insurance. We are talking about children of parents who are working. They may be working one or two jobs or three jobs, and we know the average single parent—the average mom today, to make ends meet, has to figure out how to work three different minimum wage jobs, and they probably don't have health care. We don't think it is right that in the greatest country in the world, the wealthiest country in the world, moms and dads are going to bed at night saying, please, God, don't let the kids get sick. Please help our son not break his arm and have to go to the hospital because he has been playing sports or don't let our daughter get sick or hurt playing in sports and break a leg.

We want to make sure every child in America has health insurance. We make that commitment in this budget to fully fund SCHIP, the children's health care program. That is a down-payment on making sure we provide health care for everybody.

In this budget, we start with children, making sure every child in America has access to health care. Then I hope we take the next step within the next couple of years to do what needs to happen, which is to fundamentally say health care is a right and not a privilege in the greatest country in the world, and fully provide access to health care for every American. So we have education and health care as an investment.

Then we do something incredibly important, which I think every American agrees with and, frankly, is shocked hasn't been done in previous budgets in the last 6 years under the previous majority and this President, and that is we are going to keep our promises to our veterans. We have 50 different veterans organizations, service organizations, supporting what we are doing because we are taking their numbers about what is needed. They put together a budget called the independent budget, and they estimate how many new veterans are coming home from the war and how many current veterans are going to need help. For the first time, we are meeting that number on health care and in other areas, which is critical. We are saying we are going to keep our promises to our veterans, and the American people want us to keep our promises.

By the way, all of these things are not ''Washington'' or ''Government.'' It is all of us together. It is what we do in a civilized society, the greatest democracy in the world. We come together and decide how to allocate the precious resources. That is what we are doing. How do we invest these in a way that keeps our promises to veterans and creates opportunity for the future, for the American dream and for people in this country? We have a very important provision; we have middle-class tax cuts. We make sure the middle-class tax cuts that have been passed and are in place under the child credit and the marriage penalty and the tax cuts that affect middle-class families are extended.

We make sure that we put our focus where it ought to be—on middle-income families—because those are the folks being squeezed, those are the folks who are seeing their college costs go up, their health care costs go up, if they have it at all; their wages go down, if they have a job; their gas prices go up, and Lord knows they are going up and up and up. So it is our working families, our middle-class families, those who are barely scrimping by who are seeing all these costs descend on them.

When we look at that, we say we ought to make sure they are the ones who get the break. That is what our budget does.

Finally, we make sure we reverse the President's continual assault on the COPS Program and on other key investments in health care and technology, areas where every year the President has tried to eliminate, cut back. We have now in Michigan, since 2001, 1,600 fewer police officers on the streets. People can't believe that since 9/11 we actually have fewer police officers—and that number has been going up—on our streets in our communities than we had before 9/11.

We reject the President's further cuts in law enforcement. We restore those dollars. We put back dollars, we increase dollars for homeland security.

That is the picture. This is a picture of responsibility. We want to be fiscally responsible and, at the same time, we want to focus on putting middle-class families first. That is what our budget is all about.

Also, it is true there are some areas of the budget where we are raising revenue, and that comes in the category of closing outrageous tax loopholes for businesses and individuals who owe taxes, which is estimated anywhere up to $345 billion, folks who decided to take the money offshore, take the jobs offshore.

Our chairman has shown so many times the picture of the building in the Cayman Islands with over 12,000 businesses saying that is their business location. Obviously, it is not. We don't think they ought to get away with that.

Middle-class families, the majority of the people in this country, have a right to know if they are following the law, if they are paying their taxes, that we are making sure everybody is following the law and paying their taxes.

So, it is true, we do take some dollars from those folks who cheat, who leave the country, who too many times take jobs with them, and we say: You know what. You need to follow the law like everybody else. We take those dollars, and we put them back into making sure that education is available, health care for every child, police officers, firefighters in our communities, paying for our armed services, keeping our promises to our veterans. I call that setting the record straight, turning things around, and creating the right kind of priorities for our country. The budget is always about values and priorities. That is what it is, it is about values and priorities.

I am very proud of the values and priorities reflected in this budget.

The PRESIDING OFFICER (Mrs. MCCASKILL). The Senator has used 15 minutes.

Ms. STABENOW. Madam President, I urge my colleagues to join with us in this new direction set by this budget for the families of America.

Mr. OBAMA. Madam President, I rise today to speak about the conference agreement on the budget resolution that was just passed by the House of Representatives this afternoon.

This budget makes an important departure from the irresponsible budgets of the recent past and begins to restore balance. Instead of gutting programs that help our most vulnerable citizens and communities, this budget enables these programs—like the State Children's Health Insurance Program, the Low-Income Home Energy Assistance Program, Medicare, COPS and others—to keep serving those who rely on the commitments our Nation has made to help all its citizens. Instead of gimmicks and passing the buck to others, this budget brings greater transparency and responsibility back to Washington.

I am supporting this agreement as an important step in getting America's budget back on track. A large part of getting back on track is reinstating the pay-go rule in the Senate. Under pay-go, Congress will not be able simply to pass along the debt to future generations for the choices we make today. We will have to be accountable for paying our own bills and collecting our own revenue. Pay-go by itself will not bring our budget back to balance, but it will help those of us committed to fiscal responsibility to keep budget deficits from getting worse.

When I talk to families in Illinois and across the country, I hear the same sets of concerns and aspirations. The people I meet want affordable health care for themselves and their children. They want a quality education for their children. They are concerned about our national security and our domestic security. They want to retire with dignity. They are concerned about the costs of this war in the thousands of sacrificed lives and the hundreds of billions of dollars borrowed from abroad. They are concerned about their own credit card debts and our rising national debt.

The failure of our nation to guarantee access to affordable health care for children is shameful. This budget rejects the President's proposed cuts to the State Children's Health Insurance Program and makes children's healthcare a priority for Congress.

The security of our Nation is a critical priority, and honoring our veterans is our moral obligation. This budget fully funds our Defense and Homeland Security funding needs and makes it possible to provide the quality health care and services that our veterans deserve.

This budget calls for strong new measures to close the tax gap, shut down tax scams, and address offshore tax havens. I am particularly pleased to see the strong support for improved mandatory reporting by brokerage firms of the adjusted cost basis of their clients' stock, bond, and mutual fund investments.

During the Senate debate on the Budget Resolution, two of my amendments were adopted to increase summer-term education funding and to promote carbon sequestration technology. I am pleased that the conference agreement has laid the foundation to accommodate legislation that I have introduced in these important fields.

This budget fully funds the President's request for defense spending while prioritizing improvements in veterans health care, children's health coverage, and education. It eliminates the deficit by 2012 and reduces spending as a share of GDP. And it does this without raising taxes or requiring deep cuts to critical government services.

This budget demonstrates that we can rise above ideology and gimmicks and begin tackling the serious challenges we face as a nation. I commend the outstanding leadership of Chairman CONRAD and the good work of the House and Senate conferees.

I hope my colleagues will join me in voting for this conference agreement.

Mr. BUNNING. Madam President, I would like to talk today about the House-Senate budget resolution, S. Con. Res. 21, and the many reasons I oppose it. Overall, the budget resolution contemplates a staggering amount of spending: $15.5 trillion of total budget authority from fiscal year 2008 through fiscal year 2012. In fiscal year 2008 alone, the resolution provides for nearly $3 trillion in spending, yet a significant part of that spending is unfunded, or it comes from the Social Security surplus.

On its face, the budget resolution increases the gross debt by $2.5 trillion over 5 years, but this figure understates the true impact of this misguided decision on our economy. In order to fund $2.5 trillion in additional national debt, the Treasury Department will have to sell Government bonds. Its demand for credit will drive up interest rates, making homes more expensive and curtailing economic activity that creates jobs. There is no restraint. The resolution calls for $205 billion more in discretionary spending than called for in the President's fiscal year 2008 budget.

Not content to ''tax'' Americans with the higher interest rates that will result from deficit spending, the authors of this resolution are endorsing real tax increases as well. The budget resolution's failure to provide for extension of the 2001 and 2003 tax cuts will result in an enormous $736 billion tax hike on families, seniors, and businesses.

True, the resolution provides for the extension of certain popular tax cuts that Congress enacted, such as the child tax credit, but it also places a substantial new obstacle in the way of enacting even these cuts. This is the so-called trigger mechanism that Chairman GREGG and others have discussed in detail.

Finally, even with the higher interest rates, tax increases, and procedural barriers to tax cuts this resolution contains, it still relies on raiding the Social Security surplus to achieve the appearance of budget balance at the end of the day. I tried to stop this by including language in the Senate passed version of this resolution, but unfortunately, the conferees took this provision out of the final bill.

Get ready, America. Your taxes are about to go up.

Mr. LEVIN. Madam President, assuming this budget resolution conference report passes today, it will be only the second time in 5 years that Congress has finalized a budget. The annual budget resolution sets forth the necessary blueprint for the Government's spending and revenues, and I am pleased that we have an agreement to vote on this year. I am also pleased that it is a plan that can help put us back on a fiscally responsible path.

For too long now we have been digging deeper and deeper into a ditch of debt. President Bush's budget submitted to Congress in February would continue that trend by increasing the gross federal debt by nearly $3 trillion to $11.5 trillion by 2012. That's $38,000 per person. The budget resolution we are considering today can help reverse that trend.

The resolution reestablishes a strong pay-go rule, which would require any new spending or tax cuts to be paid for elsewhere in the budget or receive a supermajority of at least 60 votes in the Senate. While I know that balancing our many priorities will not become easier under this pay-go regime, I welcome its return. I am also pleased that this budget establishes a new 60-vote point of order against long-term deficit increases.

This budget also sets a blueprint for going after our country's massive $350 billion tax gap, which is the difference between the amount of taxes owed by taxpayers and the amount collected. One of the primary tax gap areas I hope Congress will focus on this year is the offshore tax haven and tax shelter abuses that are undermining the integrity of our tax system. I commend Chairman CONRAD and the Budget Committee members for their willingness to take on and push Congress to address these complicated areas. There are many ways Congress can go about tackling these problems, and I hope that one of them will be to enact the Stop Tax Haven Abuses Act of 2007 that I introduced earlier this year with Senators COLEMAN and OBAMA. Our bill would crack down on a number of the offshore abuses that shift the tax burden onto ordinary taxpayers, and would be a big step toward achieving fairness in our tax system.

This budget resolution also works toward fairness in our tax system by assuming an extension of middle class tax cuts, including extensions of marriage penalty relief, the child tax credit and the 10 percent bracket. It also assumes a year of alternative minimum tax relief and estate tax reform for small businesses and family farms. While the bulk of the President's unaffordable tax cuts since 2001 have benefited only the wealthiest among us, the tax cuts assumed in this budget are aimed at helping working families. I believe they are an important part of any economic plan and should be continued.

On the spending side of the ledger, I am pleased that this budget resolution supports our men and women in uniform both in the national defense program and the additional costs of operations in Iraq and Afghanistan.

I am also pleased that this resolution includes the resources needed to ensure that our veterans get the health care they deserve. In total, the resolution provides more than $43 billion for the Veterans Affairs healthcare system—$3.6 billion more than President Bush's budget.

I am also pleased that this budget provides a $50 billion increase over 5 years for the Children's Health Insurance Program, SCHIP, to expand children's health care and make sure states can maintain current caseloads. Making sure children have adequate health care should be one of our nation's top priorities. Unfortunately, President Bush's SCHIP budget proposal would have lead to the loss of critical coverage in many states. The Secretary of the Department of Heath and Human Services has even admitted that the intent of the President's proposal is to decrease the number of children enrolled in SCHIP. It is imperative that we reject that inadequate proposal, and this budget resolution does that.

This budget also represents a significant improvement over the President's budget for education. For 2008 alone, it provides an increase in discretionary funding for the education and training function of $9.5 billion above the President's request. That means more funds for Pell grants, IDEA, and No Child Left Behind Act than the President requested. It would be shameful to fail in our responsibility to our children by adopting a spending blueprint that does not provide our schools the resources they need.

It is a welcome change to be voting for a budget resolution that can change the failed fiscal policies and irresponsible tax cuts pushed by this administration. This resolution can help pave the way for important investments in America's future to put our country back on track and to begin the long process of climbing out of the ditch of debt.

Mr. ENZI. Madam President, as the Senate debates the fiscal year 2008 budget resolution conference agreement, I want to first acknowledge the hard work of Chairman CONRAD and Senator GREGG throughout this fiscal year 2008 budget cycle. While I do not always agree with the chairman of the Budget Committee, I do appreciate the hard work it takes to get a budget through Congress.

I also want to acknowledge the importance of writing and passing a budget resolution. This document is a vital part of the operation of Congress. It sets a fiscal blueprint that Congress will follow for the year and establishes procedural hurdles when these guidelines are not adhered to. Because this is such an important document, I am even more disappointed with the fact that this was not a bipartisan process.

Not being included in the crafting of this budget is far less important than the fact that this budget does little to help our economy. From the day we marked up this budget in committee, this document has been a tax-and-spend, big-government budget. It also fails to make meaningful reductions in mandatory spending—even though our Nation's mandatory health programs are growing each year by more than 6 percent, an unsustainable level.

It is not right to overspend now—and pass the bill on to our children and grandchildren to pay later. It is regrettable that during this budget debate, the Senate was unable to work across party lines and do more to shore up our economic future.

As my colleagues may know, this conference report contains a reconciliation instruction for the HELP Committee, where I serve as the senior Republican senator. This reconciliation instruction directs the HELP Committee to produce $750 million in deficit reduction over 6 years. The Senate-passed resolution did not contain any reconciliation instructions. However, the House-passed budget did contain such an instruction that called for $75 million in savings. Reconciliation became a ''conferencable'' item because the differences between the two Chambers needed to be resolved.

Recall that during Senate consideration of the budget resolution this year, we never debated reconciliation. Chairman CONRAD chose not to include it in his budget. That was his choice. He held hearings earlier this year relating to our Nation's long-term fiscal challenges, and I commend him for that. Health and Human Services Secretary Leavitt testified before the Budget Committee in March that the demand on Federal general revenues for Medicare, Medicaid and Social Security exceeds $50 trillion—that is trillion with a ''t''—over the next 75 years based on current law and program operations. But the Senate-passed budget, which I voted against, failed to address these challenges.

Now today we are debating a conference agreement that directs the HELP Committee to reduce the deficit by just $750 million over 6 years. Mr. President, I said million, with an ''m.'' I would like to explain to my colleagues what is really going on in this budget.

In his fiscal year 2008 budget request, the President proposed nearly $18 billion in savings related to higher education. Most of these savings are achieved by cutting subsidies the banks are currently receiving. Democratic leadership is also looking at reducing many of these same subsidies in the $20 billion range and possibly even larger.

This conference agreement allows for these mandatory higher education proposals to be advanced through the reconciliation process. That means limited debate, strict germaneness requirements on amendments, and a simple majority vote to pass the bill. But with just a $750 million savings requirement, the process will be used to fast-track massive new entitlement spending. A more honest reconciliation and deficit reduction debate would be to limit the new spending in a reconciliation bill to 30 or even 40 percent of the total savings. But right now this budget is teed up to allow $20 billion or more in new spending, with the deficit reduction component amounting to merely a rounding error in a gigantic spending proposal.

I wrote a reconciliation bill in 2005 when I had the privilege of chairing the HELP Committee. The title that I authored reduced the deficit by $15.5 billion over 5 years. In addition to the deficit reduction, the bill created new mandatory grant aid proposals, academic competitiveness and SMART grants. It also increased loan limits so students could better finance their education. That reconciliation bill spent roughly $9 billion on brand-new student benefits, all fully paid for. About 40 percent of my total savings was spent on new programs, and the remaining funds paid down the deficit.

But this budget we are debating today says if the majority party can find $20 billion or even $30 or more billion in savings, they can fast-track and spend 95 percent of those savings. This is an offensive use of the reconciliation process. This year, if just one-half of the Senate authorizing committees could equal the level of deficit reduction that the HELP Committee achieved in 2005, the deficit would be reduced by an additional $100 billion.

During the Budget Committee and floor consideration of the resolution, I also spent a great deal of time on health-related issues. I am greatly disappointed that this conference agreement contains a deficit neutral reserve fund that encourages repealing the ''non-interference'' clause from the Medicare law. This is an issue that came before the Senate a few weeks ago and failed. It failed because it is bad policy. The ''non-interference'' language in the Medicare law prevents the Federal Government from fixing prices on Medicare drugs or placing nationwide limits on the drugs that will be available to seniors and the disabled. I support this language 100 percent, but this conference agreement supports striking this language that protects patients. Decisions on what drugs should be available should be made by seniors and their doctors, not by politicians.

I am happy to see, however, that this conference agreement retains the reserve fund for health information technology legislation that I worked to get into the Senate budget resolution. The HELP Committee is currently working on a bill to increase the widespread adoption of health IT. What does that mean? That means we are working on a bill that will eventually do away with clipboards in doctors' offices. Every time I go to the doctor, someone hands me a clipboard to fill out everything I can remember about myself. This is no easy task, and as I get older, this task gets even harder. Wouldn't it be great if, instead, doctors had electronic medical records that could keep track of this information for me, if my doctor's computer in Wyoming could talk to my doctor's computer in Washington? Well, the bill I am about to introduce is the first step in making that happen. And if that does happen and most of the doctors and hospitals in this country start using health IT, the RAND Corporation estimates we could save between $80 and $162 billion a year. That is amazing savings, and I am happy to see that this language was included in this conference agreement.

I am also pleased to see that the conference agreement includes a deficit-neutral reserve fund for improvements in health insurance coverage. This spring, I have been talking to my colleagues on both sides of the aisle about writing legislation that reduces the number of uninsured, improves health care quality and access, and reduces the growth in the cost of private health insurance by facilitating market-based pooling across State lines. My hope is that a commonsense proposal similar to this would meet the criteria established in this reserve fund.

As we move forward and complete this resolution and start working on the fiscal year 2008 appropriations bills, I wanted to mention a few programs that are important to Wyoming.

As our Nation's most abundant energy source, coal must play a central role in electrical generation for years to come. In order for that to happen, we need to continue finding ways to make coal generation cleaner. Programs like the Clean Coal Power Initiative will play a major role in making that happen, and so I support increased funding of this program.

We also need to see proper funding of the Federal loan guarantee program. Federal loan guarantees can play an important role in developing new energy projects. It is my hope that we can provide enough funding to get some of these projects off the drawing board, and most specifically, I hope that we provide funding to the Department of Energy to move forward with loan guarantees for coal-to-liquids projects. Coal-to-liquids technology has the potential to help reduce our Nation's dependence on foreign energy barons and should be explored.

In addition, funding for rural air service and maintenance is essential for States such as Wyoming. Without Federal support through essential air service and airport improvement programs, many rural communities would have no commercial air service and extremely limited general aviation. I hope this issue will be part of the debate on the reauthorization of the Federal Aviation Administration this year. I encourage my colleagues to recognize the importance of this funding, not only as a matter of dependability but also as a public safety issue.

I want to mention two additional issues of great importance to Wyoming and other rural States: housing and homelessness. The McKinney Vento Homelessness Assistance Act is the primary law through which Congress funds homelessness programs in the United States. Unfortunately, rural States have historically received very little of this money. Yet rural States must confront homelessness too, and the geographic size of our States further complicates our efforts. In response to this, Congress authorized the Rural Homelessness Grant Program in 1992 under the McKinney-Vento Act. This program provides funding for transitional housing and education services in rural States, as well as rental or downpayment assistance. The intent of this program is to level the playing field between rural and urban States. Unfortunately, this program has never been appropriated funds since its creation, so the purpose of this program has never been fulfilled and rural States continue to suffer. This can be a valuable program for rural States like Wyoming.

I would like to briefly call attention to the Small Business Administration. I serve on the Small Business Committee and enjoy using my small business experience to help make a difference in the lives of many people in Wyoming and throughout the country. We are working in Wyoming to stabilize and steadily grow our small businesses through the utilization of the Small Business Innovation Research, SBIR, Program. The risk and expense of conducting serious research and development efforts are often beyond the means of many small businesses, especially rural small businesses. By reserving a specific percentage of Federal R&D funds for small business, SBIR enables small businesses to compete on the same level as larger businesses and stimulate high-tech innovation in their rural States.

The FAST and Rural Outreach programs are congressionally authorized programs that provide technical assistance that helps Wyoming's small businesses utilize the SBIR Program.

Finally, the Agriculture Committee has a big task in reauthorizing the farm bill this year. Writing a tight budget that will help us reach our long-term fiscal goals is a priority for me. Though you cannot tell by the name, the farm bill affects the lives of many unsuspecting Americans. Policies and projects for distance learning, conservation, food assistance, renewable fuels, and our forests are provided for in the farm bill, in addition to the well-known commodity programs.

So in closing, I want to inform my colleagues that this is not a courageous budget. It fails to make the tough choices and it passes the debts we carry today on to our children and grandchildren. I urge my colleagues to oppose this budget and vote no on the conference agreement.

Mr. AKAKA. Madam President, I express my strong support for the conference report on the fiscal year 2008 budget resolution. I also take this opportunity to congratulate Chairman CONRAD and the other conferees for their hard work on this resolution. This resolution reflects our commitment to fully fund veterans' health care and benefits.

This budget resolution would provide $43.1 billion in fiscal year 2008 for the VA discretionary account—$3.6 billion more than the President requested. I am very pleased that the conference report follows the recommendations of the Democratic and Independent members of the Committee on Veterans' Affairs to provide $2.9 billion over the President's request for veterans' medical care alone. This includes an additional $303 million for treatment of traumatic brain injuries, and $693 million for VA mental health programs—two areas of vital importance to servicemembers returning from Operations Iraqi and Enduring Freedom.

I also thank the Budget Committees for rejecting the President's proposals to impose an annual enrollment fee for VA health care and to increase the prescription drug copayment. These proposals would have unduly burdened thousands of veterans who cannot afford higher costs for the health care they have earned and deserve.

I again commend Chairman CONRAD and the other conferees for their work on the budget resolution, and for sending the right message to our Nation's veterans. We have made a commitment to their care, and this resolution honors that commitment. I urge my colleagues to support swift passage of the resolution before us today.

Mrs. FEINSTEIN. Madam President, I rise today to offer my support for the fiscal year 2008 budget resolution.

Last year, under the leadership of the President and his party, Congress failed to pass a budget resolution. The result was a failed budget process from start to finish, and Congress adjourned without passing 10 of 12 appropriations bills for fiscal year 2007.

Under Democratic leadership, the Senate passed a continuing resolution that funded fiscal year 2007 Government programs and sent an emergency supplemental appropriations bill to the President to give our troops over $95 billion in vital support.

I was disappointed that the President chose to veto the Appropriations bill, which called for benchmarks for the Iraqi government and funded our troops at a level higher than his initial request. But the Democratic majority signaled its willingness to fund the troops and fill the gaps left by the Republican Congress.

Now the Senate has taken the next step toward fiscal responsibility. We have a sensible fiscal year 2008 budget resolution. The $2.9 billion budget in fiscal year 2008 projects revenues expected to total $14.828 trillion over 5 years, only 2.1 percent above the President's expected revenues of $14.826 trillion.

This resolution corrects many of the misplaced priorities of the Bush administration and the Republican Congress.

These misplaced priorities include over $1 trillion in tax cuts, tax cuts that will cost $3 trillion more if extended over the next 10 years.

When President Clinton left office, the national debt was projected to be eliminated by 2010. These misplaced priorities created a $248 billion deficit this year, and an $8.9 trillion debt.

This budget resolution restores funding for over 141 programs slated for cuts or elimination by the President in his budget proposal. These were painful cuts that we have seen year after year under the Republican majority.

The proposed cuts were to programs vital to Californians and the American people. Programs like the Community Development Block Grant, Community Oriented Policing Services, and the State Criminal Alien Assistance Program. These do not sound to me like frivolous programs.

Unlike the President's budget proposal, this budget will create a surplus in 2012 and is near balance a year before that. This budget refocuses our priorities, extending the middle class tax-cuts and alternative minimum tax relief, and increasing veterans' and children's health care funding.

In fact, this budget provides over $43 billion for veterans' programs, $3.6 billion more than the President requested for 2008 and the largest increase ever provided for veterans. This is in accordance with a request of four leading veterans groups and a recommendation from the American Legion.

It also provides up to $50 billion to expand SCHIP coverage for children eligible for the program. Both of these increases help the people most vulnerable and most in need.

This budget restores a fiscally responsible pay-go rule that requires offsets for new spending or expensive tax cuts.

This budget adds $9.5 billion to help fund education, including higher education, to help increase the competitiveness of our students in an increasingly globalized world. We know there is a problem with education in the United States, and this budget looks to address it.

This budget allows for the committees to secure increased funding for programs like the State Children's Health Insurance Program, Medicare, Medicaid, middle-class tax relief, education, alternative energies, and other important priorities.

It also allows for a deficit-neutral reserve fund for the San Joaquin River Restoration Settlement Act, a provision I and my colleague Senator BOXER requested. This broadly supported bill will help bring about tremendous progress in the restoration of a waterway vital to the state of California, and the reserve fund will help ensure that we fund the restoration in the correct manner.

This budget is not perfect, and I am deeply concerned about the long-term fiscal implications of irresponsible tax cuts and a seemingly endless war. We are faced with a tremendous wall of debt, created by misplaced priorities and poor planning.

We must now turn to reversing the damage. This problem will not fix itself. We need to act now to reduce our budget deficit and pay down the debt.

The elimination of the deficit will not happen in one year, but will take years of careful planning and prioritization to ensure the best return for our Federal dollars. But I am encouraged that this budget will both fund the most beneficial programs and start us on the path of fiscal recovery.

Congress faced many tough choices in crafting this budget, and we have a long and difficult road ahead.

The budget resolution cannot provide permanent alternative minimum tax relief or even fully fund the most critical programs.

But it is a start. It refocuses our priorities. And it begins to reverse the years of damage.

I encourage my Democratic and Republican colleagues to consider the responsibility that the American public has given us. A responsibility to act in the best interest of this Nation. To pass a sensible and reasonable budget, and to use that budget as we craft and pass the appropriations bills in a reasonable amount of time. This budget fits that charge, and I hope my colleagues will join me in supporting the fiscal year 2008 budget resolution.

Mr. HATCH. Madam President, I wish to express my deep disappointment in the budget resolution conference report. It is a deceptive and defective declaration of flawed priorities that ignores this country's biggest challenges. If we follow this budget through to its natural conclusion, it will lead us from our current path of economic growth and prosperity onto a treacherous road to tax increases, economic recession, and needless pain for millions.

While there are many things to lament about this budget, I will concentrate my remarks on just three aspects of it—three features that I believe will hurt the families of my home State of Utah.

First, this budget opens the door to large increases in spending in both discretionary and in mandatory programs. On the discretionary side—these are the funds that must be appropriated each year—the budget resolution calls for an increase of $205 billion over what the President has requested over the next 5 years. And keep in mind, the President's budget represents an increase over spending in the current year. In fact, President Bush requested a 2-percent increase in discretionary spending for fiscal year 2008, but resolution before us represents an increase of 8 percent. This type of large spending increase hurts Utahns for years to come.

Mr. President, the national debt of the United States of America now exceeds $8,500 billion. Each U.S. citizen's share of this debt exceeds $29,000. Every cent that the U.S. Government borrows and adds to this debt is money stolen from future generations of Americans and from important programs, including Social Security and Medicare on which our senior citizens depend for their retirement security. Large increases in discretionary spending only add to this growing multigenerational problem and I am disappointed to see such a large increase in this budget.

Second, the budget resolution before us is woefully inadequate in the area of dealing with the tax problems facing America. Of most immediate concern, the alternative minimum tax, AMT, hangs over middle-income earners like a giant sword. Unless we, at the very least, continue to temporarily increase the AMT thresholds, we will see about a five-fold increase in the number of taxpayers subjected this unfair and complex tax. However, the budget resolution, as it does with almost every problem, punts this issue into the future instead of making the tough decision to fix this problem.

It is common speculation that the only way Congress can deal with this problem is to waive the pay-as-you-go rules that also feature so prominently in this budget. The speculation that Congress will easily waive pay-as-you-go rules is a joke, and we all know it. But millions of American taxpayers will not be laughing when this budget kicks in and leaves them paying the enormous price associated with the AMT tax, I am afraid.

This budget resolution also falls far short when it comes to dealing with the tax cuts that are due to expire over the next few years, including the so-called ''extenders'' that come to an end this December. The proponents of this resolution glibly state that the budget provides for the tax cuts to be extended. But it does so only if they are paid for with revenue from another source.

I cannot understand why some in this body do not see that the surges in revenue we have enjoyed over the past few years have come as a direct result of the tax cuts we passed in the early part of this decade. These have also kept the economy and job growth humming along. Does it not make sense to my colleagues that if we reverse these policies, this economic growth and job growth and revenue growth will all come to a screeching halt?

This budget actually contains the Cliff Notes version of Democratic economic policy—tax, spend, deny reality, and repeat. When the economy tanks, blame the Republicans and tax some more.

The third and ultimately fatal flaw of the budget resolution before us is also its most serious flaw. It totally ignores the entitlement crisis we have waiting for us just around the corner. Practically all Members of this body know and regularly acknowledge the profound challenges presented to this Nation as a result of the retiring baby boom generation, along with the corresponding growth in Social Security, Medicare, and Medicaid. We regularly reference it here on the Senate Chamber, as well in outside speeches and in letters to our constituents. We all know it is a colossal problem that is not going to go away by itself. Yet, instead of even the slightest recognition of this problem or even the tiniest movement toward a solution, both of which would be a start, this budget completely ignores it.

This is a travesty. I hear regularly from my Utahns that they want us to deal with these problems, and right away. Utahns are a thrifty and careful people who like to face problems head-on and solve them, rather than pawning them off on the next generation. I believe that it is simply inexcusable that Congress would shun this opportunity to deal with entitlement challenges at this time and I know my fellow Utahns agree.

Do my colleagues think that it is going to be easier in the future to begin to resolve our Social Security or health care system problems? We all know the answer to that. We all know that we should have started solving these problems already and that it would have been far less painful to deal with them a few years ago than it would be now. We also know that this pain will be greatly compounded as we wait to deal with these issues in the future.

When President Bush tried to get Congress to work on Social Security 2 years ago, my friends and colleagues on the other side of the aisle, pretty much to a person, decided that they would rather turn it into a partisan political issue than join hands in trying to find a solution. I recognize that not everyone liked the concepts the President put forth. I didn't like all of them myself. But, instead of meeting him even a tenth of the way, the other side saw a huge potential advantage by shunning his overtures. Some say it paid off for them, but at what price the next generation of Americans will have to pay because of this decision.

Yes, we can keep passing budgets like this every year and keep burying our heads in the sand about the need to confront our impending entitlement problems. But we are rapidly approaching the time when we can no longer solve these challenges without a huge amount of pain and suffering and perhaps without losing our preeminent place on the world economic scale.

Mr. President, there are many more things I could say about the shortcomings of this resolution, but I will withhold and simply urge my colleagues to defeat this resolution. We deserve better, and our children and grandchildren certainly deserve better.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, how much time remains on both sides?

The PRESIDING OFFICER. There is 33 minutes remaining on the side of the Senator from North Dakota, and on the minority side there is 23 minutes remaining.

Mr. CONRAD. Madam President, I wish to take 2 minutes to respond to Senator CORNYN, and then is it the intention on the other side to go to Senator VITTER?

Mr. GREGG. At the completion of the Senator's time, I suggest Senator VITTER be recognized for 5 minutes.

Mr. CONRAD. Why don't we lock that in right now? Senator VITTER has been waiting here patiently. I will consume such time as I might use, and then we will go to Senator VITTER for 5 minutes.

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

Mr. CONRAD. Madam President, Senator CORNYN of Texas raised a concern about an amendment he offered that was adopted both in committee and on the floor with respect to creating a 60-vote hurdle for any increase in rates. He raised a concern about that being dropped in conference. I advised the Senator it was going to have to be dropped in conference because the Parliamentarian advised us that if it came back from conference, the whole privileged nature of a budget resolution would be eliminated. That is the reason it was dropped. It is a simple procedural matter that we could not include it.

Why couldn't we? The Budget Committee does not have the authority to tell the committees of jurisdiction how to raise money or how to spend it. I know that seems odd, but the reality is the Budget Committee is able to tell the Finance Committee how much money it can raise and the Appropriations Committee how much money it can spend. We do not have the authority to tell the Finance Committee how to raise it. We do not have the authority to tell the Appropriations Committee how to spend it. If we exceed our authority, then the whole privileged nature of the budget resolution—

that is, that a budget resolution comes to the floor under special rules; there are 50 hours dedicated to the budget resolution and other special rules that apply—all of those would be out the window if we had allowed the amendment of the Senator from Texas to be included in the conference report.

That is just a simple fact. We could not do that. Nobody would want to eliminate the whole budget process. That is what would have happened because the Budget Committee would have exceeded its authority.

On the question of spending, the Senator from Texas raised that issue. This is spending as a percentage of GDP under this administration. When they came in, spending was 18.4 percent of GDP. They have raised it to 20.3 percent of GDP. That is their record.

Under this budget, we are taking spending down—20.5 percent GDP in 2008, and we are taking it down each and every year until we get to 18.9 percent of GDP in 2012.

Again, the Senator said we got a big tax increase here. There is no tax increase here. There just isn't. The President, in his budget, said he was going to raise $14.826 trillion over the next 5 years. Our budget, according to the Congressional Budget Office, which is nonpartisan and professional, says our budget raises $14.828 trillion. There is virtually no difference. That is what they said their budget would raise.

I see the Senator from New Mexico is in the Chamber. We have an order that the Senator from Louisiana would have the next 5 minutes. Then we are supposed to go back to our side to Senator WYDEN. It is Senator VITTER's time.

The PRESIDING OFFICER. The Senator from Louisiana.

NOMINATION OF ROBERT L. VAN ANTWERP, JR.

Mr. VITTER. Madam President, I rise very briefly to turn away from the budget for just a few minutes and focus on a matter of extreme importance for Louisiana and, indeed, the country, and announce a very important and positive resolution to this matter to give us the right leadership we need in place at the U.S. Army Corps of Engineers in time for this upcoming hurricane season which is due to begin this June 1.

Today LTG Carl Strock is ending his tenure as the Chief of Engineers and Commander of the U.S. Army Corps of Engineers. He served the Army honorably for 36 years, and for the last 2 years of his career, I would say he has gone under intense work and pressure as he led the Corps through the extraordinary events of Hurricanes Katrina and Rita and those recovery efforts.

I join everyone here, Republicans and Democrats, in thanking General Strock for his service and wishing him all the best in the next phase of his life.

This comes, as I mentioned, right as our next hurricane season is due to begin on June 1. As we go into that threat and into that battle, as it were, it is very important we have a new commander in place to lead us. The President nominated LTG Robert Van Antwerp to replace General Strock.

I came to this floor literally just a half an hour ago very concerned that his nomination was being held up by a Democratic hold, and that threatened that we would not have our new commander in place for this new hurricane season.

One does not go into battle without a leader, and that battle, as I said, is just a few weeks away.

It is important to acknowledge that nobody wanted to rush into this nomination. We all wanted to make sure this nominee, General Van Antwerp, is the right person for the job. Indeed, we have. I spent weeks looking very carefully at the nomination, as did my colleague from Louisiana, Senator LANDRIEU. We held hearings on this nomination in the committee of jurisdiction for the Corps, on which I serve, the Senate Committee on Environment and Public Works. Everyone over that period of time got comfortable and very supportive of this nomination. That is why it is very appropriate that we move forward and make sure this nominee, this leader, is in place before the start of the next hurricane season.

As I mentioned, I literally came to the floor a half an hour ago, and this was very much uncertain because there was a Democratic hold on the nomination. I am very relieved and very happy to say that in that short period of time, that has been cleared up. That hold on this particular nomination has been lifted, and the nomination of the new head of the Corps, GEN Robert Van Antwerp, will be cleared through the Senate later today.

This is very positive. I thank Majority Leader REID for agreeing to this literally in the last hour in light of the crucial nature of this position and the impending start of this next hurricane season, June 1.

I, again, thank everyone for working toward this important goal. It is important that we have the right leader at the helm in time for the battle, in time for the start of the new hurricane season, June 1. Clearly, our work in overseeing the Corps, and our work in funding key work of the Corps in the gulf coast region continues. I will certainly redouble my efforts in that regard. But at least we have our general in place, our leader in place for the hurricane season, which is very appropriate and very necessary.

Madam President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. Madam President, I don't see Senator DOMENICI on the floor. How much time does the Senator require?

Here is Senator DOMENICI. We had previously thought that he might go next, if that is acceptable to the Senator from Oregon.

Mr. WYDEN. If I can ask the distinguished Senator from New Mexico, how long does the senior Senator from New Mexico anticipate talking?

Mr. DOMENICI. I don't want to go ahead of Senator WYDEN. I will take 15 to 20 minutes. Senator WYDEN ought to go, if it is his turn, and I will come after him.

Mr. CONRAD. How much time does the Senator require?

Mr. WYDEN. I was going to take 10 minutes. I would enjoy listening to the Senator from New Mexico. Whatever his pleasure.

Mr. DOMENICI. Let's take that.

Mr. CONRAD. I thank the Senator from Oregon. Not only is he an extremely important member of the Budget Committee, he is one of the conferees. He is somebody who has been incredibly important for these deliberations. I thank him for his cooperation and leadership.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. WYDEN. Madam President, I thank the chairman for his comments and would just say I think the Conrad budget goes a long way to restoring fiscal sanity in the Federal Government, but also allows for an opportunity for the Senate, on a bipartisan basis, to get behind two fixes to the critical domestic issues of our time, and those are health care and taxes.

I think if you listen to the technical lingo over the course of the debate—and the Senator from Missouri, now the Presiding Officer of the Senate, comes from the campaign trail, and we are glad to have her because she has just been through the debate in her State—the people in Missouri or in my State of Oregon do not talk about pay-go and fire walls and reserve funds and that kind of technical Washington lingo. They do talk an awful lot about what is going to be done to fix health care and what is going to be done to fix taxes.

One of the reasons I am so supportive of this Conrad budget is, it really does lay the foundation for the Congress to get serious about tax reform and serious about health reform. One of the areas Chairman CONRAD has zeroed in on as it relates to taxes, for example, has been this problem of tax havens and tax scams. There is an opportunity as a result of this budget to come together in a bipartisan way and fix the taxes. If you are serious about closing the tax gap, the hundreds of billions of dollars that we can't collect—and Chairman CONRAD and Chairman BAUCUS have been working hard to try to approve measures to make it easier to collect that money—you have to fix the tax system and simplify it.

I have offered a proposal, the fair flat tax, that would allow for just that kind of effort. Others here in the Senate have ideas as it relates to tax reform. The point is, the Conrad budget makes it possible for the Senate to come together on the tax issue and fix this code.

Chairman CONRAD has talked about the scams. He has talked about the tax havens and about the hundreds of billions of dollars we are losing. I have a proposal, the Fair Flat Tax Act, that would deal with it. There are other proposals in the Senate that would beef up the collection of these billions of dollars that are lost in the tax gap. The Conrad budget lays the foundation for tax reform.

I would say to my colleagues, we have had more than 14,000 changes in the Tax Code in recent years. It comes out to three changes in the Tax Code for every working day, three for every single working day. The tax system is broken in this country. We are laying the foundation in this proposal for a tax system based on simplicity: a one-page 1040 form and progressivity, where we are fair to those who are vulnerable in our society, but also reform that is sensitive to the question of holding down rates for all so that everyone would have a chance to get ahead.

In addition to taxes, which I think the Conrad budget deals with in a responsible fashion, the legislation allows for a bipartisan effort in this Congress to fix American health care, with a reserve fund that is established and would allow for bipartisan health reform efforts. Senator BENNETT of Utah and I are offering the first bipartisan effort in 13 years to fix American health care. Everybody would be covered, which is essential, because if you don't cover everybody, those who are uninsured shift their bills to those who are insured. We also fix the broken private marketplace.

Right now, we have an awful lot of insurance companies that cherry-pick, that take just healthy people and send sick people over to government programs more fragile than they are. We spend hundreds of billions of dollars through the Federal Tax Code disproportionately rewarding the most affluent in our country and also promoting inefficiency. Senator BENNETT and I are very hopeful that this year, not in 2009, not after the next Presidential election but this year, the Senate will come together on a bipartisan basis. We have the Healthy Americans Act, other Senators have other proposals, but the Conrad budget lays the foundation for fixing health care in this session of Congress.

I also believe as a result of the letter that 10 Senators sent—5 Democrats and 5 Republicans—to the President, indicating that we want to work in a bipartisan way, that if this budget passes, and if the White House will join the effort that Senator BENNETT and I are advocating in the Healthy Americans Act and the 10 Senators have outlined in their letter to the President—which very much mirrors what Senator BENNETT and I are talking about—we can get action on health care in 2007.

Finally—and I appreciate the thoughtfulness of the Senator from New Mexico in allowing me to speak before him—let me mention that Senator CONRAD has included in his budget a provision that is critical to the survival of timber-dependent communities in my State and around the country. His budget includes a reserve fund to provide for extension of the Secure Rural Schools Act, also known as the county payments program. This law provides funding for schools, roads, and other essential services in hundreds of resource-dependent communities around the country. This is a survival issue for many in rural America. Without county payments, rural communities around this country are telling us they are going to vanish from the map. These communities, in my view, should not be turned into sacrifice zones.

I am hopeful the extension of the county payments law will be addressed during the conference on the emergency supplemental spending bill. Earlier this year, 74 Senators voted to include an extension of the county payments program, and we were very pleased to have the support of Senator DOMENICI, who has been involved in this discussion and also the additional program, the Payment in Lieu of Taxes Program, which we have included in this legislation.

We have spoken to the majority leader, Senator REID, who has assured me he will do everything in his power to include county payments when the new version of the supplemental spending bill comes out of conference. If that doesn't happen, we are going to make this an effort on every single vehicle in this Congress. Our bipartisan group is going to try to get this support for county payments legislation done as soon as possible.

We believe it ought to be done along the lines of what 74 Senators have already voted for, and it ought to be done in the supplemental spending bill that is going into conference. But if it doesn't happen, we are going to try to make it happen on every single vehicle that comes before the Senate because of its extraordinary importance to our communities.

I thank Chairman CONRAD for making the inclusion of a county payments reserve fund in the budget so as to provide a backstop so that there would be another option to extend county payments quickly, if for some reason it doesn't happen in the budget.

In closing, I would urge colleagues to support this budget, especially because of the foundation it lays to tackle the two biggest domestic issues of our time, health care and taxes. There are certainly major issues that come before us, with Iraq obviously being the issue of paramount importance as it relates to the international front, but the big issues at home are fixing health care and taxes. The Conrad budget allows Democrats and Republicans to come together on both of those.

This is a budget that responsibly allows the Senate to address the critical issues, do so in a responsible way, and I urge the passage of this budget.

Madam President, I yield the floor.

Mr. DOMENICI. Madam President, I gather that I am next under the time agreement, and that I have up to 15 minutes; is that correct?

Mr. CONRAD. The Senator is correct, Madam President, but might I ask the Senator to yield for just a moment?

Mr. DOMENICI. Indeed.

Mr. CONRAD. Madam President, I want to just say this—and I fully anticipate the Senator may be critical of this budget, so I certainly respect his views. But I just want to say, after going through this budget process, that the Senator from New Mexico has been involved in the writing of 20 budgets, more than 20 budgets here, and my respect for him has grown geometrically after going through this one. I really do want to commend the Senator for what is truly an extraordinary thing, to be involved in more than 20 budgets for the United States.

Madam President, I yield the floor.

Mr. DOMENICI. Madam President, I thank the chairman very much, and let me say to the distinguished chairman that some of those budgets had some extraordinarily good things in them, some were just—well, you just had to do what you had to do.

I can remember how long and hard we worked and worried about giving drugs to our senior citizens as part of Medicare. Anybody that is interested in whether a budget act has any force should go back and look at how that happened. We did it with a reconciliation instruction. We started with $400 million—I think we ended up with about $500 million or $600 million before we finished it—and that is where we reconciled and said you can only use it for this. It was an experiment as to whether it would work because there is nothing in the law that says you can do that. When you do the right thing—things that people are otherwise frightened to do—they will let a budget act do things they would not otherwise let happen. It wouldn't be part of the expectation when you read the fine lines in the Budget Act.

The Senator has done some of that here. He has extended it, and I commend him for it. I don't like it, but that is what we are here for, to agree and disagree. I don't like the budget as the Senator has prepared it, but I give him great credit for getting it done. It is a most difficult job. Senator CONRAD also had a House that had just changed, and that was very hard for him to figure out with whom he was working and what they wanted and how they wanted to negotiate. So I really think it was probably as onerous and difficult as any, but the Senator is here, and you are a hero when you can finish a budget.

People don't stay here and applaud afterward, but it is something very extraordinary to get it done and be able to say we are through tonight. So I commend him for that.

Having said that, Madam President, I want to start with a little editorial piece that was found in the Wall Street Journal a couple of days ago. It is called ''April Revenue Shower,'' and in it, it says:

Here's the ''surge'' you aren't reading about: The continuing flood of tax revenue into the Federal Treasury. Tax receipts for April were $70 billion above the same month in 2006, and April 24 marked the single biggest day of tax collections in U.S. history, at $48,700 billion, according to the latest Treasury report.

It goes on to compare other months and to further document the validity of the April shower of revenue coming to the Government.

If I were on the other side and writing a budget, I would be very frightened to read about April showers and see how much April showers, if continued into the next 2 or 3 years, would do to correct and rectify the deficit of the United States and take care of the biggest problem we have, which is deficit spending each year. In just a few years, 2 years, if these April shower rates of revenue continue, we will be approaching a balanced budget in the United States. I, for one, would like to have seen us stay closer to the budget that brought us those April showers than to change dramatically away from those budget concepts that got us those April showers for so many months.

We all know it wasn't just 1 month, it was many months. If you look back, we have had many months of strong economic performance in this economy, and that strong performance brought with it showers of revenues to the Treasury of the United States beyond anything we expected. We never put down as an estimate during the last two or three budgets anything close to the revenues that came spewing into the Treasury because things were going right.

That leads me to the conclusion that we ought to be careful when things are going right. We ought to be careful about changing big concepts within that budget for fear that it may stop going right and April showers may turn into something far different. Instead of showers, it may turn into hailstorms. It may turn into blizzards, instead of nice, friendly showers that are yielding tax dollars and revenues to the American Treasury.

From my standpoint, this budget goes the wrong way. This budget I have seen, the estimates I have been shown, say this budget before us would increase taxes by $736 billion. These tax increases include all marginal rates except the 10-percent bracket, capital gains rates, dividend rates, and the alternative minimum tax and education tax relief.

As we understand from those who do the estimating, in my State—so it must be in all States—93,000 New Mexico investors, including senior citizens, would pay more because of an increase in capital gains rates and dividend rates in this budget. Right off, I believe we ought to be careful with that. Maybe it is the capital gains and the dividends, which were major changes in policies, that might have had more to do with sustaining the budget and bringing those April showers that didn't just occur in April but occurred in May, June, July, and August, those large revenue chunks that were coming to the Federal Government which were not expected.

I submit it is extremely easy to balance a budget and show a surplus when you utilize one of the largest tax increases in our country's history. Obviously, when you have a budget such as we had, where you had tax cuts and they were multiyear, and then you stop them, you can say you didn't increase any taxes. But the impact on the taxpayer will be felt as a tax increase because if they were expecting what they had last year, and it goes up because you did not continue with the cut, then they obviously look around to see who raised their taxes. Obviously, if you stop the tax cuts, then you get increases and the public should know where they come from. It is obvious they will come from this budget, carrying it out.

Once again, let me call to the attention of the Senate that according to this Wall Street Journal editorial, in April alone the U.S. Government collected $70 billion in tax receipts more than the same month last year for the current fiscal year taxes. Tax receipts are 11.3 percent, or $153 billion from last year. I am not sure if most people are aware of the fact that on April 24, 2007, the United States collected a record-setting $48 billion in taxes. I am sure the people do not know. There is no reason they should. But we ought to tell them on a day like this that they did. Tax receipts went up enormously, as I have indicated, and as this editorial indicates. That means if changes in policies in this budget are such that they change the winds that brought these showers the Wall Street Journal is talking about, then you will stop getting the showers of dollars that are there and you will get something that will be bad for the American people: The economy will go down instead of up and the kinds of things that yield good April showers filled with revenues will stop being the order of the day.

I think we should worry and look long and hard at these numbers before we consider making changes to the budget policy. Because of these record tax revenues, the budget deficit could be slashed in more than half from this year to the same time next year. The deficit could be reduced to $150 billion this year, which equates to approximately 1 percent of gross domestic product.

I believe our current budget policy is paying off. The next 18 to 24 months the deficit could be caused to disappear if we do not vary off the course. This is one point in time where the status quo may be the better alternative.

However, under the budget we are considering if budget surpluses do not materialize, the so-called ''trigger'' will stop the extension of any tax relief and we will see firsthand the largest tax hike in American history.

We are not doing enough to ensure economic stability to the bulk of the Nation.

This budget will result in the expiration of the tax breaks that we gave to the middle class, causing an enormous tax burden to be placed on these families.

One can clearly see that on a national level, the middle class stands to lose the most under this proposal.

In my home state of New Mexico, the impact of repealing the current tax relief would be felt widely by the middle class.

Added to these concerns is that fact that this budget does not thoroughly address the alternative minimum tax.

Providing a patch for the AMT only leaves us in the position of correcting this problem in the future.

Absent legislative action, the middle class will bear the brunt of the AMT, which will affect significantly more taxpayers.

The reverberations of this inaction will be seen all over the country and will be especially evident in a state like New Mexico.

Coupled with the nonexistent tax relief, this budget fails to address the 800 pound gorilla in the room, otherwise known as entitlement spending.

After 2010, spending related to the aging of the baby-boom generation will begin to raise the growth rate of total outlays.

The annual growth rate of Social Security spending is expected to increase from about 4.5 percent in 2008 to 6.5 percent by 2017.

In addition, because the cost of health care is likely to continue rising rapidly, spending for Medicare and Medicaid is projected to grow even faster—in the range of 7 or 8 percent annually. Total outlays for Medicare and Medicaid are projected to more than double by 2017, increasing by 124 percent, while nominal GDP is projected to grow only 63 percent.

The budget currently under consideration does not offer solutions, much less even address, entitlement spending or reform.

I do not support this budget in its current form because it increases taxes and it does not offer any meaningful solution for entitlement spending.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. CONRAD. Madam President, I ask unanimous consent that the debate time with respect to the conference report to accompany S. Con. Res. 21 be extended until 3:30, and that time be equally divided and controlled between the Chair and the ranking member, and all other provisions of the previous order remain in effect.

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

The Senator from North Dakota is recognized.

Mr. CONRAD. Madam President, how much time now remains?

The PRESIDING OFFICER. With the additional time requested under the unanimous consent request, the Senator has 32 minutes.

Mr. CONRAD. And on the other side?

The PRESIDING OFFICER. That is 22½ minutes.

Mr. CONRAD. Madam President, I say to the manager on the other side, I might take a few minutes. Senator DORGAN is our next speaker. Would that be acceptable?

Mr. GREGG. Madam President, I recommend the Senator take 32 minutes.

Mr. CONRAD. That is an interesting endorsement of the persuasiveness of my appeal.

Let me say in response, I want to speak of my respect for the Senator from New Mexico. The thought of being the person who produced over 20 budgets through the Budget Committee is a stunning concept to me, after going through this budget.

I want to go back to the question he raised about the tax increase. I must say there has been a certain consistency on the other side with respect to tax increases. They have said over and over there is a $700 billion tax increase here. There is only that big a tax increase if the President's budget also had a big tax increase. Do the math. There is only a 2-percent difference between what our budget raises and the President's budget raises on a Congressional Budget Office score, and 2 percent of $15 trillion is $300 billion. They are talking about $736 billion, so they are saying the President had a $436 billion tax increase. I don't think the President would agree with that math. So if that math is wrong, their assertions about our budget are wrong.

It is very simple, at least in the math I learned in Bismarck, ND. I go back to what the President said about his own budget. A previous President said facts are stubborn things. Indeed they are. The President's budget, estimated by his own Office of Management and Budget, which he controls, said they would produce $14.826 trillion in revenue over the next 5 years. That is the President's estimate of what his budget would do. Our budget, according to the Congressional Budget Office, will raise $14.828 trillion of revenue over 5 years. That is virtually identical. The President said it was reasonable to raise this amount of revenue. Guess what. That is what we are doing.

Some will say, wait a minute, you are using OMB numbers for the President and CBO numbers for Congress. Yes, because the President controls OMB. That is his own estimate of what his budget would do.

Let's use CBO numbers for both. Then you get that our budget will raise 2 percent more money than the President's; 2 percent on $15 trillion, which is the amount over 5 years, which is $300 billion.

I believe you can easily get 2 percent more revenue by going after the tax gap, the difference between what is owed and what is paid; going after these tax havens, which the Permanent Committee on Investigations says is costing the Treasury $100 billion a year, and these egregious tax shelters, which I have shown repeatedly. We have the remarkable circumstance where wealthy investors in this country are buying European sewer systems, European metro systems, European city halls, depreciating them on the books in the United States to lower their tax obligation here, and then leasing them back to the cities in Europe that built them in the first place. Come on. The vast majority of us do not engage in that kind of charade.

This is a budget for 5 years, but we all know we are going to write another budget next year. Let's look at the revenue for next year in our budget and the President's budget. These two lines represent the President's budget request for next year, and ours. Do you see any difference? Do you see any daylight? No, because they are identical. There is no tax increase in this budget. I don't know what our colleagues are going to say next year when there has been no tax increase. I don't know what they are going to say.

With respect to spending, I want to go back to that question because the spending under our budget is going to go down as a share of GDP. Here it is. We are going to go from a spending of 20.5 percent in 2008, and each and every year we are going to bring it down until in the fifth year we have spending at 18.9 percent of GDP.

Let's look at the record on the other side. Let's look at what our friends did when they controlled the budget. They took spending from 18.4 percent of GDP and ran it up to 20.3 percent of GDP. That is the difference in the spending records.

We go back even further to the previous Democratic administration. Let's look at what they did. When President Clinton was in office, he inherited a spending level of 22.1 percent of GDP. Look at what happened under his administration. Each and every year, spending as a share of GDP—which is what the economists say should be the measure because that corrects for inflation—under the Clinton administration it took spending from 22.1 percent of GDP, which is what they inherited from the previous Bush administration, and they took it down to 18.4 percent of GDP.

Again, I know this is painful for my colleagues, but it is the record. This is no projection. This is what actually happened. They took that 18.4 percent of GDP they inherited in spending from the Clinton administration, and they ran it up to 20.3 percent of GDP.

So when we are talking about who is spending around here, the record shows it has been the other side that increased the spending. At the same time they increased the spending, they basically froze the revenue of the United States. Maybe we could put that chart up for a minute because it is good to look at history and look at facts and not use these tired, old nostrums.

Here is what has happened to the revenue while the other side has been in charge. In 2000, the revenue of the United States was just over $2 trillion. The Bush administration came in and real revenue went down. In 2001, they had tax cuts; in 2002, revenue went down further; in 2003, real revenue went down further; 2004, it stayed down; in 2005, it stayed down. Only in 2006 did we get back to the revenue base we had in 2000, in real terms.

We had this combination, under our colleagues, of a stagnant revenue base for 6 years combined with a 40-percent increase in spending during their period of control.

In dollar terms, 2002 spending was $2 trillion. They have run it up to $2.8 trillion on their watch, or a 40-percent increase. With a stagnant revenue base, what is the result? The result is that debt has exploded. If we can put up the chart that shows what happened to the debt of the United States on their watch, the debt exploded.

The word you will never hear leave the lips of our colleagues on the other side of the aisle is ''debt.'' They will never mention it. Here is what has happened to the debt while they have been in charge. It has gone from $5.8 trillion at the end of the President's first year—we will not hold him responsible for the first year—it has gone to $9 trillion on his watch, and if his budget is followed over the next 5 years, it goes to $12 trillion.

Even worse, foreign holdings of U.S. debt have more than doubled under this President, putting us deep in hock to the Japanese, the Chinese, the British, the oil-exporting countries. Sometimes I get confused because we are borrowing money from so many different entities right around the world under this President, putting us deeper and deeper in debt.

Mr. President, I see that my colleague, Senator DORGAN, has come. The previous agreement we had was that he would go. But Senator GRASSLEY is also here. Perhaps you could inform us of the time remaining. Perhaps we could work it out so Senator GRASSLEY can go next.

The PRESIDING OFFICER (Mr. OBAMA.) The Senator from New Hampshire has 22½ minutes remaining. The Senator from North Dakota has 21½ minutes remaining.

Mr. CONRAD. Mr. President, I think the fair thing would be, if I can say to the manager on the other side, Senator GRASSLEY has been here, and we really intended him to go next.

Mr. GREGG. How much time will Senator DORGAN take?

Mr. DORGAN. Twelve or fourteen minutes.

Mr. CONRAD. Mr. President, if we could——

Mr. GREGG. Why don't we go to Senator GRASSLEY for 15 minutes, then Senator DORGAN for 15 minutes? But before we do that, I wish to respond quickly—no more than 2 minutes—to some of the comments made by the Senator from North Dakota.

The first point is this: It truly is a budget from the land of Oz when you make representations that you are not increasing spending when, by your own terms, you are increasing discretionary spending $205 billion over the President's number.

It is equally a budget from the land of Oz when you say you are not raising taxes when, in fact, you are raising taxes not $726 billion but $916 billion because you have put in place a phony trigger mechanism to allege that $180 billion of tax increases will not go into effect when it is absolutely clear that they will.

It is equally disingenuous and from the land of Oz to claim that you are not increasing the debt of the Federal Government when the debt of the Federal Government is going to go up $2.5 trillion and almost all the surplus that you allege to have reached is going to be borrowed from the Social Security fund, debt borrowed from the Social Security fund, and all of the deficit over this period is going to be debt borrowed from the Social Security fund.

So it is an attack on the Social Security fund, it is an attack on the taxpayers of America with the largest increase in history, and it is a dramatic expansion of spending of this Government and growth in the great size of this Government.

I would note that the Senator's charts conveniently ignore the fact that we had an Internet bubble which melted and caused a significant recession which was increased dramatically by the attacks on 9/11, and that is why your GDP numbers are skewed during that period, because the gross national product did not grow in the face of a recession and what happened as a result of 9/11; and that your outyear numbers are equally skewed because you basically presume we are not at war, which hopefully we won't be, and hopefully we can all take credit for that, but the fact is you don't even account for the cost of the war should the war extend beyond 2009, and so that creates different projections on costs.

Mr. President, I yield 15 minutes to the Senator from Iowa.

Mr. CONRAD. Mr. President, if I might just for 30 seconds say that when the Senator calls this the Wizard of Oz budget, I would accept that characterization of courage, brains, and heart. That is this budget.

Mr. GREGG. Mr. President, that was not the Wizard of Oz, that was the lion—that was the scarecrow, and clearly, if Dorothy looked at this budget, she would find the Wizard of Oz still behind the curtain.

Mr. CONRAD. Courage, brains, and heart.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, over the last 26 years, the budget resolution provided the necessary resources to allow the committee that I used to chair and now am ranking member on, the Finance Committee, jurisdiction over taxes. It provided us the necessary resources, usually in a bipartisan manner, to realistically address the demands of tax, trade, health and welfare policies—all things within the jurisdiction of our committee. So reading this budget compromise, I am very disappointed to say that this year is very much different than over the last few years.

Now, I know the people spoke in November, and for the first time in 12 years the Democrats are in the majority and in control of the congressional budget process. As ranking Republican on the Finance Committee, I was not consulted at any point by our distinguished chairman of the Budget Committee on this year's budget resolution. Unfortunately, after reviewing the resolution conference agreement, the agreement that is before us now, it is clear it does not realistically address the needs of the very important work of the Finance Committee.

Despite claims to the contrary, this budget does not provide for even 1 year, not even 1 year of alternative minimum tax relief, the tax that is going to hit 23 million Americans this very year, right now, who were not paying that AMT last year. Now, that is even for 1 year, let alone 2 years or even a 1-year extension of the provisions that will expire this year. So this budget puts the burden on the Finance Committee, the tax-writing committee, to come up with the offsets to pay for the alternative minimum tax relief and for other extenders that it is necessary for us to pass.

On these immediate needs, on the AMT and other extenders, the Democratic Budget Committee's press release says:

> AMT relief. The conference agreement prevents the spread of the alternative minimum tax so that it does not impose a higher tax on middle income families. It ensures that the number of taxpayers subject to the AMT will not be allowed to increase in 2007, protecting some 20 million middle class taxpayers from being subject to that tax.

Now, if that were really happening, I would applaud it. I have looked over the resolution, I have looked over the statement of managers, and I cannot find the basis for what is in the press release. If you look at the numbers, unlike the past 6 years of Republican budgets, you will not find tax relief room to accommodate the alternative minimum tax. You will not find any tax relief room for anything, including very important extenders which are popular around here which everyone wants to extend from year to year.

The chairman, I am sure, will respond that the Finance Committee tax tab will find revenue-raising offsets. More on that in a few minutes. Without question, however, this resolution does not provide the tax-writing committees of both Houses with the resources to prevent the spread of the alternative minimum tax for this year or next year to those more than 23 million middle-income taxpayers who were never supposed to be paying the alternative minimum tax. It is simply not in the black-and-white print of this resolution, regardless of what the press releases say.

Let's turn to the offset point. As a farmer, I would like to think we country folks can teach people in the city a lesson or two. The first chart involves the method a lot of us farmers use to get water. It is a well. Here is the top of the well. I am pointing to the top of the well. You can see it is a long well, and there is some water way down at the bottom of the well, but you will see the well is almost dry.

Now, as I indicated a few months ago, the budget resolution does not contain tax relief room sufficient to cover the revenue loss of the alternative minimum tax and other time-sensitive tax extenders. What we are told by those who drew up this budget is that the tax-writing committees will find the money.

The offset well shows about $44 billion in known, identified, and scored revenue-raisers which the Senate Democratic caucus has supported in the past. I used this chart about 2 months ago. Now I have updated it to account for $2 billion in new revenue-raisers developed by the Finance Committee tax tab. That figure of $1 billion a month is in line with historical averaging. How reliable is that average, and can we count on it?

As a farmer, I know something about the predictability of well water. You hope you will get rain and it will give you a decent level of well water. As a former chairman and now ranking member of the committee, I know something about revenue-raisers. I have been here, done that, been through all of that. When I was chairman, I aggressively led efforts to identify and enact sensible revenue-raisers aimed at closing the tax gap and shutting down tax shelters. As ranking member, I continue to look for ways to shut off unintended tax benefits. So I consider myself to be credible on what is realistic when it comes to revenue-raisers.

From 2001 through 2006, Congress extended over 100 offsets with combined revenue scores of $1.7 billion over 1 year, $51 billion over 5 years, and $157 billion over 10 years. That figure is reflected in this chart. It is reflected in that $51 billion figure you have up there at the top. So if you look at the recent history, we can realistically figure the tax tab will find about $1 billion a month.

Right now, all we can find that is specified, drafted and scored by the scorers of the Joint Tax Committee is a big amount of money, but compared to what is needed, a mere $44 billion. The revenue-raising well shows about

$44 billion in available, defined, and scored offsets at the waterline there.

The defenders of this resolution now will say a virtual cornucopia of revenue-raisers is there in this well from the tax gap and shutting down offshore tax scams. I take a backseat to no one on reducing the tax gap and shutting down offshore tax shelters. I have the scars to show for those efforts over the past few years. But the defined and scored tax gap proposals are already included. That is that figure of $6 billion up there on the chart. Likewise, a proposal targeting tax-haven countries and other offshore activities is included at $2 billion.

The well has, then, about $44 billion of offset water. This budget anticipates a Congress which will be thirsty for this limited group of offsets. On the thirst or demand side, you will see the bucket will be very busy.

On the demand side, I have talked about the alternative minimum tax fix. There is $115 billion for that fix for this year and next year. That is what it is going to take to get that job done, the $115 billion there. That is the biggest sum of money which is going to be demanded.

There is $20 billion for other extenders that run out at the end of the year. Then there is $15 billion for Children's Health Insurance Program expansion, and there is another $30 billion for the rest of the so-called reserve funds. Here is a chart that lists the other 20-some-odd reserve funds. You can see there is a massive demand for revenue out there. Each of these reserve funds are an arena for popular new spending and maybe new taxes. I will not take the time to read them all, but veterans, affordable housing, Indian claims settlement, childcare—all have a basis in this budget. Every one of those would be popular expenditures. Since we know from almost a decade of fiscal history that the Democratic leadership can't propose spending cuts, we know the new reserve fund spending will be paid for with tax increases.

These figures reflect only the demands of the first year of a 5-year budget. If you add them up, they add up to $180 billion in demand on the spending and tax side. As you can see, there is about $44 billion in revenue offsets. If you assume the tax staff will follow the historical average of $1 billion per month, then figure about $15 billion more at best. So if we assume, in a manner most favorable to the proponents of the resolution, that there will be $59 billion, then this budget is short by $121 billion for the first year of the 5-year budget. The demands on the tax-and-spending side then exceed projected offsets by $121 billion for the first year of the resolution.

It is time for all of us to get real about what the proposed spending is in this budget, the needs for tax policy that is promised in this budget, and the small amount of offsets that are available.

So what is going to happen? How do we bridge that $121 billion gap? Either the tax relief and new spending is not going to happen or we will add that to the deficit. That is a frightening proposition, adding it to the deficit.

Let's take a look at the rest of the agenda to those numbers. Over the 5-year budget, going out to the year 2012, keeping existing policies in place will have a revenue effect of $916 billion. This includes AMT relief, if they are serious about not having those 23 million middle-income people paying taxes that they were never supposed to pay in the first place, and extending other broadly supported expiring positions. In the aggregate, this budget appears to provide $180 billion in new resources for extending these policies over the 5-year window. Look further and you will find a trigger. It is the very trigger I talked about last week. Senator GREGG described in great detail how the trigger will work. Suffice it to say the trigger conditions the $180 billion in tax relief targeted for 2011 on no future spending.

Is that the real world, no future spending? Does anyone believe this Democratic majority will not spend future tax increases if given a chance? If your answer is yes, then you are buying a pig in a poke. A pig in a poke is what you are going to get, if you believe that. If you think you are going to get a pig, you are going to get cheated. And I have grown a few pigs in my day, so I know the difference between a pig and a pig in a poke. This trigger mechanism is a pig in a poke. Don't buy it. You will regret it.

So we have a situation where we have $736 billion that we have to figure out what to do about. It is not done about in this budget. You have to deal with tax realities, if you are going to give this sort of tax relief. The answer is that we are going to have to find this money, and it is not here. So it is not a real budget.

The PRESIDING OFFICER (Ms. KLOBUCHAR). The Senator from North Dakota.

Mr. CONRAD. Madam President, first of all, I wish to say the Senator from Iowa, the ranking member of the Finance Committee, has been a true gentleman during consideration of the budget resolution. Obviously, we have strong differences with respect to some of the policies here. I wish to say that this man has been a gentleman. I also wish to say, on our side, we will not forget his courtesy during consideration of the budget.

I do want to say with respect to one of the charts he had up here, he had 2 years of AMT relief. It is true in the Senate budget we had 2 years of AMT relief. In the conference report, we have 1 year. That would change the numbers in his chart from $115 billion to $52 billion. Second, in what passed in the Senate, we had $15 billion of SCHIP funding within the budget and up to another $35 billion in a reserve fund. Now all of the funding in what has come out of the conference committee is in the reserve fund. So the Senator's chart, which I know was prepared some months ago, is not consistent with what the conference report is.

I wanted to make those two points. I again would say to others who are listening, we don't believe there is any requirement for a tax increase in this budget. We only have a 2-percent difference in revenue between the President's budget and our budget and the CBO score. If you look at what the President said his budget would produce in revenue, it is virtually identical to what our budget produces.

With that, I yield 11 minutes to the Senator from North Dakota, my colleague, Mr. DORGAN.

Mr. DORGAN. I thank my colleague for his leadership. I don't know where to start with the issues of the pig in the poke and the hog rules and all these issues. But I will talk a little about issues that are probably close to something I called the hog rule.

First, let me say this: Mark Twain once said, when asked if he would engage in a debate, he said: Sure, as long as I can take the negative side. They said: We haven't told you what the subject is. He said: It doesn't matter. The negative side will take no preparation. It is easy to oppose. That takes no preparation.

We have brought a budget to the floor of the Senate and have kind of broken tradition. We haven't had a budget on the floor that got passed for a year. Under the leadership of Senator CONRAD, we are going to have a budget today. That is a pretty big step forward.

Let me say that with all the budget talk, we went to war a few years ago and we sent soldiers halfway around the world to go to war. The country didn't go to war. This Congress didn't go to war. Every single dollar we have used to fight that war has been borrowed. We say to the soldiers: Go, fight, put on America's uniform, go represent your country. But the fact is, the President says: I want emergency supplemental appropriations for it all, and we will add it all to the debt. It is an unbelievable fiscal policy. Send the soldiers to war; Americans, go shopping. That is what we were told to do by the President. By the way, let's not ask anybody to sacrifice.

We see significant fiscal policy problems. This budget begins to start to try to deal with them. They have been growing now for about 6 or 7 years. This administration inherited a surplus and very quickly turned it into a large budget deficit.

This is a budget. Someone once asked the question, if you were asked to write an obituary about someone and knew nothing about the person, had never met the person but only had their checkbook registry as a frame of reference, what kind of obituary would you write? You would probably be able to take a look at what they spent their money on and tell a little something about their value system, what did they think was important, what did they treasure, what did they value. You can do the same thing with this country's budget.

It is true that 100 years from now we will all be dead. But history will record what we have done. They can look at the budget we passed, and they can see what we believed were the priorities for this Nation.

The President sends us a proposal and says: Here are my priorities. Let's propose spending in a way that loses ground on the issue of funding the National Institutes of Health and making the investments in needed cancer research and research into other dread diseases. Let's cut back on Head Start relative to the money that is needed to continue Head Start for young children. Let's decide that energy efficiency and renewable energy are not as important. These are priorities from the President. I could go on at some great length.

I disagree with that. I think many of these things represent investments in the country's future. My colleague and those who work with him on the Budget Committee have put together a different set of priorities. It is a better set of priorities that says: Yes, there are some areas that are just spending money. There are other areas that represent an investment in the future. That is why I think this budget is a good document. I am pleased today to support it.

Let me go to one other piece because I feel so strongly about it. I have offered amendment after amendment on this subject. My colleague has included proposed revenues in this budget from those who are not now paying their fair share. Some say that is a mirage, that is a shell game. You know what is happening. We have a pernicious tax break that says: Shut down your manufacturing plants in America, fire your workers, move your jobs overseas, and we will give you a big tax cut. I can't believe anything quite as foolish as that, but we have it. We have voted on it four times here. I am going to offer an amendment this year again that says: Let's not subsidize moving jobs overseas with a tax cut for those who do it.

Even more than that, I have used this on many occasions for 2 years now. This is the Ugland House. It sits on a quiet little street in the Cayman Islands called Church Street. It is a 5-story building, home to 12,748 corporations. Thanks to some enterprising reporting by David Evans from Bloomberg——

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

Mr. DORGAN. I regret I don't have the time.

Mr. GREGG. I will use my time. I will take the question off my time, not the answer.

Mr. DORGAN. Let me finish my comments. If I have time, I will be happy to engage. This represents a legal fiction, 12,748 corporations say that this is their home. No, it is not. This is a playhouse for tax avoidance. That is what this is about. They get to run their income through here so they don't to have pay taxes to the U.S. Government. They want all the opportunities that come with being an American except the responsibility to pay taxes.

Thousands of companies take up residence in tax haven countries for the purpose of avoiding taxes. Many other companies use entirely different, yet legal, tax avoidance schemes. One example is the sale of a German sewage system in Bochum, Germany, that nets Wachovia Bank $175 million in tax savings. I don't even understand how the transaction works. Does someone walk into an investment banking firm and say: Do you have a sewer section here, or do you have a sewer specialist I could talk to? Because I would like to avoid taxes by investing in a German sewer system. Maybe the receptionist says: We have a section over here in our investment banking firm that actually specializes in foreign sewers. Wachovia apparently found one. They saved $175 million. Does that mean they used the sewage system? No. Does it mean they actually have a need for it? Does it actually change hands? No, it is still underground in Germany. What it does is, it allows this company to avoid paying U.S. taxes.

How about an American company leasing a city hall in Germany? This is a town hall in Germany, leased by an American company. For what purpose? To avoid paying U.S. taxes. Wouldn't it be great if folks down the block or up the street or out on the farm who have to pay taxes in this country could say: You know what, I have a new idea. You and I are going to buy a sewage system in England. People would say: Are you nuts? That is what is happening in corporate boardrooms.

Another example is leasing transaction involving streetcars in Germany. An American corporation wants to operate German streetcars. Why? Because they enjoy riding in streetcars? No. They will never get in them. It is because they particularly want to avoid paying U.S. taxes.

In Chicago, they put together something called a 911 emergency call system. They put that together. Guess what: When Chicago shoppers hunted for bargains a few days after Christmas last year, two big financial firms landed their own sweet deal. FleetBoston Financial and Sumitomo Mitsui Banking bought Chicago's 911 emergency call system. No, Chicago was not in the throes of privatization, the story says from the Wall Street Journal. This was companies again deciding: We would like to buy assets we have no need for that belong to the public, and what we would like to do is use them to avoid paying U.S. taxes.

That is unbelievable to me. I would think every single Member of the Senate would look at this and say: That makes me sick, and it has to stop—not tomorrow; no, we are not going to begin to wean off this system—but, right now, we are going to say that nobody is going to be able to buy a foreign sewer system in order to decide they are not going to pay U.S. taxes.

Go to any restaurant in this country, any small town café in this country, and sit around and order a cup of coffee and ask the folks you are sitting with: Do you think this should be allowed? They would look at you and say: Are you out of your mind?

Well, the reason I talk about this is because this is in this budget to be shut down. Senator CONRAD has said—and I have offered amendments on the floor of the Senate—we are going to shut this kind of thing down. The other side kind of laughs and scoffs at this and says: Well, you can't shut that down.

I know, in fact, no one will stand up, if I ask: Will someone today come over to the floor of the Senate and stand up and say: Do you know what? Count me in. I am a big fan of having U.S. companies buy foreign sewer systems. Sign my name to it. Give me credit for it. Nobody will do that. It is kind of in the dark of the night that all this tax policy gets made.

That is what my colleague says in this budget: Let's begin to shut that down. Let's begin to collect the revenues, reduce the Federal deficits.

These deficits—at some point somebody is going to have to pay them. This administration inherited a very large budget surplus. I stood on the floor of the Senate and said maybe we ought to be a little conservative here, and the President and his minions said: No, no, no. Let's decide that we want to give it all back, despite the fact we did not have it yet. It was 10 years of projected surplus.

Guess what. In a matter of months, we found out we were in a recession. Then we had 9/11. Then we had a war in Afghanistan. Then we had a war in Iraq. Huge surpluses were turned into huge deficits and much more spending for a war, for which the President said: Oh, by the way, we are not going to pay for that. We are going to ask that all of it be funded with zero requests in the budget because we are going to send you emergency requests, and you can add it to the deficit. So we send soldiers to war, and when they come back, they can help pay the cost of the war because we are not going to do it.

That is what is wrong with this fiscal policy. We were on a road to nowhere and a road to real trouble, and finally we have a budget that begins to force change. Is it going to happen overnight? No. It is going to take some time. But this budget is a budget that moves us finally in the right direction.

I commend Senator CONRAD and all those who worked on it. I am proud to be part of it and will be proud to vote for it.

Madam President, how much time remains?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DORGAN. Madam President, I yield the floor.

Mr. GRASSLEY. Madam President, I was struck by the exchange between the Senators from North Dakota regarding abusive leasing transactions called SILOs and so-called corporate inversion transactions. They seemed to express dismay that this body can't shut down these deals. Listening to them, it seemed like they had no idea that:

No. 1, the American Jobs Creation Act of 2004 stopped the SILO deals on a prospective basis—no new deals can be done after March 12, 2004. As enacted, JCT scored this provision as raising $7 billion over 5 years and $27 billion over 10 years.

No. 2, the Senate-passed version of the JOBS bill, which received the vote of 92 Senators, would have shut off future tax benefits from foreign SILO deals, like the deals for European sewer systems and townhalls, that were entered into before March 12, 2004, but the Republican House conferees blocked it.

No. 3, the American Jobs Creation Act also stopped corporate inversion transactions for deals done after March 4, 2003, raising $830 million over 10 years, according to JCT.

No. 4, the Senate-passed JOBS bill would have applied the anti-inversion legislation back to March 20, 2002, when I put companies on notice that legislation would shut these deals down.

No. 5, just this year, the Senate passed a minimum wage/small business bill, which had the vote of 94 Senators. One provision in that bill would shut off future tax benefits for foreign SILOs. That provision would raise about $4 billion over 5 and 10 years. Another provision would have denied prospective tax benefits for inversions entered into after March 20, 2002. That provision would have raised over $1 billion.

But the Democratic chairman of the Ways and Means Committee refuses to agree with the Senate on these points. In fact, he held a hearing earlier this year to sympathize with lobbyists wanting to preserve these illicit tax benefits.

So, in this body, there is near unanimous agreement that Congress should act to stop the future tax benefits from foreign SILOs no matter when they were entered into. So I am not sure what the Senators from North Dakota are complaining about. They should be complaining to their brethren across the Capitol, not this body.

The North Dakota Senators are preaching to the choir when it comes to shutting down tax shelters. Look at my track record. Nobody has been more of a tax shelter hawk than me when it comes to Senate-passed and enacted legislation. I want to close the tax gap. I want to shut down tax shelters. My track record proves that. But we need to be realistic in looking at the amount of JCT scored revenue we can expect to get with sensible, effective legislation. But the assumptions in this budget are just not realistic.

Mr. President, the distinguished chairman made a couple of comments on the charts I used a short time ago.

The senior Senator from North Dakota stated first the chart incorrectly reflected the SCHIP number. The number used in the chart reflects an estimate of the first year, fiscal year 2008, of the Democratic SCHIP proposal. In addition, the senior Senator from North Dakota said the chart reflected 2 years of the AMT patch. He was correct. These are, however, 2 years of the patch, tax years 2007 and 2008, to consider with respect to fiscal year 2008.

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

Mr. CONRAD. Madam President, I would like to yield 5 minutes to the Senator from New Jersey, Mr. MENENDEZ. I thank him for his very important leadership in the Budget Committee. He has been an extremely valuable member on the Budget Committee and has helped us write this budget.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. MENENDEZ. Madam President, let me say, as a member of the Senate Budget Committee, I am extremely proud of the budget resolution conference report before us. I commend the distinguished chairman of the committee for his leadership and for succeeding in the daunting goal of putting together a final budget resolution. It would not have happened without him. I appreciate his depth of experience in changing the direction of our values in this budget.

This budget accomplishes what we set out to achieve at the outset of this Congress. It fulfills our responsibilities in key priorities, such as children's health care, education, and veterans services. It sets us on a strong fiscal path, balancing in 5 years, and achieving a surplus in 2012. It allows for key tax relief for middle-class families.

Now, I have heard a lot of claims being made today about what the budget does and does not do. So let's be clear. I think Americans should know the choices that are at stake because this budget makes some clear choices and sets a very different set of priorities than the budget the President sent to us.

Our budget allows for up to $50 billion to be spent on reauthorizing SCHIP, so we can ensure that America's neediest children get the care and health coverage they need. Now, making the health coverage of our Nation's most vulnerable children a top priority would seem like a no-brainer for Members of Congress who have access to some of the best health coverage in the world, but that was not the case in the President's budget. His budget fell far short of what is needed to continue coverage for children who are already enrolled, let alone enough to expand coverage moving forward.

Our budget provides more than $9 billion—$9 billion more than the President for education. Now, why such a high increase? Well, look back at the past few years of education funding under the President, and you will see how much damage we are trying to repair.

For the next year alone, the President would have slashed $1.5 billion in Federal education funds, stifled student aid, deepened the hole in No Child Left Behind funding, and eliminated 44 programs, from education technology, to dropout prevention, to low-cost Perkins loans.

This budget rejects that long list of cuts to education. We increase funding by $3.5 billion over last year, so we can start to reverse the downward spiral that has plagued education under this President and the Republican majorities of the past and provide students the opportunities they deserve.

Our budget will increase funding for veterans' benefits and health services by $6.7 billion. It meets the request of the independent veterans groups and would increase veterans funding by $3.5 billion over the President's request. For far too long, under this administration's watch, our veterans have been held hostage to a subpar system that has failed to provide the care they deserve. Our budget puts an end to the funding deficiencies that have set that system up for failure. It also rejects the President's proposal to raise fees and copays for veterans.

Our budget shows our first responders that we will put our money where our mouth is. We will not tell our fire fighters, police officers, and emergency responders that we support them day in and day out but then provide them a fraction of the resources they need to do their jobs. So in addition to rejecting the President's mind-boggling proposal to cut first responder grants by more than $1 billion, we provide key increases for homeland security programs, including enough to double grants for port, rail, transit, and chemical security. We also restore funds that would have decimated the COPS Program—to put police officers on the streets of our communities—and the SAFER fire grants.

Despite all the rhetoric from the other side of the aisle about our budget plan, the fact is, we extend tax cuts that we all agree are pivotal for middle-class families. Our budget would continue marriage tax relief, extend the child tax credit, and lower tax brackets targeted to help the middle class. It would ensure that no new taxpayers would fall subject to higher taxes because of the alternative minimum tax next year.

Madam President, does the chairman have an additional minute?

Mr. CONRAD. Madam President, I yield an additional minute to the Senator from New Jersey.

Mr. MENENDEZ. I thank the Senator.

But what is key in our budget is how we achieve this tax relief. The difference is, we pay for it. Under our strong pay-go rule, we will end the days of promising tax cuts now and paying for them 10 years down the road.

Madam President, I think our plan is clear. This budget is a significant departure from the debt-drenched plans we have seen from the President and Republicans year after year. This budget ends an era of dumping the fiscal burden on our children, our schools, and our veterans. Instead of undermining education, abdicating our responsibilities in health care, and neglecting our veterans, this budget restores a commonsense balance to our values that we should expect from the greatest Nation in the world.

We have a long road to digging ourselves out of the holes this President has created. But this budget is a first and sound step toward building a stronger nation.

Mr. GREGG. Madam President, will the Senator entertain a question?

Mr. MENENDEZ. Madam President, I say to the Senator, if you have time, I will be happy to.

Mr. GREGG. The Senator listed a whole series of accounts where spending has been increased. I was wondering if the Senator has added up that list he listed there. Is there a total? The Senator listed a specific set of numbers.

I added it up to be about $14 billion. Is that incorrect?

Mr. MENENDEZ. Madam President, I do not have that listing before me right now. But the bottom line is, in this budget, whatever are those increases I cited, they are paid for and ultimately meet the challenges we have as a country.

Does the Senator disagree with any of those priorities we have?

Mr. GREGG. Madam President, I am trying to get to the bottom of the question of whether this budget increases spending over the President's number.

The Senator from North Dakota has represented it does not. Yet Senator after Senator from the other side of the aisle has come to the floor and told us how much spending has increased.

Mr. MENENDEZ. Madam President, I think it is a reprioritization of those values within the context of the budget.

Mr. GREGG. Madam President, of course it is not. It is a $205 billion increase over the President's number.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, I make no assertion—I make no assertion—that we have not increased spending over the President's proposal. Certainly, we do because we have more spending for this Nation's veterans and for health care for our veterans. We have more spending for children's health care. We have more spending for education. We have more money for law enforcement. Why? Because the President cut the COPS Program 94 percent—the COPS Program to put 100,000 police officers on the streets. The President says: Cut it 94 percent. We do not agree with that. The President says we are not going to have the funding for our Nation's veterans, which the Nation's veterans say is essential.

Madam President, I ask for the time circumstance on both sides.

The PRESIDING OFFICER. The Senator from North Dakota has 5 seconds. The Republican side has 4 minutes 1 second.

Mr. CONRAD. Madam President, I ask unanimous consent that we now extend the time until 3:45 and equally divided between the two managers.

Mr. GREGG. Madam President, that is presuming after this time has expired, so we would not be equally dividing my 4 minutes.

Mr. CONRAD. Absolutely. I am extending the time past 3:30.

Mr. GREGG. The additional time be divided equally.

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

The Senator from New Hampshire.

Mr. GREGG. Madam President, there is a consistent inconsistency about the presentation from the other side of the aisle about this budget. The representation it does not raise taxes, on its face, is not consistent with the language in this budget.

Why would we have had to have the Baucus amendment, which extended tax cuts and reduced taxes—or represented it did—by $180 billion, if there had not been a tax increase in the bill?

There is a tax increase in the bill. In fact, the trigger language in this bill, which is now placed on top of the Baucus language, means the Baucus tax cuts—which were the original tax cuts of the President and they are being extended—will not come into fruition. They cannot possibly come into fruition because of the complexity of the trigger mechanism. They are subject to 60 votes. It is a Pyrrhic statement that those tax cuts exist. So this budget has a $916 billion tax increase in it.

Then, the representation that it does not increase spending—it increases spending dramatically. This is a budget that does what Democrats do: It raises taxes and it spends a lot of money. That is the game plan.

Then, there is the representation on the other side that they do not want to impact Social Security. Yet the budget takes $1 billion out of the Social Security trust fund in order to spend on their initiatives. They have a $200 billion domestic spending proposal on the discretionary side over what the President has. That spending comes directly out of the Social Security trust fund. It is a direct attack on the Social Security trust fund.

There is, of course, no effort on the entitlement side at all to control spending. The debt goes up by about $2.5 trillion.

But one of the key elements is this question of the trigger. I asked my staff to try to explain in layman's terms what this mechanism is that will allow the Baucus language to go forward, which would extend the tax cuts of the President of the United States. Well, in layman's terms, it is an alleged $180 billion extension of those tax cuts, which is subject to conditions only Rube Goldberg could appreciate. So we took a Rube Goldberg chart and we showed the different numbers that reflect what is happening. Essentially, the way this works is the tax legislation must include the following contingent provisions:

> None of the tax relief in this act shall have legal force and effect unless the Secretary of the Treasury and the Director of OMB project a surplus in 2012.

So these tax cuts do not get extended if there is no surplus, and we already know the capacity to spend money on the other side of the aisle will wipe out that surplus because the surplus is such a close number. Secondly, the tax relief can cost $180 billion or 20 percent of the projected surplus, whichever is smaller. So not only do they probably not have a surplus so they can't have the tax cut they allege they have—and it is not a tax cut; it is an extension of the tax policies which are in place today—but they create a mechanism which says you are not going to get all of that, you are only going to get 20 percent of it, and you know it is not going to be $20 billion.

What if the tax writing committees in their wisdom do not include the contingency clause? Well, then we switch to an entirely whole new set of miscellaneous conditions on the trigger. The House Budget Committee then has the following authority, the chairman: He will increase revenue numbers in the budget resolution to take away the tax cut if the Finance Committee doesn't include the contingency, and so instead of a budget increasing taxes to $736 billion, it actually ends up increasing taxes $916 billion.

There were a number of people who were wandering around this Senate after the last budget left here saying: Oh, hey, we included the Baucus language which extends those tax cuts which we agreed with the President on, which are things such as the child tax credit, protection of married people from the spousal tax, the tuition tax credit, credits for teachers who use money from their own personal accounts to help out in their schoolroom. We extended all those. But now we find out they didn't, and they don't, because they have created this trigger mechanism which came from the House which had none of those extensions, which makes it virtually impossible to presume these extensions are going to occur.

There are a lot of folks around here who are going to walk away with egg on their face, I believe. They are going to say they voted for a budget last time through where they extended those tax cuts, and this time they are going to try to claim they are doing it again when, in fact, what they are doing is setting up a clear action that can't be accomplished. It is another example of a consistent inconsistency of this budget.

I reserve the remainder of my time.

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

Mr. CONRAD. I thank the Chair.

I have concluded from the Senator's remarks today he remains undecided on the budget. No. I know the Senator is opposed. He has done a very good job, I might say, of making his side of the case. The great thing about our country and about this institution is we have the right to come here and debate openly and even passionately our different views, and we have the right at the end of the day here to vote, and the majority rules. For 3 of the last 5 years, this country has had no budget. Hopefully, at the end of today, we will have put in place a budget for our country. That is our obligation and our responsibility, and I believe at the end of the day we will have accomplished this.

Even though the Senator from New Hampshire and I disagree with respect to the specifics of this budget, we agree on certain very important things. No. 1, we agree on the importance of having a budget. No. 2, the Senator and I happen to agree—and you would certainly miss this if you were listening to the debate today—but the Senator from New Hampshire and I have strong agreement on the unsustainability of our long-term budget situation. The Senator has talked about where we are headed in the long term, and I entirely agree with him, that in the long term we have a budget circumstance that is unsustainable, and it is going to be important for us to discipline the long-term entitlements. It is also going to be important to address these fiscal imbalances we face as a nation. We have begun the process by writing a budget that does balance by 2012, with a $41 billion surplus in 2012. The President still has not presented a budget that balances.

The Senator has questioned this whole trigger mechanism. It is true we did not have one in the Senate. The House insisted on a trigger mechanism in the conference. Let me indicate where we are with respect to the way the trigger works.

Under Office of Management and Budget numbers, the surplus in 2012 will currently exceed the amount needed to fully implement the Baucus amendment. The budget resolution surplus, excluding the Baucus amendment in 2012, is $290 billion. The trigger says you can only use 80 percent of that amount for tax relief. That would be $232 billion. The Baucus amendment costs $180 billion. So under the current OMB projections, the full middle-class tax relief that was provided for in the budget in the Senate will still be eligible, and that includes the relief for the estate tax reform as well.

In terms of how the trigger actually works, under current scoring by the Office of Management and Budget, there is sufficient room to have all of the middle-class tax reductions extended and to provide for estate tax relief.

What happens if this changes? What happens is we go through the year. For example, what happens when we pass a supplemental appropriations bill? That will certainly change the outyear forecast. There will be other things that may change the outyear forecast. Hopefully, revenue will come in above forecast. Other things will occur. None of us know. What happens if there is a future military conflict? What happens if there is a horrible natural disaster? We don't know.

What we do know is if there are not sufficient resources to permit the middle-class tax cuts being extended, that will not preclude us from providing the middle-class tax cuts; it would simply mean to whatever extent there is not budget room, we would have to find offsets. We would have to find a way to pay for it, or we would have to have a supermajority vote in the Senate. We would have to have at least 60 votes. Does anyone doubt this Chamber would produce a super-majority vote for middle-class tax relief?

Let's revisit the Baucus amendment that passed here on the floor of the Senate to provide middle-class tax relief and to provide estate tax reform. What was the vote? It was 97 to 1. That was the vote, 97 to 1. In the House, the vote was 364 to 57. Let's not be scaring people out across the country suggesting that the middle class will see their taxes go up. That is not what this budget provides. This budget provides all the money necessary to extend the middle-class tax relief and to provide for estate tax reform. Those provisions passed the Senate on a vote of 97 to 1 and passed the House of Representatives on a vote of 364 to 57. So even if we get to the point where the trigger is pulled because there are not sufficient resources in 2012, Congress retains the flexibility to extend the middle-class tax cuts and to reform the estate tax, and the evidence is pretty clear, the vote is going to be overwhelming to do it.

I thank the Chair. I ask at this point the time remaining.

The PRESIDING OFFICER. There is 13 seconds remaining on the Democratic side and 4 minutes 50 seconds remaining on the Republican side.

The Senator from New Hampshire.

Mr. GREGG. I suggest we extend the time until 3:50 and that the additional time be equally divided.

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

Mr. GREGG. Make it 3:55.

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

Mr. GREGG. Madam President, we heard the Senator represent that the administration doesn't have a surplus projected, and yet he used administration numbers to project a surplus, so more consistent inconsistency.

But I think a more substantive issue here is the irony of the fact that the other side has such an aversion to letting people keep their own money through having reasonable tax rates, such as the spousal—not having penalties for people who are married, not having a child tax credit, having a tuition tax credit, paying teachers a credit for when they buy extra supplies for their classroom. They have such an aversion to those types of initiatives which let people keep their own money that they put in place a trigger mechanism to try to stop those things from occurring should they want to spend money to basically absorb that tax relief. The irony is they don't put in any trigger mechanism for the new spending they are proposing. There is a trigger mechanism here that says: Well, you can't keep your own tax dollars, you can't keep your own money; we are going to take it away from you in taxes, but there is no trigger mechanism that says when we spend a lot more money, which this proposal does, there should be some second-look mechanism to see if we can afford it. If we are running a deficit, why should we be adding new spending? There should be a trigger mechanism.

Well, I think it is because there is a philosophical difference here, obviously. On our side of the aisle, we believe it is the people's money and it shouldn't be taken from them unless you absolutely have to take it, and that the Government doesn't spend the money better than people spend their own money. On the other side of the aisle, it is the opposite view.

The additional irony or the additional inconsistency is those tax rates which have most benefited this economy and caused it to grow dramatically, and which have most benefited the Federal Treasury in that they have generated a huge amount of revenue we didn't expect, capital gains rates and the dividend rates are not included under any circumstances in this trigger exercise. The people who benefit the most from those are seniors, because seniors are the ones on fixed incomes and have dividend incomes. Seniors are the ones, when they get to that point in their life where they try to sell that asset which they have built up over the years—maybe a restaurant or a small business or their home—and they now are going to, under this proposal, get hit with a doubling of the capital gains tax, or almost a doubling, and a doubling to a 2½ times increase in dividend tax rates. No trigger mechanism, no matter how fallacious or fraudulent it is—which this one is—is even put in to try to protect them.

This is a budget which is truly in the tradition and which is the philosophy of the other side of the aisle, which is that you raise taxes, you spend money, and we in Washington know a heck of lot better how to spend your money than you do, the American wage-earner, the American individual.

We have been over this ground a lot, and you may think we are going over it again and again, and that is because we are stalling for time, actually. We are waiting for the House to take action, and we are hoping they take it fairly soon so we can move to a vote.

Pending that, however, I do want to take a couple of minutes and thank my staff, led by Scott Gudes, who has done such an extraordinary job. They work ridiculous hours for low pay and they do it extraordinarily well. I want to thank the Democratic staff, led by Mary Naylor, who do an equal amount of hard work and probably get paid a lot more, I don't know. But they are special people, these folks who make this place run and work well, and we appreciate all they do. I also want to thank the chairman for his unrelenting courtesy and professionalism in running this committee. He is always fair with the minority.

We appreciate that. We try to run a committee that has comity, with a ''t''; although there is a fair amount of comedy, with a ''d.'' As a result, I think of the personality of the chairman, and we are able to do that. I appreciate his efforts in that arena.

He made the point that the country needs a budget. A bad budget we don't need. This is a bad budget. The fact is, the institution substantively does need a budget. We should not be running a government of this size—or any government—without something that gives you a blueprint. This blueprint is, obviously, a very poor one, a detrimental one, because it will grow the size of government and increase the burden of taxes, the deficit, and it raids the Social Security trust fund. Other than that, it is excellent. The fact is, a budget is important. So I am obviously of the view that should the Senator from North Dakota succeed in passing this budget, and we actually have a budget this year, to some degree that is an effort that he should be congratulated for, and it is something the Congress needed to do.

I reserve the remainder of my time.

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

Mr. CONRAD. Madam President, the Senator talks about a philosophical difference, that this is the people's money. I agree with that entirely. It is the people's money. It is also the people's debt, and I deeply believe we have an obligation to pay the bills around here. The easiest thing in the world is to come to Washington and be for every spending program and every tax cut. The problem is, that has led to our current circumstance—a debt that is running away from us.

Now, this budget does not solve all of our problems. I make no assertion that it does. But it begins the process of balancing the budget by 2012, and it begins the process of controlling the growth of the debt, and that is critically important to us as a country.

Let me just say that the House vote is underway. I will take a few minutes but, first, what is the time situation?

The PRESIDING OFFICER. The Democratic side has 3 minutes 49 seconds. The Republican side has 3 minutes 33 seconds.

Mr. CONRAD. Madam President, let me indicate this is the estimate of what this budget would do. It would take the deficit from $252 billion to a balance of $41 billion in 2012—a surplus in 2012 of $41 billion. It would reduce spending as a share of gross domestic product from 20.5 percent in 2008 down to 18.9 percent in 2012. It would begin to control the growth of the debt after 2010. It would bring down gross debt as a share of gross domestic product from 67.7 percent to 66.5 percent in 2012.

On the question of revenue, I go back to this point because it is inescapable. The President, when he produced his budget, said he was going to produce $14.826 trillion of revenue over the next 5 years. Ours produces $14.828 trillion. There is virtually no difference. The President said, when he put out his budget proposal, that was a responsible amount of revenue to raise, $14.826 trillion. Our budget raises virtually the identical amount that he said was the responsible amount to raise for this 5-year period.

Now, it is true CBO later came back and said: Mr. President, your budget doesn't raise as much as you said it would. That doesn't take away from the fact that the President, when he proposed his budget, thought that the amount of revenue that should be raised over this 5-year period is $14.826 trillion. It doesn't take away from the fact that our budget raises virtually the identical amount.

Not only do we deal with the revenue question that has been raised, we also provide alternative minimum tax relief so that tens of millions of people are not caught up in that tax. We extend the middle-class tax cuts. We fully provide for, in the numbers, marriage penalty relief, the child tax credit, the 10-percent bracket, and estate tax reform. At the same time, we move to fund the priorities of this country, expanding health care coverage for children because, not only is it a good investment, but it is the right thing to do. We have up to $50 billion over the next 5 years dedicated to that purpose. We have increased what the President called for in education funding because we think it is critical to help parents who have their kids in college or other higher education. So we have increased the President's budget by some 10 percent for education.

Also, our third major priority is veterans health care. Goodness knows, I think every Member of this body believes we need more resources than are provided for in the President's budget to meet the promises that have been made to this Nation's veterans. We closely followed the independent budget advocated by the Nation's veterans organizations.

We think this is a responsible budget worthy of our support.

Mr. GREGG. What is the time situation?

The PRESIDING OFFICER. The Senator has 3 minutes 33 seconds on the Republican side. No time remains on the majority side.

Mr. GREGG. Madam President, we were summarizing the budget. I think this is important. I think the Senator makes my case because he holds up the chart about all the new spending they are doing, which is my point. They do $205 billion in discretionary spending. There is this tax increase issue. He holds up a chart that says we are doing the same tax as the President, but he doesn't allude to the fact that one of those bars is calculated under OMB and the other under CBO. If you used the same scoring mechanism, it would show a significant difference in taxes. The facts establish that they do not extend the tax cuts that the President was going to extend. They don't extend them.

Then they have this phony trigger mechanism, which is a totally false presentation, which alleges they are going to extend some tax cuts when there is no way that triggering mechanism can work. If you were to accurately put this number down, it would be $916 billion because the trigger mechanism is clearly not going to be exercised, and the true tax increase in this budget is the same as the House tax increase as it left the House, which was $916 billion.

I think people of fairness would look at the House budget and say, yes, the House won the debate, but there was this fig leaf put on to make it look as if there was some tax relief in here from the initial proposal. Clearly, the House number is the one that survived this process—the $916 billion in tax increases, which is the biggest in history, no two ways about it.

Then you add to the debt. Yes, the debt will go up no matter whose budget you follow—the President's budget or the Democratic budget. The debt will grow. I take that as a given. But the fact is, the debt is going to grow significantly—$2.5 trillion—and it is the growth in debt that is going to be passed on to our children. A lot of it doesn't have to occur. At least $205 billion of it doesn't have to occur. That is the debt that will be incurred by spending which exceeds what the President proposed in the discretionary accounts.

Then, of course, is this issue of mandatory savings, which I happen to think is the core failure of this budget, besides the tax increases and spending increases because it is the outyear when our children are going to have to start paying these bills, when their lifestyle is going to be contracted dramatically because of the cost burdens of the baby boom generation, and nothing is done in this budget to try to address that.

The proposals out there are not radical. They don't even impact most beneficiaries—the reasonable proposals. We could have saved one-third of the outyear unfunded liability in the Medicare accounts by simply doing a couple of things which would not have impacted beneficiaries, other than really high-income beneficiaries, people who make more than $80,000 or $160,000, retired Senators for example, asking them to pay a fair share of their cost of Medicare Part D, the drug program.

I see that my time is up. I am not sure we are ready to vote yet. I hope we are. I am not sure what the status in the House is.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. REID. Madam President, I so appreciate the work these two fine men have done on this bill. This was so difficult to get from that point to where we are now. It could not have been done but for the fact that these are two of our most experienced legislators, who work well together. They have political differences, but they understand the importance of getting a budget resolution.

Having said that, and recognizing some urgency in getting the vote done, I ask unanimous consent that the next 5 minutes be equally divided between the two managers of the bill, and if the House vote is completed at that time—and we believe it will be—the vote occur within 5 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CONRAD. Madam President, I thank the majority leader. He has been an enormous and able leader going through this process. I can tell you on our side that we would not be here today without his absolute commitment to getting this job done, and getting it done right. My admiration for this leader has grown dramatically, and it was already high. Let me just say what an important leadership role he has played.

Mr. GREGG. Reserving the right to object, I wish to join the chairman in expressing my appreciation to the majority leader and to our leader on this side, Senator MCCONNELL. This was a complicated exercise, and the majority leader has been very cooperative with the Republican side of the aisle. We very much appreciate his courtesy to us.

Am I to understand that the request was that we would now have 5 minutes—well, now we are down to 4 minutes equally divided, which gives the Senator from North Dakota 2 more minutes to make my case; is that correct?

The PRESIDING OFFICER. The Republican side has 2 minutes. The majority party has 1 minute 57 seconds.

Mr. CONRAD. Madam President, I will conclude by saying I think the debate has been vigorous on both sides. I have made my points.

At this moment, I thank, first of all, my own staff. Mary Naylor, my staff director. Each and every member of this staff has worked extraordinary hours. I cannot even begin to say what it has been like—weekend after weekend, night after night. The other night, they were here until 3:30 in the morning. I deeply appreciate the sacrifice and the commitment this staff has made.

I also thank very much Senator GREGG, the Republican manager, the Republican ranking member. He is absolutely committed to dealing with our long-term fiscal imbalances in a responsible way. While we may have disagreements with respect to this budget agreement, the truth is, our larger agreement about the need to take on these long-term fiscal challenges, to me, overshadows the disagreements we might have on a 5-year budget resolution.

I also appreciate the professionalism of his staff, including Scott Gudes and his entire organization. I thank them. Although I don't like some of the charts they produce, they are really in the best traditions of the Senate. They are serious about public service, and we owe them a deep debt of gratitude as well.

Finally, I will conclude by again thanking my staff. My goodness, I will never forget the extraordinary effort they put in.

I yield the floor.

Mr. GREGG. Madam President, I reiterate what I said earlier about the work of the staff, which was extraordinary and exceptional on both sides of the aisle. It was fair and very professional.

These staff are truly outstanding public servants who work long hours and bring a commanding knowledge of policy, program, and, as one might expect, financial analysis. These are professionals who possess the skills to dig into the specifics of Federal programs and budgetary data, and they are just as comfortable dealing with ''the big picture'' and policy context of spending, revenues, and the overall budget of the United States.

The Budget Committee staff members are truly an integral part of the Gregg team, which also includes my personal office staff in Washington and New Hampshire and my appropriations staff.

Our Budget Committee staff is led by Scott Gudes and Denzel McGuire. The core of the Committee is our budget review group, professionals who are among the Nation's top budget experts: Jim Hearn, Cheri Reidy, David Pappone and Jason Delisle. Allison Parent provides our legal expertise as general counsel, assisted by Seema Mittal. Dan Brandt is our chief economist. Our health policy unit is headed by David Fisher and includes Jay Khosla, Liz Wroe, Melissa Pfaff, and until very recently Conwell Smith and Richie Weiblinger. Our team has a number of talented analysts who handle various, what we call ''budget functions'' or programmatic areas and various departments and agencies. This includes Vanessa Green, Winnie Chang, Mike Lofgren, Kevin Bargo, Jennifer Pollom and Matt Giroux. Along with some of the previously named staff, these analysts are experts on programs ranging from Department of Defense weapons systems to agricultural subsidies to FAA fees and modernization.

Our communications office is headed by Betsy Holahan and also includes Jeff Turcotte and David Myers. Senator CONRAD has mentioned our charts a number of times today. This office, and especially our webmaster David Myers, has worked tirelessly producing these—sometimes most creative—visual aids.

Mr. President, I would be remiss if I did not recognize the outstanding nonpartisan staff that keeps the committee operating. This includes Lynne Seymour, one of the most professional and decent staff members ever to work in this institution of the Senate. Lynne, Andrew Kermick, George Woodall and Leticia Fletcher serve Democratic and Republican staff with dedication.

Finally, I would like to reiterate our appreciation to Senator CONRAD and the majority staff. They are a pleasure to work with. Mary Naylor and her staff, people like John Righter, Lisa Konwinski, Joel Friedman, Joan Huffer, Jamie Morin, David Vandivier, Ann Page, Sarah Kuehl, Cliff Isenberg, Jim Klupner, Stu Nagurka—just to name a few—they are hard-working professionals who give Senator CONRAD and the Democratic membership on the committee 100 percent.

Of course, the Senator and I have great respect for each other. I reiterate my praise of him and the majority leader's efforts in trying to get this conference report going and doing it in a fair and honest way.

I yield back the remainder of my time.

The PRESIDING OFFICER. The majority leader.

Mr. REID. Madam President, this will be the last vote this week. Our first vote next week will be a 5:30 p.m. cloture vote on the immigration matter. It appears the Democrats and Republicans have reached an agreement on immigration, so we will spend a lot of time on that legislation next week, along with the supplemental.

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

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

Mr. REID. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will report the conference report.

The legislative clerk read as follows:

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the House to the concurrent resolution (S. Con. Res. 21), revising the congressional budget for the United States Government for fiscal year 2008, and setting forth appropriate budgetary levels for fiscal year 2009 through 2012, having met, have agreed that the Senate recede from its disagreement to the amendment of the House to the text of the concurrent resolution, and agree to the same with an amendment, signed by a majority of the conferees on the part of both Houses.

The PRESIDING OFFICER. The Senate will proceed to the consideration of the conference report.

(The conference report is printed in the proceedings of the House in the RECORD of Wednesday, May 16, 2007, on page H5071 (Vol. 153, No. 81).

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from South Dakota (Mr. JOHNSON) is necessarily absent.

Mr. LOTT. The following Senators are necessarily absent: the Senator from Kansas (Mr. BROWNBACK), the Senator from Oklahoma (Mr. COBURN), the Senator from North Carolina (Mrs. DOLE), the Senator from Utah (Mr. HATCH), the Senator from Arizona (Mr. MCCAIN), the Senator from Oregon (Mr. SMITH), and the Senator from New Hampshire (Mr. SUNUNU).

Further, if present and voting, the Senator from Utah (Mr. HATCH) would have voted ''nay''.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 52, nays 40, as follows:

[Rollcall Vote No. 172 Leg.]

YEAS—52

Akaka	Feingold	Nelson (FL)
Baucus	Feinstein	Nelson (NE)
Bayh	Harkin	Obama
Biden	Inouye	Pryor
Bingaman	Kennedy	Reed
Boxer	Kerry	Reid
Brown	Klobuchar	Rockefeller
Byrd	Kohl	Salazar
Cantwell	Landrieu	Sanders
Cardin	Lautenberg	Schumer
Carper	Leahy	Snowe
Casey	Levin	Stabenow
Clinton	Lieberman	Tester
Collins	Lincoln	Webb
Conrad	McCaskill	Whitehouse
Dodd	Menendez	Wyden
Dorgan	Mikulski	
Durbin	Murray	

NAYS—40

Alexander	Domenici	McConnell
Allard	Ensign	Murkowski
Bennett	Enzi	Roberts
Bond	Graham	Sessions
Bunning	Grassley	Shelby
Burr	Gregg	Specter
Chambliss	Hagel	Stevens
Cochran	Hutchison	Thomas
Coleman	Inhofe	Thune
Corker	Isakson	Vitter
Cornyn	Kyl	Voinovich
Craig	Lott	Warner
Crapo	Lugar	
DeMint	Martinez	

NOT VOTING—8

Brownback	Hatch	Smith
Coburn	Johnson	Sununu
Dole	McCain	

The conference report was agreed to.

Mr. CONRAD. Madam President, I move to reconsider the vote.

Mr. DURBIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CONRAD. Madam President, I just want to thank all my colleagues who supported this budget resolution. It is a responsible first step to restoring fiscal responsibility and meeting the priority needs of the country.

I thank my colleagues, I thank the Chair, and I yield the floor.

GENERAL LUTE TO BE ASSISTANT TO PRESIDENT

Mr. WARNER. Madam President, we have seen recently where it is the intention of the President to designate Lieutenant General Lute to take a position in the administration as an Assistant to the President and Deputy National Security Advisor for Iraq and Afghanistan, as well as working with the National Security Council. I have known this fine officer for some time. I have done an overseas trip with him to Africa. We went down to Liberia at a time of great trouble down there with a change in the administration. I have seen him working on the Joint Staff. I have had the opportunity to be briefed by him. I want to lend my strongest endorsement for this nomination.

I also wish to have printed in the RECORD the history of how active-duty military officers have been assistants to Presidents. I point out, from 1969 to 1970, General Haig was Military Assistant to the Presidential Assistant for National Security Affairs. General Haig then moved up in 1970 to be Deputy National Security Advisor. Then in 1973–1974, he was White House Chief of Staff and, following that, he had other important positions.

General Scowcroft, while on active duty, was Deputy National Security Advisor from 1973 to 1975. Admiral John Poindexter was National Security Advisor from 1983 to 1985, National Security Advisor from 1985 to 1986. Lieutenant General Colin Powell was Deputy National Security Advisor in 1987 and then Colin Powell moved up to National Security Advisor from 1987 to 1989.

I will have printed in the RECORD a list of those individuals who served our Presidents in the past in a comparable way.

I think it would be advisable if the President were to determine that General Lute would have an exemption, a security exemption granted by the President, such that he does not have to respond to the committees of the Congress, to come up as a witness. Otherwise, he should get an annex office up on Capitol Hill to respond to the many inquiries that will be generated here on the Hill and focused on General Lute to make a response. I think he can be more effective to the President if he is given that waiver authority.

I urge my colleagues to look with an open mind at this nomination. I spoke to Chairman LEVIN today. He indicated as soon as the papers were forwarded, our committee, the Senate Armed Services Committee, would review it in the context of our authority to review the change of position and assignments of general and flag officers. It is in that context that we would have a hearing on this nomination. I hope thereafter we can report it to the floor and that the Senate will act favorably upon it.

I thank the Chair for its customary indulgence on this, and thank my colleague from Connecticut. I ask unanimous consent that list be printed in the RECORD.

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

Rank/name	Position	From	To
GEN Alexander Haig	Military Assistant to the Presidential Assistant for National Security Affairs	1969	1970
GEN Alexander Haig	Deputy National Security Advisor	1970	1973
GEN Alexander Haig	White House Chief of Staff (Nixon)	1973	1974
LTG Brent Scowcroft	Deputy National Security Advisor	1973	1975
ADM John Poindexter	Deputy National Security Advisor	1983	1985
ADM John Poindexter	National Security Advisor	1985	1986
LTG Colin Powell, USA	Deputy National Security Advisor	1987	1987
LTG Colin Powell, USA	National Security Advisor	1987	1989
LTG Donald Kerrick, USAF	Deputy Assistant to the President for National Security Affairs	1997	1999
LTG Donald Kerrick, USAF	Deputy National Security Advisor	2000	2000
GEN Michael Hayden, USAF	Director of Central Intelligence	2006	Present

MORNING BUSINESS

Mr. DODD. Madam President, I ask unanimous consent the Senate be in morning business, and each Senator be allowed to speak for no more than 10 minutes each.

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

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. I thank the Chair.

(The remarks of Mr. DODD pertaining to the submission of S. Res. 207 are located in today's RECORD under ''Submission of Concurrent and Senate Resolutions.'')

The PRESIDING OFFICER. The Senator from Florida is recognized.

CONGRATULATING SENATOR CONRAD

Mr. NELSON of Florida. I congratulate Senator CONRAD, the chairman of