

reason we should not finish this very quickly. But we will see.

There has been a lot of work done to get us to this point. We are going to move forward. If it is necessary that we work on Friday and Saturday or even Sunday, it is important that we do that so we can start the budget on Monday. Everybody should be warned about that as far as weekend travel. It all depends on what the minority does regarding this bill. Again, everyone should know it is bipartisan, and we need to complete it before we do the budget.

Last week I spoke to a group of young men and women from around the country who are being honored for their commitment to public service. In recent years, vast numbers of young people have sought private sector fields such as finance and banking. There is nothing wrong with their trying to do well, but in this hour of economic crisis for our country, it was encouraging to meet with a group of young people who have made the choice not to do well but to do good.

Americans may find themselves with less time and money to donate to their causes than in previous years, to charities, but we remain a generous country. It is fitting that the Congress now move to the consideration of the Serve America Act, bipartisan legislation cosponsored by 35 Senators, championed by Senators KENNEDY and HATCH and led this week by Senators MIKULSKI and ENZI.

The Serve America Act will provide better opportunities for Americans of all ages, from all regions and walks of life, to answer the call to service.

This legislation builds on the success of the AmeriCorps program with the goal of increasing the number of volunteers from 75,000 up to 250,000.

This bill also creates several new volunteer corps with specific missions in areas of national need: An education corps to help increase student achievement and graduation rates; a healthy future corps to improve access to health care; a clean energy corps to encourage energy efficiency and conservation measures; a veterans corps to assist our Nation's veterans; and an opportunity corps to assist the economically disadvantaged.

The Serve America Act finally increases the education award for full-time volunteers and links it to increases in the maximum Pell grants.

I urge my colleagues to honor the selfless commitment to a better country that Americans are making in their communities every day by passing this outstanding legislation.

Mr. President, we will also continue meeting to negotiate over President Obama's budget this week. The President's framework sets the right priorities for the country, and Chairman CONRAD continues to work with Democrats and Republicans to strengthen the budget.

We must remember that as deep as our immediate problems may be, the

worst mistake we could make is to stop investing in the future. We need a budget that lays the groundwork for an economy that doesn't just recover in the short term but prospers in the long term.

That is why we must invest in education, health care, and renewable energy. These are not optional projects worth saving for better times; we are saving for better times. They are requirements for job creation and long-term economic recovery.

This budget must provide tax relief for working Americans who are struggling under the weight of rising prices and decreasing household incomes.

As we work our way through the budget process, Democrats and Republicans will not agree on everything. But I think we can all agree it is long past time that we get a budget that puts the American people first.

Finally, last week, I followed action from the House of Representatives by offering by unanimous consent legislation that would recoup the outrageous bonuses paid by AIG to its executives. Unfortunately, despite joining Democrats and the American people in their calls for action, there was a Republican objection to my request.

Despite last week's Republican objection to passing the AIG bonus bill, we will continue to work to right this egregious misuse of taxpayer dollars. Republicans have asked for more time to study the legislation, and they are entitled to that. With Republican cooperation, we can quickly and responsibly return these funds to the American people.

#### RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

#### MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to a period of morning business until 4 p.m., with Senators permitted to speak therein for up to 10 minutes each.

The Senator from Nebraska is recognized.

#### THE BUDGET

Mr. JOHANNES. Mr. President, I rise today to speak about the President's budget outline.

For too long, Washington has promised way too much, without a plan to pay for it. The result is that we face a financial crisis unlike any other generation.

The lesson is that we must not overpromise and, therefore, we must not overspend. Americans are making very tough decisions in their daily lives that members of their Government still refuse to make.

Unfortunately, the President's budget outline is an example of this contin-

ued pattern. The President's budget fails to chart our country on a path toward prosperity. It exercises far too little restraint and does not even attempt to tackle the massive fiscal imbalance facing future generations.

The budget we have before us, regrettably, is a spending frenzy, a taxing spree, and a borrowing nightmare as big as any that our country has ever seen. The President's first budget can, most definitely, be characterized as unprecedented and historic on many levels. However, a budget that breaks the record for spending the most, taxing the most, and borrowing the most of any budget in history is not the kind of record the American people can afford to see broken.

Let's take a look at the massive tax increase. With a pricetag of \$1.9 trillion, it winds up being the largest tax increase in history. Incredulously, though, not a single penny goes toward deficit reduction.

Now, one might ask, how is it possible that the budget contains the largest tax increase in history, yet not one cent of that increased revenue goes to pay off our Nation's obligations?

I will tell you why—because the budget gobbles up that tax revenue for more spending. When that revenue isn't enough to fund all of the Government expansion, the President's budget just keeps on spending.

There is so much bloated spending that the CBO released an estimate Friday projecting a deficit of nearly \$1 trillion every year for the next 10 years. Our country is faced with an unprecedented deficit. So can anyone answer whether it is sound fiscal policy to tax more just to spend more?

At a time when we must do something to pay off our debt and reduce deficits, the budget simply ignores these problems. It taxes and it spends, inching this great Nation ever closer to bankruptcy.

One of the specific tax increases found in the President's budget is a proposal to enact a cap-and-trade regime. Estimates predict that by enacting this policy, each household will see an increase of \$3,100 a year in higher energy costs. But not to worry, the President said he is using the money raised from a cap-and-trade program to make the work opportunity tax credit permanent. That credit would provide families with \$800 more a year.

The math is straightforward. Let's do the math: a tax increase of \$3,100 offset by \$800. This is still a net tax increase of \$2,300. Just think, it would take a family of four who makes \$50,000 a year 2½ weeks to earn enough to pay for the new tax. That same family with a \$100,000 mortgage could make about 3 months of mortgage payments or buy 8 months of groceries with that \$2,300.

Beyond the consumer, the cap-and-trade program will have a devastating impact on the farmers in my State. One study found that enacting cap and trade would raise the cost of producing an acre of corn by anywhere from \$40

to \$80 per acre. Folks in Nebraska produce about 9 million acres of corn each year. So we are looking at \$3 billion to \$7 billion more a year in higher input costs for that producer. This would be devastating.

The President's budget also contains harmful tax increases on small businesses—the job engine of our economy. According to the latest figures, small businesses create over 74 percent of all new private sector jobs, employ over half the labor force, and contribute about half of the Nation's output. The last thing our country needs when unemployment is projected to be as high as 10 percent is a tax on the very segment of our economy that creates the majority of the new jobs. It goes against all logic to encourage output productivity and job creation in one breath and then penalize that same success with tax increases in the next.

The small businesses located in towns across Nebraska cannot afford another penny in extra taxes. When I talk with folks back home, I hear how they are juggling the electric bill, the health care costs, working to make payroll, while trying not to lay people off. Why would they believe that their Government wants them to succeed if Congress turns around and slaps a crippling tax increase on them during their most trying time?

Beyond the staggering tax increases contained in the budget, the spending is also the most we have ever seen in history. The pricetag is \$3.6 trillion for 2010. Let me repeat, \$3.6 trillion. To further illustrate the massive spending and subsequent borrowing we would have to undertake, I have a chart regarding public debt that I wish to put up and share.

Last year, the debt held by the public as a percent of gross domestic product was about 40 percent. As my chart depicts, by 2019, this will rise to 82 percent. If you do the math, that is a 100-percent increase. Let's look at the pure dollar amount. The President's budget outline would double the debt held by the public in 5 years and nearly triple it in 10. It goes from \$5.8 trillion in 2009 to \$17.3 trillion in 2019.

Let's imagine for a second if the average citizen behaved as Government is being suggested it should—to sign up for credit card after credit card after credit card, max them all out without making a single payment on the principal, never once scaling back on their spending, and then send an IOU to the company saying: I will pay you some day.

Even our creditors have come forward with doubts regarding our spending behavior. China within the last few weeks has expressed concern. The chief China economist for JPMorgan, Frank Gong, put it this way:

Inside China, there has been a lot of debate about whether they should continue to buy treasuries.

China is already the No. 1 foreign holder of United States debt. If they stop financing our spending, what

then? Who will be Uncle Sam's banker when the IOUs catch up with us?

I am extremely worried by the result this runaway spending will create—lower standard of living, inflation spiraling out of control, less economic opportunity for future generations. What if future generations do not have the ability to get a home loan for that first house or student loans to go to college? Isn't it our goal to provide a better life for our grandchildren and children?

In conclusion, let me say that none of us has a crystal ball. I realize the President has a difficult job, but I do know that trying to lead the country out of this mess with bigger Government, runaway spending, massive debt, and tax increases is not the way to go. Future generations deserve better. Making tough decisions has to start somewhere, and I am disappointed that this budget outline passes the buck to another day.

I will wrap up with this. I look forward to working with my colleagues as we debate our Nation's budget next week. I sincerely hope there is a genuine commitment to tackling some of the concerns that I have outlined today.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

#### AIG BONUSES

Mr. KYL. Mr. President, I wish to speak briefly to the issue that has been very much on the minds of the American public over the last several days, and that is the bonuses paid to folks who work with AIG, the insurance company that has been the recipient of taxpayer money under the so-called TARP legislation.

A lot of times when Congress acts in haste, it makes mistakes, and one of the concerns I have about the bill we will be taking up is the question of whether we have adequately thought through the exact remedy we want to impose here in order to get the bonus money back. The House of Representatives acted very quickly and passed a very onerous tax bill that would claw this money back. The Senate has a bill that has been written by the chairman and ranking member of the Finance Committee that would be even broader in the sense that it would both tax the company itself as well as the individuals who receive the bonuses. There are a lot of concerns that have been raised over the weekend about both of these approaches. I have urged a little bit of caution here so we don't do the wrong thing again.

One of the reasons we are in the position we are in is because Congress

acted in haste. In fact, when the bill was passed that allowed these bonuses, I don't think very many—if any—of our colleagues knew it was in the legislation. After the fact, we learned that the authorization for the bonuses was in the legislation. But when we act quickly and we don't really know what we are doing, we can make mistakes.

I have suggested there be a hearing in the Senate to answer a lot of the questions the public has been asking. Now, the first question is, Exactly who are these bonuses paid to and why? Is it necessary that these people receive the bonuses in order for the Government to protect its interests in the company it now owns a substantial part of—AIG? Has some of the money been given back? Will more of the money be given back? Is it fair to impose a tax retroactively? In other words, after people have earned the money based upon an expectation that the money will be taxed at regular rates, is there now going to be an extra tax imposed on top of that simply because we don't like what was done? Will it withstand constitutional muster? And perhaps most importantly, how about the Secretary of the Treasury engaging in the authority, which I understand he possesses under the stimulus bill that we passed earlier, to act in the public interest to claw that money back? In other words, is it even necessary for Congress to amend the IRS Code in order for the Secretary of the Treasury to be able to get that money back?

Clearly, this could have all been avoided had the Government asked AIG to renegotiate the contracts when it gave AIG about \$30 billion 3 weeks ago. The Government was in a position to say: One of the conditions for receiving this so-called TARP money is that you will renegotiate the contracts that provide bonuses for your employees. We could have done that at that time. But it wasn't done, so now we have to figure out the right way to deal with this.

The other reason I am urging caution was expressed by the President in a "60 Minutes" interview that was on television last night. Here is how he answered a question about the constitutionality of this proposed tax law. I am now quoting the President:

Well, I think that as a general proposition you don't want to be passing laws that are just targeting a handful of individuals. You want to pass laws that have some broad applicability. And as a general proposition, I think you certainly don't want to use the Tax Code to punish people.

I think the President is right about exactly what he said there, and that is one of the reasons there is some doubt about whether this law's constitutionality would be upheld and another reason I think we would be wise to hold hearings. But there is yet another reason, and that has to do with whether the private businesses that have been helped by the so-called TARP legislation will want to continue to receive this money or continue to participate in the public-private partnerships that