

what would happen if Congress failed to act and the administration was forced to make desperate spending decisions in August. And the scenarios were worse than grim.

Potentially at risk are: the benefits and health care we owe our veterans, loans for struggling small businesses, food stamps for those struggling to buy groceries, Social Security checks for our seniors, unemployment benefits for the millions of workers desperately seeking jobs, and even active duty pay for our military. These risks are unacceptable.

Senior citizens in this great country are worried that the Social Security checks they depend on, and that they have been promised, may not be coming in the mail in 2 weeks. And then they read the news and hear that Republicans are still "playing games."

Mothers and fathers are sitting around their kitchen table, trying to figure out what they would do if the food stamps they count on to feed their kids got cut off. And then they turn on the television, and see reports of the House of Representatives sending us a bill that cannot pass. This is an embarrassment. And the American people deserve better.

Democrats have come to the table again and again with reasonable proposals for coming to an agreement. We have come to the middle. We have offered up serious and deep cuts in Federal spending. But again and again, Republicans have said no.

So far, they have refused to make any deal that does not protect tax cuts and loopholes for oil companies, private jets, and millionaires and billionaires and as we see today, they seem to be more focused on offering up red meat to their base than actual solutions for the American people and more focused on negotiating tensions within their own party than on working with us to get results.

So, with 13 days to go, I urge House Republicans to get serious about this.

The so-called cut, cap, and balance bill is bad policy. It is the kind of silly politics that Americans are sick of, and it is a waste of time that we as a country simply cannot afford right now.

If all it took were slogans and gimmicks to solve this crisis, House Republicans would have this covered. But we know that is not the case. And the clock is ticking for families across America.

Democrats are going to keep working to solve this crisis. We are ready to compromise. And we need a partner at the table that is just as serious about this as we and the American people are.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Nebraska.

HEALTHCARE FAIRNESS

Mr. NELSON of Nebraska. Madam President, I rise today to speak about legislation that I believe is very impor-

tant for the future of health care fairness in our country.

Yesterday, I introduced the Savings Through Eligibility Fairness Act, which addresses Medicaid fairness and debt reduction. My friend and colleague from Wyoming, the ranking member of the HELP Committee, Senator ENZI, has a shared interest in this issue, and I commend and appreciate his offering of similar legislation and offer to continue to work with him to deal with and find solutions to this issue.

Medicaid is an important safety net for Nebraska and our country's most vulnerable families. I am committed to making sure they will continue receiving health care coverage. Unfortunately, the health care reform law passed last year would inadvertently make some middle-class Americans eligible for Medicaid who should not be eligible for Medicaid. My bill changes the law to ensure that only the neediest Nebraskans and Americans would qualify for the Medicaid expansion and health exchange subsidies created by the health reform law.

This simple, reasonable change has a significant impact: It saves \$13 billion. Let me repeat that—\$13 billion worth of savings. My bill commits that \$13 billion will be used to pay down the national deficit. As Washington debates various debt-reduction plans, my bill offers one concrete, commonsense way to reduce the national debt by \$13 billion. We hear a lot of different ideas but not with the same level of concrete, commonsense approach.

I regularly hear from Nebraskans who are already benefiting from the new health care law—children remaining on their parents' coverage, seniors closing the doughnut hole, and young people no longer being denied coverage because of preexisting conditions. Those are Nebraskans who are already benefiting from the new health care law. So improvements such as the one I have proposed will save money and help reduce the national debt, while still protecting health care for Nebraska and American families.

In the current debate of how best to reduce spending and reduce our Nation's deficit, I believe Congress should start with this commonsense approach. It will maintain sensible eligibility requirements for the Medicaid expansion and health exchange subsidies rather than focusing on shifting costs to States, providers, and the people who rely on this most important program.

Right now, most States do include Social Security income when deciding who will be eligible for Medicaid. So my legislation will maintain that definition for establishing eligibility for both Medicaid and health exchange subsidies. Keeping this same definition consistently will ensure Medicaid will not start down the path of covering middle-income families, which has never been the purpose of this program, nor should it be. Rather, Medicaid is part of a critical safety net for the most vulnerable and the most in need.

Let me point out an important fact. Those who would no longer qualify for the Medicaid expansion would still be eligible to receive health insurance coverage through the State health insurance exchange and subsidies where appropriate. So they will receive the health care they need. As a result, the Congressional Budget Office has estimated that the savings through the Eligibility Fairness Act will have a negligible effect on the total number of individuals projected to be insured as a result of health care reform.

Let me conclude and summarize by saying that Medicaid is an important health safety net for Nebraska and America's most vulnerable citizens. I am committed to preserving this program for more than 200,000 Nebraskans out of 1.85 million who include children, seniors, pregnant mothers, and the disabled. I am committed to maintaining this coverage for these Nebraskans in this fashion.

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

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

The assistant legislative clerk proceeded to call the roll.

Mr. MERKLEY. Madam 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.

Mr. MERKLEY. I ask unanimous consent to speak as in morning business for up to 10 minutes.

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

THE BUDGET

Mr. MERKLEY. Madam President, this weekend I was in eastern Oregon holding townhalls. At each gathering, citizens asked me: How important is August 2? Are the Members of the Senate going to be able to come together and make sure our Nation doesn't default?

I rise today to address that question. Indeed, it would be historic, the first time in the history of the United States that we will have refused to pay our bills.

Some of my colleagues have called into question the significance of such an event. One of my colleagues said:

I am a little bit cynical about the scare mongering and putting America's back up against this August 2 deadline just to get an increase in the American credit card.

I heard some of my colleagues talk about the situation in which they view paying the interest on Treasury bills as equivalent to a family holding a mortgage; and the fact that the United States has other bills, such as checks to write to our veterans and our senior citizens, as more equivalent to utility bills; and that somehow, as long as you keep paying on your mortgage, you can quit making your payments on your utilities; that is, other payments for

debts and obligations we have already incurred.

I want to clarify that this is a deeply flawed analysis because we don't have our national debt locked in for 30 years in a situation where we don't have to worry about changes in interest on it as long as we keep making our payments. Indeed, every week there is an auction of Treasury bonds. Thus, even if we make our payments on our interest, if we are not making our payments on other obligations in the United States, that translates into a sense that we are in trouble, and we will have to pay higher interest on the Treasury side. So it is as if you had to refinance your family mortgage and you knew that if you didn't pay your utility bills, you weren't going to be able to get that bill refinanced or at least you would have to pay higher interest. The consequences are substantial because this would be an increase in interest that is like a tax on all Americans, on all small businesses, on the entire economy, and a tax that buys us nothing of value.

A Representative from the House has said, referring to the possibility of losing our AAA rating:

I am not as worried as Moody's or anyone else as this economy gets worse . . . I don't take the premise that we're going to default on our obligations.

Quite frankly, to believe that we can ignore payments on our debts and not have serious consequences is way off the mark. If we don't hit August 2 with action and we don't get our act together by then, on August 3 we will fail to make payments, and there will be a severe impact on our national economy. No matter how we shuffle around the money, we will not have enough money to pay some of our obligations, whether it be our interest payments, Social Security checks, checks to veterans, military checks—you name it—and our credit rating will be downgraded. Already, the ratings agencies have stated as much. As Senator SCHUMER and others have shown very effectively, there is no way for revenues we have coming in to cover the full set of obligations we have incurred.

This cavalier attitude about the consequences of default ignores the fact that default will have an immediate impact on interest rates and could send our economy into quite a tailspin. That is the last thing families need—higher costs in the short term and perhaps a severe loss of jobs and a much deeper recession. That would put us in a hole deeper than the one we have now. It would not facilitate our path to a solution; it would hinder our path to fiscal responsibility.

I thought I would note that the impact on families is fairly direct. Most major items families buy are with loans. A three-quarters of a percentage point increase on the interest rate for Treasury bonds, which J.P. Morgan has estimated would be the minimum it would rise in default, translates into serious costs for a family.

Let me be clear. This is the best-case scenario. The consequences could be much more severe.

Let's start first with the consequences on a mortgage. The average family takes out a loan of \$172,000 to buy their home, with a monthly mortgage payment of around \$1,000. The expected increase in Treasury bond rates would translate into higher rates for mortgages, and it would cost the average family about \$1,000 more per year. This would be on new loans. Families who have adjustable-rate mortgages based on Treasury rates would also be impacted.

Let's take a second look at credit cards. Families use credit to pay for everything from food, to gas, to prescription drugs—it is especially true during hard times such as we are in now. The median balance for an American with credit card debt was \$3,300 in 2009. That means the average family with credit card debt will pay about \$250 more in interest per year.

Let's turn to some of the other family expenses.

Analysts estimate that a technical default on bonds will also diminish the trading value of the dollar, maybe causing it to fall 5 percent or so against competing currencies. This would have a direct impact, and we would feel it most directly in the cost of oil. I have been arguing that we need a plan to end our dependence on overseas oil. We send \$1 billion a day out of our country. That creates jobs overseas rather than here at home. But ending our dependence on overseas oil can't happen overnight, so all of the costs of that additional oil, at a different exchange rate, would be felt in the family budget.

Indeed, if there was a decline of 5 percent, the impact would be felt on food. It takes a lot of energy to power agriculture. The estimate is about \$318 more per year for a family. That is a J.P. Morgan estimate.

Similarly, on utilities, we have all heard horror stories throughout the recession that families have to decide which utilities to pay first. Mothers and fathers are sitting around the kitchen table thinking, Can we get by without electricity or should we postpone the water payment or perhaps the natural gas payment? Default would make the situation worse for families, adding, at that 5 percent estimate from J.P. Morgan, about \$182 more per year. Remember, this is the best-case analysis.

Gasoline at the pump is similarly affected. Taking a look at average consumption per year, families would pay about \$100 more per year on gas. Again, that is the best case.

If we total these, we can see that the overall cost for a middle-class family would be on the order of about \$1,850. We can round it off to about \$2,000 per family. I don't know about the block you live on, but on the block I live on \$2,000 is a real blow for working families.

That is just the beginning of this story because, as it unfolds, the impact on the dollar and the shock waves that would flow would very likely send us into a double-dip recession. Now, it would have an impact as of August 2 or 3 on Social Security and Medicare payments. A bipartisan committee has taken a look at it and backed up Senator SCHUMER's statement that there would not be enough revenue coming in to cover all of our obligations. The stock market would probably take a hit, and 401(k)s could be severely impacted. Other savings could be severely impacted. We all know how that felt in late 2008 and 2009 when families often saw their life savings wiped out in a few short weeks.

The bigger issue is jobs. Perhaps more than half a million jobs could be lost. This analysis is from the Third Way. Their estimate is 640,000 jobs. Oregon has about 1 percent of the Nation's population. This would translate into about 6,000 to 7,000 jobs in my home State. We would love to have an increase of 6,000 to 7,000 jobs in Oregon, and we would hate to see a loss of 6,000 to 7,000 jobs. I know that would extend throughout our Nation. We need more jobs, not fewer jobs.

In addition, this situation will have an impact on our debt. Contrary to what some of my colleagues have said, it will make the situation worse, not better. That is because the interest payments on the debt will go up—\$1.3 trillion additional in new debt. Is that really the direction in which we want to go? Is that really good stewardship of the economy—to impose a situation in which Social Security checks might be halted and veterans might go to the mailbox and find it empty; that the bills will have to be missed, and it will put people more directly in harm's way in terms of being able to keep house payments up and avoid foreclosure in a situation where we already face a tsunami of foreclosures across this country? At a minimum, the American families will be impacted by higher costs on their homes, credit cards, essential goods—food, gas, utilities—and then with the significant possibility of hundreds of thousands of Americans losing jobs, and additional debt, not less.

It is important that we come together and have a sound deal so that we can avoid this situation. This isn't about incurring new spending, this is about paying the bills on spending decisions that were made in the past. I disagreed with a lot of those spending decisions. I disagreed that Medicare Part D should have been enacted without a way to pay for it. I disagreed with the giveaways for the best off in America, the wealthy and well-connected, when we could not afford it, which reversed the surplus into a deficit in this country. I disagreed with a strategy where we are spending \$120 billion in Afghanistan and a strategy of nation building that is not the best use of national security and of our soldiers, who are there to fight for our national

security. Those decisions were made in the past, and we must pay the bill on those decisions, even though I disagreed with them.

Then we need to put together a plan that takes on our deficit and our debt. That plan has to put all of the options on the table. Some of my colleagues across the aisle said: Well, we want to protect the tax spending programs, where we have tucked in tax provisions for the wealthy and well-connected. They want to defend those, and they want to cut the programs for working Americans.

That is unacceptable. We have seen an enormous increase in the disparity between the wages and welfare of our citizens in general and the best off becoming much wealthier proportionately. We can't continue to say that we are going to protect the well-connected while attacking working families. That is not the America we want to build. We want to build an America where families can thrive, provide a great foundation for their children to also thrive. That means all policies have to be on the table, all spending programs, whether in tax bills or in appropriations bills, have to be on the table, and we have to weigh them one against the other to say which is most important in creating a stronger economy, which is more valuable in strengthening the financial foundations of our families.

That is the process we must go through, and that is the process that will put us back on track. But let us not doubt for a moment that when the citizens of my State come to a townhall and say, How important is it that we get this figured out by August 2, the answer is, Very important. When they ask, Will it hurt us if we fail, the answer is, Yes, it will hurt us. We will be shooting ourselves maybe—I say in the foot, maybe worse.

This is a serious issue. We must come together, not as Democrats and Republicans but as Senators working together for the best future for the United States of America.

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

The PRESIDING OFFICER (Mr. MANCHIN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

CUT, CAP, AND BALANCE

Mr. MORAN. Mr. President, in my view something significant happened yesterday in the House of Representatives. I am pleased with the outcome of the passage of the cut, cap, and balance legislation. I think we have a serious responsibility here in the Congress to see that we address the economic circumstances in which we find ourselves. Certainly the way we do that is important. I am one who believes it would be

irresponsible not to address the debt ceiling, but I also believe it would be irresponsible only to address the debt ceiling without adequately taking into account the economic circumstances we are in and the tremendous debt our country faces.

There is no way we can continue down the path we are on. While it is easy for us to make accusations, the reality is that this country, through its Congress and through various administrations, has overspent year after year. The fact that 42 cents of every dollar we spend is now borrowed tells us we cannot continue down that path. In one of my townhall meetings this past weekend back in Kansas, the suggestion was we are willing to take a cut in what benefits we get from government but let's do this in a fair way and let's do an across-the-board reduction in Federal spending. The suggestion by the constituent was maybe if we all took 5 percent off of what we received, we would be fine.

I appreciate that attitude but it fails to recognize the magnitude of the problem. Reducing Federal spending by 5 percent across the board will not get us out of the financial circumstance we are in, will not restore fiscal sanity to our Nation. So while we are about, between now and August 2, seeing what we can do to raise the debt ceiling, in my view we have to come together with a plan that addresses the long-term financial condition of our Federal Government.

I am a supporter of cut, cap, and balance, and was pleased by the broad support that legislation received in the House. It is my understanding we will now consider that legislation here in the Senate this week. But I read the press reports and the political pundits who say that legislation is dead on arrival in the Senate. I encourage my colleagues not to reach that conclusion. It may be the one and only path we have to accomplish what we need to accomplish in the next 2 weeks. It may be this is one of the very few measures, if not the only one, that would pass the House of Representatives. We have now received in the Senate a message that says this is something we are willing to do. For a long time I have been told as a Senator there is nothing that will pass the House of Representatives that raises the debt ceiling. Yet we saw last night that was not the case. So let's not be so quick to say that the Senate will not address and seriously consider and potentially pass legislation based upon cut, cap, and balance.

In some circles, this concept of cut, cap, and balance is considered radical, extreme. Cutting spending is not extreme. That is what every Kansas family does when the budget gets too tight, when we have overspent, when the credit cards are maxed. We reduce our spending. It is unlikely we can go out and say I need a raise to solve our problems. Our employers are not that sympathetic. We ought not be so quick to say we need a raise. We ought to say

what can we find within the government that we can reduce, that we can cut.

The idea of capping is certainly not radical. For the last 60 years, our country has averaged 18 percent of the gross national product in spending by the Federal Government. In the last couple of years that average has increased to 24, 25 percent. It would not be radical to move us back to the days in which we were living with 18 percent—what seems to me to be a significant percentage; if we would go back to the days in which only 18 percent of our gross national product was spent by the Federal Government.

Finally, balancing the budget is not a radical idea. Amending the Constitution ought to be done rarely and with great regard for this divinely inspired document, but the Constitution allows for an amendment process. In fact, it has been utilized to solve many of our country's problems and challenges over the time of history. It is not radical. Forty-nine States have a provision that requires them to have a balanced budget in some form or another at the end of the year. So amending the U.S. Constitution to say we are not ever going to get back in the mess we are in today certainly is worth pursuing. Of the cut, cap, and balance provisions, perhaps it is the constitutional amendment that is the most controversial among my colleagues. I certainly would express an interest to work with others to find the right constitutional amendment, the right language in an amendment to the U.S. Constitution that met their concerns.

This cut, cap, and balance seems to me the path forward and the Senate should pass a version of cut, cap, and balance to not only allow the debt ceiling to be raised but to allow the debt ceiling to be raised only if we become responsible stewards of American taxpayer dollars.

I actually have a fourth component of cut, cap, and balance. I would say it is cut, cap, balance, and grow. The last time our fiscal house was in solvency—was solvent—was back at the end of President Clinton's administration. In part, Republicans and Democrats could not get along well enough in those days to spend money on big programs. There was legislation that was passed that was supported in a bipartisan way by President Clinton and Republicans in Congress to limit spending, so there was some spending restraint. But the reality is that the last time we had our fiscal house in order, that we were spending less money than we were taking in, was a time at which the economy was growing. If we want to address the issue of balancing our budget, we should focus much more attention than we have on growing the economy, putting people to work and allowing, as they work, that the taxes will be collected.

The greatest opportunity we have to improve people's lives is to create an environment in which jobs are created,