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Senate

The Senate met at 10 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, today when women from across our Nation have gathered here at the Capitol to unite in prayer and support of the National Breast Cancer Survivors Day, we ask You for Your guidance and healing power. Guide the persistent efforts of those involved in research. You have guided the laps of the Race For a Cure thus far. We thank You for a cure in time for the women of our time. We salute the survivors of breast cancer. They call us on in the relentless quest for a cure.

As we begin this day's work in the Senate, we pray for those who suffer many kinds of physical disease and thank You for the opportunity to cooperate with You in Your healing ministry by supporting medical research. We commit this day to work for Your glory. You have given us the day; now show the way. In the name of the Great Physician.

Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader, the distinguished Senator from New Mexico, is recognized.

SCHEDULE

Mr. DOMENICI. Mr. President, on behalf of the leader, I want to state the following:

Today the Senate will resume consideration of the budget resolution and the pending Coverdell amendment regarding middle-class tax cuts. Also, under a consent agreement, at 12 noon, the Senate will vote on or in relation

to the Kyl amendment relating to seniors having a choice of health care providers.

A further vote will occur at 2 p.m. in relation to the Conrad amendment relating to tobacco. In addition, several additional votes will, hopefully, be ordered to occur in sequence at 2 p.m. following the Conrad vote.

Also, Members can anticipate rollcall votes on a number of pending amendments to the resolution and other amendments which are expected to be offered. Therefore, Members can anticipate votes throughout today's session.

Also, the Senate may consider any executive or legislative business cleared for Senate action. As a reminder to all Senators, the first rollcall vote will occur at 12 noon today.

I yield the floor.

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEARS 1999, 2000, 2001, 2002, AND 2003

The PRESIDING OFFICER (Mr. ROBERTS). Under the previous order the Senate will now resume consideration of S. Con. Res. 86, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 86) setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

The Senate resumed consideration of the concurrent resolution.

Pending:

Kyl amendment No. 2169, to express the sense of the Congress regarding freedom of health care choice for medicare seniors.

Conrad/Lautenberg/Bingaman/Reed amendment No. 2174, to ensure that the tobacco reserve fund in the resolution protects public health.

Conrad (for Moseley-Braun) amendment No. 2175, to express the sense of the Senate regarding elementary and secondary school modernization and construction.

Conrad (for Boxer) Modified amendment No. 2176, to increase Function 500 discretionary budget authority and outlays to accommodate an initiative promoting after-school education and safety.

Brownback amendment No. 2177, to express the sense of the Senate regarding economic growth, Social Security, and Government efficiency.

Burns amendment No. 2178, to express the sense of the Senate regarding the use of agricultural trade programs to promote the export of United States agricultural commodities and products.

Smith (Oregon) amendment No. 2179, to express the sense of the Senate on Social Security taxes.

Smith (Oregon) amendment No. 2180, to express the sense of the Senate with respect to the use of marijuana for medicinal purposes.

Smith (Oregon) amendment No. 2181, to express the sense of the Senate concerning increases in the prices of tobacco products.

Kennedy amendment No. 2183, to express the sense of the Senate concerning the enactment of a patient's bill of rights.

Kennedy amendment No. 2184, to increase Function 500 discretionary budget authority and outlays to support innovative education reform efforts in urban and rural school districts.

Kennedy amendment No. 2185, to express the sense of the Congress regarding additional budget authority for the Equal Employment Opportunity Commission.

Wellstone modified amendment No. 2186, to provide a reserve fund to pay for increased Pell Grants by reducing or eliminating corporate welfare tax expenditures.

Wellstone/Moynihan amendment No. 2187, to express the sense of the Senate regarding a report of the Secretary of Health and Human Services evaluating the outcomes of welfare reform.

Wellstone Modified amendment No. 2188, to provide additional funds for medical care for veterans.

Thurmond amendment No. 2191, to clarify outlay levels for major functional categories.

Thurmond amendment No. 2192, to clarify outlay levels for national defense.

Lautenberg (for Hollings) amendment No. 2193, to provide a supermajority point of order against any change in the off-budget status of Social Security.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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Lautenberg amendment No. 2194, to express the sense of the Senate to ensure that the tobacco reserve fund in the resolution may be used to protect the public health.

Lautenberg amendment No. 2195, to establish a deficit-neutral reserve fund for environmental and natural resources.

Lautenberg (for Kohl/Reid) amendment No. 2204, to express the sense of the Senate regarding the establishment of a national background check system for long-term care workers.

Lautenberg (for Durbin/Chafee) amendment No. 2205, to express the sense of Congress regarding the right to affordable, high-quality health care for seniors.

Reid/Bryan amendment No. 2206, to express the sense of the Senate that the landowner incentive program included in the Endangered Species Recovery Act should be financed from a dedicated source of funding and that public lands should not be sold to fund the landowner incentive program of the Endangered Species Recovery Act.

Domenici (for Roth) amendment No. 2209, to express the sense of the Senate that the Committee on Finance shall consider and report a legislative proposal this year that would dedicate the Federal budget surplus to the establishment of a program of personal retirement accounts for working Americans.

Lautenberg (for Johnson) amendment No. 2210, to express the sense of the Senate regarding repair and construction of Indian schools.

Allard amendment No. 2170, to require the reduction of the deficit, a balanced Federal budget, and the repayment of the national debt.

Craig amendment No. 2211, to modify the pay-as-you-go requirement of the budget process to require that direct spending increases be offset only with direct spending decreases.

AMENDMENT NO. 2199

(Purpose: To provide middle class tax relief.)

Mr. COVERDELL. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Georgia [Mr. COVERDELL], for himself, Mr. MCCAIN, Mr. CRAIG, Mr. NICKLES, Mr. HELMS, Mr. KEMPTHORNE, Mr. GRAMM, and Mr. KYL, proposes an amendment numbered 2199.

Mr. COVERDELL. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. COVERDELL. Mr. President, at another time, I had the distinct honor to serve a former President as Director of the U.S. Peace Corps. In that capacity, and due to the time of the watch, I had the opportunity to see the faces of people who had never been free or who had not been free for so long they could not remember it. It was the time when the wall was coming down and barbed wire was being clipped, and we were among the first Americans over the wall and under the wire.

The faces of those people are forever riveted in my mind. The consciousness of what the lack of freedom does to

people has become a study of mine ever since. People's behavior is greatly affected by the condition of their freedom.

Then, after the Peace Corps, I had the opportunity to come to the U.S. Senate and look at America through the unique window this institution provides. In comparing the two experiences, I came to believe that the genesis of all American glory is that we have been a free people, that everything we are to ourselves and to the world is rooted in the fact that we have been free.

Mr. President, we hear the words freedom and liberty evoked over and over. I doubt if there is an American alive who doesn't hear it at least four times a day—that we are free people, that we enjoy freedom, that we experience liberty. But I don't think we reflect very much on what that means, what are the dynamics of American liberty. My suspicion is that if you were to ask a student what it constituted, they might likely point to the fact that we have been able to protect ourselves from evil forces throughout our history and keep ourselves free. They would point to Nazi Germany or Saddam Hussein. Or they might say our freedom is constituted in the fact that we are a republic and we are free because we have the right to choose who will represent us in our Government. But that is just a process; that is a means to an end.

Mr. President, for me, there are at least three core components to American freedom without which we would not be free. I have to say that there has been serious erosion in the last several years—in the last 30 years or so—with regard to each of the three components I choose to believe are core to American liberty. I am asserting that we are not who we are because of our genes; we are who we are because we have been uniquely free, and that freedom has produced the grandest experiment in human behavior in the history of the world.

What are the three components? Well, first is economic liberty. We fought the War for Independence over the issue of economic liberty. I like to use my family as a case in point. My father was of the generation—a grand generation—that did their part in building America and defended it through two world wars. I don't think anything has ever been asked of a generation more than theirs. But he was born in 1912 and he kept, generationally, 80 percent of all his paychecks. So what happened? Well, the American dream, as we have heard a million times. He began his career as a coal truck driver. Then he sold shoes in a department store. Then he sold Hoover vacuum cleaners and became the youngest city manager for that company in Kansas City. And then with those resources he was saving, he opened his own business, and he began to build products and dreams. We have heard it a million times. His grand-

daughter, my niece, has just begun her business career. Under the current scheme of events, unchanged in her generation, she will keep 40 percent of her paycheck over her lifetime. You don't have to be a rocket scientist here. If her granddad kept 80 percent of his paycheck and she keeps 40 percent, she has exactly half the options and half the capacity to pursue her dreams and to build her career. And I can tell you.

Mr. President, that will make her think and function differently than her granddad in terms of decisions she makes about her housing, her family, their education, and whom to count on, and whom not to count on, and where to turn for resources. No; it is not in our genes; it is that we have been free. We have over the last several generations been consuming everything we had, and the resources of those yet to come—my niece—so they won't have as much to work with. Any time a contemporary generation is in the business of consuming the resources of generations yet to come, they are in the business of abrogating the freedom of the generations yet to come.

The second principle of American liberty is safety. Mr. President, that is a little harder to describe. But it is the safety of persons and property. I typically ask people, in their mind, to go someplace that they know is not safe. And what will you see? You will see boarded up buildings, broken windows, decay, and not very many people. Conversely, travel in your mind to a place perceived to be safe, and what will you see? You will see new buildings, you will see new ideas, you will see entrepreneurship, and you will see lots of people, and they will be engaging in commerce and social activities. A free society must be safe—both persons and property.

Not long ago, I was in Nicaragua at the time of the inauguration of Madam Chamorro, who, in a surprise upset election, threw out the Sandinistas. It was like looking at a still shot. Nothing had moved when that society lost its freedom. When a car ran out of gas, it sat right there. When an axle broke, it sat there. When a building cracked, it broke.

She and her Government were saying, "Invest in this new free society to help us rebuild." And everybody's response was virtually the same. When people perceive this to be safe for their investments, safe for their employees and persons that build and work, the investments will come. But until the Government can assure that in a reasonable degree, they won't. We see that replicated over the world time and time again.

With the Asian crisis, suddenly confidence disappeared and assets moved rapidly away. Why? Not safe. Or any social order that can't resolve differences in a civil manner—every constitution of every State and our Federal Constitution show that government accepts the responsibility for

there being a safe society as a principal responsibility.

The third component of American freedom, or freedom, is an educated mind. An uneducated mind, Mr. President, will be denied the privileges of American citizenship. An uneducated people, Mr. President, will not be free. They cannot be free.

We have known through our history that we had to produce an educated population to keep America free. The first thing that happens is, the uneducated mind is pushed away from economic opportunity and the inability to provide for oneself. The worst extreme is that they are pushed to a point of the unsavory components of our social structure. Then they threaten the second principle of freedom, which is safety. We have all seen the erosion in each of these components.

Mr. President, I come here as an optimist. I believe this generation of Americans, like those who went before us, will commit themselves to maintaining American liberty and the standards of liberty and to restore those components that have been weakened or crippled. We have passed the first balanced budget in 30 years. We are already benefiting as a people from financial discipline.

When I first came to the Senate, an average worker in the State of Georgia was keeping 45 cents out of every dollar they earned. Think of it. If Thomas Jefferson were here, he would faint first, and when he awoke, he would scorn us unmercifully that we would have ever allowed this to happen, that an American worker couldn't even keep half of what they produced. At a minimum, they should keep two-thirds of their paycheck—at a minimum. We passed the first tax relief in 16 years. It wasn't near what it should have been, but it was moving in the right direction. Now that Georgia worker is keeping 48 to 49 cents. It ought to be two-thirds.

I am going to come back to the point. But let me say that I don't believe, on the premise of safety and a safe society, that America will recognize the drug war within 24 months. Eight out of ten prisoners—it doesn't matter, the smallest town jail or the largest city—are there on direct or indirect drug charges. And I don't believe this country will tolerate it. It can't. We cannot accept the fact that 2 million-plus new teenagers are using drugs, or that one in nine in junior high is a regular drug user. That is once a month; or one out of four in our high schools. We are not going to accept this. I am convinced it will be turned around. As I said, you will not recognize it in just 24 months.

With regard to education, we are going to launch a major debate in the Senate on April 20. It will be but one of massive efforts all over this country to reverse the startling data that we receive every week, every month, where only 4 out of 10 students in inner-city schools can pass a basic exam. If we put all the schools together, we get it

up to 6 out of 10. That is nothing to brag about. Or one-third of the students or more coming to our universities and colleges cannot read well.

This is how you get ready for the new century? No. You will not recognize education grades K through 12, kindergarten through high school, in the United States within a decade. It is going to change. America will not accept the status quo. I do not know how all the changes are going to come about, but they are going to happen.

We have demonstrated that we are beginning to take charge of our watch and keeping the financial integrity—economic freedom—intact so that Americans will continue to do what they have done throughout our history.

If all we do is protect the economic liberty, the safety of persons and property, and keep our population educated, America will take it from there. Those three components, if we just get them done on a day-to-day basis, we will not have to worry about the next century and America's role in it. It is not all that complicated: keep them free and flexible economically, keep them safe, and keep them educated.

Now I come to this amendment. I have just said that an American worker is keeping less than half of their paycheck. So this amendment is the middle-class tax relief act. What it does is, it says that over the next 5 years we are going to cut discretionary nondefense spending. We are going to be frugal, and we are going to cut it by 6.9 percent. If we achieve that, what we will have done is we will have said we will return to spending at about the level of 1996.

Not an onerous task. That will produce about \$200 billion over this time in tax relief. It is designed specifically to reduce the middle-class tax squeeze. The way this works is we help 10 million American families who used to be in the lowest tax bracket—15 percent—but once they made 25,000—some few dollars more, they went over the \$25,000 income level, wham, the 28 percent tax bracket. We virtually doubled their taxes as they moved from \$25,000 to \$30,000. What an incredulous policy.

Again, if you want to know what is culturally affecting America and the American family and the way it functions, it is that. In fact, if you look at the tax burden that those families have borne since 1950 to 1990 and have watched it just skyrocket from 2 cents to 25 cents on the dollar, Federal alone, and then match against it teenage suicide, SAT scores, it all fits. Every time we pushed that burden up and gave them less resources, they were less able to accomplish what the society needs. A lot of people think Hollywood is what has had a profound effect on our culture. Uncle Sam.

I look at it this way. If something marches through your checking account and takes more than half of what you put in it, it has more to do with you than you do. So we take 10 million of those families and we lift the bar

and get them back into the 15 percent tax bracket, which means for the first time in many years they will be keeping over half their paycheck. What a marvelous accomplishment. And they will have new resources to do the things we are all complaining about are not happening in America.

Everybody will benefit, but the middle class will be the principal beneficiaries. Everybody is taxed on that first segment of income, so all taxpayers benefit, but the principal beneficiaries are the ones who we push down into the 15 percent tax bracket.

In so doing, we will be reinforcing one of the core components of American liberty—economic. Allow workers to work and save and keep resources to do the job that we need to have done in America—take care of their families, make decisions about education, dream new ideas, build new businesses. This is how it comes about. You have to protect the American worker's economic options. This goes a long way towards accomplishing that.

I am going to share just some of the key components of this. As I said, this middle-class tax relief act returns the middle class to the lowest tax bracket providing broad tax relief. I should note that the cosponsors are Senator MCCAIN of Arizona—Senator MCCAIN will come to the floor here shortly and give his views on this—Senator NICKLES of Oklahoma, Senator HELMS of North Carolina, and Senator GRAMM of Texas, one of our most renowned economists in the Senate.

The proposal raises the income cap under which the 15 percent individual income tax rate applies. Approximately 10.3 million tax filers will be returned from the 28 percent tax bracket to the 15 percent tax bracket. Married couples' taxable income thresholds would rise to \$70,000. Approximately 7.6 million married tax filers would be returned from the 28 percent tax bracket to the 15 percent bracket. Single heads of households' income thresholds would rise to \$52,000 for single parents. Approximately 375,000 single heads of households tax filers would be returned from the 28 percent bracket to the 15 percent. Singles' taxable income thresholds would rise to \$35,000, and approximately 2.3 million single tax filers would be returned from the 28 percent bracket to the 15 percent bracket.

Mr. President, 29 million taxpayers would see lower taxes because more income is taxed at 15 percent as a result of this broad-based middle-class tax relief. It is the only major tax relief proposal focused directly on addressing the middle-class squeeze. It is simple, it is basic, and it is achievable in this Congress.

Mr. President, \$39 billion is expected as the annual tax relief from 1999 to 2003, according to preliminary estimates by the Tax Foundation. Nearly \$1,200 in average annual tax relief per filer could be expected in the first year alone. It would also provide significant marriage penalty relief without adding complexity to the Tax Code.

There is not a soul in America who doesn't believe we can't find 6.9 percent in savings. In fact, if you ask the American people, the figure would be a lot higher when they talk about what they consider to be waste or not-accounted-for money, et cetera. It is interesting, on the eve of making this presentation, the Wall Street Journal headline yesterday: "United States Fails To Meet Standard Accounting Methods."

Overall, the General Accounting Office—which acted as the equivalent of an outside auditor in preparing the financial statement—[on the American Government] found widespread problems with recordkeeping and documentation that apparently prevented the Government from properly accounting for billions of dollars in property.

This report is alarming, but it underscores what most of us have known for many, many years, that there is significant waste, significant loss of property and value in this huge, monolithic Federal Government that we have built. It needs to be downsized. We need to return to the idea of empowering the American citizen. We have gone way too far, and we are paying an enormous price for it in flexibility, in responsibility, in the care of our children, in the condition of our schools, in the denial of opportunity. There is no telling, over these last 30 years, because of the students who have come through these schools with inadequate educations, how many ideas, how many Jonas Salks, how many other U.S. Senators, how many new ideas and dreams never happened because we didn't give them the tools that we have traditionally given them in this country.

We ought to be about that business. We need to restore and protect the economic liberty of the American worker and family. We need to keep them safe, and we need to keep them educated to make it all work. That is what makes American liberty work.

Mr. President, I yield the floor. I reserve the remainder of my time so the cosponsors might also have an opportunity to come to the floor.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. SMITH of Oregon. Mr. President, I ask unanimous consent the Coverdell amendment be temporarily set aside so I may speak on amendment No. 2181.

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

AMENDMENT NO. 2181

Mr. SMITH of Oregon. I also ask unanimous consent that Senator GRASSLEY be added as a cosponsor to my amendment, No. 2180.

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

Mr. SMITH of Oregon. Mr. President, today I rise to speak on my sense-of-the-Senate amendment regarding the use of tobacco revenues to restore solvency to the Medicare Program. During the markup of this resolution, my colleague, Senator LAUTENBERG, offered a very similar amendment that

stated it was the sense of the Senate that any tobacco legislation should increase the cost of a pack of cigarettes by \$1.50. I voted in favor of this amendment. However, like Chairman DOMENICI, I believe we should use these revenues, not for new programs, but to save Medicare. I stated in the Budget Committee meeting that we were voting on amendment after amendment of very popular, and I am sure well-polled, ideas. When it comes to educating children or taking care of children, providing for schools and all of the other ideas that in the abstract we find very, very appealing, I found the arguments compelling—except for one thing. We have made some serious promises to the American people with respect to Social Security, Medicare, Medicaid—entitlements upon which people, frankly, have come to depend. These programs are in extremis. So, while it would be easy to vote for all of these well-polled ideas, I think it is important that we stand up for the promises of the past.

As we all know, there is a way to protect Medicare and also to address the issue of smoking. The use of tobacco products by children and teenagers has become a public health epidemic. According to the Centers for Disease Control, more than 16 million of our Nation's children will soon become regular smokers. This is a national tragedy. I hear some of my colleagues, even on my side of the aisle, say we should not do this through price. I have to say, in my opinion, all the regulation, all the education materials we can print and provide the schools are fine and good, but next to peer pressure the teens feel to smoke, these things amount to very little—except when you go after price. It is an economic deterrent that may well save them from this vicious habit, a habit which ultimately could take their lives.

Of the 16 million children I have talked about who become regular smokers, approximately one-third of them will die from tobacco-related illness. As this population ages and becomes eligible for Medicare, the health-related costs will escalate. In fact, a report by Columbia University says that tobacco use costs Medicare approximately \$10 billion per year and the total economic cost of tobacco-related health costs is more than \$100 billion per year. Regardless of the outcome of the tobacco settlement in Congress—and I am one who intends to vote for a settlement. Whatever we can get through this Congress that will help to change these disturbing, shameful trends, I intend to vote for because I believe it is our responsibility to ensure that we provide all the deterrence we can towards this habit and at the same time ensure that the Medicare Program that will bear much of the burden of this habit remains solvent by any and every means, as long as the means are contributing to the end that tobacco use by this generation and generations to come will be on the decline.

Whether we end up with a tax on cigarettes of \$1.10 or \$1.50 a pack, these revenues should be used to restore what has already been lost; in this case, Medicare dollars due to tobacco-related health care costs.

I thank my colleagues. I hope they will vote for my amendment. I hope we will have a tobacco settlement. And I hope we will keep yesterday's promises first and restore a degree of solvency to Medicare.

Mr. President, I yield the floor.

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

Mr. DOMENICI. Mr. President, I did not understand the entire unanimous consent request. Is it fair to assume that the Smith proposal is now on the list of amendments to be placed for vote as we proceed through this, in accordance with our rules of fairness?

The PRESIDING OFFICER. The Chair will advise the Senator the amendment was previously offered and is one of the amendments that will be disposed of.

Mr. DOMENICI. I thank the Chair.

Parliamentary inquiry. How much time remains for the pending amendment?

The PRESIDING OFFICER. The Senator from Georgia has approximately 30 minutes remaining. The opposition has 60 minutes.

Mr. DOMENICI. I wonder, although we will put in a quorum call with both sides charged equally, I wonder if we could ask the opposition if they have some people to speak against Senator COVERDELL?

Mr. President, I suggest the absence of a quorum, and ask that the time be charged equally.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 2199

Mr. LAUTENBERG. Mr. President, we have heard about the amendment that the Senator from Georgia proposes with Senator MCCAIN, and I want to describe why I am opposing this amendment. While it sounds good on the surface, I think there are a few things we have to talk about and highlight what kind of problems might ensue.

This amendment would cut domestic programs like education, child care, law enforcement, veterans' programs, and environmental protection. It would violate current budget rules. Frankly, I view it as fiscally irresponsible.

This amendment calls for \$101 billion in cuts from discretionary programs for use in providing various tax breaks. I note that it is not allowed under the Budget Act. And there is good reason that the Budget Act protects against that. The Budget Act is designed to ensure that if we incur permanent obligations, like permanent tax cuts or new

mandatory spending, that we pay for these obligations with permanent savings. That is what the pay-as-you-go system is all about, and it has worked well for many years. People understand very clearly that if you spend it, you have to find a way to get the money.

This amendment flies in the face of these rules, and it threatens to undermine long-term fiscal discipline. The amendment says that we should make cuts in temporary spending—that is, annually appropriated discretionary programs—and use temporary cuts to fund permanent tax breaks. That is a mix and match that does not work.

Mr. President, it does not take a CPA to figure out that this can create serious problems in the long term. I am not opposed to tax cuts for ordinary working Americans, but I do think we should pay for them with permanent savings. I do not think we ought to introduce gimmickry that says we are going to have permanent cuts and temporary savings.

In addition, I am concerned about what it would mean to cut \$101 billion from programs which support education, fight crime, support our veterans, and protect our environment. Many of these programs are critical to the well-being of our country and to millions of ordinary Americans.

The question is raised, Is there waste in Government? Yes, of course, but this amendment does not target waste, it adopts the meat-ax approach to Government, and that is not what the American people want. In the most successful corporations, in the largest corporations, there is waste, but how you get rid of it is to focus on what caused it in the first place and work deliberately toward ending it.

You do not simply say, "OK, we're going to cut our expenses across the board." That goes through good departments; that goes through bad departments; that goes through good management, as well as bad management. That is not the way problems are solved.

I think most Senators from both parties will agree that the era of big Government is over. Government has been shrinking, and it will continue to shrink. As a matter of fact, the executive branch employment is the lowest as a proportion of total civilian employment since the 1930s.

Federal outlays as a percent of GDP stand at their lowest level since the Nixon administration. Nondefense discretionary spending is at its lowest percentage of GDP since the early 1960s.

I think it is important to note where America stands. Total Government spending as a share of GDP is the lowest for the United States than for all G-7 countries, the most advanced countries in the world—France, Italy, Germany, Canada, the U.K., and Japan. That tells us that not only is Government spending proportionately less but that Government is in fact smaller when it comes to employment and programs realistically.

Under the budget agreement reached last year, nondefense discretionary spending in 2002 will reach its lowest level in almost 40 years as a share of GDP. But the McCain-Coverdell amendment would violate the budget agreement. It would lower the discretionary spending caps even further, making draconian cuts in the investments that Americans care about most.

Under this amendment, funding for the National Institutes of Health would be cut by 7.9 percent; education would take a 7.6 percent cut; child care would be hit to the tune of 7.8 percent; the environment, 8.3 percent; transportation, a 7.1 percent cut; and veterans programs, a 7.6 percent cut. And it goes on—crime fighting programs would be reduced 7.6 percent. All to support \$101 billion worth of tax breaks.

The kind of cuts that would be required under this amendment could have a devastating effect on our children. It would dramatically reduce funding for education, child care. It would weaken enforcement of environmental laws and undercut our efforts to reduce crime and support our veterans.

I listened to the debate carefully, and I heard descriptions of an America that I really do not recognize—an America where your freedoms are limited, where your opportunities are reduced, an America where it is harder to get by.

I have to ask one question: Why is it that people will die to take the chance and the risk of death to get to our shores, to sneak in our borders, to float on tubes in the Caribbean, hide in the holds of airplanes, take a chance on drowning in the hold of a boat to get here, to get to this place described as a confiscatory structure that does not permit people opportunity?

Mr. President, that bell does not ring true. It may be good politics, it may sound good on the radio when people hear it, but it is not the truth about our society. This is the greatest country on the face of this Earth, and it has been since its creation. And we have been smart. We have been working hard, but we have also been darn lucky, let me tell you. We have an abundance of whatever it is. We have an abundance of oil; we have an abundance of minerals; we have an abundance of space; we have an abundance of agricultural land. Boy, are we lucky—America the beautiful. That was not a coincidence; that is the truth. And people all around this world know it.

That is why our stock market is constantly headed upward. Why? Because people say, if you have money, whether you are in countries A, B, C, D, all the way around the globe, "Boy, I want to put my money in America, because I know it is safe here." We have seen country after country, the richest oil countries, they are packing their money and getting out of their own resource structure, because they know they may have oil in the ground but they do not have freedom on the

streets; they do not have a secure societal structure.

And we hear whispers about what Thomas Jefferson might have done. Look at this country. Look at our citizens. Life expectancy has never been better. I remember when I was a child, the man next door to us died. He was 53 years old. And I thought to myself, I said to my friend, "Oh, he was old."

Old? I see lots of guys over 50. I see guys in my decade running in marathons, jogging, healthy, supporting their families, enjoying life. Why are there conversations about, maybe Social Security ought to be raised? I am not endorsing it; I am simply mentioning it. Why? Because we know that people who are 65 are today almost prime-of-lifers.

And, boy, I come from New Jersey, and I want to tell you, when I look at New Jersey's economic structure, we are called "the medicine chest of the country," because we have these pharmaceuticals. I used to read the sports pages actively. Now I read about the new inventions or the new patents actively—what is going to save your hair, what is going to save your heart, what is going to save your lungs. That is the kind of society we are.

What is this gloom, this despair, that hangs over us? "Well, they're taking away our rights. They're confiscating our property." Life has never been better on the whole for the people in the world than in this country, America, these days.

People get in an airplane today that is jammed. It is jammed with ordinary working people. No more of the formality. You do not have to wear a suit and a tie to get in an airplane, as was the custom years ago because it was restricted to an elite few. It is available for everybody. Air traffic today is almost mass transit, because we have made it available.

People go on vacations to places that nobody even heard of when I was a child. It is available. Children are healthy. Look at them. Look at the young people who surround the President's table there, bright, 15 years old. They know what is going on in the world. They have learned. They love the opportunity to be here and to associate with these great Senators, I think.

This is a country where we devote our energy to young people. We want our kids to have appropriate nutrition. We want them to have proper education. Do we succeed in every program? Heck, no. We do not. But we try. We try. And it is a subject of debate here. Right or wrong, it does not matter. It is a free society, as free as any place in the world. I know lots of places where if you talk about things we talk about here—criticism of the President, criticism of this institution, criticism of that institution—you go off with your hands in handcuffs.

This is a great society. It does not need any apologies from anybody about whether or not taxes—yes, maybe taxes

are a little onerous at times, but the question is, compared to what? We can talk about what tax rates used to be, the amount of income kept in years and decades gone by, "dreamsville," but today you may pay a little bit more, but you have a lot more left because you are earning more. That is what this society is about.

Entrepreneurships, opportunities, Mr. President. I have been really lucky in my lifetime. Best of all, my luck is four children and five grandchildren, with number six on the way. That is the best luck I have ever had. But in addition to that, I was able, with a couple of other guys who, like me, came from working-class parents—my father worked in the silk mills of Paterson. Paterson is an industrial city that has fallen by the wayside, one of America's poorest cities trying to fight back. A lot of dilapidation; a lot of problems; but a lot of spirit.

Three of us started a business that started an industry that created more jobs than the computer hardware business. More people are employed in the software service side of the computer industry by far than those in the hardware business, than the IBMs or the RCAs or the Honeywells or the companies that used to be in the computer business. Today, there are more people employed in the service companies like ADP—the company I helped found—by far than companies that made hardware.

I am considered a pioneer. I am in something called the Hall of Fame for Information Processing, a little place in Texas, that has some plaques in there because we were innovators. The company I started—without a dime literally; the three of us came from poverty, not middle-class; poverty—our company today employs 30,000 people across the world and has one of the best records of growth in its stock of any company in America. If you invested \$300 in ADP in 1961, it is worth \$1.4 million today.

What does it mean? It means that entrepreneurship is alive and well in this country of ours. Look at Intel, look at Microsoft, look at America Online. Look at these companies. You will see success after success after success. There is no shortage of opportunity in America, none at all. The shortage may be in the mentality that fails to see the goodness that we have in this country of ours.

Talk of the gloom and the confiscation of property and taxes and how debilitating it is to pay your way—my gosh, if people want to join a club, they look at the dues and they say, "Well, is it worth it or not? What's it worth to belong to the country club called America?" It is worth everything. People are willing again to fight and to die for the opportunity to be here. Look at how many illegals we have in this country now. Under all kinds of threats—you get shot at the border, you get stopped, you get jailed—they still pour over because they want to be

in America. That is where the opportunity is. That is where the freedom is at its fullest.

When I hear talk about how we are losing opportunity, we are losing the chance to succeed, it is summarized in one word that means a lot in America. It is called "baloney"—and I'm not talking about meat. There is plenty of opportunity here. And we have problems. One of the problems is our violence rate—10,000 people, roughly, murdered by handguns, people afraid to walk down the street. One of the people on my staff, 2 days ago, was walking home, living just about on Capitol Hill, a gun was put in her face, took her handbag. Thank the Lord that is all that happened.

Those are the problems that we have. Those are problems we ought to work on. I don't understand why we want to take money away from safety and fighting crime and put it into tax breaks for people who don't need it, especially those at the top. Look at the top incomes in this country. It boggles the mind. I never knew that people could amass the kind of fortunes that we have seen.

We have our weaknesses, but, boy, have we got our strengths.

I urge my colleagues to reject this amendment. Don't play with the system this way—shoot-from-the-hip tax breaks that are permanent, cuts in other programs where the revenue flow is just temporary. This adopts a meat-ax approach to domestic needs while making sure that these tax breaks are there. It violates the Budget Act. We note that. I hope our colleagues will reject this amendment and in that rejection say no, we are not going to play those kinds of games.

I yield the floor.

Mr. MCCAIN. Mr. President, I am proud to join my colleague from Georgia in offering this amendment to incorporate the provisions of the Middle Class Tax Relief Act of 1998 into the assumptions underlying the Fiscal Year 1999 Budget Resolution.

On January 22, 1998, Senators COVERDELL, GRAMM, and I introduced S. 1569, a bill which would deliver sweeping tax relief to lower- and middle-income taxpayers. The bill would increase the number of individuals who pay the lowest tax rates of 15% and significantly lessen the impact of one of the Tax Code's most inequitable provisions—the marriage penalty.

In 1998, the Middle Class Tax Relief Act would place approximately 10 million taxpayers now in the 28% tax-bracket into the 15% tax-bracket. An estimated 28 million Americans would reap some benefit from the broad-based tax relief provisions in the bill, according to the Tax Foundation.

The amendment we are offering today provides the budgetary flexibility to deliver this broad-based tax relief to Americans. It pays for this tax relief by trimming more of the fat from our bloated federal government and closing inequitable and unnecessary tax loopholes for big businesses.

The middle-class tax cut plan in S. 1569 would reduce revenues by approximately \$195.5 billion from 1999 through 2003. This amendment establishes a reserve fund, comprised of spending cuts and increased revenues from closing tax loopholes, to fully offset this loss of revenue.

We eliminate \$94 billion in special-interest tax loopholes over five years. These inequitable provisions—like the ethanol fuel tax credit, taxation of coal sales as capital gains, special tax treatment of shipping companies' capital construction funds, and dozens of other provisions—benefit corporations and businesses at the expense of middle-class Americans.

The amendment cuts \$101.5 billion from non-defense discretionary spending, an average reduction of 6.9 percent over five years. At the same time, we recognize that tax relief cannot come at the expense of those programs that ensure the well-being and health of our nation's elderly and most needy. Our amendment makes no cuts in Social Security or Medicare. It also specifically protects programs that support education and child nutrition, support medical priorities, help low-income families make ends meet, curb illegal drug use among children, and reduce illegal immigration. None of the spending cuts would come from these programs.

The cost of providing middle-class tax relief—\$195.5 billion—amounts to only 2 percent of the more than \$9 trillion that the federal government will spend over the next five years.

Our amendment supports the enactment of S. 1569 without throwing the budget into imbalance or even affecting the growing federal budget surplus. The surpluses expected in future years are the key to beginning to pay down our massive \$5.4 trillion federal debt and shoring up the ailing Social Security system. Middle-class tax relief would, in fact, contribute to a stronger economy and thus to even greater budget surpluses.

Mr. President, this amendment offers Senators an opportunity to reaffirm their continued support for fundamental tax reform for middle-class Americans. Last year, we passed, with bipartisan support, the Taxpayer Relief Act which was a broad-reaching bill to address certain very specific problems, like capital gains taxation, taxes on home sales, and the like. The Middle Class Tax Relief Act continues the momentum for tax relief to remove the overly burdensome tax load that most Americans bear.

The Middle Class Tax Relief Act focuses directly on addressing the middle-class tax squeeze. It is essential that we provide American families with relief from the excessive rate of taxation that saps job growth and robs them of the opportunity to provide for their needs and save for the future.

First, the bill targets tax relief to the individuals who feel the tax squeeze the most: lower and middle-income taxpayers. For example, under

this bill, unmarried individuals could make \$35,000 and married individuals could make \$70,000, and still be in the lowest tax bracket.

Second, the bill is simple and provides broad-based tax relief. It bases taxation on income alone, rather than the number of school-age children.

Third, the measure results in taxpayers being able to keep more of the money they earn. This extra income will allow individuals to save and invest more. Increased savings and investment are key to sustaining our current economic growth.

Last, the bill minimizes the effect of the marriage penalty. Our current tax code taxes a married couple's income more heavily than it would tax a single individual earning the same amount of income as the married couple. The bill reduces this inequity by taxing a married couple's joint income and a single individual earning the same income as the married couple at essentially the same effective rates.

In sum, the measure is a win for individuals, for families, and for America. Millions of Americans would realize some tax relief from this legislation. Thus, more Americans will be able to keep more of what they earn. This, in turn, will insure that Americans have more of the resources they need to invest in their own individual futures, and America's future.

Mr. President, on a broader scale, I believe we should abandon our existing tax code altogether and create a new system. This new system should have one tax rate, which taxes income only one time. This new system should also reduce the time to prepare tax returns from days to minutes, and the expense to prepare tax returns from thousands of dollars to pennies. But I recognize that scrapping the Tax Code now is not a realistic expectation, so we must settle for a more gradual approach to relieving the tax burden on Americans.

Last year's Taxpayer Relief Act was a step in the right direction to provide tax relief to lower and middle-income families. The Middle Class Tax Relief Act of 1998 represents an important further step toward a flatter, fairer tax system, which also provides immediate tax relief for hard-working Americans and their families.

Mr. President, on behalf of the millions of Americans in need of relief from over-taxation, I urge my colleagues to support this amendment and demonstrate their continued commitment to tax reform and relief.

Mr. SPECTER. Mr. President, I have sought recognition to explain my vote against the Coverdell Amendment, which has a laudable objective of reducing the federal tax burden on millions of American families, but goes about funding such tax relief in a manner which I cannot support.

Specifically, the Coverdell Amendment provides for \$101.5 billion/five years in tax relief through making more Americans eligible for the 15 percent tax bracket. The revenues lost

through this amendment would be made up by cuts in all non-defense discretionary spending programs and over the same five-year period.

As Chairman of the Labor, Health and Human Services, and Education Appropriations Subcommittee, I know how hard it is to reduce federal spending. I have used a scalpel, not a meat axe, to cut 134 federal programs over the last five years, with savings totaling \$1.5 billion. The cuts proposed in the Coverdell Amendment for FY99 include \$1.5 billion from health programs such as the National Institutes of Health and \$2.5 billion from education, job training, employment, and social services. Other cuts in the Coverdell Amendment trouble me, such as \$737 million in transportation and over \$1 billion in cuts for veterans' programs in FY99.

With respect to the tax relief offered by the Coverdell Amendment, I do not believe it actually goes far enough toward flattening the current tax brackets. My own approach toward reducing the tax burden on Americans is my Flat Tax Act (S. 593). I am troubled that Americans spend 5.4 billion hours and \$600 billion each year complying with the complexities of the 12,000 pages of the Internal Revenue Code rules and regulations. I believe that the best answer for alleviating the tremendous tax burden on America's working families and businesses is a flat tax, and have proposed replacing the current tax code with a 20 percent flat tax on individuals and businesses that could be filed on a simple 10-line postcard.

S. 593 increases the personal and dependent allowances for families and preserves two key deductions that make the tax burden a little more bearable for working families: deductions of home mortgage interest capped at \$100,000 in borrowing, and for up to \$2500 in charitable contributions. For example, a typical couple with two children earning \$30,000 would save about \$1,100. It also eliminates taxes on estates, dividends and capital gains. With respect to businesses, S. 593 would eliminate the intricate scheme of complicated depreciation schedules, deductions, credits and other complexities that go into business taxation. Businesses would be allowed to expense 100 percent of the cost of capital formation, including purchases of capital equipment, structures, and land, and do so in the year in which the investments are made.

With a flat tax, Americans' savings rates will rise, and the pool of capital available for investment in business expansion and job creation will expand dramatically. Reasonable estimates are that a flat tax can lower interest rates by two points, pump an additional \$1 trillion into the economy over seven years, and raise the per capita income of every American by \$1,900.

Mr. ABRAHAM. Mr. President, I am going to support the Coverdell amendment because I believe that the tax

burden on American families is too high and that people—especially hard working low- and middle-income Americans—should be allowed to keep more of what they earn.

The federal tax burden is currently the highest in our nation's history. The National Taxpayer's Union reports that the average American family now pays almost 40 percent of their income in state, local, and federal taxes. The Coverdell amendment addresses this problem by targeting \$101 billion in tax cuts at families in Michigan and elsewhere, most of them earning between \$25,000 and \$70,000. At its very core, Mr. President, the Coverdell amendment is a statement that taxes on middle-class American families are just too high.

Right now, Mr. President, a family in Michigan that earns as little as \$42,000 pays an income tax rate of 28 percent—42 percent if you include payroll taxes. The Coverdell amendment cuts that income tax rate to 15 percent.

Right now, millions of middle-class couples are penalized by the tax code for being married. The Coverdell amendment helps reduce this "marriage penalty" and end the tax code's bias against families.

The Coverdell amendment takes a significant step in reducing tax rates for middle-class families and eliminating unfair biases against married couples.

That said, Mr. President, I want to make clear that the offsets included in the Coverdell amendment are not those that I would choose. Overall, the Coverdell amendment calls for a reduction in annual federal spending of about \$40 billion out of a total budget of \$1.7 trillion, or just over 2 percent. And while these spending reductions will eventually be the responsibility of the Appropriations Committee, I believe they can be accomplished without cutting education accounts or reducing highway spending.

The federal government is projected to spend hundreds of billions of dollars over the next five years on administration, overhead, and personnel expenditures. Targeting these areas for cuts, including eliminating unnecessary government agencies like Commerce, Energy and HUD, and reducing excessive overhead accounts, should be the first priority to offset these tax cuts and are adequate to offset the projected revenue impact.

Mr. President, I support a smaller, more efficient federal government that allows people to keep more of what they earn. For that reason, I support the Coverdell amendment. If the amendment is adopted, however, I intend to offer a series of amendments that would redirect the spending reductions called for by the Coverdell amendment towards the areas outlined above while protecting important budget functions like health, education, transportation and law enforcement.

Mr. MCCAIN. Mr. President, last year's Taxpayer Relief Act was a step

in the right direction to provide tax relief to lower and middle-income families.

This amendment to incorporate the provisions of the Middle Class Tax Relief Act of 1998 into the assumptions underlying the Fiscal Year 1999 Budget Resolution, represents an important further step toward a flatter, fairer tax system, which also provides immediate tax relief for hard-working Americans and their families.

This amendment provides broad based middle class tax relief by increasing the number of individuals who pay the lowest tax rate of 15% and significantly lessening the impact of one of the Tax Code's most inequitable provisions—the marriage penalty.

An estimated 28 million Americans would reap some benefit from the broad-based tax relief provisions in the bill, according to the Tax Foundation.

The amendment pays for this tax relief by trimming more of the fat from our bloated federal government and closing inequitable and unnecessary tax loopholes for big businesses.

The amendment cuts \$101.5 billion from non-defense discretionary spending, an average reduction of 6.9 percent over five years.

This amendment does not cut any spending from Medicare and Social Security.

It also specifically protects programs that support education and child nutrition, support medical priorities, help low-income families made ends meet, curb illegal drug use among children, and reduce illegal immigration.

Mr. President, on behalf of the millions of Americans in need of relief from over-taxation, I urge my colleagues to support this amendment and demonstrate their continued commitment to tax reform and relief.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. BOND. Mr. President, I ask unanimous consent the pending amendment be set aside so I may make some brief remarks and introduce an amendment on behalf of myself and my distinguished colleague from Maryland.

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

Mr. BOND. Mr. President, I thank the Chair. Let me just offer my thanks and congratulations to the distinguished chairman of the Budget Committee for presenting a budget resolution which balances a large number of competing interests without a lot of resources to do it. The discretionary caps are getting tighter, no question about it. The path of least resistance would have been to loosen them.

I am pleased to say the Budget Committee, under Senator DOMENICI's leadership, avoided that path. Now the real test of leadership is before the full Senate to see whether we can keep those caps and move the budget—at long last—into balance.

Even with the limits we face, the Budget Committee managed to assemble a good package that meets a num-

ber of critical priorities. That is what budgeting is about—setting priorities. These priorities call for funding the public needs of the current generation, but they also call for self-discipline to avoid increasing the debt burdens on our children and grandchildren.

The budget resolution before the Senate sets those priorities—keeping our obligations to both the present and the future. The best deals are those in which everybody wins without neglecting any critical priorities. I think this budget resolution is one of those kinds of deals.

When you look at who wins, first, future generations win. We will keep our commitment to our children and grandchildren, get control over the Federal budget and stop piling on heavier and heavier debt burdens. We do this by putting the budget into balance and resisting the temptation to spend a surplus that we haven't even seen yet. If we keep to our current path, we may even get to lighten that debt burden a little bit.

We have lived fairly comfortably at the expense of our children. We have borrowed from them about \$5.5 trillion and spent it for our own needs and comforts. The living standard we now enjoy will be paid, to a great extent, by our children. I think that is worth saying again. Our children have bought or will buy \$5.5 trillion worth of our current prosperity. They will pay for it in higher taxes, higher interest payments, and less funds to pay for the public needs and priorities they face. We certainly should not increase the debt any more.

Now, it appears likely that we will run a small surplus for the next decade or so. Now we have a few crumbs to give back to our children in appreciation for what they have already lent us. Incredibly, some folks around here want us to spend that as well. We owe it to our children, Mr. President—we literally owe it to them—to pay down this massive debt.

We certainly should not increase the debt even more. That's why it's so important to keep to the discretionary spending caps and to keep the budget moving into balance. The budget resolution achieves this goal. It keeps within the discretionary spending caps that the Congress and the President agreed to just last year.

Unfortunately, the President's budget would have broken those caps by \$12 billion in 1999, according to the Congressional Budget Office. I find this remarkable. Why is it so hard to keep to an agreement we made just last year?

Breaking the discretionary caps, putting the balanced budget in jeopardy—these would have neglected the priority we have placed on the prosperity of future generations. The budget resolution avoids that temptation, keeps to the caps, and keeps our commitment to stop borrowing from our children and grandchildren.

So, future generations win under the budget resolution. Who else wins? Well,

current generations win, too—at every stage of life.

For example, children already born—not just the children of the future—win under the budget resolution. Under the committee version, funding for the child care and development block grant will increase by \$5 billion in budget authority—doubling its budget authority over the next 5 years.

I am pleased also that the Budget Committee, on both sides of the political aisle, agreed with my proposal to designate savings from assuming the President's reduction in the School-to-Work Program for local early childhood development initiatives. This would provide another \$1.5 billion for our Nation's children.

Clearly, children are winners under the budget resolution. Adults are winners, too. Hardworking American taxpayers come out ahead under the committee plan.

The budget resolution envisions \$30 billion in tax relief. Some may criticize that amount for being too little. Of course, we would always like to find more ways to lighten the tax load on America's taxpayers. Let me note a couple of things about the committee's actions on tax relief.

First, we need to keep in mind that any specific tax cut measure will be the responsibility of the Finance Committee. Nothing in the budget resolution dictates to that committee what it must do. In fact, if the committee finds additional offsets, it may cut taxes even more than the budget resolution proposes. The budget resolution includes a "tax cut reserve fund" to make deficit-neutral tax relief—of whatever size, as determined by the committee of jurisdiction—possible.

Second, the Budget Committee's \$30 billion in expected tax relief would allow long-needed relief in some crucial areas. These could include \$10.5 billion in relief from the marriage penalty and \$9 billion in child care expenses.

I am particularly grateful that Chairman DOMENICI included in this chairman's mark an acceleration in the deductibility of health insurance for self-employed persons. This idea, which the full Budget Committee subsequently endorsed, is critical to achieving parity between self-employed persons and their large competitors.

I have long advocated full deductibility as the only fair policy. Although current law now calls for that to be achieved in 2007, full deductibility needs to be achieved sooner. Current practice still places a relative disadvantage on self-employed persons, since employers do have full deductibility. People who pursue the American dream through independent self-employment should not be penalized or discouraged from getting health insurance by treating them differently.

I am going to support the budget resolution because it is a step forward on this issue and on so many other issues. I urge my colleagues who have their

own concerns about the tax package to look at it in the same light. Is it an improvement over current law? Yes. How can we oppose it just because it doesn't include everything we might like? I remind my colleagues of the political adage of not making the perfect into the enemy of the good.

Finally, the budget resolution helps all American taxpayers by endorsing reform of the Internal Revenue Service. My distinguished colleagues from Iowa and Oklahoma Messrs. GRASSLEY and NICKLES, joined with me in the Budget Committee to propose that a tax relief package include improvement of taxpayer rights—especially in IRS property seizure cases—and reform of IRS penalty rules. This proposal was also endorsed by the full Budget Committee and it appears in the budget resolution. I thank the committee for its attention to, and concern for, the rights of our Nation's taxpayers.

The budget resolution is a winning package for American taxpayers, as well as our children. Another group that wins under the budget resolution is our nation's seniors. The budget resolution provides needed support for both Social Security and Medicare.

The Budget Committee's package adopts the President's call to set aside the expected budget surplus until we reform Social Security into a sound and reliable program for the long-term. Social Security, as the President knows, is a key source of support for our seniors as part of their total retirement strategy. That's why the President was right to demand that we "Save Social Security First."

The Budget Committee adopted the President's view. Remarkably, the President himself did not. As the Congressional Budget Office noted, the President's own budget submission would have reduced the expected surplus by \$43 billion.

Forty-three billion dollars. That's money spent to "Save Big Government First."

I commend my colleagues on the Budget Committee for including language in the budget resolution to remind the President of his promise to "Save Social Security First" and stating the sense of the Senate that these surpluses should be set aside until we reform Social Security for future generations. The surpluses should not be frittered away on higher spending in violation of last year's budget agreement.

The Budget Committee also resisted the temptation to spend any Federal revenues that might arise from a tobacco settlement, despite numerous amendments from the committee minority to do so. Instead, the committee's plan earmarks those revenues for bolstering the Medicare Program. Given the health care costs that tobacco has placed on Medicare, I can think of no better way to use tobacco revenues. Those costs are part of the reason why Medicare is a troubled program.

The seniors who rely on Medicare are counting on us to take the necessary steps to shore up that program. We took some preliminary steps in the Balanced Budget Act of 1997. By slowing the annual rate of Medicare growth from 8.8 to 5.5 percent, the Balanced Budget Act extended the life of the Medicare part A trust fund through 2006, an improvement over the program's previous expected bankruptcy date in 2001.

However, we all know the effect that the baby-boomers are going to have on the program when they start to retire in 2011. Let's start planning ahead by allocating any Federal tobacco revenues to keep Medicare in business for the customers—our senior citizen constituents—who need it. It would be irresponsible for use to do anything else.

I sum, I say again that the best deals are those in which everybody wins. The Budget Committee has assembled a package that meets that standard. Future generations win, and current generations—children, working Americans, and senior citizens—also win.

Who doesn't win under the budget resolution? Those who would break the discretionary caps, those who would push the budget out of balance, and those who would "Save Big Government First." Anyone who observed the Budget Committee's markup of the budget resolution would have to note the alarming number of proposals from the minority that sought to spend, spend, spend. They no doubt will be the loudest in condemning the budget resolution for failing to adopt the President's new spending schemes.

I find this astonishing. Frankly, the minority should be pleased with this resolution. The Budget Committee kept its word to the President to protect certain functions at funding levels the President agreed to in last year's bipartisan budget agreement.

That agreement designed five budget functions as "protected functions." These are International Affairs (Function 150); Natural Resources and Environment (300); Transportation (400); Education, Training, Employment, and Social Services (500); and Administration of Justice (750). In every case, the budget resolution meets or exceeds the levels we agreed to last year.

With this in mind, it is amazing that the President could attack the committee's budget resolution by claiming it "shortchanges our nation's future." By reducing the debt, by preserving Social Security and Medicare, the plan actually plans for the future. Apparently, the only problem for the President is that we could not keep the deal he signed just last year—and that he wanted to spend, spend, spend, even more than he agreed to last year.

A deal is a deal, Mr. President. I supported the bipartisan budget agreement last year. I will support this year's plan, too, since it complies with what we agreed to last year.

I do think there are a couple of areas where the budget resolution can be

fine-tuned. I emphasize that the amendments I will propose are friendly amendments, intended to make a good budget plan better—not to attack it.

The first of these related to housing for elderly persons. The President's budget request proposed slashing this program by some \$500 million. In a hearing before the VA/HUD subcommittee, Secretary Cuomo did not explain why the administration is seeking this cut. Senator MIKULSKI and I committed to restoring the cut funds to avoid jeopardizing the supply of specialized rental housing for the elderly poor. We welcome the support of other Senators who share our concerns.

I comment on two particular points. Chairman DOMENICI has included an acceleration in the deductibility of health insurance for self-employed persons. This idea, which the full Budget Committee subsequently endorsed, is critical to achieving parity between self-employed persons and the people who work for the large competitors. I fought this battle on the floor in the past session and in this session, and with the tremendous support of colleagues, we are moving in that direction. I think it is good news that the budget now provides that we move that up.

I will offer one amendment now, and a second amendment I will propose will nudge the Immigration and Naturalization Service to establish circuit rides in the former Soviet Union to recognize the enormous cost imposed on refugees having to travel to Moscow. The amendment is a sense of the Senate, and it states that the budget resolution assumes \$2 million in the INS budget.

Again, I emphasize that these are offered in a friendly and cooperative spirit, seeking to make a good budget resolution even better. The budget resolution reported from the Budget Committee is a deal in which everybody wins, and I will be pleased to support it on the floor as I did in committee.

AMENDMENT NO. 2213

(Purpose: Sense of the Senate to fully fund the Section 202 Elderly Housing program)

Mr. BOND. Mr. President, I send an amendment to the desk on behalf of myself and the Senator from Maryland, Senator MIKULSKI, a sense of the Senate to urge we fund fully the section 202 Elderly Housing Program.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Missouri [Mr. BOND], for himself and Ms. MIKULSKI, proposes an amendment numbered 2213.

Mr. BOND. I ask unanimous consent reading of the amendment be dispensed with.

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

The amendment is as follows:

Insert on page 53, after line 22, the following new section, to be renumbered, accordingly:

"SEC. 317. SENSE OF THE SENATE TO MAINTAIN FULL FUNDING FOR THE SECTION 202 ELDERLY HOUSING PROGRAM.

"(a) FINDINGS.—The Senate finds the following—

"(1) The Section 202 Elderly Housing program is the most important housing program for elderly, low-income Americans, providing both affordable low-income housing and supportive services designed to meet the special needs of the elderly.

"(2) Since 1959, the Section 202 Elderly Housing program has funded some 5,400 elderly housing projects with over 330,000 housing units, with the current average tenant in Section 202 housing being a frail, older woman in her seventies, living alone with an income of less than \$10,000 per year.

"(3) The combination of affordable housing and supportive services under the Section 202 Elderly Housing program is critical to promoting independent living, self-sufficiency, and dignity for the elderly while delaying more costly institutional care.

"(4) There are over 1.4 million elderly Americans currently identified as having "worst case housing needs" and in need of affordable housing.

"(5) There are 33 million Americans aged 65 and over, some 13 percent of all Americans. The number of elderly Americans is anticipated to grow to over 69 million by the year 2030, which would be some 20 percent of all Americans, and continue to increase to almost 80 million by 2050.

"(6) The President's Budget Request for fiscal year 1999 proposes reducing funding for the Section 202 Elderly Housing program from the fiscal year 1998 level of \$645,000,000 to \$109,000,000 in fiscal year 1999. This represents a reduction of over 83 percent in funding, which will result in reducing the construction of Section 202 housing units from some 6,000 units in fiscal year 1998 to only 1,500 units in fiscal year 1999.

"(7) The full funding of the Section 202 Elderly Housing program as an independent federal housing program is an investment in our elderly citizens as well as our Nation.

"(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Section 202 Elderly Housing program, as provided under section 202 of the Housing Act of 1959, as amended, shall be funded in fiscal years 1999, 2000, 2001, 2002, and 2003 at not less than the fiscal year 1998 funding level of \$645,000,000."

Mr. BOND. *Deja vu* all over again. Senator MIKULSKI and I rise one more time to fight to fulfill our commitment and the commitment of the Senate to fund fully the section 202 Elderly Housing Program at no less than \$645 million for each of the next 5 fiscal years.

I want to emphasize our commitment to this program and the elderly housing as the chairman and ranking member of the VA/HUD Appropriations Subcommittee, the Appropriations subcommittee with the responsibility for funding the section 202 Elderly Housing Program, as well as all other programs under the Department of Housing and Urban Development. The purpose of this amendment is to set a floor of \$645 million for the section 202 Elderly Housing Program, the amount that Congress appropriated for this program for fiscal year 1998, as opposed to the President's budget request of \$109 million for fiscal year 1999—a cut of over \$500 million from this \$645 million program. The President's budget request is plainly wrong. I cannot state this in strong enough terms. We have an investment in the elderly and our Nation here just as we must invest in the youth of this Nation through good education and good, available health care.

I want to be clear that we are not going to shortchange the elderly.

The section 202 Elderly Housing Program is the most important housing program for elderly low-income Americans, providing both affordable low-income housing and supportive services designed to meet the special needs of the elderly. This combination of supportive services and affordable housing is critical to promoting independent living, self-sufficiency and dignity, while delaying the more costly alternative of institutional care. Section 202 elderly housing is more than just housing—it is a safety net for the elderly, providing both emotional and physical security and a sense of community.

Moreover, since the inception of the program in 1959, the section 202 Elderly Housing Program has funded some 5,400 elderly housing projects with over 330,000 units. Nevertheless, by the Department of Housing and Urban Development's own estimates, there are over 1.4 million elderly families currently identified as having "worst case housing needs" and in need of affordable housing.

Despite the need for and the success of the section 202 Elderly Housing Program, the President proposes to slash funding for this program from \$645 million in fiscal year 1998 to \$109 million in fiscal year 1999. This is a cut of over 83 percent in funding and will mean a reduction from building some 6,000 units with fiscal year 1998 funding to building only 1,500 units with the President's proposed fiscal year 1999 funding. We cannot afford this critical loss of housing.

Moreover, the President is proposing to merge section 202 elderly housing into the HOME program. I am a great supporter of the HOME program because it does a good job by providing affordable housing with decision-making at the local level. But there is no rational justification for merging section 202 into the HOME program. Not only is section 202 extremely successful and critically needed, a recent General Accounting Office report indicated that the HOME program has provided few elderly housing units since enactment. In particular, from fiscal year 1992 through fiscal year 1996, over 1,400 section 202 elderly housing projects were developed with some 52,000 rental units for over 47,800 elderly individuals. During that same 5-year time period, the HOME program produced 30 elderly housing projects with 681 units which serve some 675 elderly individuals. In case you missed the figures, section 202, in 5 years, provided 52,000 housing units; the HOME program provided 681 housing units.

However, the problem with the President's request does not stop here. The President also requests funding for 8,800 vouchers for the elderly. Over the last several years, this administration repeatedly has attempted to voucher out assisted housing, including housing for the elderly. Vouchers are a very important housing tool and work well in

many instances, but the elderly deserve to have decent, safe, and affordable housing as well as needed supportive services. Section 202 elderly housing accomplishes these purposes, and vouchers do not.

Think with me for a moment about this recurring nightmare image I have of an elderly woman in a walker with a voucher in her hand, searching dark and dangerous streets for needed shelter. That is what they are proposing we do. To put it in context, I remind my colleagues that the average tenant in section 202 housing is a frail, older woman in her seventies, living alone, with an income of less than \$10,000 per year. Do we want to tell her to get out of the housing? Do we want to say, "Here is a voucher, start walking up and down the streets and maybe a friend will go along and help you with your walker or push your wheelchair; you are going to have to hit the streets to find new housing"? That is not a comforting image, but it is a compelling one.

Again, the need for section 202 elderly housing: There are currently 33 million Americans aged 65 and over. This is some 13 percent of all Americans. That number will grow to over 69 million elderly by the year 2030, which would be some 20 percent of all Americans, and will continue to grow to almost 80 million elderly Americans by 2050. Cutting back and remodeling the section 202 program will do these Americans a disservice.

I cannot emphasize enough the importance of the section 202 Elderly Housing Program and the need for Congress to stand by elderly families. Over the years, millions of Federal dollars have been saved by providing elderly families with access to supportive services in their homes and their communities. Without this housing and these services, many elderly persons and families would have had to be relocated to nursing homes and other institutions where care would be more costly and the loss of personal dignity more compelling.

Mr. President, as I close my remarks, I send to the desk a letter from AARP saying that the AARP opposes the President's recommendations concerning section 202 housing and that the Bond-Mikulski floor amendment is a crucial step along the way to press for current funding as the relevant appropriations measure works its way through Congress; I ask that it be printed in the RECORD.

AMERICAN ASSOCIATION OF
RETIRED PERSONS,

Washington, DC, March 30, 1998.

Hon. CHRISTOPHER S. BOND,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOND: I am writing on behalf of the American Association of Retired Persons to express our support of your proposed amendment regarding supportive housing programs for elderly and disabled persons when the Senate takes up the FY 1999 Budget Resolution this week. These initiatives make a critical difference in the lives of many vulnerable Americans throughout the

nation. Given the continuing need for such specialized housing, it is essential that appropriations are subsequently preserved next year in both programs.

Living in Section 202 Elderly Housing means living at affordable rents in a user-friendly environment with features such as special lighting, nonskid floors, and grab bars that prevent serious injuries from falls—features which can help prevent early admission into a nursing home. Section 202 helps meet an acute housing need for frail low income older persons. An estimated eight persons, are waiting in line for every one Section 202 vacancy that occurs. Meanwhile, many of these individuals are forced to live in unsafe housing and in crime-ridden neighborhoods—in some instances with windows nailed shut—because they cannot afford to live anywhere else.

The Association opposes the President's recommendations concerning Section 202 Housing. We intend to press for current funding throughout the year as the relevant appropriations bill works its way through Congress. The Bond-Mikulski floor amendment this week is a crucial step along the way.

Sincerely,

HORACE B. DEETS,
Executive Director.

Ms. MIKULSKI addressed the Chair. The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Mr. President, I am proud to stand today with my colleague from Missouri and the chairman of the VA-HUD Subcommittee, Senator BOND, to offer a sense-of-the-Senate amendment to the fiscal year 1999 budget.

This amendment is designed to state the Senate's view that it is absolutely critical that HUD's section 202 program, which is its elderly housing program, absolutely be fully funded. That is what the resolution states. That is what I encourage the Members on both sides of the aisle to support.

For years, I have been an advocate for an affordable and available supply of safe and decent housing for our elderly. For years, I have worked with Senator BOND to ensure adequate funding.

In 1992, as the chair of the VA-HUD Subcommittee, I worked to successfully change the section 202 program from a very expensive loan program to a grant program. Do you know what? It allowed us to build more housing for less cost. I am concerned, though, that there is in the budget resolution a proposed cut of nearly \$500 million in housing for the elderly. I am also concerned about the desire to move to more of a voucher approach to elderly housing instead of new construction, forcing the senior citizens of this country who need a modest subsidy to go out and kind of forage on their own to find housing that meets their needs.

Mr. President, our Nation has many responsibilities, but its most important one is to protect and help all its citizens, but it has a particular moral obligation to look out for senior citizens.

Promises made should be promises kept. This generation, which is now the frail elderly, organized to save this country and to save Western civilization during World War II. Many fought

on the battlefield and many were the "Rosie the Riveters" who helped this country on the homefront. This is why we need to now look out for them as the frail elderly. The amendment I offer today with Senator BOND seeks to do this. They are our mothers and fathers, who raised and nurtured us; our aunts and uncles, who gave advice; and the neighbors who kept an eye on us; they are the people who we grew up with, who looked out for us in our communities; they are the people, in many cases who, with their blood, sweat and tears, helped build this country into what it is today.

Mr. President, we have the moral obligation to ensure that we do what we can to ensure that those elderly citizens who need our help get our help.

The AARP estimates that there are eight people on the waiting list for every one HUD section 202 unit that becomes available.

Senator BOND has put that into the RECORD.

Our subcommittee has done extensive research on this. What do we find? First of all, that the section 202 program is the most popular HUD housing program we fund. Why is it popular? It meets compelling needs. It often stabilizes neighborhoods where people are "aging in place." It also enables groups that are nonprofit and faith based to participate in providing housing. The section 202 Elderly Housing Program is important because it meets those needs.

Since 1959, when this program was created under a whole other different type of HUD, we have funded 5,004 elderly housing projects, with over 330,000 housing units. They are primarily lived in by frail, older women in their seventies living with an income of less than \$10,000. I think that is a good way to spend taxpayer dollars.

The combination of affordable housing and supportive services under the section 202 program has been absolutely critical in meeting not only the housing needs but in promoting independent living, self-sufficiency, and dignity for the elderly, while delaying more costly institution.

There are 1.4 million elderly Americans who currently have worst-case housing needs. There are 33 million Americans aged 65, over some 13 percent of all Americans, and this number is growing. That is why I have asked HUD to come up with new ideas on how we are going to meet, No. 1, the expanding elderly population, and, No. 2, the expanding frail elderly population. I believe that if we focus our attention and our resources, we will meet our needs. This is why I support the Bond amendment. It is the Mikulski-Bond amendment.

My colleague, Senator SARBANES from Maryland, who is the ranking member on the Housing and Banking Committee, also wants to be a cosponsor.

I will conclude my remarks by talking about the voucher program. This

Senator is never going to support a voucher program for the elderly. I will tell you why. When you are old, when you are sick, when you have a pain, when you have a walker, when you have a wheelchair, when you can barely read a newspaper without a magnifying glass, we are not going to give you a voucher, and say, "OK, kiddo, you are out there on your own." We are not going to do that. Senior citizens should not have to go into the marketplace to forage with a voucher to find housing that would meet their needs.

Mr. President, I know you have been in housing for the elderly in your own State. They have special architectural needs—low steps and special kinds of grips in the bathroom—all those kinds of things that, if they fall, they don't fail. You just can't put them in any kind of apartment in the United States of America; they have specialized needs. We can meet those needs.

What is so fantastic—I cannot underestimate nor overstate the fact that faith-based organizations are involved in this. In my home State, the role of Catholic Charities, Associated Jewish Charities, and other organizations from the United Way step forward to make wise use of Federal funds and, at the same time, often value add to what the Federal Government is doing.

I really encourage my colleagues to support the Bond-Mikulski amendment. It is cosponsored by Senator SARBANES. I know that many others will join us. This is one of many budget amendments stating sense-of-the-Senate resolutions. This, I think, is not only the sense of the Senate, Mr. President, it is the sense of the American people.

Senator JOHN KERRY also wants to cosponsor it. Colleagues will be able to cosponsor it as we go forward.

I yield the floor on this amendment. I really encourage my colleagues to support it.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I thank my distinguished colleague from Maryland, who has been a real champion in housing—housing for all kinds of people in need, but particularly housing for the elderly. I had the pleasure of beginning my service on the VA-HUD committee under her chairmanship. She has been absolutely invaluable in helping to guide, teach, and cooperate with me as we moved forward. Her statement on the importance of elderly housing is very compelling.

I hope that we will have overwhelming support on both sides of the aisle for this amendment. Since some people are not getting the message, I ask that when a vote is scheduled on this amendment, that the yeas and nays be requested.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. BOND. I thank the Chair.

I believe our message has not been getting across that elderly housing works under the section 202 program. You can't expect elderly housing to be covered by the HOME program where there are many competing local needs that must be met. Most of all, do not put Grandmother or Aunt Effie out on the street in her walker with a voucher and expect that she is going to be able to find decent, affordable, appropriate housing.

We need an overwhelming vote. I welcome the fact that we have had a number of cosponsors. I hope we will have a unanimous vote, or an overwhelming vote, to express the sense of the Senate that we are not going to change this program. This is a program that is meeting the needs of the elderly today. We must continue that program, because the needs are only growing greater and we need to do all we can to try to keep up with those needs.

Mr. President, I thank the Chair. I particularly thank my colleague from Maryland.

I yield the floor.

The PRESIDING OFFICER. Who seeks time?

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

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

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEARS 1999, 2000, 2001, 2002, AND 2003

The Senate continued with the consideration of the concurrent resolution.

AMENDMENT NO. 2213, AS MODIFIED

Mr. BOND. Mr. President, I am advised by the Budget Committee staff that we have to make a modification in the terminology of the sense-of-the-Senate language, and I ask unanimous consent that the amendment be modified, under the last subsection (b), to say, "It is the sense of the Senate that"—at that point include the following—"the levels in this resolution assume that".

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

The amendment (No. 2213), as modified, is as follows:

Insert on page 53, after line 22, the following new section, to be renumbered, accordingly:

"SEC. 317. SENSE OF THE SENATE TO MAINTAIN FULL FUNDING FOR THE SECTION 202 ELDERLY HOUSING PROGRAM.

"(a) FINDINGS.—The Senate finds the following—

"(1) The Section 202 Elderly Housing program is the most important housing program for elderly, low-income Americans, providing both affordable low-income housing and supportive services designed to meet the special needs of the elderly.

"(2) Since 1959, the Section 202 Elderly housing program has funded some 5,400 elderly housing projects with over 330,000 housing units, with the current average tenant in Section 202 housing being a frail, older woman in her seventies, living alone with an income of less than \$10,000 per year.

"(3) The combination of affordable housing and supportive services under the Section 202 Elderly Housing program is critical to promoting independent living, self-sufficiency, and dignity for the elderly while delaying more costly institutional care.

"(4) There are over 1.4 million elderly Americans currently identified as having "worst case housing needs" and in need of affordable housing.

"(5) There are 33 million Americans aged 65 and over, some 13 percent of all Americans. The number of elderly Americans is anticipated to grow to over 69 million by the year 2030, which would be some 20 percent of all Americans, and continue to increase to almost 80 million by 2050.

"(6) The President's Budget Request for fiscal year 1999 proposes reducing funding for the Section 202 Elderly Housing program from the fiscal year 1998 level of \$645,000,000 to \$109,000,000 is fiscal year 1999. This represents a reduction of over 83 percent in funding, which will result in reducing the construction of Section 202 housing units from some 6,000 units in fiscal year 1998 to only 1,500 units in fiscal year 1999.

"(7) The full funding of the Section 202 Elderly Housing program as an independent federal housing program is an investment in our elderly citizens as well as our Nation.

"(b) SENSE OF THE SENATE.—It is the Sense of the Senate that the levels in this resolution assume that the Section 202 Elderly Housing program, as provided under section 202 of the Housing Act of 1959, as amended, shall be funded in fiscal years 1999, 2000, 2001, 2002, and 2003 at not less than the fiscal year 1998 funding level of \$645,000,000."

Mr. BOND. Mr. President, I thank the Chair, yield the floor, and 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. KERREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENT NO. 2214

(Purpose: To express the Sense of the Senate on the need for long-term entitlement reforms)

Mr. KERREY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. KERREY] proposes an amendment numbered 2214.

Mr. KERREY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place, add the following:

SEC. . Sense of the Senate supporting long-term entitlement reforms.

(a) The Senate finds that the resolution assumes the following—

(1) entitlement spending has risen dramatically over the last thirty-five years.

(2) in 1963, mandatory spending (i.e. entitlement spending and interest on the debt) made up 30 percent of the budget, this figure rose to 45 percent by 1973, to 56 percent by 1983 and to 61 percent by 1993.

(3) mandatory spending is expected to make up 68 percent of the federal budget in 1998.

(4) absent changes, that spending is expected to take up over 70 percent of the federal budget shortly after the year 2000 and 74 percent of the budget by the year 2008.

(5) if no action is taken, mandatory spending will consume 100 percent of the budget by the year 2030.

(3) this mandatory spending will continue to crowd out spending for the traditional "discretionary" functions of government like clean air and water, a strong national defense, parks and recreation, education, our transportation system, law enforcement, research and development and other infrastructure spending.

(4) taking significant steps sooner rather than later to reform entitlement spending will not only boost economic growth in this country, it will also prevent the need for drastic tax and spending decisions in the next century.

(b) SENSE OF THE SENATE.—It is the Sense of the Senate that that levels in this budget resolution assume that—

(1) Congress and the President should work to enact structural reforms in entitlement spending in 1998 and beyond which sufficiently restrain the growth of mandatory spending in order to keep the budget in balance over the long term, extend the solvency of the Social Security and Medicare Trust Funds, avoid crowding out funding for basic government functions and that every effort should be made to hold mandatory spending to no more than seventy percent of the budget.

Mr. KERREY. Mr. President, for the first time in a quarter century this budget resolution is being debated in an environment, where rather than talking about getting rid of the deficit, we are able to talk with great enthusiasm about what to do with the surplus. We are talking about tax cuts and various spending programs. There is no question that the recovery of the economy of the United States of America—deficit reduction efforts in the past in combination with tremendous changes on the part of entrepreneurs and businesses and individuals out there—has produced the best economic scene I have seen in my entire lifetime, with increases in productivity, growth in the number of jobs, and a reduction in welfare rolls. You have to look long and hard to find bad economic news out there.

In 1990, this Congress debated a deficit reduction act that was largely a result of President Bush's leadership. We put in place at that time the mechanism that we still use today. It has caps on spending that we, for the most part, have lived within. It is that discipline that is required by the law, it seems to me, that requires every time somebody wants to do a new program, they have to find a way to pay for it. You just cannot come down here and throw new spending on a budget or new tax cuts on a budget without having an offset someplace. It is that discipline,