OMNIBUS BUDGET RECONCILIATION ACT OF 1990

Volumes 1 - 5
H.R. 5835

PUBLIC LAW 101-508
101ST CONGRESS

REPORTS, BILLS, DEBATES, AND ACT

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Social Security Administration

OMNIBUS BUDGET RECONCILIATION ACT OF 1990

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REPORTS, BILLS, DEBATES, AND ACT

Volume 4

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Social Security Administration
Office of the Deputy Commissioner for Policy and External Affairs
Office of Legislation and Congressional Affairs

PREFACE

This 5 volume compilation contains historical documents pertaining to P.L. 101-508, the Omnibus Budget Reconciliation Act of 1990. The book contains congressional debates, a chronological compilation of documents pertinent to the legislative history of the public law and listings of relevant reference materials.

Pertinent documents include:

- Committee reports
- Differing versions of key bills
- The Public Law
- Legislative history

The books are prepared by the Office of Legislation and Congressional Affairs and are designed to serve as helpful resource tools for those charged with interpreting laws administered by the Social Security Administration.

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PUBLIC LAW 101-508—NOV. 5, 1990

OMNIBUS BUDGET RECONCILIATION ACT OF 1990

49-139 O - 90 (508)

Public Law 101-508
101st Congress

An Act

Nov. 5, 1990
[H.R. 5835]

To provide for reconciliation pursuant to section 4 of the concurrent resolution on the budget for fiscal year 1991.

Omnibus Budget Reconciliation Act of 1990.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Omnibus Budget Reconciliation Act of 1990".

SEC. 2. TABLE OF TITLES.

ENROLLMENT ERRATA

Pursuant to the provisions of H.J. Res. 682, waiving certain enrollment requirements with respect to any reconciliation bill, appropriation bill, or continuing resolution for the remainder of the One Hundred First Congress, and providing for the subsequent preparation and certification of printed enrollments, this printed enrollment contains corrections in indentation, typeface, and type size and includes footnotes identifying obvious errors in spelling or punctuation in the hand enrollment.

*Note: For information on the printing of this law and a related Presidential memorandum, see the editorial note at the end

TITLE IV—MEDICARE, MEDICAID, AND OTHER HEALTH-RELATED PROGRAMS

Subtitle A—Medicare

SEC. 4000. REFERENCES IN SUBTITLE; TABLE OF CONTENTS.

(a) AMENDMENTS TO THE SOCIAL SECURITY ACT.—Except as otherwise specifically provided, whenever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

(b) TABLE OF CONTENTS.—The table of contents of this subtitle is as follows:

PART 3—PROVISIONS RELATING TO PARTS A

SEC. 4203. EXTENSION OF SECONDARY PAYOR PROVISIONS.

(a) EXTENSION OF TRANSFER OF DATA.—

(1) Section 1862(b)(5)(C)(iii) (42 U.S.C. 1395y(b)(5)(C)(iii)) is amended by striking "September 30, 1991" and inserting "September 30, 1995".

(2) Section 6103(l)(12)(F) of the Internal Revenue Code of 1986 is amended— 26 USC 6103.

(A) in clause (i), by striking "September 30, 1991" and inserting "September 30, 1995";

(B) in clause (ii)(I), by striking "1990" and inserting "1994"; and

(C) in clause (ii)(II), by striking "1991" and inserting "1995".

(b) EXTENSION OF APPLICATION TO DISABLED BENEFICIARIES.—Section 1862(b)(1)(B)(iii) (42 U.S.C. 1395y(b)(1)(B)(iii)) is amended by striking "January 1, 1992" and inserting "October 1, 1995".

(c) INDIVIDUALS WITH END STAGE RENAL DISEASE.—

(1) IN GENERAL.—Section 1862(b)(1)(C) (42 U.S.C. 1395y(b)(1)(C)) is amended—

(A) in clause (i), by striking "during the 12-month period" and all that follows and inserting "during the 12-month period which begins with the first month in which the individual becomes entitled to benefits under part A under the provisions of section 226A, or, if earlier, the first month in which the individual would have been entitled to benefits under such part under the provisions of section 226A if the individual had filed an application for such benefits; and"

(B) in the matter following clause (ii), by adding at the end the following: "Effective for items and services furnished on or after February 1, 1991, and on or before January 1, 1996, (with respect to periods beginning on or after February 1, 1990), clauses (i) and (ii) shall be applied by substituting '18-month' for '12-month' each place it appears.".

42 USC 1395y note.

(2) GAO STUDY OF EXTENSION OF SECONDARY PAYER PERIOD.—(A) The Comptroller General shall conduct a study of the impact of the application of clause (iii) of section 1862(b)(1)(C) of the Social Security Act on individuals entitled to benefits under title XVIII of such Act by reason of section 226A of such Act, and shall include in such report information relating to—

(i) the number (and geographic distribution) of such individuals for whom medicare is secondary;

(ii) the amount of savings to the medicare program achieved annually by reason of the application of such clause;

(iii) the effect on access to employment, and employment-based health insurance, for such individuals and their family members (including coverage by employment-based health insurance of cost-sharing requirements under medicare after such employment-based insurance becomes secondary);

(iv) the effect on the amount paid for each dialysis treatment under employment-based health insurance;

(v) the effect on cost-sharing requirements under employment-based health insurance (and on out-of-pocket expenses of such individuals) during the period for which medicare is secondary;

(vi) the appropriateness of applying the provisions of section 1862(b)(1)(C) to all group health plans.

(B) The Comptroller General shall submit a preliminary report on the study conducted under subparagraph (A) to the Committees on Ways and Means and Energy and Commerce of the House of Representatives and the Committee on Finance of the Senate not later than January 1, 1993, and a final report on such study not later than January 1, 1995.

26 USC 6103 note.

(d) EFFECTIVE DATE.—The amendments made this subsection shall take effect on the date of the enactment of this Act and the amendment made by subsection (a)(2)(B) shall apply to requests made on or after such date.

PART 4—PROVISIONS RELATING TO MEDICARE PART B PREMIUM AND DEDUCTIBLE

SEC. 4301. PART B PREMIUM.

Section 1839(e)(1) (42 U.S.C. 1395r(e)(1)) is amended—

(1) by inserting "(A)" after "(e)(1)", and

(2) by adding at the end the following new subparagraph:

"(B) Notwithstanding the provisions of subsection (a), the monthly premium for each individual enrolled under this part for each month in—

"(i) 1991 shall be $29.90,

"(ii) 1992 shall be $31.80,

"(iii) 1993 shall be $36.60,

"(iv) 1994 shall be $41.10, and

"(v) 1995 shall be $46.10.".

SEC. 4359. HEALTH INSURANCE ADVISORY SERVICE FOR MEDICARE BENEFICIARIES. 42 USC 1395b-3.

(a) IN GENERAL.—The Secretary of Health and Human Services shall establish a health insurance advisory service program (in this section referred to as the "beneficiary assistance program") to assist medicare-eligible individuals with the receipt of services under the medicare and medicaid programs and other health insurance programs.

(b) OUTREACH ELEMENTS.—The beneficiary assistance program shall provide assistance—

(1) through operation using local Federal offices that provide information on the medicare program,

(2) using community outreach programs, and

(3) using a toll-free telephone information service.

(c) ASSISTANCE PROVIDED.—The beneficiary assistance program shall provide for information, counseling, and assistance for medicare-eligible individuals with respect to at least the following:

(1) With respect to the medicare program—

(A) eligibility,

(B) benefits (both covered and not covered),

(C) the process of payment for services,

(D) rights and process for appeals of determinations,

(E) other medicare-related entities (such as peer review organizations, fiscal intermediaries, and carriers), and

(F) recent legislative and administrative changes in the medicare program.

(2) With respect to the medicaid program—

(A) eligibility, benefits, and the application process,

(B) linkages between the medicaid and medicare programs, and

(C) referral to appropriate State and local agencies involved in the medicaid program.

(3) With respect to medicare supplemental policies—

(A) the program under section 1882 of the Social Security Act and standards required under such program,

(B) how to make informed decisions on whether to purchase such policies and on what criteria to use in evaluating different policies,

(C) appropriate Federal, State, and private agencies that provide information and assistance in obtaining benefits under such policies, and

(D) other issues deemed appropriate by the Secretary.

The beneficiary assistance program also shall provide such other services as the Secretary deems appropriate to increase beneficiary understanding of, and confidence in, the medicare program and to improve the relationship between beneficiaries and the program.

(d) EDUCATIONAL MATERIAL.—The Secretary, through the Administrator of the Health Care Financing Administration, shall develop appropriate educational materials and other appropriate techniques to assist employees in carrying out this section.

(e) NOTICE TO BENEFICIARIES.—The Secretary shall take such steps as are necessary to assure that medicare-eligible beneficiaries and the general public are made aware of the beneficiary assistance program.

(f) REPORT.—The Secretary shall include, in an annual report transmitted to the Congress, a report on the beneficiary assistance program and on other health insurance informational and counseling services made available to medicare-eligible individuals. The Secretary shall include in the report recommendations for such changes as may be desirable to improve the relationship between the medicare program and medicare-eligible individuals.

SEC. 4361. MEDICARE AND MEDIGAP INFORMATION BY TELEPHONE.

(a) IN GENERAL.—Title XVIII (42 U.S.C. 1395 et seq.) is amended by inserting after section 1888 the following:

"MEDICARE AND MEDIGAP INFORMATION BY TELEPHONE

"SEC. 1889. The Secretary shall provide information via a toll-free telephone number on the programs under this title and on medicare supplemental policies as defined in section 1882(g)(1) (including the relationship of State programs under title XIX to such policies).". 42 USC 1395zz.

(b) DEMONSTRATION PROJECTS.—The Secretary of Health and Human Services is authorized to conduct demonstration projects in up to 5 States for the purpose of establishing statewide toll-free telephone numbers for providing information on medicare benefits, medicare supplemental policies available in the State, and benefits under the State medicaid program. 42 USC 1395zz note.

Subtitle B—Medicaid

PART 1—REDUCTION IN SPENDING

PART 2—PROTECTION OF LOW-INCOME MEDICARE BENEFICIARIES

PART 3—IMPROVEMENTS IN CHILD HEALTH

PART 2—PROTECTION OF LOW-INCOME MEDICARE BENEFICIARIES

SEC. 4501. PHASED-IN EXTENSION OF MEDICAID PAYMENTS FOR MEDICARE PREMIUMS FOR CERTAIN INDIVIDUALS WITH INCOME BELOW 120 PERCENT OF THE OFFICIAL POVERTY LINE.

(a) 1-YEAR ACCELERATION OF BUY-IN OF PREMIUMS AND COST SHARING FOR QUALIFIED MEDICARE BENEFICIARIES UP TO 100 PERCENT OF POVERTY LINE.—Section 1905(p)(2) (42 U.S.C. 1396d(p)(2)) is further amended—

(1) in subparagraph (B)—

(A) by adding "and" at the end of clause (ii);

(B) in clause (iii), by striking "95 percent, and" and inserting "100 percent."; and

(C) by striking clause (iv); and

(2) in subparagraph (C)—

(A) in clause (iii), by striking "90" and inserting "95";

(B) by adding "and" at the end of clause (iii);

(C) in clause (iv), by striking "95 percent, and" and inserting "100 percent."; and

(D) by striking clause (v).

42 USC 1396a. (b) ENTITLEMENT.—Section 1902(a)(10)(E) (42 U.S.C. 1395b(a)(10)(E)(ii)) is amended—

(1) by striking ", and" at the end of clause (i) and inserting a semicolon;

(2) by adding "and" at the end of clause (ii); and

(3) by adding at the end the following new clause:

"(iii) for making medical assistance available for medicare cost sharing described in section 1905(p)(3)(A)(ii) subject to section 1905(p)(4), for individuals who would be qualified medicare beneficiaries described in section 1905(p)(1) but for the fact that their income exceeds the income level established by the State under section 1905(p)(2) but is less than 110 percent in 1993 and 1994, and 120 percent in 1995 and years thereafter of the official poverty line (referred to in such section) for a family of the size involved;".

(c) APPLICATION IN CERTAIN STATES AND TERRITORIES.—Section 1905(p)(4) (42 U.S.C. 1396d(p)(4)) is amended—

(1) in subparagraph (B), by inserting "or 1902(a)(10)(E)(iii)" after "subparagraph (B)", and

(2) by adding at the end the following:

"In the case of any State which is providing medical assistance to its residents under a waiver granted under section 1115, the Secretary shall require the State to meet the requirement of section 1902(a)(10)(E) in the same manner as the State would be required to meet such requirement if the State had in effect a plan approved under this title."

(d) CONFORMING AMENDMENT.—Section 1843(h) (42 U.S.C. 1395v(h)) is amended by adding at the end the following new paragraph:

"(3) In this subsection, the term 'qualified medicare beneficiary' also includes an individual described in section 1902(a)(10)(E)(iii).".

(e) DELAY IN COUNTING SOCIAL SECURITY COLA INCREASES UNTIL NEW POVERTY GUIDELINES PUBLISHED.—

(1) IN GENERAL.—Section 1905(p) is amended—

(A) in paragraph (1)(B), by inserting ", except as provided in paragraph (2)(D)" after "supplementary social security income program", and

(B) by adding at the end of paragraph (2) the following new subparagraph:

"(D)(i) In determining under this subsection the income of an individual who is entitled to monthly insurance benefits under title II for a transition month (as defined in clause (ii)) in a year, such income shall not include any amounts attributable to an increase in the level of monthly insurance benefits payable under such title which have occurred pursuant to section 215(i) for benefits payable for months beginning with December of the previous year.

"(ii) For purposes of clause (i), the term 'transition month' means each month in a year through the month following the month in which the annual revision of the official poverty line, referred to in subparagraph (A), is published.".

(2) CONFORMING AMENDMENTS.—Section 1902(m) (42 U.S.C. 1396a(m)) is amended—

(A) in paragraph (1)(B), by inserting ", except as provided in paragraph (2)(C)" after "supplemental security income program", and

(B) by adding at the end of paragraph (2) the following new subparagraph:

"(C) The provisions of section 1905(p)(2)(D) shall apply to determinations of income under this subsection in the same manner as they apply to determinations of income under section 1905(p).".

42 USC 1396a note.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar quarters beginning on or after January 1, 1991, without regard to whether or not regulations to implement such amendments are promulgated by such date; except that the amendments made by subsection (e) shall apply to determinations of income for months beginning with January 1991.

PART 4—MISCELLANEOUS

Subpart B—Eligibility and Coverage

SEC. 4724. OPTIONAL STATE MEDICAID DISABILITY DETERMINATIONS INDEPENDENT OF THE SOCIAL SECURITY ADMINISTRATION.

(a) IN GENERAL.—Section 1902 (42 U.S.C. 1396a) as amended by this title, is further amended by adding at the end the following new subsection:

"(v)(1) A State plan may provide for the making of determinations of disability or blindness for the purpose of determining eligibility for medical assistance under the State plan by the single State agency or its designee, and make medical assistance available to individuals whom it finds to be blind or disabled and who are determined otherwise eligible for such assistance during the period of time prior to which a final determination of disability or blindness is made by the Social Security Administration with respect to such an individual. In making such determinations, the State must apply the definitions of disability and blindness found in section 1614(a) of the Social Security Act.".

TITLE V—INCOME SECURITY, HUMAN RESOURCES, AND RELATED PROGRAMS

Subtitle A—Human Resource and Family Policy Amendments

SEC. 5001. TABLE OF CONTENTS.

SEC. 502. AMENDMENT OF SOCIAL SECURITY ACT.

Except as otherwise expressly provided, wherever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Social Security Act.

CHAPTER 3—SUPPLEMENTAL SECURITY INCOME

SEC. 5031. EXCLUSION FROM INCOME AND RESOURCES OF VICTIMS' COMPENSATION PAYMENTS.

(a) EXCLUSION FROM INCOME.—Section 1612(b) (42 U.S.C. 1382a(b)) is amended—

(1) by striking "and" at the end of paragraph (15);

(2) by striking the period at the end of paragraph (16) and inserting "; and"; and

(3) by adding at the end the following:

"(17) any amount received by such individual (or such spouse) from a fund established by a State to aid victims of crime.".

(b) EXCLUSION FROM RESOURCES.—Section 1613(a) (42 U.S.C. 1382b(a)) is amended—

(1) by striking "and" at the end of paragraph (7);

(2) by striking the period at the end of paragraph (8) and inserting "; and"; and

(3) by adding at the end the following:

"(9) for the 9-month period beginning after the month in which received, any amount received by such individual (or such spouse) from a fund established by a State to aid victims of crime, to the extent that such individual (or such spouse) demonstrates that such amount was paid as compensation for expenses incurred or losses suffered as a result of a crime.".

(c) VICTIMS COMPENSATION AWARD NOT REQUIRED TO BE ACCEPTED AS CONDITION OF RECEIVING BENEFITS.—Section 1631(a) (42 U.S.C. 1383(a)) is amended by adding at the end the following:

"(9) Benefits under this title shall not be denied to any individual solely by reason of the refusal of the individual to accept an amount offered as compensation for a crime of which the individual was a victim.".

42 USC 1382a note.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to benefits for months beginning on or after the first day of the 6th calendar month following the month in which this Act is enacted.

SEC. 5032. ATTAINMENT OF AGE 65 NOT TO SERVE AS BASIS FOR TERMINATION OF ELIGIBILITY UNDER SECTION 1619(b).

42 USC 1382h.

(a) IN GENERAL.—Section 1619(b)(1) (42 U.S.C. 1392h(b)(1)) is amended by striking "under age 65".

42 USC 1382h note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to benefits for months beginning on or after the first day of the 6th calendar month following the month in which this Act is enacted.

SEC. 5033. EXCLUSION FROM INCOME OF IMPAIRMENT-RELATED WORK EXPENSES.

(a) IN GENERAL.—Section 1612(b)(4)(B)(ii) (42 U.S.C. 1382a(b)(4)(B)(ii)) is amended by striking "(for purposes of determining the amount of his or her benefits under this title and of determining his or her eligibility for such benefits for consecutive months of eligibility after the initial month of such eligibility)".

42 USC 1382a note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to benefits payable for calendar months beginning after the date of the enactment of this Act.

SEC. 5034. TREATMENT OF ROYALTIES AND HONORARIA AS EARNED INCOME.

(a) IN GENERAL.—Section 1612(a) (42 U.S.C. 1382a(a)) is amended—

(1) in paragraph (1)—

(A) by striking "and" at the end of subparagraph (C); and

(B) by adding at the end the following:

"(E) any royalty earned by an individual in connection with any publication of the work of the individual, and that portion of any honorarium which is received for services rendered; and"; and

(2) in paragraph (2)(F), by inserting "not described in paragraph (1)(E)" before the period.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to benefits for months beginning on or after the first day of the 13th calendar month following the month in which this Act is enacted. 42 USC 1382a note.

SEC. 5035. CERTAIN STATE RELOCATION ASSISTANCE EXCLUDED FROM SSI INCOME AND RESOURCES.

(a) EXCLUSION FROM INCOME.—Section 1612(b) (42 U.S.C. 1382a(b)), as amended by section 5031(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting a semicolon; and

(3) by inserting after paragraph (17) the following:

"(18) relocation assistance provided by a State or local government to such individual (or such spouse), comparable to assistance provided under title II of the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970 which is subject to the treatment required by section 216 of such Act.".

(b) EXCLUSION FROM RESOURCES.—Section 1613(a) (42 U.S.C. 1382b(a)), as amended by section 5031(b) of this Act, is amended—

(1) by striking "and" at the end of paragraph (8);

(2) by striking the period at the end of paragraph (9) and inserting "; and"; and

(3) by inserting after paragraph (9) the following:

"(10) for the 9-month period beginning after the month in which received, relocation assistance provided by a State or local government to such individual (or such spouse), comparable to assistance provided under title II of the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970 which is subject to the treatment required by section 216 of such Act.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to benefits for calendar months beginning in the 3-year period that begins on the first day of the 6th calendar month following the month in which this Act is enacted. 42 USC 1382a note.

SEC. 5036. EVALUATION OF CHILD'S DISABILITY BY PEDIATRICIAN OR OTHER QUALIFIED SPECIALIST.

(a) IN GENERAL.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended by adding at the end the following:

"(H) In making any determination under this title with respect to the disability of a child who has not attained the age of 18 years and to whom section 221(h) does not apply, the Secretary shall make reasonable efforts to ensure that a qualified pediatrician or other individual who specializes in a field of medicine appropriate to the disability of the child (as determined by the Secretary) evaluates the case of such child.".

42 USC 1382c note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to determinations made 6 or more months after the date of the enactment of this Act.

SEC. 5037. REIMBURSEMENT FOR VOCATIONAL REHABILITATION SERVICES FURNISHED DURING CERTAIN MONTHS OF NONPAYMENT OF SSI BENEFITS.

(a) IN GENERAL.—Section 1615 (42 U.S.C. 1382d) is amended by adding at the end the following:

"(e) The Secretary may reimburse the State agency described in subsection (d) for the costs described therein incurred in the provision of rehabilitation services—

"(1) for any month for which an individual received—

"(A) benefits under section 1611 or 1619(a);

"(B) assistance under section 1619(b); or

"(C) a federally administered State supplementary payment under section 1616 of this Act or section 212(b) of Public Law 93-66; and

"(2) for any month before the 13th consecutive month for which an individual, for a reason other than cessation of disability or blindness, was ineligible for—

"(A) benefits under section 1611 or 1619(a);

"(B) assistance under section 1619(b); or

"(C) a federally administered State supplementary payment under section 1616 of this Act or section 212(b) of Public Law 93-66.".

42 USC 1382d note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act and shall apply to claims for reimbursement pending on or after such date.

SEC. 5038. EXTENSION OF PERIOD OF PRESUMPTIVE ELIGIBILITY FOR BENEFITS.

(a) IN GENERAL.—Section 1631(a)(4)(B) (42 U.S.C. 1383(a)(4)(B)) is amended by striking "3" and inserting "6".

42 USC 1383 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to benefits for months beginning on or after the first day of the 6th calendar month following the month in which this Act is enacted.

SEC. 5039. CONTINUING DISABILITY OR BLINDNESS REVIEWS NOT REQUIRED MORE THAN ONCE ANNUALLY.

(a) IN GENERAL [56]—Section 1619 (42 U.S.C. 1382h) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following:

"(c) Subsection (a)(2) and section 1631(j)(2)(A) shall not be construed, singly or jointly, to require more than 1 determination during any 12-month period with respect to the continuing disability or blindness of an individual.".

(b) CONFORMING AMENDMENT.—Section 1631(j)(2)(A) (42 U.S.C. 1383(j)(2)(A)) is amended by inserting "(other than subsection (c) thereof)" after "1619" the 1st place such term appears.

42 USC 1382h note.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

[56] So in original. Probably should be "GENERAL.—".

SEC. 5040. CONCURRENT SSI AND FOOD STAMP APPLICATIONS BY INSTITUTIONALIZED INDIVIDUALS.

Section 1631 (42 U.S.C. 1383) is amended—

(1) in subsection (m), by striking the second sentence; and

(2) by adding at the end the following:

"CONCURRENT SSI AND FOOD STAMP APPLICATIONS BY INSTITUTIONALIZED INDIVIDUALS

"(n) The Secretary and the Secretary of Agriculture shall develop a procedure under which an individual who applies for supplemental security income benefits under this subsection shall also be permitted to apply at the same time for participation in the food stamp program authorized under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).".

SEC. 5041. NOTIFICATION OF CERTAIN INDIVIDUALS ELIGIBLE TO RECEIVE RETROACTIVE BENEFITS.

In notifying individuals of their eligibility to receive retroactive supplemental security income benefits as a result of Sullivan v. Zebley, 110 S. Ct. 2658 (1990), the Secretary shall include written notice, in language that is easily understandable, explaining—

(1) the 6-month limitation on the exclusion from resources under section 1613(a)(7) of the Social Security Act (42 U.S.C. 1382b(a)(7));

(2) the potential effects under title XVI of the Social Security Act, attributable to the receipt of such payment, including—

(A) potential discontinuation of eligibility; and

(B) potential reductions in the amount of benefits;

(3) the possibility of establishing a trust account that would not be considered as income or resources for the purposes of such title if the trust met certain conditions; and

(4) that legal assistance in establishing such a trust may be available through legal referral services offered by a State or local bar association, or through the Legal Services Corporation.

SUBTITLE B—OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

SEC. 5100. TABLE OF CONTENTS.

SEC. 5101. AMENDMENT OF THE SOCIAL SECURITY ACT.

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Social Security Act.

SEC. 5102. CONTINUATION OF DISABILITY BENEFITS DURING APPEAL.

Subsection (g) of section 223 (42 U.S.C. 423(g)) is amended—

(1) in paragraph (1), in the matter following subparagraph (C), by inserting "or" after "hearing,", and by striking "pending, or (iii) June 1991." and inserting "pending."; and

(2) by striking paragraph (3).

SEC. 5103. REPEAL OF SPECIAL DISABILITY STANDARD FOR WIDOWS AND WIDOWERS.

(a) IN GENERAL.—Section 223(d)(2) (42 U.S.C. 423(d)(2)) is amended—

(1) in subparagraph (A), by striking "(except a widow, surviving divorced wife, widower, or surviving divorced husband for purposes of section 202(e) or (f))";

(2) by striking subparagraph (B); and

(3) by redesignating subparagraph (C) as subparagraph (B).

(b) CONFORMING AMENDMENTS.—

(1) The third sentence of section 216(i)(1) (42 U.S.C. 416(i)(1)) is amended by striking "(2)(C)" and inserting "(2)(B)".

(2) Section 223(f)(1)(B) (42 U.S.C. 423(f)(1)(B)) is amended to read as follows:

"(B) the individual is now able to engage in substantial gainful activity; or".

(3) Section 223(f)(2)(A)(ii) (42 U.S.C. 423(f)(2)(A)(ii)) is amended to read as follows:

"(ii) the individual is now able to engage in substantial gainful activity, or".

(4) Section 223(f)(3) (42 U.S.C. 423(f)(3)) is amended by striking "therefore—" and all that follows and inserting "therefore the individual is able to engage in substantial gainful activity; or".

(5) Section 223(f) is further amended, in the matter following paragraph (4), by striking "(or gainful activity in the case of a widow, surviving divorced wife, widower, or surviving divorced husband)" each place it appears.

(c) TRANSITIONAL RULES RELATING TO MEDICAID AND MEDICARE ELIGIBILITY.—

(1) DETERMINATION OF MEDICAID ELIGIBILITY.—Section 1634(d) (42 U.S.C. 1383c(d)) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(B) by striking "(d) If any person—" and inserting "(d)(1) This subsection applies with respect to any person who—";

(C) in subparagraph (A) (as redesignated), by striking "as required" and all that follows through "but not entitled" and inserting "being then not entitled";

(D) in subparagraph (B) (as redesignated), by striking "section 1616(a)," and inserting "section 1616(a) (or payments of the type described in section 212(a) of Public Law 93-66)."; and

(E) by striking "such person shall" and all that follows and inserting the following new paragraph:

"(2) For purposes of title XIX, each person with respect to whom this subsection applies—

"(A) shall be deemed to be a recipient of supplemental security income benefits under this title if such person received such a benefit for the month before the month in which such person began to receive a benefit described in paragraph (1)(A), and

"(B) shall be deemed to be a recipient of State supplementary payments of the type referred to in section 1616(a) of this Act (or payments of the type described in section 212(a) of Public Law 93-66) if such person received such a payment for the month before the month in which such person began to receive a benefit described in paragraph (1)(A),

for so long as such person (i) would be eligible for such supplemental security income benefits, or such State supplementary payments (or payments of the type described in section 212(a) of Public Law 93-66), in the absence of benefits described in paragraph (1)(A), and (ii) is not entitled to hospital insurance benefits under part A of title XVIII.".

(2) INCLUSION OF MONTHS OF SSI ELIGIBILITY WITHIN 5-MONTH DISABILITY WAITING PERIOD AND 24-MONTH MEDICARE WAITING PERIOD.—

(A) WIDOW'S BENEFITS BASED ON DISABILITY.—Section 202(e)(5) (42 U.S.C. 402(e)(5)) is amended—

(i) in subparagraph (B), by striking "(i)" and "(ii)" and inserting "(I)" and "(II)", respectively;

(ii) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(iii) by inserting "(A)" after "(5)"; and

(iv) by adding at the end the following new subparagraph:

"(B) For purposes of paragraph (1)(F)(i), each month in the period commencing with the first month for which such widow or surviving divorced wife is first eligible for supplemental security income benefits under title XVI, or State supplementary payments of the type referred to in section 1616(a) (or payments of the type described in section 212(a) of Public Law 93-66) which are paid by the Secretary under an agreement referred to in section 1616(a) (or in section 212(b) of Public Law 93-66), shall be included as one of the months of such waiting period for which the requirements of subparagraph (A) have been met.".

(B) WIDOWER'S BENEFITS BASED ON DISABILITY.—Section 202(f)(6) (42 U.S.C. 402(f)(6)) is amended—

(i) in subparagraph (B), by striking "(i)" and "(ii)" and inserting "(I)" and "(II)", respectively;

(ii) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(iii) by inserting "(A)" after "(6)"; and

(iv) by adding at the end the following new subparagraph:

"(B) For purposes of paragraph (1)(F)(i), each month in the period commencing with the first month for which such widower or surviving divorced husband is first eligible for supplemental security income benefits under title XVI, or State supplementary payments of the type referred to in section 1616(a) (or payments of the type described in section 212(a) of Public Law 93-66) which are paid by the Secretary under an agreement referred to in section 1616(a) (or in section 212(b) of Public Law 93-66), shall be included as one of the months of such waiting period for which the requirements of subparagraph (A) have been met.".

(C) MEDICARE BENEFITS.—Section 226(e)(1) (42 U.S.C. 426(e)(1)) is amended—

(i) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(ii) by inserting "(A)" after "(e)(1)"; and

(iii) by adding at the end the following new subparagraph:

"(B) For purposes of subsection (b)(2)(A)(iii), each month in the period commencing with the first month for which an individual is first eligible for supplemental security income benefits under title XVI, or State supplementary payments of the type referred to in section 1616(a) of this Act (or payments of the type described in section 212(a) of Public Law 93-66) which are paid by the Secretary under an agreement referred to in section 1616(a) (or in section 212(b) of Public Law 93-66), shall be included as one of the 24 months for which such individual must have been entitled to widow's or widower's insurance benefits on the basis of disability in order to become entitled to hospital insurance benefits on that basis.".

(d) DEEMED DISABILITY FOR PURPOSES OF ENTITLEMENT TO WIDOW'S AND WIDOWER'S INSURANCE BENEFITS FOR WIDOWS AND WIDOWERS ON SSI ROLLS.—

(1) WIDOW'S INSURANCE BENEFITS.—Section 202(e) (42 U.S.C. 402(e)) is amended by adding at the end the following new paragraph:

"(9) An individual shall be deemed to be under a disability for purposes of paragraph (1)(B)(ii) if such individual is eligible for supplemental security income benefits under title XVI, or State supplementary payments of the type referred to in section 1616(a) (or payments of the type described in section 212(a) of Public Law 93-66) which are paid by the Secretary under an agreement referred to in section 1616(a) (or in section 212(b) of Public Law 93-66), for the month for which all requirements of paragraph (1) for entitlement to benefits under this subsection (other than being under a disability) are met.".

(2) WIDOWER'S INSURANCE BENEFITS.—Section 202(f) (42 U.S.C. 402(f)) is amended by adding at the end the following new paragraph:

"(9) An individual shall be deemed to be under a disability for purposes of paragraph (1)(B)(ii) if such individual is eligible for supplemental security income benefits under title XVI, or State supplementary payments of the type referred to in section 1616(a) (or payments of the type described in section 212(a) of Public Law 93-66) which are paid by the Secretary under an agreement referred to in such section 1616(a) (or in section 212(b) of Public Law 93-66), for the month for which all requirements of paragraph (1) for entitlement to benefits under this subsection (other than being under a disability) are met.".

(e) EFFECTIVE DATE.— 42 USC 402 note.

(1) IN GENERAL.—The amendments made by this section (other than paragraphs (1) and (2)(C) of subsection (c)) shall apply with respect to monthly insurance benefits for months after December 1990 for which applications are filed on or after January 1, 1991, or are pending on such date. The amendments made by subsection (c)(1) shall apply with respect to medical assistance provided after December 1990. The amendments made by subsection (c)(2)(C) shall apply with respect to items and services furnished after December 1990.

(2) APPLICATION REQUIREMENTS FOR CERTAIN INDIVIDUALS ON BENEFIT ROLLS.—In the case of any individual who—

(A) is entitled to disability insurance benefits under section 223 of the Social Security Act for December 1990 or is eligible for supplemental security income benefits under title XVI of such Act, or State supplementary payments of the type referred to in section 1616(a) of such Act (or payments of the type described in section 212(a) of Public Law 93-66) which are paid by the Secretary under an agreement referred to in such section 1616(a) (or in section 212(b) of Public Law 93-66), for January 1991,

(B) applied for widow's or widower's insurance benefits under subsection (e) or (f) of section 202 of the Social Security Act during 1990, and

(C) is not entitled to such benefits under such subsection (e) or (f) for any month on the basis of such application by reason of the definition of disability under section 223(d)(2)(B) of the Social Security Act (as in effect immediately before the date of the enactment of this Act), and would have been so entitled for such month on the basis of such application if the amendments made by this section had been applied with respect to such application,

for purposes of determining such individual's entitlement to such benefits under subsection (e) or (f) of section 202 of the Social Security Act for months after December 1990, the requirement of paragraph (1)(C)(i) of such subsection shall be deemed to have been met.

SEC. 5104. DEPENDENCY REQUIREMENTS APPLICABLE TO A CHILD ADOPTED BY A SURVIVING SPOUSE.

(a) IN GENERAL.—Section 216(e) (42 U.S.C. 416(e)) is amended in the second sentence—

(1) by striking "at the time of such individual's death living in such individual's household" and inserting "either living with or receiving at least one-half of his support from such individual at the time of such individual's death"; and

(2) by striking "; except" and all that follows and inserting a period.

42 USC 416 note. (b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to benefits payable for months after December 1990, but only on the basis of applications filed after December 31, 1990.

SEC. 5105. REPRESENTATIVE PAYEE REFORMS.

(a) IMPROVEMENTS IN THE REPRESENTATIVE PAYEE SELECTION AND RECRUITMENT PROCESS.—

(1) AUTHORITY FOR CERTIFICATION OF PAYMENTS TO REPRESENTATIVE PAYEES.—

(A) TITLE II.—Section 205(j)(1) (42 U.S.C. 405(j)) is amended to read as follows:

"REPRESENTATIVE PAYEES

"(j)(1) If the Secretary determines that the interest of any individual under this title would be served thereby, certification of payment of such individual's benefit under this title may be made, regardless of the legal competency or incompetency of the individual, either for direct payment to the individual, or for his or her use and benefit, to another individual, or an organization, with respect to whom the requirements of paragraph (2) have been met (hereinafter in this subsection referred to as the individual's 'representative payee'). If the Secretary or a court of competent jurisdiction determines that a representative payee has misused any individual's benefit paid to such representative payee pursuant to this subsection or section 1631(a)(2), the Secretary shall promptly revoke certification for payment of benefits to such representative payee pursuant to this subsection and certify payment to an alternative representative payee or to the individual.".

(B) TITLE XVI.—

(i) IN GENERAL.—Section 1631(a)(2)(A) (42 U.S.C. 1383(a)(2)(A)) is amended to read as follows:

"(A)(i) Payments of the benefit of any individual may be made to any such individual or to the eligible spouse (if any) of such individual or partly to each.

"(ii) Upon a determination by the Secretary that the interest of such individual would be served thereby, or in the case of any individual or eligible spouse referred to in section 1611(e)(3)(A), such payments shall be made, regardless of the legal competency or incompetency of the individual or eligible spouse, to another individual, or an organization, with respect to whom the requirements of subparagraph (B) have been met (in this paragraph referred to as such individual's 'representative payee') for the use and benefit of the individual or eligible spouse.

"(iii) If the Secretary or a court of competent jurisdiction determines that the representative payee of an individual or eligible spouse has misused any benefits which have been paid to the representative payee pursuant to clause (ii) or section 205(j)(1), the Secretary shall promptly terminate payment of benefits to the representative payee pursuant to this subparagraph, and provide for payment of benefits to the individual or eligible spouse or to an alternative representative payee of the individual or eligible spouse.".

(ii) CONFORMING AMENDMENTS.—Section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended—

(I) in clause (i), by striking "a person other than the individual or spouse entitled to such payment" and inserting "representative payee of an individual or spouse";

(II) in clauses (ii), (iii), and (iv), by striking "other person to whom such payment is made" each place it appears and inserting "representative payee"; and

(III) in clause (v)—

(aa) by striking "person receiving payments on behalf of another" and inserting "representative payee"; and

(bb) by striking "person receiving such payments" and inserting "representative payee".

(2) PROCEDURE FOR SELECTING REPRESENTATIVE PAYEES.—

(A) IN GENERAL.—

(i) TITLE II.—Section 205(j)(2) (42 U.S.C. 405(j)(2)) is amended to read as follows:

"(2)(A) Any certification made under paragraph (1) for payment of benefits to an individual's representative payee shall be made on the basis of—

"(i) an investigation by the Secretary of the person to serve as representative payee, which shall be conducted in advance of such certification and shall, to the extent practicable, include a face-to-face interview with such person, and "(ii) adequate evidence that such certification is in the interest of such individual (as determined by the Secretary in regulations).

"(B)(i) As part of the investigation referred to in subparagraph (A)(i), the Secretary shall—

"(I) require the person being investigated to submit documented proof of the identity of such person, unless information establishing such identity has been submitted with an application for benefits under this title or title XVI,

"(II) verify such person's social security account number (or employer identification number),

"(III) determine whether such person has been convicted of a violation of section 208 or 1632, and

"(IV) determine whether certification of payment of benefits to such person has been revoked pursuant to this subsection or payment of benefits to such person has been terminated pursuant to section 1631(a)(2)(A)(iii) by reason of misuse of funds paid as benefits under this title or title XVI.

"(ii) The Secretary shall establish and maintain a centralized file, which shall be updated periodically and which shall be in a form which renders it readily retrievable by each servicing office of the Social Security Administration. Such file shall consist of—

"(I) a list of the names and social security account numbers (or employer identification numbers) of all persons with respect to whom certification of payment of benefits has been revoked on or after January 1, 1991, pursuant to this subsection, or with respect to whom payment of benefits has been terminated on or after such date pursuant to section 1631(a)(2)(A)(iii), by reason of misuse of funds paid as benefits under this title or title XVI, and

"(II) a list of the names and social security account numbers (or employer identification numbers) of all persons who have been convicted of a violation of section 208 or 1632.

"(C)(i) Benefits of an individual may not be certified for payment to any other person pursuant to this subsection if—

"(I) such person has previously been convicted as described in subparagraph (B)(i)(III),

"(II) except as provided in clause (ii), certification of payment of benefits to such person under this subsection has previously been revoked as described in subparagraph (B)(i)(IV), or payment of benefits to such person pursuant to section 1631(a)(2)(A)(ii) has previously been terminated as described in section 1631(a)(2)(B)(ii)(IV), or

"(III) except as provided in clause (iii), such person is a creditor of such individual who provides such individual with goods or services for consideration.

"(ii) The Secretary shall prescribe regulations under which the Secretary may grant exemptions to any person from the provisions of clause (i)(II) on a case-by-case basis if such exemption is in the best interest of the individual whose benefits would be paid to such person pursuant to this subsection.

"(iii) Clause (i)(III) shall not apply with respect to any person who is a creditor referred to therein if such creditor is—

"(I) a relative of such individual if such relative resides in the same household as such individual,

"(II) a legal guardian or legal representative of such individual, "(III) a facility that is licensed or certified as a care facility under the law of a State or a political subdivision of a State,

"(IV) a person who is an administrator, owner, or employee of a facility referred to in subclause (III) if such individual resides in such facility, and the certification of payment to such facility or such person is made only after good faith efforts have been made by the local servicing office of the Social Security Administration to locate an alternative representative payee to whom such certification of payment would serve the best interests of such individual, or

"(V) an individual who is determined by the Secretary, on the basis of written findings and under procedures which the Secretary shall prescribe by regulation, to be acceptable to serve as a representative payee.

"(iv) The procedures referred to in clause (iii)(V) shall require the individual who will serve as representative payee to establish, to the satisfaction of the Secretary, that—

"(I) such individual poses no risk to the beneficiary,

"(II) the financial relationship of such individual to the beneficiary poses no substantial conflict of interest, and

"(III) no other more suitable representative payee can be found.

"(D)(i) Subject to clause (ii), if the Secretary makes a determination described in the first sentence of paragraph (1) with respect to any individual's benefit and determines that direct payment of the benefit to the individual would cause substantial harm to the individual, the Secretary may defer (in the case of initial entitlement) or suspend (in the case of existing entitlement) direct payment of such benefit to the individual, until such time as the selection of a representative payee is made pursuant to this subsection.

"(ii)(I) Except as provided in subclause (II), any deferral or suspension of direct payment of a benefit pursuant to clause (i) shall be for a period of not more than 1 month.

"(II) Subclause (I) shall not apply in any case in which the individual is, as of the date of the Secretary's determination, legally incompetent or under the age of 15.

"(iii) Payment pursuant to this subsection of any benefits which are deferred or suspended pending the selection of a representative payee shall be made to the individual or the representative payee as a single sum or over such period of time as the Secretary determines is in the best interest of the individual entitled to such benefits.

"(E)(i) Any individual who is dissatisfied with a determination by the Secretary to certify payment of such individual's benefit to a representative payee under paragraph (1) or with the designation of a particular person to serve as representative payee shall be entitled to a hearing by the Secretary to the same extent as is provided in subsection (b), and to judicial review of the Secretary's final decision as is provided in subsection (g).

"(ii) In advance of the certification of payment of an individual's benefit to a representative payee under paragraph (1), the Secretary shall provide written notice of the Secretary's initial determination to certify such payment. Such notice shall be provided to such individual, except that, if such individual—

"(I) is under the age of 15,

"(II) is an unemancipated minor under the age of 18, or

"(III) is legally incompetent,

then such notice shall be provided solely to the legal guardian or legal representative of such individual.

"(iii) Any notice described in clause (ii) shall be clearly written in language that is easily understandable to the reader, shall identify the person to be designated as such individual's representative payee, and shall explain to the reader the right under clause (i) of such individual or of such individual's legal guardian or legal representative—

"(I) to appeal a determination that a representative payee is necessary for such individual,

"(II) to appeal the designation of a particular person to serve as the representative payee of such individual, and

"(III) to review the evidence upon which such designation is based and submit additional evidence.".

(ii) TITLE XVI.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended to read as follows:

"(B)(i) Any determination made under subparagraph (A) for payment of benefits to the representative payee of an individual or eligible spouse shall be made on the basis of—

"(I) an investigation by the Secretary of the person to serve as representative payee, which shall be conducted in advance of such payment, and shall, to the extent practicable, include a face-to-face interview with such person; and

"(II) adequate evidence that such payment is in the interest of the individual or eligible spouse (as determined by the Secretary in regulations).

"(ii) As part of the investigation referred to in clause (i)(I), the Secretary shall—

"(I) require the person being investigated to submit documented proof of the identity of such person, unless information establishing such identity was submitted with an application for benefits under title II or this title;

"(II) verify the social security account number (or employer identification number) of such person;

"(III) determine whether such person has been convicted of a violation of section 208 or 1632; and

"(IV) determine whether payment of benefits to such person has been terminated pursuant to subparagraph (A)(iii), and whether certification of payment of benefits to such person has been revoked pursuant to section 205(j), by reason of misuse of funds paid as benefits under title II or this title.

"(iii) Benefits of an individual may not be paid to any other person pursuant to subparagraph (A)(ii) if—

"(I) such person has previously been convicted as described in clause (ii)(III);

"(II) except as provided in clause (iv), payment of benefits to such person pursuant to subparagraph (A)(ii) has previously been terminated as described in clause (ii)(IV), or certification of payment of benefits to such person under section 205(j) has previously been revoked as described in section 205(j)(2)(B)(i)(IV); or

"(III) except as provided in clause (v), such person is a creditor of such individual who provides such individual with goods or services for consideration.

"(iv) The Secretary shall prescribe regulations under which the Secretary may grant an exemption from clause (iii)(II) to any person on a case-by-case basis if such exemption would be in the best interest of the individual or eligible spouse whose benefits under this title would be paid to such person pursuant to subparagraph (A)(ii).

"(v) Clause (iii)(III) shall not apply with respect to any person who is a creditor referred to therein if such creditor is—

"(I) a relative of such individual if such relative resides in the same household as such individual;

"(II) a legal guardian or legal representative of such individual;

"(III) a facility that is licensed or certified as a care facility under the law of a State or a political subdivision of a State;

"(IV) a person who is an administrator, owner, or employee of a facility referred to in subclause (III) if such individual resides in such facility, and the payment of benefits under this title to such facility or such person is made only after good faith efforts have been made by the local servicing office of the Social Security Administration to locate an alternative representative payee to whom the payment of such benefits would serve the best interests of such individual; or

"(V) an individual who is determined by the Secretary, on the basis of written findings and under procedures which the Secretary shall prescribe by regulation, to be acceptable to serve as a representative payee.

"(vi) The procedures referred to in clause (v)(V) shall require the individual who will serve as representative payee to establish, to the satisfaction of the Secretary, that—

"(I) such individual poses no risk to the beneficiary;

"(II) the financial relationship of such individual to the beneficiary poses no substantial conflict of interest; and

"(III) no other more suitable representative payee can be found.

"(vii) Subject to clause (viii), if the Secretary makes a determination described in subparagraph (A)(ii) with respect to any individual's benefit and determines that direct payment of the benefit to the individual would cause substantial harm to the individual, the Secretary may defer (in the case of initial entitlement) or suspend (in the case of existing entitlement) direct payment of such benefit to the individual, until such time as the selection of a representative payee is made pursuant to this subparagraph.

"(viii)(I) Except as provided in subclause (II), any deferral or suspension of direct payment of a benefit pursuant to clause (vii) shall be for a period of not more than 1 month.

"(II) Subclause (I) shall not apply in any case in which the individual or eligible spouse is, as of the date of the Secretary's determination, legally incompetent, under the age 15 years, or a drug addict or alcoholic referred to in section 1611(e)(3)(A).

"(ix) Payment pursuant to this subparagraph of any benefits which are deferred or suspended pending the selection of a representative payee shall be made to the individual, or to the representative payee upon such selection, as a single sum or over such period of time as the Secretary determines is in the best interests of the individual entitled to such benefits.

"(x) Any individual who is dissatisfied with a determination by the Secretary to pay such individual's benefits to a representative payee under this title, or with the designation of a particular person to serve as representative payee, shall be entitled to a hearing by the Secretary, and to judicial review of the Secretary's final decision, to the same extent as is provided in subsection (c).

"(xi) In advance of the first payment of an individual's benefit to a representative payee under subparagraph (A)(ii), the Secretary shall provide written notice of the Secretary's initial determination to make any such payment. Such notice shall be provided to such individual, except that, if such individual—

"(I) is under the age of 15,

"(II) is an unemancipated minor under the age of 18, or

"(III) is legally incompetent,

then such notice shall be provided solely to the legal guardian or legal representative of such individual.

"(xii) Any notice described in clause (xi) shall be clearly written in language that is easily understandable to the reader, shall identify the person to be designated as such individual's representative payee, and shall explain to the reader the right under clause (x) of such individual or of such individual's legal guardian or legal representative—

"(I) to appeal a determination that a representative payee is necessary for such individual,

"(II) to appeal the designation of a particular person to serve as the representative payee of such individual, and

"(III) to review the evidence upon which such designation is based and submit additional evidence.".

42 USC 405 note.

(B) REPORT ON FEASIBILITY OF OBTAINING READY ACCESS TO CERTAIN CRIMINAL FRAUD RECORDS.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services, in consultation with the Attorney General of the United States and the Secretary of the Treasury, shall study the feasibility of establishing and maintaining a current list, which would be readily available to local offices of the Social Security Administration for use in investigations undertaken pursuant to section 205(j)(2) or 1631(a)(2)(B) of the Social Security Act, of the names and social security account numbers of individuals who have been convicted of a violation of section 495 of title 18, United States Code. The Secretary of Health and Human Services shall, not later than July 1, 1992, submit the results of such study, together with any recommendations, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(3) PROVISION FOR COMPENSATION OF QUALIFIED ORGANIZATIONS SERVING AS REPRESENTATIVE PAYEES.—

(A) IN GENERAL.—

(i) TITLE II.—Section 205(j) (42 U.S.C. 405(j)) is amended by redesignating paragraph (4) as paragraph (5), and by inserting after paragraph (3) the following new paragraph:

"(4)(A) A qualified organization may collect from an individual a monthly fee for expenses (including overhead) incurred by such organization in providing services performed as such individual's representative payee pursuant to this subsection if such fee does not exceed the lesser of—

"(i) 10 percent of the monthly benefit involved, or

"(ii) $25.00 per month.

Any agreement providing for a fee in excess of the amount permitted under this subparagraph shall be void and shall be treated as misuse by such organization of such individual's benefits.

"(B) For purposes of this paragraph, the term 'qualified organization' means any community-based nonprofit social service agency which is bonded or licensed in each State in which it serves as a representative payee and which, in accordance with any applicable regulations of the Secretary—

"(i) regularly provides services as the representative payee, pursuant to this subsection or section 1631(a)(2), concurrently to 5 or more individuals,

"(ii) demonstrates to the satisfaction of the Secretary that such agency is not otherwise a creditor of any such individual, and

"(iii) was in existence on October 1, 1988.

The Secretary shall prescribe regulations under which the Secretary may grant an exception from clause (ii) for any individual on a case-by-case basis if such exception is in the best interests of such individual.

"(C) Any qualified organization which knowingly charges or collects, directly or indirectly, any fee in excess of the maximum fee prescribed under subparagraph (A) or makes any agreement, directly or indirectly, to charge or collect any fee in excess of such maximum fee, shall be fined in accordance with title 18, United States Code, or imprisoned not more than 6 months, or both.

"(D) This paragraph shall cease to be effective on July 1, 1994.".

(ii) TITLE XVI.—Section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended—

(I) by redesignating subparagraph (D) as subparagraph (E);

(III)[62] by inserting after subparagraph (C) the following:

"(D)(i) A qualified organization may collect from an individual a monthly fee for expenses (including overhead) incurred by such organization in providing services performed as such individual's representative payee pursuant to subparagraph (A)(ii) if the fee does not exceed the lesser of—

"(I) 10 percent of the monthly benefit involved, or

"(II) $25.00 per month.

Any agreement providing for a fee in excess of the amount permitted under this clause shall be void and shall be treated as misuse by the organization of such individual's benefits.

"(ii) For purposes of this subparagraph, the term 'qualified organization' means any community-based nonprofit social service agency which—

"(I) is bonded or licensed in each State in which the agency serves as a representative payee;

"(II) in accordance with any applicable regulations of the Secretary—

"(aa) regularly provides services as a representative payee pursuant to subparagraph (A)(ii) or section 205(j)(4) concurrently to 5 or more individuals;

"(bb) demonstrates to the satisfaction of the Secretary that such agency is not otherwise a creditor of any such individual; and

"(cc) was in existence on October 1, 1988.

[62] So in original. Probably should be "(II)".

The Secretary shall prescribe regulations under which the Secretary may grant an exception from subclause (II)(bb) for any individual on a case-by-case basis if such exception is in the best interests of such individual.

"(iii) Any qualified organization which knowingly charges or collects, directly or indirectly, any fee in excess of the maximum fee prescribed under clause (i) or makes any agreement, directly or indirectly, to charge or collect any fee in excess of such maximum fee, shall be fined in accordance with title 18, United States Code, or imprisoned not more than 6 months, or both.

"(iv) This subparagraph shall cease to be effective on July 1, 1994.".

42 USC 405 note.

(B) STUDIES AND REPORTS.—

(i) REPORT BY SECRETARY OF HEALTH AND HUMAN SERVICES.—Not later than January 1, 1993, the Secretary of Health and Human Services shall transmit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate setting forth the number and types of qualified organizations which have served as representative payees and have collected fees for such service pursuant to any amendment made by subparagraph (A).

(ii) REPORT BY COMPTROLLER GENERAL.—Not later than July 1, 1992, the Comptroller General of the United States shall conduct a study of the advantages and disadvantages of allowing qualified organizations serving as representative payees to charge fees pursuant to the amendments made by subparagraph (A) and shall transmit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate setting forth the results of such study.

42 USC 405 note.

(4) STUDY RELATING TO FEASIBILITY OF SCREENING OF INDIVIDUALS WITH CRIMINAL RECORDS.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services shall conduct a study of the feasibility of determining the type of representative payee applicant most likely to have a felony or misdemeanor conviction, the suitability of individuals with prior convictions to serve as representative payees, and the circumstances under which such applicants could be allowed to serve as representative payees. The Secretary shall transmit the results of such study to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than July 1, 1992.

42 USC 405 note.

(5) EFFECTIVE DATES.—

(A) USE AND SELECTION OF REPRESENTATIVE PAYEES.—The amendments made by paragraphs (1) and (2) shall take effect July 1, 1991, and shall apply only with respect to—

(i) certifications of payment of benefits under title II of the Social Security Act to representative payees made on or after such date; and

(ii) provisions for payment of benefits under title XVI of such Act to representative payees made on or after such date.

(B) COMPENSATION OF REPRESENTATIVE PAYEES.—The amendments made by paragraph (3) shall take effect July 1, 1991, and the Secretary of Health and Human Services shall prescribe initial regulations necessary to carry out such amendments not later than such date.

(b) IMPROVEMENTS IN RECORDKEEPING AND AUDITING REQUIREMENTS.—

(1) IMPROVED ACCESS TO CERTAIN INFORMATION.—

(A) IN GENERAL.—Section 205(j)(3) (42 U.S.C. 605(j)(3)) is amended— 42 USC 405.

(i) by striking subparagraph (B);

(ii) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively;

(iii) in subparagraph (D) (as so redesignated), by striking "(A), (B), (C), and (D)" and inserting "(A), (B), and (C)"; and

(iv) by adding at the end the following new subparagraphs:

"(E) The Secretary shall maintain a centralized file, which shall be updated periodically and which shall be in a form which will be readily retrievable by each servicing office of the Social Security Administration, of—

"(i) the address and the social security account number (or employer identification number) of each representative payee who is receiving benefit payments pursuant to this subsection or section 1631(a)(2), and

"(ii) the address and social security account number of each individual for whom each representative payee is reported to be providing services as representative payee pursuant to this subsection or section 1631(a)(2).

"(F) Each servicing office of the Administration shall maintain a list, which shall be updated periodically, of public agencies and community-based nonprofit social service agencies which are qualified to serve as representative payees pursuant to this subsection or section 1631(a)(2) and which are located in the area served by such servicing office.".

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall take effect October 1, 1992, and the Secretary of Health and Human Services shall take such actions as are necessary to ensure that the requirements of section 205(j)(3)(E) of the Social Security Act (as amended by subparagraph (A) of this paragraph) are satisfied as of such date. 42 USC 405 note.

(2) STUDY RELATING TO MORE STRINGENT OVERSIGHT OF HIGH-RISK REPRESENTATIVE PAYEES.— 42 USC 405 note.

(A) IN GENERAL.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services shall conduct a study of the need for a more stringent accounting system for high-risk representative payees than is otherwise generally provided under section 205(j)(3) or 1631(a)(2)(C) of the Social Security Act, which would include such additional reporting requirements, record maintenance requirements, and other measures as the Secretary considers necessary to determine whether services are being appropriately provided by such payees in accordance with such sections 205(j) and 1631(a)(2).

(B) SPECIAL PROCEDURES.—In such study, the Secretary shall determine the appropriate means of implementing more stringent, statistically valid procedures for—

(i) reviewing reports which would be submitted to the Secretary under any system described in subparagraph (A), and

(ii) periodic, random audits of records which would be kept under such a system,

in order to identify any instances in which high-risk representative payees are misusing payments made pursuant to section 205(j) or 1631(a)(2) of the Social Security Act.

(C) HIGH-RISK REPRESENTATIVE PAYEE.—For purposes of this paragraph, the term "high-risk representative payee" means a representative payee under section 205(j) or 1631(a)(2) of the Social Security Act (42 U.S.C. 405(j) and 1383(a)(2), respectively) (other than a Federal or State institution) who—

(i) regularly provides concurrent services as a representative payee under such section 205(j), such section 1631(a)(2), or both such sections, for 5 or more individuals who are unrelated to such representative payee,

(ii) is neither related to an individual on whose behalf the payee is being paid benefits nor living in the same household with such individual,

(iii) is a creditor of such individual, or

(iv) is in such other category of payees as the Secretary may determine appropriate.

(D) REPORT.—The Secretary shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the results of the study, together with any recommendations, not later than July 1, 1992. Such report shall include an evaluation of the feasibility and desirability of legislation implementing stricter accounting and review procedures for high-risk representative payees in all servicing offices of the Social Security Administration (together with proposed legislative language).

42 USC 405 note.

(3) DEMONSTRATION PROJECTS RELATING TO PROVISION OF INFORMATION TO LOCAL AGENCIES PROVIDING CHILD AND ADULT PROTECTIVE SERVICES.—

(A) IN GENERAL.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services shall implement a demonstration project under this paragraph in all or part of not fewer than 2 States. Under each such project, the Secretary shall enter into an agreement with the State in which the project is located to make readily available, for the duration of the project, to the appropriate State agency, a listing of addresses of multiple benefit recipients.

(B) LISTING OF ADDRESSES OF MULTIPLE BENEFIT RECIPIENTS.—The list referred to in subparagraph (A) shall consist of a current list setting forth each address within the State at which benefits under title II, benefits under title XVI, or any combination of such benefits are being received by 5 or more individuals. For purposes of this subparagraph, in the case of benefits under title II, all individuals receiving benefits on the basis of the wages and self-employment income of the same individual shall be counted as 1 individual.

(C) APPROPRIATE STATE AGENCY.—The appropriate State agency referred to in subparagraph (A) is the agency of the State which the Secretary determines is primarily responsible for regulating care facilities operated in such State or providing for child and adult protective services in such State.

(D) REPORT.—The Secretary shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate concerning such demonstration projects, together with any recommendations, not later than July 1, 1992. Such report shall include an evaluation of the feasibility and desirability of legislation implementing the programs established pursuant to this paragraph on a permanent basis.

(E) STATE.—For purposes of this paragraph, the term "State" means a State, including the entities included in such term by section 210(h) of the Social Security Act (42 U.S.C. 410(h)).

(c) RESTITUTION.—

(1) TITLE II.—Section 205(j) (42 U.S.C. 405(j)) is amended by redesignating paragraph (5) (as so redesignated by subsection (a)(3)(A)(i) of this section) as paragraph (6) and by inserting after paragraph (4) (as added by subsection (a)(3)(A)(i)) the following new paragraph:

"(5) In cases where the negligent failure of the Secretary to investigate or monitor a representative payee results in misuse of benefits by the representative payee, the Secretary shall certify for payment to the beneficiary or the beneficiary's alternative representative payee an amount equal to such misused benefits. The Secretary shall make a good faith effort to obtain restitution from the terminated representative payee.".

(2) TITLE XVI.—Section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended by redesignating subparagraph (E) (as so redesignated by subsection (a)(3)(A)(ii)(I) of this section) as subparagraph (F) and by inserting after subparagraph (D) (as added by subsection (a)(3)(A)(i)(III)) the following new subparagraph:

"(E) RESTITUTION.—In cases where the negligent failure of the Secretary to investigate or monitor a representative payee results in misuse of benefits by the representative payee, the Secretary shall make payment to the beneficiary or the beneficiary's representative payee of an amount equal to such misused benefits. The Secretary shall make a good faith effort to obtain restitution from the terminated representative payee.".

(d) REPORTS TO THE CONGRESS.—

(1) IN GENERAL.—

(A) TITLE II.—Section 205(j)(5) (as so redesignated by subsection (c)(1) of this section) is amended to read as follows:

"(5) The Secretary shall include as a part of the annual report required under section 704 information with respect to the implementation of the preceding provisions of this subsection, including the number of cases in which the representative payee was changed, the number of cases discovered where there has been a misuse of funds, how any such cases were dealt with by the Secretary, the final disposition of such cases, including any criminal penalties imposed, and such other information as the Secretary determines to be appropriate.".

(B) TITLE XVI.—Section 1631(a)(2)(E) (42 U.S.C. 1383(a)(2)(E)), as so redesignated by subsection (c)(2) of this section, is amended to read as follows:

"(E) The Secretary shall include as a part of the annual report required under section 704 information with respect to the implementation of the preceding provisions of this paragraph, including—

"(i) the number of cases in which the representative payee was changed;

"(ii) the number of cases discovered where there has been a misuse of funds;

"(iii) how any such cases were dealt with by the Secretary;

"(iv) the final disposition of such cases (including any criminal penalties imposed); and

"(v) such other information as the Secretary determines to be appropriate.".

42 USC 405 note.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply with respect to annual reports issued for years after 1991.

(3) FEASIBILITY STUDY REGARDING INVOLVEMENT OF DEPARTMENT OF VETERANS AFFAIRS.—As soon as practicable after the date of the enactment of this Act, the Secretary of Health and Human Services, in cooperation with the Secretary of Veterans Affairs, shall conduct a study of the feasibility of designating the Department of Veterans Affairs as the lead agency for purposes of selecting, appointing, and monitoring representative payees for those individuals who receive benefits paid under title II or XVI of the Social Security Act and benefits paid by the Department of Veterans Affairs. Not later than 180 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report setting forth the results of such study, together with any recommendations.

SEC. 5106. FEES FOR REPRESENTATION OF CLAIMANTS IN ADMINISTRATIVE PROCEEDINGS.

(a) IN GENERAL.—

(1) TITLE II.—Subsection (a) of section 206 (42 U.S.C. 406(a)) is amended—

(A) by inserting "(1)" after "(a)";

(B) in the fifth sentence, by striking "Whenever" and inserting "Except as provided in paragraph (2)(A), whenever"; and

(C) by striking the sixth sentence and all that follows through "Any person who" in the seventh sentence and inserting the following:

"(2)(A) In the case of a claim of entitlement to past-due benefits under this title, if—

"(i) an agreement between the claimant and another person regarding any fee to be recovered by such person to compensate such person for services with respect to the claim is presented in writing to the Secretary prior to the time of the Secretary's determination regarding the claim,

"(ii) the fee specified in the agreement does not exceed the lesser of—

"(I) 25 percent of the total amount of such past-due benefits (as determined before any applicable reduction under section 1127(a)), or

"(II) $4,000, and

"(iii) the determination is favorable to the claimant,

then the Secretary shall approve that agreement at the time of the favorable determination, and (subject to paragraph (3)) the fee specified in the agreement shall be the maximum fee. The Secretary may from time to time increase the dollar amount under clause (ii)(II) to the extent that the rate of increase in such amount, as determined over the period since January 1, 1991, does not at any time exceed the rate of increase in primary insurance amounts under section 215(i) since such date. The Secretary shall publish any such increased amount in the Federal Register.

"(B) For purposes of this subsection, the term 'past-due benefits' excludes any benefits with respect to which payment has been continued pursuant to subsection (g) or (h) of section 223.

"(C) In the case of a claim with respect to which the Secretary has approved an agreement pursuant to subparagraph (A), the Secretary shall provide the claimant and the person representing the claimant a written notice of—

"(i) the dollar amount of the past-due benefits (as determined before any applicable reduction under section 1127(a)) and the dollar amount of the past-due benefits payable to the claimant,

"(ii) the dollar amount of the maximum fee which may be charged or recovered as determined under this paragraph, and

"(iii) a description of the procedures for review under paragraph (3).

"(3)(A) The Secretary shall provide by regulation for review of the amount which would otherwise be the maximum fee as determined under paragraph (2) if, within 15 days after receipt of the notice provided pursuant to paragraph (2)(C)—

"(i) the claimant, or the administrative law judge or other adjudicator who made the favorable determination, submits a written request to the Secretary to reduce the maximum fee, or

"(ii) the person representing the claimant submits a written request to the Secretary to increase the maximum fee.

Any such review shall be conducted after providing the claimant, the person representing the claimant, and the adjudicator with reasonable notice of such request and an opportunity to submit written information in favor of or in opposition to such request. The adjudicator may request the Secretary to reduce the maximum fee only on the basis of evidence of the failure of the person representing the claimant to represent adequately the claimant's interest or on the basis of evidence that the fee is clearly excessive for services rendered.

"(B)(i) In the case of a request for review under subparagraph (A) by the claimant or by the person representing the claimant, such review shall be conducted by the administrative law judge who made the favorable determination or, if the Secretary determines that such administrative law judge is unavailable or if the determination was not made by an administrative law judge, such review shall be conducted by another person designated by the Secretary for such purpose.

"(ii) In the case of a request by the adjudicator for review under subparagraph (A), the review shall be conducted by the Secretary or by an administrative law judge or other person (other than such adjudicator) who is designated by the Secretary.

"(C) Upon completion of the review, the administrative law judge or other person conducting the review shall affirm or modify the amount which would otherwise be the maximum fee. Any such amount so affirmed or modified shall be considered the amount of the maximum fee which may be recovered under paragraph (2). The decision of the administrative law judge or other person conducting the review shall not be subject to further review.

"(4)(A) Subject to subparagraph (B), if the claimant is determined to be entitled to past-due benefits under this title and the person representing the claimant is an attorney, the Secretary shall, notwithstanding section 205(i), certify for payment out of such past-due benefits (as determined before any applicable reduction under section 1127(a)) to such attorney an amount equal to so much of the maximum fee as does not exceed 25 percent of such past-due benefits (as determined before any applicable reduction under section 1127(a)).

"(B) The Secretary shall not in any case certify any amount for payment to the attorney pursuant to this paragraph before the expiration of the 15-day period referred to in paragraph (3)(A) or, in the case of any review conducted under paragraph (3), before the completion of such review.

"(5) Any person who".

(2) TITLE XVI.—Paragraph (2)(A) of section 1631(d) (42 U.S.C. 1383(d)(2)(A)) is amended to read as follows:

"(2)(A) The provisions of section 206(a) (other than paragraph (4) thereof) shall apply to this part to the same extent as they apply in the case of title II, except that paragraph (2) thereof shall be applied—

"(i) by substituting 'section 1127(a) or 1631(g)' for 'section 1127(a)'; and

"(ii) by substituting 'section 1631(a)(7)(A) or the requirements of due process of law' for 'subsection (g) or (h) of section 223'.".

(b) PROTECTION OF ATTORNEY'S FEES FROM OFFSETTING SSI BENEFITS.—Subsection (a) of section 1127 (42 U.S.C. 1320a-6(a)) is amended by adding at the end the following new sentence: "A benefit under title II shall not be reduced pursuant to the preceding sentence to the extent that any amount of such benefit would not otherwise be available for payment in full of the maximum fee which may be recovered from such benefit by an attorney pursuant to section 206(a)(4).".

(c) LIMITATATION OF TRAVEL EXPENSES FOR REPRESENTATION OF CLAIMANTS AT ADMINISTRATIVE PROCEEDINGS.—Section 201(j) (42 U.S.C. 401(j)), section 1631(h) (42 U.S.C. 1383(h)), and section 1817(i) (42 U.S.C. 1395i(i)) are each amended by adding at the end the following new sentence: "The amount available for payment under this subsection for travel by a representative to attend an administrative proceeding before an administrative law judge or other adjudicator shall not exceed the maximum amount allowable under this subsection for such travel originating within the geographic area of the office having jurisdiction over such proceeding.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to determinations made on or after July 1, 1991, and to reimbursement for travel expenses incurred on or after April 1, 1991. 42 USC 401 note.

SEC. 5107. APPLICABILITY OF ADMINISTRATIVE RES JUDICATA; RELATED NOTICE REQUIREMENTS.

(a) IN GENERAL.—

(1) TITLE II.—Section 205(b) (42 U.S.C. 405(b)) is amended by adding at the end the following new paragraph:

"(3)(A) A failure to timely request review of an initial adverse determination with respect to an application for any benefit under this title or an adverse determination on reconsideration of such an initial determination shall not serve as a basis for denial of a subsequent application for any benefit under this title if the applicant demonstrates that the applicant, or any other individual referred to in paragraph (1), failed to so request such a review acting in good faith reliance upon incorrect, incomplete, or misleading information, relating to the consequences of reapplying for benefits in lieu of seeking review of an adverse determination, provided by any officer or employee of the Social Security Administration or any State agency acting under section 221.

"(B) In any notice of an adverse determination with respect to which a review may be requested under paragraph (1), the Secretary shall describe in clear and specific language the effect on possible entitlement to benefits under this title of choosing to reapply in lieu of requesting review of the determination.".

(2) TITLE XVI.—Section 1631(c)(1) (42 U.S.C. 1383(c)(1)) is amended—

(A) by inserting "(A)" after "(c)(1)"; and

(B) by adding at the end the following:

"(B)(i) A failure to timely request review of an initial adverse determination with respect to an application for any payment under this title or an adverse determination on reconsideration of such an initial determination shall not serve as a basis for denial of a subsequent application for any payment under this title if the applicant demonstrates that the applicant, or any other individual referred to in paragraph (1), failed to so request such a review acting in good faith reliance upon incorrect, incomplete, or misleading information, relating to the consequences of reapplying for payments in lieu of seeking review of an adverse determination, provided by any officer or employee of the Social Security Administration or any State agency acting under section 221.

"(ii) In any notice of an adverse determination with respect to which a review may be requested under paragraph (1), the Secretary shall describe in clear and specific language the effect on possible eligibility to receive payments under this title of choosing to reapply in lieu of requesting review of the determination.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to adverse determinations made on or after July 1, 1991. 42 USC 405 note.

SEC. 5108. DEMONSTRATION PROJECTS RELATING TO ACCOUNTABILITY FOR TELEPHONE SERVICE CENTER COMMUNICATIONS. 42 USC 902 note.

(a) IN GENERAL.—The Secretary of Health and Human Services shall develop and carry out demonstration projects designed to implement the accountability procedures described in subsection (b) in each of not fewer than 3 telephone service centers operated by the Social Security Administration. Telephone service centers shall be selected for implementation of the accountability procedures so as to permit a thorough evaluation of such procedures as they would operate in conjunction with the service technology most recently employed by the Social Security Administration. Each such demonstration project shall commence not later than 180 days after the date of the enactment of this Act and shall remain in operation for not less than 1 year and not more than 3 years.

(b) ACCOUNTABILITY PROCEDURES.—

(1) IN GENERAL.—During the period of each demonstration project developed and carried out by the Secretary of Health and Human Services with respect to a telephone service center pursuant to subsection (a), the Secretary shall provide for the application at such telephone service center of accountability procedures consisting of the following:

(A) In any case in which a person communicates with the Social Security Administration by telephone at such telephone service center and provides in such communication his or her name, address, and such other identifying information as the Secretary determines necessary and appropriate for purposes of this subparagraph, the Secretary must thereafter promptly provide such person a written receipt which sets forth—

(i) the name of any individual representing the Social Security Administration with whom such person has spoken in such communication,

(ii) the date of the communication;

(iii) a description of the nature of the communication,

(iv) any action that an individual representing the Social Security Administration has indicated in the communication will be taken in response to the communication, and

(v) a description of the information or advice offered in the communication by an individual representing the Social Security Administration.

(B) Such person must be notified during the communication by an individual representing the Social Security Administration that, if adequate identifying information is provided to the Administration, a receipt described in subparagraph (A) will be provided to such person.

(C) A copy of any receipt required to be provided to any person under subparagraph (A) must be—

(i) included in the file maintained by the Social Security Administration relating to such person, or

(ii) if there is no such file, otherwise retained by the Social Security Administration in retrievable form until the end of the 5-year period following the termination of the project.

(2) EXCLUSION OF CERTAIN ROUTINE TELEPHONE COMMUNICATIONS.—The Secretary may exclude from demonstration projects carried out pursuant to this section routine telephone communications which do not relate to potential or current eligibility or entitlement to benefits.

(c) REPORT.—

(1) IN GENERAL [63]—The Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report on the progress of the demonstration projects conducted pursuant to this section, together with any related data and materials which the Secretary may consider appropriate. The report shall be submitted not later than 90 days after the termination of the project.

(2) SPECIFIC MATTERS TO BE INCLUDED.—The report required under paragraph (1) shall—

(A) assess the costs and benefits of the accountability procedures,

(B) identify any major difficulties encountered in implementing the demonstration project, and

(C) assess the feasibility of implementing the accountability procedures on a national basis.

SEC. 5109. NOTICE REQUIREMENTS.

(a) REQUIREMENTS.—

(1) TITLE II.—Section 205 (42 U.S.C. 405) is amended by inserting after subsection (r) the following new subsection:

"NOTICE REQUIREMENTS

"(s) The Secretary shall take such actions as are necessary to ensure that any notice to one or more individuals issued pursuant to this title by the Secretary or by a State agency—

"(1) is written in simple and clear language, and

"(2) includes the address and telephone number of the local office of the Social Security Administration which serves the recipient.

In the case of any such notice which is not generated by a local servicing office, the requirements of paragraph (2) shall be treated as satisfied if such notice includes the address of the local office of the Social Security Administration which services the recipient of the notice and a telephone number through which such office can be reached.".

(2) TITLE XVI.—Section 1631 (42 U.S.C. 1383) is amended by adding at the end the following:

"NOTICE REQUIREMENTS

"(n) The Secretary shall take such actions as are necessary to ensure that any notice to one or more individuals issued pursuant to this title by the Secretary or by a State agency—

"(1) is written in simple and clear language, and

"(2) includes the address and telephone number of the local office of the Social Security Administration which serves the recipient.

In the case of any such notice which is not generated by a local servicing office, the requirements of paragraph (2) shall be treated as satisfied if such notice includes the address of the local office of the Social Security Administration which services the recipient of the notice and a telephone number through which such office can be reached.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to notices issued on or after July 1, 1991. 42 USC 405 note.

[63] So in original. Probably should be "GENERAL.—".

42 USC 902 note.

SEC. 5110. TELEPHONE ACCESS TO THE SOCIAL SECURITY ADMINISTRATION.

(a) REQUIRED MINIMUM LEVEL OF ACCESS TO LOCAL OFFICES.—In addition to such other access by telephone to offices of the Social Security Administration as the Secretary of Health and Human Services may consider appropriate, the Secretary shall maintain access by telephone to local offices of the Social Security Administration at the level of access generally available as of September 30, 1989.

(b) TELEPHONE LISTINGS.—The Secretary shall make such requests of local telephone utilities in the United States as are necessary to ensure that the listings subsequently maintained and published by such utilities for each locality include the address and telephone number for each local office of the Social Security Administration to which direct telephone access is maintained under subsection (a) in such locality. Such listing may also include information concerning the availability of a toll-free number which may be called for general information.

(c) REPORT BY SECRETARY.—Not later than January 1, 1993, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report which—

(1) assesses the impact of the requirements established by this section on the Social Security Administration's allocation of resources, workload levels, and service to the public, and

(2) presents a plan for using new, innovative technologies to enhance access to the Social Security Administration, including access to local offices.

(d) GAO REPORT.—The Comptroller General of the United States shall review the level of telephone access by the public to the local offices of the Social Security Administration. The Comptroller General shall file an interim report with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate describing such level of telephone access not later than 120 days after the date of the enactment of this Act and shall file a final report with such Committees describing such level of access not later than 210 days after such date.

(e) EFFECTIVE DATE.—The Secretary of Health and Human Services shall meet the requirements of subsections (a) and (b) as soon as possible after the date of the enactment of this Act but not later 180 days after such date.

SEC. 5111. AMENDMENTS RELATING TO SOCIAL SECURITY ACCOUNT STATEMENTS.

(a) IN GENERAL.—Section 1142 (42 U.S.C. 1320b–13), as added by section 10308 of the Omnibus Budget Reconciliation Act of 1989 (103 Stat. 2485), is amended—

(1) by striking "SEC. 1142." and inserting "SEC. 1143."; and

(2) in subsection (c)(2), by striking " a biennial" and inserting "an annual".

(b) DISCLOSURE OF ADDRESS INFORMATION BY INTERNAL REVENUE SERVICE TO SOCIAL SECURITY ADMINISTRATION.—

26 USC 6103.

(1) IN GENERAL.—Section 6103(m) of the Internal Revenue Code of 1986 (relating to disclosure of taxpayer identity information) is amended by adding at the end the following new paragraph:

"(7) SOCIAL SECURITY ACCOUNT STATEMENT FURNISHED BY SOCIAL SECURITY ADMINISTRATION.—Upon written request by the Commissioner of Social Security, the Secretary may disclose the mailing address of any taxpayer who is entitled to receive a social security account statement pursuant to section 1143(c) of the Social Security Act, for use only by officers, employees or agents of the Social Security Administration for purposes of mailing such statement to such taxpayer.".

(2) SAFEGUARDS.—Section 6103(p)(4) of such Code (relating to safeguards) is amended, in the matter following subparagraph (f)(iii), by striking "subsection (m)(2), (4), or (6)" and inserting "paragraph (2), (4), (6), or (7) of subsection (m)".

(3) UNAUTHORIZED DISCLOSURE PENALTIES.—Paragraph (2) of section 7213(a) of such Code (relating to unauthorized disclosure of returns and return information) is amended by striking "(m)(2), (4), or (6)" and inserting "(m)(2), (4), (6), or (7)".

SEC. 5112. TRIAL WORK PERIOD DURING ROLLING FIVE-YEAR PERIOD FOR ALL DISABLED BENEFICIARIES.

(a) IN GENERAL.—Section 222(c) (42 U.S.C. 422(c)) is amended—

(1) in paragraph (4)(A), by striking ", beginning on or after the first day of such period," and inserting ", in any period of 60 consecutive months,"; and

(2) by striking paragraph (5).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on January 1, 1992. 42 USC 422 note.

SEC. 5113. CONTINUATION OF BENEFITS ON ACCOUNT OF PARTICIPATION IN A NON-STATE VOCATIONAL REHABILITATION PROGRAM.

(a) IN GENERAL.—Section 225(b) (42 U.S.C. 425(b)) is amended—

(1) by striking paragraph (1) and inserting the following new paragraph:

"(1) such individual is participating in a program of vocational rehabilitation services approved by the Secretary, and"; and

(2) in paragraph (2), by striking "Commissioner of Social Security" and inserting "Secretary".

(b) PAYMENTS AND PROCEDURES.—Section 1631(a)(6) (42 U.S.C. 1383(a)(6)) is amended—

(1) by striking subparagraph (A) and inserting the following new subparagraph:

"(A) such individual is participating in a program of vocational rehabilitation services approved by the Secretary, and"; and

(2) in subparagraph (B), by striking "Commissioner of Social Security" and inserting "Secretary".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to benefits payable for months after the eleventh month following the month in which this Act is enacted and shall apply only with respect to individuals whose blindness or disability has or may have ceased after such eleventh month. 42 USC 425 note.

SEC. 5114. LIMITATION ON NEW ENTITLEMENT TO SPECIAL AGE-72 PAYMENTS.

(a) IN GENERAL.—Section 228(a)(2) (42 U.S.C. 428(a)(2)) is amended by striking "(B)" and inserting "(B)(i) attained such age after 1967 and before 1972, and (ii)".

42 USC 428 note. (b) EFFECTIVE DATE—The amendment made by subsection (a) shall apply with respect benefits payable on the basis of applications filed after the date of the enactment of this Act.

SEC. 5115. ELIMINATION OF ADVANCED CREDITING TO THE TRUST FUNDS OF SOCIAL SECURITY PAYROLL TAXES.

(a) IN GENERAL.—Section 201(a) (42 U.S.C. 401(a)) is amended—

(1) in the first sentence following clause (4)—

(A) by striking "monthly on the first day of each calendar month" both places it appears and inserting "from time to time";

(B) by striking "to be paid to or deposited into the Treasury during such month" and inserting "paid to or deposited into the Treasury"; and

(2) in the last sentence, by striking "Fund;" and inserting "Fund. Notwithstanding the preceding sentence, in any case in which the Secretary of the Treasury determines that the assets of either such Trust Fund would otherwise be inadequate to meet such Fund's obligations for any month, the Secretary of the Treasury shall transfer to such Trust Fund on the first day of such month the amount which would have been transferred to such Fund under this section as in effect on October 1, 1990; and".

42 USC 401 note. (c) EFFECTIVE DATE.—The amendments made by this section shall become effective on the first day of the month following the month in which this Act is enacted.

SEC. 5116. ELIMINATION OF ELIGIBILITY FOR RETROACTIVE BENEFITS FOR CERTAIN INDIVIDUALS ELIGIBLE FOR REDUCED BENEFITS.

(a) IN GENERAL.—Section 202(j)(4) (42 U.S.C. 402(j)(4)) is amended—

(1) in subparagraph (A), by striking "if the effect" and all that follows and inserting "if the amount of the monthly benefit to which such individual would otherwise be entitled for any such month would be subject to reduction pursuant to subsection (q)."; and

(2) in subparagraph (B), by striking clauses (i) and (iv) and by redesignating clauses (ii), (iii), and (v) as clauses (i), (ii), and (iii), respectively.

42 USC 402 note. (b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to applications for benefits filed on or after January 1, 1991.

SEC. 5117. CONSOLIDATION OF OLD METHODS OF COMPUTING PRIMARY INSURANCE AMOUNTS.

(a) CONSOLIDATION OF COMPUTATION METHODS.—

(1) IN GENERAL.—Section 215(a)(5) (42 U.S.C. 415(a)(5)) is amended—

(A) by striking "For purposes of" and inserting "(A) Subject to subparagraphs (B), (C), (D) and (E), for purposes of";

(B) by striking the last sentence; and

(C) by adding at the end the following new subparagraphs:

"(B)(i) Subject to clauses (ii), (iii), and (iv), and notwithstanding any other provision of law, the primary insurance amount of any individual described in subparagraph (C) shall be, in lieu of the primary insurance amount as computed pursuant to any of the provisions referred to in subparagraph (D), the primary insurance amount computed under subsection (a) of section 215 as in effect in December 1978, without regard to subsection (b)(4) and (c) of such section as so in effect.

"(ii) The computation of a primary insurance amount under this subparagraph shall be subject to section 104(j)(2) of the Social Security Amendments of 1972 (relating to the number of elapsed years under section 215(b)).

"(iii) In computing a primary insurance amount under this subparagraph, the dollar amount specified in paragraph (3) of section 215(a) (as in effect in December 1978) shall be increased to $11.50.

"(iv) In the case of an individual to whom section 215(d) applies, the primary insurance amount of such individual shall be the greater of—

"(I) the primary insurance amount computed under the preceding clauses of this subparagraph, or

"(II) the primary insurance amount computed under section 215(d).

"(C) An individual is described in this subparagraph if—

"(i) paragraph (1) does not apply to such individual by reason of such individual's eligibility for an old-age or disability insurance benefit, or the individual's death, prior to 1979, and

"(ii) such individual's primary insurance amount computed under this section as in effect immediately before the date of the enactment of the Omnibus Budget Reconciliation Act of 1990 would have been computed under the provisions described in subparagraph (D).

"(D) The provisions described in this subparagraph are—

"(i) the provisions of this subsection as in effect prior to the enactment of the Social Security Amendments of 1965, if such provisions would preclude the use of wages prior to 1951 in the computation of the primary insurance amount,

"(ii) the provisions of section 209 as in effect prior to the enactment of the Social Security Act Amendments of 1950, and

"(iii) the provisions of section 215(d) as in effect prior to the enactment of the Social Security Amendments of 1977.

"(E) For purposes of this paragraph, the table for determining primary insurance amounts and maximum family benefits contained in this section in December 1978 shall be revised as provided by subsection (i) for each year after 1978.".

(2) COMPUTATION OF PRIMARY INSURANCE BENEFIT UNDER 1939 ACT.—

(A) DIVISION OF WAGES BY ELAPSED YEARS.—Section 215(d)(1) (42 U.S.C. 415(d)(1)) is amended—

(i) in subparagraph (A), by inserting "and subject to section 104(j)(2) of the Social Security Amendments of 1972" after "thereof"; and

(ii) by striking "(B) For purposes" in subparagraph (B) and all that follows through clause (ii) of such subparagraph and inserting the following:

"(B) For purposes of subparagraphs (B) and (C) of subsection (b)(2) (as so in effect)—

"(i) the total wages prior to 1951 (as defined in subparagraph (C) of this paragraph) of an individual—

"(I) shall, in the case of an individual who attained age 21 prior to 1950, be divided by the number of years (hereinafter in this subparagraph referred to as the 'divisor') elapsing after the year in which the individual attained age 20, or 1936 if later, and prior to the earlier of the year of death or 1951, except that such divisor shall not include any calendar year entirely included in a period of disability, and in no case shall the divisor be less than one, and

"(II) shall, in the case of an individual who died before 1950 and before attaining age 21, be divided by the number of years (hereinafter in this subparagraph referred to as the 'divisor') elapsing after the second year prior to the year of death, or 1936 if later, and prior to the year of death, and in no case shall the divisor be less than one; and

"(ii) the total wages prior to 1951 (as defined in subparagraph (C) of this paragraph) of an individual who either attained age 21 after 1949 or died after 1949 before attaining age 21, shall be divided by the number of years (hereinafter in this subparagraph referred to as the 'divisor') elapsing after 1949 and prior to 1951.".

(B) CREDITING OF WAGES TO YEARS.—Clause (iii) of section 215(d)(1)(B) (42 U.S.C. 415(d)(1)(B)(iii)) is amended to read as follows:

"(iii) if the quotient exceeds $3,000, only $3,000 shall be deemed to be the individual's wages for each of the years which were used in computing the amount of the divisor, and the remainder of the individual's total wages prior to 1951 (I) if less than $3,000, shall be deemed credited to the computation base year (as defined in subsection (b)(2) as in effect in December 1977) immediately preceding the earliest year used in computing the amount of the divisor, or (II) if $3,000 or more, shall be deemed credited, in $3,000 increments, to the computation base year (as so defined) immediately preceding the earliest year used in computing the amount of the divisor and to each of the computation base years (as so defined) consecutively preceding that year, with any remainder less than $3,000 being credited to the computation base year (as so defined) immediately preceding the earliest year to which a full $3,000 increment was credited; and".

(C) APPLICABILITY.—Section 215(d) is further amended—

(i) in paragraph (2)(B), by striking "except as provided in paragraph (3),";

(ii) by striking paragraph (2)(C) and inserting the following:

"(C)(i) who becomes entitled to benefits under section 202(a) or 223 or who dies, or

"(ii) whose primary insurance amount is required to be recomputed under paragraph (2), (6), or (7) of subsection (f) or under section 231."; and

(iii) by striking paragraphs (3) and (4).

(3) CONFORMING AMENDMENTS.—

(A) Section 215(i)(4) (42 U.S.C. 415(i)(4)) is amended in the first sentence by inserting "and as amended by section 5117 of the Omnibus Budget Reconciliation Act of 1990" after "as then in effect".

(B) Section 203(a)(8) (42 U.S.C. 403(a)(8)) is amended in the first sentence by inserting "and as amended by section 5117 of the Omnibus Budget Reconciliation Act of 1990," after "December 1978" the second place it appears.

(C) Section 215(c) (42 U.S.C. 415(c)) is amended by striking "This" and inserting "Subject to the amendments made by section 5117 of the Omnibus Budget Reconciliation Act of 1990, this".

(D) Section 215(f)(7) (42 U.S.C. 415(f)(7)) is amended by striking the period at the end of the first sentence and inserting ", including a primary insurance amount computed under any such subsection whose operation is modified as a result of the amendments made by section 5117 of the Omnibus Budget Reconciliation Act of 1990".

(E)(i) Section 215(d) (42 U.S.C. 415(d)) is further amended by redesignating paragraph (5) as paragraph (3).

(ii) Subsections (a)(7)(A), (a)(7)(C)(ii), and (f)(9)(A) of section 215 (42 U.S.C. 415) are each amended by striking "subsection (d)(5)" each place it appears and inserting "subsection (d)(3)".

"(iii) Section 215(f)(9)(B) (42 U.S.C. 415(f)(9)(B)) is amended by striking "subsection (a)(7) or (d)(5)" each place it appears and inserting "subsection (a)(7) or (d)(3)".

42 USC 403 note.

(4) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply with respect to the computation of the primary insurance amount of any insured individual in any case in which a person becomes entitled to benefits under section 202 or 223 on the basis of such insured individual's wages and self-employment income for months after the 18-month period following the month in which this Act is enacted, except that such amendments shall not apply if any person is entitled to benefits based on the wages and self-employment income of such insured individual for the month preceding the initial month of such person's entitlement to such benefits under section 202 or 223.

(B) RECOMPUTATIONS.—The amendments made by this subsection shall apply with respect to any primary insurance amount upon the recomputation of such primary insurance amount if such recomputation is first effective for monthly benefits for months after the 18-month period following the month in which this Act is enacted.

(b) BENEFITS IN CASE OF VETERANS.—Section 217(b) (42 U.S.C. 417(b)) is amended—

(1) in the first sentence of paragraph (1), by striking "Any" and inserting "Subject to paragraph (3), any"; and

(2) by adding at the end the following new paragraph:

"(3)(A) The preceding provisions of this subsection shall apply for purposes of determining the entitlement to benefits under section 202, based on the primary insurance amount of the deceased World War II veteran, of any surviving individual only if such surviving individual makes application for such benefits before the end of the 18-month period after the month in which the Omnibus Budget Reconciliation Act of 1990 was enacted.

"(B) Subparagraph (A) shall not apply if any person is entitled to benefits under section 202 based on the primary insurance amount of such veteran for the month preceding the month in which such application is made.".

(c) APPLICABILITY OF ALTERNATIVE METHOD FOR DETERMINING QUARTERS OF COVERAGE WITH RESPECT TO WAGES IN THE PERIOD FROM 1937 TO 1950.—

(1) APPLICABILITY WITHOUT REGARD TO NUMBER OF ELAPSED YEARS.—Section 213(c) (42 U.S.C. 413(c)) is amended—

(A) by inserting "and 215(d)" after "214(a)"; and

(B) by striking "except where—" and all that follows and inserting the following: "except where such individual is not a fully insured individual on the basis of the number of quarters of coverage so derived plus the number of quarters of coverage derived from the wages and self-employment income credited to such individual for periods after 1950.".

42 USC 413 note.

(2) APPLICABILITY WITHOUT REGARD TO DATE OF DEATH.—Section 155(b)(2) of the Social Security Amendments of 1967 is amended by striking "after such date".

42 USC 413 note.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply only with respect to individuals who—

(A) make application for benefits under section 202 of the Social Security Act after the 18-month period following the month in which this Act is enacted, and

(B) are not entitled to benefits under section 227 or 228 of such Act for the month in which such application is made.

SEC. 5118. SUSPENSION OF DEPENDENT'S BENEFITS WHEN THE WORKER IS IN AN EXTENDED PERIOD OF ELIGIBILITY.

42 USC 423.

(a) IN GENERAL.—Section 223(e) (42 U.S.C. 623(e)) is amended by—

(1) by inserting "(1)" after "(e)"; and

(2) by adding at the end the following new paragraph:

"(2) No benefit shall be payable under section 202 on the basis of the wages and self-employment income of an individual entitled to a benefit under subsection (a)(1) of this section for any month for which the benefit of such individual under subsection (a)(1) is not payable under paragraph (1).".

42 USC 423 note.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to benefits for months after the date of the enactment of this Act.

SEC. 5119. ENTITLEMENT TO BENEFITS OF DEEMED SPOUSE AND LEGAL SPOUSE.

(a) CONTINUED ENTITLEMENT OF DEEMED SPOUSE DESPITE ENTITLEMENT OF LEGAL SPOUSE.—Section 216(h)(1) (42 U.S.C. 416(h)(1)) is amended—

(1) in subparagraph (A)—

(A) by inserting "(i)" after "(h)(1)(A)"; and

(B) by striking "If such courts" in the second sentence and inserting the following:

"(ii) If such courts"; and

(2) in subparagraph (B)—

(A) by inserting "(i)" after "(B)";

(B) by striking "The provisions of the preceding sentence" in the second sentence and inserting the following:

"(ii) The provisions of clause (i)";

(C) by striking "(i) if another" in the second sentence and all that follows through "or (ii)";

(D) by striking "The entitlement" in the third sentence and inserting the following:

"(iii) The entitlement";

(E) by striking "subsection (b), (c), (e), (f), or (g)" the first place it appears in the third sentence and inserting "subsection (b) or (c)",

(F) by striking "wife, widow, husband, or widower" the first place it appears in the third sentence and inserting "wife or husband";

(G) by striking "(i) in which" in the third sentence and all that follows through "in which such applicant entered" and inserting "in which such person enters";

(H) by striking "For purposes" in the fourth sentence and inserting the following:

"(iv) For purposes";

and

(I) by striking "(i)" and "(ii)" in the fourth sentence and inserting "(I)" and "(II)", respectively.

(b) TREATMENT OF DIVORCE IN THE CONTEXT OF INVALID MARRIAGE.—Section 216(h)(1)(B)(i) (as amended by subsection (a)) is further amended— 42 USC 416.

(1) by striking "where under subsection (b), (c), (f), or (g) such applicant is not the wife, widow, husband, or widower of such individual" and inserting "where under subsection (b), (c), (d), (f), or (g) such applicant is not the wife, divorced wife, widow, surviving divorced wife, husband, divorced husband, widower, or surviving divorced husband of such individual";

(2) by striking "and such applicant" and all that follows through "files the application,";

(3) by striking "subsections (b), (c), (f), and (g)" and inserting "subsections (b), (c), (d), (f), and (g)"; and

(4) by adding at the end the following new sentences: "Notwithstanding the preceding sentence, in the case of any person who would be deemed under the preceding sentence a wife, widow, husband, or widower of the insured individual, such marriage shall not be deemed to be a valid marriage unless the applicant and the insured individual were living in the same household at the time of the death of the insured individual or (if the insured individual is living) at the time the applicant files the application. A marriage that is deemed to be a valid marriage by reason of the preceding sentence shall continue to be deemed a valid marriage if the insured individual and the person entitled to benefits as the wife or husband of the insured individual are no longer living in the same household at the time of the death of such insured individual.".

(c) TREATMENT OF MULTIPLE ENTITLEMENTS UNDER THE FAMILY MAXIMUM.—Section 203(a)(3) (42 U.S.C. 403(a)(3)) is amended by adding after subparagraph (C) the following new subparagraph:

"(D) In any case in which—

"(i) two or more individuals are entitled to monthly benefits for the same month as a spouse under subsection (b) or (c) of section 202, or as a surviving spouse under subsection (e), (f), or (g) of section 202,

"(ii) at least one of such individuals is entitled by reason of subparagraph (A)(ii) or (B) of section 216(h)(1), and "(iii) such entitlements are based on the wages and self-employment income of the same insured individual,

the benefit of the entitled individual whose entitlement is based on a valid marriage (as determined without regard to subparagraphs (A)(ii) and (B) of section 216(h)(1)) to such insured individual shall, for such month and all months thereafter, be determined without regard to this subsection, and the benefits of all other individuals who are entitled, for such month or any month thereafter, to monthly benefits under section 202 based on the wages and self-employment income of such insured individual shall be determined as if such entitled individual were not entitled to benefits for such month.".

(d) CONFORMING AMENDMENT.—Section 203(a)(6) (42 U.S.C. 403(a)(6)) is amended by inserting "(3)(D)," after "(3)(C),".

42 USC 403 note.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to benefits for months after December 1990.

(2) APPLICATION REQUIREMENT.—

(A) GENERAL RULE.—Except as provided in subparagraph (B), the amendments made by this section shall apply only with respect to benefits for which application is filed with the Secretary of Health and Human Services after December 31, 1990.

(B) EXCEPTION FROM APPLICATION REQUIREMENT.—Subparagraph (A) shall not apply with respect to the benefits of any individual if such individual is entitled to a benefit under subsection (b), (c), (e), or (f) of section 202 of the Social Security Act for December 1990 and the individual on whose wages and self-employment income such benefit for December 1990 is based is the same individual on the basis of whose wages and self-employment income application would otherwise be required under subparagraph (A).

42 USC 1310 note.

SEC. 5120. VOCATIONAL REHABILITATION DEMONSTRATION PROJECTS.

(a) DEMONSTRATION PROJECT.—

(1) IN GENERAL.—Pursuant to section 505 of the Social Security Disability Amendments of 1980, the Secretary of Health and Human Services shall develop and carry out under this section demonstration projects in each of not fewer than three States. Each such demonstration project shall be designed to assess the advantages and disadvantages of permitting disabled beneficiaries (as defined in paragraph (3)) to select, from among both public and private qualified vocational rehabilitation providers, providers of vocational rehabilitation services directed at enabling such beneficiaries to engage in substantial gainful activity. Each such demonstration project shall commence as soon as practicable after the date of the enactment of this Act and shall remain in operation until the end of fiscal year 1993.

(2) SCOPE AND PARTICIPATION.—Each demonstration project shall be of sufficient scope and open to sufficient participation by disabled beneficiaries so as to permit meaningful determinations under subsection (b).

(3) DISABLED BENEFICIARY.—For purposes of this section, the term "disabled beneficiary" means an individual who is entitled to disability insurance benefits under section 223 of the Social

Security Act or benefits under section 202 of such Act based on such individual's own disability.

(b) MATTERS TO BE DETERMINED.—In the course of each demonstration project conducted under this section, the Secretary shall determine the following:

(1) the extent to which disabled beneficiaries participate in the process of selecting providers of rehabilitation services, and their reasons for participating or not participating;

(2) notable characteristics of participating disabled beneficiaries (including their impairments), classified by the type of provider selected;

(3) the various needs for rehabilitation demonstrated by participating disabled beneficiaries, classified by the type of provider selected;

(4) the extent to which providers of rehabilitation services which are not agencies or instrumentalities of States accept referrals of disabled beneficiaries under procedures in effect under section 222(d) of the Social Security Act as of the date of the enactment of this Act relating to reimbursement for such services and the most effective way of reimbursing such providers in accordance with such provisions;

(5) the extent to which providers participating in the demonstration projects enter into contracts with third parties for services and the types of such services;

(6) whether, and if so the extent to which, disabled beneficiaries who select their own providers of rehabilitation services are more likely to engage in substantial gainful activity and thereby terminate their entitlement under section 202 or 223 of the Social Security Act than those who do not;

(7) the cost effectiveness of permitting disabled beneficiaries to select their providers of vocational rehabilitation services, and the comparative cost effectiveness of different types of providers; and

(8) the feasibility of establishing a permanent national program for allowing disabled beneficiaries to choose their own qualified vocational rehabilitation provider and any additional safeguards which would be necessary to assure the effectiveness of such a program.

(c) PROCEDURAL REQUIREMENTS.—

(1) SELECTION OF PARTICIPANTS.—The Secretary shall select for participation in each demonstration project under this section disabled beneficiaries for whom there is a reasonable likelihood that rehabilitation services provided to them will result in performance by them of substantial gainful activity for a continuous period of nine months prior to termination of the project.

(2) SELECTION OF PROVIDERS OF REHABILITATION SERVICES.—The Secretary shall select qualified rehabilitation agencies to serve as providers of rehabilitation services in the geographic area covered by each demonstration project conducted under this section. The Secretary shall make such selection after consultation with disabled individuals and organizations representing such individuals. With respect to each demonstration project, the Secretary may approve on a case-by-case basis additional qualified rehabilitation agencies from outside the geographic area covered by the project to serve particular disabled beneficiaries.

(3) REIMBURSEMENT OF PROVIDERS.—

(A) Except as provided in subparagraph (B), providers of rehabilitation services under each demonstration project under this section shall be reimbursed in accordance with the procedures in effect under the provisions of section 222(d) of the Social Security Act as of the date of the enactment of this Act relating to reimbursement for services provided under such section.

(B) The Secretary may contract with providers of rehabilitation services under each demonstration project under this section on a fee-for-service basis in order to—

(i) conduct vocational evaluations directed at identifying those disabled beneficiaries who have reasonable potential for engaging in substantial gainful activity and thereby terminating their entitlement to benefits under section 202 or 223 of the Social Security Act if provided with vocational rehabilitation services as participants in the project, and

(ii) develop jointly with each disabled beneficiary so identified an individualized, written rehabilitation program.

(C) Each written rehabilitation program developed pursuant to subparagraph (B)(ii) for any participant shall include among its provisions—

(i) a statement of the participant's rehabilitation goal,

(ii) a statement of the specific rehabilitation services to be provided and of the identity of the provider to furnish such services,

(iii) the projected date for the initiation of such services and their anticipated duration, and

(iv) objective criteria and an evaluation procedure and schedule for determining whether the stated rehabilitation goal is being achieved.

(d) REPORTS.—The Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate an interim written report on the progress of the demonstration projects conducted under this section not later than April 1, 1992, together with any related data and materials which the Secretary considers appropriate. The Secretary shall submit a final written report to such Committees addressing the matters to be determined under subsection (b) not later than April 1, 1994.

(e) STATE.—For purposes of this section, the term "State" means a State, including the entities included in such term by section 210(h) of the Social Security Act (42 U.S.C. 410(h)).

(f) CONTINUATION OF DEMONSTRATION AUTHORITY.—Section 505(c) of the Social Security Disability Amendments of 1980 (42 U.S.C. 1310 note) is amended to read as follows:

"(c) The Secretary shall submit to the Congress a final report with respect to all experiments and demonstration projects carried out under this section (other than demonstration projects conducted under section 5120 of the Omnibus Budget Reconciliation of 1990) no later than October 1, 1993.".

SEC. 5121. EXEMPTION FOR CERTAIN ALIENS, RECEIVING AMNESTY UNDER THE IMMIGRATION AND NATIONALITY ACT, FROM PROSECUTION FOR MISREPORTING OF EARNINGS OR MISUSE OF SOCIAL SECURITY ACCOUNT NUMBERS OR SOCIAL SECURITY CARDS.

(a) IN GENERAL.—Section 208 (42 U.S.C. 408) is amended by adding at the end the following:

"(d)(1) Except as provided in paragraph (2), an alien—

"(A) whose status is adjusted to that of lawful temporary resident under section 210 or 245A of the Immigration and Nationality Act or under section 902 of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989,

"(B) whose status is adjusted to that of permanent resident—

"(i) under section 202 of the Immigration Reform and Control Act of 1986, or

"(ii) pursuant to section 249 of the Immigration and Nationality Act, or

"(C) who is granted special immigrant status under section 101(a)(27)(I) of the Immigration and Nationality Act,

shall not be subject to prosecution for any alleged conduct described in paragraph (6) or (7) of subsection (a) if such conduct is alleged to have occurred prior to 60 days after the date of the enactment of the Omnibus Budget Reconciliation Act of 1990.

"(2) Paragraph (1) shall not apply with respect to conduct (described in subsection (a)(7)(C)) consisting of—

"(A) selling a card that is, or purports to be, a social security card issued by the Secretary,

"(B) possessing a social security card with intent to sell it, or

"(C) counterfeiting a social security card with intent to sell it.

"(3) Paragraph (1) shall not apply with respect to any criminal conduct involving both the conduct described in subsection (a)(7) to which paragraph (1) applies and any other criminal conduct if such other conduct would be criminal conduct if the conduct described in subsection (a)(7) were not committed.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—So much of section 208 as precedes subsection (d) (as added by subsection (a) of this section) is amended—

(1) in subsection (a), by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(2) in subsection (g), by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(3) by redesignating subsections (a) through (h) as paragraphs (1) through (8), respectively;

(4) by inserting "(a)" before "Whoever";

(5) by inserting "(b)" at the beginning of the next-to-last undesignated paragraph; and

(6) by inserting "(c)" at the beginning of the last undesignated paragraph.

SEC. 5122. REDUCTION OF AMOUNT OF WAGES NEEDED TO EARN A YEAR OF COVERAGE APPLICABLE IN DETERMINING SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT.

(a) IN GENERAL.—Section 215(a)(1)(C)(ii) (42 U.S.C. 415(a)(1)(C)(ii)) is amended by striking "of not less than 25 percent" the first place it appears and all that follows through "1977) if" and inserting "of not less than 25 percent (in the case of a year after 1950 and before 1978) of the maximum amount which (pursuant to subsection (e)) may be counted for such year, or 25 percent (in the case of a year after 1977 and before 1991) or 15 percent (in the case of a year after 1990) of the maximum amount which (pursuant to subsection (e)) could be counted for such year if".

(b) RETENTION OF CURRENT AMOUNT OF WAGES NEEDED TO EARN A YEAR OF COVERAGE FOR PURPOSES OF WINDFALL ELIMINATION PROVISION.—Section 215(a)(7)(D) (42 U.S.C. 415(a)(7)(D)) is amended—

(1) in the first sentence, by striking "(as defined in paragraph (1)(C)(ii))"; and

(2) by adding at the end (after the table) the following new flush sentence:

"For purposes of this subparagraph, the term 'year of coverage' shall have the meaning provided in paragraph (1)(C)(ii), except that the reference to '15 percent' therein shall be deemed to be a reference to '25 percent'.".

SEC. 5123. CHARGING OF EARNINGS OF CORPORATE DIRECTORS.

(a) IN GENERAL.—

42 USC 411, 403. (1) Title II is amended by moving the last undesignated paragraph of section 211(a) of such title (as added by section 9022(a) of the Omnibus Budget Reconciliation Act of 1987) to the end of section 203(f)(5) of such title.

42 USC 403. (2) The undesignated paragraph moved to section 203(f)(5) of the Social Security Act by paragraph (1) is amended—

(A) by striking "Any income of an individual which results from or is attributable to" and inserting "(E) For purposes of this section, any individual's net earnings from self-employment which result from or are attributable to",

(B) by striking "the income is actually paid" and inserting "the income, on which the computation of such net earnings from self-employment is based, is actually paid"; and

(C) by striking "unless it was" and inserting "unless such income was".

26 USC 1402. (3) The last undesignated paragraph of section 1402(a) of the Internal Revenue Code of 1986 (as added by section 9022(b) of the Omnibus Budget Reconciliation Act of 1987) is repealed.

42 USC 403 note. (b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to income received for services performed in taxable years beginning after December 31, 1990.

SEC. 5124. COLLECTION OF EMPLOYEE SOCIAL SECURITY AND RAILROAD RETIREMENT TAXES ON TAXABLE GROUP-TERM LIFE INSURANCE PROVIDED TO RETIREES.

26 USC 3102. (a) SOCIAL SECURITY TAXES.—Section 3102 of the Internal Revenue Code of 1986 (relating to deduction of tax from wages) is amended by adding at the end thereof the following new subsection:

"(d) SPECIAL RULE FOR CERTAIN TAXABLE GROUP-TERM LIFE INSURANCE BENEFITS.—

"(1) IN GENERAL.—In the case of any payment for group-term life insurance to which this subsection applies—

"(A) subsection (a) shall not apply,

"(B) the employer shall separately include on the statement required under section 6051—

"(i) the portion of the wages which consists of payments for group-term life insurance to which this subsection applies, and "(ii) the amount of the tax imposed by section 3101 on such payments, and

"(C) the tax imposed by section 3101 on such payments shall be paid by the employee.

"(2) BENEFITS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to any payment for group-term life insurance to the extent—

"(A) such payment constitutes wages, and

"(B) such payment is for coverage for periods during which an employment relationship no longer exists between the employee and the employer."

(b) RAILROAD RETIREMENT TAXES.—Section 3202 of such Code (relating to deduction of tax from compensation) is amended by adding at the end thereof the following new subsection:

"(d) SPECIAL RULE FOR CERTAIN TAXABLE GROUP-TERM LIFE INSURANCE BENEFITS.—

"(1) IN GENERAL.—In the case of any payment for group-term life insurance to which this subsection applies—

"(A) subsection (a) shall not apply,

"(B) the employer shall separately include on the statement required under section 6051—

"(i) the portion of the compensation which consists of payments for group-term life insurance to which this subsection applies, and

"(ii) the amount of the tax imposed by section 3201 on such payments, and

"(C) the tax imposed by section 3201 on such payments shall be paid by the employee.

"(2) BENEFITS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to any payment for group-term life insurance to the extent—

"(A) such payment constitutes compensation, and

"(B) such payment is for coverage for periods during which an employment relationship no longer exists between the employee and the employer."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to coverage provided after December 31, 1990. 26 USC 3102 note.

SEC. 5125. TIER 1 RAILROAD RETIREMENT TAX RATES EXPLICITLY DETERMINED BY REFERENCE TO SOCIAL SECURITY TAXES.

(a) TAX ON EMPLOYEES.—Subsection (a) of section 3201 of the Internal Revenue Code of 1986 (relating to rate of tax) is amended— 26 USC 3201.

(1) by striking "following" and inserting "applicable", and

(2) by striking "employee:" and all that follows and inserting "employee. For purposes of the preceding sentence, the term 'applicable percentage' means the percentage equal to the sum of the rates of tax in effect under subsections (a) and (b) of section 3101 for the calendar year."

(b) TAX ON EMPLOYEE REPRESENTATIVES.—Paragraph (1) of section 3211(a) of such Code (relating to rate of tax) is amended—

(1) by striking "following" and inserting "applicable", and

(2) by striking "representative:" and all that follows and inserting "representative. For purposes of the preceding sentence, the term 'applicable percentage' means the percentage equal to the sum of the rates of tax in effect under subsections (a) and (b) of section 3101 and subsections (a) and (b) of section 3111 for the calendar year."

(c) TAX ON EMPLOYERS.—Subsection (a) of section 3221 of such Code (relating to rate of tax) is amended—

(1) by striking "following" and inserting "applicable", and

(2) by striking "employer:" and all that follows and inserting "employer. For purposes of the preceding sentence, the term 'applicable percentage' means the percentage equal to the sum of the rates of tax in effect under subsections (a) and (b) of section 3111 for the calendar year."

SEC. 5126. TRANSFER TO RAILROAD RETIREMENT ACCOUNT.

45 USC 231n note.

Subsection (c)(1)(A) of section 224 of the Railroad Retirement Solvency Act of 1983 (relating to section 72(r) revenue increase transferred to certain railroad accounts) is amended by striking "1990" and inserting "1992".

SEC. 5127. WAIVER OF 2-YEAR WAITING PERIOD FOR INDEPENDENT ENTITLEMENT TO DIVORCED SPOUSE'S BENEFITS.

(a) WAIVER FOR PURPOSES OF DEDUCTIONS ON ACCOUNT OF WORK.—Section 203(b)(2) (42 U.S.C. 403(b)(2)) is amended—

(1) by striking "(2) When" and all that follows through "2 years, the benefit" and inserting the following:

"(2)(A) Except as provided in subparagraph (B), in any case in which—

"(i) any of the other persons referred to in paragraph (1)(B) is entitled to monthly benefits as a divorced spouse under section 202(b) or (c) for any month, and

"(ii) such person has been divorced for not less than 2 years, the benefit"; and

(2) by adding at the end the following new subparagraph:

"(B) Clause (ii) of subparagraph (A) shall not apply with respect to any divorced spouse in any case in which the individual referred to in paragraph (1) became entitled to old-age insurance benefits under section 202(a) before the date of the divorce.".

(b) WAIVER IN CASE OF NONCOVERED WORK OUTSIDE THE UNITED STATES.—Section 203(d)(1)(B) (42 U.S.C. 403(d)(1)(B)) is amended—

(1) by striking "(B) When" and all that follows through "2 years, the benefit" and inserting the following:

"(B)(i) Except as provided in clause (ii), in any case in which—

"(I) a divorced spouse is entitled to monthly benefits under section 202(b) or (c) for any month, and

"(II) such divorced spouse has been divorced for not less than 2 years,

the benefit"; and

(2) by adding at the end the following new clause:

"(ii) Subclause (II) of clause (i) shall not apply with respect to any divorced spouse in any case in which the individual entitled to old-age insurance benefits referred to in subparagraph (A) became entitled to such benefits before the date of the divorce.".

42 USC 403 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to benefits for months after December 1990.

SEC. 5128. MODIFICATION OF THE PREEFFECTUATION REVIEW REQUIREMENT APPLICABLE TO DISABILITY INSURANCE CASES.

(a) IN GENERAL.—Section 221(c)(3) (42 U.S.C. 421(c)(3)) is amended to read as follows:

"(3)(A) In carrying out the provisions of paragraph (2) with respect to the review of determinations made by State agencies pursuant to this section that individuals are under disabilities (as defined in section 216(i) or 223(d)), the Secretary shall review—

"(i) at least 50 percent of all such determinations made by State agencies on applications for benefits under this title, and

"(ii) other determinations made by State agencies pursuant to this section to the extent necessary to assure a high level of accuracy in such other determinations.

"(B) In conducting reviews pursuant to subparagraph (A), the Secretary shall, to the extent feasible, select for review those determinations which the Secretary identifies as being the most likely to be incorrect.

"(C) Not later than April 1, 1992, and annually thereafter, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report setting forth the number of reviews conducted under subparagraph (A)(ii) during the preceding fiscal year and the findings of the Secretary based on such reviews of the accuracy of the determinations made by State agencies pursuant to this section.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to determinations made by State agencies in fiscal years after fiscal year 1990. 42 USC 421 note.

SEC. 5129. RECOVERY OF OASDI OVERPAYMENTS BY MEANS OF REDUCTION IN TAX REFUNDS.

(a) ADDITIONAL METHOD OF RECOVERY.—Section 204(a)(1)(A) (42 U.S.C. 404(a)(1)(A)) is amended by inserting after "payments to such overpaid person," the following: "or shall obtain recovery by means of reduction in tax refunds based on notice to the Secretary of the Treasury as permitted under section 3720A of title 31, United States Code,".

(b) RECOVERY BY MEANS OF REDUCTION IN TAX REFUNDS.—Section 3720A of title 31, United States Code (relating to collection of debts owed to Federal agencies) is amended—

(1) in subsection (a), by striking "OASDI overpayment and";

(2) by redesignating subsection (f) as subsection (g); and

(3) by inserting the following new subsection after subsection (e):

"(f)(1) Subsection (a) shall apply with respect to an OASDI overpayment made to any individual only if such individual is not currently entitled to monthly insurance benefits under title II of the Social Security Act.

"(2)(A) The requirements of subsection (b) shall not be treated as met in the case of the recovery of an OASDI overpayment from any individual under this section unless the notification under subsection (b)(1) describes the conditions under which the Secretary of Health and Human Services is required to waive recovery of an overpayment, as provided under section 204(b) of the Social Security Act.

"(B) In any case in which an individual files for a waiver under section 204(b) of the Social Security Act within the 60-day period referred to in subsection (b)(2), the Secretary of Health and Human Services shall not certify to the Secretary of the Treasury that the debt is valid under subsection (b)(4) before rendering a decision on the waiver request under such section 204(b). In lieu of payment, pursuant to subsection (c), to the Secretary of Health and Human Services of the amount of any reduction under this subsection based on an OASDI overpayment, the Secretary of the Treasury shall deposit such amount in the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, whichever is certified to the Secretary of the Treasury as appropriate by the Secretary of Health and Human Services.".

(c) INTERNAL REVENUE CODE PROVISIONS.—

(1) IN GENERAL.—Subsection (d) of section 6402 of the Internal Revenue Code of 1986 (relating to collection of debts owed to Federal agencies) is amended—

26 USC 6402.

(A) in paragraph (1), by striking "any OASDI overpayment and"; and

(B) by striking paragraph (3) and inserting the following new paragraph:

"(3) TREATMENT OF OASDI OVERPAYMENTS.—

"(A) REQUIREMENTS.—Paragraph (1) shall apply with respect to an OASDI overpayment only if the requirements of paragraphs (1) and (2) of section 3720A(f) of title 31, United States Code, are met with respect to such overpayment.

"(B) NOTICE; PROTECTION OF OTHER PERSONS FILING JOINT RETURN.—

"(i) NOTICE.—In the case of a debt consisting of an OASDI overpayment, if the Secretary determines upon receipt of the notice referred to in paragraph (1) that the refund from which the reduction described in paragraph (1)(A) would be made is based upon a joint return, the Secretary shall—

"(I) notify each taxpayer filing such joint return that the reduction is being made from a refund based upon such return, and

"(II) include in such notification a description of the procedures to be followed, in the case of a joint return, to protect the share of the refund which may be payable to another person.

"(ii) ADJUSTMENTS BASED ON PROTECTIONS GIVEN TO OTHER TAXPAYERS ON JOINT RETURN.—If the other person filing a joint return with the person owing the OASDI overpayment takes appropriate action to secure his or her proper share of the refund subject to reduction under this subsection, the Secretary shall pay such share to such other person. The Secretary shall deduct the amount of such payment from amounts which are derived from subsequent reductions in refunds under this subsection and are payable to a trust fund referred to in subparagraph (C).

"(C) DEPOSIT OF AMOUNT OF REDUCTION INTO APPROPRIATE TRUST FUND.—In lieu of payment, pursuant to paragraph (1)(B), of the amount of any reduction under this subsection to the Secretary of Health and Human Services, the Secretary shall deposit such amount in the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, whichever is certified to the Secretary as appropriate by the Secretary of Health and Human Services.

"(D) OASDI OVERPAYMENT.—For purposes of this paragraph, the term 'OASDI overpayment' means any overpayment of benefits made to an individual under title II of the Social Security Act.".

(2) PRESERVATION OF REMEDIES.—Subsection (e) of section 6402 of such Code (relating to review of reductions) is amended in the last sentence by inserting before the period the following: "or any such action against the Secretary of Health and Human Services which is otherwise available with respect to recoveries of overpayments of benefits under section 204 of the Social Security Act".

(d) EFFECTIVE DATE.—The amendments made by this section— 26 USC 6402 note.

(1) shall take effect January 1, 1991, and

(2) shall not apply to refunds to which the amendments made by section 2653 of the Deficit Reduction Act of 1984 (98 Stat. 1153) do not apply.

SEC. 5130. MISCELLANEOUS TECHNICAL CORRECTIONS.

(a) IN GENERAL.—

(1) AMENDMENT RELATING TO SECTION 7088 OF PUBLIC LAW 100-690.—Section 208 (42 U.S.C. 408) is amended, in the last undesignated paragraph, by striking "section 405(c)(2) of this title" and inserting "section 205(c)(2)".

(2) AMENDMENTS RELATING TO SECTION 322 OF PUBLIC LAW 98-21.—Paragraphs (1) and (2) of section 322(b) of the Social Security Amendments of 1983 (Public Law 98-21, 97 Stat. 121) are each amended by inserting "the first place it appears" before "the following". 42 USC 411, 26 USC 1402.

(3) AMENDMENT RELATING TO SECTION 1011B(b)(4) OF PUBLIC LAW 100-647.—Section 211(a) (42 U.S.C. 411(a)) is amended by redesignating the second paragraph (14) as paragraph (15).

(4) AMENDMENT RELATING TO SECTION 2003(d) OF PUBLIC LAW 100-647.—Paragraph (3) of section 3509(d) of the Internal Revenue Code of 1986 (as amended by section 2003(d) of the Technical and Miscellaneous Revenue Act of 1988 (Public Law 100-647; 102 Stat. 3598)) is further amended by striking "subsection (d)(4)" and inserting "subsection (d)(3)". 26 USC 3509.

(5) AMENDMENT RELATING TO SECTION 10208 OF PUBLIC LAW 101-239.—Section 209(a)(7)(B) (42 U.S.C. 409(a)(7)(B)) is amended by striking "subparagraph (B)" in the matter following clause (ii) and inserting "clause (ii)".

(b) EFFECTIVE DATES.—The amendments made by subsection (a) shall be effective as if included in the enactment of the provision to which it relates. 26 USC 1402 note.

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TITLE VII—CIVIL SERVICE AND POSTAL SERVICE PROGRAMS

Subtitle C—Miscellaneous

Computer Matching and Privacy Protection Amendments of 1990.

SEC. 7201. COMPUTER MATCHING OF FEDERAL BENEFITS INFORMATION AND PRIVACY PROTECTION.

(a) SHORT TITLE.—This section may be cited as the "Computer Matching and Privacy Protection Amendments of 1990".

5 USC 552a note.

(b) VERIFICATION REQUIREMENTS AMENDMENT.—(1) Subsection (p) of section 552a of title 5, United States Code, is amended to read as follows:

"(p) VERIFICATION AND OPPORTUNITY TO CONTEST FINDINGS.—(1) In order to protect any individual whose records are used in a matching program, no recipient agency, non-Federal agency, or source agency may suspend, terminate, reduce, or make a final denial of any financial assistance or payment under a Federal benefit program to such individual, or take other adverse action against such individual, as a result of information produced by such matching program, until—

"(A)(i) the agency has independently verified the information; or

"(ii) the Data Integrity Board of the agency, or in the case of a non-Federal agency the Data Integrity Board of the source agency, determines in accordance with guidance issued by the Director of the Office of Management and Budget that—

"(I) the information is limited to identification and amount of benefits paid by the source agency under a Federal benefit program; and

"(II) there is a high degree of confidence that the information provided to the recipient agency is accurate;

"(B) the individual receives a notice from the agency containing a statement of its findings and informing the individual of the opportunity to contest such findings; and

"(C)(i) the expiration of any time period established for the program by statute or regulation for the individual to respond to that notice; or

"(ii) in the case of a program for which no such period is established, the end of the 30-day period beginning on the date on which notice under subparagraph (B) is mailed or otherwise provided to the individual.

"(2) Independent verification referred to in paragraph (1) requires investigation and confirmation of specific information relating to an individual that is used as a basis for an adverse action against the individual, including where applicable investigation and confirmation of—

"(A) the amount of any asset or income involved;

"(B) whether such individual actually has or had access to such asset or income for such individual's own use; and

"(C) the period or periods when the individual actually had such asset or income.

"(3) Notwithstanding paragraph (1), an agency may take any appropriate action otherwise prohibited by such paragraph if the agency determines that the public health or public safety may be adversely affected or significantly threatened during any notice period required by such paragraph.".

5 USC 552a note.

(2) Not later than 90 days after the date of the enactment of this Act, the Director of the Office of Management and Budget shall

publish guidance under subsection (p)(1)(A)(ii) of section 552a of title 5, United States Code, as amended by this Act. 5 USC 552a note.

(c) LIMITATION ON APPLICATION OF VERIFICATION REQUIREMENT.—Section 552a(p)(1)(A)(ii)(II) of title 5, United States Code, as amended by section 2, shall not apply to a program referred to in paragraph (1), (2), or (4) of section 1137(b) of the Social Security Act (42 U.S.C. 1320b-7), until the earlier of—

(1) the date on which the Data Integrity Board of the Federal agency which administers that program determines that there is not a high degree of confidence that information provided by that agency under Federal matching programs is accurate; or

(2) 30 days after the date of publication of guidance under section 2(b).

TITLE VIII—VETERANS' PROGRAMS

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Subtitle F—Miscellaneous

SEC. 8051. USE OF INTERNAL REVENUE SERVICE AND SOCIAL SECURITY ADMINISTRATION DATA FOR INCOME VERIFICATION.

(a) DISCLOSURE OF TAX INFORMATION.—(1) Subparagraph (D) of section 6103(l)(7) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local agencies administering certain programs) is amended— 26 USC 6103.

(A) by striking out "and" at the end of clause (vi);

(B) by striking out the period at the end of clause (vii) and inserting in lieu thereof "; and"; and

(C) by adding at the end the following:

"(viii)(I) any needs-based pension provided under chapter 15 of title 38, United States Code, or under any other law administered by the Secretary of Veterans Affairs;

"(II) parents' dependency and indemnity compensation provided under section 415 of title 38, United States Code;

"(III) health-care services furnished under section 610(a)(1)(I), 610(a)(2), 610(b), and 612(a)(2)(B) of such title; and

"(IV) compensation paid under chapter 11 of title 38, United States Code, at the 100 percent rate based solely on unemployability and without regard to the fact that the disability or disabilities are not rated as 100 percent disabling under the rating schedule.

Only return information from returns with respect to net earnings from self-employment and wages may be disclosed under this paragraph for use with respect to any program described in clause (viii)(IV). Clause (viii) shall not apply after September 30, 1992."

(2) The heading of paragraph (7) of section 6103(l) of such Code is amended by striking out "OR THE FOOD STAMP ACT OF 1977" and inserting in lieu thereof ", THE FOOD STAMP ACT OF 1977, OR TITLE 38, UNITED STATES CODE".

(b) USE OF INCOME INFORMATION FOR NEEDS-BASED PROGRAMS.—(1) Chapter 53 of title 38, United States Code, is amended by adding at the end the following new section:

"§ 3117. Use of income information from other agencies: notice and verification

"(a) The Secretary shall notify each applicant for a benefit or service described in subsection (c) of this section that income information furnished by the applicant to the Secretary may be compared with information obtained by the Secretary from the Secretary of Health and Human Services or the Secretary of the Treasury under section 6103(l)(7)(D)(viii) of the Internal Revenue Code of 1986. The Secretary shall periodically transmit to recipients of such benefits and services additional notifications of such matters.

"(b) The Secretary may not, by reason of information obtained from the Secretary of Health and Human Services or the Secretary of the Treasury under section 6103(l)(7)(D)(viii) of the Internal Revenue Code of 1986, terminate, deny, suspend, or reduce any benefit or service described in subsection (c) of this section until the Secretary takes appropriate steps to verify independently information relating to the following:

"(1) The amount of the asset or income involved.

"(2) Whether such individual actually has (or had) access to such asset or income for the individual's own use.

"(3) The period or periods when the individual actually had such asset or income.

"(c) The benefits and services described in this subsection are the following:

"(1) Needs-based pension benefits provided under chapter 15 of this title or under any other law administered by the Secretary.

"(2) Parents' dependency and indemnity compensation provided under section 415 of this title.

"(3) Health-care services furnished under sections 610(a)(1)(I), 610(a)(2), 610(b), and 612(a)(2)(B) of this title.

"(4) Compensation paid under chapter 11 of this title at the 100 percent rate based solely on unemployability and without regard to the fact that the disability or disabilities are not rated as 100 percent disabling under the rating schedule.

"(d) In the case of compensation described in subsection (c)(4) of this section, the Secretary may independently verify or otherwise act upon wage or self-employment information referred to in subsection (b) of this section only if the Secretary finds that the amount and duration of the earnings reported in that information clearly indicate that the individual may no longer be qualified for a rating of total disability.

"(e) The Secretary shall inform the individual of the findings made by the Secretary on the basis of verified information under subsection (b) of this section, and shall give the individual an opportunity to contest such findings, in the same manner as applies to other information and findings relating to eligibility for the benefit or service involved.

"(f) The Secretary shall pay the expenses of carrying out this section from amounts available to the Department for the payment of compensation and pension.

"(g) The authority of the Secretary to obtain information from the Secretary of the Treasury or the Secretary of Health and Human Services under section 6103(l)(7)(D)(viii) of the Internal Revenue Code of 1986 expires on September 30, 1992.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"3117. Use of income information from other agencies: notice and verification.".

(c) NOTICE TO CURRENT BENEFICIARIES.—(1) The Secretary of Veterans Affairs shall notify individuals who (as of the date of the enactment of this Act) are applicants for or recipients of the benefits described in subsection (c) (other than paragraph (3)) of section 3117 of title 38, United States Code (as added by subsection (b)), that income information furnished to the Secretary by such applicants and recipients may be compared with information obtained by the Secretary from the Secretary of Health and Human Services or the Secretary of the Treasury under clause (viii) of section 6103(l)(7)(D) of the Internal Revenue Code of 1986 (as added by subsection (a)). 38 USC 3117 note.

(2) Notification under paragraph (1) shall be made not later than 90 days after the date of the enactment of this Act.

(3) The Secretary of Veterans Affairs may not obtain information from the Secretary of Health and Human Services or the Secretary of the Treasury under section 6103(l)(7)(D)(viii) of the Internal Revenue Code of 1986 (as added by subsection (a)) until notification under paragraph (1) is made.

(d) GAO STUDY.—The Comptroller General of the United States shall conduct a study of the effectiveness of the amendments made by this section and shall submit a report on such study to the Committees on Veterans' Affairs and Ways and Means of the House of Representatives and the Committees on Veterans' Affairs and Finance of the Senate not later than January 1, 1992. 38 USC 3117 note.

SEC. 8053. REQUIREMENT FOR CLAIMANTS TO REPORT SOCIAL SECURITY NUMBERS; USES OF DEATH INFORMATION BY THE DEPARTMENT OF VETERANS AFFAIRS.

(a) MANDATORY REPORTING OF SOCIAL SECURITY NUMBERS.—Section 3001 of title 38, United States Code, is amended by adding at the end the following new subsection:

"(c)(1) Any person who applies for or is in receipt of any compensation or pension benefit under laws administered by the Secretary shall, if requested by the Secretary, furnish the Secretary with the social security number of such person and the social security number of any dependent or beneficiary on whose behalf, or based upon whom, such person applies for or is in receipt of such benefit. A person is not required to furnish the Secretary with a social security number for any person to whom a social security number has not been assigned.

"(2) The Secretary shall deny the application of or terminate the payment of compensation or pension to a person who fails to furnish the Secretary with a social security number required to be furnished pursuant to paragraph (1) of this subsection. The Secretary may thereafter reconsider the application or reinstate payment of compensation or pension, as the case may be, if such person furnishes the Secretary with such social security number.

"(3) The costs of administering this subsection shall be paid for from amounts available to the Department of Veterans Affairs for the payment of compensation and pension.".

(b) REVIEW OF DEPARTMENT OF HEALTH AND HUMAN SERVICES DEATH INFORMATION TO IDENTIFY DECEASED RECIPIENTS OF COMPENSATION AND PENSION BENEFITS.—(1) Chapter 53 of title 38, United States Code, as amended by section 8051(b), is further amended by adding at the end the following new section:

"§ 3118. Review of Department of Health and Human Services death information

"(a) The Secretary shall periodically compare Department of Veterans Affairs information regarding persons to or for whom compensation or pension is being paid with information in the records of the Department of Health and Human Services relating to persons who have died for the purposes of—

"(1) determining whether any such persons to whom compensation and pension is being paid are deceased;

"(2) ensuring that such payments to or for any such persons who are deceased are terminated in a timely manner; and

"(3) ensuring that collection of overpayments of such benefits resulting from payments after the death of such persons is initiated in a timely manner.

"(b) The Department of Health and Human Services death information referred to in subsection (a) of this section is death information available to the Secretary from or through the Secretary of Health and Human Services, including death information available to the Secretary of Health and Human Services from a State, pursuant to a memorandum of understanding entered into by such Secretaries. Any such memorandum of understanding shall include safeguards to assure that information made available under it is not used for unauthorized purposes or improperly disclosed.".

(2) The table of sections at the beginning of such chapter, as amended by section 8051(b), is further amended by adding at the end the following:

"3118. Review of Department of Health and Human Services death information.".

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Revenue Reconciliation Act of 1990.

TITLE XI—REVENUE PROVISIONS

SEC. 11001. SHORT TITLE; ETC.

26 USC 1 note.

(a) SHORT TITLE.—This title may be cited as the "Revenue Reconciliation Act of 1990".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

26 USC 15 note.

(c) SECTION 15 NOT TO APPLY.—Except as otherwise expressly provided in this title, no amendment made by this title shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—

TITLE XI—REVENUE PROVISIONS

PART II—MODIFICATIONS OF EARNED INCOME CREDIT

SEC. 11112. REQUIREMENT OF IDENTIFYING NUMBER FOR CERTAIN DEPENDENTS.

(a) GENERAL RULE.—Paragraph (2) of section 6109(e) (relating to furnishing number for certain dependents) is amended by striking "2 years" and inserting "1 year".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to returns for taxable years beginning after December 31, 1990. 26 USC 6109 note.

PART IV—EMPLOYMENT TAX PROVISIONS

SEC. 11331. INCREASE IN DOLLAR LIMITATION ON AMOUNT OF WAGES SUBJECT TO HOSPITAL INSURANCE TAX.

(a) HOSPITAL INSURANCE TAX.—

(1) IN GENERAL.—Paragraph (1) of section 3121(a) is amended—

(A) by striking "contribution and benefit base (as determined under section 230 of the Social Security Act)" each place it appears and inserting "applicable contribution base (as determined under subsection (x))", and

(B) by striking "such contribution and benefit base" and inserting "such applicable contribution base".

(2) APPLICABLE CONTRIBUTION BASE.—Section 3121 is amended by adding at the end thereof the following new subsection:

"(x) APPLICABLE CONTRIBUTION BASE.—For purposes of this chapter—

"(1) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—For purposes of the taxes imposed by sections 3101(a) and 3111(a), the applicable contribution base for any calendar year is the contribution and benefit base determined under section 230 of the Social Security Act for such calendar year.

"(2) HOSPITAL INSURANCE.—For purposes of the taxes imposed by section 3101(b) and 3111(b), the applicable contribution base is—

"(A) $125,000 for calendar year 1991, and

"(B) for any calendar year after 1991, the applicable contribution base for the preceding year adjusted in the same manner as is used in adjusting the contribution and benefit base under section 230(b) of the Social Security Act."

(b) SELF-EMPLOYMENT TAX.—

(1) IN GENERAL.—Subsection (b) of section 1402 is amended by striking "the contribution and benefit base (as determined under section 230 of the Social Security Act)" and inserting "the

applicable contribution base (as determined under subsection (k))".

(2) APPLICABLE CONTRIBUTION BASE.—Section 1402 is amended by adding at the end thereof the following new subsection:

"(k) APPLICABLE CONTRIBUTION BASE.—For purposes of this chapter—

"(1) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—For purposes of the tax imposed by section 1401(a), the applicable contribution base for any calendar year is the contribution and benefit base determined under section 230 of the Social Security Act for such calendar year.

"(2) HOSPITAL INSURANCE.—For purposes of the tax imposed by section 1401(b), the applicable contribution base for any calendar year is the applicable contribution base determined under section 3121(x)(2) for such calendar year."

(c) RAILROAD RETIREMENT TAX.—Clause (i) of section 3231(e)(2)(B) is amended to read as follows:

"(i) TIER 1 TAXES.—

"(I) IN GENERAL.—Except as provided in subclause (II) of this clause and in clause (ii), the term 'applicable base' means for any calendar year the contribution and benefit base determined under section 230 of the Social Security Act for such calendar year.

"(II) HOSPITAL INSURANCE TAXES.—For purposes of applying so much of the rate applicable under section 3201(a) or 3221(a) (as the case may be) as does not exceed the rate of tax in effect under section 3101(b), and for purposes of applying so much of the rate of tax applicable under section 3211(a)(1) as does not exceed the rate of tax in effect under section 1401(b), the term 'applicable base' means for any calendar year the applicable contribution base determined under section 3121(x)(2) for such calendar year."

(d) TECHNICAL AMENDMENT.—

(1) Paragraph (3) of section 6413(c) is amended to read as follows:

"(3) SEPARATE APPLICATION FOR HOSPITAL INSURANCE TAXES.— In applying this subsection with respect to—

"(A) the tax imposed by section 3101(b) (or any amount equivalent to such tax), and

"(B) so much of the tax imposed by section 3201 as is determined at a rate not greater than the rate in effect under section 3101(b),

the applicable contribution base determined under section 3121(x)(2) for any calendar year shall be substituted for 'contribution and benefit base (as determined under section 230 of the Social Security Act)' each place it appears."

(2) Sections 3122 and 3125 are each amended by striking "contribution and benefit base limitation" each place it appears and inserting "applicable contribution base limitation".

26 USC 1402 note. (e) EFFECTIVE DATE.—The amendments made by this section shall apply to 1991 and later calendar years.

SEC. 11332. COVERAGE OF CERTAIN STATE AND LOCAL EMPLOYEES UNDER SOCIAL SECURITY.

(a) EMPLOYMENT UNDER OASDI.—Paragraph (7) of section 210(a) of the Social Security Act (42 U.S.C. 410(a)(7)) is amended—

(1) by striking "or" at the end of subparagraph (D);

(2) by striking the semicolon at the end of subparagraph (E) and inserting ", or"; and

(3) by adding at the end the following new subparagraph:

"(F) service in the employ of a State (other than the District of Columbia, Guam, or American Samoa), of any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, by an individual who is not a member of a retirement system of such State, political subdivision, or instrumentality, except that the provisions of this subparagraph shall not be applicable to service performed—

"(i) by an individual who is employed to relieve such individual from unemployment;

"(ii) in a hospital, home, or other institution by a patient or inmate thereof;

"(iii) by any individual as an employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency;

"(iv) by an election official or election worker if the remuneration paid in a calendar year for such service is less than $100; or

"(v) by an employee in a position compensated solely on a fee basis which is treated pursuant to section 211(c)(2)(E) as a trade or business for purposes of inclusion of such fees in net earnings from self employment;

for purposes of this subparagraph, except as provided in regulations prescribed by the Secretary of the Treasury, the term 'retirement system' has the meaning given such term by section 218(b)(4);".

(b) EMPLOYMENT UNDER FICA.—Paragraph (7) of section 3121(b) of the Internal Revenue Code of 1986 is amended—

(1) by striking "or" at the end of subparagraph (D);

(2) by striking the semicolon at the end of subparagraph (E) and inserting ", or"; and

(3) by adding at the end the following new subparagraph:

"(F) service in the employ of a State (other than the District of Columbia, Guam, or American Samoa), of any political subdivision thereof, or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, by an individual who is not a member of a retirement system of such State, political subdivision, or instrumentality, except that the provisions of this subparagraph shall not be applicable to service performed—

"(i) by an individual who is employed to relieve such individual from unemployment;

"(ii) in a hospital, home, or other institution by a patient or inmate thereof;

"(iii) by any individual as an employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency;

"(iv) by an election official or election worker if the remuneration paid in a calendar year for such service is less than $100; or

"(v) by an employee in a position compensated solely on a fee basis which is treated pursuant to section 1402(c)(2)(E) as a trade or business for purposes of inclusion of such fees in net earnings from self-employment;

for purposes of this subparagraph, except as provided in regulations prescribed by the Secretary, the term 'retirement system' has the meaning given such term by section 218(b)(4) of the Social Security Act;".

(c) MANDATORY EXCLUSION OF CERTAIN EMPLOYEES FROM STATE AGREEMENTS.—Section 218(c)(6) of the Social Security Act (42 U.S.C. 418(c)(6)) is amended—

(1) by striking "and" at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting in lieu thereof ", and"; and

(3) by adding at the end the following new subparagraph:

"(F) service described in section 210(a)(7)(F) which is included as 'employment' under section 210(a).".

26 USC 3121 note.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to service performed after July 1, 1991.

SEC. 11334. DEPOSITS OF PAYROLL TAXES.

(a) IN GENERAL—[80] Subsection (g) of section 6302 is amended to read as follows:

"(g) DEPOSITS OF SOCIAL SECURITY TAXES AND WITHHELD INCOME TAXES.—If, under regulations prescribed by the Secretary, a person is required to make deposits of taxes imposed by chapters 21 and 24 on the basis of eighth-month periods, such person shall make deposits of such taxes on the 1st banking day after any day on which such person has $100,000 or more of such taxes for deposit."

(b) TECHNICAL AMENDMENT.—Paragraph (2) of section 7632(b) of

26 USC 6302 note.

the Revenue Reconciliation Act of 1989 is hereby repealed.

26 USC 6302 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts required to be deposited after December 31, 1990.

[80] So in original. Probably should be "GENERAL.—".

Subtitle D—1-Year Extension of Certain Expiring Tax Provisions

SEC. 11403. EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Subsection (d) of section 127 (relating to educational assistance programs) is amended by striking "September 30, 1990" and inserting "December 31, 1991".

(b) REPEAL OF LIMITATION ON GRADUATE LEVEL ASSISTANCE.—Section 127(c)(1) is amended by striking the last sentence.

(c) CONFORMING AMENDMENT.—Subsection (a) of section 7101 of the Revenue Reconciliation Act of 1989 is amended by striking paragraph (2). 26 USC 127 note.

(d) EFFECTIVE DATES.— 26 USC 127 note.

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1989.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 1990.

SEC. 11404. GROUP LEGAL SERVICES PLANS.

(a) IN GENERAL.—Subsection (e) of section 120 (relating to amounts received under qualified group legal services plans) is amended by striking "September 30, 1990" and inserting "December 31, 1991".

(b) CONFORMING AMENDMENT.—Subsection (a) of section 7102 of the Revenue Reconciliation Act of 1989 is amended by striking paragraph (2). 26 USC 120 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1989. 26 USC 120 note.

TITLE XIII—BUDGET ENFORCEMENT

Budget Enforcement Act of 1990.

SEC. 13001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Budget Enforcement Act of 1990". 2 USC 900 note.

(b) TABLE OF CONTENTS.—

Subtitle A—Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985 and Related Amendments

PART I—AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

SEC. 13101. SEQUESTRATION.

(a) SECTIONS 250 THROUGH 254.—Sections 251 (except for subsection (a)(6)(I)) through 254 of part C of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901 et seq.) are amended to read as follows:

"SEC. 250. TABLE OF CONTENTS; STATEMENT OF BUDGET ENFORCEMENT THROUGH SEQUESTRATION; DEFINITIONS. 2 USC 900.

"(a) TABLE OF CONTENTS.—

"(b) GENERAL STATEMENT OF BUDGET ENFORCEMENT THROUGH SEQUESTRATION.—This part provides for the enforcement of the deficit reduction assumed in House Concurrent Resolution 310 (101st Congress, second session) and the applicable deficit targets for fiscal years 1991 through 1995. Enforcement, as necessary, is to be implemented through sequestration—

"(1) to enforce discretionary spending levels assumed in that resolution (with adjustments as provided hereinafter);

"(2) to enforce the requirement that any legislation increasing direct spending or decreasing revenues be on a pay-as-you-go basis; and

"(3) to enforce the deficit targets specifically set forth in the Congressional Budget and Impoundment Control Act of 1974 (with adjustments as provided hereinafter);

applied in the order set forth above.

"(c) DEFINITIONS.—

"As used in this part:

"(1) The terms 'budget authority', 'new budget authority', 'outlays', and 'deficit' have the meanings given to such terms in section 3 of the Congressional Budget and Impoundment Control Act of 1974 (but including the treatment specified in section 257(b)(3) of the Hospital Insurance Trust Fund) and the terms 'maximum deficit amount' and 'discretionary spending limit' shall mean the amounts specified in section 601 of that Act as adjusted under sections 251 and 253 of this Act.

"(2) The terms 'sequester' and 'sequestration' refer to or mean the cancellation of budgetary resources provided by discretionary appropriations or direct spending law.

"(3) The term 'breach' means, for any fiscal year, the amount (if any) by which new budget authority or outlays for that year (within a category of discretionary appropriations) is above that category's discretionary spending limit for new budget authority or outlays for that year, as the case may be.

"(4) The term 'category' means:

"(A) For fiscal years 1991, 1992, and 1993, any of the following subsets of discretionary appropriations: defense, international, or domestic. Discretionary appropriations in each of the three categories shall be those so designated in the joint statement of managers accompanying the conference report on the Omnibus Budget Reconciliation Act of 1990. New accounts or activities shall be categorized in consultation with the Committees on Appropriations and the Budget of the House of Representatives and the Senate.

"(B) For fiscal years 1994 and 1995, all discretionary appropriations.

Contributions to the United States to offset the cost of Operation Desert Shield shall not be counted within any category.

"(5) The term 'baseline' means the projection (described in section 257) of current-year levels of new budget authority, outlays, receipts, and the surplus or deficit into the budget year and the outyears.

"(6) The term 'budgetary resources' means—

"(A) with respect to budget year 1991, new budget authority; unobligated balances; new loan guarantee commitments or limitations; new direct loan obligations, commitments, or limitations; direct spending authority; and obligation limitations; or

"(B) with respect to budget year 1992, 1993, 1994, or 1995, new budget authority; unobligated balances; direct spending authority; and obligation limitations.

"(7) The term 'discretionary appropriations' means budgetary resources (except to fund direct-spending programs) provided in appropriation Acts.

"(8) The term 'direct spending' means—

"(A) budget authority provided by law other than appropriation Acts;

"(B) entitlement authority; and

"(C) the food stamp program.

"(9) The term 'current' means, with respect to OMB estimates included with a budget submission under section 1105(a) of title 31, United States Code, the estimates consistent with the economic and technical assumptions underlying that budget and with respect to estimates made after submission of the fiscal year 1992 budget that are not included with a budget submission, estimates consistent with the economic and technical assumptions underlying the most recently submitted President's budget.

"(10) The term 'real economic growth', with respect to any fiscal year, means the growth in the gross national product during such fiscal year, adjusted for inflation, consistent with Department of Commerce definitions.

"(11) The term 'account' means an item for which appropriations are made in any appropriation Act and, for items not provided for in appropriation Acts, such term means an item for which there is a designated budget account identification code number in the President's budget.

"(12) The term 'budget year' means, with respect to a session of Congress, the fiscal year of the Government that starts on October 1 of the calendar year in which that session begins.

"(13) The term 'current year' means, with respect to a budget year, the fiscal year that immediately precedes that budget year.

"(14) The term 'outyear' means, with respect to a budget year, any of the fiscal years that follow the budget year through fiscal year 1995.

"(15) The term 'OMB' means the Director of the Office of Management and Budget.

"(16) The term 'CBO' means the Director of the Congressional Budget Office.

"(17) For purposes of sections 252 and 253, legislation enacted during the second session of the One Hundred First Congress shall be deemed to have been enacted before the enactment of this Act.

"(18) As used in this part, all references to entitlement authority shall include the list of mandatory appropriations included in the joint explanatory statement of managers accompanying the conference report on the Omnibus Budget Reconciliation Act of 1990.

"(19) The term 'deposit insurance' refers to the expenses of the Federal Deposit Insurance Corporation and the funds it incorporates, the Resolution Trust Corporation, the National Credit Union Administration and the funds it incorporates, the Office of Thrift Supervision, the Comptroller of the Currency Assessment Fund, and the RTC Office of Inspector General.

"(20) The term 'composite outlay rate' means the percent of new budget authority that is converted to outlays in the fiscal year for which the budget authority is provided and subsequent fiscal years, as follows:

"(A) For the international category, 46 percent for the first year, 20 percent for the second year, 16 percent for the third year, and 8 percent for the fourth year.

"(B) For the domestic category, 53 percent for the first year, 31 percent for the second year, 12 percent for the third year, and 2 percent for the fourth year.

"SEC. 251. ENFORCING DISCRETIONARY SPENDING LIMITS. 2 USC 901.

"(a) FISCAL YEARS 1991-1995 ENFORCEMENT.—

"(1) SEQUESTRATION.—Within 15 calendar days after Congress adjourns to end a session and on the same day as a sequestration (if any) under section 252 and section 253, there shall be a sequestration to eliminate a budget-year breach, if any, within any category.

"(2) ELIMINATING A BREACH.—Each non-exempt account within a category shall be reduced by a dollar amount calculated by multiplying the baseline level of sequestrable budgetary resources in that account at that time by the uniform percentage necessary to eliminate a breach within that category; except that the health programs set forth in section 256(e) shall not be reduced by more than 2 percent and the uniform percent applicable to all other programs under this paragraph shall be increased (if necessary) to a level sufficient to eliminate that breach. If, within a category, the discretionary spending limits for both new budget authority and outlays are breached, the uniform percentage shall be calculated by—

"(A) first, calculating the uniform percentage necessary to eliminate the breach in new budget authority, and

"(B) second, if any breach in outlays remains, increasing the uniform percentage to a level sufficient to eliminate that breach.

"(3) MILITARY PERSONNEL.—If the President uses the authority to exempt any military personnel from sequestration under section 255(h), each account within subfunctional category 051 (other than those military personnel accounts for which the authority provided under section 255(h) has been exercised) shall be further reduced by a dollar amount calculated by multiplying the enacted level of non-exempt budgetary resources in that account at that time by the uniform percentage necessary to offset the total dollar amount by which outlays are not reduced in military personnel accounts by reason of the use of such authority.

"(4) PART-YEAR APPROPRIATIONS.—If, on the date specified in paragraph (1), there is in effect an Act making or continuing appropriations for part of a fiscal year for any budget account, then the dollar sequestration calculated for that account under paragraphs (2) and (3) shall be subtracted from—

"(A) the annualized amount otherwise available by law in that account under that or a subsequent part-year appropriation; and

"(B) when a full-year appropriation for that account is enacted, from the amount otherwise provided by the full-year appropriation.

"(5) LOOK-BACK.—If, after June 30, an appropriation for the fiscal year in progress is enacted that causes a breach within a category for that year (after taking into account any sequestration of amounts within that category), the discretionary spending limits for that category for the next fiscal year shall be reduced by the amount or amounts of that breach.

"(6) WITHIN-SESSION SEQUESTRATION.—If an appropriation for a fiscal year in progress is enacted (after Congress adjourns to end the session for that budget year and before July 1 of that fiscal year) that causes a breach within a category for that year (after taking into account any prior sequestration of amounts within that category), 15 days later there shall be a sequestration to eliminate that breach within that category following the procedures set forth in paragraphs (2) through (4).

"(7) OMB ESTIMATES.—As soon as practicable after Congress completes action on any discretionary appropriation, CBO, after consultation with the Committees on the Budget of the House of Representatives and the Senate, shall provide OMB with an estimate of the amount of discretionary new budget authority and outlays for the current year (if any) and the budget year provided by that legislation. Within 5 calendar days after the enactment of any discretionary appropriation, OMB shall transmit a report to the House of Representatives and to the Senate containing the CBO estimate of that legislation, an OMB estimate of the amount of discretionary new budget authority and outlays for the current year (if any) and the budget year provided by that legislation, and an explanation of any difference between the two estimates. For purposes of this paragraph, amounts provided by annual appropriations shall include any new budget authority and outlays for those years in accounts for which funding is provided in that legislation that result from previously enacted legislation. Those OMB estimates shall be made using current economic and technical assumptions. OMB shall use the OMB estimates transmitted to the Congress under this paragraph for the purposes of this subsection. OMB and CBO shall prepare estimates under this paragraph in conformance with scorekeeping guidelines determined after consultation among the House and Senate Committees on the Budget, CBO, and OMB.

"(b) ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS.—(1) When the President submits the budget under section 1105(a) of title 31, United States Code, for budget year 1992, 1993, 1994, or 1995 (except as otherwise indicated), OMB shall calculate (in the order set forth below), and the budget shall include, adjustments to discretionary spending limits (and those limits as cumulatively adjusted) for the budget year and each outyear through 1995 to reflect the following:

"(A) CHANGES IN CONCEPTS AND DEFINITIONS.—The adjustments produced by the amendments made by title XIII of the Omnibus Budget Reconciliation Act of 1990 or by any other changes in concepts and definitions shall equal the baseline levels of new budget authority and outlays using up-to-date concepts and definitions minus those levels using the concepts and definitions in effect before such changes. Such other changes in concepts and definitions may only be made in consultation with the Committees on Appropriations, the Budget, Government Operations, and Governmental Affairs of the House of Representatives and Senate.

"(B) CHANGES IN INFLATION.—(i) For a budget submitted for budget year 1992, 1993, 1994, or 1995, the adjustments produced by changes in inflation shall equal the levels of discretionary new budget authority and outlays in the baseline (calculated using current estimates) subtracted from those levels in that baseline recalculated with the baseline inflators for the budget year only, multiplied by the inflation adjustment factor computed under clause (ii).

"(ii) For a budget year the inflation adjustment factor shall equal the ratio between the level of year-over-year inflation measured for the fiscal year most recently completed and the applicable estimated level for that year set forth below:

"For 1990, 1.041
"For 1991, 1.052
"For 1992, 1.041
"For 1993, 1.033

Inflation shall be measured by the average of the estimated gross national product implicit price deflator index for a fiscal year divided by the average index for the prior fiscal year.

"(C) CREDIT REESTIMATES.—For a budget submitted for fiscal year 1993 or 1994, the adjustments produced by reestimates to costs of Federal credit programs shall be, for any such program, a current estimate of new budget authority and outlays associated with a baseline projection of the prior year's gross loan level for that program minus the baseline projection of the prior year's new budget authority and associated outlays for that program.

"(2) When OMB submits a sequestration report under section 254(g) or (h) for fiscal year 1991, 1992, 1993, 1994, or 1995 (except as otherwise indicated), OMB shall calculate (in the order set forth below), and the sequestration report, and subsequent budgets submitted by the President under section 1105(a) of title 31, United States Code, shall include, adjustments to discretionary spending limits (and those limits as adjusted) for the fiscal year and each succeeding year through 1995, as follows:

"(A) IRS FUNDING.—To the extent that appropriations are enacted that provide additional new budget authority or result in additional outlays (as compared with the CBO baseline constructed in June 1990) for the Internal Revenue Service compliance initiative in any fiscal year, the adjustments for that year shall be those amounts, but shall not exceed the amounts set forth below—

"(i) for fiscal year 1991, $191,000,000 in new budget authority and $183,000,000 in outlays;

"(ii) for fiscal year 1992, $172,000,000 in new budget authority and $169,000,000 in outlays;

"(iii) for fiscal year 1993, $183,000,000 in new budget authority and $179,000,000 in outlays;

"(iv) for fiscal year 1994, $187,000,000 in new budget authority and $183,000,000 in outlays; and

"(v) for fiscal year 1995, $188,000,000 in new budget authority and $184,000,000 in outlays; and

the prior-year outlays resulting from these appropriations of budget authority.

"(B) DEBT FORGIVENESS.—If, in calendar year 1990 or 1991, an appropriation is enacted that forgives the Arab Republic of Egypt's foreign military sales indebtedness to the United States and any part of the Government of Poland's indebtedness to the United States, the adjustment shall be the estimated costs (in new budget authority and outlays, in all years) of that forgiveness.

"(C) IMF FUNDING.—If, in fiscal year 1991, 1992, 1993, 1994, or 1995 an appropriation is enacted to provide to the International Monetary Fund the dollar equivalent, in terms of Special Drawing Rights, of the increase in the United States quota as part of the International Monetary Fund Ninth General Review of Quotas, the adjustment shall be the amount provided by that appropriation.

"(D) EMERGENCY APPROPRIATIONS.—(i) If, for fiscal year 1991, 1992, 1993, 1994, or 1995, appropriations for discretionary accounts are enacted that the President designates as emergency requirements and that the Congress so designates in statute, the adjustment shall be the total of such appropriations in discretionary accounts designated as emergency requirements and the outlays flowing in all years from such appropriations.

"(ii) The costs for operation Desert Shield are to be treated as emergency funding requirements not subject to the defense spending limits. Funding for Desert Shield will be provided through the normal legislative process. Desert Shield costs should be accommodated through Allied burden-sharing, subsequent appropriation Acts, and if the President so chooses, through offsets within other defense accounts. Emergency Desert Shield costs mean those incremental costs associated with the increase in operations in the Middle East and do not include costs that would be experienced by the Department of Defense as part of its normal operations absent Operation Desert Shield.

"(E) SPECIAL ALLOWANCE FOR DISCRETIONARY NEW BUDGET AUTHORITY.—(i) For each of fiscal years 1992 and 1993, the adjustment for the domestic category in each year shall be an amount equal to 0.1 percent of the sum of the adjusted discretionary spending limits on new budget authority for all categories for fiscal years 1991, 1992, and 1993 (cumulatively), together with outlays associated therewith (calculated at the composite outlay rate for the domestic category);

"(ii) for each of fiscal years 1992 and 1993, the adjustment for the international category in each year shall be an amount equal to 0.079 percent of the sum of the adjusted discretionary spending limits on new budget authority for all categories for fiscal years 1991, 1992, and 1993 (cumulatively), together with outlays associated therewith (calculated at the composite outlay rate for the international category); and

"(iii) if, for fiscal years 1992 and 1993, the amount of new budget authority provided in appropriation Acts exceeds the discretionary spending limit on new budget authority for any category due to technical estimates made by the Director of the Office of Management and Budget, the adjustment is the amount of the excess, but not to exceed an amount (for 1992 and 1993 together) equal to 0.042 percent of the sum of the adjusted discretionary limits on new budget authority for all categories for fiscal years 1991, 1992, and 1993 (cumulatively).

"(F) SPECIAL OUTLAY ALLOWANCE.—If in any fiscal year outlays for a category exceed the discretionary spending limit for that category but new budget authority does not exceed its limit for that category (after application of the first step of a sequestration described in subsection (a)(2), if necessary), the adjustment in outlays is the amount of the excess, but not to exceed $2,500,000,000 in the defense category, $1,500,000,000 in the international category, or $2,500,000,000 in the domestic category (as applicable) in fiscal year 1991, 1992, or 1993, and not to exceed $6,500,000,000 in fiscal year 1994 or 1995 less any of the outlay adjustments made under subparagraph (E) for a category for a fiscal year.

"SEC. 252. ENFORCING PAY-AS-YOU-GO. 2 USC 902.

"(a) FISCAL YEARS 1992-1995 ENFORCEMENT.—The purpose of this section is to assure that any legislation (enacted after the date of enactment of this section) affecting direct spending or receipts that increases the deficit in any fiscal year covered by this Act will trigger an offsetting sequestration.

"(b) SEQUESTRATION; LOOK-BACK.—Within 15 calendar days after Congress adjourns to end a session (other than of the One Hundred First Congress) and on the same day as a sequestration (if any) under section 251 and section 253, there shall be a sequestration to offset the amount of any net deficit increase in that fiscal year and the prior fiscal year caused by all direct spending and receipts legislation enacted after the date of enactment of this section (after adjusting for any prior sequestration as provided by paragraph (2)). OMB shall calculate the amount of deficit increase, if any, in those fiscal years by adding—

"(1) all applicable estimates of direct spending and receipts legislation transmitted under subsection (d) applicable to those fiscal years, other than any amounts included in such estimates resulting from—

"(A) full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of enactment of this section, and

"(B) emergency provisions as designated under subsection (e); and

"(2) the estimated amount of savings in direct spending programs applicable to those fiscal years resulting from the prior year's sequestration under this section or section 253, if any (except for any amounts sequestered as a result of a net deficit increase in the fiscal year immediately preceding the prior fiscal year), as published in OMB's end-of-session sequestration report for that prior year.

"(c) ELIMINATING A DEFICIT INCREASE.—(1) The amount required to be sequestered in a fiscal year under subsection (b) shall be obtained from non-exempt direct spending accounts from actions taken in the following order:

"(A) FIRST.—All reductions in automatic spending increases specified in section 256(a) shall be made.

"(B) SECOND.—If additional reductions in direct spending accounts are required to be made, the maximum reductions permissible under sections 256(b) (guaranteed student loans) and 256(c) (foster care and adoption assistance) shall be made.

"(C) THIRD.—(i) If additional reductions in direct spending accounts are required to be made, each remaining non-exempt direct spending account shall be reduced by the uniform percentage necessary to make the reductions in direct spending required by paragraph (1); except that the medicare programs specified in section 256(d) shall not be reduced by more than 4 percent and the uniform percentage applicable to all other direct spending programs under this paragraph shall be increased (if necessary) to a level sufficient to achieve the required reduction in direct spending.

"(ii) For purposes of determining reductions under clause (i), outlay reductions (as a result of sequestration of Commodity Credit Corporation commodity price support contracts in the fiscal year of a sequestration) that would occur in the following fiscal year shall be credited as outlay reductions in the fiscal year of the sequestration.

"(2) For purposes of this subsection, accounts shall be assumed to be at the level in the baseline.

"(d) OMB ESTIMATES.—As soon as practicable after Congress completes action on any direct spending or receipts legislation enacted after the date of enactment of this section, after consultation with the Committees on the Budget of the House of Representatives and the Senate, CBO shall provide OMB with an estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 1995 resulting from that legislation. Within 5 calendar days after the enactment of any direct spending or receipts legislation enacted after the date of enactment of this section, OMB shall transmit a report to the House of Representatives and to the Senate containing such CBO estimate of that legislation, an OMB estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 1995 resulting from that legislation, and an explanation of any difference between the two estimates. Those OMB estimates shall be made using current economic and technical assumptions. OMB and CBO shall prepare estimates under this paragraph in conformance with scorekeeping guidelines determined after consultation among the House and Senate Committees on the Budget, CBO, and OMB.

"(e) EMERGENCY LEGISLATION.—If, for fiscal year 1991, 1992, 1993, 1994, or 1995, a provision of direct spending or receipts legislation is enacted that the President designates as an emergency requirement and that the Congress so designates in statute, the amounts of new budget authority, outlays, and receipts in all fiscal years through 1995 resulting from that provision shall be designated as an emergency requirement in the reports required under subsection (d).

"SEC. 253. ENFORCING DEFICIT TARGETS. 2 USC 903.

"(a) SEQUESTRATION.—Within 15 calendar days after Congress adjourns to end a session (other than of the One Hundred First Congress) and on the same day as a sequestration (if any) under section 251 and section 252, but after any sequestration required by section 251 (enforcing discretionary spending limits) or section 252 (enforcing pay-as-you-go), there shall be a sequestration to eliminate the excess deficit (if any remains) if it exceeds the margin.

"(b) EXCESS DEFICIT; MARGIN.—The excess deficit is, if greater than zero, the estimated deficit for the budget year, minus—

"(1) the maximum deficit amount for that year;

"(2) the amounts for that year designated as emergency direct spending or receipts legislation under section 252(e); and

"(3) for any fiscal year in which there is not a full adjustment for technical and economic reestimates, the deposit insurance reestimate for that year, if any, calculated under subsection (h).

The 'margin' for fiscal year 1992 or 1993 is zero and for fiscal year 1994 or 1995 is $15,000,000,000.

"(c) DIVIDING THE SEQUESTRATION.—To eliminate the excess deficit in a budget year, half of the required outlay reductions shall be obtained from non-exempt defense accounts (accounts designated as function 050 in the President's fiscal year 1991 budget submission) and half from non-exempt, non-defense accounts (all other non-exempt accounts).

"(d) DEFENSE.—Each non-exempt defense account shall be reduced by a dollar amount calculated by multiplying the level of sequestrable budgetary resources in that account at that time by the uniform percentage necessary to carry out subsection (c), except that, if any military personnel are exempt, adjustments shall be made under the procedure set forth in section 251(a)(3).

"(e) NON-DEFENSE.—Actions to reduce non-defense accounts shall be taken in the following order:

"(1) FIRST.—All reductions in automatic spending increases under section 256(a) shall be made.

"(2) SECOND.—If additional reductions in non-defense accounts are required to be made, the maximum reduction permissible under sections 256(b) (guaranteed student loans) and 256(c) (foster care and adoption assistance) shall be made.

"(3) THIRD.—(A) If additional reductions in non-defense accounts are required to be made, each remaining non-exempt, non-defense account shall be reduced by the uniform percentage necessary to make the reductions in non-defense outlays required by subsection (c), except that—

"(i) the medicare program specified in section 256(d) shall not be reduced by more than 2 percent in total including any reduction of less than 2 percent made under section 252 or, if it has been reduced by 2 percent or more under section 252, it may not be further reduced under this section; and

"(ii) the health programs set forth in section 256(e) shall not be reduced by more than 2 percent in total (including any reduction made under section 251),

and the uniform percent applicable to all other programs under this subsection shall be increased (if necessary) to a level sufficient to achieve the required reduction in non-defense outlays.

"(B) For purposes of determining reductions under subparagraph (A), outlay reduction (as a result of sequestration of

Commodity Credit Corporation commodity price support contracts in the fiscal year of a sequestration) that would occur in the following fiscal year shall be credited as outlay reductions in the fiscal year of the sequestration.

"(f) BASELINE ASSUMPTIONS; PART-YEAR APPROPRIATIONS.—

"(1) BUDGET ASSUMPTIONS.—For purposes of subsections (b), (c), (d), and (e), accounts shall be assumed to be at the level in the baseline minus any reductions required to be made under sections 251 and 252.

"(2) PART-YEAR APPROPRIATIONS.—If, on the date specified in subsection (a), there is in effect an Act making or continuing appropriations for part of a fiscal year for any non-exempt budget account, then the dollar sequestration calculated for that account under subsection (d) or (e), as applicable, shall be subtracted from—

"(A) the annualized amount otherwise available by law in that account under that or a subsequent part-year appropriation; and

"(B) when a full-year appropriation for that account is enacted, from the amount otherwise provided by the full-year appropriation; except that the amount to be sequestered from that account shall be reduced (but not below zero) by the savings achieved by that appropriation when the enacted amount is less than the baseline for that account.

"(g) ADJUSTMENTS TO MAXIMUM DEFICIT AMOUNTS.—

"(1) ADJUSTMENTS.—

"(A) When the President submits the budget for fiscal year 1992, the maximum deficit amounts for fiscal years 1992, 1993, 1994, and 1995 shall be adjusted to reflect up-to-date reestimates of economic and technical assumptions and any changes in concepts or definitions. When the President submits the budget for fiscal year 1993, the maximum deficit amounts for fiscal years 1993, 1994, and 1995 shall be further adjusted to reflect up-to-date reestimates of economic and technical assumptions and any changes in concepts or definitions.

"(B) When submitting the budget for fiscal year 1994, the President may choose to adjust the maximum deficit amounts for fiscal years 1994 and 1995 to reflect up-to-date reestimates of economic and technical assumptions. If the President chooses to adjust the maximum deficit amount when submitting the fiscal year 1994 budget, the President may choose to invoke the same adjustment procedure when submitting the budget for fiscal year 1995. In each case, the President must choose between making no adjustment or the full adjustment described in paragraph (2). If the President chooses to make that full adjustment, then those procedures for adjusting discretionary spending limits described in sections 251(b)(1)(C) and 251(b)(2)(E), otherwise applicable through fiscal year 1993 or 1994 (as the case may be), shall be deemed to apply for fiscal year 1994 (and 1995 if applicable).

"(C) When the budget for fiscal year 1994 or 1995 is submitted and the sequestration reports for those years under section 254 are made (as applicable), if the President does not choose to make the adjustments set forth in subparagraph (B), the maximum deficit amount for that fiscal year shall be adjusted by the amount of the adjustment to discretionary spending limits first applicable for that year (if any) under section 251(b).

"(D) For each fiscal year the adjustments required to be made with the submission of the President's budget for that year shall also be made when OMB submits the sequestration update report and the final sequestration report for that year, but OMB shall continue to use the economic and technical assumptions in the President's budget for that year.

Each adjustment shall be made by increasing or decreasing the maximum deficit amounts set forth in section 601 of the Congressional Budget Act of 1974.

"(2) CALCULATIONS OF ADJUSTMENTS.—The required increase or decrease shall be calculated as follows:

"(A) The baseline deficit or surplus shall be calculated using up-to-date economic and technical assumptions, using up-to-date concepts and definitions, and, in lieu of the baseline levels of discretionary appropriations, using the discretionary spending limits set forth in section 601 of the Congressional Budget Act of 1974 as adjusted under section 251.

"(B) The net deficit increase or decrease caused by all direct spending and receipts legislation enacted after the date of enactment of this section (after adjusting for any sequestration of direct spending accounts) shall be calculated for each fiscal year by adding—

"(i) the estimates of direct spending and receipts legislation transmitted under section 252(d) applicable to each such fiscal year; and

"(ii) the estimated amount of savings in direct spending programs applicable to each such fiscal year resulting from the prior year's sequestration under this section or section 252 of direct spending, if any, as contained in OMB's final sequestration report for that year.

"(C) The amount calculated under subparagraph (B) shall be subtracted from the amount calculated under subparagraph (A).

"(D) The maximum deficit amount set forth in section 601 of the Congressional Budget Act of 1974 shall be subtracted from the amount calculated under subparagraph (C).

"(E) The amount calculated under subparagraph (D) shall be the amount of the adjustment required by paragraph (1).

"(h) TREATMENT OF DEPOSIT INSURANCE.—

"(1) INITIAL ESTIMATES.—The initial estimates of the net costs of federal deposit insurance for fiscal year 1994 and fiscal year 1995 (assuming full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of the submission of the budget for fiscal year 1993) shall be set forth in that budget.

"(2) REESTIMATES.—For fiscal year 1994 and fiscal year 1995, the amount of the reestimate of deposit insurance costs shall be calculated by subtracting the amount set forth under paragraph (1) for that year from the current estimate of deposit insurance costs (but assuming full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of submission of the budget for fiscal year 1993).

2 USC 904.

"SEC. 254. REPORTS AND ORDERS.

"(a) TIMETABLE.—The timetable with respect to this part for any budget year is as follows:

"Date:	Action to be completed:
January 21	Notification regarding optional adjustment of maximum deficit amount.
5 days before the President's budget submission.	CBO sequestration preview report.
The President's budget submission	OMB sequestration preview report.
August 10	Notification regarding military personnel.
August 15	CBO sequestration update report.
August 20	OMB sequestration update report.
10 days after end of session	CBO final sequestration report.
15 days after end of session	OMB final sequestration report; Presidential order.
30 days later	GAO compliance report.

"(b) SUBMISSION AND AVAILABILITY OF REPORTS.—Each report required by this section shall be submitted, in the case of CBO, to the House of Representatives, the Senate and OMB and, in the case of OMB, to the House of Representatives, the Senate, and the President on the day it is issued. On the following day a notice of the report shall be printed in the Federal Register.

"(c) OPTIONAL ADJUSTMENT OF MAXIMUM DEFICIT AMOUNTS.—With respect to budget year 1994 or 1995, on the date specified in subsection (a) the President shall notify the House of Representatives and the Senate of his decision regarding the optional adjustment of the maximum deficit amount (as allowed under section 253(g)(1)(B)).

"(d) SEQUESTRATION PREVIEW REPORTS.—

"(1) REPORTING REQUIREMENT.—On the dates specified in subsection (a), OMB and CBO shall issue a preview report regarding discretionary, pay-as-you-go, and deficit sequestration based on laws enacted through those dates.

"(2) DISCRETIONARY SEQUESTRATION REPORT.—The preview reports shall set forth estimates for the current year and each subsequent year through 1995 of the applicable discretionary spending limits for each category and an explanation of any adjustments in such limits under section 251.

"(3) PAY-AS-YOU-GO SEQUESTRATION REPORTS.—The preview reports shall set forth, for the current year and the budget year, estimates for each of the following:

"(A) The amount of net deficit increase or decrease, if any, calculated under subsection 252(b).

"(B) A list identifying each law enacted and sequestration implemented after the date of enactment of this section included in the calculation of the amount of deficit increase or decrease and specifying the budgetary effect of each such law.

"(C) The sequestration percentage or (if the required sequestration percentage is greater than the maximum allowable percentage for medicare) percentages necessary to eliminate a deficit increase under section 252(c).

"(4) DEFICIT SEQUESTRATION REPORTS.—The preview reports shall set forth for the budget year estimates for each of the following:

"(A) The maximum deficit amount, the estimated deficit calculated under section 253(b), the excess deficit, and the margin.

"(B) The amount of reductions required under section 252, the excess deficit remaining after those reductions have been made, and the amount of reductions required from defense accounts and the reductions required from non-defense accounts.

"(C) The sequestration percentage necessary to achieve the required reduction in defense accounts under section 253(d).

"(D) The reductions required under sections 253(e)(1) and 253(e)(2).

"(E) The sequestration percentage necessary to achieve the required reduction in non-defense accounts under section 253(e)(3).

The CBO report need not set forth the items other than the maximum deficit amount for fiscal year 1992, 1993, or any fiscal year for which the President notifies the House of Representatives and the Senate that he will adjust the maximum deficit amount under the option under section 253(g)(1)(B).

"(5) EXPLANATION OF DIFFERENCES.—The OMB reports shall explain the differences between OMB and CBO estimates for each item set forth in this subsection.

"(e) NOTIFICATION REGARDING MILITARY PERSONNEL.—On or before the date specified in subsection (a), the President shall notify the Congress of the manner in which he intends to exercise flexibility with respect to military personnel accounts under section 255(h).

"(f) SEQUESTRATION UPDATE REPORTS.—On the dates specified in subsection (a), OMB and CBO shall issue a sequestration update report, reflecting laws enacted through those dates, containing all of the information required in the sequestration preview reports.

"(g) FINAL SEQUESTRATION REPORTS.—

"(1) REPORTING REQUIREMENT.—On the dates specified in subsection (a), OMB and CBO shall issue a final sequestration report, updated to reflect laws enacted through those dates.

"(2) DISCRETIONARY SEQUESTRATION REPORTS.—The final reports shall set forth estimates for each of the following:

"(A) For the current year and each subsequent year through 1995 the applicable discretionary spending limits for each category and an explanation of any adjustments in such limits under section 251.

"(B) For the current year and the budget year the estimated new budget authority and outlays for each category and the breach, if any, in each category.

"(C) For each category for which a sequestration is required, the sequestration percentages necessary to achieve the required reduction.

"(D) For the budget year, for each account to be sequestered, estimates of the baseline level of sequestrable budgetary resources and resulting outlays and the amount of budgetary resources to be sequestered and resulting outlay reductions.

"(3) PAY-AS-YOU-GO AND DEFICIT SEQUESTRATION REPORTS.—The final reports shall contain all the information required in the pay-as-you-go and deficit sequestration preview reports. In addition, these reports shall contain, for the budget year, for each account to be sequestered, estimates of the baseline level of sequestrable budgetary resources and resulting outlays and the amount of budgetary resources to be sequestered and resulting outlay reductions. The reports shall also contain estimates of the effects on outlays of the sequestration in each outyear through 1995 for direct spending programs.

"(4) EXPLANATION OF DIFFERENCES.—The OMB report shall explain any differences between OMB and CBO estimates of the amount of any net deficit change calculated under subsection 252(b), any excess deficit, any breach, and any required sequestration percentage. The OMB report shall also explain differences in the amount of sequesterable resources for any budget account to be reduced if such difference is greater than $5,000,000.

"(5) PRESIDENTIAL ORDER.—On the date specified in subsection (a), if in its final sequestration report OMB estimates that any sequestration is required, the President shall issue an order fully implementing without change all sequestrations required by the OMB calculations set forth in that report. This order shall be effective on issuance.

"(h) WITHIN-SESSION SEQUESTRATION REPORTS AND ORDER.—If an appropriation for a fiscal year in progress is enacted (after Congress adjourns to end the session for that budget year and before July 1 of that fiscal year) that causes a breach, 10 days later CBO shall issue a report containing the information required in paragraph (g)(2). Fifteen days after enactment, OMB shall issue a report containing the information required in paragraphs (g)(2) and (g)(4). On the same day as the OMB report, the President shall issue an order fully implementing without change all sequestrations required by the OMB calculations set forth in that report. This order shall be effective on issuance.

"(i) GAO COMPLIANCE REPORT.—On the date specified in subsection (a), the Comptroller General shall submit to the Congress and the President a report on—

"(1) the extent to which each order issued by the President under this section complies with all of the requirements contained in this part, either certifying that the order fully and accurately complies with such requirements or indicating the respects in which it does not; and

"(2) the extent to which each report issued by OMB or CBO under this section complies with all of the requirements contained in this part, either certifying that the report fully and accurately complies with such requirements or indicating the respects in which it does not.

"(j) LOW-GROWTH REPORT.—At any time, CBO shall notify the Congress if—

"(1) during the period consisting of the quarter during which such notification is given, the quarter preceding such notification, and the 4 quarters following such notification, CBO or OMB has determined that real economic growth is projected or estimated to be less than zero with respect to each of any 2 consecutive quarters within such period; or

"(2) the most recent of the Department of Commerce's advance preliminary or final reports of actual real economic growth indicate that the rate of real economic growth for each of the most recently reported quarter and the immediately preceding quarter is less than one percent.

"(k) ECONOMIC AND TECHNICAL ASSUMPTIONS.—In all reports required by this section, OMB shall use the same economic and technical assumptions as used in the most recent budget submitted by the President under section 1105(a) of title 31, United States Code.".

(b) SECTION 250: DEFINITIONS.—Paragraph (12) of section 257 of such Act (as in effect immediately before the date of enactment of this Act) is redesignated as a new paragraph (21) of section 250(c). 2 USC 900, 907.

(c) SECTION 255: EXEMPT PROGRAMS AND ACTIVITIES.—

(1) Section 255(a) of such Act is amended to read as follows: 2 USC 905.

"(a) SOCIAL SECURITY BENEFITS AND TIER I RAILROAD RETIREMENT BENEFITS.—Benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act, and benefits payable under section 3(a), 3(f)(3), 4(a), or 4(f) of the Railroad Retirement Act of 1974, shall be exempt from reduction under any order issued under this part.".

(2) Section 255(e) of such Act is amended to read as follows:

"(e) NON-DEFENSE UNOBLIGATED BALANCES.—Unobligated balances of budget authority carried over from prior fiscal years, except balances in the defense category, shall be exempt from reduction under any order issued under this part.".

(3) Section 255(g)(1)(B) of such Act is amended by inserting after the item relating to Railroad retirement tier II the following:

"Railroad supplemental annuity pension fund (60-8012-0-7-602);".

(4) Section 255 of such Act is amended by inserting at the end the following:

"(h) OPTIONAL EXEMPTION OF MILITARY PERSONNEL.—

"(1) The President may, with respect to any military personnel account, exempt that account from sequestration or provide for a lower uniform percentage reduction than would otherwise apply.

"(2) The President may not use the authority provided by paragraph (1) unless he notifies the Congress of the manner in which such authority will be exercised on or before the initial snapshot date for the budget year.".

(d) SECTION 256: EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.—

(1) Section 256(a) of such Act is amended to read as follows: 2 USC 906.

"(a) AUTOMATIC SPENDING INCREASES.—Automatic spending increases are increases in outlays due to changes in indexes in the following programs:

"(1) National Wool Act;

"(2) Special milk program; and

"(3) Vocational rehabilitation basic State grants.

In those programs all amounts other than the automatic spending increases shall be exempt from reduction under any order issued under this part.".

(2) Section 256 of such Act is amended by redesignating subsection (b) as subsection (h), subsection (c) as subsection (b), subsection (e) as subsection (f), subsection (f) as subsection (c), subsection (h) as subsection (i), and subsection (k) as subsection (e), by repealing subsections (i) and (l), and by inserting at the end the following:

"(k) SPECIAL RULES FOR THE JOBS PORTION OF AFDC.—

"(1) FULL AMOUNT OF SEQUESTRATION REQUIRED.—Any order issued by the President under section 254 shall accomplish the full amount of any required sequestration of the job opportunities and basic skills training program under section 402(a)(19), and part F of title VI, of the Social Security Act, in the manner specified in this subsection. Such an order may not reduce any Federal matching rate pursuant to section 403(l) of the Social Security Act.

"(2) NEW ALLOTMENT FORMULA.—

"(A) GENERAL RULE.—Notwithstanding section 403(k) of the Social Security Act, each State's percentage share of the amount available after sequestration for direct spending pursuant to section 403(l) of such Act for the fiscal year to which the sequestration applies shall be equal to—

"(i) the lesser of—

"(I) that percentage of the total amount paid to the States pursuant to such section 403(l) for the prior fiscal year that is represented by the amount paid to such State pursuant to such section 403(l) for the prior fiscal year; or

"(II) the amount that would have been allotted to such State pursuant to such section 403(k) had the sequestration not been in effect.

"(B) REALLOTMENT OF AMOUNTS REMAINING UNALLOTTED AFTER APPLICATION OF GENERAL RULE.—Any amount made available after sequestration for direct spending pursuant to section 403(l) of the Social Security Act for the fiscal year to which the sequestration applies that remains unallotted as a result of subparagraph (A) of this paragraph shall be allotted among the States in proportion to the absolute difference between the amount allotted, respectively, to each State as a result of such subparagraph and the amount that would have been allotted to such State pursuant to section 403(k) of such Act had the sequestration not been in effect, except that a State may not be allotted an amount under this subparagraph that results in a total allotment to the State under this paragraph of more than the amount that would have been allotted to such State pursuant to such section 403(k) had the sequestration not been in effect.

"(l) EFFECTS OF SEQUESTRATION.—The effects of sequestration shall be as follows:

"(1) Budgetary resources sequestered from any account other than a trust or special fund account shall be permanently cancelled.

"(2) Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President's budget).

"(3) Administrative regulations or similar actions implementing a sequestration shall be made within 120 days of the sequestration order. To the extent that formula allocations differ at different levels of budgetary resources within an account, program, project, or activity, the sequestration shall be interpreted as producing a lower total appropriation, with the remaining amount of the appropriation being obligated in a manner consistent with program allocation formulas in substantive law.

"(4) Except as otherwise provided, obligations in sequestered accounts shall be reduced only in the fiscal year in which a sequester occurs.

"(5) If an automatic spending increase is sequestered, the increase (in the applicable index) that was disregarded as a result of that sequestration shall not be taken into account in any subsequent fiscal year.

"(6) Except as otherwise provided, sequestration in trust and special fund accounts for which obligations are indefinite shall be taken in a manner to ensure that obligations in the fiscal year of a sequestration are reduced, from the level that would actually have occurred, by the applicable sequestration percentage.".

(3) Section 256 of such Act is amended by striking "section 252" each place it appears and by inserting "section 254". 2 USC 906.

(4) Section 256(c) (as redesignated) of such Act is amended by inserting after the first sentence the following: "No State's matching payments from the Federal Government for foster care maintenance payments or for adoption assistance maintenance payments may be reduced by a percentage exceeding the applicable domestic sequestration percentage.".

(5) Section 256(d)(1) of such Act is amended to read as follows:

"(1) CALCULATION OF REDUCTION IN INDIVIDUAL PAYMENT AMOUNTS.—To achieve the total percentage reduction in those programs required by sections 252 and 253, and notwithstanding section 710 of the Social Security Act, OMB shall determine, and the applicable Presidential order under section 254 shall implement, the percentage reduction that shall apply to payments under the health insurance programs under title XVIII of the Social Security Act for services furnished after the order is issued, such that the reduction made in payments under that order shall achieve the required total percentage reduction in those payments for that fiscal year as determined on a 12-month basis.".

(6) Section 256(d)(2)(C) of such Act is repealed.

(e) THE BASELINE.—(1) Section 257 of such Act is amended to read as follows: 2 USC 907.

"SEC. 257. THE BASELINE.

"(a) IN GENERAL.—For any budget year, the baseline refers to a projection of current-year levels of new budget authority, outlays, revenues, and the surplus or deficit into the budget year and the outyears based on laws enacted through the applicable date.

"(b) DIRECT SPENDING AND RECEIPTS.—For the budget year and each outyear, the baseline shall be calculated using the following assumptions:

"(1) IN GENERAL.—Laws providing or creating direct spending and receipts are assumed to operate in the manner specified in those laws for each such year and funding for entitlement authority is assumed to be adequate to make all payments required by those laws.

"(2) EXCEPTIONS.—(A) No program with estimated current-year outlays greater than $50 million shall be assumed to expire in the budget year or outyears.

"(B) The increase for veterans' compensation for a fiscal year is assumed to be the same as that required by law for veterans' pensions unless otherwise provided by law enacted in that session.

"(C) Excise taxes dedicated to a trust fund, if expiring, are assumed to be extended at current rates.

"(3) HOSPITAL INSURANCE TRUST FUND.—Notwithstanding any other provision of law, the receipts and disbursements of the Hospital Insurance Trust Fund shall be included in all calculations required by this Act.

"(c) DISCRETIONARY APPROPRIATIONS.—For the budget year and each outyear, the baseline shall be calculated using the following assumptions regarding all amounts other than those covered by subsection (b):

"(1) INFLATION OF CURRENT-YEAR APPROPRIATIONS.—Budgetary resources other than unobligated balances shall be at the level provided for the budget year in full-year appropriation Acts. If for any account a full-year appropriation has not yet been enacted, budgetary resources other than unobligated balances shall be at the level available in the current year, adjusted sequentially and cumulatively for expiring housing contracts as specified in paragraph (2), for social insurance administrative expenses as specified in paragraph (3), to offset pay absorption and for pay annualization as specified in paragraph (4), for inflation as specified in paragraph (5), and to account for changes required by law in the level of agency payments for personnel benefits other than pay.

"(2) EXPIRING HOUSING CONTRACTS.—New budget authority to renew expiring multiyear subsidized housing contracts shall be adjusted to reflect the difference in the number of such contracts that are scheduled to expire in that fiscal year and the number expiring in the current year, with the per-contract renewal cost equal to the average current-year cost of renewal contracts.

"(3) SOCIAL INSURANCE ADMINISTRATIVE EXPENSES.—Budgetary resources for the administrative expenses of the following trust funds shall be adjusted by the percentage change in the beneficiary population from the current year to that fiscal year: the Federal Hospital Insurance Trust Fund, the Supplementary Medical Insurance Trust Fund, the Unemployment Trust Fund, and the railroad retirement account.

"(4) PAY ANNUALIZATION; OFFSET TO PAY ABSORPTION.—Current-year new budget authority for Federal employees shall be adjusted to reflect the full 12-month costs (without absorption) of any pay adjustment that occurred in that fiscal year.

"(5) INFLATORS.—The inflator used in paragraph (1) to adjust budgetary resources relating to personnel shall be the percent by which the average of the Bureau of Labor Statistics Employment Cost Index (wages and salaries, private industry workers) for that fiscal year differs from such index for the current year. The inflator used in paragraph (1) to adjust all other budgetary resources shall be the percent by which the average of the estimated gross national product fixed-weight price index for that fiscal year differs from the average of such estimated index for the current year.

"(6) CURRENT-YEAR APPROPRIATIONS.—If, for any account, a continuing appropriation is in effect for less than the entire current year, then the current-year amount shall be assumed to equal the amount that would be available if that continuing appropriation covered the entire fiscal year. If law permits the transfer of budget authority among budget accounts in the current year, the current-year level for an account shall reflect transfers accomplished by the submission of, or assumed for the current year in, the President's original budget for the budget year.

"(d) UP-TO-DATE CONCEPTS.—In deriving the baseline for any budget year or outyear, current-year amounts shall be calculated using the concepts and definitions that are required for that budget year.".

(2) Section 251(a)(6)(I) of such Act (as in effect immediately before the date of enactment of this Act) is redesignated as section 257(e) of such Act. Section 257(e) is amended by striking "assuming, for purposes of this paragraph and subparagraph (A)(i) of paragraph (3), that the" and inserting "The". 2 USC 901, 907.

(f) Such Act is amended by inserting after section 257 the following:

"SEC. 258. SUSPENSION IN THE EVENT OF WAR OR LOW GROWTH. 2 USC 907a.

"(a) PROCEDURES IN THE EVENT OF A LOW GROWTH REPORT.—

"(1) TRIGGER.—Whenever CBO issues a low-growth report under section 254(j), the Majority Leader of the House of Representatives may, and the Majority Leader of the Senate shall, introduce a joint resolution (in the form set forth in paragraph (2)) declaring that the conditions specified in section 254(j) are met and suspending the relevant provisions of this title, titles III and VI of the Congressional Budget Act of 1974, and section 1103 of title 31, United States Code.

"(2) FORM OF JOINT RESOLUTION.—

"(A) The matter after the resolving clause in any joint resolution introduced pursuant to paragraph (1) shall be as follows: 'That the Congress declares that the conditions specified in section 254(j) of the Balanced Budget and Emergency Deficit Control Act of 1985 are met, and the implementation of the Congressional Budget and Impoundment Control Act of 1974, chapter 11 of title 31, United States Code, and part C of the Balanced Budget and Emergency Deficit Control Act of 1985 are modified as described in section 258(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.'.

"(B) The title of the joint resolution shall be 'Joint resolution suspending certain provisions of law pursuant to section 258(a)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985.'; and the joint resolution shall not contain any preamble.

"(3) COMMITTEE ACTION.—Each joint resolution introduced pursuant to paragraph (1) shall be referred to the appropriate committees of the House of Representatives or the Committee on the Budget of the Senate, as the case may be; and such Committee shall report the joint resolution to its House without amendment on or before the fifth day on which such House is in session after the date on which the joint resolution is introduced. If the Committee fails to report the joint resolution within the five-day period referred to in the preceding sentence, it shall be automatically discharged from further consideration of the joint resolution, and the joint resolution shall be placed on the appropriate calendar.

"(4) CONSIDERATION OF JOINT RESOLUTION.—

"(A) A vote on final passage of a joint resolution reported to the Senate or discharged pursuant to paragraph (3) shall be taken on or before the close of the fifth calendar day of session after the date on which the joint resolution is reported or after the Committee has been discharged from further consideration of the joint resolution. If prior to the passage by one House of a joint resolution of that House, that House receives the same joint resolution from the other House, then—

"(i) the procedure in that House shall be the same as if no such joint resolution had been received from the other House, but

"(ii) the vote on final passage shall be on the joint resolution of the other House.

When the joint resolution is agreed to, the Clerk of the House of Representatives (in the case of a House joint resolution agreed to in the House of Representatives) or the Secretary of the Senate (in the case of a Senate joint resolution agreed to in the Senate) shall cause the joint resolution to be engrossed, certified, and transmitted to the other House of the Congress as soon as practicable.

"(B)(i) In the Senate, a joint resolution under this paragraph shall be privileged. It shall not be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(ii) Debate in the Senate on a joint resolution under this paragraph, and all debatable motions and appeals in connection therewith, shall be limited to not more than five hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

"(iii) Debate in the Senate on any debatable motion or appeal in connection with a joint resolution under this paragraph shall be limited to not more than one hour, to be equally divided between, and controlled by, the mover and the manager of the joint resolution, except that in the event the manager of the joint resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee.

"(iv) A motion in the Senate to further limit debate on a joint resolution under this paragraph is not debatable. A motion to table or to recommit a joint resolution under this paragraph is not in order.

"(C) No amendment to a joint resolution considered under this paragraph shall be in order in the Senate.

"(b) SUSPENSION OF SEQUESTRATION PROCEDURES.—Upon the enactment of a declaration of war or a joint resolution described in subsection (a)—

"(1) the subsequent issuance of any sequestration report or any sequestration order is precluded;

"(2) sections 302(f), 310(d), 311(a), and title VI of the Congressional Budget Act of 1974 are suspended; and

"(3) section 1103 of title 31, United States Code, is suspended.

"(c) RESTORATION OF SEQUESTRATION PROCEDURES.—

"(1) In the event of a suspension of sequestration procedures due to a declaration of war, then, effective with the first fiscal year that begins in the session after the state of war is concluded by Senate ratification of the necessary treaties, the provisions of subsection (b) triggered by that declaration of war are no longer effective.

"(2) In the event of a suspension of sequestration procedures due to the enactment of a joint resolution described in subsection (a), then, effective with regard to the first fiscal year beginning at least 12 months after the enactment of that resolution, the provisions of subsection (b) triggered by that resolution are no longer effective.

"SEC. 258A. MODIFICATION OF PRESIDENTIAL ORDER. 2 USC 907b.

"(a) INTRODUCTION OF JOINT RESOLUTION.—At any time after the Director of OMB issues a final sequestration report under section 254 for a fiscal year, but before the close of the twentieth calendar day of the session of Congress beginning after the date of issuance of such report, the majority leader of either House of Congress may introduce a joint resolution which contains provisions directing the President to modify the most recent order issued under section 254 or provide an alternative to reduce the deficit for such fiscal year. After the introduction of the first such joint resolution in either House of Congress in any calendar year, then no other joint resolution introduced in such House in such calendar year shall be subject to the procedures set forth in this section.

"(b) PROCEDURES FOR CONSIDERATION OF JOINT RESOLUTIONS.—

"(1) REFERRAL TO COMMITTEE.—A joint resolution introduced in the Senate under subsection (a) shall not be referred to a committee of the Senate and shall be placed on the calendar pending disposition of such joint resolution in accordance with this subsection.

"(2) CONSIDERATION IN THE SENATE.—On or after the third calendar day (excluding Saturdays, Sundays, and legal holidays) beginning after a joint resolution is introduced under subsection (a), notwithstanding any rule or precedent of the Senate, including Rule XXII of the Standing Rules of the Senate, it is in order (even though a previous motion to the same effect has been disagreed to) for any Member of the Senate to move to proceed to the consideration of the joint resolution. The motion is not in order after the eighth calendar day (excluding Saturdays, Sundays, and legal holidays) beginning after a joint resolution (to which the motion applies) is introduced. The joint resolution is privileged in the Senate. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint resolution is agreed to, the Senate shall immediately proceed to consideration of the joint resolution without intervening motion, order, or other business, and the joint resolution shall remain the unfinished business of the Senate until disposed of.

"(3) DEBATE IN THE SENATE.—

"(A) In the Senate, debate on a joint resolution introduced under subsection (a), amendments thereto, and all debatable motions and appeals in connection therewith shall be limited to not more than 10 hours, which shall be divided equally between the majority leader and the minority leader (or their designees).

"(B) A motion to postpone, or a motion to proceed to the consideration of other business is not in order. A motion to reconsider the vote by which the joint resolution is agreed to or disagreed to is not in order, and a motion to recommit the joint resolution is not in order.

"(C)(i) No amendment that is not germane to the provisions of the joint resolution or to the order issued under section 254 shall be in order in the Senate. In the Senate, an amendment, any amendment to an amendment, or any debatable motion or appeal is debatable for not to exceed 30 minutes to be equally divided between, and controlled by, the mover and the majority leader (or their designees), except that in the event that the majority leader favors the amendment, motion, or appeal, the minority leader (or the minority leader's designee) shall control the time in opposition to the amendment, motion, or appeal.

"(ii) In the Senate, an amendment that is otherwise in order shall be in order notwithstanding the fact that it amends the joint resolution in more than one place or amends language previously amended. It shall not be in order in the Senate to vote on the question of agreeing to such a joint resolution or any amendment thereto unless the figures then contained in such joint resolution or amendment are mathematically consistent.

"(4) VOTE ON FINAL PASSAGE.—Immediately following the conclusion of the debate on a joint resolution introduced under subsection (a), a single quorum call at the conclusion of the debate if requested in accordance with the rules of the Senate, and the disposition of any pending amendments under paragraph (3), the vote on final passage of the joint resolution shall occur.

"(5) APPEALS.—Appeals from the decisions of the Chair shall be decided without debate.

"(6) CONFERENCE REPORTS.—In the Senate, points of order under titles III, IV, and VI of the Congressional Budget Act of 1974 are applicable to a conference report on the joint resolution or any amendments in disagreement thereto.

"(7) RESOLUTION FROM OTHER HOUSE.—If, before the passage by the Senate of a joint resolution of the Senate introduced under subsection (a), the Senate receives from the House of Representatives a joint resolution introduced under subsection (a), then the following procedures shall apply:

"(A) The joint resolution of the House of Representatives shall not be referred to a committee and shall be placed on the calendar.

"(B) With respect to a joint resolution introduced under subsection (a) in the Senate—

"(i) the procedure in the Senate shall be the same as if no joint resolution had been received from the House; but

"(ii)(I) the vote on final passage shall be on the joint resolution of the House if it is identical to the joint resolution then pending for passage in the Senate; or

"(II) if the joint resolution from the House is not identical to the joint resolution then pending for passage in the Senate and the Senate then passes the Senate joint resolution, the Senate shall be considered to have passed the House joint resolution as amended by the text of the Senate joint resolution.

"(C) Upon disposition of the joint resolution received from the House, it shall no longer be in order to consider the resolution originated in the Senate.

"(8) SENATE ACTION ON HOUSE RESOLUTION.—If the Senate receives from the House of Representatives a joint resolution introduced under subsection (a) after the Senate has disposed of a Senate originated resolution which is identical to the House passed joint resolution, the action of the Senate with regard to the disposition of the Senate originated joint resolution shall be deemed to be the action of the Senate with regard to the House originated joint resolution. If it is not identical to the House passed joint resolution, then the Senate shall be considered to have passed the joint resolution of the House as amended by the text of the Senate joint resolution.".

(g) Such Act is amended by inserting after section 258A the following:

"SEC. 258B. FLEXIBILITY AMONG DEFENSE PROGRAMS, PROJECTS, AND ACTIVITIES. 2 USC 907c.

"(a) Subject to subsections (b), (c), and (d), new budget authority and unobligated balances for any programs, projects, or activities within major functional category 050 (other than a military personnel account) may be further reduced beyond the amount specified in an order issued by the President under section 254 for such fiscal year. To the extent such additional reductions are made and result in additional outlay reductions, the President may provide for lesser reductions in new budget authority and unobligated balances for other programs, projects, or activities within major functional category 050 for such fiscal year, but only to the extent that the resulting outlay increases do not exceed the additional outlay reductions, and no such program, project, or activity may be increased above the level actually made available by law in appropriation Acts (before taking sequestration into account). In making calculations under this subsection, the President shall use account outlay rates that are identical to those used in the report by the Director of OMB under section 254.

"(b) No actions taken by the President under subsection (a) for a fiscal year may result in a domestic base closure or realignment that would otherwise be subject to section 2687 of title 10, United States Code.

"(c) The President may not exercise the authority provided by this paragraph for a fiscal year unless—

"(1) the President submits a single report to Congress specifying, for each account, the detailed changes proposed to be made for such fiscal year pursuant to this section;

"(2) that report is submitted within 5 calendar days of the start of the next session of Congress; and

"(3) a joint resolution affirming or modifying the changes proposed by the President pursuant to this paragraph becomes law.

"(d) Within 5 calendar days of session after the President submits a report to Congress under subsection (c)(1) for a fiscal year, the majority leader of each House of Congress shall (by request) introduce a joint resolution which contains provisions affirming the changes proposed by the President pursuant to this paragraph.

"(e)(1) The matter after the resolving clause in any joint resolution introduced pursuant to subsection (d) shall be as follows: 'That the report of the President as submitted on [Insert Date] under section 258B is hereby approved.'.

"(2) The title of the joint resolution shall be 'Joint resolution approving the report of the President submitted under section 258B of the Balanced Budget and Emergency Deficit Control Act of 1985.'.

"(3) Such joint resolution shall not contain any preamble.

"(f)(1) A joint resolution introduced in the Senate under subsection (d) shall be referred to the Committee on Appropriations, and if not reported within 5 calendar days (excluding Saturdays, Sundays, and legal holidays) from the date of introduction shall be considered as having been discharged therefrom and shall be placed on the appropriate calendar pending disposition of such joint resolution in accordance with this subsection. In the Senate, no amendment proposed in the Committee on Appropriations shall be in order other than an amendment (in the nature of a substitute) that is germane or relevant to the provisions of the joint resolution or to the order issued under section 254. For purposes of this paragraph, an amendment shall be considered to be relevant if it relates to function 050 (national defense).

"(2) On or after the third calendar day (excluding Saturdays, Sundays, and legal holidays) beginning after a joint resolution is placed on the Senate calendar, notwithstanding any rule or precedent of the Senate, including Rule XXII of the Standing Rules of the Senate, it is in order (even though a previous motion to the same effect has been disagreed to) for any Member of the Senate to move to proceed to the consideration of the joint resolution. The motion is not in order after the eighth calendar day (excluding Saturdays, Sundays, and legal holidays) beginning after such joint resolution is placed on the appropriate calendar. The motion is not debatable. The joint resolution is privileged in the Senate. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint resolution is agreed to, the Senate shall immediately proceed to consideration of the joint resolution without intervening motion, order, or other business, and the joint resolution shall remain the unfinished business of the Senate until disposed of.

"(g)(1) In the Senate, debate on a joint resolution introduced under subsection (d), amendments thereto, and all debatable motions and appeals in connection therewith shall be limited to not more than 10 hours, which shall be divided equally between the majority leader and the minority leader (or their designees).

"(2) A motion to postpone, or a motion to proceed to the consideration of other business is not in order. A motion to reconsider the vote by which the joint resolution is agreed to or disagreed to is not in order. In the Senate, a motion to recommit the joint resolution is not in order.

"(h)(1) No amendment that is not germane or relevant to the provisions of the joint resolution or to the order issued under section 254 shall be in order in the Senate. For purposes of this paragraph, an amendment shall be considered to be relevant if it relates to function 050 (national defense). In the Senate, an amendment, any amendment to an amendment, or any debatable motion or appeal is debatable for not to exceed 30 minutes to be equally divided between, and controlled by, the mover and the majority leader (or their designees), except that in the event that the majority leader favors the amendment, motion, or appeal, the minority leader (or the minority leader's designee) shall control the time in opposition to the amendment, motion, or appeal.

"(2) In the Senate, an amendment that is otherwise in order shall be in order notwithstanding the fact that it amends the joint resolution in more than one place or amends language previously amended, so long as the amendment makes or maintains mathematical consistency. It shall not be in order in the Senate to vote on the question of agreeing to such a joint resolution or any amendment thereto unless the figures then contained in such joint resolution or amendment are mathematically consistent.

"(3) It shall not be in order in the Senate to consider any amendment to any joint resolution introduced under subsection (d) or any conference report thereon if such amendment or conference report would have the effect of decreasing any specific budget outlay reductions below the level of such outlay reductions provided in such joint resolution unless such amendment or conference report makes a reduction in other specific budget outlays at least equivalent to any increase in outlays provided by such amendment or conference report.

"(4) For purposes of the application of paragraph (3), the level of outlays and specific budget outlay reductions provided in an amendment shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

"(i) Immediately following the conclusion of the debate on a joint resolution introduced under subsection (d), a single quorum call at the conclusion of the debate if requested in accordance with the rules of the Senate, and the disposition of any pending amendments under subsection (h), the vote on final passage of the joint resolution shall occur.

"(j) Appeals from the decisions of the Chair relating to the application of the rules of the Senate to the procedure relating to a joint resolution described in subsection (d) shall be decided without debate.

"(k) In the Senate, points of order under titles III and IV of the Congressional Budget Act of 1974 (including points of order under sections 302(c), 303(a), 306, and 401(b)(1)) are applicable to a conference report on the joint resolution or any amendments in disagreement thereto.

"(l) If, before the passage by the Senate of a joint resolution of the Senate introduced under subsection (d), the Senate receives from the House of Representatives a joint resolution introduced under subsection (d), then the following procedures shall apply:

"(1) The joint resolution of the House of Representatives shall not be referred to a committee.

"(2) With respect to a joint resolution introduced under subsection (d) in the Senate—

"(A) the procedure in the Senate shall be the same as if no joint resolution had been received from the House; but

"(B)(i) the vote on final passage shall be on the joint resolution of the House if it is identical to the joint resolution then pending for passage in the Senate; or

"(ii) if the joint resolution from the House is not identical to the joint resolution then pending for passage in the Senate and the Senate then passes the Senate joint resolution, the Senate shall be considered to have passed the House joint resolution as amended by the text of the Senate joint resolution.

"(3) Upon disposition of the joint resolution received from the House, it shall no longer be in order to consider the joint resolution originated in the Senate.

"(m) If the Senate receives from the House of Representatives a joint resolution introduced under subsection (d) after the Senate has disposed of a Senate originated joint resolution which is identical to the House passed joint resolution, the action of the Senate with regard to the disposition of the Senate originated joint resolution shall be deemed to be the action of the Senate with regard to the House originated joint resolution. If it is not identical to the House passed joint resolution, then the Senate shall be considered to have passed the joint resolution of the House as amended by the text of the Senate joint resolution.

2 USC 907d.

"SEC. 258C. SPECIAL RECONCILIATION PROCESS.

"(a) REPORTING OF RESOLUTIONS AND RECONCILIATION BILLS AND RESOLUTIONS, IN THE SENATE.—

"(1) COMMITTEE ALTERNATIVES TO PRESIDENTIAL ORDER.—After the submission of an OMB sequestration update report under section 254 that envisions a sequestration under section 252 or 253, each standing committee of the Senate may, not later than October 10, submit to the Committee on the Budget of the Senate information of the type described in section 301(d) of the Congressional Budget Act of 1974 with respect to alternatives to the order envisioned by such report insofar as such order affects laws within the jurisdiction of the committee.

"(2) INITIAL BUDGET COMMITTEE ACTION.—After the submission of such a report, the Committee on the Budget of the Senate may, not later than October 15, report to the Senate a resolution. The resolution may affirm the impact of the order envisioned by such report, in whole or in part. To the extent that any part is not affirmed, the resolution shall state which parts are not affirmed and shall contain instructions to committees of the Senate of the type referred to in section 310(a) of the Congressional Budget Act of 1974, sufficient to achieve at least the total level of deficit reduction contained in those sections which are not affirmed.

"(3) RESPONSE OF COMMITTEES.—Committees instructed pursuant to paragraph (2), or affected thereby, shall submit their responses to the Budget Committee no later than 10 days after the resolution referred to in paragraph (2) is agreed to, except that if only one such Committee is so instructed such Committee shall, by the same date, report to the Senate a reconciliation bill or reconciliation resolution containing its recommendations in response to such instructions. A committee shall be considered to have complied with all instructions to it pursuant to a resolution adopted under paragraph (2) if it has made recommendations with respect to matters within its jurisdiction which would result in a reduction in the deficit at least equal to the total reduction directed by such instructions.

"(4) BUDGET COMMITTEE ACTION.—Upon receipt of the recommendations received in response to a resolution referred to in paragraph (2), the Budget Committee shall report to the Senate a reconciliation bill or reconciliation resolution, or both, carrying out all such recommendations without any substantive revisions. In the event that a committee instructed in a resolution referred to in paragraph (2) fails to submit any recommendation (or, when only one committee is instructed, fails to report a reconciliation bill or resolution) in response to such instructions, the Budget Committee shall include in the reconciliation bill or reconciliation resolution reported pursuant to this subparagraph legislative language within the jurisdiction of the noncomplying committee to achieve the amount of deficit reduction directed in such instructions.

"(5) POINT OF ORDER.—It shall not be in order in the Senate to consider any reconciliation bill or reconciliation resolution reported under paragraph (4) with respect to a fiscal year, any amendment thereto, or any conference report thereon if—

"(A) the enactment of such bill or resolution as reported;

"(B) the adoption and enactment of such amendment; or

"(C) the enactment of such bill or resolution in the form recommended in such conference report,

would cause the amount of the deficit for such fiscal year to exceed the maximum deficit amount for such fiscal year, unless the low-growth report submitted under section 254 projects negative real economic growth for such fiscal year, or for each of any two consecutive quarters during such fiscal year.

"(6) TREATMENT OF CERTAIN AMENDMENTS.—In the Senate, an amendment which adds to a resolution reported under paragraph (2) an instruction of the type referred to in such paragraph shall be in order during the consideration of such resolution if such amendment would be in order but for the fact that it would be held to be non-germane on the basis that the instruction constitutes new matter.

"(7) DEFINITION.—For purposes of paragraphs (1), (2), and (3), the term "day" shall mean any calendar day on which the Senate is in session.

"(b) PROCEDURES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), in the Senate the provisions of sections 305 and 310 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration of resolutions, and reconciliation bills and reconciliation resolutions reported under this paragraph and conference reports thereon.

"(2) LIMIT ON DEBATE.—Debate in the Senate on any resolution reported pursuant to subsection (a)(2), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to 10 hours.

"(3) LIMITATION ON AMENDMENTS.—Section 310(d)(2) of the Congressional Budget Act shall apply to reconciliation bills and reconciliation resolutions reported under this subsection.

"(4) BILLS AND RESOLUTIONS RECEIVED FROM THE HOUSE.—Any bill or resolution received in the Senate from the House, which is a companion to a reconciliation bill or reconciliation resolution of the Senate for the purposes of this subsection, shall be considered in the Senate pursuant to the provisions of this subsection.

"(5) DEFINITION.—For purposes of this subsection, the term 'resolution' means a simple, joint, or concurrent resolution.".

PART II—RELATED AMENDMENTS

SEC. 13111. TEMPORARY AMENDMENTS TO THE CONGRESSIONAL BUDGET ACT OF 1974.

Title VI of the Congressional Budget Act of 1974 is amended to read as follows:

"TITLE VI—BUDGET AGREEMENT ENFORCEMENT PROVISIONS

2 USC 665.

"SEC. 601. DEFINITIONS AND POINT OF ORDER.

"(a) DEFINITIONS.—As used in this title and for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985:

"(1) MAXIMUM DEFICIT AMOUNT.—The term 'maximum deficit amount' means—

"(A) with respect to fiscal year 1991, $327,000,000,000;

"(B) with respect to fiscal year 1992, $317,000,000,000;

"(C) with respect to fiscal year 1993, $236,000,000,000;

"(D) with respect to fiscal year 1994, $102,000,000,000; and

"(E) with respect to fiscal year 1995, $83,000,000,000;

as adjusted in strict conformance with sections 251, 252, and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985.

"(2) DISCRETIONARY SPENDING LIMIT.—The term 'discretionary spending limit' means—

"(A) with respect to fiscal year 1991—

"(i) for the defense category: $288,918,000,000 in new budget authority and $297,660,000,000 in outlays;

"(ii) for the international category: $20,100,000,000 in new budget authority and $18,600,000,000 in outlays; and

"(iii) for the domestic category: $182,700,000,000 in new budget authority and $198,100,000,000 in outlays;

"(B) with respect to fiscal year 1992—

"(i) for the defense category: $291,643,000,000 in new budget authority and $295,744,000,000 in outlays;

"(ii) for the international category: $20,500,000,000 in new budget authority and $19,100,000,000 in outlays; and

"(iii) for the domestic category: $191,300,000,000 in new budget authority and $210,100,000,000 in outlays;

"(C) with respect to fiscal year 1993—

"(i) for the defense category: $291,785,000,000 in new budget authority and $292,686,000,000 in outlays;

"(ii) for the international category: $21,400,000,000 in new budget authority and $19,600,000,000 in outlays; and

"(iii) for the domestic category: $198,300,000,000 in new budget authority and $221,700,000,000 in outlays;

"(D) with respect to fiscal year 1994, for the discretionary category: $510,800,000,000 in new budget authority and $534,800,000,000 in outlays; and

"(E) with respect to fiscal year 1995, for the discretionary category: $517,700,000,000 in new budget authority and $540,800,000,000 in outlays;

as adjusted in strict conformance with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985.

"(b) POINT OF ORDER IN THE SENATE ON AGGREGATE ALLOCATIONS FOR DEFENSE, INTERNATIONAL, AND DOMESTIC DISCRETIONARY SPENDING.—

"(1) Except as provided in paragraph (3), it shall not be in order in the Senate to consider any concurrent resolution on the budget for fiscal year 1992, 1993, 1994, or 1995 (or amendment, motion, or conference report on such a resolution), or any appropriations bill or resolution (or amendment, motion, or conference report on such an appropriations bill or resolution) for fiscal year 1992 or 1993 that would exceed the allocations in this section or the suballocations made under section 602(b) based on these allocations.

"(3) For purposes of this subsection, the levels of new budget authority and outlays for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

"(4) This subsection shall not apply if a declaration of war by the Congress is in effect or if a joint resolution pursuant to section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985 has been enacted.

"SEC. 602. COMMITTEE ALLOCATIONS AND ENFORCEMENT. 2 USC 665a.

"(a) COMMITTEE SPENDING ALLOCATIONS.—

"(1) HOUSE OF REPRESENTATIVES.—

"(A) ALLOCATION AMONG COMMITTEES.—The joint explanatory statement accompanying a conference report on a budget resolution shall include allocations, consistent with the resolution recommended in the conference report, of the appropriate levels (for each fiscal year covered by that resolution and a total for all such years) of—

"(i) total new budget authority,

"(ii) total entitlement authority, and

"(iii) total outlays;

among each committee of the House of Representatives that has jurisdiction over legislation providing or creating such amounts.

"(B) NO DOUBLE COUNTING.—Any item allocated to one committee of the House of Representatives may not be allocated to another such committee.

"(C) FURTHER DIVISION OF AMOUNTS.—The amounts allocated to each committee for each fiscal year, other than the Committee on Appropriations, shall be further divided between amounts provided or required by law on the date of filing of that conference report and amounts not so provided or required. The amounts allocated to the Committee on Appropriations for each fiscal year shall be further divided between discretionary and mandatory amounts or programs, as appropriate.

"(2) SENATE ALLOCATION AMONG COMMITTEES.—The joint explanatory statement accompanying a conference report on a budget resolution shall include an allocation, consistent with the resolution recommended in the conference report, of the appropriate levels of—

"(A) total new budget authority;

"(B) total outlays; and

"(C) social security outlays;
among each committee of the Senate that has jurisdiction over legislation providing or creating such amounts.

"(3) AMOUNTS NOT ALLOCATED.—(A) In the House of Representatives, if a committee receives no allocation of new budget authority, entitlement authority, or outlays, that committee shall be deemed to have received an allocation equal to zero for new budget authority, entitlement authority, or outlays.

"(B) In the Senate, if a committee receives no allocation of new budget authority, outlays, or social security outlays, that committee shall be deemed to have received an allocation equal to zero for new budget authority, outlays, or social security outlays.

"(b) SUBALLOCATIONS BY COMMITTEES.—

"(1) SUBALLOCATIONS BY APPROPRIATIONS COMMITTEES.—As soon as practicable after a budget resolution is agreed to, the Committee on Appropriations of each House (after consulting with the Committee on Appropriations of the other House) shall suballocate each amount allocated to it for the budget year under subsection (a)(1)(A) or (a)(2) among its subcommittees. Each Committee on Appropriations shall promptly report to its House suballocations made or revised under this paragraph.

"(2) SUBALLOCATIONS BY OTHER COMMITTEES OF THE SENATE.—Each other committee of the Senate to which an allocation under subsection (a)(2) is made in the joint explanatory statement may subdivide each amount allocated to it under subsection (a) among its subcommittees or among programs over which it has jurisdiction and shall promptly report any such suballocations to the Senate. Section 302(c) shall not apply in the Senate to committees other than the Committee on Appropriations.

"(c) APPLICATION OF SECTION 302(f) TO THIS SECTION.—In fiscal years through 1995, reference in section 302(f) to the appropriate allocation made pursuant to section 302(b) for a fiscal year shall, for purposes of this section, be deemed to be a reference to any allocation made under subsection (a) or any suballocation made under subsection (b), as applicable, for the fiscal year of the resolution or for the total of all fiscal years made by the joint explanatory statement accompanying the applicable concurrent resolution on the budget. In the House of Representatives, the preceding sentence shall not apply with respect to fiscal year 1991.

"(d) APPLICATION OF SUBSECTIONS (a) AND (b) TO FISCAL YEARS 1992 TO 1995.—In the case of concurrent resolutions on the budget for fiscal years 1992 through 1995, allocations shall be made under subsection (a) instead of section 302(a) and shall be made under subsection (b) instead of section 302(b). For those fiscal years, all references in sections 302(c), (d), (e), (f), and (g) to section 302(a) shall be deemed to be to subsection (a) (including revisions made under section 604) and all such references to section 302(b) shall be deemed to be to subsection (b) (including revisions made under section 604).".

"(e) PAY-AS-YOU-GO EXCEPTION IN THE HOUSE.—Section 302(f)(1) and, after April 15 of any calendar year section 303(a), shall not apply to any bill, joint resolution, amendment thereto, or conference report thereon if, for each fiscal year covered by the most recently agreed to concurrent resolution on the budget—

"(1) the enactment of such bill or resolution as reported;

"(2) the adoption and enactment of such amendment; or

"(3) the enactment of such bill or resolution in the form recommended in such conference report,

would not increase the deficit for any such fiscal year, and, if the sum of any revenue increases provided in legislation already enacted during the current session (when added to revenue increases, if any, in excess of any outlay increase provided by the legislation proposed for consideration) is at least as great as the sum of the amount, if any, by which the aggregate level of Federal revenues should be increased as set forth in that concurrent resolution and the amount, if any, by which revenues are to be increased pursuant to pay-as-you-go procedures under section 301(b)(8) if included in that concurrent resolution.

"(2) REVISED ALLOCATIONS.—

"(A) As soon as practicable after Congress agrees to a bill or joint resolution that would have been subject to a point of order under section 302(f)(1) but for the exception provided in paragraph (1), the chairman of the Committee on the Budget of the House of Representatives may file with the House appropriately revised allocations under section 302(a) and revised functional levels and budget aggregates to reflect that bill.

"(B) such revised allocations, functional levels, and budget aggregates shall be considered for the purposes of this Act as allocations, functional levels, and budget aggregates contained in the most recently agreed to concurrent resolution on the budget.

"SEC. 603. CONSIDERATION OF LEGISLATION BEFORE ADOPTION OF BUDGET RESOLUTION FOR THAT FISCAL YEAR. 2 USC 665b.

"(a) ADJUSTING SECTION ALLOCATION OF DISCRETIONARY SPENDING.—If a concurrent resolution on the budget is not adopted by April 15, the chairman of the Committee on the Budget of the House of Representatives shall submit to the House, as soon as practicable, a section 602(a) allocation to the Committee on Appropriations consistent with the discretionary spending limits contained in the most recent budget submitted by the President under section 1105(a) of title 31, United States Code. Such allocation shall include the full allowance specified under section 251(b)(2)(E)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.

"(b) As soon as practicable after a section 602(a) allocation is submitted under this section, the Committee on Appropriations shall make suballocations and promptly report those suballocations to the House of Representatives.

"SEC. 604. RECONCILIATION DIRECTIVES REGARDING PAY-AS-YOU-GO REQUIREMENTS. 2 USC 665c.

"(a) INSTRUCTIONS TO EFFECTUATE PAY-AS-YOU-GO IN THE HOUSE OF REPRESENTATIVES.—If legislation providing for a net reduction in revenues in any fiscal year (that, within the same measure, is not fully offset in that fiscal year by reductions in direct spending) is enacted, the Committee on the Budget of the House of Representatives may report, within 15 legislative days during a Congress, a pay-as-you-go reconciliation directive in the form of a concurrent resolution—

"(1) specifying the total amount by which revenues sufficient to eliminate the net deficit increase resulting from that legislation in each fiscal year are to be changed; and

"(2) directing that the committees having jurisdiction determine and recommend changes in the revenue law, bills, and resolutions to accomplish a change of such total amount.

"(b) CONSIDERATION OF PAY-AS-YOU-GO RECONCILIATION LEGISLATION IN THE HOUSE OF REPRESENTATIVES.—In the House of Representatives, subsections (b) through (d) of section 310 shall apply in the same manner as if the reconciliation directive described in subsection (a) were a concurrent resolution on the budget.

2 USC 665d.

"SEC. 605. APPLICATION OF SECTION 311; POINT OF ORDER.

"(a) APPLICATION OF SECTION 311(a).—(1) In the House of Representatives, in the application of section 311(a)(1) to any bill, resolution, amendment, or conference report, reference in section 311 to the appropriate level of total budget authority or total budget outlays or appropriate level of total revenues set forth in the most recently agreed to concurrent resolution on the budget for a fiscal year shall be deemed to be a reference to the appropriate level for that fiscal year and to the total of the appropriate level for that year and the 4 succeeding years.

"(2) In the Senate, in the application of section 311(a)(2) to any bill, resolution, motion, or conference report, reference in section 311 to the appropriate level of total revenues set forth in the most recently agreed to concurrent resolution on the budget for a fiscal year shall be deemed to be a reference to the appropriate level for that fiscal year and to the total of the appropriate levels for that year and the 4 succeeding years.

"(b) MAXIMUM DEFICIT AMOUNT POINT OF ORDER IN THE SENATE.—After Congress has completed action on a concurrent resolution on the budget, it shall not be in order in the Senate to consider any bill, resolution, amendment, motion, or conference report that would result in a deficit for the first fiscal year covered by that resolution that exceeds the maximum deficit amount specified for such fiscal year in section 601(a).

2 USC 665e.

"SEC. 606. 5-YEAR BUDGET RESOLUTIONS; BUDGET RESOLUTIONS MUST CONFORM TO BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

"(a) 5-YEAR BUDGET RESOLUTIONS.—In the case of any concurrent resolution on the budget for fiscal year 1992, 1993, 1994, or 1995, that resolution shall set forth appropriate levels for the fiscal year beginning on October 1 of the calendar year in which it is reported and for each of the 4 succeeding fiscal years for the matters described in section 301(a).

"(b) POINT OF ORDER IN THE HOUSE OF REPRESENTATIVES.—It shall not be in order in the House of Representatives to consider any concurrent resolution on the budget for a fiscal year or conference report thereon under section 301 or 304 that exceeds the maximum deficit amount for each fiscal year covered by the concurrent resolution or conference report as determined under section 601(a), including possible revisions under part C of the Balanced Budget and Emergency Deficit Control Act of 1985.

"(c) POINT OF ORDER IN THE SENATE.—It shall not be in order in the Senate to consider any concurrent resolution on the budget for a fiscal year under section 301, or to consider any amendment to such a concurrent resolution, or to consider a conference report on such a concurrent resolution, if the level of total budget outlays for the first fiscal year that is set forth in such concurrent resolution or conference report exceeds the recommended level of Federal revenues set forth for that year by an amount that is greater than the maximum deficit amount for such fiscal year as determined under section 601(a), or if the adoption of such amendment would result in a level of total budget outlays for that fiscal year which exceeds the recommended level of Federal revenues for that fiscal year, by an amount that is greater than the maximum deficit amount for such fiscal years as determined under section 601(a).

"(d) ADJUSTMENTS.—(1) Notwithstanding any other provision of law, concurrent resolutions on the budget for fiscal years 1992, 1993, 1994, and 1995 under section 301 or 304 may set forth levels consistent with allocations increased by—

"(A) amounts not to exceed the budget authority amounts in section 251(b)(2)(E)(i) and (ii) of the Balanced Budget and Emergency Deficit Control Act of 1985 and the composite outlays per category consistent with them; and

"(B) the budget authority and outlay amounts in section 251(b)(1) of that Act.

"(2) For purposes of congressional consideration of provisions described in sections 251(b)(2)(A), 251(b)(2)(B), 251(b)(2)(C), 251(b)(2)(D), and 252(e), determinations under sections 302, 303, and 311 shall not take into account any new budget authority, new entitlement authority, outlays, receipts, or deficit effects in any fiscal year of those provisions.

"SEC. 607. EFFECTIVE DATE.

2 USC 665 note.

This title shall take effect upon its date of enactment and shall apply to fiscal years 1991 to 1995.".

SEC. 13112. CONFORMING AMENDMENTS.

(a) CONFORMING AMENDMENTS TO THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.—

(1) TABLE OF CONTENTS.—Section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended to reflect the new section numbers and headings resulting from amendments made by this title.

(2) SECTION 3.—Section 3 of such Act is amended—

2 USC 622.

(A) by striking paragraphs (6), (7), and (8) and inserting the following:

"(6) The term 'deficit' means, with respect to a fiscal year, the amount by which outlays exceeds receipts during that year.

"(7) The term 'surplus' means, with respect to a fiscal year, the amount by which receipts exceeds outlays during that year.

"(8) The term 'government-sponsored enterprise' means a corporate entity created by a law of the United States that—

"(A)(i) has a Federal charter authorized by law;

"(ii) is privately owned, as evidenced by capital stock owned by private entities or individuals;

"(iii) is under the direction of a board of directors, a majority of which is elected by private owners;

"(iv) is a financial institution with power to—

"(I) make loans or loan guarantees for limited purposes such as to provide credit for specific borrowers or one sector; and

"(II) raise funds by borrowing (which does not carry the full faith and credit of the Federal Government) or to guarantee the debt of others in unlimited amounts; and

"(B)(i) does not exercise powers that are reserved to the Government as sovereign (such as the power to tax or to regulate interstate commerce);

"(ii) does not have the power to commit the Government financially (but it may be a recipient of a loan guarantee commitment made by the Government); and

"(iii) has employees whose salaries and expenses are paid by the enterprise and are not Federal employees subject to title 5 of the United States Code.".

2 USC 602. (3) SECTION 202.—Section 202(a)(1) and the second sentence of 202(f)(1) of such Act are amended by striking "budget authority" and inserting "new budget authority" .

2 USC 631. (4) SECTION 300.—Section 300 of such Act is amended by striking "First Monday after January 3" and by inserting "First Monday in February".

2 USC 632. (5) SECTION 301(d).—Section 301(d) of such Act is amended by striking "On or before February 25 of each year" and inserting "Within 6 weeks after the President submits a budget under section 1105(a) of title 31, United States Code".

2 USC 633. (6) SECTION 302(a).—Section 302(a)(2) of such Act is amended by striking "the House of Representatives and".

(7) SECTION 302(f).—Section 302(f)(2) of such Act is amended—

(A) by inserting after "in excess of" the following: "(A)";

(B) by striking "under subsection (b)" and inserting "under subsection (a), or (B) the appropriate allocation (if any) of such outlays or authority reported under subsection (b)"; and

(C) by inserting at the end the following:

"Subparagraph (A) shall not apply to any bill, resolution, amendment, motion, or conference report that is within the jurisdiction of the Committee on Appropriations.".

2 USC 635. (8) SECTION 304.—Section 304 of such Act is amended by striking subsection (b) and by striking "(c)" and inserting "(b)".

2 USC 641. (9) SECTION 310(g).—Section 310(g) of such Act is amended by striking "resolution pursuant" and inserting "joint resolution pursuant" and by striking "254(b)" and inserting "258C".

2 USC 642. (10) SECTION 311(a).—Section 311(a) of such Act is amended by striking "or, in the Senate" and all that follows thereafter through "paragraph (2) of such subsection" and inserting "except in the case that a declaration of war by the Congress is in effect".

2 USC 621 note. (11) SECTION 904(a).—Section 904(a) of such Act is amended by striking "and" after "III", by inserting ", V, and VI (except section 601(a))" after "IV", and by striking "606,".

(b) CONFORMING AMENDMENT TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.—Subsection (b) of section 275 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

2 USC 900 note.

"(b) EXPIRATION.—Part C of this title, section 271(b) of this Act, and sections 1105(f) and 1106(c) of title 31, United States Code, shall expire September 30, 1995.".

(c) CONFORMING AMENDMENTS TO SECTION 1105 OF TITLE 31, UNITED STATES CODE.—

(1) SECTION 1105(a).—Section 1105(a) of title 31, United States Code, is amended by striking "On or before the first Monday after January 3 of each year (or on or before February 5 in 1986)" and by inserting "On or after the first Monday in

January but not later than the first Monday in February of each year"

(2) SECTION 1105(f).—Section 1105(f) of title 31, United States Code, is amended to read as follows:

"(f) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared in a manner consistent with the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 that apply to that and subsequent fiscal years.".

(d) CONFORMING AMENDMENTS TO THE RULES OF THE HOUSE OF REPRESENTATIVES.—

(1) CROSS-REFERENCE.—Clause 1(e)(2) of rule X of the Rules of the House of Representatives is amended by striking "(a)(4)".

(2) CROSS-REFERENCE.—Clause 1(e)(2) of rule X of Rules of the House of Representatives is amended by striking "Act, and any resolution pursuant to section 254(b) of the Balanced Budget and Emergency Deficit Control Act of 1985" and inserting "Act".

(3) JURISDICTION.—Clause 1(j) of rule X of the Rules of the House of Representatives is amended by inserting after paragraph (6) the following new paragraph:

"(7) Measures providing exemption from reduction under any order issued under part C of the Balanced Budget and Emergency Deficit Control Act of 1985.".

(4) ALLOCATIONS.—Clause 4(h) of rule X of the Rules of the House of Representatives is amended by inserting "or section 602 (in the case of fiscal years 1991 through 1995)" after "section 302".

(5) MULTIYEAR REVENUE ESTIMATES.—Clause 7(a)(1) of rule XIII of the Rules of the House of Representatives is amended by striking ", except that, in the case of measures affecting the revenues, such reports shall require only an estimate of the gain or loss in revenues for a one-year period".

(e) CONFORMING AMENDMENT TO THE FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1978.—Section 103(a) of the Full Employment and Balanced Growth Act of 1978 (15 U.S.C. 1022(a) is amended by striking "transmit to the Congress during the first twenty days of each regular session" and inserting "annually transmit to the Congress not later than 10 days after the submission of the budget under section 1105(a) of title 31, United States Code".

(f) FILING REQUIREMENT.—After the convening of the One Hundred Second Congress, the chairman of the Committee on the Budget of the Senate shall file with the Senate revised and outyear budget aggregates and allocations under section 602(a) consistent with this Act.

Subtitle B—Permanent Amendments to the Congressional Budget and Impoundment Control Act of 1974

SEC. 13201. CREDIT ACCOUNTING.

(a) CREDIT ACCOUNTING.—Title V of the Congressional Budget Act of 1974 is amended to read as follows:

Federal Credit Reform Act of 1990.

"TITLE V—CREDIT REFORM

2 USC 621 note.

"SEC. 500. SHORT TITLE.

"This title may be cited as the 'Federal Credit Reform Act of 1990'.

2 USC 661.

"SEC. 501. PURPOSES.

"The purposes of this title are to—

"(1) measure more accurately the costs of Federal credit programs;

"(2) place the cost of credit programs on a budgetary basis equivalent to other Federal spending;

"(3) encourage the delivery of benefits in the form most appropriate to the needs of beneficiaries; and

"(4) improve the allocation of resources among credit programs and between credit and other spending programs.

2 USC 661a.

"SEC. 502. DEFINITIONS.

"For purposes of this title—

"(1) The term 'direct loan' means a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by another lender. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default claims or the price support loans of the Commodity Credit Corporation.

"(2) The term 'direct loan obligation' means a binding agreement by a Federal agency to make a direct loan when specified conditions are fulfilled by the borrower.

"(3) The term 'loan guarantee' means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, but does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions.

"(4) The term 'loan guarantee commitment' means a binding agreement by a Federal agency to make a loan guarantee when specified conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.

"(5)(A) The term 'cost' means the estimated long-term cost to the Government of a direct loan or loan guarantee, calculated on a net present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays.

"(B) The cost of a direct loan shall be the net present value, at the time when the direct loan is disbursed, of the following cash flows:

"(i) loan disbursements;

"(ii) repayments of principal; and

"(iii) payments of interest and other payments by or to the Government over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties and other recoveries.

"(C) The cost of a loan guarantee shall be the net present value when a guaranteed loan is disbursed of the cash flow from—

"(i) estimated payments by the Government to cover defaults and delinquencies, interest subsidies, or other payments, and

"(ii) the estimated payments to the Government including origination and other fees, penalties and recoveries.

"(D) Any Government action that alters the estimated net present value of an outstanding direct loan or loan guarantee (except modifications within the terms of existing contracts or through other existing authorities) shall be counted as a change in the cost of that direct loan or loan guarantee. The calculation of such changes shall be based on the estimated present value of the direct loan or loan guarantee at the time of modification.

"(E) In estimating net present values, the discount rate shall be the average interest rate on marketable Treasury securities of similar maturity to the direct loan or loan guarantee for which the estimate is being made.

"(6) The term 'credit program account' means the budget account into which an appropriation to cover the cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to the financing account.

"(7) The term 'financing account' means the non-budget account or accounts associated with each credit program account which holds balances, receives the cost payment from the credit program account, and also includes all other cash flows to and from the Government resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991.

"(8) The term 'liquidating account' means the budget account that includes all cash flows to and from the Government resulting from direct loan obligations or loan guarantee commitments made prior to October 1, 1991.

These accounts shall be shown in the budget on a cash basis.

"(9) The term 'Director' means the Director of the Office of Management and Budget.

"SEC. 503. OMB AND CBO ANALYSIS, COORDINATION, AND REVIEW. 2 USC 661b.

"(a) IN GENERAL.—For the executive branch, the Director shall be responsible for coordinating the estimates required by this title. The Director shall consult with the agencies that administer direct loan or loan guarantee programs.

"(b) DELEGATION.—The Director may delegate to agencies authority to make estimates of costs. The delegation of authority shall be based upon written guidelines, regulations, or criteria consistent with the definitions in this title.

"(c) COORDINATION WITH THE CONGRESSIONAL BUDGET OFFICE.—In developing estimation guidelines, regulations, or criteria to be used by Federal agencies, the Director shall consult with the Director of the Congressional Budget Office.

"(d) IMPROVING COST ESTIMATES.—The Director and the Director of the Congressional Budget Office shall coordinate the development of more accurate data on historical performance of direct loan and loan guarantee programs. They shall annually review the performance of outstanding direct loans and loan guarantees to improve estimates of costs. The Office of Management and Budget and the Congressional Budget Office shall have access to all agency data that may facilitate the development and improvement of estimates of costs.

"(e) HISTORICAL CREDIT PROGRAM COSTS.—The Director shall review, to the extent possible, historical data and develop the best possible estimates of adjustments that would convert aggregate historical budget data to credit reform accounting.

"(f) ADMINISTRATIVE COSTS.—The Director and the Director of the Congressional Budget Office shall each analyze and report to Congress on differences in long-term administrative costs for credit programs versus grant programs by January 31, 1992. Their reports shall recommend to Congress any changes, if necessary, in the treatment of administrative costs under credit reform accounting.

2 USC 661c.

"SEC. 504. BUDGETARY TREATMENT.

"(a) PRESIDENT'S BUDGET.—Beginning with fiscal year 1992, the President's budget shall reflect the costs of direct loan and loan guarantee programs. The budget shall also include the planned level of new direct loan obligations or loan guarantee commitments associated with each appropriations request.

"(b) APPROPRIATIONS REQUIRED.—Notwithstanding any other provision of law, new direct loan obligations may be incurred and new loan guarantee commitments may be made for fiscal year 1992 and thereafter only to the extent that—

"(1) appropriations of budget authority to cover their costs are made in advance;

"(2) a limitation on the use of funds otherwise available for the cost of a direct loan or loan guarantee program is enacted; or

"(3) authority is otherwise provided in appropriation Acts.

"(c) EXEMPTION FOR MANDATORY PROGRAMS.—Subsection (b) shall not apply to a direct loan or loan guarantee program that—

"(1) constitutes an entitlement (such as the guaranteed student loan program or the veterans' home loan guaranty program); or

"(2) all existing credit programs of the Commodity Credit Corporation on the date of enactment of this title.

"(d) BUDGET ACCOUNTING.—

"(1) The authority to incur new direct loan obligations, make new loan guarantee commitments, or directly or indirectly alter the costs of outstanding direct loans and loan guarantees shall constitute new budget authority in an amount equal to the cost of the direct loan or loan guarantee in the fiscal year in which definite authority becomes available or indefinite authority is used. Such budget authority shall constitute an obligation of the credit program account to pay to the financing account.

"(2) The outlays resulting from new budget authority for the cost of direct loans or loan guarantees described in paragraph (1) shall be paid from the credit program account into the financing account and recorded in the fiscal year in which the direct loan or the guaranteed loan is disbursed or its costs altered.

"(3) All collections and payments of the financing accounts shall be a means of financing.

"(e) MODIFICATIONS.—A direct loan obligation or loan guarantee commitment shall not be modified in a manner that increases its cost unless budget authority for the additional cost is appropriated, or is available out of existing appropriations or from other budgetary resources.

"(f) REESTIMATES.—When the estimated cost for a group of direct loans or loan guarantees for a given credit program made in a single fiscal year is reestimated in a subsequent year, the difference between the reestimated cost and the previous cost estimate shall be displayed as a distinct and separately identified subaccount in the credit program account as a change in program costs and a change in net interest. There is hereby provided permanent indefinite authority for these reestimates.

"(g) ADMINISTRATIVE EXPENSES.—All funding for an agency's administration of a direct loan or loan guarantee program shall be displayed as distinct and separately identified subaccounts within the same budget account as the program's cost.

"SEC. 505. AUTHORIZATIONS. 2 USC 661d.

"(a) AUTHORIZATION OF APPROPRIATIONS FOR COSTS.—There are authorized to be appropriated to each Federal agency authorized to make direct loan obligations or loan guarantee commitments, such sums as may be necessary to pay the cost associated with such direct loan obligations or loan guarantee commitments.

"(b) AUTHORIZATION FOR FINANCING ACCOUNTS.—In order to implement the accounting required by this title, the President is authorized to establish such non-budgetary accounts as may be appropriate.

"(c) TREASURY TRANSACTIONS WITH THE FINANCING ACCOUNTS.—The Secretary of the Treasury shall borrow from, receive from, lend to, or pay to the financing accounts such amounts as may be appropriate. The Secretary of the Treasury may prescribe forms and denominations, maturities, and terms and conditions for the transactions described above. The authorities described above shall not be construed to supercede or override the authority of the head of a Federal agency to administer and operate a direct loan or loan guarantee program. All of the transactions provided in this subsection shall be subject to the provisions of subchapter II of chapter 15 of title 31, United States Code. Cash balances of the financing accounts in excess of current requirements shall be maintained in a form of uninvested funds and the Secretary of the Treasury shall pay interest on these funds.

"(d) AUTHORIZATION FOR LIQUIDATING ACCOUNTS.—If funds in liquidating accounts are insufficient to satisfy the obligations and commitments of said accounts, there is hereby provided permanent, indefinite authority to make any payments required to be made on such obligations and commitments.

"(e) AUTHORIZATION OF APPROPRIATIONS FOR IMPLEMENTATION EXPENSES.—There are authorized to be appropriated to existing accounts such sums as may be necessary for salaries and expenses to carry out the responsibilities under this title.

"(f) REINSURANCE.—Nothing in this title shall be construed as authorizing or requiring the purchase of insurance or reinsurance on a direct loan or loan guarantee from private insurers. If any such reinsurance for a direct loan or loan guarantee is authorized, the cost of such insurance and any recoveries to the Government shall be included in the calculation of the cost.

"(g) ELIGIBILITY AND ASSISTANCE.—Nothing in this title shall be construed to change the authority or the responsibility of a Federal agency to determine the terms and conditions of eligibility for, or the amount of assistance provided by a direct loan or a loan guarantee.

2 USC 661e. "SEC. 506. TREATMENT OF DEPOSIT INSURANCE AND AGENCIES AND OTHER INSURANCE PROGRAMS.

"(a) IN GENERAL.—

"(1) This title shall not apply to the credit or insurance activities of the Federal Deposit Insurance Corporation, National Credit Union Administration, Resolution Trust Corporation, Pension Benefit Guaranty Corporation, National Flood Insurance, National Insurance Development Fund, Crop Insurance, or Tennessee Valley Authority.

"(2) The Director and the Director of the Congressional Budget Office shall each study whether the accounting for Federal deposit insurance programs should be on a cash basis on the same basis as loan guarantees, or on a different basis. Each Director shall report findings and recommendations to the President and the Congress on or before May 31, 1991.

"(3) For the purposes of paragraph (2), the Office of Management and Budget and the Congressional Budget Office shall have access to all agency data that may facilitate these studies.

2 USC 661f. "SEC. 507. EFFECT ON OTHER LAWS.

"(a) EFFECT ON OTHER LAWS.—This title shall supersede, modify, or repeal any provision of law enacted prior to the date of enactment of this title to the extent such provision is inconsistent with this title. Nothing in this title shall be construed to establish a credit limitation on any Federal loan or loan guarantee program.

"(b) CREDITING OF COLLECTIONS.—Collections resulting from direct loans obligated or loan guarantees committed prior to October 1, 1991, shall be credited to the liquidating accounts of Federal agencies. Amounts so credited shall be available, to the same extent that they were available prior to the date of enactment of this title, to liquidate obligations arising from such direct loans obligated or loan guarantees committed prior to October 1, 1991, including repayment of any obligations held by the Secretary of the Treasury or the Federal Financing Bank. The unobligated balances of such accounts that are in excess of current needs shall be transferred to the general fund of the Treasury. Such transfers shall be made from time to time but, at least once each year.".

(b) CONFORMING AMENDMENTS.—

(1) DEFINITION.—Section 3(2) of the Congressional Budget Act of 1974 is amended by adding at the end the following: "The term includes the cost for direct loan and loan guarantee programs, as those terms are defined by title V". 2 USC 622.

(2) POINT OF ORDER FOR FISCAL YEAR 1991.—Effective January 1, 1991, for fiscal year 1991 only, section 302(f)(2) of the Congressional Budget Act of 1974 is amended by inserting after "new budget authority" the following: "or new credit authority". 2 USC 633.

(3) SUNSET OF POINT OF ORDER IN FISCAL YEAR 1992.—Effective for fiscal years beginning after September 30, 1991, section 302 of the Congressional Budget Act is amended—

(A) in subsection (a)(1)—

(i) by striking "total entitlement authority, and total credit authority" and inserting "and total entitlement authority";

(ii) by striking "such entitlement authority, or such credit authority" and inserting "or such entitlement authority"; and

(iii) by striking "entitlement authority, and credit authority" and inserting "and entitlement authority";

(B) in subsection (a)(2), by striking "total budget outlays, total new budget authority and new credit authority" and inserting "total budget outlays and total new budget authority";

(C) in subsection (b)(1)(A), by striking "budget outlays, new budget authority, and new credit authority" and inserting "budget outlays and new budget authority";

(D) in subsection (c)—

(i) in paragraph (1), by inserting "or" at the end thereof; and

(ii) by striking "or (3) new credit authority for a fiscal year;"; and

(E) in subsection (f)(1)—

(i) by striking "year, new entitlement authority effective during such fiscal year, or new credit authority for such fiscal year," and inserting "year or new entitlement authority effective during such fiscal year,"; and

(ii) by striking "authority, new entitlement authority, or new credit authority" and inserting "authority or new entitlement authority".

SEC. 13202. CODIFICATION OF PROVISION REGARDING REVENUE ESTIMATES.

(a) REDESIGNATION.—Section 201 of the Congressional Budget Act of 1974 is amended by redesignating subsection (f) as subsection (g). 2 USC 601.

(b) TRANSFER.—The text of section 273 of the Balanced Budget and Emergency Deficit Control Act of 1985 is transferred to section 201 of the Congressional Budget Act of 1974 and is designated as subsection (g). 2 USC 921, 601c.

(c) CONFORMING CHANGES.—Section 201(g) of the Congressional Budget Act of 1974 (as redesignated by subsection (b)) is amended by—

(1) striking "this title and the Congressional Budget and Impoundment Control Act of 1974" and inserting "this Act"; and

(2) inserting "REVENUE ESTIMATES.—" before the first sentence.

SEC. 13203. DEBT INCREASE AS MEASURE OF DEFICIT; DISPLAY OF FEDERAL RETIREMENT TRUST FUND BALANCES.

Section 301(b) of the Congressional Budget Act of 1974 is amended by striking "and" at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting a semicolon, and by adding at the end the following new paragraphs: 2 USC 632.

"(5) include a heading entitled 'Debt Increase as Measure of Deficit' in which the concurrent resolution shall set forth the amounts by which the debt subject to limit (in section 3101 of title 31 of the United States Code) has increased or would increase in each of the relevant fiscal years; and

"(6) include a heading entitled 'Display of Federal Retirement Trust Fund Balances' in which the concurrent resolution shall set forth the balances of the Federal retirement trust funds.".

SEC. 13204. PAY-AS-YOU-GO PROCEDURES.

2 USC 632.

Section 301(b) of the Congressional Budget Act of 1974 (as amended by section 13203) is further amended by striking "and" at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting a semicolon, and by adding at the end the following new paragraphs:

"(7) set forth pay-as-you-go procedures for the Senate whereby—

"(A) budget authority and outlays may be allocated to a committee for legislation that increases funding for entitlement and mandatory spending programs within its jurisdiction if that committee or the committee of conference on such legislation reports such legislation, if, to the extent that the costs of such legislation are not included in the concurrent resolution on the budget, the enactment of such legislation will not increase the deficit (by virtue of either deficit reduction in the bill or previously passed deficit reduction) in the resolution for the first fiscal year covered by the concurrent resolution on the budget, and will not increase the total deficit for the period of fiscal years covered by the concurrent resolution on the budget;

"(B) upon the reporting of legislation pursuant to subparagraph (A), and again upon the submission of a conference report on such legislation (if a conference report is submitted), the chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under section 302(a) and revised functional levels and aggregates to carry out this paragraph;

"(C) such revised allocations, functional levels, and aggregates shall be considered for the purposes of this Act as allocations, functional levels, and aggregates contained in the concurrent resolution on the budget; and

"(D) the appropriate committee shall report appropriately revised allocations pursuant to section 302(b) to carry out this paragraph; and

"(8) set forth procedures to effectuate pay-as-you-go in the House of Representatives.".

SEC. 13205. AMENDMENTS TO SECTION 303.

(a) IN GENERAL.—Section 303(a) of the Congressional Budget Act of 1974 is amended—

2 USC 634.

(1) by repealing paragraph (5),

(2) by striking "or" at the end of paragraph (4),

(3) by inserting after paragraph (4) the following new paragraphs:

"(5) in the Senate only, new spending authority (as defined in section 401(c)(2)) for a fiscal year; or

"(6) in the Senate only, outlays,"; and

(4) by inserting after "the concurrent resolution on the budget for such fiscal year" the following: "(or, in the Senate, a concurrent resolution on the budget covering such fiscal year)".

(b) EXCEPTIONS.—Section 303(b) of such Act is amended—

(1) by striking "Subsection (a)" and inserting "(1) In the House of Representatives, subsection (a)" and by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively; and

(2) by inserting at the end the following new paragraph:

"(2) In the Senate, subsection (a) does not apply to any bill or resolution making advance appropriations for the fiscal year to which the concurrent resolution applies and the two succeeding fiscal years.".

SEC. 13206. AMENDMENTS TO SECTION 308.

(a) REPORTS AND SUMMARIES OF CONGRESSIONAL BUDGET ACTIONS.—(1) Section 308(a)(1) of that Act is amended— 2 USC 639.

(1) in the matter preceding subparagraph (A) by inserting after "fiscal year" the following: "(or fiscal years)";

(2) in subparagraph (A) by inserting after "fiscal year" the following: "(or fiscal years)"; and

(3) in subparagraph (C) by inserting after "such fiscal year" the following: "(or fiscal years)".

(b) CONFORMING AMENDMENT.—Section 308(a)(2) of that Act is amended by inserting after "fiscal year" the following: "(or fiscal years)".

(c) ADDITIONAL CONFORMING AMENDMENT.—Section 308(b)(1) of that Act is amended—

(1) by striking "for a fiscal year" in the first sentence and inserting "for each fiscal year covered by a concurrent resolution on the budget"; and

(2) by striking "such fiscal year" in the second sentence and inserting "the first fiscal year covered by the appropriate concurrent resolution".

SEC. 13207. STANDARDIZATION OF LANGUAGE REGARDING POINTS OF ORDER.

(a) IN GENERAL.—The Congressional Budget Act of 1974 is amended—

(1)(A) in section 302(c), by striking "bill or resolution, or amendment thereto" and inserting "bill, joint resolution, amendment, motion, or conference report"; 2 USC 633.

(B) in section 302(f)(1), by inserting "joint" before "resolution" the second and third places it appears and in section 302(f)(2), by striking "bill or resolution (including a conference report thereon), or any amendment to a bill or resolution" and inserting "bill, joint resolution, amendment, motion, or conference report";

(C) in section 303(a), by striking "bill or resolution (or amendment thereto)" and inserting "bill, joint resolution, amendment, motion, or conference report"; 2 USC 634.

(D) in section 306, by striking "bill or resolution, and no amendment to any bill or resolution" and inserting "bill, resolution, amendment, motion, or conference report"; 2 USC 637.

(E) in section 311(a), by—

(i) striking "bill, resolution, or amendment" and inserting "bill, joint resolution, amendment, motion, or conference report"; and 2 USC 642.

(ii) striking "or any conference report on any such bill or resolution";

(F) in section 401(a), by— 2 USC 651.

(i) striking "bill, resolution, or conference report" and inserting "bill, joint resolution, amendment, motion, or conference report"; and

(ii) striking "(or any amendment which provides such new spending authority)";

2 USC 651. (G) in section 401(b)(1), by—

(i) striking "bill or resolution" and inserting "bill, joint resolution, amendment, motion, or conference report, as reported to its House"; and

(ii) striking "(or any amendment which provides such new spending authority)"; and

2 USC 652. (H) in section 402(a), by—

(i) striking "bill, resolution, or conference report" and inserting "bill, joint resolution, amendment, motion, or conference report"; and

(ii) striking "or any amendment"; and

2 USC 633. (2) in section 302(f)(2), by striking "outlays or new budget authority" and inserting "outlays, new budget authority, or new spending authority (as defined in section 401(c)(2))".

(b) POINTS OF ORDER IN THE SENATE.—

(1) Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

"EFFECTS OF POINTS OF ORDER

2 USC 643. "SEC. 312. POINTS OF ORDER IN THE SENATE AGAINST AMENDMENTS BETWEEN THE HOUSES.—Each provision of this Act that establishes a point of order against an amendment also establishes a point of order in the Senate against an amendment between the Houses. If a point of order under this Act is raised in the Senate against an amendment between the Houses, and the Presiding Officer sustains the point of order, the effect shall be the same as if the Senate had disagreed to the amendment.

"(b) EFFECT OF A POINT OF ORDER ON A BILL IN THE SENATE.—In the Senate, if the Chair sustains a point of order under this Act against a bill, the Chair shall then send the bill to the committee of appropriate jurisdiction for further consideration.".

(2) The table of contents for the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 311 the following new item:

"Sec. 312. Effect of points of order.".

(c) ADJUSTMENT IN THE SENATE OF ALLOCATIONS AND AGGREGATES TO REFLECT CHANGES PURSUANT TO SECTION 310(c).—Section 310(c)
2 USC 641. of the Congressional Budget Act of 1974 is amended by—

(1) inserting "(1)" before "Any committee";

(2) redesignating subparagraphs (A) and (B) of paragraph (1) as clauses (i) and (ii), respectively;

(3) redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively; and

(4) inserting at the end the following new paragraph:

"(2)(A) Upon the reporting to the Committee on the Budget of the Senate of a recommendation that shall be deemed to have complied with such directions solely by virtue of this subsection, the chairman of that committee may file with the Senate appropriately revised allocations under section 302(a) and revised functional levels and aggregates to carry out this subsection.

"(B) Upon the submission to the Senate of a conference report recommending a reconciliation bill or resolution in which a committee shall be deemed to have complied with such directions solely by virtue of this subsection, the chairman of the

Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under section 302(a) and revised functional levels and aggregates to carry out this subsection.

"(C) Allocations, functional levels, and aggregates revised pursuant to this paragraph shall be considered to be allocations, functional levels, and aggregates contained in the concurrent resolution on the budget pursuant to section 301.

"(D) Upon the filing of revised allocations pursuant to this paragraph, the reporting committee shall report revised allocations pursuant to section 302(b) to carry out this subsection.".

(d) RECONCILIATION INSTRUCTIONS.—Section 310(a)(4) of the Congressional Budget Act of 1974 is amended by inserting after "(3)" the following: "(including a direction to achieve deficit reduction)". 2 USC 641.

SEC. 13208. STANDARDIZATION OF ADDITIONAL DEFICIT CONTROL PROVISIONS.

(a) Section 904 of the Congressional Budget Act of 1974 is amended— 2 USC 621 note.

(1) by amending subsection (c) to read as follows:

"(c) WAIVER.—Sections 305(b)(2), 305(c)(4), 306, 904(c), and 904(d) may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn. Sections 301(i), 302(c), 302(f), 310(d)(2), 310(f), 311(a), 313, 601(b), and 606(c) of this Act and sections 258(a)(4)(C), 258A(b)(3)(C)(i), 258B(f)(1), 258B(h)(1), 258B(h)(3), 258C(a)(5), and 258C(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn. "; and

(2) in subsection (d) by inserting at the end the following: "An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under sections 305(b)(2), 305(c)(4), 306, 904(c), and 904(d). An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under sections 301(i), 302(c), 302(f), 310(d)(2), 310(f), 311(a), 313, 601(b), and 606(c) of this Act and sections 258(a)(4)(C), 258A(b)(3)(C)(i), 258B(f)(1), 258B(h)(1), 258B(h)(3), 258C(a)(5), and 258C(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985".

(b) Section 275(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended— 2 USC 900 note.

(1) in subparagraph (C), by striking the final word "and";

(2) in subparagraph (D), by striking the final period and inserting "; and"; and

(3) by inserting at the end the following new subparagraph:

"(E) the second sentence of section 904(c) of the Congressional Budget and Impoundment Control Act of 1974 and the final sentence of section 904(d) of that Act."

SEC. 13209. CODIFICATION OF PRECEDENT WITH REGARD TO CONFERENCE REPORTS AND AMENDMENTS BETWEEN HOUSES.

Section 305(c) of the Congressional Budget Act 1974 is amended— 2 USC 636.

(1) in paragraph (1)—

(A) by striking the first sentence; and

(B) by inserting after "consideration of the conference report" the following: "on any concurrent resolution on the budget (or a reconciliation bill or resolution)"; and

(2) in paragraph (2), by inserting "(or a message between Houses)" after "conference report" each place it appears.

SEC. 13210. SUPERSEDED DEADLINES AND CONFORMING CHANGES.

The Congressional Budget Act of 1974 is amended—

2 USC 636. (1) in section 305, by striking subsection (d) and redesignating subsection (e) as subsection (d); and

2 USC 641. (2) in section 310(f), by striking paragraph (1) and by striking "(2) POINT OF ORDER IN THE HOUSE OF REPRESENTATIVES.—".

SEC. 13211. DEFINITIONS.

2 USC 622. (a) BUDGET AUTHORITY.—Section 3(2) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

"(2) BUDGET AUTHORITY AND NEW BUDGET AUTHORITY.—

"(A) IN GENERAL.—The term 'budget authority' means the authority provided by Federal law to incur financial obligations, as follows:

"(i) provisions of law that make funds available for obligation and expenditure (other than borrowing authority), including the authority to obligate and expend the proceeds of offsetting receipts and collections;

"(ii) borrowing authority, which means authority granted to a Federal entity to borrow and obligate and expend the borrowed funds, including through the issuance of promissory notes or other monetary credits;

"(iii) contract authority, which means the making of funds available for obligation but not for expenditure; and

"(iv) offsetting receipts and collections as negative budget authority, and the reduction thereof as positive budget authority.

"(B) LIMITATIONS ON BUDGET AUTHORITY.—With respect to the Federal Hospital Insurance Trust Fund, the Supplementary Medical Insurance Trust Fund, the Unemployment Trust Fund, and the railroad retirement account, any amount that is precluded from obligation in a fiscal year by a provision of law (such as a limitation or a benefit formula) shall not be budget authority in that year.

"(C) NEW BUDGET AUTHORITY.—The term 'new budget authority' means, with respect to a fiscal year—

"(i) budget authority that first becomes available for obligation in that year, including budget authority that becomes available in that year s [85] a result of a reappropriation; or

"(ii) a change in any account in the availability of unobligated balances of budget authority carried over from a prior year, resulting from a provision of law first effective in that year;

and includes a change in the estimated level of new budget authority provided in indefinite amounts by existing law.".

2 USC 622 note. (b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective for fiscal year 1992 and subsequent fiscal years.

[85] So in original. Probably should be "as".

SEC. 13212. SAVINGS TRANSFERS BETWEEN FISCAL YEARS.

Section 202 of Public Law 100-119 is repealed. 2 USC 909.

SEC. 13213. CONFORMING CHANGE TO TITLE 31.

(a) LIMITATIONS ON EXPENDING AND OBLIGATING.—Section 1341(a)(1) of title 31, United States Code, is amended—

(1) in subparagraph (A), by striking the final word "or";

(2) in subparagraph (B), by striking the final period and inserting a semicolon; and

(3) by adding at the end the following new subparagraphs:

"(C) make or authorize an expenditure or obligation of funds required to be sequestered under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985; or

"(D) involve either government in a contract or obligation for the payment of money required to be sequestered under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.".

(b) LIMITATION ON VOLUNTARY SERVICES.—Section 1342 of title 31, United States Code, is amended by inserting at the end the following: "As used in this section, the term 'emergencies involving the safety of human life or the protection of property' does not include ongoing, regular functions of government the suspension of which would not imminently threaten the safety of human life or the protection of property.".

SEC. 13214. THE BYRD RULE ON EXTRANEOUS MATTER IN RECONCILIATION.

(a) THE BYRD RULE ON EXTRANEOUS MATTER IN RECONCILIATION.—Section 20001 of the Consolidated Omnibus Budget Reconciliation Act of 1985 is amended— 2 USC 644.

(1) in subsection (a)—

(A) by inserting after "(a)" the following: "IN GENERAL.—";

(B) by inserting after "1974" the following: "(whether that bill or resolution originated in the Senate or the House) or section 258C of the Balanced Budget and Emergency Deficit Control Act of 1985";

(2) in subsection (d) by inserting after "(d)" the following: "EXTRANEOUS PROVISIONS.—";

(3) in subsection (d)(1)(A) by inserting before the semicolon "(but a provision in which outlay decreases or revenue increases exactly offset outlay increases or revenue decreases shall not be considered extraneous by virtue of this subparagraph)";

(4) in subsection (d)(1)(D) by striking "and" after the semicolon;

(5) in subsection (d)(1)(E), by striking the period at the end and inserting "; and";

(6) in subsection (d)(1) by adding at the end the following new subparagraph:

"(F) a provision shall be considered extraneous if it violates section 310(g).";

(7) in subsection (d)(2), by inserting after "A" the first place it appears the following: "Senate-originated"; and

(8) by adding at the end the following new subsections:

"(e) EXTRANEOUS MATERIALS.—Upon the reporting or discharge of a reconciliation bill or resolution pursuant to section 310 in the

Senate, and again upon the submission of a conference report on such a reconciliation bill or resolution, the Committee on the Budget of the Senate shall submit for the record a list of material considered to be extraneous under subsections (b)(1)(A), (b)(1)(B), and (b)(1)(E) of this section to the instructions of a committee as provided in this section. The inclusion or exclusion of a provision shall not constitute a determination of extraneousness by the Presiding Officer of the Senate.

"(f) GENERAL POINT OF ORDER.—Notwithstanding any other law or rule of the Senate, it shall be in order for a Senator to raise a single point of order that several provisions of a bill, resolution, amendment, motion, or conference report violate this section. The Presiding Officer may sustain the point of order as to some or all of the provisions against which the Senator raised the point of order. If the Presiding Officer so sustains the point of order as to some of the provisions (including provisions of an amendment, motion, or conference report) against which the Senator raised the point of order, then only those provisions (including provisions of an amendment, motion, or conference report) against which the Presiding Officer sustains the point of order shall be deemed stricken pursuant to this section. Before the Presiding Officer rules on such a point of order, any Senator may move to waive such a point of order as it applies to some or all of the provisions against which the point of order was raised. Such a motion to waive is amendable in accordance with the rules and precedents of the Senate. After the Presiding Officer rules on such a point of order, any Senator may appeal the ruling of the Presiding Officer on such a point of order as it applies to some or all of the provisions on which the Presiding Officer ruled.

"(g) DETERMINATION OF LEVELS.—For purposes of this section, the levels of new budget authority, budget outlays, new entitlement authority, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.".

(b) TRANSFER OF BYRD RULE.—(1) Section 20001 of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended by subsection (a), is transferred to the end of title III of the Congressional Budget Act of 1974, and designated as section 313 of that Act.

2 USC 644.

2 USC 644.

(2) Section 313 of the Congressional Budget Act of 1974 is amended by—

(A) adding at the beginning the following center heading:

"EXTRANEOUS MATTER IN RECONCILIATION LEGISLATION";

(B) striking subsection (b), subsection (c), and the last sentence of subsection (a); and

(C) redesignating subsections (d) [86] (e), (f), and (g) as subsections (b), (c), (d) and (e), respectively.

2 USC 644.

(3) Subsection (a) of the first section of Senate Resolution 286 (99th Congress, 1st Session), as amended by Senate Resolution 509 (99th Congress, 2d Session) is enacted as subsection (c) of section 313 of the Congressional Budget Act of 1974.

(4) Section 313 of the Congressional Budget Act of 1974 is amended—

(A) in subsections (a), (b)(1)(A), and (c), by striking "of the Congressional Budget Act of 1974";

(B) in subsection (a), by striking "(d)" and inserting "(b)";

(C) in subsection (b)(2)(C), by adding "or" at the end thereof;

[86] So in original. Probably should be "(d),".

(D) in subsection (c), by striking "when" and inserting "When";

(E) in subsection (c)(1), by striking "(d)(1)(A) or (d)(1)(D) of section 20001 of the Consolidated Omnibus Budget Reconciliation Act of 1985" and inserting "(b)(1)(A), (b)(1)(B), (b)(1)(D), (b)(1)(E), or (b)(1)(F)"; and

(F) in subsection (c)(2), by striking "this resolution" and inserting "this subsection".

(5) The table of contents for the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item for section 312 the following new item:

"Sec. 313. Extraneous matter in reconciliation legislation.".

Subtitle C—Social Security

SEC. 13301. OFF-BUDGET STATUS OF OASDI TRUST FUNDS.

2 USC 632 note.

(a) EXCLUSION OF SOCIAL SECURITY FROM ALL BUDGETS.—Notwithstanding any other provision of law, the receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of—

(1) the budget of the United States Government as submitted by the President,

(2) the congressional budget, or

(3) the Balanced Budget and Emergency Deficit Control Act of 1985.

2 USC 632.

(b) EXCLUSION OF SOCIAL SECURITY FROM CONGRESSIONAL BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 is amended by adding at the end the following: "The concurrent resolution shall not include the outlays and revenue totals of the old age, survivors, and disability insurance program established under title II of the Social Security Act or the related provisions of the Internal Revenue Code of 1986 in the surplus or deficit totals required by this subsection or in any other surplus or deficit totals required by this title.".

2 USC 632 note.

SEC. 13302. PROTECTION OF OASDI TRUST FUNDS IN THE HOUSE OF REPRESENTATIVES.

(a) IN GENERAL.—It shall not be in order in the House of Representatives to consider any bill or joint resolution, as reported, or any amendment thereto or conference report thereon, if, upon enactment—

(1)(A) such legislation under consideration would provide for a net increase in OASDI benefits of at least 0.02 percent of the present value of future taxable payroll for the 75-year period utilized in the most recent annual report of the Board of Trustees provided pursuant to section 201(c)(2) of the Social Security Act, and (B) such legislation under consideration does not provide at least a net increase, for such 75-year period, in OASDI taxes of the amount by which the net increase in such benefits exceeds 0.02 percent of the present value of future taxable payroll for such 75-year period,

(2)(A) such legislation under consideration would provide for a net increase in OASDI benefits (for the 5-year estimating period for such legislation under consideration), (B) such net increase, together with the net increases in OASDI benefits resulting from previous legislation enacted during that fiscal year or any of the previous 4 fiscal years (as estimated at the time of enactment) which are attributable to those portions of the 5-year estimating periods for such previous legislation that fall within the 5-year estimating period for such legislation under consideration, exceeds $250,000,000, and (C) such legislation under consideration does not provide at least a net increase, for the 5-year estimating period for such legislation under consideration, in OASDI taxes which, together with net increases in OASDI taxes resulting from such previous legislation which are attributable to those portions of the 5-year estimating periods for such previous legislation that fall within the 5-year estimating period for such legislation under consideration, equals the amount by which the net increase derived under subparagraph (B) exceeds $250,000,000;

(3)(A) such legislation under consideration would provide for a net decrease in OASDI taxes of at least 0.02 percent of the present value of future taxable payroll for the 75-year period utilized in the most recent annual report of the Board of Trustees provided pursuant to section 201(c)(2) of the Social Security Act, and (B) such legislation under consideration does not provide at least a net decrease, for such 75-year period, in OASDI benefits of the amount by which the net decrease in such taxes exceeds 0.02 percent of the present value of future taxable payroll for such 75-year period, or

(4)(A) such legislation under consideration would provide for a net decrease in OASDI taxes (for the 5-year estimating period for such legislation under consideration), (B) such net decrease, together with the net decreases in OASDI taxes resulting from previous legislation enacted during that fiscal year or any of the previous 4 fiscal years (as estimated at the time of enactment) which are attributable to those portions of the 5-year estimating periods for such previous legislation that fall within the 5-year estimating period for such legislation under consideration, exceeds $250,000,000, and (C) such legislation under consideration does not provide at least a net decrease, for the 5-year estimating period for such legislation under consideration, in OASDI benefits which, together with net decreases in OASDI benefits resulting from such previous legislation which are attributable to those portions of the 5-year estimating periods for such previous legislation that fall within the 5-year estimating period for such legislation under consideration, equals the amount by which the net decrease derived under subparagraph (B) exceeds $250,000,000.

(b) APPLICATION.—In applying paragraph (3) or (4) of subsection (a), any provision of any bill or joint resolution, as reported, or any amendment thereto, or conference report thereon, the effect of which is to provide for a net decrease for any period in taxes described in subsection (c)(2)(A) shall be disregarded if such bill, joint resolution, amendment, or conference report also includes a provision the effect of which is to provide for a net increase of at least an equivalent amount for such period in medicare taxes.

(c) DEFINITIONS.—For purposes of this subsection:

(1) The term "OASDI benefits" means the benefits under the old-age, survivors, and disability insurance programs under title II of the Social Security Act.

(2) The term "OASDI taxes" means—

(A) the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1986, and

(B) the taxes imposed under chapter 1 of such Code (to the extent attributable to section 86 of such Code).

(3) The term "medicare taxes" means the taxes imposed under sections 1401(b), 3101(b), and 3111(b) of the Internal Revenue Code of 1986.

(4) The term "previous legislation" shall not include legislation enacted before fiscal year 1991.

(5) The term "5-year estimating period" means, with respect to any legislation, the fiscal year in which such legislation becomes or would become effective and the next 4 fiscal years.

(6) No provision of any bill or resolution, or any amendment thereto or conference report thereon, involving a change in chapter 1 of the Internal Revenue Code of 1986 shall be treated as affecting the amount of OASDI taxes referred to in paragraph (2)(B) unless such provision changes the income tax treatment of OASDI benefits.

SEC. 13303. SOCIAL SECURITY FIREWALL AND POINT OF ORDER IN THE SENATE.

(a) CONCURRENT RESOLUTION ON THE BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 is amended by striking "and" at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting a semicolon; and by adding after paragraph (5) the following new paragraphs: 2 USC 632.

"(6) For purposes of Senate enforcement under this title, outlays of the old-age, survivors, and disability insurance program established under title II of the Social Security Act for the fiscal year of the resolution and for each of the 4 succeeding fiscal years; and

"(7) For purposes of Senate enforcement under this title, revenues of the old-age, survivors, and disability insurance program established under title II of the Social Security Act (and the related provisions of the Internal Revenue Code of 1986) for the fiscal year of the resolution and for each of the 4 succeeding fiscal years.".

(b) POINT OF ORDER.—Section 301(i) of the Congressional Budget Act of 1974 is amended to read as follows:

"(i) It shall not be in order in the Senate to consider any concurrent resolution on the budget as reported to the Senate that would decrease the excess of social security revenues over social security outlays in any of the fiscal years covered by the concurrent resolution. No change in chapter 1 of the Internal Revenue Code of 1986 shall be treated as affecting the amount of social security revenues unless such provision changes the income tax treatment of social security benefits.".

(c) COMMITTEE ALLOCATIONS.—

(1) Section 302(a)(2) of the Congressional Budget Act of 1974 is amended by inserting after "appropriate levels of" the following: "social security outlays for the fiscal year of the resolution and for each of the 4 succeeding fiscal years,". 2 USC 633.

(2) Section 302(f)(2) of the Congressional Budget Act of 1974 is amended by inserting before the period the following: "or provides for social security outlays in excess of the appropriate allocation of social security outlays under subsection (a) for the

fiscal year of the resolution or for the total of that year and the 4 succeeding fiscal years".

2 USC 633.

(3) Section 302(f)(2) of such Act is further amended by adding at the end the following: "In applying this paragraph—

"(A) estimated social security outlays shall be deemed to be reduced by the excess of estimated social security revenues (including social security revenues provided for in the bill, resolution, amendment, or conference report with respect to which this paragraph is applied) over the appropriate level of social security revenues specified in the most recently adopted concurrent resolution on the budget;

"(B) estimated social security outlays shall be deemed increased by the shortfall of estimated social security revenues (including social security revenues provided for in the bill, resolution, amendment, or conference report with respect to which this paragraph is applied) below the appropriate level of social security revenues specified in the most recently adopted concurrent resolution on the budget; and

"(C) no provision of any bill or resolution, or any amendment thereto or conference report thereon, involving a change in chapter 1 of the Internal Revenue Code of 1986 shall be treated as affecting the amount of social security revenues unless such provision changes the income tax treatment of social security benefits.

The Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under subsection (a) and revised functional levels and aggregates to reflect the application of the preceding sentence. Such revised allocations, functional levels, and aggregates shall be considered as allocations, functional levels, and aggregates contained in the most recently agreed to concurrent resolution on the budget, and the appropriate committees shall report revised allocations pursuant to subsection (b).".

(d) POINT OF ORDER UNDER SECTION 311.—(1) Subsection (a) of section 311(a) of the Congressional Budget Act of 1974 is redesignated as subsection (a)(1) and paragraphs (1), (2), and (3) are redesignated as subparagraphs (A), (B), and (C).

2 USC 642.

(2) Section 311(a) of such Act is amended by inserting at the end the following new paragraph:

"(2)(A) After the Congress has completed action on a concurrent resolution on the budget, it shall not be in order in the Senate to consider any bill, resolution, amendment, motion, or conference report that would cause the appropriate level of total new budget authority or total budget outlays or social security outlays set forth for the first fiscal year in the most recently agreed to concurrent resolution on the budget covering such fiscal year to be exceeded, or would cause revenues to be less than the appropriate level of total revenues (or social security revenues to be less than the appropriate level of social security revenues) set forth for the first fiscal year covered by the resolution and for the period including the first fiscal year plus the following 4 fiscal years in such concurrent resolution.

"(B) In applying this paragraph—

"(i)(I) estimated social security outlays shall be deemed to be reduced by the excess of estimated social security revenues (including those provided for in the bill, resolution, amendment, or conference report with respect to which this subsection is applied) over the appropriate level of Social Security revenues specified in the most recently agreed to concurrent resolution on the budget;

"(II) estimated social security revenues shall be deemed to be increased to the extent that estimated social security outlays are less (taking into account the effect of the bill, resolution, amendment, or conference report to which this subsection is being applied) than the appropriate level of social security outlays in the most recently agreed to concurrent resolution on the budget; and

"(ii)(I) estimated Social Security outlays shall be deemed to be increased by the shortfall of estimated social security revenues (including Social Security revenues provided for in the bill, resolution, amendment, or conference report with respect to which this subsection is applied) below the appropriate level of social security revenues specified in the most recently adopted concurrent resolution on the budget; and

"(II) estimated social security revenues shall be deemed to be reduced by the excess of estimated social security outlays (including social security outlays provided for in the bill, resolution, amendment, or conference report with respect to which this subsection is applied) above the appropriate level of social security outlays specified in the most recently adopted concurrent resolution on the budget; and

"(iii) no provision of any bill or resolution, or any amendment thereto or conference report thereon, involving a change in chapter 1 of the Internal Revenue Code of 1986 shall be treated as affecting the amount of social security revenues unless such provision changes the income tax treatment of social security benefits.

The chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under section 302(a) and revised functional levels and aggregates to reflect the application of the preceding sentence. Such revised allocations, functional levels, and aggregates shall be considered as allocations, functional levels, and aggregates contained in the most recently agreed to concurrent resolution on the budget, and the appropriate committees shall report revised allocations pursuant to section 302(b)."

SEC. 13304. REPORT TO THE CONGRESS BY THE BOARD OF TRUSTEES OF THE OASDI TRUST FUNDS REGARDING THE ACTUARIAL BALANCE OF THE TRUST FUNDS.

Section 201(c) of the Social Security Act (42 U.S.C. 401(c)) is amended by inserting after the first sentence following clause (5) the following new sentence: "Such statement shall include a finding by the Board of Trustees as to whether the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, individually and collectively, are in close actuarial balance (as defined by the Board of Trustees).".

SEC. 13305. EXERCISE OF RULEMAKING POWER. 2 USC 900 note.

This title and the amendments made by it are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as a part of the rules of each House, respectively, or of that House to which they specifically apply,

and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

2 USC 632 note.

SEC. 13306. EFFECTIVE DATE.

Sections 13301, 13302, and 13303 and any amendments made by such sections shall apply with respect to fiscal years beginning on or after October 1, 1990. Section 13304 shall be effective for annual reports of the Board of Trustees issued in or after calendar year 1991.

Subtitle D—Treatment of Fiscal Year 1991 Sequestration

2 USC 902 note.

SEC. 13401. RESTORATION OF FUNDS SEQUESTERED.

(a) ORDER RESCINDED.—Upon the enactment of this Act, the orders issued by the President on August 25, 1990, and October 15, 1990, pursuant to section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 are hereby rescinded.

(b) AMOUNTS RESTORED.—Any action taken to implement the orders referred to in subsection (a) shall be reversed, and any sequestrable resource that has been reduced or sequestered by such orders is hereby restored, revived, or released and shall be available to the same extent and for the same purpose as if the orders had not been issued.

(c) FURLOUGHED EMPLOYEES.—(1) Federal employees furloughed as a result of the lapse in appropriations from midnight October 5, 1990, until the enactment of House Joint Resolution 666 shall be compensated at their standard rate of compensation for the period during which there was a lapse in appropriations.

(2) All obligations incurred in anticipation of the appropriations made and authority granted by House Joint Resolution 666 for the purposes of maintaining the essential level of activity to protect life and property and bringing about orderly termination of government functions are hereby ratified and approved if otherwise in accord with the provisions of that Act.

Subtitle E—Government-sponsored Enterprises

2 USC 621 note.

SEC. 13501. FINANCIAL SAFETY AND SOUNDNESS OF GOVERNMENT-SPONSORED ENTERPRISES.

(a) DEFINITION.—For purposes of this section, the terms "Government-sponsored enterprise" and "GSE" mean the Farm Credit System (including the Farm Credit Banks, Banks for Cooperatives, and Federal Agricultural Mortgage Corporation), the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and the Student Loan Marketing Association.

(b) TREASURY DEPARTMENT STUDY AND PROPOSED LEGISLATION.—

(1) The Department of the Treasury shall prepare and submit to Congress no later than April 30, 1991, a study of GSEs and recommended legislation.

(2) The study shall include an objective assessment of the financial soundness of GSEs, the adequacy of the existing regulatory structure for GSEs, the financial exposure of the Federal Government posed by GSEs, and the effects of GSE activities on Treasury borrowing.

(c) CONGRESSIONAL BUDGET OFFICE STUDY.—

(1) The Congressional Budget Office shall prepare and submit to Congress no later than April 30, 1991, a study of GSEs.

(2) The study shall include an analysis of the financial risks each GSE assumes, how Congress may improve its understanding of those risks, the supervision and regulation of GSEs' risk management, the financial exposure of the Federal Government posed by GSEs, and the effects of GSE activities on Treasury borrowing. The study shall also include an analysis of alternative models for oversight of GSEs and of the costs and benefits of each alternative model to the Government and to the markets and beneficiaries served by GSEs.

(d) ACCESS TO RELEVANT INFORMATION.—

(1) For the studies required by this section, each GSE shall provide full and prompt access to the Secretary of the Treasury and the Director of the Congressional Budget Office to its books and records and other information requested by the Secretary of the Treasury or the Director of the Congressional Budget Office.

(2) In preparing the studies required by this section, the Secretary of the Treasury and the Director of the Congressional Budget Office may request information from, or the assistance of, any Federal department or agency authorized by law to supervise the activities of a GSE.

(e) CONFIDENTIALITY OF RELEVANT INFORMATION.—

(1) The Secretary of the Treasury and the Director of the Congressional Budget Office shall determine and maintain the confidentiality of any book, record, or information made available by a GSE under this section in a manner consistent with the level of confidentiality established for the material by the GSE involved.

(2) The Department of the Treasury shall be exempt from section 552 of title 5, United States Code, for any book, record, or information made available under subsection (d) and determined by the Secretary of the Treasury to be confidential under this subsection.

(3) Any officer or employee of the Department of the Treasury shall be subject to the penalties set forth in section 1906 of title 18, United States Code, if—

(A) by virtue of his or her employment or official position, he or she has possession of or access to any book, record, or information made available under and determined to be confidential under this section; and

(B) he or she discloses the material in any manner other than—

(i) to an officer or employee of the Department of the Treasury; or

(ii) pursuant to the exception set forth in such section 1906.

(4) The Congressional Budget Office shall be exempt from section 203 of the Congressional Budget Act of 1974 with respect to any book, record, or information made available under this subsection and determined by the Director to be confidential under paragraph (1).

(f) REQUIREMENT TO REPORT LEGISLATION.—(1) The committees of jurisdiction in the House shall prepare and report to the House no later than September 15, 1991, legislation to ensure the financial soundness of GSEs and to minimize the possibility that a GSE might require future assistance from the Government.

(2) It is the sense of the Senate that the committees of jurisdiction in the Senate shall prepare and report to the Senate no later than September 15, 1991, legislation to ensure the financial safety and soundness of GSEs and to minimize the possibility that a GSE might require future assistance from the Government.

(f) PRESIDENT'S BUDGET.—The President's annual budget submission shall include an analysis of the financial condition of the GSEs and the financial exposure of the Government, if any, posed by GSEs.

Approved November 5, 1990.

Certified February 22, 1991.

Editorial note: This printed version of the original hand enrollment is published pursuant to section 2(c) of Public Law 101-466. The following memorandum for the Archivist of the United States was signed by the President on January 10, 1991, and was printed in the *Federal Register* on January 14, 1991:

By the authority vested in me as President by the Constitution and laws of the United States, including Section 301 of Title 3 of the United States Code, I hereby authorize you to ascertain whether the printed enrollment of H.R. 5835, the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508), approved on November 5, 1990, is a correct printing of the hand enrollment and if so to make on my behalf the certification specified in Section 2(c) of H.J. Res. 682 (Public Law 101-466).

Attached is the printed enrollment that was received at the White House on January 7, 1991.

This memorandum shall be published in the *Federal Register*.

The Archivist on February 22, 1991, certified this to be a correct printing of the hand enrollment of Public Law 101-508.

LEGISLATIVE HISTORY—H.R. 5835 (S. 3209):

HOUSE REPORTS: No. 101-881 (Comm. on the Budget) and No. 101-964 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 136 (1990):

Oct. 16, considered and passed House.
Oct. 17, S. 3209 considered in Senate.
Oct. 18, H.R. 5835 considered and passed Senate, amended, in lieu of S. 3209.
Oct. 26, House agreed to conference report.
Oct. 27, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 26 (1990):

Nov. 5, Presidential statement.

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Statement on Signing the Omnibus Budget Reconciliation Act of 1990
November 5, 1990

Today I am signing H.R. 5835, the "Omnibus Budget Reconciliation Act of 1990," the centerpiece of the largest deficit reduction package in history and an important measure for ensuring America's long-term economic growth. This Act is the result of long, hard work by the Administration and the Congress. No one got everything he or she wanted, but the end product is a compromise that merits enactment.

H.R. 5835, and the discretionary spending caps associated with it, will achieve nearly $500 billion—almost half a trillion dollars—in deficit reduction over the next 5 years. Over 70 percent of that deficit reduction derives from outlay reductions; less than 30 percent from revenue increases. In addition, the Act enacts significant budget process reforms to ensure that the agreement is fulfilled and that budgetary discipline is extended and strengthened.

Entitlement Reforms. The Act provides for the most comprehensive and substantial reform of mandatory "entitlement" programs ever—about $100 billion in savings from restructuring and reforms in the following major programs:

- Farm programs;
- Federal housing programs;
- Student loan programs;
- Veterans programs;
- Postal subsidies;
- Federal employee benefits; and
- Medicare.

Discretionary Program Caps. The Act establishes 5-year caps on overall discretionary spending that will result in savings of over $180 billion. To keep domestic and international spending from growing any faster than inflation, the Act creates new automatic "mini-sequesters." The Act also provides for an orderly defense reduction without threatening national security.

Energy Security. The Act provides incentives for energy conservation and for exploration and development of domestic energy resources.

Social Security. Social Security is fully protected and taken off-budget.

Enforcement and Process Reform. The Act contains the toughest enforcement system ever. The Gramm-Rudman-Hollings sequester process is extended and strengthened with caps, mini-sequesters, and a new "pay-as-you-go" system.

Credit Reform. The Act implements a new Federal accounting and budgeting system to expose and limit previously hidden (and rapidly growing) liabilities.

Tax Changes. The Act includes a tax rate cut from 33 percent to 31 percent for about 3.5 million middle and upper-middle income taxpayers and an overall decrease in taxes paid by those with incomes under

$20,000. There are higher excise taxes on luxury items and limitations on itemized deductions and the personal exemption for higher income taxpayers. The total net tax changes comprise 28 percent of the deficit reduction package.

This Act creates the conditions that should allow future interest rates to be lower than they would be otherwise. Lower interest rates can benefit the entire economy. They can mean more housing starts; more Americans driving new cars; reductions in mortgage payments for homeowners; more long-term investment; greater productivity; and increased numbers of jobs.

In signing this landmark Act, I pledge the continuing best efforts of my Administration to maintain not only the letter, but the spirit of the new fiscal order for the Federal Government that is embodied in this agreement.

H.R. 5835 also contains *Child care* provisions, strongly supported by this Administration, that will enlarge the opportunities of parents to obtain the child care they desire, including care that is provided by sectarian institutions if the parents so choose. The largest portion of this new child care program will come from tax credits to people—as requested by the Administration. In addition, a Child Care and Development Block Grant program includes provisions for the issuance of child care certificates or vouchers that would enable parents to exercise their own judgment as to what type of child care best suits the particular needs of their own child.

I note my understanding of these child care provisions and sign the bill based on that understanding, as follows:

First, I understand that the definition of child care certificates in section 658P(2) ensures that States may not restrict parental choice by limiting the range of providers from whom parents may seek child care, using certificates as payment, and that such certificates shall not be considered to be grants or contracts.

Second, section 658N(a)(1)(B) specifically permits sectarian organizations that are child care providers to require that all of their employees adhere to the religious tenets and teachings of the organization and comply with rules forbidding the use of drugs or alcohol. As I understand it, the term "sectarian organization" in this provision includes religious organizations generally.

Third, as used in sections 658N(a)(2)(B) and 658N(a)(3)(B), the term "organization" means not only the particular provider but also a broader association with which that provider may be identified.

Finally, all of the provisions of the Child Care and Development Block Grant program will be interpreted in light of the requirements of the establishment and free exercise clauses of the First Amendment.

I would also note certain constitutional difficulties in other titles of the Omnibus Budget Reconciliation Act. In particular, section 4117 of the Act requires the Secretary of Health and Human Services, in certain conditions, to treat the States of Nebraska and Oklahoma as single fee schedule areas for purposes of determining the adjusted historical payment basis and the fee schedule amount for physicians' services furnished on or after January 1, 1992. Such treatment is made to depend on the Secretary's receiving written expressions of support for treatment of the State as a single fee schedule area from each member of the congressional delegation from the State and from organizations representing urban and rural physicians in the State. This provision requires the Secretary to base a substantive decision on the allocation of Federal benefits on the statements of members of congressional delegations and other persons who are not appointed by the President. Therefore, it must be understood either (1) as an attempt to vest significant authority to execute Federal law in those persons, in which case it violates the Appointments Clause, Article II, section 2; see *Buckley* v. *Valeo*, 424 U.S. 1 (1975); or (2) as an attempt to confer lawmaking power on individual members of the Congress and others, in which case it violates Article I, section 7; see *INS* v. *Chadha*, 462 U.S. 919 (1983). Accordingly, this requirement is without legal force, and I am so instructing the Secretary of Health and Human Services. I am also instructing the Attorney General and the Secretary of Health and Human Services to prepare remedial legislation to amend this section for submission to the next session of the Congress, so that the Act can be brought into compliance with the Constitution's requirements.

Further, the Constitution empowers the President to "recommend to [Congress] such Measures as he shall judge necessary and expedient." U.S. Const. Art. II, Sec. 3. Several sections of the Act raise constitutional difficulties by appearing or purporting to impose requirements that the executive branch submit legislative proposals of a predetermined kind. The executive branch has consistently treated provisions of this type as advisory rather than as mandatory, and to avoid a constitutional question will so construe the provisions at issue here.

George Bush

The White House,
November 5, 1990.

Note: H.R. 5835, approved November 5, was assigned Public Law No. 101-508.

LEGISLATIVE REPORT

FROM THE
ASSOCIATE COMMISSIONER
FOR LEGISLATION AND
CONGRESSIONAL AFFAIRS

SOCIAL SECURITY ADMINISTRATION

101ST CONGRESS

Number 2 December 19, 1990

OMNIBUS BUDGET RECONCILIATION ACT OF 1990

On November 5, 1990, President Bush signed into law H.R. 5835 (P.L. 101-508). The new law contains a number of Social Security and Supplemental Security Income provisions, as well as Medicare and budget process provisions, which are summarized in this report.

Gayle J. Cozens
Associate Commissioner
for Legislation and
Congressional Affairs

Attachment

OMNIBUS BUDGET RECONCILIATION ACT OF 1990

H.R. 5835/P.L. 101-508
(Enacted November 5, 1990)

Index to Summary of Social Security-Related Provisions

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TITLE IV -- MEDICARE, MEDICAID, AND OTHER HEALTH-RELATED PROGRAMS

SUBTITLE A -- MEDICARE

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TITLE V -- INCOME SECURITY, HUMAN RESOURCES, AND RELATED PROGRAMS

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OMNIBUS BUDGET RECONCILIATION ACT OF 1990

H.R. 5835/P.L. 101-508
(Enacted November 5, 1990)

TITLE IV -- MEDICARE, MEDICAID, AND OTHER HEALTH-RELATED PROGRAMS

SUBTITLE A -- MEDICARE

Section 4203 -- Extension of Enforcement of Medicare as Secondary Payor Provisions

Extends through September 30, 1995, the 1989 Omnibus Budget Reconciliation Act provision that requires the Social Security Administration (SSA) and the Internal Revenue Service (IRS) to work together to identify from their records the employers of Medicare beneficiaries (or their spouses) so that the Health Care Financing Administration (HCFA) can determine if the Medicare beneficiary has group health insurance.

The authority for the disclosure of the tax return information required under this provision would otherwise expire September 30, 1991.

The purpose of this provision is to continue enforcement of the requirement that employment-related group health plans pay claims before Medicare is billed.

Section 4301 -- Increase Part B Premium

Increases the Supplemental Medical Insurance (Part B) premium to $29.90 in 1991, $31.80 in 1992, $36.60 in 1993, $41.10 in 1994, and $46.10 in 1995.

Subject to Section 4501, below, the increase in the Part B premium requires enrolled people to pay for a higher percentage of the cost of the program.

Section 4359 -- Health Insurance Advisory Service for Medicare Beneficiaries

Requires the Department of Health and Human Services (HHS) to provide information, counseling and assistance for Medicare-eligible individuals concerning eligibility for Medicare and Medicaid benefits, the process of applying for benefits, the nature of covered and noncovered services, Medicare supplemental insurance policies (including decisions on whether to purchase such policies), and other health insurance matters.

This assistance is generally to be provided through local Federal offices, such as SSA offices, that provide Medicare information, community outreach programs, and a toll-free telephone information service.

The purpose of this provision is to assure that information about Medicare, Medicaid, and supplemental "medigap" insurance policies, is readily available to Medicare beneficiaries and the general public.

Section 4361 -- Medicare and Medigap Information by Telephone

Requires HHS to provide information via a toll-free telephone number concerning the Medicare program and Medicare supplemental insurance policies.

Also requires HHS to conduct demonstration projects in up to five States for the purpose of establishing Statewide toll-free telephone numbers for information on Medicare, Medigap insurance policies, and benefits available under State Medicaid programs.

The purpose of this provision is to make information concerning health insurance programs readily available to the public.

SUBTITLE B -- MEDICAID

Section 4501 -- Phased-In Extension of Medicaid Payments for Medicare Premiums for Certain Individuals With Income Below 120 Percent of the Official Poverty Line

Advances by 1 year (from 1992 to 1991) the requirement that State Medicaid programs pay the Medicare premiums, deductibles, and coinsurance for Qualified Medicare Beneficiaries (QMBs) whose incomes are 100 percent or less of the Federal poverty level. For States that do not cover all Supplemental Security Income (SSI) recipients (the so-called 209(b) States), advances by 1 year coverage of QMBs with incomes up to 95 percent of poverty to 1991 and up to 100 percent of poverty to 1992. Also, requires all States to pay the Medicare Part B premiums for QMBs whose incomes are 110 percent or less of poverty in 1993 and 1994 and 120 percent or less of poverty in 1995 and after. For purposes of determining income levels, increases in title II benefits due to cost-of-living adjustments (COLAs) would not be taken into account until the month after the month the Federal poverty level is published.

The provision is intended to lessen the economic burden of the increases in premiums and coinsurance amounts in the Medicare program for the poorest of Medicare beneficiaries.

Section 4601 -- Phased-In Mandatory Coverage of Children Up to 100 Percent of Poverty Level

Phases in required Medicaid coverage of children aged 7-18 where family income does not exceed 100 percent of the official poverty level for a family of its size. The coverage is phased in as children born after September 30, 1983, attain age 7. Prior law continues to apply to children aged 6 and under: Medicaid coverage is mandatory for such children where family income does not exceed 133 percent of poverty.

The provision is effective beginning January 1991 or, if the change requires State legislation, on the first day of the first calendar quarter beginning after the close of the first regular session of a State's legislature.

The provision reflects congressional interest in providing Medicaid coverage for children in low-income households regardless of Aid to Families with Dependent Children or SSI eligibility.

Section 4724 -- Optional State Medicaid Disability Determinations Independent of the Social Security Administration

Clarifies that States are allowed to make determinations of disability and blindness for Medicaid eligibility purposes using SSI standards. State determinations are effective until final determinations are made by SSA.

The intent of this provision is to overcome an HHS regulation prohibiting States from finding individuals eligible for Medicaid when SSA is determining SSI eligibility or has determined the individual not to be disabled or blind within the past 12 months.

TITLE V -- INCOME SECURITY, HUMAN RESOURCES, AND RELATED PROGRAMS

SUBTITLE A -- HUMAN RESOURCE AND FAMILY POLICY AMENDMENTS

CHAPTER 3 -- SUPPLEMENTAL SECURITY INCOME

Section 5031 -- Exclusion From Income and Resources of Victims' Compensation Payments

Effective for benefits beginning May 1991, excludes from income for SSI purposes any payments received by an individual from a State-administered fund established to aid victims of crime. Also excludes victims' compensation payments from resources for the 9-month period beginning with the month after the month they are received, providing recipients show that the amounts are compensation for expenses incurred or losses suffered as a result of crimes. The amendment also provides that SSI eligibility may not be denied because an individual refuses to accept victims' compensation payments.

Section 5032 -- Attainment of Age 65 Not To Serve as Basis for Termination of Eligibility Under Section 1619(b)

Continues beyond age 64 Medicaid-only eligibility under the section 1619(b) work incentive provision for individuals whose SSI eligibility is based on a determination of disability or blindness. The provision is effective with respect to benefits beginning May 1991.

The intent is to continue section 1619(b) Medicaid protection to disabled and blind individuals who are working and not receiving cash benefits and who otherwise would lose eligibility for Medicaid on reaching age 65.

Section 5033 -- Exclusion From Income of Impairment-Related Work Expenses

Expands the impairment-related work expense (IRWE) income exclusion to exclude IRWEs in determining initial SSI and State supplement eligibility as well as reeligibility. The provision is effective for benefits beginning with December 1990.

This provision is intended to strengthen the work incentive effects of the IRWE exclusion by eliminating the requirement that an individual first must meet the Federal SSI income test without benefit of the IRWE exclusion before the exclusion applies. This requirement made some working, disabled persons ineligible for SSI benefits unless they reduced their earnings temporarily in order to qualify without the IRWE exclusion.

Section 5034 -- Treatment of Royalties and Honoraria as Earned Income

Treats royalties earned in connection with the publication of an individual's work and honoraria received for services rendered as earned, rather than unearned, income for purposes of SSI eligibility and benefit determinations.

This change, effective with respect to benefits for months beginning with December 1991, extends the more liberal earned income disregards to royalties and honoraria.

Section 5035 -- Certain State Relocation Assistance Excluded From SSI Income and Resources

Excludes from income certain payments received as State or local government relocation assistance. If not expended, such payments also will be excluded from resources for a 9-month period beginning with the month after they are received. The provision is effective for benefits for months in the 3-year period beginning with May 1991 and ending with April 1994. (Under the provision, State and local relocation assistance will be treated similarly to Federal relocation assistance for SSI purposes.)

Section 5036 -- Evaluation of Child's Disability by Pediatrician or Other Qualified Specialist

Requires that, effective for disability determinations made on or after May 5, 1991, the Secretary make reasonable efforts to ensure that a qualified pediatrician or a specialist in a field of medicine appropriate to the child's disability evaluates the case of a child under age 18 for purposes of determining eligibility for SSI disability benefits.

The intent of this provision is to assure accurate child disability determinations by having qualified medical specialists make evaluations.

Section 5037 -- Reimbursement for Vocational Rehabilitation Services Furnished During Certain Months of Nonpayment of SSI Benefits

Authorizes reimbursement for otherwise reimbursable vocational rehabilitation (VR) services provided in months for which individuals were not receiving Federal SSI benefits but were in "special status" under section 1619(b) or suspended benefit status or were receiving federally administered State supplementary payments. The provision is applicable to claims for reimbursement pending on or after November 5, 1990.

This change implements a recommendation of the 1988 Disability Advisory Council that VR agencies be reimbursed for all VR services that result in successful rehabilitations, including services provided in months when an individual was not eligible for a Federal SSI benefit. This change will ensure that State VR agencies receive reimbursement for all months in which they provide VR services through the ninth month of continuous substantial gainful activity (SGA) or benefit termination (after 12 months of suspension), whichever is earlier.

Section 5038 -- Extension of Period of Presumptive Eligibility for Benefits

Extends from 3 to 6 the number of months for which SSI benefits may be paid on the basis of presumptive disability or blindness. As under the prior 3-month provision, the payments are not overpayments if the applicant is found not to be disabled. The provision is effective beginning with May 1991.

The provision will relieve the financial hardship of some people who qualify for payment based on presumptive disability or blindness but for whom a final decision is not made before the end of the current 3-month time limit.

Section 5039 -- Continuing Disability or Blindness Reviews Not Required More Than Once Annually

Effective upon enactment, limits SSI continuing disability reviews (CDRs) for purposes of the work incentive provisions of section 1619 to no more than one in any 12-month period.

The provision is intended to reduce the perceived work disincentive effect of frequent CDRs. (The amendment will have no practical effect, because it already is SSA's policy not to schedule CDRs more frequently than once in 12 months.)

Section 5040 -- Concurrent SSI and Food Stamp Applications by Institutionalized Individuals

Provides that the Secretary of Health and Human Services and the Secretary of Agriculture shall develop a procedure under which an individual about to be released from a public institution who applies for SSI may also apply for benefits under the food stamp program, using a separate but concurrent application. The provision is effective upon enactment.

This provision replaces a requirement that a single application for both SSI and food stamps be used for these cases.

Section 5041 -- Notification of Certain Individuals Eligible To Receive Retroactive Benefits

Requires the Secretary, when notifying individuals eligible for retroactive benefits under Zebley (a Supreme Court decision which requires SSA to reopen many previously denied childhood disability determinations and which may result in large retroactive SSI payments), to provide a clearly written notice explaining (1) that retroactive payments are excluded from resources under SSI for only 6 months; (2) the potential effects on future SSI eligibility of retroactive payments; (3) the possibility of establishing a trust account that would not be considered as income or resources under SSI; and (4) that legal assistance in establishing such a trust may be available from various legal referral services. The provision is effective upon enactment.

The provision is designed to ensure that individuals receiving payments under Zebley are aware of the effects of retroactive payments.

SUBTITLE B -- OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Section 5102 -- Continuation of Disability Benefits During Appeal

Effective upon enactment, makes permanent the temporary provision permitting disability beneficiaries to elect to have their disability benefits and Medicare protection continue through the hearing level of appeal in medical cessation cases. As under prior law, the disability benefits are subject to recovery if the final decision of the Secretary is that the individual is not disabled; Medicare benefits, however, are not subject to recovery.

The intent of this provision is to prevent undue hardship to beneficiaries who are found on appeal still to be disabled.

Section 5103 -- Repeal of Special Disability Standard for Widows and Widowers

Repeals the stricter definition of disability to qualify for disabled widow(er)s' benefits (DWB) and instead applies the same definition of disability used in adjudicating disabled worker's and SSI disability claims. Also, for a widow(er) who had been receiving SSI disability or blindness benefits before becoming entitled to DWB, provides for:

- counting months prior to the individual's entitlement to DWB, beginning with the month of first eligibility for SSI disability or blindness benefits, for purposes of satisfying both the 5-month waiting period for DWB and the 24-month Medicare waiting period;

- continuing Medicaid eligibility for a person who becomes ineligible for SSI benefits by reason of receipt of DWB so long as the person (1) is not entitled to Medicare and (2) would be eligible for SSI benefits in the absence of DWB; and

- deeming the SSI disability or blindness determination to be a disability determination for purposes of entitlement to DWB.

The provision is generally effective for DWB payable after December 1990 on the basis of applications filed on or after January 1, 1991, or pending on that date. No application is required, however, from individuals who (1) were entitled to benefits as disabled workers or to SSI disability benefits for January 1991; and (2) filed a claim for DWB in 1990 which was denied because they did not meet the disability requirements. The conference report language also expresses the intent that, to the extent possible, SSA notify individuals affected by this provision.

Because Congress was concerned about the cost potentials when it first provided for DWB in 1967, it required that widow(er)s meet a stricter test of disability to be entitled to benefits than the disability test workers had to meet to be entitled. The intent of this provision is to eliminate (1) the inequities resulting from having the more restrictive disability rules for widow(er)s and (2) the public confusion that resulted from these different tests of disability.

<u>Section 5104</u> -- <u>Adopted Child</u>

Modifies the dependency requirements to permit a child adopted by a surviving spouse to be entitled to benefits based on the deceased worker's earnings record, if the child was either living with or receiving one-half support from the worker at the time of the worker's death. Effective for benefits payable for months after December 1990, on the basis of applications filed after December 31, 1990.

The intent of this provision is to remove the prior bar to entitlement if a child adopted by a surviving spouse receives any regular outside support.

<u>Section 5105</u> -- <u>Representative Payee Reforms</u>

Effective July 1, 1991, requires more extensive investigation of representative payee applicants, generally limits deferral or suspension of direct payment of benefits pending selection of a payee to 1 month, allows certain nonprofit Social Service agencies to charge a statutorily limited fee for providing payee services, and provides stricter standards in determining the fitness of representative payee applicants to manage benefit payments on behalf of beneficiaries.

Effective on enactment, if it is established that there has been a misuse of funds due to SSA's negligence in failing to investigate or monitor a representative payee, an amount equal to the misused funds must be paid to the beneficiary or to an alternate payee. Effective October 1, 1992, requires SSA to maintain a centralized file of certain beneficiary and payee information.

The intent of the provision is to provide additional protections for beneficiaries with representative payees.

Section 5106 -- Fees for Representation of Claimants in Administrative Proceedings; Limitation of Travel Expense Reimbursement

Streamlines the process by which SSA approves fees charged by persons representing claimants before the agency in the case of claims involving entitlement to past-due benefits. In cases where a claimant and an attorney or other representative submit a written agreement to the Secretary, a fee of up to the lesser of 25 percent of past-due benefits or $4,000 is to be paid to the attorney automatically. This provision applies to title II claims and, except for the benefit withholding and direct payment aspects, to title XVI claims. It is effective for determinations made on or after July 1, 1991.

The $4,000 limit may be increased periodically by the Secretary to account for inflation. Calculation of the 25 percent of available past-due benefits and payment to the attorney is to be done before any reduction for the SSI windfall offset. The claimant, representative, or administrative law judge or other adjudicator who decided the case will have the right to protest the approved fee amount under a review process to be established by the Secretary.

The intent of this provision is to speed up the attorney fee payment process for most cases. Fees in cases where the requested attorney fee does not meet these criteria would continue to be determined under the current fee petition process.

In addition, with respect to reimbursement for travel expenses of individuals who represent Social Security and SSI claimants at administrative proceedings, section 5106 restricts the amount which will be reimbursed to the maximum amount that would be payable for travel within the geographic area served by the office having jurisdiction over the proceeding. This provision is effective for reimbursement for travel expenses incurred on or after April 1, 1991.

The intent of this provision is to prevent program funds from being spent to pay for expenses for representatives who travel long distances to represent claimants.

Section 5107 -- Applicability of Administrative Res Judicata; Related Notice Requirements

Provides that if a claimant for Social Security or SSI benefits does not timely appeal an adverse initial or reconsideration determination, and such failure was due to good faith reliance upon incorrect, incomplete, or misleading information provided by SSA, any new application the claimant files cannot be denied on the basis that the claimant did not timely appeal the prior determination.

Requires that SSA include, in all initial and reconsideration denial notices, clear and specific language explaining how the applicant's decision to file a new claim instead of appealing the prior determination may affect his possible entitlement to benefits. This provision is effective for adverse determinations made on or after July 1, 1991.

The intent of this provision is to ensure that claimants are fully informed regarding SSA's use of administrative res judicata for denial of a subsequent application and are not adversely affected by any misinformation SSA might supply.

Section 5108 -- Demonstration Projects Relating to Accountability for Telephone Service Center Communications

Mandates demonstration projects in not less than three telephone service centers to evaluate the furnishing of a written receipt to any caller who inquires about potential or current eligibility or entitlement to benefits. (A receipt is not required for routine telephone calls that are unrelated to current or potential entitlement, such as questions about the location or hours of operation of an office.)

The projects must begin by May 4, 1991, and last at least 1 year but not more than 3 years. The Secretary of Health and Human Services must report to the Congress on the demonstration projects not later than 90 days after the termination of the projects.

The intent of this provision is to test the feasibility of procedures that would assure that individuals who conduct business with SSA via telephone are not disadvantaged, either as a result of incorrect information or their inability to document their actions and requests.

Section 5109 -- Notice Requirements

Requires that Social Security and SSI notices be written in clear and simple language and, if produced in a local servicing office, include the address and telephone number of the Social Security office which serves the individual. Notices not produced in local offices must contain the address of the field office serving the individual and a telephone number through which that office can be reached. The provision is effective with respect to notices issued on or after July 1, 1991.

The intent of this provision is to assure that people understand the notices they receive from SSA and that the notices contain the information the recipient needs to contact SSA if he or she wishes to do so.

Section 5110 -- Telephone Access to the Social Security Administration

By May 4, 1991, requires restoration of telephone access to local Social Security offices to the same level generally available as of September 30, 1989. To accomplish this, SSA must request the publication in local directories of the telephone numbers of local offices which are required to provide direct telephone access and of the address of all offices. Also requires that the Secretary issue a report by January 1, 1993, on the impact of the provision on SSA and on a plan to use new technologies to enhance access to SSA, including local offices. Also requires reports by the General Accounting Office (GAO) on the level of telephone access to local offices not later than March 5, and June 3, 1991.

The intent of this provision is to restore direct public telephone access to local offices where it existed before nationwide implementation of the 800 number service in October 1989.

Section 5111 -- Amendments Relating to Social Security Account Statements (PEBES)

Requires that, by October 1, 1999, SSA begin sending a statement concerning earnings and potential benefits each year to all workers covered under Social Security. (Current law requires statements to be sent every 2 years beginning October 1999.) Also, with appropriate safeguards, provides for release to SSA of IRS address information for mailing the statements.

The intent of this provision is to assure that workers receive statements of earnings annually rather than biennially and to make IRS taxpayer address information available to the Secretary when mailing the statements.

Section 5112 -- Trial Work Period (TWP) During Rolling 5-Year Period for All Disabled Beneficiaries

Provides that, effective January 1, 1992, a disabled beneficiary will exhaust his TWP only if he performs services in 9 months in a rolling 60-month period, i.e., any period of 60 consecutive months. Also, repeals the provision which precludes a reentitled disabled worker from being eligible for a TWP.

The intent of this provision is to give all disability beneficiaries, including reentitled disabled workers, a better opportunity to test their ability to perform gainful activity over a sustained period of time before they are subject to the loss of disability benefits.

Section 5113 -- Continuation of Benefits on Account of Participation in a Non-State Vocational Rehabilitation Program

Extends to Social Security and SSI disability beneficiaries who medically recover while participating in an approved non-State VR program the same benefit continuation rights as those who medically recover while participating in a State VR program. This provision is effective with respect to benefits payable for months after October 1991 and applies only with respect to individuals whose disability or blindness ceases after October 1991.

This provision, based on a recommendation of the 1988 Disability Advisory Council, recognizes that non-State VR providers also play a role in rehabilitating disabled beneficiaries so that they can perform substantial gainful work. It is intended to ensure equitable treatment to beneficiaries no matter from what source they receive VR services.

Section 5114 -- Prouty Benefits

Precludes the payment of so-called "Prouty benefits" to persons reaching age 72 after 1990 who otherwise could have been entitled to these benefits. This provision is effective for applications filed after November 5, 1990.

The provision precludes the unintended payment of Prouty benefits (due to the interaction of the 1966 Prouty benefit provision with subsequent changes in the law affecting the minimum benefit) by providing that Prouty benefits not be payable to any individual reaching age 72 after 1990. This change does not affect any current Prouty beneficiaries.

Section 5115 -- Modification of Advance Tax Transfer

Credits the trust funds with Social Security tax receipts as they are collected throughout the month, rather than in advance (at the first of the month), as under current law. However, the advance tax transfer mechanism is retained as a contingency to be used if the trust funds drop to such a low level that it is needed in order to pay benefits. The provision is effective as of December 1, 1990.

The purpose of the provision is to allow for use of the elaborate tax transfer process only as a contingency, since it is not needed on a regular basis.

Section 5116 -- Elimination of Retroactive Reduced Benefits

Repeals the provision which permits a person to elect up to 6 months of retroactive reduced benefits in order to charge off any excess earnings under the retirement earnings test that he or she may have in the year of filing. Also repeals a similar provision which allows retroactive reduced benefits in cases where unreduced auxiliary benefits are payable. The provision is effective for applications for benefits filed on January 1, 1991, and later.

Eliminating the exceptions to the retroactivity rule has two beneficial effects: it eliminates some windfall benefits and it simplifies the Social Security program, thereby reducing payment errors. However, people would still be able to receive full benefits for months beginning with the month of filing in which their earnings are at or below the monthly exempt amount, regardless of their total earnings for the year.

Section 5117 -- Old Computations

Eliminates and consolidates old computation methods. Benefits of all newly entitled beneficiaries, who under present law would have their benefits computed under one of the old, little-used computations, will be computed under a newer method. Effective for beneficiaries newly entitled after May 1992.

This provision replaces obsolete computations which apply to small, closed groups of people with simplified computations to make administration easier. It will also eliminate the complex, time-consuming redesign of computer software to incorporate many of these old computations into the modernized system and eliminate all of the remaining computation methods that require manual intervention and cannot be totally automated.

Section 5118 -- Auxiliary Benefits During an Extended Period of Eligibility

Provides for suspension of benefits to auxiliary beneficiaries when the disabled worker's benefits are suspended because he is engaging in SGA during the 36-month extended period of eligibility (EPE). Effective for benefits for months after November 1990.

The intent of this provision is to codify current SSA policy. Prior legislation specified that the disabled worker's cash benefits generally would be withheld for any month in which he or she engages in SGA during the EPE. However, the legislation was not explicit as to the treatment of the auxiliary benefits payable on such a worker's record.

Section 5119 -- Payment of Benefits to a Deemed Spouse

Provides benefits to a deemed spouse (a person who entered into an invalid ceremonial marriage in good faith) regardless of whether the legal spouse is entitled to benefits on the same earnings record. The benefits to the legal spouse are paid outside the maximum family benefit. Also, provides benefits to divorced deemed spouses. The change is effective for benefits payable for months after December 1990; however, a new application is required if the beneficiary was previously terminated as a deemed spouse.

The termination of spouse's benefits or widow(er)'s benefits for the deemed spouse when the legal spouse becomes entitled can create a severe financial hardship for the deemed spouse, especially in the case of a widow.

Section 5120 -- Vocational Rehabilitation Demonstration Projects

Requires the Secretary to conduct demonstration projects permitting disabled beneficiaries to select a qualified public or private rehabilitation provider to furnish them with services aimed at enabling them to engage in substantial gainful activity and leave the disability rolls. Provides that such projects are to begin as soon as practicable and to run for 3 years in at least three States. An interim report to the Congress on these demonstration projects is required by April 1, 1992, and a final report is due by April 1, 1994.

Also, extends from June 9, 1993, to October 1, 1993, the due date of the final report with respect to all VR experiments and demonstration projects (conducted under section 505 of the Social Security Act), except for the demonstration projects conducted under this provision.

The intent of this provision is to assess the advantages and disadvantages of giving disabled beneficiaries the option of selecting their own rehabilitation provider.

Section 5121 -- Legalized Aliens (Exemption From Prosecution)

Provides that persons who have received permanent or temporary legal residence in the United States under specified statutes are not subject to prosecution under the Social Security Act for furnishing false information regarding earnings or misusing a Social Security card (except production and sale of a Social Security card) if such conduct occurred prior to January 4, 1991.

The purpose of the provision is to encourage aliens who have been granted legal status to correct, without the threat of prosecution, errors in their earnings records caused by the alien's improper use of a Social Security number or card.

Section 5122 -- Special Minimum

Reduces the amount of earnings needed to earn a year of coverage toward the special minimum benefit (designed to assist long-term, low-wage workers) from 25 percent of the old-law contribution and benefit base ($9,900 in 1991) to 15 percent of that base ($5,940 in 1991). Effective for years of coverage after 1990.

The intent of this provision is to make it possible once again for a minimum-wage earner to earn years of coverage t[illegible] special minimum. Because the minimum wage was not inc[illegible] from 1981 through 1989, while the Social Security contribution and benefit base has been indexed to wage increases, the level of wages required to earn a year of coverage under the special minimum benefit provision has exceeded the minimum wage in every year since 1983.

Section 5123 -- Treatment of Earnings of Corporate Directors

Provides that the earnings of a corporate director are taxed and credited for Social Security purposes in the tax year in which they are received rather than in the tax year in which the director performs services. (The earnings continue to be subject to the retirement earnings test in the tax year in which the director performs the services to which the earnings are attributable.)

The purpose of this provision is to assure that the point at which the earnings of corporate directors are taxed and credited for Social Security purposes is consistent with the point at which they are taxed for income tax purposes. The provision is effective for earnings received for services performed in tax years beginning after December 31, 1990.

Section 5124 -- Collection of Employee Social Security and Railroad Retirement Taxes on Taxable Group-Term Life Insurance Provided to Retirees

Provides that if an employer provides taxable group-term life insurance to an individual who has left his employment, the former employee is required to pay the employee portion of the FICA tax through the income tax system. The owed tax will be listed separately on the former employee's form W-2, and the form 1040 filing instructions will direct filers to add this amount to their tax liability. This provision is effective for coverage provided after December 31, 1990.

The intent of this provision is to relieve employers of the responsibility of collecting the employee share of the FICA tax when there are no employee funds from which the employer can withhold the tax.

Section 5127 -- Waiver of 2-Year Waiting Period (For Certain Divorced Spouses)

Eliminates the 2-year waiting period for payment of divorced spouse's benefits without regard to the worker's earnings in situations in which the worker was entitled to benefits before the divorce. The provision is effective for benefits for months after December 1990.

This proposal was prompted by concerns that a newly divorced spouse could suffer serious financial hardship if she had been relying on her spouse's benefits, and that benefit was cut off for up to 2 years after divorce because of the ex-spouse's earnings. Under the proposal, such people could continue to receive benefits without interruption.

Section 5128 -- Modification of the Preeffectuation Review Requirement Applicable to Social Security Disability Insurance Cases

Effective for fiscal year (FY) 1991, changes the present 65-percent review of all favorable State agency Social Security disability decisions to (a) a 50-percent review of disability allowances and (b) a review of a sufficient number of other favorable disability determinations to ensure a high degree of accuracy. To the extent feasible, these reviews must focus on allowances and continuances which are most likely to be incorrect. Requires a report to pertinent congressional committees not later than April 1, 1992, and annually thereafter, setting forth the number of preeffectuation reviews conducted during the preceding fiscal year and the Secretary's findings relating to the accuracy of the Disability Determination Services' determinations.

The intent of this provision is to provide a more effective review by focusing on favorable disability determinations that are likely to be incorrect.

Section 5129 -- Recovery of Old-Age, Survivors, and Disability Insurance (OASDI) Overpayments by Means of Reduction in Tax Refunds

Beginning January 1, 1991, authorizes the recovery of Social Security overpayments from former beneficiaries by means of offsetting any income tax refunds due the individual after affording them an additional opportunity to request waiver or arrange repayment. This authority remains in effect as long as the existing Government-wide tax refund offset program remains in effect (currently, until January 10, 1994).

The intent of this provision is to provide another avenue for recovery of overpayments from those who are no longer receiving Social Security benefits.

TITLE VII -- CIVIL SERVICE AND POSTAL SERVICE PROGRAMS

SUBTITLE C -- MISCELLANEOUS

Section 7201 -- Computer Matching and Privacy Provisions

Permits an agency administering a Federal benefit program to take an adverse action against a beneficiary on the basis of data obtained from a Federal computer matching program without independent verification, if the appropriate Data Integrity Board has certified that the matched information has been found to be highly reliable. Provides that, prior to taking the adverse action, the agency must either give the individual a 30-day advance notice or apply an alternative notice period established by statute or regulation.

The intent of the provision is to make it easier for agencies administering programs such as SSI, food stamps, Medicaid, and AFDC to use information provided by Federal agencies. It would allow SSA to take adverse actions in the SSI program without independent verification of data found to be highly accurate.

This provision is effective upon enactment. However, since certification (under (1) above) as to the "highly reliable" nature of certain matched information may take some time, a special provision waives the requirement for independent verification in the absence of such certification in the case of SSI, Medicaid, AFDC, and food stamps until the earlier of:

-- 30 days after publication of OMB guidelines for certification by Data Integrity Boards, or

-- the date the Board certification occurs.

TITLE VIII -- VETERANS' PROGRAMS

SUBTITLE F --MISCELLANEOUS

Section 8051 -- Use of Internal Revenue Service and Social Security Administration Data for Income Verification

Authorizes the Secretary of Veterans Affairs to access, with appropriate safeguards, Social Security and IRS data for verification of the income of applicants for or recipients of certain veterans compensation or pension benefits after the individual is notified of such verification procedures. This provision is effective upon enactment and terminates after September 30, 1992. GAO is to conduct a study and submit a report to the Congress no later than January 1, 1992, on the effectiveness of this provision.

The intent of this provision is to prevent incorrect veterans payments and to ensure that accurate information is available for determining eligibility for needs-based benefits.

Section 8053 -- Requirement for Claimants To Report Social Security Numbers; Use of Death Information by the Department of Veterans Affairs (DVA)

Requires, as a condition of eligibility, that applicants for or recipients of veterans compensation or pension benefits provide their Social Security number (SSN) and the SSN of any dependents. Also requires DVA to periodically check HHS death information with respect to DVA beneficiaries. These provisions are effective as of November 5, 1990.

The intent of these provisions is to save Federal funds by providing DVA an additional source for identifying recipients of DVA benefits who may have died.

TITLE XI -- REVENUE PROVISIONS

SUBTITLE A -- INDIVIDUAL INCOME TAX PROVISIONS

Section 11111 -- Modifications of Earned Income Tax Credit (EITC)

Liberalizes the EITC by increasing the maximum basic credit available to eligible families (must include a dependent child meeting a relationship, residency, and age test) and by adjusting the maximum credit amount upward if the family has two or more children. Also provides new supplemental credits for a child under age 1 and for certain health insurance premium expenses. These provisions are effective for taxable years beginning after December 31, 1990.

The intent of this provision is to increase assistance to working families with low incomes.

Section 11112 -- Requirement of Taxpayers Identification Number (TIN) for Certain Dependents

Requires a TIN for any dependent who has attained age 1 (instead of age 2, as under prior law) as of the close of the taxable year. This provision is effective for returns for taxable years beginning after December 31, 1990.

The intent of this provision is to ensure that taxpayers do not fraudulently claim dependents.

Section 11115 -- Exclusion From Income and Resources of EITC Under Titles IV, XVI, and XIX of the Social Security Act

Excludes from income and from resources (for the month of receipt and the following month) under SSI, AFDC, and Medicaid the total amount of any refund of Federal income taxes related to EITCs and any payment made by an employer for advance payment of such tax credits. This provision is effective with respect to determinations of income and resources made for any period after December 31, 1990.

The provision liberalizes the treatment of the EITCs under the affected programs by excluding from an individual's income amounts of EITCs that exceed the tax paid by the individual. The exclusion from resources for 1 month will allow some time for use of the funds that are received as a tax credit before they will count as resources.

SUBTITLE C -- OTHER REVENUE INCREASES

Section 11331 -- Increase the Hospital Insurance (HI) Contribution Base

Increases the amount of earnings subject to the HI tax to $125,000 for 1991. For years after 1991, the amount is indexed to increases in the average wages in the economy.

The limit on earnings subject to the OASDI tax will continue to be calculated as under present law. The OASDI contribution and benefit base for 1991 is $53,400.

Section 11332 -- Coverage of Certain State and Local Employees Under Social Security

Mandatorily covers under Social Security (and, in some cases, HI) employees of State and local governments who are not covered under a retirement system. Students employed by the educational institution they are attending are excluded.

The provision extends Social Security coverage to those State and local employees who have no protection under a retirement system. The provision is effective with respect to services performed after July 1, 1991.

Section 11334 -- Deposits of Payroll Taxes

Accelerates the deposit schedule for 1991 and later for employers whose withheld Social Security and income taxes total $100,000 or more at times set by regulations.

SUBTITLE D -- 1-YEAR EXTENSION OF CERTAIN EXPIRING TAX PROVISIONS

Section 11403 -- Employer-Provided Educational Assistance

Extends the exclusion for income tax and Social Security purposes of amounts paid, or expenses incurred, by an employer under a qualified educational assistance program. The exclusion is now scheduled to expire for tax years beginning after December 31, 1991.

Section 11404 -- Group Legal Services Plans

Extends the exclusion for income tax and Social Security purposes of amounts contributed by an employer to, services received by an employee from, or amounts paid to an employee under, a qualified group legal services plan. The exclusion is now scheduled to expire for tax years beginning after December 31, 1991.

Section 11901 -- Increase in Public Debt Limit

Effective upon enactment, increases the permanent statutory debt limit from $3.123 trillion to $4.145 trillion, which is expected to accommodate public borrowing through the first few months of 1992.

TITLE XIII -- BUDGET ENFORCEMENT 1/

SUBTITLE A -- AMENDMENTS TO 1985 GRAMM-RUDMAN-HOLLINGS (GRH) ACT AND RELATED AMENDMENTS

Section 13101 -- Sequestration

Revises the GRH Act to provide for "mini-sequesters" relating to specified discretionary spending categories for FY 1991-93, across-the-board discretionary spending sequesters for FY 1994-95, and sequesters to enforce new "pay-as-you-go" rules for FY 1992-95. These sequestration provisions are in addition to the overall deficit reduction sequester already provided. Social Security, black lung, and SSI benefits remain exempt from all sequestration provisions. Administrative expenses for SSI and black lung are not exempt from sequester; it is unclear whether OASDI administrative expenses are exempt.

1/ Title XIII may also be cited as the Budget Enforcement Act of 1990.

Mini-sequesters can occur with respect to each of three categories of discretionary spending: defense, international, and domestic. Pay-as-you-go sequesters can be imposed on all non-exempt accounts to offset net GRH deficit increases caused by direct spending provisions that are enacted without appropriate offsets. In view of the new sequester provisions (and other enforcement provisions such as points of order that do not affect Social Security), it is considered unlikely that an overall deficit reduction sequester could occur in the next 3 years.

<u>Section 13111</u> -- <u>Temporary Amendments to the Congressional Budget Act of 1974</u>

Provides new GRH deficit targets (excluding the Social Security trust funds) as follows:

	OLD LAW (Billion)	NEW LAW (Billion)
FY 1988	$144	---
FY 1989	$136	---
FY 1990	$100	---
FY 1991	$ 64	$327
FY 1992	$ 28	$317
FY 1993	---	$236
FY 1994	---	$102
FY 1995	---	$ 83

The new deficit targets reflect: Changes in the economy; the exclusion of Social Security trust fund operations, and the inclusion of deposit insurance (including the savings and loan "bailout").

This section also establishes separate limits on discretionary spending by category (defense, international and domestic spending) for FY 1991 through FY 1993, and overall discretionary spending for FY 1994 and FY 1995. These amounts are subject to modification as part of the ongoing budget process.

	DEFENSE (Billion)	DOMESTIC (Billion)	INTERNATIONAL (Billion)
FY 1991			
Budget Authority	$288.9	$182.7	$20.1
Outlays	$297.7	$198.1	$18.6
FY 1992			
Budget Authority	$291.6	$191.3	$20.5
Outlays	$295.7	$210.1	$19.1
FY 1993			
Budget Authority	$291.8	$198.3	$21.4
Outlays	$292.7	$221.7	$19.6

Deficit targets were the primary focus of GRH in the past; the major focus in the next few years is expected to be on discretionary spending limits. Social Security, black lung, and SSI benefits are not considered discretionary. Administrative expenses for the SSI and black lung programs are considered discretionary expenses. OASDI administrative expenses are identified as discretionary expenses in the conference report. However, because of ambiguities in the law and the conference committee report and the exclusion of Social Security trust fund operations from the congressional budget, it is unclear whether OASDI administrative expenses will be excluded from the sequester provision and the discretionary spending limitations.

Finally, this section requires that Social Security spending authority and outlays be included in the conference report accompanying the annual Congressional Budget Resolution. The relationship between this requirement and the exclusion of Social Security from the congressional budget, as required by section 13301, below, is unclear.

SUBTITLE B -- PERMANENT AMENDMENTS TO THE CONGRESSIONAL BUDGET ACT

<u>Section 13203</u> -- <u>Debt Increase as Measure of Deficit; Display of Federal Retirement Trust Fund Balance Procedures</u>

Amends the Congressional Budget Act to require that congressional budget resolutions show certain information relating to the national debt--the total amount of the debt subject to the statutory debt limit, the amount by which the budget resolution would increase the national debt, and the balances in Federal retirement trust funds. (These trust funds, like the Social Security trust funds, generally are invested in Federal securities which are included in the national debt.)

<u>Section 13208</u> -- <u>Standardization of Additional Deficit Control Provisions</u>

Removes the requirement for a three-fifths vote in the Senate to overcome a point of order against including Social Security legislation in a reconciliation bill. While this requirement was effective in limiting the use of reconciliation bills for Social Security legislation in the Senate, the House of Representatives frequently included Social Security amendments in such bills. Thus, the three-fifths-waiver requirement had the unintended effect of limiting the role of the Senate in Social Security legislation, more than limiting the use of reconciliation bills for such legislation.

SUBTITLE C -- SOCIAL SECURITY

Section 13301 -- Exclusion of Social Security From All Budgets

Excludes the operations of the OASDI trust funds from the President's budget, the congressional budget, and the Balanced Budget and Emergency Control Act of 1985 (GRH). The provision is effective with respect to fiscal years beginning on or after October 1, 1990.

The intent of the provision is to end the practice of allowing annual Social Security trust fund surpluses (or deficits) to obscure the annual deficit (surplus) in other Government accounts and to reduce pressure to make changes in Social Security for budgetary purposes. It is not clear whether the eventual interpretation will exclude Social Security entirely from the sequestration provisions and discretionary spending limitations or not, since there are (1) indications in Subtitles A and B that administrative expenses for Social Security may be considered to be discretionary domestic spending and, therefore, subject to the various sequestration provisions and (2) ambiguities in the conference committee report and related legislative documents.

Section 13302 -- Protection of OASDI Trust Fund in House of Representatives

Makes it out of order for the House of Representatives to consider legislation that would increase OASDI benefits or decrease OASDI taxes by at least 0.02 percent of taxable payroll over the next 75 years, or by more than $250 million over the next 5 fiscal years (in combination with any other OASDI legislation enacted in that year or the previous 4 fiscal years). An exception is provided if the legislation under consideration provides for increases in OASDI taxes which offset the amount by which the legislation would increase benefits in excess of the thresholds over the applicable measuring period. There is also an exception if the legislation that reduces Social Security revenues includes an equivalent increase in Medicare taxes. This point of order may be waived by a majority vote in the House. Effective with respect to fiscal years beginning on or after October 1, 1990.

The intent of this provision is to protect the financial soundness of Social Security, in the absence of the fiscal restraints imposed by the GRH law, by establishing fiscally responsible guidelines for House consideration of Social Security legislation.

Section 13303 -- Social Security Firewall in the Senate

Amends the Congressional Budget Act to make it out of order in the Senate to consider any concurrent budget resolution that would decrease the excess of Social Security revenues over outlays during the years covered by the resolution. Also, makes it out of order in the Senate to consider any legislation that would increase Social Security outlays or decrease revenues from the amounts in the concurrent budget resolution for the current and next 4 fiscal years. A three/fifths majority is required to waive these points of order. This provision is effective with respect to fiscal years beginning on or after October 1, 1990.

The intent of this provision is to protect the financial soundness of Social Security, in the absence of the fiscal restraints imposed by the GRH law, by establishing fiscally responsible guidelines for Senate consideration of Social Security legislation.

Section 13304 -- Statement of Actuarial Balance

Requires a finding in the annual OASDI trustees report as to whether the trust funds are in close actuarial balance, as defined by the Trustees of the Social Security trust funds. The provision is effective for reports issued in or after calendar year 1991.

The provision is intended to ensure that the annual trustees reports continue to include a statement as to whether the trust funds are in close actuarial balance. For many years the Trustees used, as such a measure, whether, over the 75-year estimating period, the long-range income rate is between 95 and 105 percent of the long-range cost rate.

SUBTITLE D -- TREATMENT OF FISCAL YEAR 1991 SEQUESTRATION

Section 13401 -- Restoration of Sequestered Funds

Restores any amounts sequestered in FY 1991 under orders issued in accordance with the Gramm-Rudman-Hollings deficit reduction provisions.

The purpose of the provision is to reverse any actions to implement the FY 1991 sequestration orders and restore any budgetary resources withheld as a result of these orders.

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Social Security Related Legislation in 1990

U.S. Department of Health and Human Services
Social Security Administration
Office of Research and Statistics

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On November 5, 1990, President Bush signed into law the Omnibus Budget Reconciliation Act of 1990, H.R. 5835 (Public Law 101-508). The Act contains a number of Social Security and Supplemental Security Income (SSI) provisions, as well as Social Security-related Medicare, Internal Revenue, Veterans, and budget process provisions, which are summarized below.

Title V: Income Security, Human Resources, and Related Programs

Old-Age, Survivors, and Disability Insurance Provisions

Section 5102: Continuation of disability benefits during appeal.—Makes permanent the temporary provision permitting disability beneficiaries to elect to have their disability benefits and Medicare protection continue through the hearing level of appeal in medical cessation cases. As under prior law, the disability benefits are subject to recovery if the final decision of the Secretary is that the individual is not disabled; Medicare benefits, however, are not subject to recovery. The intent of this provision is to prevent undue hardship to beneficiaries who are found on appeal still to be disabled.

Section 5103: Repeal of special disability standard for widows and widowers.—Repeals the stricter definition of disability that had applied to disabled widow(er)'s benefits (DWB) and instead applies the same definition of disability as that for a disabled worker. Also, includes special provisions for a widow(er) who was receiving SSI disability or blindness benefits before becoming entitled to DWB. These provisions will (1) facilitate Social Security entitlement by using the SSI disability (or blindness) determination as a determination for purposes of DWB, (2) expedite benefits by counting certain prior SSI months for purposes of the DWB and Medicare waiting periods, and (3) provide continuing Medicaid coverage for persons not yet entitled to Medicare who would be eligible for SSI in the absence of DWB.

Because Congress was concerned about the potential cost when it first provided for DWB in 1967, it required widow(er)s to meet a stricter test of disability than workers had to meet. The intent of this provision is to eliminate (1) the inequities resulting from having more restrictive disability rules for widow(er)s and (2) public confusion

* Prepared by the staff of the Office of Legislation and Congressional Affairs (OLCA), Social Security Administration.

about the different tests of disability. The conference report language also expresses the intent of the Congress that, to the extent possible, the Social Security Administration (SSA) should notify individuals affected by this provision.

Section 5104: Adopted child.—Modifies the dependency requirements to permit a child adopted by a surviving spouse to be entitled to benefits based on the deceased worker's earnings if the child was either living with or receiving one-half support from the worker at the time of the worker's death. Regular contributions for support from someone other than the worker or spouse or from a child welfare organization are no longer an automatic barrier to entitlement; such contributions would be "considered" in determining one-half support. The intent of this provision is to reduce potential barriers to adoption by removing requirements that might preclude payment of Social Security benefits in bonafide adoption situations.

Section 5105: Representative payee reforms.—Requires more extensive investigation of representative payee applicants, generally limits deferral or suspension of direct payment of benefits pending selection of a payee to 1 month, allows certain nonprofit social service agencies to charge a statutorily limited fee for providing payee services through June 1994, and provides stricter standards in determining the fitness of representative payee applicants to manage benefit payments on behalf of beneficiaries. If it is established that there has been a misuse of funds due to SSA's negligence in failing to investigate or monitor a representative payee, an amount equal to the misused funds must be paid to the beneficiary or to an alternate payee. The new law also requires a centralized file of beneficiary and payee information. The intent of the provision is to provide additional protection for beneficiaries with representative payees.

Section 5106: Fees for representation of claimants in administrative proceedings; limitation of travel expense reimbursement.—Streamlines the process by which SSA approves fees for representation of claimants who have applied for benefits. In cases where a claimant and an attorney or other representative submit a written agreement to the Secretary, a fee of up to the lesser of 25 percent of past-due benefits or $4,000 is to be paid to the attorney automatically. This provision applies to title II claims and, except for the benefit withholding and direct payment aspects, to title XVI claims. Calculation of the 25 percent of available past due benefits and payment to the attorney is to be done before any reduction for the SSI windfall offset. The intent of this provision is to speed up the attorney fee payment process for most cases. Fees in cases where the requested attorney fee does not meet criteria for automatic payment would continue to be determined under the preexisting fee petition process.

In addition, this provision restricts the amount of reimbursement for travel expenses of individuals who represent Social Security and SSI claimants at administrative proceedings to the maximum amount that would be payable for travel within the geographic area served by the office having jurisdiction over the proceeding. The intent of this provision is to prevent program funds from being spent to pay expenses for representatives who travel long distances to represent claimants.

Section 5107: Applicability of administrative res judicata; related notice requirements.—Provides that if a claimant for Social Security or SSI benefits does not timely appeal an adverse initial or reconsideration determination, and such failure was due to good faith reliance on incorrect, incomplete, or misleading information provided by SSA, any new application the claimant files cannot be denied on the basis that the claimant did not timely appeal the prior determination.

This provision also requires that SSA include, in all initial and reconsideration denial notices, clear and specific language explaining how filing a new claim instead of appealing the prior determination may affect an applicant's entitlement to benefits.

The intent of this provision is to ensure that claimants are fully informed about SSA's use of administrative res judicata[1] for denial of a subsequent application. It is also intended to assure that claimants are not adversely affected by any misinformation SSA might supply.

Section 5108: Demonstration projects relating to accountability for telephone service center communications.—Mandates demonstration projects in not less than three telephone service centers to evaluate the furnishing of a written receipt to any caller who inquires about potential or current

[1] Under the doctrine of res judicata, which is followed by administrative agencies, including SSA, a claim is denied if it involves the same facts and same issues as a prior claim which was denied and was not timely appealed.

eligibility or entitlement to benefits. (A receipt is not required for routine telephone calls that are unrelated to entitlement, such as questions about the location or hours of operation of an office). The intent of this provision is to test the feasibility of sending a written confirmation to those individuals who conduct business with SSA by telephone.

The projects must begin by May 4, 1991, and last at least 1 year but not more than 3 years. The Secretary of Health and Human Services (HHS) must report to the Congress on the demonstration projects not later than 90 days after the termination of the projects.

Section 5109: Notice requirements.—Requires that Social Security and SSI notices be written in clear and simple language. Notices produced in the Social Security office that serves the individual must include the office's address and telephone number. Notices produced elsewhere must contain the address of the field office serving the individual and a telephone number through which that office can be reached. The intent of this provision is to assure that people understand the notices they receive from SSA and that the notices contain the information the recipient needs to contact the local Social Security office.

Section 5110: Telephone access to the Social Security Administration.—Requires that telephone access to local Social Security offices be restored to the level generally available as of September 30, 1989. The Social Security Administration must request that local directories publish the telephone numbers and addresses of local offices that must provide direct telephone access. The intent of this provision is to provide telephone access to local offices at the level in effect immediately before nationwide implementation of the 800 number service in October 1989.

The Secretary of HHS is required to report by January 1, 1993, on the impact of the provision on SSA and on a plan to use new technologies to enhance access to SSA, including local offices. Also requires the General Accounting Office (GAO) to report on the level of telephone access to local offices by March 5 (interim report) and June 3 (final report) 1991.

Section 5111: Amendments relating to Social Security account statements.—Requires that, by October 1, 1999, SSA begin sending annual statements of earnings and potential benefits to all workers covered under Social Security. Prior law had required statements every other year beginning October 1, 1999. Also, with appropriate safeguards, provides for release to SSA of Internal Revenue Service (IRS) address information for mailing the statements.

Section 5112: Trial work period during rolling 5-year period for all disabled beneficiaries.—Provides that a disabled beneficiary will exhaust his or her trial work period only if services are performed in 9 months of any period of 60 consecutive months. Also, provides a trial work period for reentitled disabled workers. The intent of this provision is to give all disability beneficiaries, including reentitled disabled workers, a better opportunity to test their ability to work before they are subject to the loss of disability benefits.

Section 5113: Continuation of benefits on account of participation in a non-State vocational rehabilitation program.—With respect to Social Security and SSI disability and blindness, beneficiaries who medically recover while participating in an approved non-State vocational rehabilitation (VR) program, extends the same benefit continuation rights as are extended to those who medically recover while participating in a State VR program. This provision, based on a recommendation of the 1988 Disability Advisory Council, is intended to ensure equitable treatment regardless of where beneficiaries receive VR services.

Section 5114: Prouty benefits.—Precludes the payment of "Prouty benefits" (originally intended for older workers who did not have an opportunity to become insured for regular benefits) to anyone reaching age 72 after 1990. The provision precludes the unintended payment of Prouty benefits due to the interaction of the 1966 Prouty benefit provision with subsequent changes in the law affecting the minimum benefit. This change does not affect anyone receiving Prouty benefits as of 1990 or earlier.

Section 5115: Modification of advance tax transfer.—Credits the trust funds with Social Security tax receipts as they are collected throughout the month, rather than in advance (at the first of the month), as under prior law. However, the advance tax transfer mechanism is retained as a contingency in the event the trust funds drop to such a low level that advance transfers are needed to pay benefits. The purpose of this provision is to eliminate the complex tax transfers when they are not needed to pay benefits.

Section 5116: Elimination of retroactive reduced benefits.—Repeals the provisions for paying retroactive reduced retirement benefits if (1) retroactive benefits would be fully or partially withheld under the retirement earnings test or (2) unreduced benefits would be payable to auxiliary beneficiaries during the 6-month period. These changes are designed to eliminate some windfall benefits and simplify the Social Security program, thereby reducing payment errors. Persons under age 65 who retire midyear may still begin getting benefits as early as the month of filing.

Section 5117: Old computation methods.—Eliminates and consolidates old computation methods. Benefits of all newly entitled beneficiaries, who would have had their benefits computed under one of the old, little-used computations in prior law, will be computed under a newer method. This provision replaces obsolete computations that apply to small groups of people with simplified computations. It also eliminates the need for a complex, time-consuming software redesign in order to incorporate many of these old computations into the modernized system and eliminates all of the remaining computation methods that would have required manual intervention. Benefit amounts will closely approximate prior law benefits in most cases.

Section 5118: Auxiliary benefits during an extended period of eligibility.—Explicitly suspends benefits to auxiliary beneficiaries when the disabled worker's benefits are suspended because of substantial gainful activity (SGA) during the 36-month extended period of eligibility. The intent of this provision is to clarify the statute; the clarification is consistent with prior SSA policy.

Section 5119: Payment of benefits to a deemed spouse.—Provides benefits to a deemed spouse (a person who entered into an invalid ceremonial marriage in good faith) regardless of whether a legal spouse is entitled to benefits based on the same worker's earnings. Also, provides benefits to divorced deemed spouses. Under this provision, the benefits to the legal spouse are to be paid outside the maximum family benefit—that is, they will not affect, or be affected by, benefits paid to other persons based on the worker's earnings. This provision is intended to address the financial hardship for the deemed spouse, especially the widow, that occurred under prior law when benefits were terminated because of the entitlement of the legal spouse.

Section 5120: Vocational rehabilitation demonstration projects.—Requires the Secretary to conduct demonstration projects permitting disabled beneficiaries to select a qualified public or private rehabilitation provider to furnish them with services aimed at enabling them to engage in SGA and leave the disability rolls. Provides that such projects are to begin as soon as practicable and to run for 3 years in at least three States. An interim report to the Congress on these demonstration projects is required by April 1, 1992, and a final report is due by April 1, 1994. Also, extends from June 9, 1993, to October 1, 1993, the due date of the final report with respect to all other experiments and demonstration projects conducted under section 505 of the Social Security Disability Amendments of 1980.

The intent of this provision is to assess the advantages and disadvantages of giving disabled beneficiaries the option of selecting their own rehabilitation provider.

Section 5121: Legalized aliens (exemption from prosecution).—Provides that persons who have received permanent or temporary legal residence in the United States under specified statutes are not subject to prosecution under the Social Security Act for furnishing false information regarding earnings or misusing a Social Security card (except production and sale of a Social Security card) prior to January 4, 1991. The purpose of the provision is to eliminate the threat of prosecution and thereby encourage aliens who have been granted legal status to correct errors in their earnings records caused by their improper use of a Social Security number or card.

Section 5122: Special minimum benefit.—Reduces the amount of earnings needed to earn a year of coverage toward the special minimum benefit (designed to assist long-term, low-wage workers) from 25 percent of the old-law contribution and benefit base ($9,900 in 1991) to 15 percent ($5,940 in 1991). The intent of this provision is to make it possible once again for a minimum-wage earner to earn years of coverage toward the special minimum. Because the minimum wage had not kept up with wage-indexed increases in the Social Security contribution and benefit base, the level of wages required to earn a year of coverage under the special minimum benefit provision exceeded the minimum wage in the period 1983-90.

Section 5123: Treatment of earnings of corporate directors.—Provides that the earnings of a corporate director are taxed and credited for Social Security purposes in the tax year in which they are received rather than in the tax year in which the director performs services. (The earnings continue to be subject to the retirement earnings test in the tax year in which the director performs the services to which the earnings are attributable.) The provision assures that the point at which the earnings of corporate directors are taxed and credited for Social Security purposes is consistent with the point at which they are taxed for income tax purposes.

Section 5124: Collection of employee Social Security and railroad retirement taxes on taxable group-term life insurance provided to retirees.—Provides that if an employer provides taxable group-term life insurance to a former employee, the former employee is required to pay the employee portion of the FICA tax through the income tax system. The owed tax will be listed separately on the former employee's form W-2, and the form 1040 filing instructions will direct filers to add this amount to their tax liability. The intent of this provision is to relieve employers of the responsibility of collecting the employee share of the FICA tax when there are no employee funds from which the employer can withhold the tax.

Section 5127: Waiver of 2-year waiting period (for certain divorced spouses).—Eliminates the 2-year waiting period for payment of divorced spouse's benefits in situations in which the worker was entitled to benefits before the divorce. This change was prompted by concerns that a newly divorced spouse could suffer serious financial hardship if the spouse's benefits he or she had been relying on were cut off for up to 2 years after divorce because of the ex-spouse's earnings. Under the new law, these divorced spouses could continue to receive benefits without interruption.

Section 5128: Modification of the pre-effectuation review requirement applicable to Social Security Disability Insurance cases.—Changes the present 65-percent review of all favorable State agency Social Security disability decisions to (1) a 50-percent review of disability allowances and (2) a review of a sufficient number of other favorable disability determinations to ensure a high degree of accuracy. To the extent feasible, these reviews must focus on allowances and continuances that are most likely to be incorrect. Requires a report to pertinent congressional committees not later than April 1, 1992, and annually thereafter, setting forth the number of pre-effectuation reviews conducted during the preceding fiscal year and the Secretary's findings relating to the accuracy of State Disability Determination Service determinations. The intent of this provision is to provide a more effective review by focusing on favorable disability determinations that are likely to be incorrect.

Section 5129: Recovery of Old-Age, Survivors, and Disability Insurance (OASDI) overpayments by means of reduction in tax refunds.—Authorizes the recovery of Social Security overpayments from former beneficiaries by means of offsetting any income tax refunds they are due. Individuals will be given an additional opportunity to request waiver or arrange repayment. This authority remains in effect as long as the existing Governmentwide tax refund offset program remains in effect (currently, until January 10, 1994). The intent of this provision is to provide another avenue for recovery of overpayments from those who are no longer receiving Social Security benefits.

Supplemental Security Income Provisions

Section 5031: Exclusion from income and resources of victims' compensation payments.—Excludes from income any payments received by an individual from a State-administered fund established to aid victims of crime. Also excludes victims' compensation payments from resources for the 9-month period beginning with the month after the month they are received, providing recipients show that the amounts are compensation for expenses incurred or losses suffered as a result of crimes. The amendment also provides that SSI eligibility may not be denied because an individual refuses to accept victims' compensation payments.

Section 5032: Attainment of age 65 not to serve as a basis for termination of eligibility under section 1619(b).—Continues Medicaid-only eligibility beyond age 64 under the section 1619(b) work incentive provision for individuals whose SSI eligibility is based on a determination of disability or blindness. The intent is to continue section 1619(b) Medicaid protection to disabled and blind individuals who are working and not receiving cash benefits and who otherwise would lose eligibility for Medicaid on reaching age 65.

Section 5033: Exclusion from income of impairment-related work expenses.—Expands the impairment-related work expense (IRWE) income exclusion to exclude IRWEs in determining SSI and State supplement initial eligibility (and reeligibility). (IRWEs are already excluded in determining ongoing eligibility and benefit amounts.) This provision is intended to strengthen the work incentive effects of the IRWE exclusion by eliminating the requirement that an individual first meet the Federal SSI income test without benefit of the IRWE exclusion before the exclusion applies. This requirement had made some working disabled persons ineligible for SSI benefits unless they reduced their earnings temporarily in order to qualify without the IRWE exclusion.

Section 5034: Treatment of royalties and honoraria as earned income.—Treats royalties on published works and honoraria for services as earned, rather than unearned, income. This change extends the more liberal earned income disregards to certain royalties and honoraria.

Section 5035: Certain State relocation assistance excluded from SSI income and resources.—Through April 1994, excludes from income certain payments received as State or local government relocation assistance. (Comparable Federal relocation assistance provided under title II of the Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 is already excluded for SSI purposes.) Generally, such assistance is paid to individuals displaced by public or publicly assisted programs of real property acquisition. If not expended, such payments also will be excluded from resources for a 9-month period beginning with the month after they are received.

Section 5036: Evaluation of child's disability by pediatrician or other qualified specialist.—Requires that the Secretary make reasonable efforts to ensure that a qualified pediatrician or a specialist in an appropriate field of medicine evaluates the eligibility of a child under age 18 for SSI disability benefits. The intent of this provision is to assure accurate child disability determinations by having qualified medical specialists make evaluations.

Section 5037: Reimbursement for vocational rehabilitation services furnished during certain months of nonpayment of SSI benefits.—Authorizes reimbursement for otherwise reimbursable VR services provided in months for which individuals were not receiving Federal SSI benefits but (1) were in "special status" under section 1619(b), (2) were in suspended benefit status, or (3) were receiving federally administered State supplementary payments. This change implements a recommendation of the 1988 Disability Advisory Council that VR agencies be reimbursed for all VR services that result in successful rehabilitations, including services provided in months when an individual was not eligible for a Federal SSI benefit.

Section 5038: Extension of period of presumptive eligibility for benefits.—Extends from 3 to 6 the number of months for which SSI benefits may be paid on the basis of presumptive disability or blindness. As under the prior 3-month provision, the payments are not overpayments if the applicant is found not to be disabled. The provision is designed to relieve the financial hardship on persons who qualify for payment based on presumptive disability or blindness but for whom a final decision is not made before the end of the prior law 3-month period.

Section 5039: Continuing disability or blindness reviews not required more than once annually.—Limits SSI continuing disability reviews (CDRs) for purposes of the work incentive provisions of section 1619 to no more than one in any 12-month period. The provision is intended to reduce the perceived work disincentive effect of frequent CDRs. (The amendment will have no practical effect because it already is SSA policy not to schedule CDRs more frequently than once in 12 months.)

Section 5040: Concurrent SSI and food stamp applications by institutionalized individuals.—Modifies the requirements relating to SSI and food stamp applications for individuals about to be released from a public institution to allow for the use of separate, but concurrent, applications. Previously, the law had required that a single application for both SSI and food stamps be used for these cases.

Section 5041: Notification of certain individuals eligible to receive retroactive benefits.—Requires the Secretary, in notifying individuals eligible for retroactive benefits under **Zebley** (a Supreme Court decision that requires SSA to reopen many previously denied childhood disability determinations and which will result in large retroactive SSI payments), to provide a clearly written notice explaining (1) that retroactive payments are excluded from resources under SSI for only 6 months; (2) the potential effects on future SSI eligibility of retroactive payments; (3) the possibility of establishing a trust account that would not be considered as income or resources under SSI; and (4) that legal assistance in establishing such a trust may be available from various legal referral services. The provision is designed to ensure that individuals receiving payments under **Zebley** are aware of the effects of retroactive payments.

Title IV: Medicare, Medicaid, and Other Health-Related Programs

Medicare

Section 4203: Extension of enforcement of Medicare as secondary payor provisions.—Extends through September 30, 1995, the 1989 Omnibus Budget Reconciliation Act provision that requires SSA and IRS to work together to identify from their records the employers of Medicare beneficiaries (or their spouses) so that the Health Care Financing Administration (HCFA) can determine if the beneficiary has group health insurance coverage that is primary to Medicare.

Section 4207: Delegation of authority to Inspector General.—Clarifies the authority of the Secretary of HHS to delegate to the Office of the Inspector General the responsibility for conducting investigations and imposing penalties under section 1140 of the Social Security Act. Section 1140 prohibits the use of the Social Security Administration name, symbols, emblems, or acronyms in connection with any advertisement, mailing, broadcast, or any other publication, in a manner that conveys the false impression that the item is approved or authorized by SSA or HCFA and provides for civil money penalties for violators.

Section 4301: Increase Part B premium.—Increases the Supplementary Medical Insurance (Part B) premium to $29.90 in 1991; $31.80 in 1992; $36.60 in 1993; $41.10 in 1994; and $46.10 in 1995. The increase in the Part B premium requires a higher percentage of the cost of the program to be paid for by or for enrolled people (see section 4501).

Sections 4359 and 4361: Health insurance advisory service and Medicare and Medigap information.—Requires the Department of HHS to provide information, counseling and assistance for Medicare-eligible individuals concerning eligibility for Medicare and Medicaid benefits, the process of applying for benefits, the nature of covered and noncovered services, Medicare supplemental insurance policies ("Medigap" protection), and other health insurance matters. This assistance is generally to be provided through local Federal offices, such as SSA offices, that provide Medicare information and community outreach programs. The Department of HHS is also required to provide information, through a toll-free telephone number, about the Medicare program and Medicare supplemental insurance policies.

Also requires HHS to conduct demonstration projects in up to five States for the purpose of establishing Statewide toll-free telephone numbers for information on Medicare, Medigap insurance policies, and benefits available under State Medicaid programs.

Medicaid

Section 4501: Phased-in extension of Medicaid payment of Medicare premiums for certain individuals with incomes below 120 percent of the official poverty line.—Advances to 1991 the requirement that State Medicaid programs pay the Medicare premiums, deductibles, and coinsurance for qualified Medicare beneficiaries whose incomes are 100 percent or less of the Federal poverty level. For States that do not cover all SSI recipients (the so-called 209(b) States), advances coverage of qualified Medicare beneficiaries to 1991 for those with incomes up to 95 percent of poverty and to 1992 for those with incomes up to 100 percent of poverty. For all States, the requirements for paying Medicare Part B premiums will apply to persons with incomes of 110 percent or less of poverty in 1993 and 1994 and 120 percent or less of poverty in 1995 and after. For purposes of determining income levels, title II cost-of-living adjustments will not be taken into account until the month after the month the Federal poverty level is published.

Section 4601: Phased-in mandatory coverage of children up to 100 percent of poverty level.—Phases in required Medicaid coverage of children aged 7-18 where family income does not exceed 100 percent of the Federal poverty level for a family of its size. The coverage is phased in as children born after September 30, 1983, attain age 7. Prior law continues to apply to children aged

6 and under: Medicaid coverage is mandatory if family income does not exceed 133 percent of poverty.

Section 4724: Optional State Medicaid disability determinations independent of SSA.—Clarifies that States are allowed to make determinations of disability and blindness for Medicaid eligibility purposes using SSI standards. State determinations are effective until final determinations are made by SSA.

Title VII: Civil Service and Postal Service Programs

Miscellaneous

Section 7201: Computer matching and privacy provisions.—Modifies provisions relating to independent verification of information obtained by computer matching that leads to an adverse action and requirements for notifying individuals before an adverse action becomes effective. Permits an agency administering a Federal benefit program to take an adverse action against a beneficiary on the basis of data obtained from a Federal computer matching program without independent verification, if the appropriate Data Integrity Board has certified that the matched information has been found to be highly reliable. However, because certification as to the "highly reliable" nature of certain matched information may take some time, a special provision waives the requirement for independent verification in the absence of such certification in the case of SSI, Medicaid, AFDC, and food stamps until the earlier of: 30 days after publication of Office of Management and Budget guidelines for certification by Data Integrity Boards, or the date the Board certification occurs.

Section 7201 also provides that, prior to taking an adverse action, an agency must either give the individual a 30-day advance notice or apply an alternative notice period established by statute or regulation.

This provision will make it easier for agencies administering programs such as SSI, Medicaid, ADFC, and food stamps to use information provided by Federal agencies. It will allow SSA to take adverse actions in the SSI program without independent verification of data found to be highly accurate.

Title VIII: Veterans' Programs

Miscellaneous

Section 8051: Use of IRS and SSA data for income verification.—Authorizes the Secretary of Veterans Affairs to access, with appropriate safeguards, Social Security and IRS data to verify the income of applicants for or recipients of certain veterans compensation or pension benefits. Individuals whose incomes are to be verified must be notified in advance of these verification procedures. The General Accounting Office is to conduct a study of the effectiveness of this provision and submit a report to the Congress no later than January 1, 1992; the provision is due to terminate after September 30, 1992.

Section 8053: Requirement of claimants to report Social Security numbers; use of death information by the Department of Veterans Affairs.—Requires, as a condition of eligibility, that applicants for or recipients of veterans compensation or pension benefits provide their Social Security number (SSN) and the SSN of any dependents. Also requires the Department of Veterans Affairs (DVA) to periodically check HHS death information with respect to DVA beneficiaries.

Title XI: Revenue Provisions

Individual Income Tax Provisions

Sections 11111 and 11115: Modifications of earned income tax credit and treatment for Social Security purposes.—Liberalizes the earned income tax credit (EITC) by increasing the maximum basic credit available to eligible families (families including a dependent child meeting a relationship, residency, and age test) and by adjusting the maximum credit amount upward if the family has two or more children. Also provides new supplemental credits for a child under age 1 and for certain health insurance premium expenses.

Also, excludes from income and resources (for the month of receipt and the following month) under SSI, AFDC, and Medicaid the total amount of any refund of Federal income taxes [illegible] and any payment made by an employer for advance payment of EITCs.

Section 11112: Requirement of identifying number for certain dependents.—Requires a Taxpayer Identification Number (usually a SSN) for anyone who has attained ge 1 (instead of age 2, as under ior law) as of the close of the xable year. This applies to returns r taxable years beginning after ecember 31, 1990.

ther Revenue Provisions

Section 11331: Increase in the ospital Insurance contribution ase.—Increases the amount of rnings subject to the Hospital surance (HI) tax to $125,000 for 91. For years after 1991, the nount is indexed to increases in e average wages in the economy. ie limit on earnings subject to the ASDI tax ($53,400 for 1991) is not fected by the amendment.

Section 11332: Coverage of rtain State and local employees ider Social Security.—andatorily covers under Social curity employees of State and cal governments who are not vered under a retirement system. rsons who are affected by this ange and who were not already vered for purposes of the Hospital surance portion of Medicare are so covered under that program. udents employed by the lucational institution they are ending are excluded. The ovision extends Social Security verage to those State and local nployees who have no protection ider a retirement system.

Section 11334: Deposits of yroll taxes.—Beginning in 1991, celerates the schedule under iich certain employers whose thheld Social Security and income kes total $100,000 or more must posit those taxes in a Federal serve Bank or authorized ancial institution.

One-Year Extension of Certain Expiring Tax Provisions

Sections 11403 and 11404: Employer-provided educational assistance and group legal services plans.—Extends the exclusion for income tax and Social Security purposes of: (1) amounts paid or expenses incurred by an employer under a qualified educational assistance program and (2) amounts paid by an employer to, or services or amounts received by an employee under, a qualified group legal services plan.

Section 11901: Increase in public debt limit.—Increases the permanent statutory debt limit from $3.123 trillion to $4.145 trillion.

Title XIII: Budget Enforcement[2] [3]

Amendments to 1985 Gramm-Rudman-Hollings Act and Related Amendments

Section 13101: Sequestration.—Revises the Gramm-Rudman-Hollings (GRH) Act to provide for "mini-sequesters" relating to specified discretionary spending categories for fiscal years (FY) 1991-93, across-the-board discretionary spending sequesters for FY 1994-95, and sequesters to enforce new "pay-as-you-go" rules for FY 1992-95. These sequestration provisions are in addition to the overall deficit reduction sequester already provided. Social Security and SSI benefit payments remain exempt from all sequestration provisions. Administrative expenses for Social Security and SSI are not exempt from sequester. (Although the Omnibus Budget Reconciliation Act of 1990 (OBRA) excludes the trust funds from the budget as well as GRH, other provisions of OBRA specifically address Social Security administrative expenses; the Office of Management and Budget (OMB) determined that SSA's administrative expenses, excluding OASDI administrative expenses, are considered as discretionary spending and are not excluded from sequesters.)

Mini-sequesters can occur with respect to each of three categories of discretionary spending: defense, international, and domestic. Pay-as-you-go sequesters can be imposed on all nonexempt accounts to offset net GRH deficit increases caused by direct spending (including the SSI program) that are enacted without appropriate offsets.

Section 13111: Temporary amendments to the Congressional Budget Act of 1974.—Provides new GRH deficit targets (excluding the Social Security trust funds) as follows:

[Amounts in billions]

Fiscal year	Old law	New law
1988	$144	...
1989	136	...
1990	100	...
1991	64	$327
1992	28	317
1993	...	236
1994	...	102
1995	...	83

[2] Title XIII may also be cited as the Budget Enforcement Act of 1990.

[3] For further information see chapter 2 of **The Economic and Budget Outlook: Fiscal Years 1992-1996 A Report to the Senate and House Committees on the Budget,** Congressional Budget Office, January 1991.

The new deficit targets reflect changes in the economy, the exclusion of Social Security trust fund operations, and the inclusion of deposit insurance (including the savings and loan "bailout"). These targets may be adjusted by the President to reflect future economic and technical factors.

This section also establishes separate limits on discretionary spending by category (defense, international, and domestic spending) for FY 1991 through FY 1993, and overall discretionary spending for FY 1994 and FY 1995. These amounts are also subject to modification as part of the ongoing budget process.

A major emphasis in the next few years is expected to be on discretionary spending limits and pay-as-you-go requirements. Social Security and SSI benefits are not considered discretionary, but administrative expenses for these programs are. Also, SSI benefits are considered direct spending for purposes of the pay-as-you-go requirements; separate pay-as-you-go rules (sections 13301-13303) apply to Social Security. Finally, this section requires that Social Security spending authority and outlays be included in the conference report accompanying the annual Congressional Budget Resolution.

The major effects of these changes, including the OMB interpretation relating to OASDI administrative expenses, for SSA are:

(1) Social Security trust fund operations are generally excluded from the budget totals; separate fiscal-integrity rules apply to Social Security.

(2) SSA's administrative expenses (that is, funds in the Limitation on Administrative Expenses account) remain subject to sequester, including the new mini-sequester provision to enforce the discretionary domestic spending cap, and sequesters to enforce the pay-as-you-go rules for direct spending programs.

(3) SSI benefit expenditures, while excluded from the discretionary domestic spending caps, are counted for purposes of the pay-as-you-go rules, so that, for example, legislation increasing outlays in these areas will need to include offsetting changes so as to avoid increasing the overall budget deficit.

Permanent Amendments to the Congressional Budget Act

Section 13203: Debt increase as measure of deficit; display of Federal retirement trust fund balance procedure.—Amends the Congressional Budget Act to require that congressional budget resolutions show certain information relating to the national debt—the amount by which the budget resolution would increase the national debt and the balances in Federal retirement trust funds. (These trust funds, like the Social Security trust funds, generally are invested in Federal securities that are included in the national debt.)

Social Security[4]

Section 13301: Off-budget status of OASDI Trust Funds.—Provides generally that the operation of the OASDI Trust Funds will not be counted as receipts, new budget authority, outlays, or deficit or surplus for purposes of the President's budget, the congressional budget, and the Balanced Budget and Emergency Deficit Control Act of 1985 (GRH). The intent of the provision is to end the practice of allowing annual Social Security trust fund surpluses (or deficits) to obscure the annual deficit (surplus) in other Government accounts and to reduce pressure to make changes in Social Security for budgetary purposes.

This section also specifically amends the provision of law relating to the congressional budget resolution to exclude OASDI outlay and revenue totals from surplus or deficit calculations for purposes of the congressional budget. This provision does not, however, exclude Social Security from the budget resolution; other provisions call for inclusion of Social Security in the budget resolution for purposes of spending and revenue allocations to committees and for purposes of enforcement of the Senate "firewall" provisions (see section 13303).

Section 13302: Protection of OASDI Trust Funds in House of Representatives.—Makes it out of order for the House of Representatives to consider legislation that would increase OASDI benefits or decrease OASDI taxes by at least 0.02 percent of taxable payroll over the next 75 years, or by more than $250 million over the next 5 fiscal years (in combination with any other OASDI legislation enacted in that year or the previous 4 fiscal years). An exception is provided if the legislation under consideration

[4] For further information, see **Social Security: Its Removal From the Budget and New Procedure for Considering Changes to the Program**, a Report for Congress, prepared by David Koitz, Specialist in Social Legislation, Education and Public Welfare Division, Congressional Research Service, Library of Congress.

provides for increases in OASDI taxes that offset the amount by which the legislation would increase benefits in excess of the thresholds over the applicable measuring period. There is also an exception if the legislation that reduces Social Security revenues includes an equivalent increase in Medicare taxes. This point of order may be waived by a majority vote in the House. The intent of this provision is to protect the financial soundness of Social Security, in the absence of the fiscal restraints imposed by the GRH law, by establishing fiscally responsible guidelines for House consideration of Social Security legislation.

Section 13303: Social Security firewall in the Senate.—Amends the Congressional Budget Act to make it out of order in the Senate to consider any concurrent budget resolution that, as reported by the Budget Committee, would decrease the excess of Social Security revenues over outlays during the years covered by the resolution. [5] Also, makes it out of order in the Senate to consider any legislation that would increase Social Security outlays or decrease revenues from the amounts in the concurrent budget resolution for the current and next 4 fiscal years. A three-fifths majority is required to waive these points of order. The intent of this provision is to protect the financial soundness of Social Security, in the absence of the fiscal restraints imposed by the GRH law, by establishing fiscally responsible guidelines for Senate consideration of Social Security legislation.

[5] The FY 1992 concurrent budget resolution as passed by the Senate on April 25, 1991, contains a provision that would extend this point of order to floor amendments for purposes of the FY 1992 resoultion.

Section 13304: Statement of actuarial balance.—Requires a finding in the annual OASDI Trustees' Report as to whether the trust funds are in close actuarial balance, as defined by the Trustees of the Social Security trust funds. The provision is effective for reports issued in or after 1991. The provision is intended to ensure that the annual trustees' reports include a statement as to whether the trust funds are in close actuarial balance—a practice that has generally been followed in the past.

Treatment of Fiscal Year 1991 Sequestration

Section 13401: Restoration of sequestered funds.—Restores any amounts sequestered in FY 1991 under orders issued in accordance with the GRH deficit reduction provisions. The purpose of the provision is to reverse any actions to implement the FY 1991 sequestration orders and restore any budgetary resources withheld as a result of these orders.

ACTION ON BUDGET RESOLUTIONS
H.Con.Res. 310/S.Con.Res. 110

1. House Committee on the Budget Concurrent Resolution on the Budget, Fiscal Years 1991-1995
House Report No. 101-455 (to accompany H.Con.Res. 310)--
April 23, 1990 (excerpts)

2. House Debate on H.Con.Res. 310--Congressional Record--
April 25, 26, and May 1, 1990 (excerpts)

3. House-Passed Bill
H.Con.Res. 310 as Reported to Senate--May 4, 1990

4. Senate Passed H.Con.Res. 310
(Amended to contain S.Con.Res. 110, as amended--Senate insisted on its amendments, requested conference, and appointed conferees)--Congressional Record--June 14, 1990

5. Committee on Conference Submitted Conference Report on Concurrent Resolution on the Budget--Fiscal Years 1991-1995
House Report No. 101-802 (to accompany H.Con.Res. 310)--
October 4, 1990

6. House Rejected Conference report--Congressional Record--
October 4, 1990

7. House Agreed to Revised Conference Report on
H.Con.Res. 310--Congressional Record--October 7, 1990

8. Senate Agreed to Revised Conference Report on
H.Con.Res. 310--Congressional Record--October 8, 1990

101st Congress
2d Session

HOUSE OF REPRESENTATIVES

Report
101-455

CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1991

REPORT

OF THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H. Con. Res. 310

SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEARS 1991, 1992, 1993, 1994, AND 1995

TOGETHER WITH

SUPPLEMENTAL, ADDITIONAL, AND MINORITY VIEWS

Serial No. R-3

April 23, 1990.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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101ST CONGRESS
2d Session } HOUSE OF REPRESENTATIVES { REPORT
101-455

CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1991

APRIL 23, 1990.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PANETTA, from the Committee on the Budget, submitted the following

REPORT

together with

SUPPLEMENTAL, ADDITIONAL, AND MINORITY VIEWS

[To accompany H. Con. Res. 310]

I. THE COMMITTEE'S FISCAL POLICY FOR REBUILDING AMERICA

A. Overview of the Committee's budget

The dramatic changes in the world in the last year, especially in Eastern Europe, provide the Nation with an unprecedented opportunity to move towards its most important economic, social and political goals. The Committee's fiscal policy maintains a strong national security and international presence, eliminates the budget deficit, increases national saving and private investment, and reallocates budget resources to public investments which enhance economic growth and social equity.

The Committee's budget has the following features:

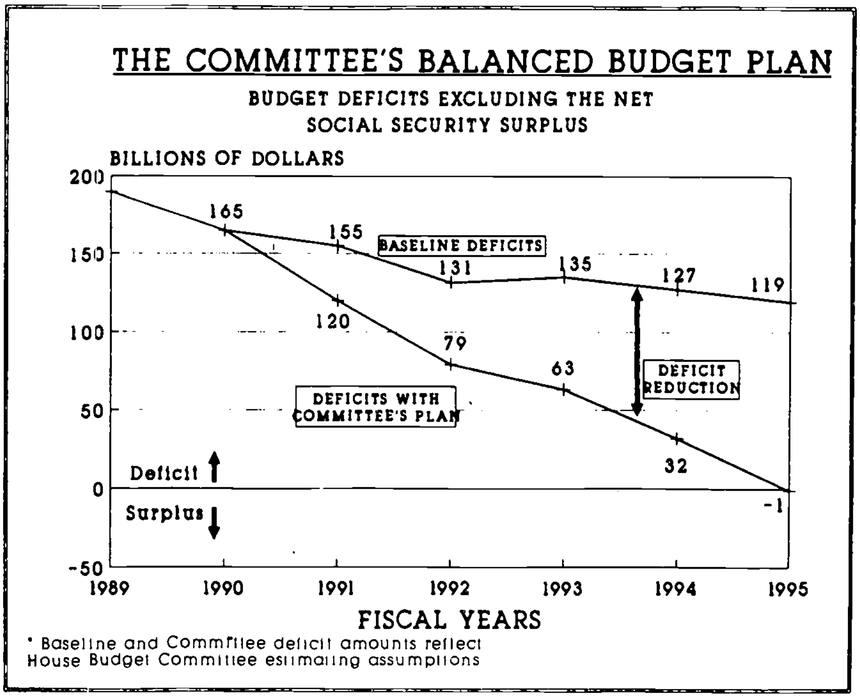
Looks Forward With a Five-Year Program

Rather than myopically focusing on one year's deficit, this budget plans *for the future*. Over the five years 1991-1995 it achieves *long-term* deficit reduction and continuing reallocation of national resources from military uses to high-priority domestic investments and assistance to new democracies abroad.

Balances the Budget Without Using the Social Security Surplus

The net Social Security surplus is excluded from the budget to emphasize the underlying non-Social Security deficit. As shown in Figure 1, the budget is balanced by 1995 *without using the net Social Security surplus.* GRH would be allowed to expire in 1994, as provided in current law.

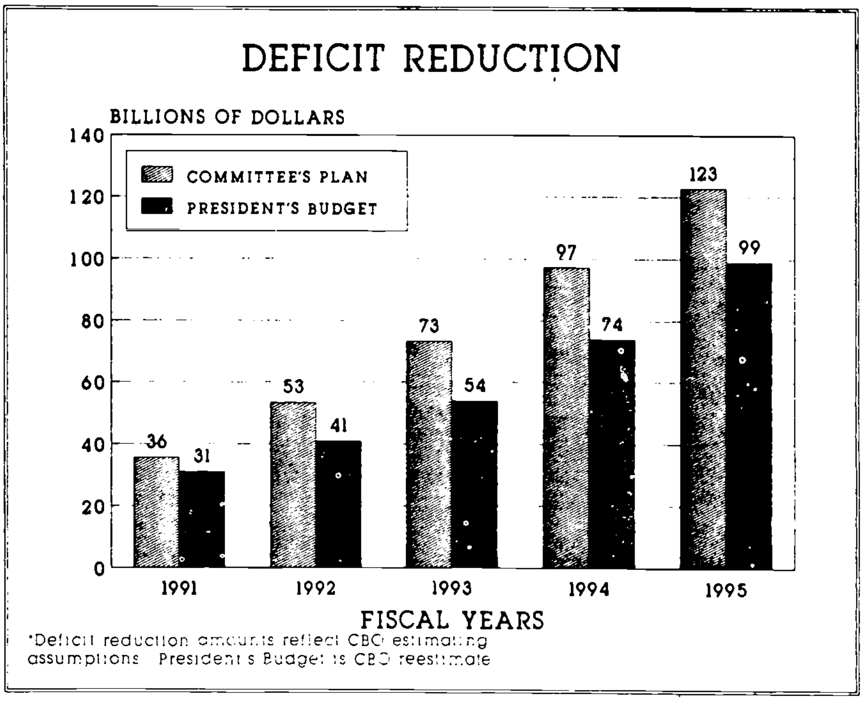
FIGURE 1



Achieves More Deficit Reduction than the President's Budget and Meets All GRH Deficit Targets

The budget plan produces $487 billion—almost one-half trillion dollars—of gross deficit reduction during 1991-1995. After including increased spending on high-priority initiatives, the net deficit reduction is $382 billion on CBO estimating assumptions. Net deficit reduction is greater than that in the President's budget in every year, as shown in Figure 2. The plan *meets the Gramm-Rudman-Hollings (GRH) deficit target of $64 billion in 1991* using Office of Management and Budget (OMB) estimating assumptions. In addition, *it easily reaches the GRH targets of a $28 billion deficit in 1992 and a zero deficit in 1993 even though it uses more realistic estimating assumptions than those of OMB.* The deficit reduction over five years is composed of two-thirds (68 percent) spending reductions and one-third (32 percent) revenue increases. However, because the spending reductions continually grow in relative importance, they rise to over three-fourths (76 percent) of the deficit reduction by 1995.

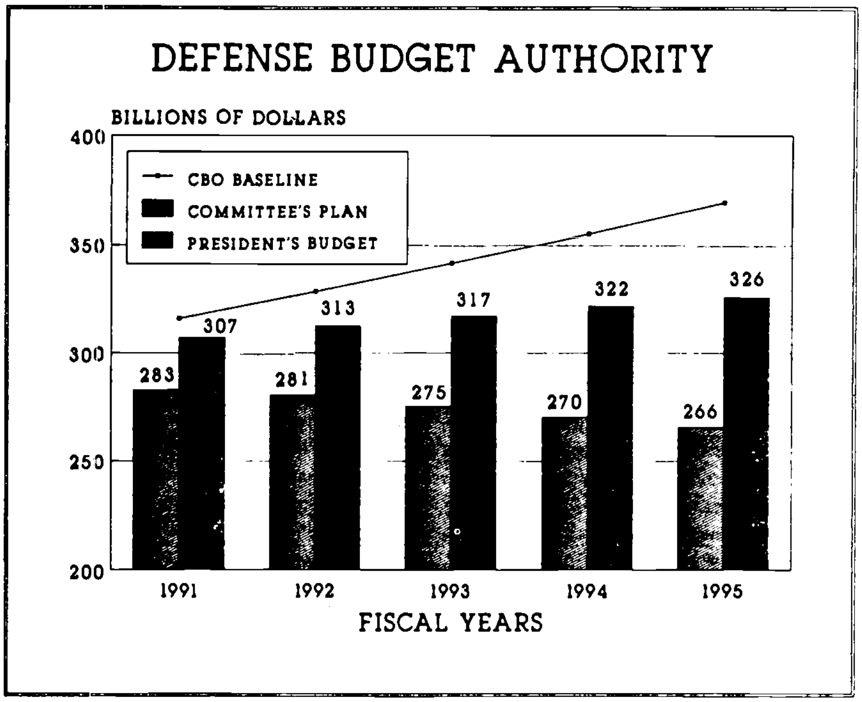
FIGURE 2



Reduces Defense Spending Significally but Prudently Over the Long Term

The Committee recommends that defense spending be reduced significantly but gradually, both for national security reasons and to minimize the disruption to local economies and individuals. The Committee disagrees with the President's plan to increase defense spending in spite of the changing world realities. The budget plan emphasizes *large reductions in defense budget authority in 1991*, especially in weapons procurement, but recognizes that actual spending can be reduced only gradually. *However, after five years defense spending in real terms is reduced by about 25 percent,* pointing towards a possible reduction of 50 percent by the end of the decade if national security conditions warrant. Of the $250 billion "peace dividend" realized during 1991-1995, $140 billion (56 percent) is used to reduce the deficit, while $110 billion (44 percent) is reallocated to domestic uses. To alleviate possible hardship during this transition, *economic adjustment assistance* is provided for impacted workers and communities. Figure 3 shows the decline in the defense program recommended by the Committee as compared with the defense spending proposed by the President and the constant real defense program of the Congressional Budget Office (CBO) baseline.

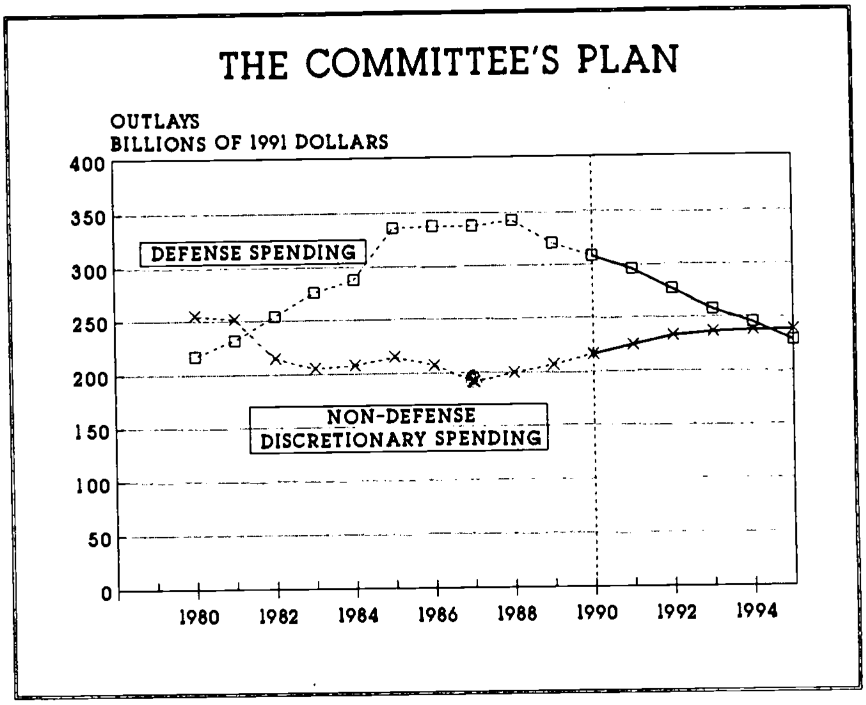
FIGURE 3



Changes National Priorities to Investments in Economic Growth, Social Equity and Democracy

The $382 billion in deficit reduction over five years reduces interest rates, stimulating *private* investment and economic growth. In addition, *approximately $110 billion of public resources are shifted from military uses to domestic and international purposes on a pay-as-you-go basis.* (This amount includes the House-passed child care legislation.) As shown in Figure 4, this change in national priorities in the Committee plan will bring non-defense discretionary spending back above the level of defense spending for the first time since President Reagan's reversal of national priorities in 1981. The President's budget proposes no such readjustment of priorities. As Figure 4 indicates, the President proposes very little decline in real defense spending, and no real increase in non-defense discretionary spending in 1991-1995.

FIGURE 4


THE COMMITTEE'S PLAN
OUTLAYS
BILLIONS OF 1991 DOLLARS
400
350
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DEFENSE SPENDING
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DISCRETIONARY SPENDING
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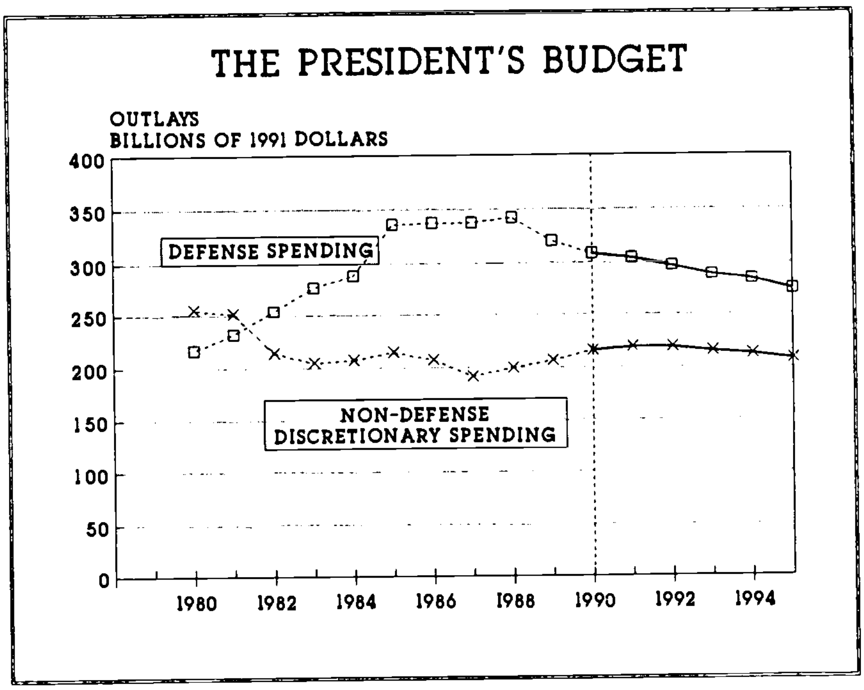
THE PRESIDENT'S BUDGET
OUTLAYS
BILLIONS OF 1991 DOLLARS
400
350
300
250
200
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50
0
DEFENSE SPENDING
NON-DEFENSE
DISCRETIONARY SPENDING
1980
1982
1984
1986
1988
1990
1992
1994

The Committee budget makes major *physical capital investments* in aviation, highways, and housing. A *competitiveness and economic adjustment package provides new resources for research, technology, and science* to raise productivity. *Human capital* is enhanced through major funding increases in education, training, health and child care. Substantial investments are devoted to *repairing damage from the past*—to cleaning up nuclear and toxic wastes, reducing the menaces of drugs and AIDS, and ameliorating inadequate nutrition, health care and housing. Finally, funding is increased for international affairs programs which will enhance American leadership in an emerging democratic world.

Avoids the Most Unfair Cuts Proposed by the President

The President proposed to eliminate cost-of-living adjustments (COLAs) for Federal civilian and military retirees in 1991 and to reduce such adjustments in later years. He proposed $5.2 billion in 1991 Medicare spending cuts ($47.6 billion over five years) as well as increased payroll taxes. The President also made major cuts in Federal employee health benefits, Commodity Credit Corporation and crop insurance, power marketing and many other programs. In addition he proposed increasing Federal civilian and military pay by only 3.5 percent in 1991, below the projected rate of inflation and Social Security COLA.

The Committee recommends instead that full COLAs be paid to Federal civilian and military retirees in 1991 and later years, in line with those for Social Security recipients. It also recommends that 1991 pay for our Federal civilian and military employees be increased by 4.1 percent, the same rate as the COLA increases for retirees. It does not propose the cuts in Federal employee health benefits and power marketing programs, and he recommends substantially smaller reductions in the Medicare and agriculture programs.

Uses More Realistic Economic and Technical Estimating Assumptions

Although OMB estimating assumptions are used for 1991 because OMB is mandated by law to make the 1991 GRH deficit projection, more realistic economic and technical estimating assumptions, moving towards those of the Congressional Budget Office, are used for 1992–1995.

THE COMMITTEE'S BUDGET PLAN: DEFICIT REDUCTION

[Fiscal years; in billions of dollars]

	1991	1992	1993	1994	1995	5-yr total
Baseline deficit [1] (excludes Social Security)	155.2	131.5	135.2	127.2	119.2	668.2
Defense	−11.5	−30.2	−50.5	−69.7	−88.8	−250.7
Non-defense discretionary	−0.9	−1.3	−1.7	−1.8	−1.8	−7.5
Entitlements	−3.8	−4.9	−4.6	−4.8	−5.0	−23.2
User fees	−1.4	−1.4	−1.4	−1.4	−1.5	−7.1
Revenues	−13.9	−18.0	−19.0	−21.0	−23.0	−94.9
Other savings and adjustments	−9.3	−8.3	−7.7	−8.4	−8.3	−42.1
Debt service	−1.4	−5.1	−10.5	−17.6	−26.9	−61.6

THE COMMITTEE'S BUDGET PLAN: DEFICIT REDUCTION—Continued

[Fiscal years; in billions of dollars]

	1991	1992	1993	1994	1995	5-yr total
Gross deficit reduction	−42.1	−69.2	−95.5	−124.9	−155.4	−487.1
Deficit without initiatives	113.0	62.3	39.7	2.3	−36.2	181.1
Initiatives to rebuild America [2]	6.4	15.6	21.3	25.4	28.7	97.3
Debt service	0.2	1.0	2.3	4.0	6.1	13.6
Deficit (excludes Social Security)	119.7	78.8	63.2	31.7	−1.4	292.0
Memoranda:						
Gramm-Rudman-Hollings deficit (includes Social Security)	63.8	16.1	−2.4			
Distribution of net deficit reduction:						
Revenues (policy)	50%	41%	32%	27%	24%	32%
Outlays (policy)	50%	59%	68%	73%	76%	68%

[1] The baseline deficit excludes the Social Security surplus net of intrabudgetary transactions.

[2] The initiative total excludes the child care legislation (H.R. 3), which has been passed by the House of Representatives and is included in the baseline.

Note.—Figures may not add due to rounding.

B. Resources for Private Investment: Balancing the Budget and Saving the Social Security Surplus

The U.S. economy is expected to continue operating near its potential, i.e., the highest level of capital utilization and the lowest level of unemployment consistent with a stable rate of inflation. (See Chapter III.) Therefore, the problem for fiscal policy is not to increase the utilization of unused resources, but to increase the productivity of the resources we employ: providing more (and more efficient) plant and equipment and better education and training to the American work force. This is required if we desire higher standards of living in the 1990s, and will be a necessity for supporting the baby boom generation in its retirement in the 21st Century, *no matter what means of financing Social Security is chosen.* Because improvement in investment and productivity is gradual and incremental in its results, we need to start these improvements now.

In the 1980s, Federal borrowing directly crowded out private housing and business investment. Foreign capital supplemented domestic saving, allowing more investment than if we had had to rely solely on domestic saving, but net investment still did not come up to the levels of the 1970s. But the foreign capital inflow ran down our international net investment position by around $800 billion. There will be an increasing drain on our resources available for investment as we service this rising level of international indebtedness.

Saving, investment, and foreign capital

Table 2 and Figure 5 demonstrate three crucial aspects of the economy of the 1980s.

TABLE 2.—U.S. SAVING AND FOREIGN CAPITAL

[Calendar years]

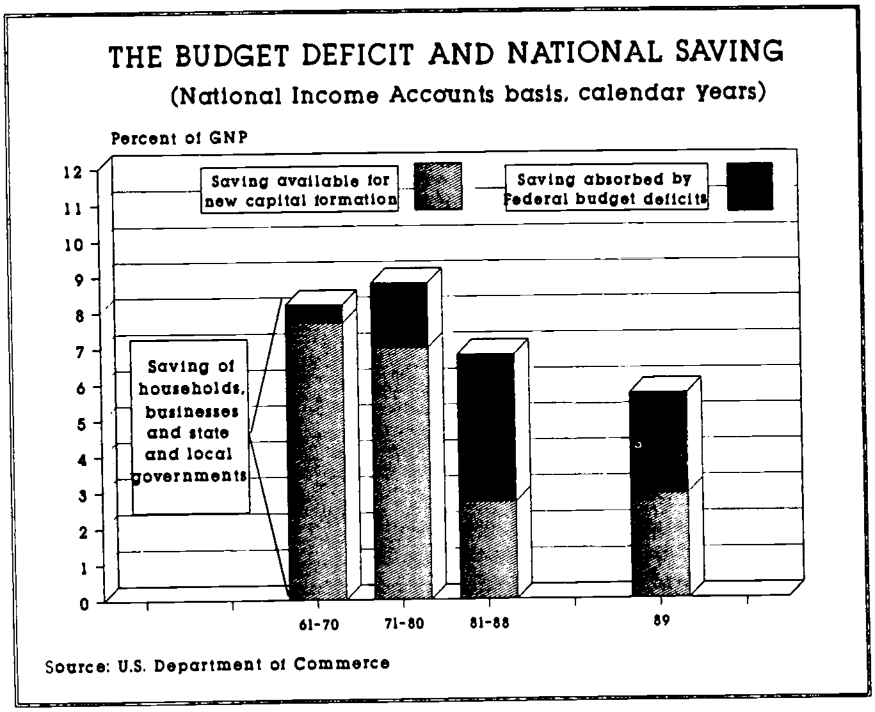
	Personal saving, percent of disposable income	Saving and investment, percent of GNP [1]				
		Saving, non-Federal	Federal surplus +/ deficit −	Net national saving	Foreign capital inflow + (outflow −)	Net fixed investment
1949–80 average	7.1	8.0	−0.7	7.3	−0.3	6.2
1961–70	6.9	8.2	−0.5	7.7	−0.6	6.1
1971–80	7.9	8.8	−1.8	7.0	−0.2	6.0
1981–88	5.2	6.8	−4.1	2.7	+1.8	4.2
1989	5.4	5.7	−2.8	2.9	+1.8	3.7

[1] "Non-Federal" saving (saving by individuals and businesses plus the surpluses of state and local governments) plus Federal surplus equals net national saving. National saving plus foreign capital inflow is equivalent to net fixed investment with some adjustments, e.g., inventory investment and statistical discrepancy. Net fixed investment consists of investment in housing, plant, and equipment over and above the amount required to replace worn-out capital. All data are from the U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts (NIPA).

Despite tax changes enacted in the 1980s that were intended to encourage saving, including reductions in marginal income tax rates in the 1981 tax act and again in the 1986 tax reform act, the personal saving rate and also the aggregate "non-Federal" saving rate (saving by individuals, businesses, and State and local governments) were both *lower* in the 1980s than in earlier decades. This confirmed the conclusions of many economists and tax experts that tax reductions and tax breaks for saving tend to shift the form in which savings are held rather than encourage more total saving.

Large budget deficits absorbed half or more of non-Federal saving, leaving "net national saving" (the domestic saving available to finance investment in housing, plant, and equipment) at only 40 percent of its rate in the 1970s. This emphatically supports the further conclusions of economists and tax experts that even those tax breaks that may encourage additional *personal* saving do not add to *national* saving, because the increase in the deficit offsets the personal saving.

FIGURE 5

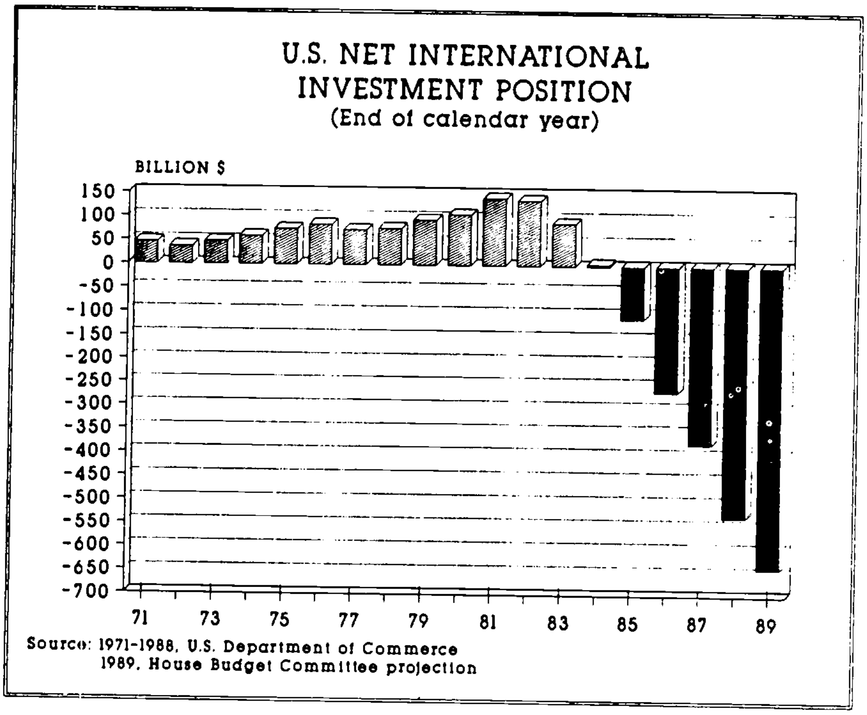


An unprecedented foreign capital inflow supplemented domestic saving. Still, net fixed investment in the 1980s has only been about 4 percent of GNP, compared with 6 percent in the 1970s and earlier.

Foreign indebtedness

At the end of 1981, the U.S. held claims on foreigners in excess of foreigners' claims on us to the amount of $141 billion, according to the official Commerce Department statistics. By early 1985 this net creditor position had been completely dissipated, and by the end of 1989 we will be reported to be net debtors of near $650 billion. (See Figure 6.) These statistics have been subject to considerable criticism, and have a major bias in that U.S. direct investment overseas (e.g. factories) is undervalued compared to foreign direct investment here, perhaps by $300 to $400 billion. But this does not alter the fact that in less than ten years the U.S. net creditor position, however high it was initially, has been run down by hundreds of billions of dollars.

FIGURE 6



Some have portrayed the inflow of foreign capital as an unalloyed blessing and an international vote of confidence in the U.S. economy. However, its costs have been huge and they will continue to grow. The foreign capital must be attracted by paying interest rates that are high relative to expected inflation; hence, both the U.S. government and private borrowers bear heavy interest burdens. A foreign capital inflow necessitates a net inflow of goods and services as well—big deficits on the total current international account. And as net indebtedness grows, our previous surplus on investment income has also been dissipated. Increasingly, we will have to make net payments of interest and dividends to foreigners—and we cannot be sure that these payments will be reinvested in the United States.

There is only one way that the Federal government can increase private investment without increasing dependence on foreign capital, and that is to reduce the Federal budget deficit. Tax incentives intended to increase private saving have failed to increase personal saving and actually decreased national saving. The Committee-recommended budget eliminates the total Federal deficit by 1993 in accordance with the Gramm-Rudman-Hollings schedule and then adds further to national saving in subsequent years by bringing the non-Social-Security deficit into balance. As of Fiscal Year 1995, under this budget, the Treasury will begin to retire publicly-held debt equivalent to the net Social Security surplus. This will free up capital for private investment and accomplish the original intention of the 1983 Social Security reforms to save the Social Security surplus.

Masking the Deficit: The Net Social Security Surplus

It is widely noted that the Social Security surplus, which is large and growing, "masks" the underlying non-Social Security or "operating" deficit, which is large and increasing. The Committee agrees that the budget totals should display, and emphasize, the deficit *excluding* the temporary excess of Social Security receipts over benefit payments. This surplus should be saved and used when large benefit payments to retired "baby boomers" exceed projected Social Security revenues.

How much does the Social Security program "mask" or distort the underlying deficit? It distorts it by the excess of revenue collected from the public for Social Security over the payments to the public for benefits and for administering the program. This excess is not as large as the commonly reported trust fund surplus. This fact has been pointed out by the Congressional Budget Office and by Federal Reserve Chairman Alan Greenspan in testimony before the Committee.

The official Social Security "trust fund surplus" is larger because the trust fund surplus is driven up by trust fund "receipts" that are purely intrabudgetary transactions, principally interest payments to the Trust Fund from the Treasury. These Social Security trust fund "receipts" are offset in the Federal budget as a whole because they are "expenditures" from the rest of government, the "on-budget" budget. The intrabudgetary Social Security receipts are bookkeeping entries between different parts of government, not tax or fee revenues collected from the public. Put another way, these trust fund interest receipts reflect payments for borrowing from Social Security by the rest of the government in the *past.* These must, of course, be repaid. However, they *do not mask the current deficit between other government expenditures and receipts.* The Committee believes the appropriate non-Social Security deficit concept is one which reflects the *current* excess of expenditures over receipts and has therefore excluded the *net* Social Security surplus from its deficit estimates in designing and publicly presenting its budget. However, the budget Resolution reported by the Committee must conform to current law, which requires both a formal reporting in terms of "Gramm-Rudman-Hollings" accounting, which includes the official *gross* trust fund surplus, and a reporting which excludes this gross surplus.

TABLE 3.—MEASURES OF SOCIAL SECURITY SURPLUS COMMITTEE BASELINE [1]

[Fiscal years, in billions of dollars]

	1991	1992	1993	1994	1995
Social Security trust fund surpluses	77.6	90.1	103.9	118.5	133.8
less					
Net intra-budgetary payments received by Trust fund, except for payments used to transfer the proceeds of the tax on benefits [2]	22.4	29.2	35.8	43.5	52.4

TABLE 3.—MEASURES OF SOCIAL SECURITY SURPLUS COMMITTEE BASELINE [1]—Continued

[Fiscal years, in billions of dollars]

	1991	1992	1993	1994	1995
equals:					
Social Security Surplus with the Public (i.e. effect on overall Federal borrowing from the public)	55.2	60.9	68.1	75.0	81.4

[1] Reflects OMB economic and technical assumptions for 1991; Committee economic assumptions and CBO estimates for 1992–1995.
[2] The major component is interest paid to the trust fund, which amounts to about $20 billion in 1991 and nearly $50 billion in 1995. Intrabudgetary transactions also include Federal agency payments for the empoyer share of contributions to OASDI, payments to hold the trust fund harmless for payroll tax reduction credits, and other smaller reimbursements to the trust fund. They also include intrabudgetary payments from the trust fund to the general fund, the largest of which is a payment to Railroad Retirement. The amount shown here excludes the transfer of funds from taxation of benefits because, unlike other intrabudgetary payments to the trust fund, these amounts reflect taxes that do dimish Federal borrowing from the public.

Committee Recommendation: Save the Net Social Security Surplus

The Committee plan achieves balance in the 1995 budget excluding the Social Security surplus with the public, or the net surplus. This ends the "masking" of the deficit in the rest of the budget by Social Security.

Balancing the budget without using the net Social Security surplus results in a Federal budget that saves this surplus. The surplus supplements private saving and increases total national saving by this amount.

The Committee believes that this is an appropriate fiscal policy goal.

First, Social Security surpluses should be used to prepare the nation to furnish future retirement benefits to the baby-boom generations. That is the justification for having payroll taxes higher than needed to pay current benefits. Preparing the nation to support future retirees is a problem because there will be about 40 percent fewer workers per retiree in the year 2025 than now. In the next forty-five years, the burden of Social Security benefits (not including Medicare) will rise about 50 percent (from about 4.5 percent of GNP in 1990 to about 6.8 percent of GNP in 2035).

Second, the Social Security benefits that have been promised will be difficult to pay if the nation is not better prepared for this added burden.

Third, it is inappropriate, because of Social Security, to put a higher tax burden, as a percent of income, on future workers than is being placed on current workers. This creates an inequity between generations. Present taxes will not reduce burdens on future workers unless they are used to supplement national saving; that is, to promote investment and economic growth so that, after a larger portion of the economic pie is transferred to retired babyboomers, an adequate share will be left for tomorrow's workers. Supplementing national saving is accomplished by balancing the budget without using the net Social Security surplus.

Some suggest that the Federal budget be balanced excluding the entire trust fund, or "gross" Social Security surplus. Ultimately, this may be desirable. In the meantime, the Committee has pursued the more attainable five year goal of balancing the budget excluding the net surplus. Furthermore, the nation can also prepare itself for the future through increases in productive public investments, as recommended in the Committee plan, as well as by using the Federal budget to supplement private saving.

Deficit Reduction Trust Fund

To implement the program of deficit reduction and help to assure that the intended reduction in debt held by the public takes place, the committee recommends that a deficit reduction trust fund be established in which funds earmarked by future legislation could be deposited strictly for the purpose of reducing the annual budget deficit and the level of public debt.

Restoring National Saving and Investment

In summary, the Committee budget reverses the dangerous trends that are displayed so clearly in Table 2. By 1995, the total Federal budget including Social Security—the budget that represents the net drain on national saving or addition to it—will be in surplus by around 1 percent of GNP if the Committee recommendation is adopted and its assumptions borne out, in contrast to a pre-1981 history of modest deficits. Even if non-Federal saving remains at its current relatively low level of about 6 percent, net national saving will thus be returned to about its pre-1981 level of 7 percent. With the need for foreign capital dramatically diminished, the foreign capital inflow and hence the trade deficit in goods and services can also decline closer to historical levels and still leave room for net fixed investment at or above its pre-1981 rate of about 6 percent of GNP. With such a level of private investment in housing, plant, and equipment, we can truly begin to rebuild America.

C. Resources for Public Investment: Initiatives to Rebuild America

Reasons for Public Investment

We cannot have a rising standard of living and meet the human needs of the future without investment. And to raise output and productivity, more than one kind of investment is required. We must equip workers with modern, efficient tools and machines; we must house our population decently; we must invest in the "human capital" of the workers themselves, by giving them the skills, training, and education required to work with the technology of tomorrow; we must invest in technology itself, by continual research to create the base for tomorrow's products and processes; and we must maintain the "infrastructure" of transportation and communication that makes possible all the complex interactions of a modern economy.

Much of this investment is best done by the private sector, which is why the economies of Central Europe are transforming themselves from centrally planned economies to market economies as rapidly as possible. But the private sector does not automatically provide the needed *amount* of investment and saving to finance it. During the 1980s, as demonstrated in the previous section, we have crowded out private investment in housing, plant, and equipment through inadequate national saving. Unfortunately, there are no proven and cost-effective government tax strategies to increase private saving. Hence, to restore a higher level of national saving and private investment, *deficit reduction* is required, and it is provided by this budget.

The private sector, however, does *not* make all the investments in research that would be productive; nor are state and local governments to able to make all the investments in education and training that will make cost-effective contributions to human capital.

Three examples illustrate needs for Federal investment. First, basic to the productivity of our economy is a nation-wide, efficient transportation system. The safety and productivity of this system are in question because of neglect of highway and bridges. Second, a clean and healthy environment is inevitably a Federal responsibility. Polluted air and water do not respect state lines. Third, dollars spent by the Federal government on basic research, on infant health, and on Head Start can be at least as productive as dollars spent on many types of private investment.

- A study by the Institute of Medicine of the National Academy of Sciences estimated that every $1 spent by the Federal government in prenatal care for low-income, high-risk pregnant women could save as much as $3.38 in hospital costs of caring for low birthweight babies.
- The Harvard School of Public Health found that every $1 spent on the prenatal nutrition component of WIC (the Special Supplemental Program for Women, Infants, and Children) averted $3 in hospital costs for newborns. A study by the Missouri Department of Public Health found that each dollar spent in the prenatal nutrition component of WIC saved 49 cents in Medicaid costs just in the first 45 days after the child's birth.
- The Perry preschool study in Ypsilanti, Michigan found that a $1 investment in Head Start provides a $6 return due to lower costs for special education, public assistance and crime, and to higher worker productivity.
- A study of Professor Edwin Mansfield of the University of Pennsylvania found real worldwide "social rates of return" of 5 to 28 percent on academic research in science and engineering.
- A study by David Aschauer, a senior economist at the Federal Reserve Bank of Chicago, suggests that public physical nondefense capital makes a major contribution to productivity growth. This is particularly true of "core infrastructure," including highways, mass transit, airports, and water, sewer and other utilities.

Although investments such as these are productive for society as a whole, they are unlikely to be made by private industry in sufficient quantity because a private business cannot "capture" (i.e., profit from) all the gains from them. Similarly, state and local governments underinvest in education, health care, and environmental improvement, particularly for lower-income communities, because the tax bases are sometimes inadequate and the benefits will not necessarily stay in the community that provides the funding.

Erosion in Public Investment

In the 1980s, tax cuts, increased defense spending, and growing interest burdens left few resources for Federal programs to build our physical and human capital. The table below shows for major types of Federal spending and for total revenues the difference between their actual 1989 levels and the level where they would be if they were still at the 1981 share of GNP. "Nondefense discretionary" spending is the spending controlled by annual Congressional appropriations, which includes most Federal programs for education, human capital, infrastructure, and non-defense research and development. By this measure of changing priorities, nondefense discretionary spending has been squeezed by over $100 billion—not to reduce the deficit, which is *larger* as a share of GNP than it was in 1981, but to make room for the three priorities of the 1980s which increased the deficit: tax cuts, defense, and the large increase in interest that has been a consequence of the Federal debt built up by the deficits of the 1980s.

TABLE 4.—CHANGES IN PRIORITIES IN THE 1980s: REVENUES AND MAJOR OUTLAY CATEGORIES

[Fiscal years, in billions of dollars]

	Percent of GNP		Value in 1989	"Change in priorities"
	1981	1989		
Total deficit	2.6	2.9	152	+16
Revenues	20.1	19.2	991	+43
Defense outlays	5.3	5.9	304	+32
Interest outlays	2.3	3.3	169	+50
Entitlement outlays	10.7	10.5	544	−10
Offsetting receipts	−1.3	−1.2	−64	+4
Nondefense discretionary outlays	5.7	3.7	191	−103

Note.—"Change in priorities" is the difference in the actual 1989 value from what it would have been using the 1981 percents of GNP. The revenue share decline is shown as a plus because it increases the deficit. Details may not add to totals because of rounding.

One result of this squeeze has been a decrease in Federal dollars for investment in "nondefense public physical capital"—Federal and Federally-financed infrastructure including highways and other transportation facilities, water, power, and natural resource projects, sewage treatment plants and community development. In constant dollars, the *gross* level of such investment stayed quite flat throughout the 1980s and was slightly above the gross investment level of the 1970s. A more important measure however is *net* investment, which is gross investment adjusted for depreciation. Over the past decade, increases in depreciation, an indication of an aging capital stock, caused the level of net investment to drop sharply, as shown in Table 5.

TABLE 5.—FEDERAL INVESTMENT IN NON-DEFENSE PUBLIC PHYSICAL CAPITAL

[Billions of 1982 dollars, annual averages]

	Net investment
1965	16.20
1971–1980	15.23
1981–1989	11.08

Source: President's Budget, FY 1991; Special Analyses, FY 1989–1990.

In addition, aggregate Federal outlays for training and education decreased drastically in the 1980s, as shown in Table 6. The funding for training and education dropped by 33 percent in real terms between 1980 and 1982, reflecting large cuts in the training component. The level of Federal spending for training and education also fell substantially as a percent of GNP during this period. This trend continued throughout the decade.

As Table 6 also shows, the level of spending on defense R&D in the 1980s jumped substantially, surpassing the level of the 1960s. However, non-defense R&D actually fell in the 1980s. This trend is also evident when R&D investment is calculated as a percent of GNP. Total Federal R&D has fallen from 1.88 percent to 1.16 percent in GNP. The non-defense sector has taken the brunt of these reductions, falling nearly 50 percent between the 1960s and the 1980s. Although there are some civilian benefits to defense investment, the level of non-defense investment is generally more meaningful in determining the contribution to economic growth.

TABLE 6.—FEDERAL INVESTMENT IN HUMAN AND KNOWLEDGE CAPITAL

	Training and education	Research and development		
		Total	Defense	Non-defense
Billions of 1982 dollars, annual averages:				
1961–1970	n/a	38.85	21.99	16.84
1971–1980	[1] 30.00	34.34	17.55	16.82
1981–1989	22.03	41.72	26.57	15.14
Percent of GNP, annual averages:				
1961–1970	n/a	1.88	1.08	0.80
1971–1980	[1] 0.78	1.23	0.63	0.60
1981–1989	0.62	1.16	0.73	0.43

n/a=not available.

[1] Comparable data are available after 1976. The number represents average outlays in 1977–1980.

Source: Historical Tables of President's Budget, FY 1990; President's Budget FY 1991; Special Analyses, FY 1979–1990. Nominal figures were deflated with GNP deflator.

The Committee-recommended budget begins to reverse the downward trend in Federal investment.

In part because of the unfavorable recent trends in Federal net investment just described, there has been increased interest recently in a separate Federal capital budget. At present, there is no broad consensus on what should be in such a budget, e.g. whether it should include military hardware and whether it should include investment in human and knowledge capital. (Also, data currently available are inadequate for capital budgeting.) The total budget deficit as currently calculated is the best summary measure of Federal budget effects on aggregate demand and the saving/investment balance. For further discussion of the pros and cons of capital budgeting, see Appendix G.

INITIATIVES TO REBUILD AMERICA

The Committee recommendation emphasizes a five-year program of initiatives to rebuild America in seven major areas: the competitiveness of the economy and its flexibility in adjusting to new economic conditions; the future of our children; human development through better nutrition, health and housing; science and research to raise productivity; the security of our citizens from crime and drugs; American leadership in international democratic development; and investments in economic infrastructure and protection of the environment.

The Committee proposal reverses the cutbacks over the last ten years in critical non-defense discretionary programs in these areas. In doing so it significantly changes the President's priorities.

For example, the President cut the obligation ceiling for highway programs by $691 million in Fiscal Year 1991, while the Committee proposal increases the obligation ceiling by $590 million; over five years this means $19.2 billion for better roads. The Committee proposes a competitiveness initiative of over $2 billion in Fiscal Year 1991 for programs in research, job training, education and relocation, and assistance to communities. The President proposes a reduction of $825 million for these same programs.

Education is another major area of difference; the Committee adds $2.5 billion in Fiscal Year 1991 budget authority compared with the President's $463 million. For AIDS research, treatment and prevention the Committee provides an increase of $914 million while the President includes $87 million. The Committee recommendation includes an additional $300 million for dislocated workers compared to the President's cut of $302 million; $2.2 billion in child care compared with the President's $183 million; and an additional $750 million for the National Institutes of Health compared with the President's $33 million.

The entitlement programs show similar differences in attention to human development. The Committee recommendation provides another $295 million for food stamps (including Puerto Rico) compared to the President's cut of $184 million; an additional $285 million for Medicaid in Fiscal Year 1991, growing to $2.35 billion in Fiscal Year 1995, compared with the President's reduction of $143 million; and a $100 million increase for the Title XX social services block grant, which the President does not provide. The Committee also proposes a new housing assistance initiative designed to hold families together. Finally, the resolution assumes pro-family program improvements and funding increases for the Supplemental Security Income, foster care and other human miscellaneous resource programs with increased funding of $39 million in Fiscal Year 1991.

INITIATIVES BY THEME IN COMMITTEE RECOMMENDATION

[In millions of dollars; changes from baseline] [1]

	1991		1992		1993		1994		1995		Total	
	BA	O	BA	O	BA	O	BA	O	BA	O	BA	O
Competitiveness	2,031	581	2,592	1,933	3,002	2,611	3,463	3,114	3,988	3,605	15,076	11,844
Children [2]	3,389	865	4,234	3,498	4,944	4,594	5,578	5,257	6,243	5,897	24,388	20,111
Nutrition, health	6,056	1,845	7,778	4,247	8,663	5,490	9,511	6,722	10,226	7,835	42,234	26,139
Science and research	1,455	827	3,847	2,807	4,679	4,133	5,112	4,783	5,228	5,058	20,321	17,608
Human security	2,284	1,552	2,677	2,484	3,382	3,300	3,253	3,318	3,219	3,332	14,295	13,466
International development	1,232	855	636	690	116	658	41	669	(262)	548	1,763	3,420
Environment and infrastructure	1,383	531	1,931	1,447	2,412	2,466	2,891	3,847	2,866	5,092	11,483	13,383

[1] These numbers include some double counting between the categories.
[2] In addition to the amounts above, the recommendation fully assumes the House-passed child care bill.

INVESTMENTS IN ECONOMIC COMPETITIVENESS AND ADJUSTMENT

These initiatives include $2.05 billion in budget authority and $0.6 billion in outlays in Fiscal Year 1991 for a wide variety of programs to increase the competitiveness of the U.S. economy and its capacity to adjust to international economic competition, which is likely largely to replace military competiton. These initiatives include: support for basic research in universities, as well as new and expanded math and science education programs, which will both create new knowledge and develop the scientific personnel needed to become more competitive; increases for the National Institutes of Health to support and train new researchers in the medical sciences; and support for the development of generic technologies which will have wide applicability to the private sector, through supporting work at the Defense Advanced Research Projects Agency (DARPA) and programs at the Department of Commerce, including the National Institutes of Standards and Technology (NIST) and the Advanced Technology Program within it.

This initiative also includes funding for the Export-Import Bank and our Foreign Commercial Service to help U.S. businessmen compete in the world market, especially in response to the new opportunities created in Eastern Europe. Programs to assist individuals who have been laid off with relocation and support services and to help businesses and communities adjust to adverse economic circumstances are also included. In addition, vocational education is increased to train, retrain and upgrade employed and unemployed workers in the new skills that will be demanded by the labor market.

INVESTMENTS IN CHILDREN

The Committee recommends large increases in programs which aid children. In 1988, 10 million children (20 percent) in the United States lived in families at or below the poverty level. Forty-four percent of black children, and 38 percent of Hispanic children, were in poverty. These child poverty rates are far above the national rate of 13 percent and an elderly rate of 12 percent.

The problems of these poverty-stricken children range from educational deficiencies to homelessness and abuse and neglect by parents who are chemically dependent. The House Select Committee on Children, Youth and Families recently reported that nearly 500,000 American children live in detention centers, hospitals, foster homes and mental health facilities, and that their number could rise to 840,000 by 1995.

There is a national bipartisan consensus to reverse the economic, educational and social deprivation of our children. At the heart of this consensus is a commitment to preserved and strengthen families. The Committee recognizes our success in reducing poverty among the elderly and believes that investments in children can reduce their poverty as well.

This recommendation increases education programs with proven track records such as compensatory education and Head Start. It includes child-care-related programs, including the expansion of Head Start to an all day/full year program, and a targeted Title XX social services block grant; funding for a new program to help the fast-growing number of abused children of chemically dependent parents; and a new housing program for families in which children would otherwise be placed or kept in foster care apart from their families.

INVESTMENTS IN NUTRITION, HEALTH AND HOUSING

A principal function of government has been to provide for the general welfare of all citizens. In recent times this has involved a safety net to protect our most disadvantaged citizens. This safety net includes programs that provide basic shelter, basic food and basic health care. The Committee recommends investments in health, housing and nutrition assistance to protect our most disadvantaged citizens.

Major housing investments are proposed in low-income housing programs operated by the Department of Housing and Urban Development, which house over 4 million families but do not yet reach some 8 million families eligible for the programs. Additional housing investments are proposed in rural housing programs operated by the Farmers Home Administration and homeless assistance programs authorized under the McKinney Homeless Assistance Act. The new Family Unification Housing Assistance program will prevent the unnecessary division of families and placement of children in foster homes.

The nutrition investments expand and strengthen the food stamp, nutrition assistance to Puerto Rico and Temporary Emergency Food Assistance (TEFAP) programs and move towards the full participation of all eligible women and children in the Special Supplemental Food Program for Women, Infants and Children (WIC).

Health program investments expand Medicaid assistance to reduce infant mortality and improve care of children, the frail elderly, and the mentally retarded. Additional resources are also provided for hospice care and AIDS early intervention, education, research and treatment efforts. There are also significant increased for low-income health programs such as community health centers, maternal and child health block grants, and immunizations. The recommendation also adds substantial increases for AIDS research, education, testing, prevention, and other efforts to combat AIDS.

INVESTMENTS IN SCIENCE, RESEARCH AND SPACE

The Committee believes that investment in science, research and space will create new knowledge of great value to our society. It also will support and develop new scientific and technical personnel for the competitiveness of our economy. The Federal Government has a special responsibility for investing in basic research programs, since the private sector undervalues the returns to the Nation from basic research. For example, Professor Mansfield of the University of Pennsylvania has estimated that the real rate of return from investments in basic research in science and engineering have ranged between five and 28 percent per annum. Public investment in basic research is therefore likely to return benefits greatly in excess of its cost.

Accordingly, the Committee recommends substantial new investments in basic research and science engineering education programs at the National Science Foundation; in high energy and nuclear physics research programs at the Department of Energy; in a series of NASA programs, including the Space Station, the Earth Observation System, and other manned and unmanned space programs; in basic research at the Department of Defense; in a national research initiative on agriculture, food and the environment at the Department of Agriculture; and in additional research support for the National Institutes of Health.

Investments in Human Security

The Committee recommends several initiatives to deal with our serious drug and crime problems. Although casual drug use declined 37 percent between 1985 and 1988, the number of heavy cocaine users, including those using crack, rose sharply by 33 percent. In 1988, between 54 and 83 percent of male arrestees and between 44 and 81 percent of female arrestees tested positive for one or more drugs. During the 1980's, Federal drug-related criminal cases increased 229 percent and are expected to represent 35 percent of all criminal cases in 1991. Cocaine-related medical emergencies also increased five-fold between 1984 and 1988, while the number of cocaine-related deaths tripled during the same time period. The Committee's recommendation recognizes that not all crime is drug related and that overall crime rates continue to increase. According to a recent study by the FBI, overall crime rose 3 percent between 1988 and 1989. Violent crimes rose 5 percent, while serious property crimes rose 2 percent.

The drug/crime problem affects not only large cities but also small towns and rural areas and is related to other issues of importance to the Committee: foreign policy, health, education, job training, housing, poverty, and a healthy economy. The Committee recommends new funds in these areas of the budget as part of other initiatives and believes that success in dealing with these problems will reduce the incidence of drugs and crime.

Investments in human security also include increased funding for the Title XX Social Services Block Grant program, refugees and entrant assistance; Medicare and Social Security program support; foster care reforms to maintain families intact; a benefit increase, expanded outreach and presumptive disability for the Supplementary Security Income program; extended Medicaid transition for child support cases and other provisions to improve the operation of equity of various human resource programs.

International Democratic Development

With free elections bringing into office democratic governments from Nicaragua to Poland and with citizen uprisings toppling totalitarian governments in other Eastern Bloc countries, international affairs funding has become critical. The United States should help these countries develop democracy, both in their interest and in our own, since successful international development promotes peace and economic growth. The Committee recommendation contains funding for a new foreign aid package for emerging democracies in Eastern Europe. It also contains funding for new initiatives in the Caribbean, the Philippines, Nicaragua and Africa. As these countries and regions raise the standard of living of their people with the help of our international development assistance, the world will become more stable and secure. The Committee sees these new funding initiatives as an expanded outreach program which promotes world security through international development assistance.

INVESTMENTS IN ENVIRONMENT AND INFRASTRUCTURE

The Committee recommendation highlights four areas where prudent investments in the environment and infrastructure should be made. First, the recommendation develops our transportation infrastructure by significantly increasing the obligation ceiling for highways and continuing to increase funding for aviation programs. Second, the recommendation increases funding for EPA to handle its workload in ongoing programs, which has grown substantially over the past decade, and for implementation of legislation to reauthorize the Clean Air Act likely to be enacted this year. Third, the recommendation would fund efforts by EPA to clean up abandoned hazardous waste sites which pose immediate and long-range health threats. Fourth, the recommendation recognizes that the Federal Government can preserve our natural resources by acquisition of lands for national parks, forests, refuges, etc. Timely investment now will prevent these areas from being lost to future development, degradation, and rising prices.

D. U.S. Defense Policy in an Emerging Democratic World

Recent developments throughout the world demand new thinking about our Nation's defense posture. Changes in the Soviet Union and Eastern Europe have reduced the military threat to the United States and its allies—in some ways irreversibly. The Soviets have withdrawn from Afghanistan, implemented unilateral troop reductions in Eastern Europe and the Soviet Union, shown a more cooperative attitude toward arms control and indicated they wish to become part of the international economic system. The nations of Eastern Europe have thrown off repressive Communist systems and are moving rapidly toward more open, democratic societies. West and East Germany are about to be unified. Most experts agree that the Warsaw Pact no longer constitutes a viable conventional threat to NATO.

The Committee acknowledges that threats remain in several areas of the world. However, the Committee recommendation is based on the fact that the conventional threat from our previous primary adversary, the Warsaw Pact, has decreased substantially. In view of this rapidly changing military threat, a continuation of the current levels of defense spending, which exist primarily to respond to the capability and aggressive behavior of the Soviet Union and Warsaw Pact in earlier years, make no sense today.

The recommendation is based also on the premise that, today more than ever, our well-being as a Nation is dependent on more than military strength. A strong and vibrant economy, effective education and health systems, a renewed infrastructure and a visionary foreign policy are also important elements of national security. It would be dangerous to spend less than we should for defense, but it would be foolish and wasteful to spend more than we need. It is essential that we, in conjunction with our allies, take advantage of the current historic opportunity to establish, through arms control and other arrangements, a new international security order which will provide increased security at a substantially lower cost.

The fiscal year 1991 defense budget must be viewed as a precursor of more extensive changes to come. Significant reductions in military spending are possible over the next several years. However, only a small degree of their full policy and fiscal significance will be reflected in lower first year outlays. Reductions in force structure and cuts in weapons programs yield much greater outlay savings in the second and subsequent years than they do in the first.

We are embarking on the most difficult revision of our defense policy in four decades. The fundamental task before the Congress is to construct a defense program that is policy-driven and consistent with the fiscal realities of the 1990's.

In past years congressional reductions in defense funding were made from large increases proposed by the administration. During the first half of the 1980's these "cuts" reduced only the rate of growth in defense spending proposed by the administration. Since 1985 congressional actions have produced real funding reductions averaging about 2.5 percent per year.

The fiscal year 1991 defense budget presents a different challenge to Congress. No longer are we in a position merely to cut the rate of growth or generate relatively moderate reductions from the administration's defense request. Instead Congress should make substantial reductions from the request, which will require significant modifications to current personnel levels and many weapons programs. Over the longer term, such sustained reductions will demand a total reexamination of the defense infrastructure, both military and civilian, built up during the Cold War period. This is a much formidable challenge. It is formidable as a matter of policy because the choices made when spending substantially less for defense are much more difficult than when merely reducing the rate of growth. Furthermore, it is formidable as a legislative challenge because of possible reluctance of the Department of Defense and Congress to discontinue programs already in progress.

As we begin this transition, it is clear that the Nation needs a concerted effort to restructure our armed forces consistent with the imperative to buy the right combination of forces, equipment, operational readiness and research in this time of great change and uncertainty.

The Committee recommends for fiscal year 1991 $283.0 billion in budget authority and $295.5 billion in outlays, a reduction of $32.8 billion in budget authority and $11.5 billion in outlays from the CBO baseline. This represents the first year of a multiyear policy which will significantly reduce the defense budget over the next five years. The Committee recommendation assumes that defense outlays by fiscal year 1995 will be about 25 percent less in real terms than in fiscal year 1990. (Additional details are provided in the Function 050 section of this report.) This would put defense funding on a path towards a 50 percent reduction by the year 2000, as advocated by some national security experts, if the international security situation remains positive. However, the Committee's recommendation allows for gradual and prudent decline, flexible enough to change in response to changing conditions. The later years of the plan are subject to review each year during the normal Congressional budget process.

The Committee recommendation would allow for a very capable military forces after five years. The funding levels recommended for fiscal year 1995 would be only 12 percent less in real terms than the average funding for 1950 through 1980, a period encompassing the Korean and Vietnam conflicts and the height of Cold War tensions. The funding available would be sufficient for a strategic force consisting of several thousand nuclear warheads, enough to deter any rational adversary. Our land, sea, and air conventional forces, while reduced, would remain formidable, and with the enforcement of rational arms control agreements, the force balance between NATO and Warsaw Pact countries would be more favorable than at present. The forces available should certainly be sufficient to deal with any military contingencies that may arise in other areas of the world.

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II. THE BUDGET PLAN IN DETAIL

A. Spending and Credit Recommendations by Function

FUNCTION 600: INCOME SECURITY

SUMMARY OF RECOMMENDATION

	FY 1991		FY 1992		FY 1993		FY 1994		FY 1995	
	BA	O	BA	O	BA	O	BA	O	BA	O
HBC Baseline	198.85	156.90	206.40	164.55	213.80	173.60	224.30	184.10	233.05	192.10
Pay at 4.1%	−0.15	−*	−0.10	−*	−0.05	−*	−*	−*	+0.05	+*
Recommended changes:										
Discretionary Initiatives:										
1. Low-Income Housing Programs	+3.00	+0.05	+3.10	+0.25	+3.25	+0.65	+3.40	+1.05	+3.50	+1.50
2. McKinney Homeless Programs	−0.05	−*	−0.05	−*	−0.05	−0.05	−0.05	−0.05	−0.05	−0.05
3. Women, Infant, Child Nutrition (WIC)	+0.15	+0.15	+0.30	+0.30	+0.45	+0.45	+0.60	+0.55	+0.75	+0.70
4. Refugee & Entrant Assistance	+0.05	+0.05	+0.05	+0.05	+0.05	+0.05	+0.05	+0.05	+0.05	+0.05
Entitlement Initiatives:										
1. Food Stamps and Other Nutrition Assistance	+0.30	+0.30	+0.65	+0.65	+0.95	+0.95	+1.25	+1.25	+1.55	+1.55
2. Family Unification Housing Assistance			+0.20	+*	+0.40	+0.05	+0.45	+0.15	+0.50	+0.20
3. Misc. Human Resource Amendments	+0.05	+0.05	+0.25	+0.25	+0.30	+0.30	+0.35	+0.35	+0.40	+0.40
Entitlement reductions:										
1. Civil Service Lump Sum and Misc. Entitlement Reforms		−1.00		−0.70		+0.05		+0.05		+0.05
Committee Recommendation	202.20	156.50	210.80	165.30	219.10	176.00	230.30	187.45	239.75	196.45

FUNCTION 600: INCOME SECURITY

The Committee recommends $202.20 billion in budget authority and $156.50 billion in outlays for this function for fiscal year 1991. These totals represent an increase of $3.35 billion in budget authority and a decrease of $0.40 billion in outlays from the HBC baseline.

EXPLANATION OF COMMITTEE RECOMMENDATION

Pay at 4.1 Percent

The Committee assumes Federal military and civilian employee pay raises equal to retirement COLA's (4.1 percent in fiscal year 1991 and 4.3 percent each year thereafter), effective in January of each fiscal year (see further explanation in Function 950). Most of the pay budget authority reduction in this function represents lower receipts of the military and civil service retirement trust funds.

DISCRETIONARY INITIATIVES

1. Low-Income Housing Programs

The Committee assumes a funding increase of $3.0 billion in budget authority and $65 million in outlays above the CBO baseline amount for low-income housing programs as part of the Investing in Nutrition, Health and Housing initiative. This is in addition to the funding required to fully fund expiring housing contracts. The $3.0 billion assumption is similar to the new funding recommendation of the House Committee on Banking, Finance and Urban Affairs which is currently addressing the necessary reauthorization of the various low-income HUD housing and community development programs. The overall HUD low-income housing assumption includes a $48 million above-the-baseline increase for anti-drug funding. The Committee is also aware of the critical housing shortage on Indian reservations and recommends that from within the overall increase provided for subsidized housing the number of HUD Indian housing units be increased to a minimum of 3,000 units in fiscal year 1991.

The Committee anticipates that the forthcoming housing reauthorization will address the Homeownership and Opportunity for People Everywhere (HOPE) proposal with its core concept of "empowerment", along with other new initiatives which may show promise of effectively complementing existing successful housing programs. National housing programs should envelop the best of private, non-profit, community, State-local and Federal housing efforts. These efforts are intended to provide for our most disadvantaged citizens basic housing needs and at the same time assist these citizens to escape their poverty and low-income status.

The additional HUD funding reflects that the low-income housing programs have been reduced since 1980, by approximately two-thirds in both budget authority and numbers of incremental units built. This reduction is the largest reduction for a major existing domestic program. The program need is evidenced by lengthy public housing waiting lists, eight million families eligible but not participating in Federal housing programs and the explosive growth in the numbers of homeless.

2. McKinney Homeless Assistance Programs

In this function there is assumed $370 million in budget authority and $274 million in outlays for McKinney Act homeless assistance programs. The Committee assumes a total funding level of $819 million in budget authority for McKinney homeless assistance programs which involves five different functions in the budget. The $819 million is an increase of $128 million in budget authority and $4 million in outlays over the CBO baseline amount. The McKinney Act homeless funding distribution is reflected on an illustrative basis so that the total is equal to $819 million. The Committee does *not* assume the President's specific homeless assistance recommendations and instead recognizes that the House and Senate Banking Committees will establish these program priorities in the forthcoming reauthorization legislation. The additional funding reflects the high priority of meeting the emergency housing, health and social needs of the homeless population which has been estimated as up to 735,000 persons on any given night and as many as 3 million persons in the course of a year.

3. Special Supplemental Food Program for Women, Infants, and Children (WIC)

The Committee assumes a funding increase of $150 million in budget authority and $141 million in outlays over baseline funding for the WIC program with an additional $150 million increase each succeeding year. This funding increase will allow an increase in program participation of between 4 and 5 percentage points per year or about an additional 300,000 participants each year. The overall participation will be increased from the current estimate of 55 percent toward a goal of full participation in light of the positive 3 to 1 cost-benefit ratio cited in several major studies. The WIC increase reflects the overwhelming recognition of the success of this program and the basic investment nature of this program.

4. Refugee and Entrant Assistance

The Committee assumes a funding increase of $50 million in budget authority and $33 million in outlays over the baseline for the refugee and entrant assistance program. In the current fiscal year there are 125,000 refugees scheduled to be admitted to the U.S., of which approximately 50,000 will be from the Soviet Union and 50,000 from Indochina. The assumed funding increases recognizes that the numbers of refugees seeking admission to the U.S. has greatly increased and that in the Soviet Union the number of applications has increased to several hundred thousand. The additional funding is provided to States to help pay for additional State AFDC, medicaid and other benefits extended to refugees during their initial stay in this country.

ENTITLEMENT INITIATIVES

1. Food Stamps and Other Nutrition Programs

The Committee assumes the reauthorization of the Food Stamp and Nutrition Assistance to Puerto Rico programs for fiscal years 1991 through 1995 as part of the Investing in Nutrition, Health and Housing initiative. The Committee recommendation assumes the general policy changes provided for in H.R. 3950, which includes the Mickey Leland Memorial Domestic Hunger Relief Act. The additional $300 million in fiscal year 1991 food stamp funding assumes but is not limited to the following priorities; phase-out of the excess shelter cap; providing for a disregard of the first $50 of child support; increasing the basic food stamp benefit and raising vehicle asset limits. A small food stamps savings of $5 million with modest growth in the outyears is assumed as part of the Miscellaneous Human Resources Amendments in H.R. 4229.

The Resolution assumes modest increases in nutrition assistance to Puerto Rico which are assumed to grow to $30 million above the CBO baseline by fiscal year 1995. The Resolution also assumes the reauthorization of commodity purchases for soup kitchens through 1995 at the 1991 authorized level of $32 million. The Committee also assumes that no reductions will be made in the Child Nutrition Programs, as proposed by the President.

The extension, expansion and strengthening of Federal nutrition assistance programs reflects continued evidence of significant hunger in our nation. Past surveys have estimated approximately 20 million persons hungry in America and the latest survey data estimates that more than 9 million children are hungry or nutritionally at risk.

2. Family Unification Housing Assistance

The Committee assumes authorization of a new initiative which will provide as an entitlement Section 8 housing certificates to families indentified as having a lack of adequate housing such that housing is a primary factor in the imminent placement of a child (or children) in foster care or in preventing the discharge of a child from foster care and reunification with his or her family. Funding (beginning in 1992) in this function of $180 million in budget authority and $15 million in outlays is primarily for housing costs and there is a partial offset in Function 500 due to reduced foster care costs.

3. Miscellaneous Human Resources Programs

The Committee assumes that the Resolution could accommodate the improvements and expensions in the Supplementary Security Income (SSI), Family Support Payment (AFDC) and unemployment compensation programs as contemplated in H.R. 4229, the Miscellaneous Human Resources Amendments of 1990.

ENTITLEMENT REDUCTIONS

1. Civil Service Lump-Sum and Miscellaneous Entitlement Reforms

The Committee assumes that the Congress will continue the reforms provided for in the past two reconciliation acts which provide for a multi-year payment for the lump-sum civil service retirement benefit. The overall civil service related deficit reduction is assumed to be $1.0 billion in fiscal year 1991 and may involve smaller entitlement reforms as well as changes in the lump-sum benefit.

OTHER ASSUMPTIONS

The Committee assumes that the Resolution could accommodate at a minimum, funding for the Low Income Home Energy Assistance Program (LIHEAP) at the CBO baseline level of $1,449 in budget authority and $1,463 million in outlays. The Committee considers the LIHEAP program a high-priority funding requirement because the program is highly targeted to very low-income persons and in particular to families and elderly who spend a high proportion of their income on energy costs. Of particular concern is that between 1987 and 1989, approximately one million fewer households (representing three million individuals) received benefits and the average benefit was also reduced. The LIHEAP benefit helps prevent homelessness and prevents families from choosing between energy bills or food bills.

The Committee assumes that the Congress may consider legislation which addresses the potential unemployment consequences of forthcoming clean air legislation on such industries as coal, chemicals and other energy intensive industries. The actual timing and specific unemployment impact can not be determined at this time because of the lack of specificity available regarding final clean air requirements and schedules, and possible benefits available to workers terminated as a result of such legislation. It is likely that any significant funding requirements in this area will be beyond the time-frame of this Resolution.

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SUMMARY OF CREDIT RECOMMENDATION, NEW DIRECT LOANS AND PRIMARY LOAN GUARANTEES

[In billions of dollars]

	FY 1991		FY 1992		FY 1993		FY 1994		FY 1995	
	DL	LG	DL	LG	DL	LG	DL	LG	DL	LG
HBC Baseline	0.10		0.10		0.10		0.10		0.10	
Recommended changes:										
None										
Committee Credit Recommendation	0.10		0.10		0.10		0.10		0.10	

This table summarizes the Committee's recommendation for new direct loan obligations and new primary loan guarantee commitments for credit assistance programs in this function. The recommendations reflect the effect on credit program levels of the spending recommendations discussed above.

FUNCTION 650: SOCIAL SECURITY

SUMMARY OF RECOMMENDATION

[In billions of dollars]

	FY 1991		FY 1992		FY 1993		FY 1994		FY 1995	
	BA	O	BA	O	BA	O	BA	O	BA	O
HBC Baseline	340.25	265.80	368.05	282.65	398.30	300.40	431.00	318.55	465.50	337.65
Pay at 4.1%		–*		–*		–*		–*		+*
Recommended changes:										
Discretionary Initiatives										
1. Social Security Program Support		+0.05		+0.05		+0.05		+0.05		+0.05
Committee Recommendation	340.25	265.85	368.05	282.70	398.30	300.45	431.00	318.60	465.50	337.70

* Less than $25 million.

FUNCTION 650: SOCIAL SECURITY

EXPLANATION OF COMMITTEE RECOMMENDATION

The Committee recommends $340.25 billion in budget authority and $265.85 billion in outlays for this function for fiscal year 1991. These totals represent no change in budget authority and an increase of $0.05 billion in outlays from the HBC baseline.

PAY AT 4.1 PERCENT

The Committee assumes Federal military and civilian employee pay raises equal to retirement COLA's (4.1 percent in fiscal year 1991 and 4.3 percent each year thereafter), effective in January of each year (see further explanation in Function 950).

DISCRETIONARY INITIATIVES

1. SOCIAL SECURITY PROGRAM SUPPORT

The Committee assumes $2.35 billion in outlays, which is an increase of $37 million in outlays above the CBO baseline, for Social Security program support. The additional funds are needed to restore staffing reductions which have been made since the mid-1980's. Since that time, SSA staffing has been reduced by one-quarter while the beneficiary population has increased by 10 percent and new statutory requirements have created additional workloads. This has led to a backlog of claims processing, long waiting lines in field offices and a high rate of inaccuracies in information provided to the public. For example, there have been very widespread complaints about the nationwide 800 service installed to answer beneficiary inquiries. A survey in January 1990 indicated that only one-half of the callers are able to get calls through the system. The additional funds should support approximately 1200 additional Social Security Administration staff positions compared to the 1990 level to help alleviate the backlogs and poor service.

The Committee will monitor the situation in order to determine whether the funding level provided is sufficient to address the current backog and poor service or whether additional funds are required in the future.

SUMMARY OF CREDIT RECOMMENDATION, NEW DIRECT LOANS AND PRIMARY LOAN GUARANTEES

[In billions of dollars]

	FY 1991		FY 1992		FY 1993		FY 1994		FY 1995	
	DL	LG	DL	LG	DL	LG	DL	LG	DL	LG

NOTE: There are no credit assistance programs in this function.

B. Revenues

TABLE 1.—REVENUE RECOMMENDATIONS INCLUDES ON- AND OFF-BUDGET AMOUNTS

[Fiscal Years, in billions of dollars]

	1991	1992	1993	1994	1995
Committee baseline revenues	1,156.30	1,238.90	1,317.70	1,396.95	1,481.40
Recommended changes in revenue:					
Reconciled changes:					
Increase in revenues through changes in tax law	13.90	18.00	19.00	21.00	23.00
Unreconciled changes:					
House-passed child care bill (H.R. 3)	1.55	2.50	2.70	2.95	3.20
President's acceleration and stabilization of payroll tax collections	0.90	2.20	−3.10		
Revenue effect of President's Internal Revenue Service budget and management initiatives	2.95	1.70	1.80	1.50	1.20
Recommended level of revenues	1,175.60	1,263.30	1,338.10	1,422.40	1,508.80
Memoranda:					
Revenue change as percent of GNP	0.3	0.4	0.3	0.4	0.4

House Budget Committee Recommendation

Baseline Revenues

The Committee's recommended levels of budget revenues reflect baseline assumptions. Baseline revenues are those expected under current law, except that extension of expiring excise taxes is assumed when those taxes are dedicated to trust funds and have been extended on prior occasions.

The Committee baseline reflects the administration baseline concept in so far as excise taxes dedicated to the Airway and Airport Trust Fund are extended at 1990 tax rates.

For fiscal year 1991 revenues, the Committee baseline reflects the administration's economic and technical assumptions. Beyond 1991, the Committee baseline reflects Committee economic assumptions and Congressional Budget Office estimates.

Changes in Revenues

The Committee recommends that $13.9 billion more revenue for 1991 be raised by the House Committee on Ways and Means and the Senate Committee on Finance through changes in tax law. The corresponding amounts for later years are consistent with tax law changes effective January 1, 1991. Somewhat less than nine months of added collections will be realized in fiscal year 1991; a full twelve months' worth will be realized in fiscal year 1992 and later years.

The Committee recommendation is consistent with a variety of revenue alternatives that can balance the need for fairness and maintenance of tax progressivity with the avoidance of measures that unduly discourage saving and investment.

In addition, the Committee plan assumes that net revenue increases provided in the House-passed Early Childhood Education and Development Bill (H.R. 3), $1.55 billion in 1991, the President's payroll tax acceleration/stabilization proposal, the President's Internal Revenue Service (IRS) budget initiative, and reorganization of the IRS to achieve the gain in revenue projected by the President for his "Management Initiative." The revenues in the child care bill help defray the costs of the bill. The payroll tax proposal creates timely deposit deadlines for employers that are uniform across future years. The purpose of the IRS initiatives is to collect taxes that are already owed and will be owed under current law. The Committee recommendation incorporates the administration's estimates for the effects of its Internal Revenue Service budget initiative.

The Committee plan increases revenues by 1.8 percent over five years. The recommended increases average 0.3 percent relative to the size of the economy as measured by the Gross National Product (GNP).

The Committee recommends revenue increases as part of a large deficit reduction plan that goes beyond balancing the total budget. In 1993, the total budget including Social Security will move into surplus so that some of the net Social Security surplus will begin to be used to retire public debt. By 1995, the plan balances the budget excluding the net Social Security surplus. That is, in 1995, the plan effectively uses the entire $81 billion net Social Security surplus to retire public debt rather than to finance deficits in the rest of the budget. This $81 billion is the excess of payroll taxes over the costs of Social Security benefits and administration. The Committee's 1995 revenue increase replaces about one-third of the $81 billion of Social Security payroll taxes that will no longer be used to finance a non-Social Security deficit. The rest is replaced with net spending reductions in the non-Social Security budget.

The Committee recognizes that 1) the low national savings rate in the United States impairs investment in America's future; and 2) higher savings would help lower the cost of capital for investment, improve the nation's productivity, and enhance U.S. competitiveness and overall standard of living. Therefore, the Committee recommends that Congress adopt tax policies that will encourage Americans to save and not have an adverse effect on Federal budget deficits.

Reconciliation Instructions

Reconciliation instructions to the House Committee on Ways and Means call for changes in the tax law to produce increases of $13.9 billion in 1991, the amount of increased revenues called for in the President's budget, $18 billion in 1992, $19 billion in 1993, $21 billion in 1994, and $23 billion in 1995.

The Committee's reconciliation instructions extend for five years in order to insure that legislation enacted this year accomplishes real, permanent deficit reduction.

The Committee intends that the President and the bipartisan Congressional leadership should ultimately agree on a substantial, multi-year deficit reduction package and that the reconciliation of revenues mandated by this resolution will not be advanced legislatively unless and until such time as there is bipartisan agreement with the President of the United States on specific legislation to meet or exceed such reconciliation requirements.

As is normal Committee practice, Congressional estimates will be used for scoring the effect of reconciliation measures. These estimates shall show the effect of legislation relative to the Committee revenue baseline.

Neither revenues from the acceleration/stabilization of payroll tax collections, nor revenues that result from spending decisions not within the jurisdiction of the tax-writing committees, such as additional appropriations for the IRS or Executive branch IRS management changes, is countable toward reconciliation.

As in the past, major legislation that includes tax committee provisions is advancing separately from reconciliation. H.R. 3, The Early Childhood Education and Development Act, has been passed by the House. The tax committee direct spending within this bill is accommodated by a combination of revenues included in that bill and the deficit reduction measures included in this Committee's budget plan. As in similar instances in the past, the tax committee direct spending and revenues in this special legislation (H.R. 3) or in the conference report thereon, will not be included within the scoring of reconciliation.

The Budget Resolution states that to the extent the Committee on Ways and Means reports program initiatives that increase outlays, beyond the levels recommended in the Resolution, these initiatives must be financed in a deficit-neutral manner in the first year, 1991, and over five years, 1991-1995. Either spending reductions or revenue increases beyond the amounts recommended in this Resolution could be used to offset program initiatives. Upon the reporting of legislation satisfying these conditions, the Chairman of the House Budget Committee will file with the House appropriately revised allocations pursuant to section 302(a) of the Congressional Budget Act and revised functional levels and aggregates. The Committee on Ways and Means will also report revised allocations pursuant to section 302(b) of the Congressional Budget Act.

Historical and Projected Revenues

TABLE 2.—REVENUES BY SOURCE UNDER PAST AND CURRENT LAW

[Fiscal years, in billions of dollars]

	Historical				Projected (administration)
	1950	1960	1970	1980	1990
Individual income tax	15.8	40.7	90.4	244.1	489.0
Corporate income tax	10.4	21.5	32.8	64.6	111.9
Social insurance tax and contributions	4.3	14.7	44.4	157.8	385.4
Excises	7.6	11.7	15.7	24.3	36.2
Estate and gift taxes	0.7	1.6	3.6	6.4	9.2
Customs duties	0.4	1.1	2.4	7.2	16.8
Miscellaneous receipts	0.2	1.2	3.4	12.7	24.4
Total [1]	39.4	92.5	192.8	517.1	1072.8
On-budget revenues	37.3	81.9	158.3	403.9	787.4
Off-budget revenues [2]	2.1	10.6	33.5	113.2	285.4

[1] Detail may not add to totals due to rounding.
[2] Social security (OASDI) revenues.

The payroll taxes for social insurance (Social Security, Medicare, and unemployment compensation) have risen to over one-third of total revenues and are now three times as large as corporate income tax revenues. This change, rooted in expansion of the social security system and diminished domestic corporate profits as a percent of GNP, was magnified by Social Security legislation in 1977 and 1983. Table 3, shows the change in composition of revenues under past and current law.

TABLE 3.—COMPOSITION OF REVENUES UNDER PAST AND CURRENT LAW

[Fiscal years, percent]

	Historical				Projected (administration)
	1950	1960	1970	1980	1990
Individual income tax	39.9	44.0	46.9	47.2	45.6
Corporate income tax	26.5	23.2	17.0	12.5	10.4
Social insurance tax and contributions	11.1	15.9	23.0	30.5	35.9
Excises	19.1	12.6	8.1	4.7	3.4
Estate and gift taxes	1.8	1.7	1.9	1.2	0.9
Customs duties	1.0	1.2	1.3	1.4	1.6
Miscellaneous receipts	0.6	1.3	1.8	2.5	2.3
Total [1]	100.0	100.0	100.0	100.0	100.0

[1] Detail may not add to totals due to rounding.

Table 4 shows each of these taxes as a percent of GNP. On-budget revenues, which exclude revenues for social security (OASDI), fall from 15.1 percent of GNP in 1980 to 14.3 percent in 1990.

TABLE 4.—REVENUE SOURCES AS A PERCENT OF GNP UNDER PAST AND CURRENT LAW

[Fiscal years, percent]

	Historical				Projected (administration)
	1950	1960	1970	1980	1990
Individual income tax	5.9	8.0	9.1	9.1	8.9
Corporate income tax	3.9	4.2	3.3	2.4	2.0
Social insurance tax and contributions	1.6	2.9	4.5	5.9	7.0
Excises	2.8	2.3	1.6	0.9	0.7
Estate and gift taxes	0.3	0.3	0.4	0.2	0.2
Customs duties	0.1	0.2	0.2	0.3	0.3
Miscellaneous receipts	0.1	0.2	0.3	0.5	0.4
Total [1]	14.8	18.3	19.5	19.4	19.5
On-budget revenues	14.0	16.2	16.1	15.1	14.3
Off-budget revenues [2]	0.8	2.1	3.4	4.2	5.2

[1] Detail may not add to totals due to rounding.
[2] Social Security (OASDI) revenues are off-budget.

The changing mix of revenues—greater reliance on payroll taxes and less on income taxes—has played a major role over the last decade in reducing the progressivity of the overall Federal tax system.

Table 5, below, shows Congressional Budget Office estimates for the 1980 to 1990 change in family income and tax burdens by major income classes. While higher income classes have had the greatest percentage increases in pre-tax income, they have had reductions in thier overall tax burden. Lower income classes have had lower income growth, but increases in their overall tax burden. While the overall tax burden is slightly lower in 1990 than in 1980, it is higher for the bottom three quintiles (i.e. 60 percent) of all families.

TABLE 5.—1980–1990 CHANGE IN INCOME AND OVERALL FEDERAL TAX BURDENS

[Income index is pre-tax family income divided by the poverty line income]

[Effective tax rate is total Federal tax divided by family income]

Percentile grouping	1980 income index	1990 income index	Percent change income	1980 effective tax rate	1990 effective tax rate	Percent change tax rate
Top 5	15.4	22.5	46	29.5	26.7	−9.5
Top 10	11.4	15.8	38	28.4	26.4	−7.3
Top 20	8.6	11.3	32	27.3	25.8	−5.5
Fourth 20	4.1	4.7	13	23.0	22.5	−2.2
Middle 20	2.9	3.2	8	20.0	20.3	1.2
Second 20	1.9	2.0	4	15.7	16.7	6.0
Bottom 20	0.9	0.8	−3	8.4	9.7	16.1
Overall	3.7	4.4	19	23.3	23.0	−1.0

TABLE 6.—TOTAL ACTUAL AND RECOMMENDED REVENUES

[In billions of dollars]

	Amount
Fiscal year:	
1985 actual	734.1
1986 actual	769.1
1987 actual	854.1
1988 actual	909.0
1989 actual	990.7
1990 budget resolution	1,065.5
1990 estimated (administration)	[1] 1,072.8
Fiscal year 1991:	
Administration's request (February 1990)	1,170.2
Recommendation	1,175.6
Fiscal year 1992:	
Administration's request (February 1990)	1,246.4
Recommendation	[2] 1,263.3
Fiscal year 1993:	
Administration's request (February 1990)	1,327.6
Recommendation	[2] 1,338.1
Fiscal year 1994:	
Administration's request (February 1990)	1,408.6
Recommendation	[2] 1,422.4
Fiscal year 1995:	
Administration's request (February 1990)	1,486.3
Recommendation	[2] 1,508.8

[1] 1990 estimate differs from 1990 Budget Resolution because the Resolution's estimating assumptions differed from those used currently.

[2] The difference between the recommendation and the administration request is partly due to differences in economic assumptions (i.e., GNP, inflation).

III. ECONOMIC BACKGROUND AND ASSUMPTIONS

A. Economic Background of the Budget Plan

A review of recent economic developments and the outlook for both the short-term through 1991 and the medium-term through 1995 show that the prospects for continued growth with only a moderate risk of higher inflation are good, although neither a recession nor a surge of price increases can be ruled out. The greatest threat to the health of the economy is a continuation of the imbalance between domestic saving and investment caused by the persistence of the Federal budget deficit combined with low private saving. This imbalance is responsible for the record trade and current account deficits in recent years and the rapid growth of indebtedness to foreign lenders. The Committee's fiscal policy recommendations are discussed below.

The economy is operating at a relatively high rate of resource utilization, with the unemployment rate at 5.3 percent for much of the last year. However, growth moderated during 1989, as many had expected, and real GNP increased by 2.6 percent, down from 3.4 percent in 1988. Fourth quarter growth was only 1.1 percent, as business investment, housing and consumer demand all sagged. Recent information on economic activity suggests that demand picked up in the first quarter so that production should strengthen in the spring and summer. Most forecasters expect real GNP to increase by 2 to 2½ percent his year.

Although some are concerned that there will be a sustained acceleration of inflation, there is little recent evidence to support this view. Despite temporary shocks in energy and food prices, during 1989 the CPI increased 4.5 percent and the GNP fixed-weight price index rose 4.1 percent, close to the rates in both 1987 and 1988. An increase in labor costs appears to have been absorbed in lower profit margins (corporate profits fell by $27 billion in 1989) rather than passed forward in higher prices. Inflation pressures are likely to remain moderate, but persistent, as long as the economy continues to grow at a rate near its long term potential and productivity growth stays at the rate experienced in the 1980's.

The Federal Reserve eased policy during the summer, allowing both short and long term interest rates to fall, but has not eased monetary policy since the end of the year when the Federal funds rate was lowered from 8.5 to 8.25 percent. Interest rates began to rise in January, partly in response to higher foreign rates, and are now 30 to 80 basis points above the December lows. With growth expected to accelerate, the Federal Reserve will remain concerned about the possibility of higher inflation. The Federal Reserve is therefore unlikely to ease and reduce interest rates soon unless the economy shows signs of faltering. If no action is taken to reduce the Federal deficit, interest rates probably will remain high. Economists generally agree that prompt action on a multi-year deficit reduction package would allow interest rates to decline in both nominal and real terms.

The trade deficit is another indication of possible difficulties ahead. After reaching a peak of $152 billion in 1987, the merchandise trade deficit fell by $43 billion during the next two years, largely due to the decline of the Federal deficit from its peak of $221 billion in 1986 coupled with the adjustment in exchange rates which occured after the Plaza meeting in September 1985. However, the improvement in trade has nearly halted; the three-month moving average deficit since July has been above the level of the first half of 1989. Current official forecasts from the OECD, IMF, and many private forecasts show the trade and current account deficits, and the consequent foreign borrowing, rising during the next two to five years if the drain on national saving from the budget deficit is not reversed.

These current economic imbalances suggest that, while reducing the deficit is crucial in the short-run, a fundamental reordering of fiscal priorities is also needed to lay a strong foundation for sustained growth and economic stability. For nearly a decade public investments which enhance productivity, improve the state of the environment, and create new knowledge have been neglected. Much of our new private investment has been financed from abroad because our domestic saving has been inadequate, drained away by the defense buildup and interest payments. As explained in Chapter I, the budget program recommended by the Committee is designed to reallocate some budgetary resources to more productive uses while reducing the deficit.

B. Economic Assumptions of the Budget Plan

Committee Recommendation

The budget resolution recommended by the Committee is based on a set of economic projections prepared by the Committee staff and shown in Table 1 below. These assumptions are identical in 1990 and 1991 to those submitted by the administration with its budget proposal in January. However, the assumptions regarding economic growth and inflation then return to those projected by the Congressional Budget Office between 1992 and 1995. Although the Committee believes that the administration's forecast for 1990 and 1991 is somewhat optimistic, under the provisions of the Balanced Budget Reaffirmation Act the Office of Management and Budget (OMB), using its own economic and technical assumptions, determines whether the projected deficit meets the targets specified by law or whether sequestration is ordered. Because it is essential that Congressional action on the budget be measured against the OMB deficit projections, the Committee has adopted the OMB estimating assumptions for 1990 and 1991.

In the recommended economic assumptions real GNP is forecast to grow 2.6 percent in 1990 and 3.3 percent in 1991, with the unemployment rate remaining near its current level. The inflation rate is expected to be just over 4 percent in both years, lower than the rate in early 1990, but near the rate which has prevailed for the last several years. Interest rates are assumed to decline steadily through the end of the period, with the three-month Treasury bill rate averaging 6.7 percent in 1990 and 5.4 percent in 1991, and the ten-year Treasury note rate averaging 7.7 percent this year and 6.8 percent next year.

Real GNP growth moderates to about 2½ percent per year in the medium-term assumptions for 1992 through 1995, the rate which CBO projects to be consistent with the long-term trends in productivity and labor-force growth. Inflation remains near 4 percent annually, reflecting the relative high rate of resource utilization in the economy and a gradual depreciation of the exchange rate.

Interest rates in real terms in 1992–1995 (removing the effects of inflation) are assumed to remain constant at the levels projected by the administration, consistent with the adoption of the Committee's deficit reduction plan. The administration has argued that its economic forecast is consistent with the adoption of the administration's proposed deficit reduction program, and the Chairman of the Federal Reserve Board supported this view in testimony before the Committee. Since the Committee's recommended budget produces more deficit reduction in each year than that of the President, real interest rates are conservatively projected at the level projected by the administration. Market interest rates are therefore projected to remain close to the level forecast for 1991 through 1995, rather than declining with inflation as in the administration's forecast.

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TABLE 1.—ECONOMIC ASSUMPTIONS

[Calendar years]

	Actual 1989	Projected					
		1990	1991	1992	1993	1994	1995
Annual averages:							
Gross national product (billion dollars)	5,233	5,560	5,973	6,398	6,821	7,264	7,734
Percent change	7.2	6.2	7.4	7.1	6.6	6.5	6.5
Real GNP (billion 1982 dollars)	4,144	4,236	4,370	4,499	4,613	4,725	4,838
Percent change	3.0	2.2	3.2	3.0	2.5	2.4	2.4
GNP deflator (percent change)	4.2	3.9	4.1	4.0	4.0	4.0	4.0
Consumer Price Index (percent change)	4.8	4.0	4.0	4.1	4.3	4.3	4.3
Civilian unemployment rate (percent)	5.3	5.5	5.4	5.3	5.3	5.3	5.3
Three-month Treasury bill rate (percent)	8.1	6.7	5.4	5.5	5.6	5.6	5.6
Ten-year Treasury note rate (percent)	8.5	7.7	6.8	6.8	6.9	6.9	6.9
Taxable incomes (billion dollars):							
Wages and salaries	2,631	2,794	3,007	3,226	3,445	3,668	3,905
Corporate Profits before tax	301	345	390	406	419	443	464
Fourth quarter to fourth quarter (percent change):							
Gross national product	6.4	6.9	7.5	6.8	6.6	6.5	6.5
Real GNP	2.5	2.6	3.3	2.7	2.5	2.4	2.4
GNP deflator	3.7	4.2	4.1	4.0	4.0	4.0	4.0
Consumer Price Index	4.5	4.1	4.0	4.2	4.3	4.3	4.3
Civilian unemployment rate (percent, fourth quarter level)	5.3	5.5	5.3	5.3	5.3	5.3	5.3

In developing its deficit reduction plan, the Committee considered both the economic projections presented by the administration and those of the Congressional Budget Office. While the administration's economic forecast is believed to be optimistic, but achievable, for 1990 and 1991, the projections for 1992 through 1995 seem unrealistic. The administration projects that real growth will average 3.1 percent per year from the end of 1991 through 1995, based on the assumption that productivity growth will rise to 1.8 percent annually from the 1.4 percent rate since 1981. In addition, the administration economic projections after 1991 appear to assume that the economy grows at or above its potential rate through 1995, with no gap between actual and potential output for four years.

The Committee believes that after 1991 a gradual return to the growth path of real GNP projected by CBO on the basis of recent trends in labor force and productivity growth provides a more reasonable projection. In addition, the CBO projections assume that by 1995 the gap between actual and potential output will equal the average gap during the entire postwar period. This means that the growth projections for 1992-1995 could be consistent with a mild recession sometime in those years, a prudent assumption.

Further, the administration projects a steady decline in inflation, which is inconsistent with historical experience during periods of sustained high rates of resource utilization and tight labor markets. The administration argues that businesses, households and financial market participants will expect lower inflation if credible macroeconomic policies are implemented, and that actual inflation will gradually decline. This appears unlikely in an economy which is growing at or above its potential rate, particularly in light of past experience.

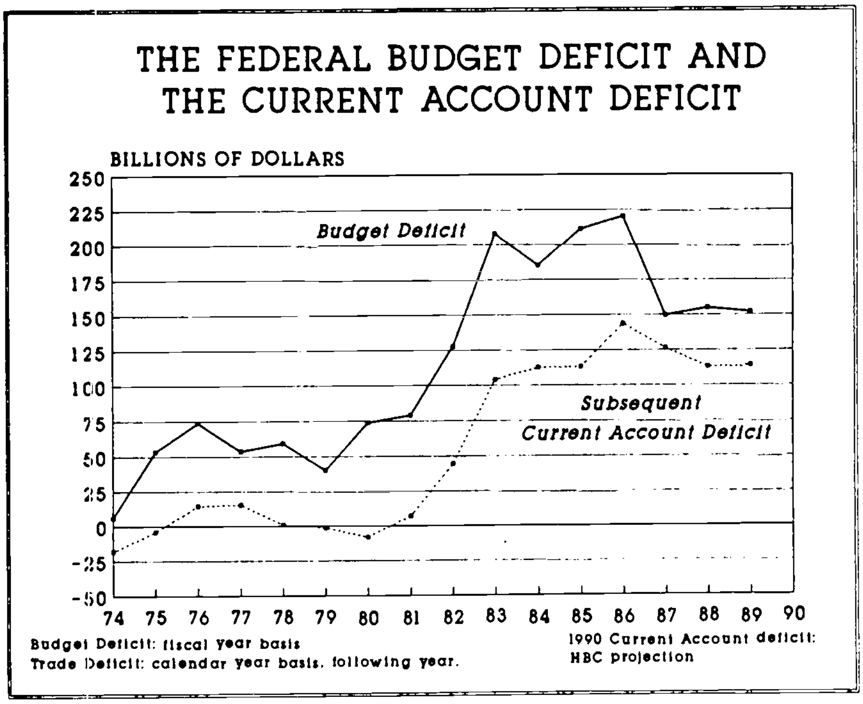
Although expectations can play an important role in financial markets and wage and price decisions, the Committee believes that market skepticism will continue in coming years. The Committee therefore has adopted the CBO view that inflation will remain stable at just above 4 percent over the five year projection period. It is assumed that adoption of the Committee's deficit reduction plan will allow real interest rates to remain at the level achieved in 1991, a level consistent with periods when the Federal budget was approximately in balance over a long period.

C. The Trade Deficit and International Competitiveness

The Committee believes that reducing the Federal deficit is essential to strengthen America's competitive position in the world economy and secure further improvement in the foreign trade deficit. Permanent improvement in the competitiveness of American business is possible only if we restore fiscal balance, increase national saving, and maintain a stable financial climate.

The effects of the unbalanced fiscal policies of the 1980's are evident in the rapid deterioration of the current account balance after 1981, shown in Figure 1. The need to supplement domestic saving with borrowed foreign savings to maintain domestic investment, although at a reduced level relative to output, arose directly from the increase in the Federal deficit and weakening of saving by non-Federal sectors. The high real interest rates required to attract foreign investors' capital to finance U.S. investment and the Federal deficits also meant an increase in the exchange rate of the dollar. This did immediate damage to the competitiveness of American business in world markets, and some observers believe that it may have impaired our competitiveness for many years in the future as well.

FIGURE 1.—THE FEDERAL BUDGET DEFICIT AND THE CURRENT ACCOUNT DEFICIT



The Omnibus Trade and Competitiveness Act of 1988 requires the report accompanying the budget resolution to contain an analysis of the impact of the recommended budget on the international competitiveness of United States business, including projections for several variables related to saving, investment and trade. The following report is based on consultations with the Congressional Budget Office, as required in the Act.

The projections shown in Table 2 present projected ranges for 1991 of indicators of saving, investment and trade based on both the administration economic assumptions underlying the budget resolution and the Congressional Budget Office's baseline projections. The projections based on OMB assumptions suggest that, under favorable conditions of robust real growth and declining inflation, a lower Federal deficit will allow a simultaneous reduction in the foreign deficit and an increase in net private domestic investment. The projections based on CBO economic assumptions and baseline budget projections indicate that, without further deficit reduction, the current account balance may deteriorate rather than improve. This is the result of continued heavy foreign borrowing associated with the low national saving rate of recent years. Other projections of the current account balance under unchanged policies have reached a similar conclusion.

The Act requires an estimate of the influence of Federal borrowing on interest rates and the real effective exchange rate of the dollar. As shown in the economic assumptions adopted by the Committee, interest rates are expected to decline in 1991 from 1990 levels. One cause of the decline will be a lower Federal deficit and less Federal borrowing, although there are many other influences on market interest rates. The same holds true with respect to the exhange rate. If the policies in the recommended budget are fully implemented, it is probable that the dollar will be more stable at a level which improves our competitiveness. However, it is likely that both interest rates and the exchange rate would rise if the deficit were not reduced. In addition, the exchange rate depends on a number of factors which are difficult to forecast.

Finally, The Act requires an estimate of the amount of borrowing by the Federal government in private credit markets. This is generally identified as the increase in the debt held by the public, and is estimated to be $64 billion in Fiscal Year 1991 under the estimating assumptions and policies recommended in the budget resolution.

TABLE 2.—PROJECTIONS OF SAVING, INVESTMENT AND TRADE

[Fiscal years, in billions of dollars]

	Actual 1989	1991 estimates	
		CBO [1]	Administration [1]
Net domestic saving (excluding Federal deficit)	297	245–275	300–330
Net private domestic investment	228	240–270	305–335
Net foreign investment	−104	−130–−100	−110–−80
Merchandise trade balance	−115	−130–−100	−120–−90
Current account balance	−114	−135–−105	−125–−95
Federal borrowng in private credit markets	139	159	[2] 64

Source: National Income and Products Accounts for saving, investment and merchandise trade; the current account balance is reported separately by the Department of Commerce.

[1] Assumptions underlying the projections:

CBO—The projections are based on the CBO economic and budget projections which assume current fiscal policy.

Administration—The projections are based on the administration's economic assumptions and budget proposal, including meeting the Gramm-Rudman target of $64 billion in 1991.

[2] Under the policies in the recommended budget resolution and using administration economic assumptions.

D. SHORT-RUN FISCAL POLICY

Federal budget policy has both "microeconomic" and "macroeconomic" effects on the economy. The "microeconomic" effects are those of specific spending and tax policies, as they affect the incentives and the productivity of individuals and businesses. The "macroeconomic" effects are those of the relationship between aggregate Federal spending and aggregate Federal revenues, as they stimulate or restrain aggregate demand in the economy and alter the balance of saving and investment. (Microeconomic effects are on the "supply side" of the economy, but so are macroeconomic effects on saving and investment.)

The expected effects of the Committee-recommended budget on the balance of saving and investment and the effects of the public investment and productivity initiatives in the budget are discussed in Chapter I. In this section, the short-run macroeconomic effects of the Committee-recommended budget will be discussed.

The most commonly used measure of fiscal stimulus or restraint on the economy is the change in the structural deficit in relation to GNP. The structural deficit (or "standardized-employment deficit") essentially adjusts the deficit for the budgetary effects of weakness in the economy. It is the deficit estimated as if the economy were operating at a constant, relatively high rate of employment of labor and capital. (The benchmark unemployment rate for this calculation varies with the changing demographics of the labor force; it is currently 5.4 percent, higher than the actual rate of 5.3 percent for 1989.) The structural deficit is the total deficit minus the cyclical deficit—that part of the deficit resulting from lower revenues and higher spending associated with the under-utilization of labor and capital. The cyclical deficit therefore increases when the economy weakens and falls when it strengthens. The structural deficit reflects the structural gap between revenues and outlays resulting from budget policies after removing the effects on the deficit of these cyclical economic changes.

Large, abrupt changes in the structural deficit can have strong effects on the economy. For example, deficit reductions of 1½ percent of GNP or more in one year were associated with the recessions of 1960 and 1970. Smaller changes, of the order of 1 percent of GNP or less, seldom have noticeable effects on the economy, especially if offset by monetary policy. Furthermore, reductions in the structural deficit add to national saving; thereby, they permit more private investment in housing, plant, and equipment, and tend to reduce our trade deficit and our need to borrow from foreigners.

Because the Committee's recommended budget is based partly on OMB economic and technical assumptions, as explained earlier in this chapter, it is difficult to estimate structural deficits consistently for all years. Instead, we will examine first the fiscal policy in the baseline, as calculated by CBO, and then examine the added effect of the policy changes in the Committee budget.

A further complication in evaluating fiscal policy arises from the inclusion in the budget of the transactions of the Resolution Trust Corporation to resolve savings and loan insolvencies. The CBO baseline deficit includes huge spending levels for this purpose in 1990 and 1991, followed by net offsetting receipts in most subsequent years as the assets acquired by RTC are gradually disposed of. Although CBO agrees that these outlays and offsetting receipts should be included in the budget, they also argue that "such spending has no real economic effect." These actions are in essence asset purchases and sales rather than the usual types of government spending; the money borrowed to finance the resolutions is returned to the credit stream, and the beneficiaries of the spending—

the owners of insured deposits—do not gain new purchasing power but merely retain the wealth they always had.

Table 3 details each of these fiscal policy considerations. It begins with the HBC baseline deficit using CBO economic and technical assumptions. The second line shows the net on-budget deposit insurance spending included in that baseline, and the third line shows the baseline without that spending. Subtracting the cyclical deficit from that baseline yields a structural deficit which is then expressed as a percent of potential GNP. The year-to-year change in this number is the measure of fiscal restraint in the baseline (i.e., without the Committee-recommended policies). The 1990 current policy budget has been shifted toward restraint by 0.7 percent of GNP—a modest movement; continuation of 1990 policies shifts the budget further toward restraint by smaller amounts in 1992 and succeeding years.

The policy changes in the Committee-recommended budget cause an additional shift toward restraint in 1991 of 0.6 percent of GNP, which is comparable with the 1990 shift and not likely to damage the short-term performance of the economy if accompanied by an easing of monetary policy. Additional restraint is introduced in each succeeding year in a gradual fashion. By 1995, the structural deficit has been transformed into a surplus even on the CBO assumptions, and the Federal budget is adding to national saving instead of draining it—yet in no year has there been a deficit reduction large enough to shock the economy into recession.

TABLE 3—FISCAL POLICY IMPLICATIONS OF COMMITTEE-RECOMMENDED BUDGET

[Fiscal years, in billions of dollars]

	Actual 1989	Estimated					
		1990	1991	1992	1993	1994	1995
Surplus+/deficit−:							
HBC baseline deficit, using CBO February estimating assumptions	−152.0	−159.0	−159.3	−121.3	−129.1	−118.7	−107.6
Net deposit insurance spending in baseline, other than interest	+20.0	+40.4	+33.3	−8.3	+2.9	−8.5	−5.0
HBC baseline, CBO assumptions, excluding deposit insurance	−132.0	−118.6	−126.0	−129.6	−126.2	−127.2	−112.6
Cyclical deficit (CBO)	+5.4	−6.7	−11.4	−10.5	−11.7	−12.8	−13.6
Structural deficit in HBC baseline, excluding deposit insurance	−137.4	−111.9	−114.6	−119.1	−114.5	−114.4	−99.0
Structural deficit as percent of potential GNP	−2.7	−2.0	−2.0	−1.9	−1.7	−1.6	−1.3
Fiscal policy changes in Committee recommendation, excluding asset sales and including assumed policy changes to baseline (deficit reduction +)			+34.5	+48.5	+67.4	+91.2	+116.2
Fiscal policy changes as percent of potential GNP (deficit reduction +)			+0.6	+0.8	+1.0	+1.3	+1.5

IV. ENFORCEMENT PROCEDURES

The budget resolution's deficit reduction policies are enforced through reconciliation instructions and through the section 302(a) allocation process. The deficit reduction from savings in entitlement and other mandatory spending programs, as well as revenue increases, will be achieved through the reconciliation process. Discretionary spending levels will be enforced through the section 302(a) and section 302(b) allocations made under the Budget Act.

A. Allocations of Spending and Credit Responsibilities to Committees

302(a) ALLOCATION

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
APPROPRIATIONS COMMITTEE			
Current level (enacted law):			
050 National defense	165	165	0
150 International affairs	784	784	0
270 Energy	250	250	0
300 Natural resources and environment	1,570	2,001	0
350 Agriculture	12,509	623	0
370 Commerce and housing credit	3,024	3,438	0
400 Transportation	479	477	0
450 Community and regional development	1,667	1	0
500 Education, training, employment, and social services	11,157	10,813	0
550 Health	48,982	49,462	0
570 Medicare	36,932	36,932	0
600 Income security	34,978	35,581	0
650 Social Security	47	47	0
700 Veterans benefits and services	16,827	16,587	0
750 Administration of justice	240	235	0
800 General government	5,959	5,960	0
Subtotal	175,571	163,356	0
Discretionary appropriations action (assumed legislation):			
050 National defense	283,618	296,110	0
150 International affairs	21,324	18,754	0
250 General Science, Space, and Technology	16,536	15,881	0
270 Energy	6,295	5,669	0
300 Natural resources and environment	19,395	19,127	0
350 Agriculture	2,611	2,621	0
370 Commerce and housing credit	3,396	3,512	0
400 Transportation	14,040	30,331	0
450 Community and regional development	6,451	6,910	0
500 Education, training, employment, and social services	34,612	30,826	0
550 Health	18,468	16,902	0
570 Medicare	0	2,390	0

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
600 Income security	27,444	25,385	0
650 Social Security	13	2,363	0
700 Veterans benefits and services	14,263	14,239	0
750 Administration of justice	12,432	12,260	0
800 General government	11,858	10,399	0
Subtotal	492,757	513,679	0
Discretionary action by other committees (assumed entitled legislation):			
500 Education, training, employment, and social services	550	365	0
550 Health	285	285	0
600 Income security	16,878	16,478	0
700 Veterans benefits and services	301	262	0
Subtotal	18,014	17,389	0
Committee total	686,342	694,425	0
Agriculture Committee			
Current level (enacted law):			
270 Energy	1,066	369	0
300 Natural resources and environment	440	435	0
350 Agriculture	11,205	13,194	10,797
400 Transportation	46	46	0
450 Community and regional development	56	850	0
800 General government	339	344	339
Subtotal	13,152	15,238	11,136
Discretionary action (assumed legislation):			
350 Agriculture	−729	−729	−800
370 Commerce and housing credit	−41	−41	0
600 Income security	0	0	974
Subtotal	−770	−770	174
Committee total	12,382	14,468	11,310
ARMED SERVICES COMMITTEE			
Current level (enacted law):			
050 National defense	11,301	11,259	1
500 Education, training employment, and social services	3	2	0
600 Income security	36,454	22,976	22,976
700 Veterans benefits and services	217	202	202
Subtotal	47,975	34,439	23,179
Committee total	47,975	34,439	23,179
BANKING, FINANCE, AND URBAN AFFAIRS COMMITTEE			
Current level (enacted law):			
150 International affairs	0	−1,281	0
370 Commerce and housing credit	38,379	38,410	0
450 Community and regional development	12	−5	0
600 Income security	200	281	0
800 General government	5	5	0
900 Net interest	22	22	0
Subtotal	38,617	37,433	0

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
Discretionary action (assumed legislation):			
370 Commerce and housing credit	−155	−155	0
Subtotal	−155	−155	0
Committee total	38,462	37,278	0
DISTRICT OF COLUMBIA COMMITTEE			
Current level (enacted law):			
750 Administration of justice	18	18	18
Subtotal	18	18	18
Committee total	18	18	18
EDUCATION AND LABOR COMMITTEE			
Current level (enacted law):			
500 Education, training, employment, and social services	24	13	5,382
600 Income security	92	88	7,445
Subtotal	116	101	12,828
Committee total	116	101	12,828
ENERGY AND COMMERCE COMMITTEE			
Current level (enacted law):			
370 Commerce and housing credit	53	52	0
550 Health	36	27	45,461
600 Income security	13,731	12,849	10,100
800 General Government	7	7	7
Subtotal	13,827	12,935	55,568
Discretionary action (assumed legislation):			
270 Energy	−299	−299	0
370 Commerce and housing credit	−50	−50	0
550 Health	0	0	280
Subtotal	−349	−349	280
Committee total	13,478	12,586	55,848
FOREIGN AFFAIRS COMMITTEE			
Current level (enacted law):			
150 International affairs	8,176	8,714	0
600 Income security	835	367	367
800 General government	5	5	0
Subtotal	9,016	9,086	367
Committee total	9,016	9,086	367
GOVERNMENT OPERATIONS COMMITTEE			
Current level (enacted law):			
800 General government	20	19	0
Subtotal	20	19	0
Committee total	20	19	0

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
HOUSE ADMINISTRATION COMMITTEE			
Current level (enacted law):			
500 Education, training, employment, and social services	8	9	0
800 General government	29	21	93
Subtotal	37	29	93
Committee total	37	29	93
INTERIOR AND INSULAR AFFAIRS COMMITTEE			
Current level (enacted law):			
270 Energy	170	−102	0
300 Natural resources and environment	189	167	10
450 Community and regional development	475	471	404
550 Health	3	3	0
800 General government	800	797	830
Subtotal	1,637	1,335	1,244
Discretionary action (assumed legislation):			
300 Natural resources and environment	−44	−28	0
Subtotal	−44	−28	0
Committee total	1,593	1,307	1,244
JUDICIARY COMMITTEE			
Current level (enacted law):			
370 Commerce and housing credit	216	226	0
500 Education, training, employment, and social services	91	805	0
550 Health	1	1	0
600 Income security	24	10	5
750 Administration of justice	653	658	135
800 General government	416	416	500
Subtotal	2,221	2,116	640
Discretionary action (assumed legislation):			
800 General government	30	30	0
Subtotal	30	30	0
Committee total	2,251	2,146	640
MERCHANT MARINE AND FISHERIES COMMITTEE			
Current level (enacted law):			
300 Natural resources and environment	427	431	0
370 Commerce and housing credit	67	65	0
400 Transportation	6	0	427
600 Income security	13	6	0
800 General government	6	6	0
Subtotal	519	508	427
Discretionary action (assumed legislation):			
400 Transportation	−200	−200	0
Subtotal	−200	−200	0
Committee total	319	308	427

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
POST OFFICE AND CIVIL SERVICE COMMITTEE			
Current level (enacted law):			
550 Health	0	−636	2,873
600 Income security	54,256	32,977	32,977
800 General government	12,498	12,498	0
Subtotal	66,754	44,839	35,850
Discretionary action (assumed legislation):			
600 Income security	0	−1,000	−1,000
Subtotal	0	−1,000	−1,000
Committee total	66,754	43,839	34,850
PUBLIC WORKS AND TRANSPORTATION COMMITTEE			
Current level (enacted law):			
270 Energy	433	151	0
300 Natural resources and environment	158	177	0
400 Transportation	17,497	0	0
450 Community and regional development	5	5	0
800 General government	1	54	0
Subtotal	18,094	388	0
Committee total	18,094	388	0
SCIENCE, SPACE AND TECHNOLOGY COMMITTEE			
Current level (enacted law):			
250 General science, space, and technology	135	134	0
270 Energy	19	23	0
500 Education, training, employment, and social services	1	1	0
Subtotals	155	158	0
Committee totals	155	158	0
VETERANS' AFFAIRS COMMITTEE			
Current level (enacted law):			
700 Veterans benefits and services	1,588	1,429	18,148
Subtotal	1,588	1,429	18,148
Discretionary action (assumed legislation):			
700 Veterans benefits and services	−120	−120	301
Subtotal	−120	−120	301
Committee total	1,468	1,309	18,449
WAYS AND MEANS COMMITTEE			
Current level (enacted law):			
500 Education, training, employment, and social services	1,142	0	5,503
570 Medicare	136,654	114,516	114,520
600 Income security	27,339	20,346	47,154
650 Social security	346,038	269,288	264,511
750 Administration of justice	62	65	0
800 General government	500	505	406
900 Net interest	277,354	277,354	277,354
Subtotal	789,090	682,074	709,448

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
Discretionary action (assumed legislation):			
500 Education, training, employment, and social services	377	377	927
550 Health	0	0	5
570 Medicare	0	−1,700	−1,700
600 Income security	0	20	59
750 Administration of justice	−615	−615	0
Subtotal	−238	−1,918	−709
Committee total	788,852	680,158	708,739
UNASSIGNED TO COMMITTEES			
Current level (enacted Law):			
050 National defense	−12,083	−12,083	0
150 International affairs	−9,984	−9,371	0
250 General science, space and technology	−21	−15	0
270 Energy	−1,884	−1,912	0
300 Natural resources and environment	−3,336	−3,311	0
350 Agriculture	−6,196	−110	0
370 Commerce and housing credit	−89	−108	0
400 Transportation	−18	−4	0
450 Community and regional development	−365	−383	0
500 Education, training, employment, and social services	−84	−61	0
550 Health	−25	6	0
570 Medicare	−48,836	−48,838	0
600 Income security	−10,044	−9,863	0
650 Social security	−5,848	−5,848	0
700 Veterans benefits and services	−1,076	−1,048	0
750 Administration of justice	−41	−71	−5
800 General government	−19,574	−19,615	0
900 Net interest	−94,776	−94,776	−71,945
920 Allowances	−40,350	−40,350	0
950 Undistributed offsetting receipts	−44,700	−44,950	0
Subtotal	−299,331	−292,710	−71,950
Total, current level	879,075	712,792	796,997
Total, discretionary action	508,925	526,558	−954
Grand total	1,388,000	1,239,350	796,043

ALLOCATION OF CREDIT RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SECTION 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991

[In millions of dollars]

House committee	Direct loans	Primary guarantees
Current level (enacted law):		
Agriculture	8,019	5,750
Banking, Finance and Urban Affairs	3,250	1
Education and Labor		12,810
Energy and Commerce		290
Merchant Marine and Fisheries		104
Public Works and Transportation	299	
Veterans' Affairs	675	15,650

ALLOCATION OF CREDIT RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SECTION 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

House committee	Direct loans	Primary guarantees
Ways and Means	2	
Unassigned	51	−13
Subtotal	12,296	34,592
Discretionary action (assumed legislation):		
Appropriations	8,954	68,858
Subtotal	8,954	68,858
Grand total	21,250	103,450

ALLOCATIONS, SCOREKEEPING, AND ENFORCEMENT

Section 302(a) of the Budget Act provides that the Statement of Managers accompanying a conference report on a budget resolution allocate the amounts of spending assumed in the resolution to the committees with jurisdiction over such spending. This requirement is limited to budget-year (FY 1991) figures only. Section 301(e) requires allocations to be included in the Committee's report accompanying a budget resolution. This latter requirement first applied with the FY 1987 budget resolution. The 302 allocation process is intended to ensure that aggregate levels for discretionary programs and for direct spending liberalizations assumed in the budget resolution will not be exceeded.

AMOUNTS ALLOCATED TO COMMITTEES

As in past years, new budget authority, outlays, entitlement authority, and credit authority (direct loan obligations and primary loan guarantee commitments) are allocated to committees. All permanent appropriations of new budget authority and the associated outlays are allocated to the committee that has jurisdiction over the substantive law. All "current" appropriations—new budget authority and credit authority to be provided by this year's appropriations bills, and associated outlays—are allocated to the Appropriations Committee. All entitlement authority is allocated to the authorizing committee that has jurisdiction over the substantive law. This is the case whether the entitlement is funded from a permanent appropriation of new budget authority or from current (annual) appropriations. Current law offsetting receipts (both proprietary and intra-governmental) are allocated in a category called "unassigned to committee"; when added to the gross amounts of spending allocated to committees, the net spending totals in the budget resolution are reached.

The estimating adjustments shown in function 920, which are used to convert CBO figures to the HBC/OMB basis used by the Committee for FY 1991, are also included in the "unassigned" category. Therefore, the amounts allocated to committees are based on

CBO estimates, which are used for Budget Act scorekeeping and enforcement.

SEPARATION BETWEEN CURRENT LEVEL AND DISCRETIONARY ACTION

All amounts—new budget authority, outlays, entitlement authority, and credit authority—are allocated in two separate components, "Current Level" and "Discretionary Action". The term "current level" refers to existing permanent appropriations, entitlements, and direct loans made as a result of defaults on loan guarantees.

The term "discretionary action" corresponds to "discretionary new budget authority", "new credit authority", and "new spending authority as describe in section 401(c)(2)(C)", i.e., new entitlement authority. There is only one target for discretionary action (new) entitlement authority, applying to all entitlement legislation whether funded through federal, revolving, or trust funds. The discretionary action allocation of new budget authority, outlays, entitlement authority, and credit authority includes any assumed legislative increase or decrease to existing permanent or entitlement authority. It also includes the *total* amounts (including advance appropriations and outlays from prior appropriations) for all discretionary programs.

SECTION 302(b) SUBDIVISIONS BY COMMITTEE

Section 302(b) of the Budget Act provides that following adoption of the budget resolution conference report, each committee shall subdivide its section 302(a) allocation. The Appropriations Committee subdivides its amounts among its 13 subcommittees. Other committees divide their amounts among subcommittees or programs. Amounts should also be separated into "current level" and discretionary action" components, pursuant to section 302(b)(2)(B) of the Act.

These subdivisions become the official scorekeeping targets that the House uses in measuring spending bills. For this reason, section 302(c) requires each committee to make its 302(b) subdivisions before the committee may bring spending or credit legislation to the Floor.

SCOREKEEPING AND ENFORCEMENT

The discretionary action allocations provide the scorekeeping targets that apply to several provisions enforcing budget resolution assumptions:

- Section 302(f), which prohibits consideration of any measure that, if enacted, would breach a committee's 302(a) allocation or a 302(b) suballocation of "discretionary action" new budget authority, credit authority, or entitlement authority.
- Section 311(b), which is an exception to the section 311(a) point of order. This exception permits consideration of legislation even if aggregate spending levels are breached so long as the commiteee of jurisdiction is within its 302(a) allocation of "discretionary action" new budget authority or entitlement authority.

• Section 401(b)(2). Reported bills providing new entitlement authority in excess of a committee's 302(b) suballocations are sequentially referred to the Appropriations Committee, pursuant to section 401(b)(2) of the Act. Section 401(d) exempts certain entitlement legislation from referral even if the discretionary action subdivision of entitlement authority is exceeded.

B. Reconciliation Instructions to Committees

The Budget Act sets forth the reconciliation process as one tool to implement the policies contained in the budget resolution. The framework of the reconciliation process is described in Section 310 of the Congressional Budget Act, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985.

The Committee recommendation contains reconciliation instructions to eight House and eight Senate committees to report legislation that will reduce outlays by $5.187 billion in fiscal year 1991 and $30.322 billion over 5 years and increase revenues by $13.900 billion in fiscal year 1991 and $94.900 billion over 5 years.

The Committee recommendation instructs reconciled Committees to submit their reconciliation recommendations to their respective Committee on the Budget no later than July 16, 1990. The Budget Act provides that the Budget Committees shall report legislation including all such recommendations without substantive revision.

The reconciliation instructions in the resolution assume some reductions in Medicare outlays. It is the Committee's intention that none of the savings directed to be achieved in Medicare shall come from provisions that reduce services or increase costs to beneficiaries. The Committee further urges that the authorizing Committees proceed with extreme caution relative to Medicare provider changes which may negatively affect health care access and quality.

The instructions for Medicare reductions assumed in the resolution are assigned both to the Energy and Commerce and the Ways and Means Committees. These Committees have overlapping jurisdictions of Medicare Part B, and the Ways and Means Committee has sole jurisdiction over Medicare Part A. The resolution does not make assumptions regarding the division of Medicare savings between Parts A and B of the program. Therefore, in determining whether the reconciliation instruction has been met by the Energy and Commerce Committee, the Budget Committee will examine the unduplicated reduction in Medicare outlays included in the reconciliation recommendations of both Committees, including the extent to which the Committee on Ways and Means meets its reconciliation instructions.

Following is a table showing the reconciliation instruction assumptions for each reconciled House and Senate Committee:

RECONCILIATION INSTRUCTIONS BY HOUSE COMMITTEE

[Dollars in millions]

		Fiscal year 1991	Fiscal year 1992	Fiscal year 1993	Fiscal year 1994	Fiscal year 1995	1991–95
Spending:							
Budget authority		−2,503	−3,276	−3,607	−3,639	−3,693	−16,718
Outlays		−5,187	−6,296	−6,047	−6,269	−6,523	−30,322
Revenues		−13,900	−18,000	−19,000	−21,000	−23,000	−94,900
Total deficit reduction		−19,087	−24,296	−25,047	−27,269	−29,523	−125,222
Agriculture:							
Agricultural User Fees	BA	−79	−82	−86	−91	−95	−433
	O	−79	−82	−86	−91	−95	−433
CFTC fees	BA	−41	−45	−48	−52	−55	−241
	O	−41	−45	−48	−52	−55	−241
Farm program savings	BA	−800	−1,600	−1,900	−1,900	−1,900	−8,100
	O	−800	−1,600	−1,900	−1,900	−1,900	−8,100
Tongass timber reform [1]	BA	−44	−44	−44	−44	−44	−220
	O	−28	−44	−44	−44	−44	−204
Total, Agriculture	BA	−964	−1,771	−2,078	−2,087	−2,094	−8,994
	O	−948	−1,771	−2,078	−2,087	−2,094	−8,978
Banking, Finance and Urban Affairs:							
FHA mortgage assignment waivers	BA	−155	−155	−155	−155	−155	−775
Banking, Finance and Urban Affairs:	O	−155	−155	−155	−155	−155	−775
Total, Banking	BA	−155	−155	−155	−155	−155	−775
	O	−155	−155	−155	−155	−155	−775
Energy and Commerce:							
NRC user fees [1]	BA	−299	−321	−333	−345	−363	−1,661
	O	−299	−321	−333	−345	−363	−1,661
SEC user fees	BA	−50	0	0	0	0	−50
	O	−50	0	0	0	0	−50
Medicare savings	BA	0	0	0	0	0	
	O	−1,700	−2,300	−2,500	−2,700	−2,900	−12,100

RECONCILIATION INSTRUCTIONS BY HOUSE COMMITTEE—Continued

[Dollars in millions]

		Fiscal year 1991	Fiscal year 1992	Fiscal year 1993	Fiscal year 1994	Fiscal year 1995	1991–95
Total Energy and Commerce	BA	−349	−321	−333	−345	−363	−1,711
	O	−2,049	−2,621	−2,833	−3,045	−3,263	−13,811
Interior and Insular Affairs:							
NRC user fees [1]	BA	−299	−321	−333	−345	−363	−1,661
	O	−299	−321	−333	−345	−363	−1,661
Tonagass timber reform [1]	BA	−44	−44	−44	−44	−44	−220
	O	−28	−44	−44	−44	−44	−204
Total, Interior and Insular Affairs	BA	−343	−365	−377	−389	−407	−1,881
	O	−327	−365	−377	−389	−407	−1,865
Merchant Marine and Fisheries:							
Coast Guard user fees	BA	−200	−208	−216	−223	−230	−1,077
	O	−200	−208	−216	−223	−230	−1,077
Total Merchant Marine and Fisheries	BA	−200	−208	−216	−223	−230	−1,077
	O	−200	−208	−216	−223	−230	−1,077
Post Office and Civil Service:							
Retirement reform	BA	0	0	0	0	0	0
	O	−1,000	−720	60	70	70	−1,520
Total, Post Office and Civil Service	BA	0	0	0	0	0	0
	O	−1,000	−720	60	70	70	−1,520
Veteran's Affairs:							
VA user fees	BA	−120	−125	−130	−135	−140	−650
	O	−120	−125	−130	−135	−140	−650
VA entitlement reform	BA	−100	−105	−110	−115	−120	−550
	O	−100	−105	−110	−115	−120	−550
Total Veterans	BA	−220	−230	−240	−250	−260	−1,200
	O	−220	−230	−240	−250	−260	−1,200

Ways and Means:							
Medicare [1]	BA	0	0	0	0	0	0
	O	−1,700	−2,300	−2,500	−2,700	−2,900	−12,100
Customs Service user fees	BA	−615	−591	−585	−579	−591	−2,961
	O	−615	−591	−585	−579	−591	−2,961
Total, Ways and Means spending	BA	−615	−591	−585	−579	−591	−2,961
	O	−2,315	−2,891	−3,085	−3,279	−3,491	−15,061
Revenues	REV	−13,900	−18,000	−19,000	−21,000	−23,000	−94,900
Total Ways and Means deficit reduction	DR	−16,215	−20,891	−22,085	−24,279	−26,491	−109,961

Note: Minus indicates reduction. A decrease in outlays or an increase in revenues

[1] Joint jurisdiction, savings counted only once in total savings.

RECONCILIATION INSTRUCTIONS BY SENATE COMMITTEE

[Dollars in millions]

		Fiscal year 1991	Fiscal year 1992	Fiscal year 1993	Fiscal year 1994	Fiscal year 1995	1991–95
Spending:							
Budget authority		−2,503	−3,276	−3,607	−3,639	−3,693	−16,718
Outlays		−5,187	−6,296	−6,047	−6,269	−6,523	−30,322
Revenues		−13,900	−18,000	−19,000	−21,000	−23,000	−94,900
Total deficit reduction		−19,087	−24,296	−25,047	−27,269	−29,523	−125,222
Agriculture:							
Agricultural user fees	BA	−79	−82	−86	−91	−95	−433
	O	−79	−82	−86	−91	−95	−433
CFTC fees	BA	−41	−45	−48	−52	−55	−241
	O	−41	−45	−48	−52	−55	−241
Farm program savings	BA	−800	−1,600	−1,900	−1,900	−1,900	−8,100
	O	−800	−1,600	−1,900	−1,900	−1,900	−8,100
Total, Agriculture	BA	−920	−1,727	−2,034	−2,043	−2,050	−8,774
	O	−920	−1,727	−2,034	−2,043	−2,050	−8,774
Banking, Housing and Urban Affairs:							
FHA mortgage assignment waivers	BA	−155	−155	−155	−155	−155	−775
	O	−155	−155	−155	−155	−155	−775

RECONCILIATION INSTRUCTIONS BY SENATE COMMITTEE—Continued

[Dollars in millions]

		Fiscal year 1991	Fiscal year 1992	Fiscal year 1993	Fiscal year 1994	Fiscal year 1995	1991-95
SEC user fees	BA	−50	0	0	0	0	−50
	O	−50	0	0	0	0	−50
Total, Banking	BA	−205	−155	−155	−155	−155	−825
	O	−205	−155	−155	−155	−155	−825
Commerce, Science and Transportation:							
Coast Guard user fees	BA	−200	−208	−216	−223	−230	−1,077
	O	−200	−208	−216	−223	−230	−1,077
Total, Commerce, Science and Transportation	BA	−200	−208	−216	−223	−230	−1,077
	O	−200	−208	−216	−223	−230	−1,077
Energy and Natural Resources:							
Tongass timber reform	BA	−44	−44	−44	−44	−44	−220
	O	−28	−44	−44	−44	−44	−204
Total, Energy and Natural Resources	BA	−44	−44	−44	−44	−44	−220
	O	−28	−44	−44	−44	−44	−204
Environment and Public Works:							
NRC user fees	BA	−299	−321	−333	−345	−363	−1,661
	O	−299	−321	−333	−345	−363	−1,661
Total, Environment and Public Works	BA	−299	−321	−333	−345	−363	−1,661
	O	−299	−321	−333	−345	−363	−1,661
Finance:							
Medicare	BA	0	0	0	0	0	0
	O	−1,700	−2,300	−2,500	−2,700	−2,900	−12,100
Customs Service user fees	BA	−615	−591	−585	−579	−591	−2,961
	O	−615	−591	−585	−579	−591	−2,961
Total, Finance spending	Ba	−615	−591	−585	−579	−591	−2,961
	O	−2,315	−2,891	−3,085	−3,279	−3,491	−15,061

Revenues	REV	−13,900	−18,000	−19,000	−21,000	−23,000	−94,900
Total, Finance deficit reduction	DR	−16,215	−20,891	−22,085	−24,279	−26,491	−109,961
Governmental Affairs:							
Retirement reform	BA	0	0	0	0	0	0
	O	−1,000	−720	60	70	70	−1,520
Total, Governmental Affairs	BA	0	0	0	0	0	0
	O	−1,000	−720	60	70	70	−1,520
Veterans Affairs:							
VA user fees	BA	−120	−125	−130	−135	−140	−650
	O	−120	−125	−130	−135	−140	−650
VA entitlement reform	BA	−100	−105	−110	−115	−120	−550
	O	−100	−105	−110	−115	−120	−550
Total, Veterans	BA	−220	−230	−240	−250	−260	−1,200
	O	−220	−230	−240	−250	−260	−1,200

Note: Minus indicates deficit reduction: a decrease in outlays or an increase in revenues.

TIMING SHIFTS

There are many different forms of timing shifts—pay date shifts, shifts in the date on which benefits are paid, delayed obligations of appropriated funds, acceleration of the collection of taxes under existing law. On some occasions, relatively short delays or accelerations produce dramatic *apparent* budget savings or costs, at least in the first year. Yet, most of these effects are simply the result of moving transactions from before September 30 (the last day of the fiscal year) to after it, or vice versa, and have no real fiscal effect in the short or long term.

The Committee is very concerned that such apparent budget savings not substitute for the real, permanent deficit reduction assumed in the reconciliation directive or 302 allocations. The Committee believes that the existing rules regarding timing shifts, incorporated into Section 202 of Gramm-Rudman-Hollings II, have proven inadequate. The Committee strongly urges committees of jurisdiction to avoid using timing shifts in meeting budget resolution allocations and reconciliation targets. The Committee recognizes that timing shifts are sometimes an inevitable consequence of budgetary policy taken for other reasons, or of policy taken for non-budgetary reasons. It would, therefore, be inappropriate to put new constraints on the consideration of legislation containing timing shifts; rather, it urges committees to consider such legislation separately from the main budgetary packages. Because of these concerns, the Committee is prepared to oppose attempts by the committees to substitute timing shifts for the real, permanent deficit reduction called for by this resolution.

ASSET SALES AND LOAN PREPAYMENTS

The Committee notes that it may be appropriate to accept the prepayment of loans or to sell loan or other assets, especially when those assets are acquired as collateral upon a default.

On the other hand, asset sales and loan prepayments are forms of timing shifts in that the government receives an up-front payment of cash in return for a reduced stream of future cash. In addition, asset sales and loan prepayments generally have no fiscal effect in the short or long run (except to the extent that the government suffers a net loss on the transaction) because they merely involve the exchange of financial assets of equal worth. Finally, GRH generally prohibits the scoring of new asset sale or loan prepayment legislation for the purposes of reaching the sequestration threshold.

Therefore, the Committee believes that asset sales and loan prepayments should not substitute for the real, permanent deficit reduction assumed in the budget resolution. Specifically, committees are strongly urged to avoid asset sales and loan prepayments in meeting their reconciliation directives and 302 allocations.

V. BACKGROUND AND NATURE OF THE RESOLUTION

SUMMARY OF THE RESOLUTION

The concurrent resolution on the budget establishes aggregate targets for revenues, budget authority, outlays, deficit, public debt, and Federal credit activities, as well as functional category targets. The budget resolution meets the deficit target for fiscal year 1991 set out in the Balanced Budget and Emergency Deficit Control Act of 1985, P.L. 99-177, as amended by P.L. 100-119 (commonly known as Gramm-Rudman-Hollings). In addition, the budget resolution includes targets for five years, as well as reconciliation instructions for five years.

DEVELOPMENT OF THE RESOLUTION

On January 29, 1990, President Bush submitted his budget proposals for fiscal year 1991. The Economic Report of the President was submitted on February 6, 1990. As required under the Budget Act, all House and joint committees submitted their reports commenting on the President's budget proposals and setting forth their views and estimates for appropriate levels of spending for programs within their jurisdictions. For the full text of the reports, see House Budget Committee Print 4 (CP-4). The Committee also received reports from the Congressional Budget Office and the Joint Economic Committee.

The Committee heard testimony from key economic and policy advisors in the administration, as well as testimony from experts outside the administration, including Office of Management and Budget Director Richard Darman; Congressional Budget Office Director Dr. Robert Reischauer; Council of Econmic Advisors Chairman Michael J. Boskin; Johns Hopkins Foreign Policy Institute Chairman and Former Secretary of Defense Harold Brown; Secretary of Defense Richard B. Cheney; Former Secretary of Defense and Former President of the World Bank Robert McNamara; Joint Chiefs of Staff Chairman General Colin L. Powell; Secretary of the Department of Housing and Urban Development Jack Kemp; Secretary of the Department of Health and Human Services Louis Sullivan, M.D.; Chairman of the Board of Governors of the Federal Reserve Alan Greenspan; Deputy Secretary of State Lawrence S. Eagleburger; and Joint Economic Committee Chairman Lee Hamilton.

In addition, testimony was received from Members of Congress as well as a number of distinguished economists and tax experts and representatives from education, health, housing, and other public interest groups.

Provisions of Law Relating to the Resolution

The Balanced Budget and Emergency Deficit Control Act of 1985 modified the budget process and changed the content and impact of the budget resolution in various ways. The Act provides for one binding resolution on the budget for each fiscal year. The concurrent resolution must set forth the budget aggregates, functional categories, revenues, deficit, credit budget, and public debt.

The levels for fiscal year 1991 will become binding on Congress upon adoption of the resolution by both bodies. The credit budget will be enforced at the committee level through the section 302(a) and 302(b) allocations.

In addition, the Omnibus Trade and Competitiveness Act of 1988 required the report accompanying the budget resolution to contain an analysis of the impact of the recommended budget on the international competitiveness of United States business. This analysis is included elsewhere in this report.

Content of the Budget Resolution

Section 301(a) of the Congressional Budget Act requires that, on or before April 15 of each year, the Congress shall complete action on the budget resolution. That resolution establishes binding spending ceilings and revenue floors for Congress to follow during its subsequent consideration of spending and revenue legislation.

Section 301(a) provides:

> Sec. 301(a) Content of Concurrent Resolution on the Budget.—On or before April 15 of each year, the Congress shall complete action on a concurrent resolution on the budget for the fiscal year beginning on October 1 of such year. The concurrent resolution shall set forth appropriate levels for the fiscal year beginning on October 1 of such year, and planning levels for each of the two ensuing fiscal years, for the following—
>
> 1. totals of new budget authority, budget outlays, direct loan obligations, and primary loan guarantee commitments;
> 2. total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;
> 3. the surplus or deficit in the budget;
> 4. new budget authority, budget outlays, direct loan obligations, and primary loan guarantee commitments for each major functional category, based on allocations of the total levels set forth pursuant to paragraph (1); and
> 5. the public debt.

Maximum Deficit Amount May Not Be Exceeded

Section 301(i) of the Congressional Budget Act, as amended, provides that neither the House of Representatives nor the Senate may consider a budget resolution, or an amendment to such resolution, if the level of total budget outlays exceeds the recommended level of Federal revenues for that year by an amount that is greater than the maximum deficit amount set forth in Gramm-Rudman-Hollings. For the purposes, of this requirement the applicable maximum deficit amount is:

Fiscal year 1991: $64.0 billion.

This prohibition does not apply to the deficit levels for fiscal years 1992 and 1993 since the outyear spending and revenue levels in the resolution are for planning purposes only and are not binding.

Social Security

Section 261 of Gramm-Rudman-Hollings (P.L. 99-177) provides that the receipts and disbursements of the Social Security trust funds shall not be included in the totals of the budget resolution. However, Gramm-Rudman-Hollings further provides that trust funds must be taken into account in a separate computation in order to calculate the deficit for purposes of comparision with the maximum deficit amount set forth in Gramm-Rudman-Hollings and compliance with section 301(i) of the Congressional Budget Act, discussed above. Therefore, in compliance with Gramm-Rudman-Hollings and House rules, which require the budget resolution to be mathematically consistent, the budget resolution contains two deficit levels; one includes Social Security trust funds and one excludes those trust funds. The deficit levels which include the Social Security trust funds are set forth only through fiscal year 1993, the year in which Gramm-Rudman-Hollings is due to expire.

Federal Credit Activities

The Congress has long been concerned about the impact of Federal credit activities on financial markets, the economy, and the Federal budget. Beginning with the First Concurrent Resolution on the Budget for Fiscal Year 1983, Congress had included an advisory credit budget in the resolution. The advisory credit budget was included as being consistent with the Congressional Budget Act provision permitting inclusion of "such other matters . . . relating to the budget, as may be appropriate to carry out the purposes of this Act."

For the first time, in fiscal year 1987, the Congressional Budget Act, as amended, required credit authority to be part of the budget resolution and set forth as a separate category. Consistent with that requirement, the budget resolution includes aggregate and functional amounts of new direct loan obligations and new primary loan guarantee commitments which the Federal Government may incur during fiscal year 1991.

Further steps are under consideration by Congress in the area of credit reform in an effort to account for Federal credit activities in the budget resolution more accurately.

Treatment of Off-Budget Spending

Section 406 of the Congressional Budget Act, as amended, provides that budget authority, credit authority, and estimates of outlays and receipts for activities of the Federal budget which were off budget immediately prior to the date of enactment of Gramm-

Rudman-Hollings, not including activities of the Federal Old Age and Survivors Insurance and Federal Disability Insurance Trust Funds, shall be includes in the President's budget and in a concurrent resolution on the budget and shall be considered budget authority, outlays, and spending authority. The budget resolution satisfies this requirement and the budgetary treatment of the Postal Service required under the Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239)

PUBLIC DEBT LIMIT

Rule XLIX of the House of Representative sets forth a procedure for increasing the level of the public debt. The rule blends the public debt limit increase into the congressional budget process which, by setting the budget totals, determines what amount of debt must be outstanding.

Upon final passage by both bodies of the concurrent resolution on the budget, the public debt level for fiscal year 1991 set forth in the resolution becomes the substance of a joint resolution, which is deemed passed by the House, and which is sent to the Senate for its consideration. If the Senate approves the joint resolution without amendment, the joint resolution is sent to the President for his signature. The public debt level in the joint resolution becomes effective upon signature by the President. (If the Senate amends the joint resolution, then it would return to the House for further action.)

Pursuant to the rule, the text of the joint resolution would be as follows:

That subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection and inserting in lieu thereof $3,315,850,000,000.

Legislative jurisdiction over the public debt remains in the Committee on Ways and Means. The rule does not preclude that committee from originating public debt bills whenever necessary.

COMMITTEE ACTION ON THE BUDGET RESOLUTION

The Committee met to consider the resolution April 19, 1990. The Committee ordered the resolution reported on April 19, 1990 by voice vote, a quorum being present.

VI. SUMMARY TABLES

SUMMARY OF RECOMMENDATION

[In billions of dollars]

	Committee recommendation—total budget				
	1991	1992	1993	1994	1995
Budget authority	1,388.00	1,446.75	1,515.65	1,569.00	1,637.00
Outlays	1,239.35	1,279.40	1,335.75	1,379.10	1,426.05
Revenues	1,175.60	1,263.30	1,338.10	1,422.40	1,508.80
Deficit (−) / surplus (+)	−63.75	−16.10	2.35	43.30	82.75
050 National defense:					
Budget authority	283.00	280.50	275.35	270.40	265.55
Outlays	295.45	287.45	277.80	275.10	266.60
150 International affairs:					
Budget authority	20.30	20.35	20.70	21.35	22.30
Outlays	17.60	18.55	19.00	19.15	20.05
250 General science, space and technology:					
Budget authority	16.65	19.70	21.20	22.25	23.05
Outlays	16.00	18.55	20.25	21.60	22.55
270 Energy:					
Budget authority	6.05	5.30	6.10	6.60	7.05
Outlays	4.15	4.10	4.90	5.25	5.00
300 Natural resources and environment:					
Budget authority	18.80	19.85	20.55	21.25	22.00
Outlays	19.00	19.80	20.50	20.95	21.40
350 Agriculture:					
Budget authority	19.40	21.35	18.40	16.65	17.50
Outlays	15.60	15.90	14.20	13.75	12.90
370 Commerce and housing credit:					
Budget authority	44.80	15.05	27.15	15.65	17.25
Outlays	45.35	5.05	15.35	2.85	5.00
400 Transportation:					
Budget authority	31.85	33.50	35.20	36.85	38.25
Outlays	30.65	32.45	34.40	36.85	39.35
450 Community and regional development:					
Budget authority	8.30	8.25	8.30	8.75	8.90
Outlays	7.85	7.80	7.75	8.10	8.40
500 Education, training, employment and social services:					
Budget authority	48.70	53.45	55.15	57.95	60.80
Outlays	43.15	51.65	54.25	56.60	59.15
550 Health:					
Budget authority	67.75	76.35	84.15	92.85	102.20
Outlays	66.05	75.65	83.65	92.10	101.15
570 Medicare:					
Budget authority	124.75	136.85	151.00	166.15	182.15
Outlays	103.30	117.80	132.65	148.75	166.00
600 Income security:					
Budget authority	202.20	210.80	219.00	230.30	239.75
Outlays	156.50	165.30	176.00	187.45	196.45
650 Social security:					
Budget authority	340.25	368.05	398.30	431.00	465.50
Outlays	265.85	282.70	300.45	318.60	337.70
700 Veterans benefits and services:					
Budget authority	32.00	33.05	34.00	35.05	36.00
Outlays	31.55	32.45	33.60	36.20	36.00

SUMMARY OF RECOMMENDATION—Continued

[In billions of dollars]

	Committee recommendation—total budget				
	1991	1992	1993	1994	1995
750 Administration of justice:					
Budget authority	12.75	13.45	14.55	14.95	15.55
Outlays	12.55	13.80	14.55	14.85	15.35
800 General government:					
Budget authority	12.90	12.85	12.95	13.05	13.65
Outlays	11.45	12.35	12.85	13.00	13.45
900 Net interest:					
Budget authority	182.60	185.10	188.55	188.55	185.25
Outlays	182.60	185.10	188.55	188.55	185.25
920 Allowances:					
Budget authority	−40.35	−19.80	−25.65	−28.55	−30.85
Outlays	−40.35	−19.80	−25.65	−28.55	−30.85
950 Undistributed offsetting receipts:					
Budget authority	−44.70	−47.25	−49.30	−52.05	−54.85
Outlays	−44.95	−47.25	−49.30	−52.05	−54.85

SUMMARY OF RECOMMENDATION

[In billions of dollars]

	Committee recommendation—on budget "Gramm-Rudman basis"				
	1991	1992	1993	1994	1995
Budget authority	1,079.25	1,117.35	1,163.85	1,193.30	1,236.40
Outlays	1,005.00	1,035.35	1,081.80	1,115.80	1,153.25
Revenues	863.05	927.45	982.90	1,040.55	1.102.25
Deficit (−) / surplus (+)	−141.95	−107.90	−98.90	−75.25	−51.00
050 National defense:					
Budget Authority	283.00	280.50	275.35	270.40	265.55
Outlays	295.45	287.45	277.80	275.10	266.60
150 International affairs:					
Budget Authority	20.30	20.35	20.70	21.35	22.30
Outlays	17.60	18.55	19.00	19.15	20.05
250 General science, space and technology:					
Budget Authority	16.65	19.70	21.20	22.25	23.05
Outlays	16.00	18.55	20.25	21.60	22.55
270 Energy:					
Budget Authority	6,05	5.30	6.10	6.60	7.05
Outlays	4.15	4.10	4.90	5.25	5.00
300 Natural resources and environment:					
Budget Authority	18.80	19.85	20.55	21.25	22.00
Outlays	19.00	19.80	20.50	20.95	21.40
350 Agriculture:					
Budget Authority	19.40	21.35	18.40	16.65	17.50
Outlays	15.60	15.90	14.20	13.75	12.90
370 Commerce and housing credit:					
Budget Authority	44.80	15.05	27.15	15.65	17.25
Outlays	45.35	5.05	15.35	2.85	5.00
400 Transportation:					
Budget Authority	31.85	33.50	35.20	36.85	38.25
Outlays	30.65	32.45	34.40	36.85	39.35
450 Community and regional development:					
Budget Authority	8.30	8.25	8.30	8.75	8.90
Outlays	7.85	7.80	7.75	8.10	8.40
500 Education, training, employment and social services:					
Budget Authority	48.70	53.45	55.15	57.95	60.80
Outlays	43.15	51.65	54.25	56.60	59.15

SUMMARY OF RECOMMENDATION—Continued

[In billions of dollars]

	Committee recommendation—on budget "Gramm-Rudman basis"				
	1991	1992	1993	1994	1995
550 Health:					
Budget Authority	67.75	76.35	84.15	92.85	102.20
Outlays	66.05	75.65	83.65	92.10	101.15
570 Medicare:					
Budget Authority	124.75	136.85	151.00	166.15	182.15
Outlays	103.30	117.80	132.65	148.75	166.00
600 Income security:					
Budget Authority	202.20	210.80	219.00	230.30	239.75
Outlays	156.50	165.30	176.00	187.45	196.45
650 Social Security:					
Budget Authority	3.80	4.45	4.85	5.35	5.90
Outlays	3.80	4.45	4.85	5.35	5.90
700 Veterans benefits and services:					
Budget Authority	32.00	33.05	34.00	35.05	36.00
Outlays	31.55	32.45	33.60	36.20	36.00
750 Administrtion of justice:					
Budget Authority	12.75	13.45	14.55	14.95	15.55
Outlays	12.55	13.80	14.55	14.85	15.35
800 General government:					
Budget Authority	12.90	12.85	12.95	13.05	13.65
Outlays	11.45	12.35	12.85	13.00	13.45
900 Net interest:					
Budget Authority	204.10	212.45	222.60	230.20	235.50
Outlays	204.10	212.45	222.60	230.20	235.50
920 Allowances:					
Budget Authority	−40.15	−19.50	−25.25	−28.15	−30.75
Outlays	−40.15	−19.50	−25.25	−28.15	−30.75
950 Undistributed offsetting receipts:					
Budget Authority	−38.70	−40.70	42.10	−44.15	−46.20
Outlays	−38.95	−40.70	42.10	−44.15	−46.20

SUMMARY OF RECOMMENDATION

[In billions of dollars]

	Committee recommendation—off budget "Gramm-Rudman basis"				
	1991	1992	1993	1994	1995
Budget authority	308.75	329.40	351.80	375.70	400.60
Outlays	234.35	244.05	253.95	263.30	272.80
Revenues	312.55	335.85	355.20	381.85	406.55
Deficit (−) / surplus (+)	78.20	91.80	101.25	118.55	133.75
050 National defense:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
150 International affairs:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
250 General science, space and technology:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
270 Energy:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
300 Natural resources and environment:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00

SUMMARY OF RECOMMENDATION—Continued

[In billions of dollars]

	Committee recommendation—off budget "Gramm-Rudman basis"				
	1991	1992	1993	1994	1995
350 Agriculture:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
370 Commerce and housing credit:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
400 Transportation:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
450 Community and regional development:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
500 Education, training, employment and social services:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
550 Health:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
570 Medicare:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
600 Income security:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
650 Social Security:					
Budget authority	336.45	363.60	393.45	425.65	459.60
Outlays	262.05	278.25	295.60	313.25	331.80
700 Veterans Benefits and services:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
750 Administration of justice:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
800 General government:					
Budget authority	0.00	0.00	0.00	0.00	0.00
Outlays	0.00	0.00	0.00	0.00	0.00
900 Net interest:					
Budget authority	−21.50	−27.35	−34.05	−41.65	−50.25
Outlays	−21.50	−27.35	−34.05	−41.65	−50.25
920 Allowances:					
Budget authority	−0.20	−0.30	−0.40	−0.40	−0.10
Outlays	−0.20	−0.30	−0.40	−0.40	−0.10
950 Undistributed offsetting receipts:					
Budget authority	−6.00	−6.55	−7.20	−7.90	−8.65
Outlays	−6.00	−6.55	−7.20	−7.90	−8.65

FUNCTIONAL ANALYSIS

[In billions of dollars]

	HBC baseline 1991	Committee recommendation 1991	Bush reestimated [1] 1991	Bush over/under committee recommendation 1991
Budget authority	1,412.70	1,388.00	1,390.60	3.75
Outlays	1,256.45	1,239.35	1,231.60	−7.85
Revenues	1,156.30	1,175.60	1,170.25	−5.35
Deficit (−) / Surplus (+)	−100.15	−63.75	−61.40	2.50
050 National Defense:				
Budget authority	315.80	283.00	306.85	23.85
Outlays	306.95	295.45	303.75	8.30
150 International Affairs:				
Budget authority	19.05	20.30	20.30	0.00
Outlays	16.85	17.60	17.75	0.15
250 General Science, Space and Technology:				
Budget authority	15.25	16.65	17.85	1.20
Outlays	15.20	16.00	16.75	0.75
270 Energy:				
Budget authority	6.35	6.05	4.00	−2.05
Outlays	4.45	4.15	3.90	−0.25
300 Natural Resources and Environment:				
Budget authority	18.30	18.80	17.90	−0.90
Outlays	18.80	19.00	18.75	−0.25
350 Agriculture:				
Budget authority	20.15	19.40	17.90	−1.50
Outlays	16.35	15.60	14.25	−1.35
370 Commerce and Housing Credit:				
Budget authority	44.85	44.80	43.60	−1.20
Outlays	45.50	45.35	44.20	−1.15
400 Transportation:				
Budget authority	31.30	31.85	30.30	−1.55
Outlays	30.60	30.65	29.55	−1.10
450 Community and Regional Development:				
Budget authority	7.90	8.30	6.95	−1.35
Outlays	7.95	7.85	7.70	−0.15
500 Education, Training, Employment and Social Services:				
Budget authority	42.85	48.70	42.90	−5.80
Outlays	41.25	43.15	40.85	−2.30
550 Health:				
Budget authority	65.70	67.75	64.85	−2.90
Outlays	65.00	66.05	64.15	−1.90
570 Medicare:				
Budget authority	124.75	124.75	124.55	−0.20
Outlays	104.90	103.30	99.80	−3.50
600 Income Security:				
Budget authority	198.85	202.20	198.10	−4.10
Outlays	156.90	156.50	153.15	−3.35
650 Social Security:				
Budget authority	340.25	340.25	342.95	2.70
Outlays	265.80	265.85	265.80	−0.05
700 Veterans Benefits and Services:				
Budget authority	31.85	32.00	31.80	−0.20
Outlays	31.50	31.55	31.30	−0.25
750 Administration of Justice:				
Budget authority	13.65	12.75	12.60	−0.15
Outlays	12.60	12.55	12.55	0.00
800 General Government:				
Budget authority	11.20	12.90	11.35	−1.55
Outlays	11.20	11.45	11.50	0.05
900 Net Interest:				
Budget authority	183.95	182.60	182.90	0.30

FUNCTIONAL ANALYSIS—Continued

[In billions of dollars]

	HBC baseline 1991	Committee recommendation 1991	Bush reestimated [1] 1991	Bush over/under committee recommendation 1991
Outlays	183.95	182.60	182.90	0.30
920 Allowances:				
Budget authority	−40.50	−40.35	−45.65	−5.30
Outlays	−40.50	−40.35	−45.65	−5.30
950 Undistributed Offsetting Receipts:				
Budget authority	−38.80	−44.70	−41.45	3.25
Outlays	−38.80	−44.95	−41.45	3.50

[1] Bush reestimated may not add due to rounding.

CREDIT BUDGET

[In billions of dollars]

	Fiscal year—				
	1991	1992	1993	1994	1995
Committee recommendation:					
Direct loan obligations	21.25	18.10	18.35	18.75	19.00
Primary guarantee commitments	103.45	104.40	107.10	110.35	113.75
President's February Budget:					
Direct loan obligations	13.45	12.95	12.45	12.05	11.75
Primary guarantee commitments	129.75	122.20	122.70	124.20	125.70
CBO Reestimate of the President's Budget:					
Direct loan obligations	16.55	13.25	12.85	12.60	12.30
Primary guarantee commitments	105.60	109.45	112.15	115.45	118.00
HBC adjusted baseline:					
Direct loan obligations	21.05	17.90	18.20	18.60	18.85
Primary guarantee commitments	103.05	104.00	106.75	110.10	113.50

CREDIT BUDGET

COMMITTEE RECOMMENDATION

[In billions of dollars]

Function	FY 1991		FY 1992		FY 1993		FY 1994		FY 1995	
	DL	LG	DL	LG	DL	LG	DL	LG	DL	LG
150 International Affairs	1.95	7.00	2.05	7.25	2.10	7.50	2.20	7.70	2.25	8.05
270 Energy	2.00		1.65		1.95		2.15		2.35	
300 Natural Resources and Environment	0.05		0.05		0.05		0.05		0.10	
350 Agriculture	9.10	7.00	8.95	7.25	8.80	6.65	8.75	6.70	8.60	6.75
370 Commerce and Housing Credit	6.10	60.30	3.40	59.75	3.50	62.10	3.60	64.55	3.70	67.05
400 Transportation	0.05		0.05		0.05		0.05		0.05	
450 Community and Regional Development	1.15	0.40	1.20	0.35	1.20	0.40	1.25	0.40	1.30	0.40
500 Education, Training, Employment and Social Services	0.05	12.80	0.05	13.50	0.05	13.85	0.05	14.00	0.05	14.10
550 Health		0.30		0.30		0.30		0.35		0.35
600 Income Security	0.10		0.10		0.10		0.10		0.10	
700 Veterans Benefits and Services	0.70	15.65	0.60	16.00	0.55	16.30	0.55	16.65	0.50	17.05
Total	21.25	103.45	18.10	104.40	18.35	107.10	18.75	110.35	19.00	113.75

VII. APPENDICES

A. Initiatives by Function in Committee Recommendation

(In millions of dollars—Changes from HBC Baseline)*

	FY 1991		FY 1992		FY 1993		FY 1994		FY 1995		Total	
	BA	O	BA	O	BA	O	BA	O	BA	O	BA	O
Mandatory Programs												
350 TEFAP Commodity purchases	150	150	190	190							340	340
500 Title XX SSBG	100	95	125	124	150	149	175	174	200	199	750	741
500 Title XX Social Services Block Grant-Child Care [1]												
500 Child Care Tax Credit [1]												
550 Medicaid	280	280	1,240	1,240	1,500	1,500	1,900	1,900	2,230	2,230	7,150	7,150
550 Human Resources Bill	5	5	68	68	103	103	114	114	119	119	409	409
600 Human Resources Bill	34	54	216	216	287	287	302	302	349	349	1,188	1,208
600 Food Stamps, Puerto Rico and Soup Kitchen Commodity Purchases	300	300	646	646	932	932	1,256	1,256	1,537	1,537	4,671	4,671
600 Family Unification Housing Assistance (also affects 500)	0	0	160	0	340	5	345	35	365	70	1,210	110
700 Veterans' Benefits	4	4	4	4	4	4	4	4	4	4	20	20
800 Military malpractice claims	30	30	30	30	30	30	30	30	30	30	150	150
Total mandatory	903	918	2,679	2,518	3,346	3,010	4,126	3.815	4,834	4,538	15,888	14,799
Discretionary programs												
150 Emerging Democracies												
Eastern Europe	300	93	25	155	25	130	25	110	0	69	375	557
Direct loans	125		130		135		141		146		677	
Guaranteed loans	125		130		135		141		146		677	
150 Africa	250	45	104	87	108	92	113	98	117	103	692	425
150 Additional refugee assistance	41	30	42	41	0	11	0	0	0	0	83	82
150 International ortganizations and peacekeeping	196	186	203	202	209	208	212	212	213	212	1,033	1,020
150 State Department buildings	0	0	300	11	0	95	0	81	0	85	300	272
150 Multilateral Development Banks	(39)	20	(118)	21	(301)	(35)	(379)	58	(457)	26	(1,294)	90
150 Panama, Nicaragua and Refugee Supplemental	0	266	0	45	0	30	0	19	0	13	0	373
150 Nicaragua	200	112	0	32	0	25	0	15	0	7	200	191
150 Philippines	134	53	28	44	21	51	14	24	(194)	(21)	3	151
150 Caribbean	150	50	52	52	54	51	56	52	59	54	371	259
250 National Science Foundation (NSF)	215	99	466	310	765	582	1,116	904	1,525	1,270	4,087	3,165
250 DOE General Science	111	78	331	263	314	316	342	334	403	380	1,501	1,371
250 NASA	1,129	650	3,050	2,234	3,600	3,235	3,654	3,545	3,300	3,408	14,733	13,072
300 EPA Operations	259	174	270	238	281	269	292	287	304	297	1,406	1,265

300 Superfund	153	40	138	91	121	120	101	120	78	107	591	478
300 Land acquisition	199	77	187	145	174	178	162	165	148	160	870	725
350 TEFAP Commodity Purchases					220	220	220	220	220	220	660	660
370 Rural Housing	100	53	98	77	94	82	91	82	88	82	471	376
Direct Loans		(+87)		(+87)		(+87)		(+87)		(+87)		(+435)
370 Advanced Technology	85	64	286	238	285	281	284	285	283	283	1,223	1,151
Loan Guarantees		(+75)		(+75)		(+75)		(+75)		(+75)		(+375)
400 Coast Guard	22	18	22	19	25	24	30	30	35	35	134	126
400 Highway		100		477		949		1,730		2,608		5,864
400 Aviation	772	140	1,336	496	1,836	950	2,336	1,545	2,336	1,920	8,616	5,051
450 Community Development Block Grants (CDBG)	200	8	208	90	216	176	225	211	234	219	1,083	704
450 Economic Development Administration	77	8	80	32	83	57	87	74	90	82	417	253
450 Rural Development	75	13	78	28	81	47	84	64	88	77	406	229
500 Education	2,500	304	2,600	2,068	2,704	2,552	2,812	2,698	2,925	2,805	13,541	10,427
500 Child Care [1]												
500 Head Start	600	300	900	720	1,200	1,035	1,500	1,335	1,800	1,635	6,000	5,025
500 Dislocated Workers	300	11	350	253	400	338	450	393	500	443	2,000	1,438
500 Child Welfare, Anti-Child Abuse	50	40	75	70	100	95	125	120	150	145	500	470
500 Volunteer Service	50	21	75	65	100	90	125	115	150	130	500	421
550 Low-Income Health	200	110	208	181	217	212	225	220	234	229	1,084	952
550 AIDS	700	294	729	635	758	738	788	767	820	798	3,795	3,232
550 National Institutes of Health	750	300	780	694	813	789	843	822	879	855	4,065	3,460
550 Alcohol, Drug Abuse and Mental Health Administration	93	31	97	82	101	98	105	102	109	106	505	419
570 Medicare Program Support		92		96		99		103		108		498
600 Women, Infant, Child Nutrition (WIC)	150	141	300	291	450	432	600	573	750	714	2,250	2,151
600 Refugee & Entrant Assistance	50	33	50	50	50	50	50	50	50	50	250	233
600 Subsidized Housing	3,000	65	3,121	237	3,245	637	3,375	1,050	3,510	1,500	16,251	3,489
600 Homeless Programs (across several functions)	128	4	134	34	138	59	143	90	147	122	690	309
650 Social Security Program Support		37		39		40		42		44		202
700 VA Hospital and Medical Care	444	285	468	309	402	312	321	276	192	188	1,827	1,370
750 Anti-Crime Programs (non-drug related)	334	270	566	532	811	786	719	729	689	701	3,119	3,018
750 Anti-Drug Abuse Programs (across nondefense functions) [2]	941	579	1,040	859	1,415	1,272	1,325	1,249	1,298	1,239	6,019	5,198
800 Internal Revenue Service (IRS)	327	204	417	401	523	496	595	572	645	629	2,507	2,302
Total mandatory	903	918	2,679	2,518	3,346	3,010	4,126	3,815	4,834	4,538	15,888	14,799
Total discretionary	15,246	5,498	19,096	13,044	21,638	18,274	23,166	21,571	23,718	24,137	102,864	82,524
Grand total	16,149	6,416	21,775	15,562	24,984	21,284	27,292	25,386	28,552	28,675	118,752	97,323

Baseline Includes CBO's list "programmatic" adjustments (e.g. subsidized housing, census).

[1] The recommended budget resolution includes the full amounts of both discretionary and mandatory spending contained in the house-passed child care bill, H.R. 3, as an adjustment to the baseline to 1991–1995. The recommendation assumes 1991 discretionary spending of $1,404 million in budget authority and $462 million in outleys and mandatory spending of $827 million in budget authority and $647 million in outlays.

[2] Selected Anti-Drug Abuse increases in Functions 400, 500, 600 and 800 have been taken out of these figures because they are reflected in other initiatives. When these increases as well as that assumed in the defense function are included, the total increase for anti-drug programs (across all functions of the budget) is $1,450 million in budget authority and $792 million in outlays in FY 1991. The decreases in prison construction and Customs Air Interdiction in Function 750 also have been taken out because they are on the program decrease list.

B. Debt Subject to Limit

The Committee recommends debt levels for the end of fiscal years 1991-1995 calculated as follows:

Debt subject to limit

[In billions of dollars]

Fiscal year 1990 debt:	
Debt September 30, 1989	2,829.75
Fiscal year 1990 total deficit	159.00
Trust fund surpluses fiscal year 1990	132.40
Other adjustments	−9.05
Total	3,112.10
Fiscal year 1991 debt:	
Debt September 30, 1989 (estimated)	3,112.10
Fiscal year 1991 total deficit	63.75
Trust fund surpluses fiscal year 1991	140.80
Other adjustments	−0.80
Total	3,315.85
Fiscal year 1992 debt:	
Debt September 30, 1991 (estimated)	3,315.85
Fiscal year 1992 total deficit	16.10
Trust fund surpluses fiscal year 1992	149.20
Other adjustments	−2.00
Total	3,479.15
Fiscal year 1993 debt:	
Debt September 30, 1992 (estimated)	3,479.15
Fiscal year 1993 total deficit (surplus −)	−2.35
Trust fund surpluses fiscal year 1993	160.60
Other adjustments	+2.30
Total	3,639.70
Fiscal year 1994 debt:	
Debt September 30, 1993 (estimated)	3,639.70
Fiscal year 1994 total deficit (surplus −)	−43.30
Trust fund surpluses fiscal year 1994	175.70
Other adjustments	+2.40
Total	3,774.50
Fiscal year 1995 debt:	
Debt September 30, 1994 (estimated)	3,774.50
Fiscal year 1995 total deficit (surplus −)	−82.75
Trust fund surpluses fiscal year 1995	191.10
Other adjustments	+2.80
Total	3,885.65

C. Description of Functions

Function 600: Income Security

601: General Retirement and Disability Insurance
602: Federal Employee Retirement and Disability
603: Unemployment Compensation
604: Housing Assistance
605: Food and Nutrition Assistance
609: Other Income Security

Description of Function:

Programs in this function help meet the needs of individuals by insuring against loss of income resulting from retirement, disability, death, or unemployment of a wage earner, and by assisting those who are unable to provide for themselves. This function includes retirement and disability programs for federal civilian workers and military personnel, railroad employees, and coal miners. This function also includes programs for unemployment compensation, food and nutrition assistance, housing and homeless assistance, energy assistance, family support payment (AFDC) and other income security assistance.

Major Federal Programs in This Function:

Railroad Retirement
Special Benefits for Disabled Coal Miners
Federal Civilian and Military Retirement
Federal Employee Disability
Unemployment Compensation
Supplemental Security Income (SSI)
Grants to States for Assistance Payments (Primarily AFDC)
Housing and Homeless Assistance
Food Stamps
Child Nutrition
Child Support Enforcement
Special Supplemental Food (WIC) Program
Refugee Assistance
Low-Income Home Energy Assistance
Earned Income Tax Credit

Major Federal Departments and Agencies in This Function:

Office of Personnel Management
Department of Agriculture: Food and Nutrition Service
Department of Health and Human Services
Department of Housing and Urban Development
Department of Labor
Railroad Retirement Board

Function 650: Social Security

651: Social Security

Description of Function:

The major purpose of the programs in this function is to provide income security to 40 million Americans who are aged or disabled or dependents or survivors of such persons.

Major Federal Programs in This Function:

Old Age and Survivors' Insurance Trust Fund
Disability Insurance Trust Fund

Major Federal Departments and Agencies in This Function:

Department of Health and Human Services
Social Security Administration

D. Historical Perspective of Budget Outlays

	Actuals						HBC revised baseline					Committee recommendation				
	1984	1985	1986	1987	1988	1989	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
050 National defense	227.40	252.75	273.40	281.10	290.35	303.55	306.95	317.65	328.30	344.80	355.40	295.45	287.45	277.80	275.10	266.60
150 International affairs	15.90	16.20	14.15	11.65	10.45	9.55	16.85	17.95	18.45	18.60	19.60	17.60	18.55	19.00	19.15	20.05
250 General science, space and technology	8.30	8.65	9.00	9.20	10.85	12.85	15.20	15.75	16.10	16.80	17.50	16.00	18.55	20.25	21.60	22.55
270 Energy	7.10	5.70	4.75	4.10	2.30	3.70	4.45	4.40	5.25	5.60	5.35	4.15	4.10	4.90	5.25	5.00
300 Natural resources and environment	12.60	13.35	13.65	13.35	14.60	16.20	18.80	19.40	20.05	20.45	20.90	19.00	19.80	20.50	20.95	21.40
350 Agriculture	13.60	25.55	31.45	26.60	17.20	16.95	16.35	17.40	16.00	15.55	14.70	15.60	15.90	14.20	13.75	12.90
370 Commerce and housing credit	6.90	4.25	4.90	6.20	18.80	27.70	45.50	4.90	15.15	2.65	4.80	45.35	5.05	15.35	2.85	5.00
400 Transportation	23.65	25.85	28.10	26.20	27.25	27.60	30.60	31.70	32.70	33.75	35.05	30.65	32.45	34.40	36.85	39.35
450 Community and regional development	7.65	7.70	7.25	5.05	5.30	5.35	7.95	7.65	7.45	7.65	7.90	7.85	7.80	7.75	8.10	8.40
500 Education, training, employment and social services	27.60	29.35	30.60	29.70	31.95	36.70	41.25	42.85	43.95	45.40	47.00	43.15	51.65	54.25	56.60	59.15
550 Health	33.40	35.55	35.95	39.95	44.50	48.40	65.00	72.70	80.20	88.25	96.80	66.05	75.65	83.65	92.10	101.15
570 Medicare	57.55	65.80	70.15	75.10	78.90	84.95	104.90	120.00	135.05	151.35	168.80	103.30	117.80	132.65	148.75	166.00
600 Income security	112.65	128.20	119.80	123.25	129.35	136.05	156.90	164.55	173.60	184.10	192.10	156.50	165.30	176.00	187.45	196.45
650 Social security	178.20	188.60	198.75	207.35	219.35	232.55	265.80	282.65	300.40	318.55	337.65	265.85	282.70	300.45	318.60	337.70
700 Veterans benefits and services	25.60	26.30	26.35	26.80	29.45	30.05	31.50	32.45	33.60	36.15	36.05	31.55	32.45	33.60	36.20	36.00
750 Administration of justice	5.65	6.30	6.60	7.55	9.20	9.40	12.60	13.90	14.60	15.15	15.80	12.55	13.80	14.55	14.85	15.35
800 General government	11.80	11.60	12.55	7.55	9.45	9.10	11.20	11.60	11.60	11.85	12.25	11.45	12.35	12.85	13.00	13.45
900 Net interest	111.05	129.45	135.95	138.55	151.75	169.15	183.95	189.85	197.70	203.35	207.25	182.60	185.10	188.55	188.55	185.25
920 Allowances	0.00	0.00	0.00	0.00	0.00	0.00	−40.50	−20.45	−26.90	−30.35	−33.00	−40.35	−19.80	−25.65	−28.55	−30.85
950 Undistributed offsetting	−31.95	−32.70	−33.00	−36.45	−36.95	−37.20	−38.80	−40.95	−42.70	−45.15	−47.65	−44.95	−47.25	−49.30	−52.05	−54.85
Total	851.65	946.45	990.35	1,002.80	1,064.05	1,142.60	1,256.45	1,305.95	1,380.55	1,444.50	1,514.25	1,239.35	1,279.40	1,335.75	1,379.10	1,426.05

F. Tax Expenditures

The Congressional Budget Act of 1974 requires a listing of tax expenditures in the President's budget submission and in reports accompanying congressional budget resolutions. Tax expenditures are defined in the Act as "revenue losses attributable to provisions of the Federal tax law which allow a special exclusion, exemption, reduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability." Under this definition, the concept of tax expenditures refers to revenue losses attributable exclusively to provisions in the corporation and individual income taxes.

Tax expenditures are one means by which the Federal government pursues public policy objectives and, in most cases, can be viewed as alternatives to budget outlays, credit assistance or other policy instruments. Tax expenditures are designed to meet a variety of needs and objectives; nearly all are intended either to encourage certain activities or to reduce income tax liabilities for taxpayers in special circumstances. These needs and objectives in many cases could also be met through direct expenditure programs. The outlay equivalent of a tax expenditure is frequently greater than the estimated tax expenditure as conventionally measures by the revenue loss, because outlays in many cases would be included in the taxable income of beneficiaries. In order to deliver the same after-tax benefit, an outlay would have to be higher than a tax benefit.

Estimates of individual tax expenditures consistent with the statutory definition are prepared by the Treasury Department, the Congressional Budget Office, and the Joint Committee on Taxation. Although there is general agreement among these sources, the concept of tax expenditures continues to evolve, and the inclusion or exclusion of individual provisions oftern proves controversial. The estimates normally presented here are those of the Joint Committee on Taxation and in this case are based on that committee's most recent report of March 9, 1990, with corrections for publishing errata. The Joint Committee on Taxation has estimated the revenue losses rather than outlay equivalent amounts of tax expenditures.

With continuing efforts to reduce the growth in Federal spending and competition for room in the budget, it is important that Congress continue to scrutinize tax provisions as well as spending practices. The list of tax expenditures in Table 1 may also suggest possible options for future revenue increases, should they be necessary.

This appendix shows the revenue lost from tax expenditure items for fiscal years 1991 through 1995. Because of the interaction among the provisions, the revenue effect from widespread repeals would not necessarily equal the exact sum of the revenue losses for each item. Furthermore, because tax legislation seldom applies retroactively to taxpayer decisions made earlier, the immediate added revenues available from legislation to eliminate a tax expenditure may be less than shown in the following table.

The economic assumptions upon which these calculations are based were the most recent Congressional Budget Office assumptions available to the Joint Committee in February.

TABLE 1.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 1991–95

[Billions of dollars]

Function	Corporations					Individuals					Total 1991–95
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995	
National defense:											
Exclusion of benefits and allowances to Armed Forces personnel						2.0	2.1	2.1	2.2	2.3	10.7
Exclusion of military disability pensionis						0.1	0.1	0.1	0.1	0.1	0.5
International affairs:											
Exclusion of income earned abroad by U.S. citizens						1.4	1.5	1.5	1.6	1.6	7.6
Exclusion of certain allowances for Federal employees abroad						0.2	0.2	0.2	0.2	0.2	1.0
Exclusion of income of foreign sales corporations (FSCs)	0.8	0.9	1.0	1.1	1.1						4.8
Deferral of income of controlled foreign corporations	0.2	0.2	0.2	0.3	0.3						1.1
Inventory property sales source rule exception	2.9	3.2	3.4	3.7	3.8						17.1
Iterest allocation rules exception for certain nonfinancial institutions	0.1	0.1	0.2	0.2	0.2						0.8
General science, space, and technology:											
Expensing of research and development expenditures	1.4	1.5	1.7	1.9	2.0						8.5
Credit for increasing research activities	0.7	0.2	(1)	(1)	(1)						0.9
Energy:											
Expensing of exploration and development costs:											
Oil and gas	−0.3	−0.1	(1)	0.1	0.2	0.5	0.5	0.6	0.6	0.7	2.8
Other fuels	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Excess of percentage over cost depletion:											
Oil and gas	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.4	2.2
Other fuels	0.2	0.2	0.2	0.2	0.2	(1)	(1)	(1)	(1)	(1)	1.1
Alternative fuel production credit	(1)	(1)	(1)	(1)	(1)						0.1
Alcohol fuel credit [3]	(1)	(1)	(1)			(1)	(1)	(1)			(1)
Exclusion of interest on State and local government industrial development bonds for energy production facilities	(2)	(2)	(2)	(2)	(2)	0.2	0.2	0.2	0.2	0.2	1.0
Expensing of tertiary injectants	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Business energy tax credits	(1)	(2)	(2)	(2)	(2)						(2)
Natural resources and environment:											
Expensing of exploration and development costs, nonfuel minerals	(1)	(1)	(1)	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.3
Excess of percentage over cost depletion, nonfuel minerals	0.2	0.3	0.3	0.3	0.3	(1)	(1)	(1)	(1)	(1)	1.4
Investment credit and 7-year amortization for reforestation, expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	2.1
Expensing multiperiod timber-growing costs	0.3	0.4	0.4	0.4	0.4	(1)	(1)	(1)	(1)	(1)	2.1

Exclusion of interest on State and local government sewage, water, and hazardous waste facilities bonds	−0.3	−0.4	−0.4	−0.4	−0.5	1.8	1.8	1.9	2.0	2.0	7.5
Investment tax credit for rehabililation of historic structures	(1)	(1)	(1)	(1)	(1)	0.1	0.1	0.1	0.1	0.1	0.5
Special rules for mining reclamation reserves	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Agriculture:											
Expensing certain multiperiod production costs	0.1	(1)	(1)	(1)	(1)	0.2	0.2	0.1	0.1	0.1	0.9
Deductibility of patronage dividends and certain other items of cooperatives	0.3	0.3	0.3	0.3	0.4	−0.1	−0.1	−0.1	−6.1	−0.1	1–3
Exclusion of cost-sharing payments						(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of cancellation of indebtedness income of farmers					(1)	(1)	(1)	(1)	(1)	(1)	0.1
Cash accounting for agriculture	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.2	0.1	0.1	1.6
Commerce and housing:											
Financial institutions:											
Bad-debt reserves of financial institutions	0.2	0.1	0.1	0.2	0.2						0.8
Merger rules for banks and thrift institutions	2.5	2.3	2.3	2.0	1.9						11.0
Exemption of credit union income	0.6	0.6	0.7	0.8	0.9						3.6
Insurance companies:											
Exclusion of investment income on life insurance and annuity contracts	0.4	0.4	0.5	0.5	0.5	7.0	7.7	8.4	9.2	10.1	44.7
Exclusion of investment income from structured settlement amounts	(1)	(1)	(1)	(1)	(1)						0.1
Small life insurance company taxable income adjustment	0.1	0.1	0.1	0.1	0.1	0.1					0.5
Treatment of life insurance company reserves	0.7	0.7	0.7	0.8	0.8						3.7
Deduction of unpaid loss reserves for property and casualty insurance companies	1.9	1.6	1.4	1.3	1.1						7.4
Special alternative tax on small property and casualty insurance companies	(1)	(1)	(1)	(1)	(1)						0.1
Tax exemption for certain insurance companies	(1)	(1)	(1)	(1)	(1)						0.1
Special deduction for Blue Cross and Blud Shied companies	0.1	0.1	(1)	(1)	(1)						0.2
Housing:											
Deductibility of mortgage interest on owner-occupied residences						31.9	33.9	36.1	38.4	39.9	180.3
Deductibility of property tax on owner-occupied homes						8.3	8.7	9.1	9.4	9.8	45.3
Deferral of capital gains on sales of principal residences						10.9	11.5	12.1	12.7	13.6	60.7
Exclusion for persons age 55 and over						3.6	3.8	4.0	4.2	4.5	20.2
Exclusion of interest on State and local government bonds for owner-occupied housing	0.3	0.3	0.3	0.3	0.3	1.4	1.4	1.3	1.2	1.1	7.9
Depreciation of rental housing in excess of alternative depreciation system	0.3	0.3	0.3	0.3	0.4	0.5	0.5	0.5	0.6	0.6	4.3
Credit for low-income housing	0.1	0.1	0.1	0.1	0.1	0.5	0.6	0.6	0.6	0.6	3.4
Exclusion of interest on State and local government bonds for rental housing	0.2	0.2	0.3	0.3	0.3	0.6	0.6	0.6	0.7	0.7	4.5
Other business and commerce:											
Depreciation on buildings other than rental housing in excess of alternative depreciation system	0.5	0.5	0.5	0.5	0.5	0.2	0.2	0.2	0.2	0.2	3.5
Depreciation on equipment in excess of alternative depreciation system	12.4	14.2	16.0	17.8	19.5	4.0	4.3	4.7	5.2	5.7	103.8
Investment credit other than ESOPs, rehabilitation of structures, reforestation, and energy property	1.7	1.0	0.3	0.1	0.1	0.2	0.1	(1)	(1)	(1)	3.5
Expensing up to $10,000 depreciable business property	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.1

TABLE 1.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 1991–95—Continued

[Billions of dollars]

Function	Corporations 1991	Corporations 1992	Corporations 1993	Corporations 1994	Corporations 1995	Individuals 1991	Individuals 1992	Individuals 1993	Individuals 1994	Individuals 1995	Total 1991–95
Exclusion of capital gains at death:											
Capital gains at death						5.5	6.0	6.6	7.1	7.6	32.8
Carryover basis on gifts						0.9	1.1	1.2	1.4	1.7	6.3
Amortization of business startup costs	(1)	(1)	(1)	(1)	(1)	0.1	0.2	0.2	0.2	0.2	1.0
Reduced rates on first $75.000 of corporate taxable income	5.5	5.7	6.0	6.2	6.5						29.9
Deduction of personal interest						0.9					0.9
Permanent exemption from imputed interest rules	(1)	(1)	(1)	(1)	(1)	0.2	0.2	0.2	0.2	0.2	1.0
Expensing of magazine circulation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.01
Special rules for magazine, paperback, and record returns	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Deferral of gain on non-dealer installment sales	0.1	0.1	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.8
Completed contract rules	−0.4	0.2	0.3	0.3	0.3	(2)	(1)	(1)	(1)	(1)	0.4
Cash accounting, other than agriculture	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	.03
Exclusion of interest on State and local government small-issue bonds	−0.1	−0.1	−0.1	−0.1	−0.1	2.4	2.4	2.4	2.4	2.4	11.6
Deferral of gain on like-kind exchanges	0.3	0.3	0.3	0.3	0.4	0.2	0.2	0.2	0.2	0.2	2.7
Exception from net operating loss limitations for corporations in bankruptcy proceedings						0.2	0.2	0.2	0.2	0.2	1.0
Gain from sale or exchange to effectuate policies of the FCC	0.1	0.1	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.5
Exemption of RIC expenses from miscellaneous deduction floor						0.4	0.5	0.6	0.7	0.8	3.0
Transportation:											
Deferral of tax on capital construction funds of shipping companies	0.1	0.1	0.1	0.1	0.1						0.5
Exclusion of interest on State and local government bonds for mass transit commuting vehicles	(2)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of interest on State and local government bonds for high-speed inter-urban rail facilities	(2)	(2)	(2)	(2)	(2)	(1)	0.1	0.1	0.2	0.2	0.6
Community and regional development:											
Investment credit for rehabilitation of structures, other than historic structures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.3
Exclusion of interest on State and local government bonds for private airports and docks	−0.1	−0.1	−0.1	−0.2	−0.2	0.7	0.8	0.8	0.8	0.9	3.3
Education, training, employment, and social services:											
Education and training:											
Exclusion of scholarship and fellowship income						0.5	0.6	0.6	0.6	0.7	3.0
Parental personal exemption for students age 19 to 23						0.3	0.3	0.3	0.4	0.5	1.8
Exclusion of interest on State and local government student loan bonds	(1)	(1)	(1)	(1)	(1)	0.3	0.4	0.4	0.4	0.4	1.9

Exclusion of interest on State and local government bonds for private educational facilities	(1)	(1)	(1)	(1)	(1)	0.3	0.3	0.3	0.3	0.3	1.5
Deductibility of charitable contributions for education	0.5	0.5	0.6	0.6	0.6	1.4	1.5	1.5	1.6	1.6	10.4
Educational savings bonds						(1)	0.1	0.2	0.2	0.3	0.8
Employment:											
Targeted jobs credit	0.2	0.1	0.1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.4
Exclusion of employee meals and lodging (other than military)						0.8	0.8	0.8	0.9	0.9	4.2
Employee stock ownership plans (ESOPs)	0.8	0.9	1.0	1.1	1.2	(1)	(1)	(1)	(1)	(1)	5.0
Exclusion for benefits provided under cafeteria plans						2.4	3.1	3.6	4.0	4.5	17.6
Exclusion of rental allowances for minister's home						0.2	0.2	0.3	0.3	0.3	1.3
Exclusion of miscellaneous fringe benefits						4.1	4.4	4.8	5.1	5.4	23.9
Exclusion of employee awards						0.1	0.1	0.1	0.1	0.1	0.5
Exclusion of income earned by benefit organizations:											
Surplus umemployment benefits trusts						(1)	(1)	(1)	(1)	(1)	0.1
Voluntary employees' beneficiary associations						0.5	0.5	0.5	0.5	0.6	2.7
Social services:											
Deductibility of charitable contributions, other than for education and health	0.5	0.5	0.6	0.6	0.6	10.6	11.1	11.7	12.3	12.9	61.4
Credit for child and dependent care expenses						4.1	4.3	4.5	4.6	4.8	22.3
Exclusion for employer-provided child care						0.3	0.3	0.4	0.5	0.5	2.0
Exclusion for certain foster care payments						(1)	(1)	(1)	(1)	(1)	0.1
Expensing costs of removing architectural barriers	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Health:											
Exclusion of contributions by employers and self employed for employed for medical insurance premiums and medical insurance premiums and medical care						33.3	38.0	42.4	46.8	49.5	210.0
Deductibility of medical expenses						2.9	3.1	3.2	3.3	3.4	15.9
Exclusion of interest on State and local government bonds for private hospital facilities	(1)	0.1	0.1	0.1	0.1	2.4	2.6	2.9	3.2	3.5	15.0
Deductibility of charitable contributions for health	0.2	0.2	0.2	0.2	0.2	1.3	1.4	1.5	1.6	1.7	8.5
Tax credit for orphan drug research						(1)	(1)	(1)	(1)	(1)	0.1
Medicare:											
Exclusion of untaxed medicare benefits:											
Hospital insurance						5.6	6.4	7.2	8.2	9.2	36.6
Supplementary medical insurance						3.2	4.0	4.8	5.7	6.9	24.6
Income security:											
Exclusion of untaxed railroad retirement system benefits						0.4	0.4	0.4	0.4	0.4	2.0
Exclusion of workers' compensation benefits						2.4	2.5	2.6	2.7	2.8	13.0
Exclusion of special benefits for disabled coal miners						0.1	0.1	0.1	0.1	0.1	0.5
Exclusion of cash public assistance benefits						0.3	0.4	0.4	0.4	0.4	1.9
Net exclusion of pension contributions and earnings						52.2	54.3	56.5	58.8	61.3	283.1
Individual retirement plans						6.4	6.7	7.0	7.3	7.5	34.9
Keogh plans						2.7	2.9	3.0	3.2	3.4	15.2

TABLE 1.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 1991–95—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 1991–95
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995	
Exclusion of other employee benefits:											
Premiums on group term life insurance						1.9	2.0	2.1	2.2	2.3	10.5
Premiums on accident and disability insurance						0.1	0.1	0.1	0.1	0.1	0.5
Exclusion for employer-provided death benefits						(1)	(1)	(1)	(1)	(1)	0.5
Additional standard deduction for the blind and the elderly						1.7	1.9	2.1	2.4	2.6	10.7
Tax credit for the elderly and disabled						0.1	0.1	0.1	0.1	0.1	0.5
Deductibility of casualty and theft losses						0.2	0.2	0.1	0.1	0.1	0.7
Earned income credit [4]						1.2	1.3	1.4	1.5	1.6	7.0
Social security:											
Exclusion of untaxed social security benefits						22.6	23.4	24.1	24.9	25.7	120.7
Veterans' benefits and services:											
Exclusion of veterans' disability compensation						1.4	1.4	1.5	1.5	1.6	7.4
Exclusion of veterans' pensions						0.1	0.1	0.1	0.1	0.1	0.7
Exclusion of GI bill benefits						0.1	0.1	0.1	0.1	0.1	0.4
Exclusion of interest on State and local government veterans' housing bonds	0.1	(1)	(1)	(1)	(1)	0.2	0.2	0.2	0.2	0.2	1.1
General purpose fiscal assistance:											
Exclusion of interest on public purpose State and local government debt	1.5	1.5	1.4	1.4	1.3	8.9	10.0	10.9	11.8	13.0	61.7
Deduction of nonbusiness State and local government income and personal property taxes						20.4	21.8	23.4	25.1	26.9	117.6
Exclusion and tax credit for corporations with possessions source income	2.4	2.6	2.7	2.9	3.0						13.6
Interest:											
Deferral of interest on savings bonds						1.0	1.0	1.0	1.0	1.0	5.0

[1] Positive tax expenditure of less than $50 million.
[2] Negative tax expenditure of less than $50 million.
[3] In addition, the 6-cents-per-gallon exemption from excise tax for alcohol fuels results in a reduction in excise tax receipts, net of income tax effect, of $0.4 billion per year for 1991 and 1992, $0.3 billion in 1993, and $0.1 billion in 1994.
[4] The figures in the table show the effect of the earned income credit on receipts. The increase in outlays is: $4.9 billion in 1991, $5.1 billion in 1992, $5.4 billion in 1993, $5.8 billion in 1994, and $6.3 billion in 1995.

I. Funding for High Priority Low-Income Programs

[Budget authority in millions of dollars]

	FY 1991 baseline		FY 1991 committee recommendation		FY 1991 committee recommendation over/under baseline	
	BA	O	BA	O	BA	O
Entitlement programs:						
500 Vocational rehab State grant	1,597	1,578	1,597	1,578		
550 Medicaid	45,145	45,145	45,430	45,430	285	285
600 Food Stamps (includes Puerto Rico)	16,544	16,534	16,839	16,829	295	295
Family support (AFDC)	12,869	12,939	12,870	12,940	1	1
Supplemental security income	13,289	13,289	13,327	13,327	38	38
Child nutrition	5,088	5,214	5,088	5,214		
Earned income tax credit	4,343	4,343	4,343	4,343		
Low-rent public housing	200	281	200	281		
700 Veterans pensions	3,879	3,877	3,879	3,877		
Subtotal (Entitlements)	102,954	103,200	103,573	103,819	619	619
Discretionary programs:						
270 Low-income weatherization	168	164	169	164	1	
450 BIA Indian operations	617	611	617	611	0	0
Indian construction	168	129	170	131	2	2
500 Compensation education	5,583	5,231	([1])	([1])	NA	NA
Indian education	390	382	([1])	([1])	NA	NA
Handicapped education	2,137	2,046	([1])	([1])	NA	NA
Student financial assistance	6,334	5,998	([1])	([1])	NA	NA
Trio and historically black colleges	456	431	([1])	([1])	NA	NA
Job training [4]	4,076	3,894	4,376	3,905	300	11
Older Americans employment	371	359	371	359	0	0
Vocational rehabilitation	263	259	263	259	0	0
Child welfare services	263	261	263	261	0	0
Head start	1,442	1,405	2,042	1,705	600	300
Community services block grant [4]	381	377	381	377	0	0
550 Maternal and child health	577	559	([2])	([2])	NA	NA
Community health centers	445	432	([2])	([2])	NA	NA
Migrant health	49	48	([2])	([2])	NA	NA
Infant mortality initiative	33	32	([2])	([2])	NA	NA
Family planning	145	141	([2])	([2])	NA	NA
Indian health	1,319	1,327	([2])	([2])	NA	NA
Immunization and vaccines	164	155	([2])	([2])	NA	NA
600 Low-income energy assistance	1,449	1,463	1,449	1,463	0	0
Homeless [3]	602	455	720	459	128	4
WIC and CSFP	2,279	2,273	2,429	2,414	150	141
Subsidized housing [4]	11,112	16,585	14,112	16,650	3,000	65
SSI Administrative expenses	1,158	1,158	1,158	1,158	0	0
750 Legal Services	329	328	329	328	0	0
Juvenile justice assistance	75	71	75	71	0	0
Subtotal (Discretionary) without undistributed amounts	42,385	46,574	46,556	47,097	4,181	523
Subtotal (Discretionary) with undistributed amounts	42,385	46,574	49.266	47,511	6,881	937
Grand total without undistributed amounts	145,339	149,774	150,139	150,916	4,800	1,142
Grand total with undistributed amounts	145,339	149,774	152,839	151,330	7,500	1,556

[1] The recommended Budget Resolution does not make specific assumptions for education programs. Overall the Resolution assumes a $2,500 million increase in budget authority and $304 million in outlays above the baseline for all education programs in Function 500.

[2] The recommended Budget Resolution does not make specific assumptions for health programs. Overall the Resolution assumes a $200 million increase in budget authority and $110 million in outlays above the baseline for all low-income health programs in Function 550.

[3] Function 600 reflects total McKinney Act homeless funding for all functions to be distributed after reauthorization legislation is reported.

[4] Excluding homeless portion of the program.

VIII. SUPPLEMENTAL, ADDITIONAL, AND MINORITY VIEWS

MINORITY VIEWS OF CONGRESSMEN FRENZEL, GRADISON, GOODLING, DENNY SMITH, WILLIAM THOMAS, ROGERS, ARMEY, BUECHNER, HOUGHTON, McCRERY, KASICH, GALLO, SCHUETTE, AND BENTLEY

Serious deficit reduction requires negotiations between the Congress and the President on a plan to eliminate the Federal budget deficit by fiscal year 1993. This budget does little to improve the climate for such negotiations.

By this time last year, a bipartisan budget agreement had been negotiated by the House and Senate leaderships and the executive branch calling for $8.5 billion in increased revenues and $13.8 billion in reduced outlays. This modest beginning was intended as only a first step toward a more substantial multi-year deficit reduction effort later in the year.

Disappointingly, the second step never occurred, and the deficit reduction envisioned as part of the first step has been only partially achieved.

The Democrat's budget resolution for fiscal year 1991 is a further disappointment. Taking into account the most recent economic indicators, this budget will not achieve either the fiscal year 1991 Gramm-Rudman deficit target or lead to a balanced budget by fiscal year 1993. Contrary to its advertised claims, this a minimal plan, embracing dubious policy choices and garnering only tenuous support from those who will have to carry out its provisions.

The Democrats' budget is first and foremost a tax bill. It more than doubles the Bush revenue recommendation. Plugging in President Bush's proposed $13.9 billion in FY 1991 revenues is only their starting point. Under the Bush proposal, annual revenue increases dwindle to $5 to $6 billion by FY 1995, but under the Democrats' budget annual revenue increases grow to $19.5 billion. Thus over the five years, the Democrats would rake in over $100 billion in tax increases, more than twice as much as the $42 billion under the Bush plan.

But that's not all. The President's $13.9 billion revenue increase for FY 1991 includes three items that the Democrats would impose on top of the $13.9 billion. These are the collection of $3 billion in additional revenues as a result of beefing up the IRS budget and implementing IRS management reforms; $1.55 billion from extending the telephone excise tax; and $0.9 billion from stabilizing the collection of payroll taxes. Adding these three items to the $13.9 billion brings the Democrats' total new taxes to $19.4 billion in FY 1991 and $111 billion over five years.

For good measure, they complete the revenue package by giving the Ways and Means Committee open-ended permission to raise additional taxes to pay for entitlement expansions above and beyond those spelled out in the budget resolution.

We are particularly disturbed by the levels established for defense spending in this budget. The $33 billion cut in budget authority and $11.5 billion cut in outlays are not based on a coherent strategy for building down the Nation's defense in response to a careful assessment of reduced threat. Instead, the cuts are divided by applying a mechanical formula to the defense accounts. The Budget Committee does not know how—or whether—these cuts can be accomplished in reality, and neither do the Armed Services Committee nor the Appropriations Subcommittee on Defense. It is doubtful that Congress can agree to any combination of immediate military personnel layoffs, abrupt production line halts and base closures necessary to comply with the sudden, sharp defense reduction required to achieve this budget.

We agree with our Democratic colleagues that U.S. defenses can and should be reduced in response to developments in Eastern Europe and the Soviet Union. But we disagree strongly with them on how much of this reduction can be accomplished in fiscal year 1991.

After cutting defense and raising taxes, the rest of the Democrats' budget runs true to form in avoiding any serious cuts in Federal spending. True, some tough-sounding savings are mentioned, but checking the fine print shows that over $9 billion in savings have not been reconciled for FY 1991. That means they can not and will not be realized.

Domestic discretionary programs are increased $18 billion above their 1990 levels. And new initiatives worth $97 billion over five years get the go ahead, including nearly $15 billion in permanent entitlement increases. This is no way to cut the deficit.

Particularly troublesome is $7.2 billion in Medicaid increases over five years. States whose budgets are already strapped will be forced to match the cost of these Federal mandates. For this reason, Governors take strong exception to this budget.

The budget submitted to Congress by the President last January provides a different set of options representing the President's priorities. It is not perfect either nor is it up to the minute in reflecting late-breaking developments in every respect. Not all of us would agree to every policy it proposes. What we do agree on is that the budget process can best be furthered at this point through executive-legislative branch negotiation of a multi-year plan to balance the budget in fiscal year 1993 and to balance the budget soon thereafter without counting Social Security cash balances. (It should be noted that both the President's and the Democrats' budgets contemplate balancing the Gramm-Rudman budget without counting Social Security by 1995.)

It is clear that the adoption of budget resolutions by the House and Senate will not promote this result. Nor do we believe that we are under any obligation or responsibility either to assist the Democratic leadership in developing its negotiating position or strategy or to offer amendments which compromise the President's position. Our task is to help them get to the summit where the job must be done.

Congress has an abbreviated schedule this election year. Yet the budget process got off to a late start and has lagged at each subsequent step for a variety of reasons. It is far more important for the leaders in Congress to sit down with the President and begin the actual process of working out a mutually acceptable budget strategy than to waste still more time staking out bargaining positions while continuing to avoid engaging in actual negotiations.

BILL FRENZEL.
BILL GRADISON.
BILL GOODLING.
DENNY SMITH.
BILL THOMAS.
HAL ROGERS.
DICK ARMEY.
JACK BUECHNER.
AMO HOUGHTON.
JIM MCCRERY.
JOHN R. KASICH.
DEAN GALLO.
BILL SCHUETTE.
HELEN DELICH BENTLEY.

CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1991

The SPEAKER pro tempore. Pursuant to the order of the House of Tuesday, April 24, 1990, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 310).

□ 1649

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the U.S. Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, with Mr. GRAY in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. Pursuant to the order of the House of Tuesday, April 24, 1990, the concurrent resolution is considered as having been read the first time.

The gentleman from California [Mr. PANETTA] will be recognized for 3 hours and the gentleman from Minnesota [Mr. FRENZEL] will be recognized for 3 hours. Said time will include a period of 3 hours on the subject of economic goals and policies.

The Chair recognizes the gentleman from California [Mr. PANETTA].

Mr. PANETTA. Mr. Chairman, first of all I want to briefly yield myself such time as I may consume to describe the pattern for the general debate on the budget resolution as we have worked it out with my ranking minority member, the gentleman from Minnesota [Mr. FRENZEL].

We have 6 hours total debate. The way that will be divided is that 1 hour on each side will be reserved for the Budget Committee, 1 hour on this side to be given to the Joint Economic Committee, and I believe that is similar with regards to the minority side. And then 1 hour will be allowed for the Black Caucus.

□ 1700

The time of both, the Joint Economic Committee as well as the Black Caucus, will be controlled by the gentleman from Indiana [Mr. HAMILTON] from the Joint Economic Commitee and by the gentleman from California [Mr. DELLUMS] on our side from the Black Caucus.

It is my intent tonight, and I think we have worked this out in conjunction with the minority, that we would take up about 20 minutes on each side for the Budget Committee and then allow the Joint Economic Committee to proceed with their hour, and then return back to committee time for those who may still be here who wish to present statements. Then we would reserve approximately an hour on each side, 2 hours of debate tomorrow before we proceed into the amendment process.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Minnesota.

Mr. FRENZEL. I thank the gentleman for yielding.

Mr. Chairman, can the gentleman inform the House as to what the plans are for ultimately voting on the amendments and on final passage of the resolution?

Mr. PANETTA. As I understand the rule, it would provide first of all we will complete the 2 hours of debate tomorrow and then we will proceed to the adoption of the rule and then, upon the adoption of the rule itself, we would proceed to consideration of two amendments, the substitute amendment by the gentleman from Ohio [Mr. KASICH], and the substitute by the gentleman from California [Mr. DANNEMEYER].

That would conclude the business for the day tomorrow.

Next week, on Tuesday we would complete action on the remaining substitutes, which would be the Black Caucus substitute, the President's budget, and, obviously, the final vote then on the committee budget.

Before I introduce the resolution, I yield such time as he may consume to the gentleman from Illinois [Mr. RUSSO].

Mr. RUSSO. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, as you know, Amtrak's assets are depreciating at a rate of $165 million per year. I would like to ask the chairman what assumptions are included in the committee's budget resolution regarding Amtrak. More and more Americans are looking to Amtrak to provide an energy-efficient and environmentally benign alternative to congested highways and airports. Amtrak has been doing better and better and now plans to eliminate any need for Federal operating support by the year 2000. This is a goal I believe we all should support. In the interim, Amtrak will need increased capital to invest in new equipment and modernized facilities.

Would the allocation for function 400: transportation accommodate sufficient Amtrak funding to meet its fiscal year 1991 capital needs?

Mr. PANETTA. If the gentleman will yield, the gentleman is correct.

Mr. RUSSO. I thank the chairman.

Mr. PANETTA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of House Concurrent Resolution 310, the concurrent resolution on the budget for fiscal year 1991. I believe this is the most significant budget the Congress has considered in a decade or more. It is significant not only because of what it contains but also because of the unique time in history in which we have the good fortune to be serving in this body.

Some 170 years ago, Thomas Jefferson, in a letter to John Adams, wrote the following:

> The flames kindled on the Fourth of July 1776, have spread over too much of the globe to be extinguished by the feedable engines of despotism; on the contrary, they

will consume these engines and all who work with them.

I don't think Jefferson expected that we would have to wait until near the end of the 20th century for his words to come true. But the "engine of despotism" are being consumed day by day around the globe, and we are closer than we could ever have imagined to the day when the flames kindled by our own Declaration of Independence spread to all mankind.

In a time of dramatic and inspiring change around the world, we cannot respond meekly any more than did the founders of our Nation.

As we begin this debate on the budget, let us not forget that budgets are not just dollar signs and numbers. They represent priorities and commitments—what we stand for as a nation. Today, we have an opportunity to reorder our priorities—to recognize that it is time to rebuild America, restore our economic leadership in the world, and begin to address the painful unmet needs which have grown in our society over the past decade.

In order to accomplish these goals, the President and the Congress—together—need to make some tough choices. If we are going to eliminate budget deficits and address the needs in our society that are virtually crying out for attention, we need to engage in a cooperative effort. Frankly, that will not occur in a divided government as long as either political party seeks to blame the other for the inevitable sacrifices involved. And until it does occur, it is up to the Congress to move forward with the budget process.

The budget resolution adopted by the Budget Committee responds to the fact that the greatest test of our Nation's leadership in the 1990's will not be a military one but rather the challenge of competing in an increasingly complex economic environment and addressing our society's equally complex problems.

It responds in a very strong way to the unique opportunity provided by events in the Soviet Union and Eastern Europe and to the challenges we now face as a nation.

Our budget contains the following elements:

First, it is a 5-year transition budget that reorders spending to reflect changes in the world. It contains a gradual reduction in defense spending accompanied by new investments in critical policy areas like education, research, health, housing, transportation, and drugs. These investments are as essential as they are overdue.

In this respect, the contrast between the President's budget and the committee budget is clear: The President talks about education; the Democratic plan includes an investment of $2.5 billion in key education programs—five times that proposed by the administration. The President talks about the crisis in transportation; the Democratic proposal commits $1.3 billion more to this effort than does the administration. The President talks about a "kinder and gentler" society but proposes to cut key housing and child nutrition programs; the committee proposal increases funds to meet those needs. And we propose an increase of $2.1 billion for programs to improve the Nation's competitiveness and provide economic adjustment assistance for those affected by defense cuts; the President proposes cutting these programs by $825 million.

In addition, this budget, for the first time, removes Social Security from the deficit calculation and achieves a budget surplus without including the Social Security surplus in fiscal year 1995, the fifth year of the plan. It does so despite using more realistic economic assumptions than the administration's beginning in fiscal year 1992.

The resolution meets the Gramm-Rudman deficit targets for fiscal year 1991 through 1993, again with more realistic economic assumptions. It achieves a Gramm-Rudman deficit of $63.75 billion in fiscal year 1991, when the target is $64 billion; $16.1 billion in fiscal year 1992, when the target is $28 billion, and a surplus of $2.35 billion in fiscal year 1993, when the law requires a balanced budget.

The fact is, this budget produces greater net deficit reduction than the President's budget in every one of the 5 years it covers. Over the 5-year period, it achieves $382 billion in deficit reduction, compared to $299 billion in the President's budget.

Finally, also for the first time, the reconciliation legislation required by the resolution must produce savings over a 5-year period, as well as in the first year. This will discourage both tax and spending measures which produce short-term savings but have substantial long-term costs.

I would like to address some of the specific areas of the budget. The first is the defense budget. The committee budget sets defense spending at a level of $283 billion for budget authority and $295.5 billion for outlays. These represent reductions from the CBO baseline of $32.8 billion in budget authority and $11.5 billion in outlays. These reductions are the first in a multiyear policy that is intended to reduce defense spending by 25 percent by fiscal year 1995. This is a gradual and prudent decline in defense spending that recognizes the obvious and irreversible weakening of the military threat to this country and to our allies. It is a significant reduction that is well within the recommendations of many defense experts and is flexible enough to change in response to changing conditions. Indeed, even by 1995, funding would be only 12 percent less in real terms than the average funding for defense from 1950 to 1980, a period encompassing the Korean and Vietnam conflicts and the height of cold war tensions.

About half of the savings from defense would go to deficit reduction in fiscal year 1991. The other half would be used to make long-overdue investments in critical areas like education, research, health, housing, and transportation in order to restore the Nation's economic edge and its human commitments.

The investments are divided into seven categories.

The first is competitiveness. We propose investments in programs to improve the Nation's economic competitiveness in order to restore our Nation's economic leadership in the world for the 1990's and beyond and to assist workers affecated by economic change and defense reductions to find and qualify for new jobs.

These include support for basic research, new and expanded math and science education programs, increases for the National Institutes of Health for new researchers, support for the development of technologies which can be used in the private sector, and programs to help U.S. businesses to compete in the world market.

The next category is investments in children, who are this Nation's future. We propose large increases in education programs with proven track records such as compensatory education and Head Start. We also include the resources needed to fund the child care legislation already passed this year by the House as well as a new program to help the growing number of abused children of chemically dependent parents.

The third category is investments in nutrition, health, and housing which are designed to help mend the frayed safety net that is supposed to protect our most disadvantaged citizens. Major investments are propsed in low-income and rural housing programs and homeless assistance programs. The nutrition investments expand and strengthen the Food Stamp Program, particularly for those who face high shelter costs, the Temporary Emergency Food Assistance Program, and the WIC Program. The health program investments include expanded Medicaid assistance to reduce infant mortality and improve care of children, the frail elderly, and the mentally retarded, and substantial increases for AIDS research, education, testing, and prevention.

Next, the committee proposes investments in the areas of science, research, and space to create knowledge and improve economic competitiveness. These include additional resources for the National Science Foundation, research programs at the Department of Energy, and a series of NASA programs, including the space station, the Earth Observation System, and other manned and unmanned space programs.

The fifth category is investments in human security. These are programs that address the serious drug and crime problems plaguing not only our large cities but also small towns and rural areas.

The sixth category is investments in environment and infrastructure. These include investments in transportation, specifically the Nation's highways and aviation programs; the Environmental Protection Agency to handle its rapidly growing workload; Superfund to clean up abandoned hazardous waste sites; and land acquisition to help preserve our natural resources by the addition of national park land, forests, refuges, and other preserves.

The final category is international democratic development. With free elections bringing into office democratic governments from Nicaragua to Poland and with citizen uprisings toppling totalitarian governments in other Eastern bloc countries, this funding is critical. The flames of liberty are spreading before our eyes, and we have an obligation not to douse those flames but to help make sure they flourish by helping these countries to develop democracy and promote economic growth. The committee recommendation contains funding for a new package for emerging democracies in Eastern Europe as well as new initiatives in the Caribbean, the Philippines, Nicaragua, and Africa.

Finally, the committee budget also reverses a number of unfair and discriminatory domestic spending cuts proposed by the President. It assumes, unlike the President, a full cost-of-living adjustment for all retirees, including not only Social Security retirees but also Federal, military, and civilian retirees. It also provides for a full 4.1 percent cost-of-living pay adjustment for Federal civilian and military workers to take effect in January 1991 compared to a 3.5 percent increase in the President's budget. It also substantially reduces cuts proposed by the President in Medicare and in farm programs.

Mr. Chairman, we have a unique opportunity to shape the future of our country and indeed the world. Regardless of political differences, the Nation's leadership cannot afford to ignore that challenge. This budget makes the most of the opportunity. It presents a clear alternative for the Nation. If it passes the House and if the Senate passes a budget as well, it can set the stage for the kind of cooperation between the Congress and the administration that is essential to the future of our Nation. It's a rare opportunity for our country at a rare time in our history. We cannot afford to miss it.

Mr. FRENZEL. Mr. Chairman, today's debate represents only the quarter finals in this year's budget playoffs. It is only a preliminary step toward what we all hope will turn out to be a championship multiyear budget agreement that balances the budget without relying on annual Social Security trust fund balances.

The budget resolution reported by the Budget Committee represents a bargaining position for the House Democrats. They understand, as do we, that this document will not be the one that guides fiscal policy.

Similarly, the President's budget submitted in January lays down his starting point for negotiations. We candidly admit that now, only 4 months later, this document is out of date in a number of important respects. The events in Eastern Europe and in Central America are only partially recognized. The need for working capital to deal with ongoing savings and loan problem was known in January, but the procedures for raising the working capital had not been agreed upon and therefore are not reflected in the President's budget. The unlying economic assumptions, used also in the Panetta budget, seem less likely to be realized. Therefore, even as a bargaining position, the President's budget will need some updating.

Everyone participating in this debate understands that this is not a "real" exercise. The Director of the Office of Management and Budget tells us that because of slower than expected growth in the economy in the last quarter and other factors including the need to raise working capital for the S&L situation, realistic projections for the fiscal year 1991 deficit are at least $8.5 billion higher, and could be as much as $20 billion higher, than initially forecast.

Neither the President's nor the Democrats' budget if fully implemented would reduce the deficit enough to avoid a massive and disastrous sequester in October. And we must be frank—neither of these budgets is likely to be fully implemented. The President's budget assumes a number of policies and results which have scant chance of coming true. The Democrats have gleefully adopted those policies and cynically added a few more of their own.

So what we have here are bargaining positions, not blueprints. The measure of success in today's debate will not be whether one or another bargaining position is adopted. To continue the analogy, it will be whether this step moves us to the semifinals, and then on to the real bargaining table where Congress and the President can compromise their differences and agree to a multiyear approach that will balance not only the Gramm-Rudman budget but also the non-Social Security portion of the budget. Implementation of that final policy document will constitute the final victory match. If we play it properly, we can all be winners.

I would like to focus for a few minutes on the kind of position the Democrats have staked out in their budget resolution. In many respects, it is a typical Democratic plan. It raises taxes, cuts defense, and spends a lot of money, down payments on expensive domestic initiatives.

The Democrats' budget is first and foremost a tax bill. It nearly triples the Bush revenue recommendation.

Plugging in President Bush's proposed $13.9 billion in fiscal year 1991 revenues is only the Democrats' starting point. Under the Bush proposal, annual revenue increases dwindle to $5 to $6 billion by fiscal year 1995, but under the Democrats' budget annual revenue increases grow to $23 billion. Thus over the 5 years, the Democrats would rake in over $100 billion in tax increases, more than twice as much as the $42 billion under the Bush plan.

But that's not all. The President's $13.9 billion revenue increase for fiscal year 1991 includes three items that the Democrats would impose on top of the $13.9 billion. These three items are: The collection of $3 billion in additional revenues as a result of beefing up the IRS budget and implementing IRS management reforms; $1.55 billion from extending the telephone excise tax; and $0.9 billion from stabilizing the collection of payroll taxes. Adding these three items to the $13.9 billion brings the Democrats' total new taxes to $19.4 billion in fiscal year 1991 and $117 billion over 5 years.

For good measure, they complete the revenue package by giving the Ways and Means Committee open-ended permission to raise additional taxes to pay for entitlement expansions above and beyond those spelled out in the budget resolution.

We are particularly disturbed by the levels established for defense spending in this budget. The $33 billion cut in budget authority and $11.5 billion cut in outlays are not based on a coherent strategy for building down the Nation's defenses in response to a careful assessment of reduced threat. Instead, the cuts are derived by deciding how much money was needed to finance new expensive initiatives, and then simply pretending that much money could be safely cut from somewhere.

The Budget Committee does not know how—or whether—these cuts can be accomplished in reality, and neither do the Armed Services Committee nor the Appropriations Subcommittee on Defense. It is doubtful that Congress can agree to any combination of immediate military personnel layoffs, abrupt production line halts and base closures necessary to comply with the sudden, sharp defense reduction required to achieve this budget. Other Members will discuss this problem at great length so I will not dwell on it here, except to observe that we should not be cavalier about destroying the investment we have paid so dearly for over the last decade. We need a builddown, not a meltdown, to quote Senator PETE DOMENICI.

We agree with our Democratic colleagues that United States defenses can and should be reduced in response to developments in Eastern Europe and the Soviet Union. But we disagree strongly with them on how much of this reduction can be accomplished in fiscal year 1991.

After cutting defense and raising taxes, the rest of the Democrats' budget runs true to form in avoiding any specified serious cuts in our nondefense Federal spending. True, some tough-sounding savings are mentioned, but checking the fine print shows that over $9 billion in savings have not been reconciled for fiscal year 1991. That means they cannot and will not be realized.

Under Gramm-Rudman, the budget process focuses heavily on the outlay figures and often neglects budget authority. Because of the massive military cut in budget authority contained in the Democrats' budget, their total budget authority for fiscal year 1991 is actually $8.4 billion lower than President Bush's. Last year, the Appropriations Committee had a very difficult time living within their allocation of budget authority and several subcommittees restored to highly ingenious and creative accounting wizardry. If they have to adhere to the BA level established in the Democrats' budget resolution, it may become necessary to borrow from domestic subcommittees to help out defense or to raid slow spending accounts to finance more immediate program needs. I do not think that the Congress is prepared for what this budget authority level will mean.

In fact, the Democrats' budget provides for increasing domestic discretionary programs $18 billion above their 1990 levels. And new initiatives worth $97 billion over 5 years get the go ahead, including nearly $15 billion in permanent entitlement increases. This is no way to cut the deficit.

Particularly troublesome is $7.2 billion in Medicaid increases over 5 years. States whose budgets are already strapped will be forced to match the cost of these Federal mandates. For this reason, Governors take strong exception to this budget.

Having described where Democrats and Republicans differ, I would like to point out one important item on which we agree. We are all strongly in favor of moving just as quickly as possible toward balancing the budget without counting the cash excess in the Social Security trust fund. It is important that the Social Security trust fund pile up net savings for the Government over the next two decases so that the baby boomers retirement can be paid for without bankrupting the Nation. To do this we must stop using the Social Security trust fund to finance annual deficits in the rest of the Government's budget.

Budget resolutions are plans. They do not, in and of themselves, change the law regarding the calculation of the Gramm-Rudman deficit or surplus. To do that, seperate Legislation must be passed and signed by the President.

However, both the Bush budget and the Democrats' budget contemplate reaching a balanced budget not only by 1993 under the Gramm-Rudman rules which include the Social Security trust funds, but also within a few years after that without counting the annual cash excess in the Social Security trust fund. Both accounting and enforcing mechanisms to guide us to budgets that balance without relying on Social Security

Mr. ALEXANDER. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I wish to congratulate the Committee on the Budget for the hard work that they have put into this document. As the gentleman from California knows, for a number of years I have been expressing concern and attempting to change the method of accounting our Social Security and other trust funds. For a number of years those trust funds and Social Security and other trust funds have been used to distort the true deficit that the Nation faces.

Last year I went before the Committee on Rules and attempted to get permission to offer an amendment that would take Social Security and other trust funds off of the operating budget and to place the accounting for those programs in separate categories so that they would not confuse the manner in which those funds were operated.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I am happy to yield to the gentleman from California.

Mr. PENETTA. Mr. Chairman, I thank the gentleman for yielding.

The gentleman is absolutely correct. He was one of the first to discuss the issue of trying to focus on the non-Social Security deficit and unmask the real size of the deficit so that we would not be using the surplus from Social Security to do that. That has been an issue now that I think there is a broad consensus in the Congress that I think we have to focus on that non-Social Security deficit. The gentleman was there originally and speaking to this, and I commend him for the contribution.

Mr. ALEXANDER. Mr. Chairman, I thank the gentleman for his statement.

All trust fund money, whether the revenues come from outside the Government or from within, are earmarked to pay for specific obligations. They are not intended to pay for the general obligations of the Federal Government nor to be used in order to offset the deficit.

It concerns me that since 1982 the Government has literally borrowed billions and billions of dollars from Social Security trust funds to operate the Government. In fact, if we draw a time line out forward indefinitely, by 1998 my calculations predict that if nothing is changed that we will have borrowed over $1 trillion from Social Security trust funds.

I want to congratulate the gentleman for making a step away from that direction, and I think taking Social Security trust funds off of the budget is a step in that direction.

Mr. Chairman, I would like to spend a moment complaining about a matter that is of great importance in my district. That is the question of the budget as it applies to farm programs.

This budget proposes to cut farm program spending by $800 million just next year, and by $8.1 billion over a 5-year life of the farm bill that is now being prepared by the various committees having jurisdiction over that bill. Let there be no mistake, the 1990 farm bill that is yet to be sent from the Committee on Agriculture to the Congress for debate is being written right here this evening as we debate the budget resolution.

The agriculture policy for the 1990's is a numbers game, and the numbers that we put into the budget will drive the farm policy. For example, the wheat farmers in Arkansas will receive a smaller payment because of the numbers in this budget. The rice farmers will likewise be paid less on their deficiency payments on Government programs. The cotton farmers will likewise be experiencing smaller deficiency payments as target prices are cut by this budget resolution, and if this budget resolution goes into effect, the soybean farmers in Arkansas and all throughout the country are almost certainly going to be the biggest losers.

This budget resolution message to the soybean farmers is, "Forget all the brave talk earlier this year about a marketing loan for soybeans." The budgeteers know that the soybean marketing loan would cost money, and that under this budget resolution that money would have to come out of programs for other crops, and there simply will not be money available with which to fund a soybean program which is needed to provide for crop protection for the soybean farmers.

This budget resolution completely ignores the needs of those soybean farmers in Arkansas and across the South that are looking to Congress for protection for their products.

I would like to compliment the committee for increasing funds to fight the drug war. As we all know, Congress has tried to provide more funds to fight the drug war for a number of years. The current administration has offered a plan that has accelerated funds with which to fight the drug war, and the Congress, of course, is accommodating that plan in every way.

But I am very disappointed about the funds allocated for education. I personally feel that we are neglecting our youth and forsaking the future of this country by the low priority that our Nation places upon education of the youth who must be prepared to compete in a global economy in order for our Nation to be competitive during the years ahead.

Again, I thank the gentleman for his yielding to me.

Mr. PANETTA. Mr. Chairman, I yield myself 2 minutes to respond to the gentleman from Arkansas on those issues.

Mr. Chairman, I recognize his concerns about agriculture. But, as the gentleman knows, the President cut out of farm programs something in the vicinity of $1.5 billion, and then if we add agricultural cuts in the Department itself, it is in excess of $2 billion that was cut out of agriculture. We, in this budget, have cut only $800 million from the farm programs, and we believe that that does help provide the room that the committee will need to try to respond to the needs in agriculture.

With regard to education, our view here is that the President talks about education but cuts education.

What we have placed in here is a $2.5 billion budget authority figure which is five times what the President has presented, and we think more than sufficient to try to at least begin to meet the needs of the future in terms of this Nation.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. Mr. Chairman, I thank my distinguished colleague for yielding me this time.

Mr. Chairman, I will support this resolution, but I have some reservations.

Mr. Chairman, this budget resolution is a bitter pill for many of us to swallow.

I commend the distinguished chairman of the Budget Committee and his colleagues for producing a comprehensive, fiscally responsible budget resolution in a timely manner. I know their job was not easy. I realize the choices made in this document reflect their best judgment on the future budget priorities of our Nation.

To their credit, I believe this budget resolution comes closer than any other in recent memory at being honest.

It's honest because it seeks to balance the Federal budget by the year 1995 without using the Social Security surplus to mask the true size of the deficit.

It is also honest because—at least in the outyears—it uses more realistic assumptions than the overly optimistic ones supplied by the Office of Management and Budget. Hopefully, this will provide more reliability to this budget plan than we have seen with its predecessors. Perhaps we can really reduce the Federal deficit without having it pop back up when warm and fuzzy assumptions become cold economic realities.

The 5-year reconciliation proposed in this budget resolution will enforce discipline on Congress to continue fiscal responsibility in the out-years and reduce the Federal deficit.

This budget resolution recognizes our Nation's need to increase our commitment toward education, infrastructure, competitiveness, crime, drugs and child care. More than $6 billion in new spending is proposed in these areas for fiscal 1991, going up to nearly $29 billion by fiscal 1995.

However, I must ask the question: Where is this money coming from?

Mr. Chairman, the answer is that a good size chunk of it is coming out of agricultural programs, plain and simple.

This budget resolution calls on the Agriculture Committee to reduce farm program spending by $900 million, 8.5 percent this year; $1.7 billion, 15 percent in fiscal 1992; and $2 billion each year thereafter.

In those out-years, we are talking about reducing farm program spending by about 20 percent a year. What other program is being asked to bear this large and disproportionate share of cut. This is a prescription for economic disaster for our Nation's farmers.

Farm program costs are less than 1 percent of the Federal budget. They are projected to decline to less than two-thirds of 1 percent by 1995. The actual costs of farm programs is projected to decline by 15 percent between 1992 and 1995.

Agriculture budget projections do not receive any adjustment for inflation that funding projection for appropriated programs and indexed entitlement programs receive, like food stamps and Social Security. In fact, the projected spending for one commodity program is based on an expected price support reduction of 15 percent from 1990 to 1995.

I agree with the need for new initiatives proposed in this budget resolution, but rural America has needs too.

Committee members are currently working on the development of a new viable crop insurance program that can provide our farmers with an acceptable risk management tool to deal with the weather-related disasters. Hopefully, it will avert the need for future ad hoc disaster legislation.

Committee members are working on new and innovative ways to further our Nation's conservation and environmental goals. We have pressing needs in the areas of rural economic development and food safety which we have or will soon address.

We expect to fund these new initiatives from within our existing allocation. We did not come to the well here to beg for money. All we have asked is that we be allowed to have enough funding to operate our Nation's vital farm programs effectively.

Since I became chairman in 1981, the Agriculture Committee has complied with each budget resolution and has done its part to help our Federal Government put its fiscal house in order.

We have reduced farm program spending authority by $33 billion over those years. We did that at the very time America's farmers went through some of the worst economic times rural America has faced since the 1930's.

Mr. Chairman, the easy thing would be for me to oppose this resolution. It is terribly unfair to our Nation's farmers. In the outyears, this budget resolution threatens to undermine the delicate recovery occurring in the agricultural economy.

But I will not oppose this budget resolution. I will swallow this bitter pill. This is an extremely difficult vote for me as I imagine it will be for many other Members who care about America's family farmers and ranchers.

I would ask my colleagues to remember agriculture's contributions to deficit reduction—past, present and future—as this resolution moves through the legislative process.

I hope an opportunity arises to ameliorate the treatment of agriculture under the budget. At the very least, I ask my colleagues to remember agriculture's contribution to deficit reduction when the Agriculture Committee brings the farm bill to the floor later this year.

Mr. HAMILTON. Mr. Chairman, I am pleased, as the chairman of the Joint Economic Committee, to participate in the debate on economic goals. We undertake this debate because of the efforts of my distinguished colleague, GUS HAWKINS. It was, of course, he and his colleagues in the Senate, the late Hubert and Muriel Humphrey, who framed institutions to focus not only on the dollars and cents of the budget, but on what we are really trying to achieve with these dollars and cents.

We are here to debate a massive document and a complex issue. We will refer to numbers of dollars that are beyond the experience or even the comprehension of most Americans. And yet it we focus on what the budget is trying to do, in the spirit of GUS HAWKINS, its essence is concepts that everyone understands—prudence, fairness, and leadership. If we keep our eyes on these concepts, we will see the right course, and we will serve the people well. If we do not, we may squander our birthright as Americans.

ECONOMIC PROBLEMS

In many respects the economy has performed well over the last 7 years—with a prolonged expansion, low unemployment, and moderate inflation. Some Members of Congress may find it difficult to persuade ourselves, and the public, that we must make the tough choices to address the budget problems. I find, however, that my constituents and people from all around the country are deeply concerned about our economy. They are not in a state of panic, and they do not fear a depression or a runaway inflation. Rather, they sense a steady slowing of our advancement. They are frustrated to see our standard of living and our productivity stagnating, with little or no wage growth and increasing pay inequity for so many American workers.

They are disturbed about our declining ability to compete with West Germany, Japan, and other leading industrial nations, and with our shrinking technological edge. They are troubled that we buy more than we sell around the world, and that we have dissipated our investment balance with other nations and have become the world's largest debtor.

While the American people do not have the trained perspective of economists, they understand instinctively that the budget deficit is a source of important weaknesses in our economy. Accordingly, they want decisive action. They want a change in our economic policy to reverse our trend toward debt, to encourage saving, to educate and train a world-class work force, and to reestablish our economic vigor and our preeminent role in the world.

In my judgment, the American people will be disappointed with the administration's budget, and with the budget resolution we consider today. Neither meets the high responsibility that the Federal Government bears toward this Nation. Neither makes the tough choices necessary to resolve our fiscal imbalance.

Let me try to explain why the American people are concerned, and why we should be concerned, about the Federal budget deficit.

First, our budgets over the last 10 years have been imprudent toward the long-term strength of our economy. The Joint Economic Committee recently issued its annual report, with bipartisan agreement, recognizing these concerns.

SAVING

We need more saving to finance investment to make us competitive in world markets, and to provide the standard of living we want for ourselves and our children. National saving in excess of depreciation in the late 1980's is only one-third of what it was in the high-employment years of the 1970's.

The major single source of the decline in domestic saving has been the extraordinary Federal budget deficit. Even including the growing saving in the Social Security trust fund, the budget deficit in the late 1980's syphoned off more than 60 percent of our net saving—more than three times as much as in the high-employment years of the 1970's

INVESTMENT

The budget deficit has distorted our use of the savings pool. It has kept interest rates high, and thereby biased business decision toward the short term. With business investment concentrated on short-lived assets that wear out or become obsolete quickly, we have needed to invest more just for replacement; and investment over and above what is needed for replacement is now one-fifth lower as a percentage of GNP than it was at the end of the 1970's. The deficit also has driven the dollar higher, making U.S. products less competitive, and discouraging investment in manufacturing.

The budget deficit has restrained public investment as well, because investment can seem easy to postpone. Last summer, 327 economists, including 6 Noble Prize winners, presented a letter to the JEC that stated:

> In addition to our trade and fiscal deficits, America faces a "third deficit"—the deficiency of public investment in our people and our economic infrastructure. This deficit will have a crippling effect on America's future competitiveness.

Although economists may disagree about the precise cause of the slowing of productivity growth since the late 1960s and early 1970's, they do agree that productivity increases when we raise our investment, to equip our workers with more and better factories, machines, technology, and public infrastructure. And they do agree that the key to raising our standard of living and our children's is raising productivity.

DEPENDENCE

The deficit and its drain on domestic saving has made us dependent on foreign capital to finance our domestic investment. Private investment during the 1980's war largely financed by unprecedented inflows of capital from abroad; our economy in building on a foundation of borrowed money. These capital inflows have accumulated to an international debt projected to reach $2 trillion by the end of the century. This debt gives our foreign creditors a large influence over our exchange rates and interest rates. A decline in their confidence could raise interest rates further and choke domestic investment.

Second, our budgets over the last 10 years have contributed to growing unfairness in America.

Economic mobility—where anyone willing to work hard could achieve a decent and rising standard of living—is much less evident for the average working American today. Wages have stagnated throughout the 1980's; family incomes have grown modestly only because more family members have worked more hours. Income inequality has now reached its highest level since we began collecting such statistics in 1947—a sharp reversal of the historic trend toward more equality during expansions. And the tax system has become less fair, with the tax burden on the lowest-income families increasing, and that on the highest-income families decreasing—in large part because of our growing reliance on payroll taxes.

The deficit has hindered our ability to tackle this problem. We must make room in the budget for effectively targeted human investment and a more humanitarian policy toward our least advantaged, while also achieving the deficit reduction that will reduce real interest rates and encourage private investment, rising productivity, and wage growth for all Americans.

Third, through our budgetary behavior, our leadership around the world and here at home has eroded.

Twenty-five years ago, our position of leadership was secured by defense capabilities and sheer economic size. Today, we are unquestionably still the world leader. But there are signs that our position has begun to erode because our fiscal house is not in order. We cannot be the leader in setting the rules for the international economy when other nations are our creditors, and can point to our fiscal profligacy—with the support of international organizations like the International Monetary Fund and the Organization for Economic Cooperation and Development. Most recently, Japan has defended its trade barriers on the ground that our trade deficit is caused by our large budget deficit. Meanwhile, in our search for resources to aid East bloc economies—particularly Poland and Romania—to make a smooth transition to a free market system, we shift funds from other needy areas. Wide fluctuations in the dollar also weaken our international role. We must recognize the close relationship between our domestic policies and our position in the world.

And we must see just as clearly the effect of our budgetary policies on the people's respect for government here at home. Of all of the costs of our years of large deficits and smoke-and-mirrors budgeting, perhaps the greatest is the loss of public trust. The American people see that year after year we claim to meet deficit targets, only to flaunt those targets with accounting gimmicks and phoney savings. The fact is that most of the American people will not believe in any budgetary plan we pass today.

And that cynicism, while unfortunate, has a strong grounding in fact. In fiscal year 1987, the deficit was $150 billion. In fiscal year 1983, the deficit was $155 billion. In fiscal year 1989, the deficit was $152 billion. In the current fiscal year 1990, the deficit is now projected at about $160 billion. The deficit is not coming down. And yet, all the while, we have met the Gramm-Rudman deficit reduction targets, and we have congratulated ourselves publicly on our achievements. We have seduced ourselves with our declining projections, while the actual deficit rumbles soberly along. The public is acutely aware of our obliviousness to reality; and in my judgment, both the administration's budget and our resolution will only feed the popular cynicism that makes governance so difficult.

OUTLINES OF A SOLUTION

There is no formula and no procedure that will solve our deficit problem. We need to devise a substantive solution, and summon the political will to enact it. In my judgment, the ultimate solution must be a balanced package of spending cuts for lower priority functions and moderate tax increases. In broad outline, here is what such a package would require.

First, we need a prudent and realistic economic forecast, so that we have an accurate measure of the size of the problem.

Budget estimates that command public respect are a part of the process.

Second, we need an ultimate deficit target that addreses our Nation's need for both savings and public investment.

The major economic cost of the deficit is its drain on our Nation's savings and investment. Therefore, we need to reduce the deficit enough to increase national savings and private investment, without starving the Federal sector of funds needed for public investment in key areas, and without our current dependence on foreign savings. One is public infrastructure. Beyond concrete for highways and computers for air traffic control, we need carefully planned support for advanced technology, as noted in the JEC Annual Report. And we need to invest in our people—from infant nutrition and child care to effective educational standards and teacher background, and job skills for the disadvantaged, immigrants and those displaced by changes in technology and trade.

Third, we need a schedule of annual deficit reduction that is neither too tight nor too loose.

A deficit reduction schedule that is too rigorous will lead to smoke-and-mirrors trickery, and those games increase spending and hurt our economy in the long run. It may even cause a recession immediately. But a schedule that asks too little will allow our debt to mount, and further erode our economic strength.

Fourth, we need credibility with the public at large and with the financial markets.

The deficit is fundamentally a long-term problem—eroding our savings and our investment for the future. Therefore, we need a long-term solution. This means actual deficit reduction, rather than revenues borrowed from future fiscal years and expenditures bunted backward and forward to achieve cosmetic success in one particular year.

Long-term policies—especially those that entail some cost—are a test of the Government's credibility. I believe that the American people know instinctively that our economic course is wrong; they know that we must pay our bills as a society. Therefore, they will accept—in fact, I believe that they want and expect—decisive action to get our economy moving again. They are prepared for a deficit reduction program, provided that it is credible. Our problem is that we have played our budget games for so long—with all of the best intentions, to be sure—that we have no credibility left.

THE BUDGET RESOLUTION

The President's budget merely tinkers around the edges of our needs for deficit reduction and public investment. The budget is marred by what I would call "The Seven Deadly Sins of Budgeting."

The first is the smoke of overly optimistic economic assumptions. Richard Darman testified before the JEC that events through early March could add as much as $15 billion to the administration's January estimate of the fiscal year 1991 deficit. More recently, he has raised that figure to as high as $20 billion. The administration's long-term forecast of rapid real growth and falling interest rates has the tantalizing result that the deficit melts away just over the horizon. However, wishing will not make it happen, and there is not much more than wishes in the administration's policy.

Second, deficit reductions are exaggerated, as if magnified in a fun-house mirror—like the defense "management reforms". Third, penny-wise and pound-foolish policies make cuts whose ill effects outweigh the budget savings, and there are sins of omission where current services funding is just not enough—like the failure to provide adequate resources for infrastructure, or aid to Eastern Europe. Fourth, pass-the-buck policies shift burdens to other levels of government—like mandated cost savings under Medicaid, and reductions in grants for sewage treatment and public housing modernization; fifth, cut-now-pay-later policies shift the problem in time, putting it off for another day—like the capital gains tax cut; and sixth, shell games shift expenses off budget or conceal them in an accounting maze—like ending indirect subsidies to the Postal Service. Finally, a sizable number of the administration's proposals have been submitted before and failed to achieve political support on either side of the aisle—like cuts of Amtrak subsidies, or Social Security payroll taxation of State and local government employees. We have not yet received the estimate we requested from OMB of the dollar total of such proposed deficit reductions; we put the amount at almost $10 billion.

Because of the President's "no new taxes" pledge, temporizing has been the standard budgeting procedure. The major source of our budgetary problems is lack of leadership from the President to move us forward in constructng an acceptable, comprehensive package. The problem is worsened by an unbalanced Gramm-Rudman process that has outlived its usefulness; it now just invites smoke and mirrors budgeting.

The budget resolution before us today does a better job than the administrations budget in addressing the Nation's needs. Gone are such political nonstarters as no Economic Development Administration money or Amtrak subsidies; Medicaid and sewage treatment politices that would dump the burdens on the States; and unrealistic or unwisely large savings in programs ranging from school lunches to agriculture, Medicare, and Federal employee compensation.

Unlike the administration's budget, the resolution provides net additional resources for high-priority public investments; in technology; for children; in health, nutrition, and housing; in human security; in infrastructure and the environment; and in democracy and development in eastern Europe and the Third World. It includes the House-passed child care legislation, and moderate and realistic human capital investments from prenatal care and maternal nutrition to Head Start and other education. It includes training funds, which will help those affected by the defense cutback as well as trade and other changes in the economy. It encompasses public investment in technology—such as the critical science and research activities of the National Science Foundation—as well as public investment infrastructure and the environment—highways, aviation, Superfund and EPA. Funding for Medicaid, food stamps, rural housing, and the war on drugs take a humanitarian posture in distributing the gains of a healthier economy.

There are funds in the resolution to address more adequately the needs of foreign nations making fragile progress toward democratic and economic reforms. We cannot permit democratic governments to fall or allow other developed nations to preempt our key economic relationships with the emerging economies of Latin America and Eastern Europe.

These accomplishments in the budget resolution do not come easily. There will be a price to pay. In regard to taxes, and to the deficit reduction from entitlements as well, the Budget Committee has written multiyear reconciliation instructions into the resolution. For revenues, these instructions require not only the same amount of net additional revenues in fiscal year 1991 as the Bush budget, but also that these revenue gains be sustained over future years. Too often in the past, multiyear plans have been enacted merely to cover over a lack of action in the budget year with vague good intentions. But long-term budgeting with firm instructions, if those instructions are upheld in future fiscal years, can avoid the sin of cutting revenues now, and paying later.

Long-term planning also plays a crucial role in this budget resolution's handling of defense. Witnesses before the JEC have cautioned that any truly sizable peace dividend will be several years in coming. An emphasis on quick savings will leave us with a weakened defense establishment and will waste money in the long run. The budget resolution before us makes a prudent reduction in defense outlays from the current services baseline; and it makes substantially larger reductions in budget authority. The outlay savings are achievable without damaging readiness, if we distribute them wisely. The reductions in budget authority will prevent contractual commitments that lock us into future spending, if we stick to our resolve in future fiscal years. It will still be possible to add spending authority later if international developments take a disappointing turn.

Having said what is right about the budget resolution, I must mention some things that are wrong; while the administration broke new ground in its commission of the seven deadly sins of budgeting, the resolution is not free of guilt. First, the resolution starts with the administration's economic and technical assumptions; it blows the budget's second-hand smoke. Though the resolution makes some gestures toward reality, the first year's forecast is far too close to the administration's. We, ourselves, do not believe those numbers to be prudent; if we do not believe in the budget numbers, how can we expect the public to have confidence in the policies that we are pursuing?

Of course, part of the problem rests with the Gramm-Rudman process, which gives the administration the power to set the assumptions that can trigger sequestration. Under these circumstances, it is natural for the Congress to adopt the administration's assumptions, because they always allow reaching the Gramm-Rudman deficit target with less pain. Indeed, it is politically perilous to be the bearer of the bad news that the administration so publicly denies.

But once they stop denying the bad news, as they did in the midsession review last summer and as they seem to be doing now for political advantage, then we in the Congress will be confronted with the need for tens of billions of dollars of additional deficit reduction. This will extract a heavy cost in terms of credibility from a Congress that declares victory in this resolution; we will have to tell the American people, yet another time, that the actual deficit will bear not the least resemblance to the number we claimed in our congressional budget. Instead, we must acknowledge now that there are great uncertainties surrounding the level of the fiscal year 1991 budget deficit. We should confess that it is likely to be well above the $64 billion Gramm-Rudman target—but we should refuse to assign magical properties to that target. What is important is solid deficit reduction. Without it, there is no question that our deficit will be too large.

Furthermore, the deficit reduction in the budget resolution is smaller than I would prefer, discounting the highly uncertain components—those dependent on the effectiveness of administrative actions in collecting revenues, selling assets, and so on. Along with the President's smoke, we have borrowed his mirrors. Insufficient deficit reduction will allow our debt to mount, starve our economy of needed saving and investment, and complicate our economic relations with the rest of the world.

There is no magic number for deficit reduction that is blessed by a consensus of respected economists. But proceeding at the pace in this resolution—about $25 billion per year, net of new initiatives and administrative savings and if all the instructions in the resolution are carried out—would take far too long to achieve the domestic saving and investment performance of the 1960's. With this resolution, we have not achieved enough deficit reduction to be credible with the American people and with financiers around the world.

CONCLUSION

This resolution is an improvement on the administration's budget. The resolution's economic assumptions are slightly more realistic than the administration's. The defense figures in the resolution are better than of the administration's, though still short of the new geopolitical reality. The nondefense outlays include fewer of the fanciful cuts in the administration's budget, and use some of the proceeds of the defense build-down to make prudent—indeed, essential—investments in infrastructure, people, and knowledge. The revenue instructions include no overstated management reforms, and require that the revenues be solid policy changes rather than timing shifts from one year to another.

This resolution is a solid achievement of the distinguished chairman of the Budget Committee, Mr. PANETTA, and I commend him for it. It is hard to imagine that anyone could have done a better job, under the circumstances.

But from my perspective, even granting Mr. PANETTA's achievement in formulating the resolution, superiority over the administration's budget is not an adequate test. We are left with the question of whether the resolution is good enough—whether it meets our obligations to the country, to our constituents who are waiting for decisive action against the deficit. This is a judgment call that every Member must make, and I do not begrudge any other Member his independent judgment, but I must exercise mine.

We have labored for the last decade without responsible Presidential leadership, or leadership from Congress, on fiscal policy. Over that decade, as we have accumulated a mountain of debt, the budget submissions have turned a blind eye to the problem. Even worse, Presidents have engaged in governance by slogan, which has made addressing the problem more difficult. Chairman PANETTA and his distinguished colleagues on the Budget Committee were constrained by the lack of Presidential leadership, and as a result, had to rely on essentially the same imprudent and overly optimistic economic assumptions, and on the same unrealistic administrative savings, that were used in the President's budget.

The result is that this resolution, although an improvement over the President's budget, does not meet our obligations to the Nation.

The ultimate danger here is that the unrealism of our economic assumptions—though they are improved over the administration's—and the optimistic estimates of administrative savings—though the other deficit reduction action is far more solid than the administration's—will once more violate the responsibility of this Congress to get our fiscal house in order. Our reserves of credibility are already far too low. We have not done what we know ought to be done.

Accordingly, with all respect to the distinguished chairman of the Budget Committee and his colleagues, I will vote "no" on this resolution.

Mr. HASTERT. Mr. Chairman, America is known throughout the world as the land of opportunity. A place where a person can work hard and freely use his talents and ability to make a better life for himself and his children. But for one certain group in our society, that promise is conditional. For our older American workers who choose to remain productive in order to improve their standard of living, they find the Government takes the vast bulk of their additional wages through a special tax that applies only to them.

Of all the taxes the Federal Government imposes on senior citizens, the most insidious and counterproductive is the Social Security earnings test.

WHAT IS THE EARNINGS TEST?

The earnings test is a limit placed on seniors who continue to work after they retire and begin to collect their Social Secuirty benefits. For 1990, that limit is $9,360 dollars.

For seniors over the age of 65, the penalty for earning more than $9,360 is a $1 loss in Social Security benefits for every $3 over the limit earned. It should be noted that only earned income is counted when determining the earnings test. Non-earned income, such as pensions, investment income, interest income, or income from capital gains, is not counted in this determination. The earnings limit only penalizes those who work.

WHO IS AFFECTED BY THE EARNINGS TEST?

The earnings limit affects many seniors in many different ways. One senior may need to work because Social Security cannot cover the high cost of medical care. Another senior may need to work because her work history was too short and therefore her benefit check is small. Other seniors want to continue to be productive while at the same time retired. For example, a former machinist of a tool and die shop may want to retire but still work part-time because there is such a demand for his talents. Many seniors just cannot afford to live on a Social Security benefit check alone.

For whatever reason a senior chooses to stay in the work force, he will face an excessive penalty once the amount he earns is above the $9,360 limit.

When combined with other taxes a senior is forced to pay, the earnings limit penalty puts that senior at a 56 percent effective marginal tax rate—twice the rate we ask millionaires to pay! For a senior working at a job that pays $5 per hour, he will only take home $2.20 an hour after his earnings go above the $9,360 limit.

The penalty is even worse for someone whose spouse collects a check as a dependent. Not only is the senior penalized $1 for every $3 over the limit he earns, his wife's check is penalized the same amount, or if she is under 65, $1 for every $2 over the penalty. That means a man with a 64-year-old wife would lose $5 out of the $6 he earned over the $9,360 limit.

WHAT WOULD THE OLDER AMERICANS' FREEDOM TO WORK ACT DO?

Because of the significant economic opportunities made possible by repeal of the earnings limit, H.R. 2460, the Older Americans' Freedom To Work Act, has been incorporated into the American Economic Opportunity Act.

H.R. 2460 repeals the Social Security earnings limit for persons over the age of 65. In effect, my bill lowers the exempt age from 70 to 65 years of age, allowing the senior to earn as much as he is capable of earning.

No one should be dependent upon the Federal Government in their everyday lives. H.R. 2460 would give working seniors the opportunity to control their own lives, limited only by their own ambitions to work and save.

WHO BENEFITS FROM REPEAL?

Most obviously, the older workers of America benefit once the earnings limit is repealed. Specifically, two-thirds of those who benefit from repeal are seniors who have been low to middle income wage earners throughout their working lives. A middle-class senior will need to work to supplement their Social Security check.

Another group which would benefit from repeal is the small business owner. As you know, the labor pool is shrinking. Small businesses are having an especially tough time hiring experienced, willing, and dependable workers. The earnings limit was established during the Depression to force older workers out of the work force, creating job opportunities for younger workers. In this day and age, it is ridiculous to have a tax policy determining whether people will be productive.

Many businesses have contacted me wanting the earnings limit repealed so that they can retain their experienced workers. In our society, some of the most skilled and work-oriented people are those approaching 65 and over. Some of the most prized employees in this Nation are those who know the value of a hard day's work.

The economy as a whole would benefit from repeal of the earnings limit. It is estimated that the Government would collect $4.9 billion in additional taxes which would result in a $140 million net increase in Federal revenues.

The effects of eliminating the earnings limit are difficult to predict because so much of a senior's income now is part of the "underground" economy. However, a study done by the National Center for Policy Analysis, estimates that without an earnings limit 700,000 seniors would enter the labor market. As a result, our annual output of goods and services would increase by at least $15.4 billion.

As you can see, eliminating the earnings limit for retired workers makes good economic sense. It would bring in additional tax dollars and contribute to the overall output of goods and services.

Beyond that, the earnings limit is just plain unfair. Why should one group be penalized for wanting to be productive? This is an outdated, discriminatory tax that needs to be eliminated.

My bill, H.R. 2460, is currently pending in the Ways and Means Subcommittee on Social Security with 200 cosponsors. Soon, a majority of the House will have cosponsored this legislation. Now, Mr. Chairman, is the time to act so that we can take advantage of the rich wealth of human capital that America's senior work force has to offer.

Mr. SCHUETTE. Mr. Chairman, as a member of the Committee on the Budget, I have great regard and respect for the stellar talents of the gentleman from California [Mr. PANETTA] and the ranking member, the gentleman from Minnesota [Mr. FRENZEL]. Let me first congratulate them and commend them on their hard work and diligence in a process and area that is not easy and which is fraught with difficulty. Certainly these two gentlemen and my colleagues on the Budget Committee have worked long and hard on this whole budget issue.

Mr. Chairman, I rise this evening in opposition to the resolution being presented to us and upon which we will vote soon, and for four basic reasons. First, the allocation of the peace dividend and how we should make decisions and make priorities in terms of the future of America. Second, I am concerned about new taxes and revenues within the resolution. Third, there is defense policy and what it means for national security and to my home State of Michigan. Finally, insufficient funds to win the war on drugs.

The resolution that will be debated and discussed has roughly an $11.5 billion reduction in the defense function. There are some enormous and monumental changes that have occurred around the world. Many of them are positive. I have seen some of them firsthand in Berlin.

But the coercion and fear and intimidation upon the Lithuanian people by the Soviet Union in my opinion is causing a Baltic Curtain to be created upon freedom in Lithuania. It is the darker side of perestroika. It threatens to shatter glasnost.

By those actions we should be reminded and let us not be naive in the conduct of foreign policy and defense policy. If there is to be a peace dividend, I happen to feel there needs to be a deficit reduction dividend and a tax reduction dividend.

I had hoped to offer an amendment that would take the $11.5 billion reduction, the so-called peace dividend, and have some $6.35 billion allocated to tax reduction and roughly $5.15 billion allocated to deficit reduction. That did not occur. I wish it had.

Let us go to taxes. On the issue of taxes in Michigan and I think in most parts of America people are not naive enough to think if you raise taxes, you are going to have a national mortgage burning party on Cadillac Square in Detroit or Pennsylvania Avenue here in Washington.

No, it will be used for new programs. This budget, unfortunately, does not have a capital gains tax reduction, which I feel would be a kick start and a jump start for entrepreneurial growth for new business startups in this country. That is lacking. It is deficient. I am voting no.

With respect to defense policy, we see an $11.5 billion deficit reduction in the resolution on the floor. The other body is talking about some $13.9 billion roughly in defense reductions.

What that will do is cut into the meat of our conventional strength, like the M-1 tank.

When you see the modernization of Soviet tank production across the world, where they have outproduced the United States by a ratio of 5 to 1 in 1986 and 1988 and 3.5 to 1 in 1987, they are retiring their T-10 tanks. They had spoke wheels. Let us make sure we negotiate conventional force reduction from a position of strength. If you reduce by the amount that many have talked about, it will cut into that M-1 tank production. That is unwise for America's national security objectives and for people in Michigan.

Finally, drugs. To win the war on drugs it is important that we have sufficient funds to win the war. When I see only $230 million for new prison construction, with the Federal prison in Michigan being overcrowded at a 93-percent capacity, law enforcement officials in Michigan react to this function, this absense of funds in terms of winning the war on drugs, they are saying no.

When you look at the education side, it is a two-front war, education and enforcement. I happen to feel we should target specific funds toward the Drug Awareness Resistance Education Program, the DARE Progam, where you reach new children K through 6 at a young age to instill in them resistance techniques, peer pressure. We need to target specific dollars and cents to school districts to win the war on drugs and teach and educate young people the perils of substance abuse.

So whether it is sufficient funds in the war on drugs, defense policy miscalcuations, higher taxes, which we do not need, or if there is to be a peace dividend let it be a tax reduction dividend and a deficient reduction dividend, these conclusions draw me to the decision of voting no on the resolution.

Mr. Chairman, the resolution reported by the committee represents a flawed vision for both America's future and the peace dividend. Although I attempted to obtain a rule to offer an amendment redistributing the majority's defense cuts from excess spending to deficit reduction and taxpayer relief, as contained in my House Resolution 359, I was not granted that opportunity. Furthermore, the Budget Committee resolution makes massive cuts in our national defense without providing background to support the number and provide guidance for Members to determine their soundness and vote accordingly. Additionally, funding for our Nation's war on drugs is insufficient and misdirected. The fact that the budget resolution is on the floor today, as opposed to the beginning of the month, will attest to the necessity of including budget reform in any serious policy statement. Even as a negotiating document, this resolution is sadly incapable of providing the visionary leadership the times require.

There are two central problems with the policy in this document. Primarily, the $100 billion in taxes contained give sufficient reason to reject the resolution out of hand. Furthermore, there is $114 billion in program expansions over the baseline in this resolution. The peace dividend should be applied toward deficit reduction and taxpayer relief, as my amendment would have done.

There are a number of other provisions as or nearly as objectionable as the new taxes and programmatic increases. The $30 billion in budget authority and $11.5 billion in outlays to be reduced in the defense function were proposed in the absence of any submission by Secretary Cheney. The committee is perfectly aware that the Secretary is in the process of working up a recommendation for a safe, responsible defense build down—one which will cause the minimum of job and economic dislocation, meet any anticipated continued threat abroad, acknowledge our role as defender of freedom, and yet respond realistically to the changes in the world which have happened so quickly in the past 6 months, and which continue to evolve as we speak.

In this context, it is important to remember that the numbers in question are put forward without any backup. Presumably, these will be fought out in the authorizing and appropriating committees. However, in this case, absent any departmental recommendation, I feel compelled to add—as at least one member noted during committee debate—that it is always conventional procurement programs which get short shrift in such cases—precisely the programs which give the taxpayers the most bang for their procurement dollar in our expanded role as defender of freedom across the globe. This is especially true of programs such as the M-1 tank.

The Soviet Union still out produces the United States by thousands of modern tanks per year. Last year, for instance, Soviet tank production was 3,000 units. By comparison, the United States produced only 720 M-1 tanks last year. The U.S.S.R. is projected to produce at least 1,500 units this year, in spite of the resource scarce. Soviet economy—nearly 10 times the U.S. production of 186 tanks to date in 1990. Their new tanks roll through the distressed, resource deprived communities of Lithuania. There would seem no clearer argument for continued production of tanks and other conventional hardware than this prime example of their continued necessity. Yet, the resolution appears silent on this issue.

Furthermore, the proposed defense reductions are not used to produce a peace dividend for either deficit reduction or taxpayer relief. Many Members of both bodies have proposed reduction in the burden of the lower and middle income taxpayer. Many would prefer legislation such as H.R. 4104 and 4105, which provide an increased standard deduction and or increased individual retirement account deduction for those truly lower and middle income taxpayers. Legislation such as H.R. 4104 and 4105 would allow these taxpayers flexibility to make choices as to which items they most truly need—child care, housing, education, catastrophic or long term medical care. Members have also expressed interest in increase in the earned income tax credit, or a variety of other worthy tax reductions. These tax reduction proposals are so numerous among bills introduced in this session of Congress that one would assume even a negotiating document, as this is advertised to be, would take into account the very numbers of proposals to reduce the tax burden and act accordingly.

Furthermore, where is the capital gains tax reduction for which a majority of Members voted last year? H.R. 4103 would provide a 15 percent flat capital gains rate for individuals, and a 10 percent rate for individuals who invest in the future of our Nation's economy by funding start up enterprises. Other Members have proposed similar legislation. Yet no notation is made not only of the will of the House, but of the will of the American taxpayer for a change in the Tax Code to spur job and opportunity creation. As most experts in the field acknowlege, this proposal would bring in revenue. Thus, if the majority truly cannot survive any markup without increasing the inexorable revenue intake of the Treasury, why is a cut in the capital gains rate, on which the opinion of the House has already been expressed, not specified?

The resolution is certainly specific enough as to how the American taxpayer's burden will be increased. Rather than providing deficit reduction and opportunity, a true peace dividend for the American taxpayers from the perhaps importunate defense cuts, or giving sufficient credit to average Americans to assume that they might just have enough common sense to figure out how best to spend their own money, the majority has added $114 billion of new spending over the 5-year period. This new spending, which will fund increased Federal and State bureaucratization of social spending, is an insult to the taxpayer who has a right to choose his own spending options—a right frequently ignored by the majority, which would do well to remember these very issues were central to events such as the Boston tea party.

This $114 billion does not count one of the most egregious insults to taxpayer common sense to come down the legislative pipeline in years, a child care program which presumes Americans not only can barely be trusted to choose care for their children, but that any sectarian providers chosen must be zealously regulated, to the point of removing the sectarian nature of the program which led the parent to choose it in the first place. This folly, which certainly seems to the constituents of the 10th District of Michigan to violate the concept of separation of church and state, has been built into the resolution's baseline—even before enactment. Sensible people would have only included funding for truly fair programs, which do not imperil the religious nature of child care chosen precisely for its religious nature.

Additionally, the new programs include inadequate drug funding which does nothing to address the crisis in our Nation's prison overcrowding. When this country has securely locked away those who would peddle drugs to our children and other citizenry, rather than turning them loose or over to parole boards for lack of judges and prisons, we shall have far fewer drug users to rehabilitate. The $23 million provided in the baseline for prison funding will not go far in a system where the Federal prison in Milan, MI is 93 percent overcrowded.

Costly entitlement programs are expanded by at least the admitted $15 billion over 5 years. The resolution, of course, fails to mention these add ons will cost States an equivalent amount, and indirectly force more State and local burden onto our citizens.

The entitlement boondoggle is enhanced when one realizes the purported removal of Social Security from the Gramm-Rudman-Hollings deficit does nothing more than discount the revenues coming into the trust fund, while failing to provide any adequate surety for the interest payments from which a substantial amount of the surplus is derived.

Furthermore, the Gramm-Rudman-Hollings deficit reduction targets which have resulted in what little fiscal discipline has been exerted in this Congress over the past 5 years are not extended to ensure the future of either deficit reduction or the Social Security trust fund surpluses being accumulated to pay our future obligations. Inevitably, given the mood of some in Congress as expressed by this document, this deficit will increase and those funds will be raided, ensuring precisely what the majority seems to intend: yet a greater tax burden in the future. No doubt to be used so that those in Congress may continue to dole out programs which take from the majority of lower and middle income taxpayers in order to provide service little needed by those who foot the bill, but much loved by the special interests those who will expand or create them serve.

If this is a negotiating document it fails to take into consideration the most important budget process reforms, such as those contained in H.R. 1957 and legislation I shall shortly introduce. Protection of Social Security and deficit reduction ensured by extension of Gramm-Rudman-Hollings targets into the second half of the 1990's in order to truly balance the Federal budget. Every member of the committee is perfectly aware that reforms such as line-item veto, a balanced budget amendment to the Constitution, multiyear budgeting—of which this supposed 5-year plan might represent an example were it as advertised—rescission authority, supermajorities to increase taxes or entitlement spending and even more technical details will be a part of any landmark legislation which deals honestly with deficit reduction.

The irresponsibility of direct and indirect increases in taxation and huge programmatic expansions contained in this document are deplorable. Although there are three truly commendable items in the proposal, full funding for the drug abuse resistance education grants [DARE]—which I have pending legislation, H.R. 3723, to reauthorize—and Camp David accord nations—which Mr. BERMAN and I sought last year—and logical, fully funded $100 million base for support of agricultural research needed to assist in feeding the world's population and moving forward in applied agricultural industries, surely the majority should be able to provide a better vision for America's future even if it is only for use as a bargaining tool. Americans as individuals are far better equipped to spend their own money than their elected representatives.

Mr. PANETTA. Mr. Chairman, I reserve the balance of my time, and I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. McNulty] having assumed the chair, Mr. McCurdy, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the U.S. Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, had come to no resolution thereon.

PROVIDING FOR FURTHER CONSIDERATION OF HOUSE CONCURRENT RESOLUTION 310, CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1991

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 382 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 382

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995. After general debate, the concurrent resolution shall be considered as having been read for amendment under the five-minute rule. No amendment to the concurrent resolution shall be in order except the amendments printed in the report of the Committee on Rules accompanying this resolution. Said amendments shall be considered in the order and manner specified in the report and all points of order against the amendments are hereby waived. Said amendments shall be considered as having been read and shall be debatable for the time specified in the report, equally divided and controlled by the proponent and a Member opposed thereto. Said amendments shall not be subject to amendment. If more than one of the amendments in the nature of a substitute made in order by this resolution has been adopted, only the last such amendment which has been adopted shall be considered as having been finally adopted in the Committee of the Whole and reported back to the House. It shall be in order to consider the amendment or amendments provided in section 305(a)(5) of the Congressional Budget Act of 1974, as amended, necessary to achieve mathematical consistency. At the conclusion of the consideration of the concurrent resolution for amendment, the Committee shall rise and report the concurrent reoslution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the concurrent resolution to final adoption without intervening motion.

CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1991

The SPEAKER pro tempore (Mr. WISE). Pursuant to House Resolution 382 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution, House Concurrent Resolution 310.

□ 1143

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the U.S. Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, with Mr. MCNULTY (Chairman pro tempore) in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN pro tempore. (Mr. MCNULTY). When the Committee of the Whole House rose on Wednesday, April 25, 1990, the gentleman from California [Mr. PANETTA] had 1 hour and 21 minutes of general debate time remaining, and the gentleman from Minnesota [Mr. FRENZEL] had 1 hour and 47 minutes remaining.

The Chair recognizes the gentleman from California [Mr. PANETTA].

Mr. PANETTA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, it is the intention of the committee to provide 50 minutes to the gentleman from California [Mr. DELLUMS] from the Black Caucus, to use that time as he wishes for general debate, and then retain the balance of the time for the committee.

Our intention is to try to see if we can keep our debate to roughtly an hour, give or take a few minutes as need requires, and to try to limit it as much as possible so that we can move into the amendment process hopefully sometime between 1 and 1:30.

In that spirit, Mr. Chairman, I would first start off by yielding 4 minutes to the gentleman from Massachusetts [Mr. FRANK].

Mr. DENNY SMITH. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I am in a quandary. I do not know whether I am going to vote for the Bush budget. I do know for sure I am going to vote for the committee budget. I think that the committee budget falls far short in trying to do anything about the deficit.

I still think the most important problem this country has is the lack of a balanced budget. And we do not need to get there with new taxation.

This committee budget does in fact have a tax increase of some $20 billion in 1 year and $111 billion over 5 years. We do not need that to solve the problem.

I would just relate that I have a 15-year-old son who this last week had to file a tax return on his earnings as a bus boy. Last year he made around $2,500 and he paid 176 dollars' worth of taxation between State and Federal. I think there are many things that we are doing that are counterproductive to incentive and initiative that are required to make our system work. I know the gentleman from California earlier said that there were millions of children without enough money to eat and a lot of problems. There is no doubt about that. But we are not going to solve those problems with Federal dollars being taken away from working people and redistributed through the Federal bureaucracy and given back.

I think we would be better off to have the opportunity allowed by people who are working and who are wanting to provide those services themselves. So that is maybe a philosophical difference, but I think it is a very basic difference in what we are trying to do with our country.

We do have in this committee budget 18 billion dollars' worth of increased domestic spending, $15 billion in new entitlements. Where is the greatest growth in this budget? It is in the entitlement area, and we have worried about that for years and years, but we do nothing about it here but add to the problem.

The outlay cuts in defense I am not really as concerned about. I think we need a very, very good strategy on what this country is going to stand for, how we are going to protect the country, and how we get rid of a lot of the bureaucracy in the military, and get to the kind of equipment we need to have to defend my family and yours and the people that I represent.

In one area here I think what is going to happen is that we are going to get to a negotiation, so the only reason I would vote for the Bush budget is I think it is better than the committee budget in trying to move us to negotiations. The Budget Committee ought to be done away with. We ought to have basically two Representatives, two Senators, and the White House people to try and solve these problems. That is the way we end up always.

We should freeze the budget. I have been after that for a number of years. Had we done that in 1981, we would have had a balanced budget by 1983. We have the growth in our budget activity.

We could spend the dollars in defense more effectively. I think of some of the programs I have worked on, for instance, the AMRAM, there is $1.5 billion in the 1991 budget for the AMRAM. It does not work, the tests are not showing that, and yet it goes up to the DAB and gets a continuation.

There are two items in the Bush budget that I am not happy with that are regional concerns. One is the Bonneville Power marketing system that we have in the Northwest. Each year I have been here in the Congress in 10 years we get a proposal from OMB that we are going to sell this, we are going to change the mortgaging and the system set up in the mid-1930's. That is not fair to the Northwestern citizens I represent, and I do not personally like that.

There are two other items on which I submitted a minority report. One is that we fully fund the NOAA Coastal Water Quality Habitat and Fisheries Program of $1.6 billion. I think that is extremely important. The other is to provide a funding level to clean up the nuclear waste that is at Hanford, the defense materials. I think that is extremely important not only to the entire country but to the people in the Northwest part of the country.

So I have submitted additional views on the budget resolution, and I hope to have those included within the budget as it goes forward.

Mr. Chairman, I yield back the balance of my time.

Mr. WOLPE. Mr. Chairman, I rise in strong support of the House Budget Committee resolution, and want to pay tribute to Chairman PANETTA whose leadership has helped to chart a critically needed new budgetary course for the Congress and for the country.

Around the world, this is a time of unprecedented changes. For America, these changes present us with an unusual opportunity to begin to address a number of new challenges that we face—challenges to our economy, to our society, and to our future. The committee resolution, in my view, is sensitive to these challenges and, if adopted by this Congress, will help generate among Americans a new sense of hope and possibility.

It is clear that our economy is in trouble—living standards are in decline—more and more Americans are living on the economic margin. This financial decline is especially true for young families. Between 1979 and 1987, the median income in real dollars of young families with family heads under age 25 dropped by 30 percent. The gap between rich and poor in America is widening dramatically, the middle class is being squeezed, and working families are facing an increasingly difficult struggle simply to make ends meet.

Huge Federal deficits continue to put a brake on economic growth, driving up the cost of capital, limiting capital investment and absorbing private savings. During the 1980's, Federal deficits consumed more than 66 percent of all the net private savings, compared with just 20 percent in the 1970's and only 3 percent in the 1960's. Today, incredibly, we pay $180 billion for just the interest on the national debt. This constitutes just under 17 percent of the total Federal budget!

We have become the largest debtor nation in the world, owing over $741 billion overseas, and the buying of America by foreign interests continues to accelerate. The British have, by far, the largest direct investment in the United States, exceeding $101 billion. Additionally, 7 percent of all American assets and 17 percent of all U.S. financial assets have come under the control of foreign interests. Should this trend continue, this latter figure will reach 25 percent by 1995.

What is worse, in a number of key economic sectors, from semiconductors to television sets, we continue to see America's position in international markets erode. Today, of the world's 100 largest corporations, no more than 35 are American-owned, 50 are Japanese-owned and 12 are owned by Europeans.

Our infrastructure of roads, bridges, and highways is crumbling. Just look at the condition of our federally built highways and bridges: 77,000 bridges—28 percent of the total—are either structurally deficient or functionally obsolete; 80,000 miles of pavement are classified as in poor condition, while another 300,000 miles are only in fair condition.

Our educational system is in disarray: American universities currently have 1,600 vacancies in engineering faculty positions; foreign students score on average 100 points higher than U.S. students on the graduate record examination for mathematics; four-fifths of elementary school math teachers are not fully qualified to teach math; two-thirds of elementary science teachers are not fully qualified to teach science. And 23 million Americans are functionally illiterate.

As for the environment, this past weekend's celebration of the 20th anniversary of Earth Day has brought into focus the major challenges we face there—challenges that require immediate action. The Environmental Protection Agency has told us that 110 million Americans breathe air that is unhealthy, and the American Lung Association estimates the national health care bill for air pollution-related illnesses is some $40 billion a year. In addition, over $70 billion is spent annually on the treatment and cleanup of hazardous waste—with two-thirds of that cost being borne by industry. And on top of all this there are the potentially catastrophic problems of ozone depletion and global climate change with which we must contend.

Then there are the increasingly urgent challenges we face with respect to housing and health care: over 3 million homeless people nationally, 90,000 of them in my home State of Michigan; 37 million working Americans currently without any health insurance whatsoever. And, disgracefully, 19 of 22 leading industrialized nations now have lower infant mortality rates than we have in the United States.

On top of all this, the continuing savings and loan bailout threatens to claim an increasingly large share of scarce budgetary resources: by some estimates the final accounting of the bailout could balloon to a cost of nearly $500 billion.

These, then, are some of the most urgent problems we face. They did not appear overnight, and we cannot simply wish them away. They are the cumulative product of many years of neglect and indifference and wishful thinking—and they will require many years of creative and determined effort to resolve.

But I firmly believe there is not one of these problems that is insoluble—not if we face them squarely and realistically. The time for blame throwing and finger pointing is past. The time for rebuilding is now.

We must act, simultaneously, on two fronts. First, we must solve the problem of the Federal deficit once and for all. Any hope of sustainable long-term economic growth for America will rest on our ability to get our economic house in order. The deficits represent a steady drain on our net savings, and the $180 billion annual interest we pay on our $3 trillion national debt is pure, unadulterated waste. Moreover, it is simply not right to ask our children and our children's children to pay for the profligacy of our own generation. So we must bring those deficits down.

Second, we must—at the same time—increase our investments in those areas equally critical to our economic future. In this connection, we need to understand that in the 1980's the share of America's gross national product devoted to investment in national economic growth dropped by 44 percent. And if we were to adopt the budget proposed by President Bush, we would only further reduce the resources allocated to such investment. Take, for example, transportation. The Bush budget would cut total budget authority by 10 percent this next year and by 22 percent by 1995. And by fiscal year 1995, education would be cut 15 percent below fiscal year 1990 levels. While the Bush budget proposes increases in a few educational programs, such as Headstart, these increases are effectively paid for with cuts in other educational areas, such as student financial aid. Under the administration's budget, over 200,000 students currently receiving financial assistance to attend college would no longer have access to this funding.

For the environment, the Bush budget likewise reflects a net reduction in budget authority and no real compensation for earlier cuts. By fiscal year 1995, it offers 33 percent less Federal funding for environmental programs than at the start of the 1980's.

So much for the bad news. The good news is that the extraordinary changes that are taking place in this world of ours gives us, now, an opportunity both to get our fiscal house in order and to reorder our national priorities in a way that will begin to seriously address the social and economic challenges we face—challenges that pose the most immediate threat to our long-term national security.

In my judgment, both the budget that has emerged from the House Budget Committee and the budget offered by the Congressional Black Caucus recognize this opportunity and offer a creative blueprint for America's future.

First, both budgets call for substantial deficit reduction. The Budget Committee resolution actually calls for far greater deficit reduction over 5 years than the administration's budget would require. Significantly, too, the Budget Committee produces a balanced budget over these 5 years without the use of the Social Security trust fund surpluses.

Second, both budgets call for prudent reductions in Pentagon expenditures, and the transfer of these savings both to deficit reduction and to increased investments in areas of pressing domestic need. The Congressional Black Caucus budget calls for deeper defense reductions and more rapid investment transfers—but both budgets point in the same direction and are guided by the same recognition of the changing nature of our national security threat.

The Budget Committee calls for a reduction of $11.5 billion in defense outlays below the current policy level, while the Congressional Black Caucus would reduce defense outlays in 1991 by some $27 billion. Both recommendations are in line with what some leading defense analysts are telling us can in fact be achieved, without any diminution whatsoever in our military security. I would cite, for example, the recent study by defense analyst William Kaufman, undertaken by the Brookings Institute. Kaufman, who has served the Pentagon under both Republican and Democratic administrations, argues that over the next 10 years it is realistic to contemplate almost a 50-percent reduction in defense outlays. That is, a steady, prudent recrafting of our defense force structure and budget should permit our annual defense outlays to be reduced from the current level of roughly $300 billion to some $160 billion by the year 2000—thereby freezing up enormous new resources to invest in the rebuilding of America. That is the opportunity we must seize. Both the Budget Committee and the Congressional Black Caucus would start us down this promising path. Even the more modest defense reductions proposed by the Budget Committee would, over 5 years, produce a 25-percent reduction in defense spending, pointing toward a possible reduction of 50 percent by the end of the decade if national security conditions warrant.

I also welcome the recommendations of both the Budget Committee and the Congressional Black Caucus to spread the resulting peace dividend both between deficit reduction and high priority domestic investments. The Budget Committee, for example, would commit 58 percent of the $251 billion defense savings realized during 1991-95 to deficit reduction, while 42 percent—some $106 billion—would be reallocated to domestic uses. The Black Caucus goes much further in addressing our urgent domestic needs, but it does this by assuming a much larger revenue figure than is achievable without the President's active support. In this sense, I believe the Budget Committee's recommended levels for domestic program increases are more realistic and far more likely to be achieved within the context of our equally urgent need to meet our deficit reduction targets. I say this with regret—because I believe that, in many respects, the Black Caucus budget is in fact more responsive to the urgency of the challenges we face and to the aspirations of most Americans for a sharper reordering of our national priorities. Nevertheless, both budgets do in fact point in a new direction and hold out the promise for a more hopeful American future.

Mr. Chairman, I urge the adoption of the Budget Committee resolution.

Mr. FRENZEL. Mr. Chairman, we have had a very interesting and quite a lengthy debate on the budget, on Humphrey-Hawkins, on budget alternatives, and I think it is appropriate now to think about putting them into perspective.

There are some common threads running through the discussions on both sides of the aisle. A few of them are these. First of all, this is only an exercise that we are performing in the House of Representatives. If this resolution is passed, it goes to an uncertain future in the other body, which looks like it has not achieved a consensus yet.

All Members admit that eventually the arrangement is going to have to be made in discussions between the President and Members of both parties in both Houses. In a sense, then, this is only the preliminary. The final bout will not come until we achieve summitry.

There are some other areas of agreement, and I think it is better to think in terms of agreement than to think in terms of all of the things that keep Members apart. One of these is that whatever kind of budget arrangement is made this year, it must be a multiyear agreement. One of the good features of the Panetta budget—and Members will notice I resisted the temptation to say one of the few good features—is that it mandates reconciliation on a multiyear basis.

□ 1340

I think that Republicans and Democrats would probably agree that when we come to a conclusion, it has to be one that takes us to a Gramm-Rudman deficit achievement by fiscal year 1993, and, at some time in the near future, to a balanced budget achievement without consideration of social security.

We have some other things on which we agree. We believe in certain priorities. But it seems to me quite obvious that the Democrat budget, which I find deficient, and the Republican budget, which Chairman PANETTA finds deficient, are similar in that they have been outrun by events.

The President's budget is one that was created nearly 6 months ago, created in a world that was quite different and in a country whose economic conditions were quite different. One could say that it has been overcome by political events around the world and by economic events in this country.

On the other hand, the Panetta budget suffers from the same problems as the President's budget, because it uses the economic assumptions of the President's budget in the first year, which is the prinicipal year in question.

So it, too, has been overrun, and even it were it achieve, as it cannot because it has not reconciled all the savings, all of its savings, like the Bush budget, it would fall short by approximately $20 billion of meeting the sequestered target.

So I think we can say that if we say the Bush budget has been overcome by political events in the world and economic events in this country, we can say that the Panetta budget is equally obsolete because of economic events. In addition the Panetta budget has been overrun by history. It is rooted in a philosophy that has been obsolete since the middle of the Depression.

So obviously more is going to be expected of this House and of this Congress than it is willing to put forward in any of the alternatives. As a matter of fact, it has been said that the President's budget offered a cream puff, and that the Panetta budget sees the cream puff and raises it one Napoleon.

The only chef which has offered us any bullets on which to dine has been Chairman ROSTENKOWSKI, and while most of us have not been willing to accept his budget, I suspect many of us have muttered an aside from time to time that there is more truth than poetry in that budget. Certainly there is more suffering in what we are finally going to have to achieve than appears than either the Bush budget or the Panetta Democratic budget. Our future rations are going to be more bullets than cream puffs.

So I would say, let us not have any illusions that we are voting on truth and virtue here. We are voting on one tiny step which will move us toward the final compromise, the final compromise must be achieved or we will fall victim to what I think is an intolerable sequester of somewhere around $55 billion, give or take a couple of billion dollars.

With that, Mr. Chairman, I am going to thank Chairman PANETTA again for his many courtesies, for his thoughtfulness, and for his hard work, and I thank the other members of his committee, including both Republicans and Democrats.

Mr. Chairman, if the gentleman has one additional speaker, I would reserve my time until that speaker has concluded.

Mr. PANETTA. Mr. Chairman, I thank the gentleman from Minnesota [Mr. FRENZEL], and I yield 3 minutes to the gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Mr. Chairman, I thank the chairman of the Budget Committee for yielding time to me.

Mr. Chairman, I rise in strong support of the fiscal year 1991 budget resolution as reported by the House Budget Committee.

I particularly want to commend Chairman PANETTA for his leadership. He has put together a health budget that rejects the Bush administration's assault on Medicare, puts more resources into the underfunded Medicaid program, makes funds available for the fight against AIDS, and provides increases for other high-priority, low-income health programs.

It is a health budget that I as a Democrat am proud to support. It is far superior to the Bush health budget, and far superior to sequestration. Chairman PANETTA, Mrs. BOXER, and their Democratic colleagues deserve a great deal of credit.

The committee budget rejects the Bush proposal to slash $5.5 billion from Medicare. It limits required Medicare cuts to $1.7 billion, the same amount which a sequester would produce. After the cutbacks and the payment reforms we have enacted in Medicare over the past several years, massive cuts can no longer be made without adversely affecting Medicare beneficiaries and, indeed, the viability of the delivery system itself. Even this $1.7 billion will be difficult to achieve. But it is far preferable to the Bush budget—and a far more responsible reduction target for the health care program that 33 million senior and disabled citizens depend on.

The committee budget rejects the Bush proposal to reduce Federal Medicaid payments to States by $675 million over the next 5 years. Instead, it commits much needed additional resources for improving the health of our poor citizens. It sets aside $285 million next year, and $7.55 billion over the next 5 years, for several critical Medicaid initiatives: reducing infant mortality by expanding Medicaid coverage next year for 38,000 pregnant women and 29,000 infants in near-poor families; improving the health of low-income children by extending Medicaid coverage to 76,000 children in families below poverty; authorizing coverage for community care services for 25,000 poor frail elderly as an alternative to nursing home placement; allowing coverage for community-based services for 22,000 individuals with mental retardation, epilepsy, or cerebral palsy to allow them to avoid institutional placement; improving access to hospice services to 40,000 terminally ill individuals; and providing coverage for preventive drugs to 80,000 low-income individuals with HIV infection who don't have full-blown AIDS but are at great risk of contracting pneumonia or other opportunistic infection.

The committee budget recognizes that the Bush budget does not put nearly enough into the fight against AIDS. The committee budget asumes an additional $700 million in discretionary funds for early intervention services and for emergency assistance to areas hard hit by the epidemic. The committee budget also makes a strong commitment to health research with respect to AIDS and other biomedical issues.

Finally, the committee budget provides for an additional $200 million for health programs targeted primarily to low-income mothers and children, including community and migrant health centers, the National Health Service Corps, and the childhood immunization program. There is no more cost-effective investment that the Federal Government can make than preventive services for mothers and children.

I urge my colleagues to vote for the committee budget.

Mr. FRENZEL. Mr. Chairman, before I yield back my time, I yield myself 1 minute to say again how much I, as a member of the committee, appreciate the good work that the chairman has done and the hard work that all the members of the committee have done.

We do not delude ourselves into thinking we are anywhere near done with the total chore. In the large sense, our work is really just beginning. But, based on what we have done, not always in agreement but always agreeably and always cooperatively, I have high hopes that we will be able to achieve a compromise, and much of that hope is based on the good hard work, and the highly motivated work, of Chairman PANETTA.

Mr. Chairman, I yield back the balance of my time.

Mr. PANETTA. Mr. Chairman, I yield myself such time as I may consume so that I may complete my time briefly before we proceed to the amendments.

I first of all want to begin by commending the gentleman from Minnesota [Mr. FRENZEL]. One of my great regrets is that the gentleman has decided that it is time to leave the institution after a career in which he has made a tremendous contribution not only to his own district but to the Nation as well by always being forthright, by always being direct in terms of his beliefs, and I think he has set a standard as a Member of the Congress in the sense that he truly is someone who is committed to his beliefs, and votes that way.

For that reason, I have tremendous admiration for the gentleman, and I appreciate the cooperation he has provided. Obviously, in the absence of any summitry, we both recognize that we would have to walk different tracks, at least at this stage, but we have come to this point in a cooperative fashion and in a fashion in which we both know we ultimately will have to sit at the same table and try to resolve the differences that exist. But I do want the gentleman to know how deeply I will miss him in the future in terms of the cooperation that is needed if in fact we are going to address these issues.

We have had a very good debate. We have talked about the various elements that are all part of the budget. We all recognize that budgets are not just numbers, they are not just dollar signs, that they really are a statement of priorities and a direction for the country in terms of where we are and where we must go.

□ 1350

In addition, Mr. Chairman, as we proceed with this budget process, and it is essential that we do that, I think there are several things that we have to understand together, both sides of the aisle working together, hopefully, with the American people, in terms of recognizing the changes that have to take place.

There have been times during this debate when I have the sense that there are some Members who are operating in a time warp, and somehow they do not recognize the kind of changing world that does exist around us. It is truly a changing world—what is happening in Eastern Europe, what is happening with the Berlin Wall, what is happening within the Soviet Union. This is a world that is changing, like it or not, and I guess there are probably some Members that particularly do not like to have a changing world, but that is the reality.

In addition, it is not just something that is recognized by a few people. It is something that is recognized, indeed, by the defense experts themselves. The former Chairman of the Joint Chiefs of Staff, William Crowe, recognized that change. Former Defense Secretaries—Mr. Schlesinger, Mr. McNamara—recognized that change. The Director of the CIA, Mr. Webster, came up here, and he said that indeed it is a changing world and a changing military threat. Even Richard Perle, former Assistant Secretary of Defense, recognized that not only is the threat changing, but it gives us the opportunity to do away with some of the weapon systems that were built up to, in fact, meet that threat.

So, the threat is changing, and even to those who would suggest that perhaps Lithuania somehow changes the nature of that threat, let me assure them that Lithuania is just further indication of the deterioration that is going on within the Soviet Union itself. It is not an indication of further strength in the Soviet Union. It is an indication of deterioration within the Soviet Union.

So, the threat is changing. And I think all of us need to recognize that, as this world changes, we need to move from a cold war economy to a peacetime economy, and that is the basic thrust of the legislation, the resolution, that we have presented to the Congress.

Mr. Chairman, we need to make that transition; that is the reality, as we try to confront the legacy of debt, the legacy of unmet needs that we have seen during the eighties. That is not going to be easy to do. The President's budget, which will be presented to us, confronts it by basically saying, "Maybe we need to follow the same path. Maybe we need to just kind of move forward with the same policies." Indeed, on the defense budget, the outlays in the President's budget provide for $4.3 billion above the 1990 outlays, about $7 billion more than what was provided in the 1990 outlays, and he pays for it through cuts in Medicare, and cuts in education, and nutrition and retirees.

So, it is pretty much a reflection of the policies we have seen in the past, and, for those Members who think that that is the course we ought to follow, then indeed that is the budget to support.

However, if, in fact, there is a recognition that this world is changing and that we do need to provide leadership in guiding that change, then I think we need to begin to consider some of the basic elements provided in the committee resolution.

Mr. Chairman, it does need to be a 5-year budget. We can no longer deal with just yearly budgets and expect that we are going to provide a strategy, a plan for the future. Gramm-Rudman, as a tool, unfortunately creates the incentive just to make it pass a certain date at the end of the year, suggesting, "Don't worry about what you're doing with the deficit. Don't worry about what you're doing with the deficit. Don't worry about the outyears. Don't worry about fiscal strategy for the future. Just get by."

Now this is no longer a time when we can just get by, and for that reason we have presented a 5-year budget that requires 5-year reconciliation.

Second, we focus on the non-Social Security deficit. For those who have raised the concern about what happens with the Social Security surplus, the reality is that we have used that surplus to mask the real deficit in this country, and it is time that we focus on the non-Social Security deficit.

If we want to say to the American people, "Let's reduce that deficit," then let us focus on what the deficit really is, not the one that is created by Gramm-Rudman by including the capitalization on the Social Security surplus, but let us remove it, and that is what this budget does.

Let us also try to target a balanced budget—within 3 years under Gramm-Rudman, as we have provided, or within 5 years—but target for a balanced budget so that we restore the resources we need for the future because indeed our leadership is worth nothing in the future unless we have those resources.

And lastly, yes, it does require some investment within our own society. If we are going to reverse the trend of the 1980's in which we increased defense spending, cut nondefense spending dramatically; if we are going to reverse it, we have to begin to make the transition from reducing the defense budget to making the investments in our own society, and, very frankly, that is recognized on both sides of the aisle.

I recognize some of the arguments, that maybe there is too much here, but the President himself goes out and talks about a kinder, gentler America. He talks about the need for greater attention to education. He talks about the need for greater attention to transportation, greater attention to drug enforcement, and indeed those are all necessary priorities for this country.

However, Mr. Chairman, there is no commitment of resources, and that is what this budget does; it not only identifies the need, but it is willing to commit resources. And out of the defense budget, yes, we take one-half for deficit reduction out of those savings, but one-half goes to those investments. And why not?

When it comes to the supplemental, and we are talking about foreign aid for Nicaragua and Panama, where do we go? We go to the defense budget. We used some of the money to give to Nicaragua and Panama.

For goodness sake. If we do that, why not make some of the defense savings and put it into health care and housing within our own country?

So, those are the kinds of key elements that we are going to have to focus on, and that is the challenge that really the Committee on the Budget tries to present to the Congress.

Let us talk about these difficult issues and the changes that are taking place in the world and agree that from this point on we need to step in a new direction. We need to walk toward a different America, an America that truly faces the changes that are taking place in the world.

So, it is in that spirit that I hope that Members will look to our budget resolution and allow us to take that first step. It is the first step in a long process.

The gentleman from Minnesota [Mr. FRENZEL] is absolutely correct. This is just the beginning, but give us a chance to make that beginning, and support the committee resolution.

Mr. Chairman, I yield back the balance of my time.

Mr. FORD of Michigan. Mr. Chairman, I rise in support of House Concurrent Resolution 310, concurrent resolution on the budget for fiscal year 1991. The budget resolution we consider today is a worthy attempt to get a handle on the Federal deficit while at the same time meeting the needs of this Nation in light of a rapidly changing world.

The Budget Committee product gives true meaning to what to date has been a rhetorical call for a kinder and gentler Nation. It is the first step we have seen in years toward joining the world in beating swords into plowshares and redirecting our priorities in order to meet the future as a prepared and vital people.

In the Civil Service and Postal Service arena, this budget resolution does many of the right things. It recognizes reform of the Federal pay system as an important priority and earmarks over $670 million more than the President's budget for Federal civilian employee salaries. It maintains equity among Social Security, Federal civilian, and military retirees in accommodating a full cost-of-living adjustment for all groups. It rejects the President's proposal for major cuts in Federal employee health benefits.

Make no mistake—this budget is not all sweetness and light. While the budget includes a number of initiatives for restoring competitiveness and responding to needs neglected for the past decade, it also makes tough choices in the allocation of limited resources, calling for cuts in Medicare and certain other entitlement programs.

I am concerned that the budget resolution includes instructions to the Committee on Post Office and Civil Service to achieve $1 billion in fiscal year 1991 savings. The committee has never shirked its duty to act responsibly in Congress' deficit reduction efforts and will respond to reconciliation instructions with policy initiatives which promote equity and make sense. The committee has made it abundantly clear, however, that we will not act to dilute the few benefits which Federal employees have left and we will not act to turn the U.S. Postal Service into a cash cow to alleviate the deficit problems suffered by the rest of Government.

Mr. Chairman, I support adoption of the budget resolution because I feel it embraces priorities which respond to the real needs of America. I urge my colleagues to join in this effort to face the Nation's future headon.

Mr. KLECZKA. Mr. Chairman, today the House considers House Concurrent Resolution 310, the congressional budget resolution for fiscal year 1991. Though Congress drafts this budget blueprint annually, the budget resolution this year is most significant because it addressed the changing national priorities of our new decade.

This budget responds to the needs of American families, including health, education, nutrition, Head Start, and housing. It answers the call for action concerning U.S. competitiveness by increasing funding for our highway and aviation infrastructure, community development, science and research, and dislocated workers.

These vital domestic initiatives are supported through the peace dividend which is made possible by decreasing tensions between the superpowers. The peace dividend also must be devoted to deficit reduction if we are to maintain our standard of living and prepare for our children's future.

Concerning defense savings, the recent changes in the Soviet Union and Eastern Europe have made it possible for the United States to ease its reliance on heavy defense spending so common during the 1980's.

The House compromise on defense spending gradually but markedly reduces the Pentagon budget over the next 5 years. House Concurrent Resolution 310 would cut defense spending by $11.5 billion in 1991 to $295.5 billion. By 1995, defense outlays would be reduced to $266 billion, a 25-percent reduction from the spending baseline predicted by the Congressional Budget Office [CBO] for the 5-year period ending in 1995. It is my hope that even further defense savings will occur.

Specifically for families, the budget invests $2.5 billion for education. These include Pell grants, handicapped education, compensatory education, and dropout prevention programs. It provides a $3-billion increase in budget authority for new housing initiatives and expanded housing assistance, such as the much-needed McKinney homeless programs and $1.8 billion is earmarked for enforcement and prevention of crime and drug use. It also recommends full funding for the child care bill approved by the House and funds the Head Start Program to allow another 171,000 children to participate.

The budget plan also provides needed funds to help preserve our environment. It earmarks $611 million for the Environmental Protection Agency, the Superfund Program, which cleans up nuclear and toxic waste dumps, and for land acquisition to maintain and add to our national parks and forests. These funds would contribute to the goal of creating a cleaner and healthier environment for us to live in.

Enhancing U.S. competitiveness will be crucial in the 1990's. The budget resolution lays the groundwork for advancing U.S. research and development of new technologies, technical training for American workers, science and math education for high-technology literacy, and improved, less-congested highways for businesses to get their goods to market. The budget rebuilds our economic base and invests in America's future.

The other part of this plan addresses one of the primary concerns of my constituents in Wisconsin—the Federal budget deficit. The budget resolution meets the deficit reduction targets of the Gramm-Rudman law, reaching a zero deficit by 1993. In addition, the Social Security reserves are phased out of the budget by 1995. This will show clearly the annual budget surplus/deficit without smoke and mirrors. The budget would be balanced in 1995 without counting the Social Security trust funds.

This budget rejects the harsh cuts proposed by President Bush. It recommends a full 4.1 percent cost-of-living adjustment [COLA] for Social Security and Federal civilian and military retirees. The Bush budget recommends eliminating the 1991 COLA for Federal retirees and reducing COLA's for these retirees in the future. The budget resolution also includes a full 4.1 percent COLA for current Federal employees, compared to the 3.5 percent COLA in the President's plan.

The 1991 budget blueprint is a welcome shot-in-the-arm for the urgent needs and long-term investment in America that was neglected in the 1980's. Congress must take the lead to negotiate with the President to ensure that this blueprint for the 1990's becomes a reality. I urge my colleagues to join in support of the congressional budget resolution and work for its swift enactment.

Mr. ROSTENKOWSKI. Mr. Chairman, I rise today in reluctant support of this budget resolution.

There are many reasons to vote against this resolution. It uses too many budget gimmicks to reach the Gramm-Rudman deficit target of $64 billion for fiscal year 1991. It is an unbalanced plan. It is not a bold approach. While the country has many critical and neglected needs, $90 billion of new initiatives is too much given our deficit problem. And while the revenue targets in this resolution are too high to be implemented by Democrats alone, they are too small for a bold deficit reductdion plan.

On the other hand, I commend Chairman PANETTA for an excellent job of putting this resolution together. He has worked hard and consulted extensively to reach agreement with affected committees. I am particularly gratified that the Budget Committee reduced the huge and inappropriate reductions in the Medicare program advocated by the administration.

Mr. Chairman, I will vote for this budget only because it moves the process along. As my colleagues know, I recently proposed a much bolder deficit reduction plan with substantially greater revenue increases and entitlement reductions. I presented my plan as a challenge—a challenge to both the President and the bipartisan congressional leadership to enact a responsible fiscal policy that will enhance economic growth, reduce interest rates, reduce our dependence on foreign investors, restore our international competitiveness, and improve the living standard of our children. I remain fully and strongly committed to the deficit reduction plan that I presented last month, as well as to the budget process reforms that I have suggested to ensure that the budgetary savings and increased revenues are in fact dedicated to deficit reduction.

To implement the Budget Committee's resolution, the President will need to sign each appropriation bill and a reconciliation bill. I want to emphasize, however, that I will not convene the Committee on Ways and Means to develop a reconciliation bill without a preexistent bipartisan agreement that includes the President of the United States. I am particularly gratified that section 5 of this resolution contains specific language conditioning the reconciliation of revenues mandated in this resolution on just such an agreement. I am hopeful that negotiations leading to a bipartisan agreement on a substantial, multiyear deficit reduction plan can begin in the very near future. I am fully committed to that end.

Mr. Chairman, I am committed to work for a fair, balanced, and bold deficit reduction bill that will be signed by the President. It is imperative that we do so. Therefore, I urge my colleagues to support this resolution as a necessary step in the negotiating process toward a substantial deficit reduction agreement so critically needed by our Nation.

Ms. OAKAR. Mr. Chairman, alcohol is the Nation's No. 1 drug problem, and received a minimal amount of the current drug war budget for both treatment and prevention.

Alcohol becomes an illegal drug problem when it is consumed by hundreds of thousands of minors; children and adolescents. Even so, none of the war on drugs money was allocated for the illegal use of alcohol by minors.

An estimated 17.7 million adults have symptoms of alcohol abuse and cost the United States $128.3 billion per year in health care, lost employment, and reduced productivity; there is no available estimate of what the combined problems of alcoholism among the homeless costs.

When the budget for NIAAA was incorporated into the ADMS block grant formula, this prevented any increases to alcoholism, per the formula process; moneys have not appreciably increased since 1981, and yet the problem of alcoholism has risen sharply.

Because alcohol is a legal drug, it has not been targeted for funding; and yet, alcoholism is our Nation's leading drug problem and its human costs far exceed those of illicit drugs.

Almost all cocaine and narcotics addicts are also addicted to alcohol, but we are only funding their illegal addiction.

Eight of nine teenage car accidents are alcohol related.

We cannot begin to win a war that disgracefully eliminates the serious and often deadly drug of alcohol. Alcoholism is a socially acceptable form of drug addiction to many people, and we participate in this form of rationalization because alcohol is a legal drug, it is an available drug, it is a deadly drug bearing few warnings.

But it is alcohol that was and remains America's No. 1 drug of choice.

Because it is legal, many do not consider it to be dangerous. Because it is legal, it is readily accessible to all members of our society including our youngsters—to whom it is an illegal drug—and our elderly, to whom it is often a deadly drug in combination with prescribed medicines.

Mr. Chairman, I am deeply disappointed that there is a targeted minimal increase in education and treatment in alcohol and yet another illegal drug program, enforcement, et cetera, are funded in the billions. Our priorities concerning the war on drugs should have alcohol as a preeminent concern of our policies.

Mr. ACKERMAN. Mr. Chairman, I rise today to discuss some specific provisions of House Concurrent Resolution 310, the concurrent resolution on the budget for fiscal year 1991, namely, Federal pay, health benefits, and retirement.

The resolution recognizes that Federal pay reform is an important priority and includes over $670 million more than the President's budget for Federal civilian employee salaries. In fact, the report that accompanies this resolution states that:

> The Budget Committee is aware of legislation pending in the Post Office and Civil Service Committee to reform the Federal pay system on a locality basis. In light of the Post Office and Civil Service Committee's intent to move such legislation to final passage, the Budget Committee will work to see that funding for such an important initiative in fiscal year 1991 and in later years remains an important priority.

I am pleased that the Budget Committee recognizes that the Post Office and Civil Service Committee is serious about the need for Federal pay reform. The Subcommittee on Compensation and Employee Benefits has already conducted three hearings on H.R. 3979, Federal Employees Pay Comparability Act of 1990.

House Concurrent Resolution 310 rejects the President's proposal to tinker with the Federal Employees Health Benefits Program [FEHBP]. As our committee stated in its comments to the Budget Committee, "any changes in the health benefits program, absent total reform, are premature." The committee has conducted hearings on FEHBP reform and is continuing work on a legislative proposal to reform the program.

The budget resolution assumes a full cost-of-living adjustment [COLA] for Federal civilian retirees and rejects the President's call for a COLA freeze. Federal retirees deserve the same COLA as Social Security recipients and the Budget Committee has recognized that fact.

I am concerned, however, that the committee resolution requires the Committee on Post Office and Civil Service to achieve $1 billion in savings for fiscal year 1991. In the past, the committee has met the savings targets set out by the Budget committee and will work to respond to this year's target. However, I must point out that Federal employees and retirees have sacrificed over $119 billion in cuts in pay and benefits since 1981. I believe that Federal employees and retirees have borne an unfair burden in the area of deficit reduction.

Mr. Chairman, I urge my colleagues to support a budget that is fair to Federal employees and retirees.

The CHAIRMAN pro tempore (Mr. FROST). Pursuant to House Resolution 382, the concurrent resolution is considered as having been read for amendment under the 5-minute rule.

The text of House Concurrent Resolution 310 is as follows:

H. CON. RES. 310

Resolved by the House of Representatives (the Senate concurring), That the budget for fiscal year 1991 is established, and the appropriate budgetary levels for fiscal years 1992, 1993, 1994, and 1995 are hereby set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. The following levels and amounts in this section are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $1,175,600,000,000.
Fiscal year 1992: $1,263,300,000,000.
Fiscal year 1993: $1,338,100,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,388,000,000,000.
Fiscal year 1992: $1,446,750,000,000.
Fiscal year 1993: $1,515,650,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,239,350,000,000.
Fiscal year 1992: $1,279,400,000,000.
Fiscal year 1993: $1,335,750,000,000.

(4)(A) The amounts of the deficits are as follows:

Fiscal year 1991: $63,750,000,000.

Fiscal year 1992: $16,100,000,000.

(B) The amounts of the surplus is as follows:

Fiscal year 1993: $2,350,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 3. (a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1990, October 1, 1991, October 1, 1992, October 1, 1993, and October 1, 1994:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $863,050,000,000.
Fiscal year 1992: $927,450,000,000.
Fiscal year 1993: $982,900,000,000.
Fiscal year 1994: $1,040,550,000,000.
Fiscal year 1995: $1,102,250,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1991: $18,600,000,000.
Fiscal year 1992: $22,600,000,000.
Fiscal year 1993: $22,900,000,000.
Fiscal year 1994: $25,450,000,000.
Fiscal year 1995: $27,400,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1991: $74,750,000,000.
Fiscal year 1992: $80,050,000,000.
Fiscal year 1993: $84,550,000,000.
Fiscal year 1994: $91,000,000,000.
Fiscal year 1995: $97,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,079,250,000,000.
Fiscal year 1992: $1,117,350,000,000.
Fiscal year 1993: $1,163,850,000,000.
Fiscal year 1994: $1,193,300,000,000.
Fiscal year 1995: $1,236,400,000,000.

(3) The appropriate levels of total new budget outlays are as follows:

Fiscal year 1991: $1,005,000,000,000.
Fiscal year 1992: $1,035,350,000,000.
Fiscal year 1993: $1,081,800,000,000.
Fiscal year 1994: $1,115,800,000,000.
Fiscal year 1995: $1,153,250,000,000.

(4)(A) The amounts of the deficits are as follows:

Fiscal year 1991: $141,950,000,000.
Fiscal year 1992: $107,900,000,000.
Fiscal year 1993: $98,900,000,000.
Fiscal year 1994: $75,250,000,000.
Fiscal year 1995: $51,000,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1991: $3,315,850,000,000.
Fiscal year 1992: $3,479,150,000,000.
Fiscal year 1993: $3,639,700,000,000.
Fiscal year 1994: $3,774,500,000,000.
Fiscal year 1995: $3,885,650,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1990, October 1, 1991, October 1, 1992, October 1, 1993, and October 1, 1994, are as follows:

Fiscal Year 1991:
(A) New direct loan obligations, $21,250,000,000.
(B) New primary loan guarantee commitments, $103,450,000,000.

Fiscal Year 1992:
(A) New direct loan obligations, $18,100,000,000.
(B) New primary loan guarantee commitments, $104,400,000,000.

Fiscal Year 1993:
(A) New direct loan obligations, $18,350,000,000.
(B) New primary loan guarantee commitments, $107,100,000,000.

Fiscal Year 1994:
(A) New direct loan obligations, $18,750,000,000.
(B) New primary loan guarantee commitments, $110,350,000,000.

Fiscal Year 1995:
(A) New direct loan obligations, $19,000,000,000.
(B) New primary loan guarantee commitments, $113,750,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new primary loan guarantee commitments for fiscal years 1991 through 1995 for each major functional category are:

(1) National Defense (050):

Fiscal Year 1991:
(A) New budget authority, $283,000,000,000.
(B) Outlays, $295,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal Year 1992:
(A) New budget authority, $280,500,000,000.
(B) Outlays, $287,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal Year 1993:
(A) New budget authority, $275,350,000,000.
(B) Outlays, $277,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal Year 1994:
(A) New budget authority, $270,400,000,000.
(B) Outlays, $275,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal Year 1995:
(A) New budget authority, $265,550,000,000.
(B) Outlays, $266,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal Year 1991:
(A) New budget authority, $20,300,000,000.
(B) Outlays, $17,600,000,000.
(C) New direct loan obligations, $1,950,000,000.
(D) New primary loan guarantee commitments, $7,000,000,000.

Fiscal Year 1992:
(A) New budget authority, $20,350,000,000.
(B) Outlays, $18,350,000,000.
(C) New direct loan obligations, $2,050,000,000.
(D) New primary loan guarantee commitments, $7,250,000,000.

Fiscal Year 1993:
(A) New budget authority, $20,700,000,000.
(B) Outlays, $19,000,000,000.
(C) New direct loan obligations, $2,100,000,000.
(D) New primary loan guarantee commitments, $7,500,000,000.

Fiscal year 1994:
(A) New budget authority, $21,350,000,000.
(B) Outlays, $19,150,000,000.
(C) New direct loan obligations, $2,200,000,000.
(D) New primary loan guarantee commitments, $7,700,000,000.

Fiscal year 1995:
(A) New budget authority, $22,300,000,000.
(B) Outlays, $20,050,000,000.
(C) New direct loan obligations, $2,250,000,000.
(D) New primary loan guarantee commitments, $8,050,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1991:
(A) New budget authority, $16,650,000,000.
(B) Outlays, $16,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:
(A) New budget authority, $19,700,000,000.
(B) Outlays, $18,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:
(A) New budget authority, $21,200,000,000.
(B) Outlays, $20,250,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:
(A) New budget authority, $22,250,000,000.
(B) Outlays, $21,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:
(A) New budget authority, $23,050,000,000.
(B) Outlays, $22,550,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1991:
(A) New budget authority, $6,050,000,000.
(B) Outlays, $4,150,000,000.
(C) New direct loan obligations, $2,000,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:
(A) New budget authority, $5,300,000,000.
(B) Outlays, $4,100,000,000.
(C) New direct loan obligations, $1,650,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:
(A) New budget authority, $6,100,000,000.
(B) Outlays, $4,900,000,000.
(C) New direct loan obligations, $1,950,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:
(A) New budget authority, $6,600,000,000.
(B) Outlays, $5,250,000,000.
(C) New direct loan obligations, $2,150,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:
(A) New budget authority, $7,050,000,000.
(B) Outlays, $5,000,000,000.
(C) New direct loan obligations, $2,350,000,000.
(D) New primary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1991:
(A) New budget authority, $18,800,000,000.
(B) Outlays, $19,000,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:
(A) New budget authority, $19,850,000,000.
(B) Outlays, $19,800,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:
(A) New budget authority, $20,550,000,000.
(B) Outlays, $20,500,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:
(A) New budget authority, $21,250,000,000.
(B) Outlays, $20,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $22,000,000,000.
(B) Outlays, $21,400,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1991:
(A) New budget authority, $19,400,000,000.
(B) Outlays, $15,600,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $7,000,000,000.
Fiscal year 1992:
(A) New budget authority, $21,350,000,000.
(B) Outlays, $15,900,000,000.
(C) New direct loan obligations, $8,950,000,000.
(D) New primary loan guarantee commitments, $7,250,000,000.
Fiscal year 1993:
(A) New budget authority, $18,400,000,000.
(B) Outlays, $14,200,000,000.
(C) New direct loan obligations, $8,800,000,000.
(D) New primary loan guarantee commitments, $6,650,000,000.
Fiscal year 1994:
(A) New budget authority, $16,650,000,000.
(B) Outlays, $13,750,000,000.
(C) New direct loan obligations, $8,750,000,000.
(D) New primary loan guarantee commitments, $6,700,000,000.
Fiscal year 1995:
(A) New budget authority, $17,500,000,000.
(B) Outlays, $12,900,000,000.
(C) New direct loan obligations, $8,600,000,000.
(D) New primary loan guarantee commitments, $6,750,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1991:
(A) New budget authority, $44,800,000,000.
(B) Outlays, $45,350,000,000.
(C) New direct loan obligations, $6,100,000,000.
(D) New primary loan guarantee commitments, $60,300,000,000.
Fiscal year 1992:
(A) New budget authority, $15,050,000,000.
(B) Outlays, $5,050,000,000.
(C) New direct loan obligations, $3,400,000,000.
(D) New primary loan guarantee commitments, $59,750,000,000.
Fiscal year 1993:
(A) New budget authority, $27,150,000,000.
(B) Outlays, $15,350,000,000.
(C) New direct loan obligations, $3,500,000,000.
(D) New primary loan guarantee commitments, $62,100,000,000.
Fiscal year 1994;
(A) New budget authority, $15,650,000,000.
(B) Outlays, $2,850,000,000.
(C) New direct loan obligations, $3,600,000,000.
(D) New primary loan guarantee commitments, $64,550,000,000.
Fiscal year 1995:
(A) New budget authority, $17,250,000,000.
(B) Outlays, $5,000,000,000.
(C) New direct loan obligations, $3,700,000,000.
(D) New primary loan guarantee commitments, $67,050,000,000.
(8) Transportation (400);
Fiscal year 1991:
(A) New budget authority, $31,850,000,000.
(B) Outlays, $30,650,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $33,500,000,000.
(B) Outlays, $32,450,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $35,200,000,000.
(B) Outlays, $34,400,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $36,850,000,000.
(B) Outlays, $36,850,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $38,250,000,000.
(B) Outlays, $39,350,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1991:
(A) New budget authority, $8,300,000,000.
(B) Outlays, $7,850,000,000.
(C) New direct loan obligations, $1,150,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
Fiscal year 1992:
(A) New budget authority, $8,250,000,000.
(B) Outlays, $7,800,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $350,000,000.
Fiscal year 1993:
(A) New budget authority, $8,300,000,000.
(B) Outlays, $7,750,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
Fiscal year 1994:
(A) New budget authority, $8,750,000,000.
(B) Outlays, $8,100,000,000.
(C) New direct loan obligations, $1,250,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
Fiscal year 1995:
(A) New budget authority, $8,900,000,000.
(B) Outlays, $8,400,000,000.
(C) New direct loan obligations, $1,300,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1991:
(A) New budget authority, $48,700,000,000.
(B) Outlays, $43,150,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $12,800,000,000.
Fiscal year 1992:
(A) New budget authority, $53,450,000,000.
(B) Outlays, $51,650,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $13,500,000,000.
Fiscal year 1993:
(A) New budget authority, $55,150,000,000.
(B) Outlays, $54,250,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $13,850,000,000.
Fiscal year 1994:
(A) New budget authority, $57,950,000,000.
(B) Outlays, $56,600,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,000,000,000.
Fiscal year 1995:
(A) New budget authority, $60,800,000,000.
(B) Outlays, $59,150,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $14,100,000,000.
(11) Health (550):
Fiscal year 1991:
(A) New budget authority, $67,750,000,000.
(B) Outlays, $66,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 1992:
(A) New budget authority, $76,350,000,000.
(B) Outlays, $75,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 1993:
(A) New budget authority, $84,150,000,000.
(B) Outlays, $83,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 1994:
(A) New budget authority, $92,850,000,000.
(B) Outlays, $92,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $350,000,000.
Fiscal year 1995:
(A) New budget authority, $102,200,000,000.
(B) Outlays, $101,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $350,000,000.
(12) Medicare (570):
Fiscal year 1991:
(A) New budget authority, $124,750,000,000.
(B) Outlays, $103,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $136,850,000,000.
(B) Outlays, $117,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $151,000,000,000.
(B) Outlays, $132,650,000,000.
(C) New direct loan obligations. $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $166,150,000,000.
(B) Outlays, $148,750,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $182,150,000,000.
(B) Outlays, $166,000,000,000.
(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(13) Income Security (600):

Fiscal year 1991:

(A) New budget authority, $202,200,000,000.

(B) Outlays, $156,500,000,000.

(C) New direct loan obligations, $100,000,000,

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $210,800,000,000.

(B) Outlays, $165,300,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $219,100,000,000.

(B) Outlays, $176,000,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $230,300,000,000.

(B) Outlays, $187,450,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0,

Fiscal year 1995:

(A) New budget authority, $239,750,000,000.

(B) Outlays, $196,450,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(14) Social Security (650):

Fiscal year 1991:

(A) New budget authority, $3,800,000,000.

(B) Outlays, $3,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $4,450,000,000.

(B) Outlays, $4,450,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $4,850,000,000.

(B) Outlays, $4,850,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $5,350,000,000.

(B) Outlays, $5,350,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $5,900,000,000.

(B) Outlays, $5,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0,

(15) Veterans Benefits and Services (700):

Fiscal year 1991:

(A) New budget authority, $32,000,000,000.

(B) Outlays, $31,550,000,000.

(C) New direct loan obligations, $700,000,000.

(D) New primary loan guarantee commitments, $15,650,000,000.

Fiscal year 1992:

(A) New budget authority, $33,050,000,000.

(B) Outlays, $32,450,000,000.

(C) New direct loan obligations, $600,000,000.

(D) New primary loan guarantee commitments, $16,000,000,000.

Fiscal year 1993:

(A) New budget authority, $34,000,000,000.

(B) Outlays, $33,600,000.

(C) New direct loan obligations, $550,000,000.

(D) New primary loan guarantee commitments, $16,300,000,000.

Fiscal year 1994:

(A) New budget authority, $35,050,000,000.

(B) Outlays, $36,200,000,000.

(C) New direct loan obligations, $550,000,000.

(D) New primary loan guarantee commitments, $16,650,000,000.

Fiscal year 1995:

(A) New budget authority, $36,000,000,000.

(B) Outlays, $36,000,000,000.

(C) New direct loan obligations, $500,000,000.

(D) New primary loan guarantee commitments, $17,050,000,000.

(16) Administration of Justice (750):

Fiscal year 1991:

(A) New budget authority, $12,750,000,000.

(B) Outlays, $12,550,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $13,450,000,000.

(B) Outlays, $13,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $14,550,000,000.

(B) Outlays, $14,550,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $14,950,000,000.

(B) Outlays, $14,850,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $15,550,000,000.

(B) Outlays, $15,350,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1991:

(A) New budget authority, $12,900,000,000.

(B) Outlays, $11,450,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments. $0.

Fiscal year 1992:

(A) New budget authority, $12,850,000,000.

(B) Outlays, $12,350,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $12,950,000,000.

(B) Outlays, $12,850,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $13,050,000,000.

(B) Outlays, $13,000,000,000,

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $13,650,000,000.

(B) Outlays, $13,450,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(18) Net Interest (900):

Fiscal year 1991:

(A) New budget authority, $204,100,000,000.

(B) Outlays, $204,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $212,450,000,000.

(B) Outlays, $212,450,000,000.

(C) New direct loan obligations. $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $222,600,000,000.

(B) Outlays, $222,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $230,200,000,000.

(B) Outlays, $230,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $235,500,000,000.

(B) Outlays, $235,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(19) Allowances (920):

Fiscal year 1991:

(A) New budget authority, −$40,150,000,000.

(B) Outlays, −$40,150,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, −$19,500,000,000.

(B) Outlays, −$19,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, −$25,250,000,000.

(B) Outlays, −$25,250,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority −$28,150,000,000.

(B) Outlays, −$28,150,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal Year 1995:

(A) New budget authority, −$30,750,000,000.

(B) Outlays, −$30,750,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(2) Undistributed Offsetting Receipts (950):

Fiscal Year 1991:

(A) New budget authority, −$38,700,000,000.

(B) Outlays, −$38,950,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal Year 1992:

(A) New budget authority, −$40,700,000,000.

(B) Outlays, −$40,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal Year 1993:

(A) New budget authority, −$42,100,000,000.

(B) Outlays, −$42,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal Year 1994:

(A) New budget authority, −$44,150,000,000.

(B) Outlays, −$44,150,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal Year 1995:

(A) New budget authority, −$46,200,000,000.

(B) Outlays, −$46,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than July 16, 1990, the committees named in subsections (b) and (c) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

HOUSE COMMITTEES

(b)(1) The House Committee on Agriculture shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $964,000,000 in budget authority and $948,000,000 in outlays in fiscal year 1991, $1,771,000,000 in budget authority and $1,771,000,000 in outlays in fiscal year 1992, $2,078,000,000 in budget authority and $2,078,000,000 in outlays in fiscal year 1993, $2,087,000,000 in budget authority and $2,087,000,000 in outlays in fiscal year 1994, and $2,094,000,000 in budget authority and $2,094,000,000 in outlays in fiscal year 1995.

(2) The House Committee on Banking, Finance and Urban Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1991, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1992, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1993, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1994, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1995.

(3) The House Committee on Energy and Commerce shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $349,000,000 in budget authority and $2,049,000,000 in outlays in fiscal year 1991, $321,000,000 in budget authority and $2,621,000,000 in outlays in fiscal year 1992, $333,000,000 in budget authority and $2,833,000,000 in outlays in fiscal year 1993, $345,000,000 in budget authority and $3,045,000,000 in outlays in fiscal year 1994, and $363,000,000 in budget authority and $3,263,000,000 in outlays in fiscal year 1995.

(4) The House Committee on Interior and Insular Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $343,000,000 in budget authority and $327,000,000 in outlays in fiscal year 1991, $365,000,000 in budget authority and $365,000,000 in outlays in fiscal year 1992, $377,000,000 in budget authority and $377,000,000 in outlays in fiscal year 1993, $389,000,000 in budget authority and $389,000,000 in outlays in fiscal year 1994, and $407,000,000 in budget authority and $407,000,000 in outlays in fiscal year 1995.

(5) The House Committee on Merchant Marine and Fisheries shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $200,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1991, $208,000,000 in budget authority and $208,000,000 in outlays in fiscal year 1992, $216,000,000 in budget authority and $216,000,000 in outlays in fiscal year 1993, $223,000,000 in budget authority and $223,000,000 in outlays in fiscal year 1994, and $230,000,000 in budget authority and $230,000,000 in outlays in fiscal year 1995.

(6) The House Committee on Post Office and Civil Service shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to change budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to change budget authority and outlays, or (C) any combination thereof, as follows: reduce by $0 in budget authority and $1,000,000,000 in outlays in fiscal year 1991, reduce by $0 in budget authority and $720,000,000 in outlays in fiscal year 1992, increase by $0 in budget authority and $60,000,000 in outlays in fiscal year 1993, increase by $0 in budget authority and $70,000,000 in outlays in fiscal year 1994, and increase by $0 in budget authority and $70,000,000 in outlays in fiscal year 1995.

(7) The House Committee on Veterans' Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $220,000,000 in budget authority and $220,000,000 in outlays in fiscal year 1991, $230,000,000 in budget authority and $230,000,000 in outlays in fiscal year 1992, $240,000,000 in budget authority and $240,000,000 in outlays in fiscal year 1993, $250,000,000 in budget authority and $250,000,000 in outlays in fiscal year 1994, and $260,000,000 in budget authority and $260,000,000 in outlays in fiscal year 1995.

(8)(A) The House Committee on Ways and Means shall report (i) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays as follows: $0 in budget authority and $1,700,000,000 in outlays in fiscal year 1991, $0 in budget authority and $2,300,000,000 in outlays in fiscal year 1992, $0 in budget authority and $2,500,000,000 in outlays in fiscal year 1993, $0 in budget authority and $2,700,000,000 in outlays in fiscal year 1994, and $0 in budget authority and $2,900,000,000 in outlays in fiscal year 1995, and (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, as follows: $615,000,000 in budget authority and $615,000,000 in outlays in fiscal year 1991, $591,000,000 in budget authority and $591,000,000 in outlays in fiscal year 1992, $585,000,000 in budget authority and $585,000,000 in outlays in fiscal year 1993, $579,000,000 in budget authority and $579,000,000 in outlays in fiscal year 1994, and $591,000,000 in budget authority and $591,000,000 in outlays in fiscal year 1995.

(B) The House Committee on Ways and Means shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $13,900,000,000 in fiscal year 1991, $18,000,000,000 in fiscal year 1992, $19,000,000,000 in fiscal year 1993, $21,000,000,000 in fiscal year 1994, and $23,000,000,000 in fiscal year 1995.

SENATE COMMITTEES

(c)(1) The Senate Committee on Agriculture shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $920,000,000 in budget authority and $920,000,000 in outlays in fiscal year 1991, $1,727,000,000 in budget authority and $1,727,000,000 in outlays in fiscal year 1992, $2,034,000,000 in budget authority and $2,034,000,000 in outlays in fiscal year 1993, $2,043,000,000 in budget authority and $2,043,000,000 in outlays in fiscal year 1994, and $2,050,000,000 in budget authority and $2,050,000,000 in outlays in fiscal year 1995.

(2) The Senate Committee on Banking, Housing, and Urban Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $205,000,000 in budget authority and

$205,000,000 in outlays in fiscal year 1991, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1992, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1993, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1994, and $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1995.

(3) The Senate Committee on Commerce, Science, and Transportation shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $200,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1991, $208,000,000 in budget authority and $208,000,000 in outlays in fiscal year 1992, $216,000,000 in budget authority and $216,000,000 in outlays in fiscal year 1993, $223,000,000 in budget authority and $223,000,000 in outlays in fiscal year 1994, and $230,000,000 in budget authority and $230,000,000 in outlays in fiscal year 1995.

(4) The Senate Committee on Energy and Natural Resources shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $44,000,000 in budget authority and $28,000,000 in outlays in fiscal year 1991, $44,000,000 in budget authority and $44,000,000 in outlays in fiscal year 1992, $44,000,000 in budget authority and $44,000,000 in outlays in fiscal year 1993, $44,000,000 in budget authority and $44,000,000 in outlays in fiscal year 1994, and $44,000,000 in budget authority and $44,000,000 in outlays in fiscal year 1995.

(5) The Senate Committee on Environment and Public Works shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $299,000,000 in budget authority and $299,000,000 in outlays in fiscal year 1991, $321,000,000 in budget authority and $321,000,000 in outlays in fiscal year 1992, $333,000,000 in budget authority and $333,000,000 in outlays in fiscal year 1993, $345,000,000 in budget authority and $345,000,000 in outlays in fiscal year 1994, and $363,000,000 in budget authority and $363,000,000 in outlays in fiscal year 1995.

(6) The Senate Committee on Governmental Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to change budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to change budget authority and outlays, or (C) any combination thereof, as follows: reduce by $0 in budget authority and $1,000,000,000 in outlays in fiscal year 1991, reduce by $0 in budget authority and $720,000,000 in outlays in fiscal year 1992, increase by $0 in budget authority and $60,000,000 in outlays in fiscal year 1993, increase by $0 in budget authority and $70,000,000 in outlays in fiscal year 1994, and increase by $0 in budget authority and $70,000,000 in outlays in fiscal year 1995.

(7) The Senate Committee on Veterans' Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $220,000,000 in budget authority and $220,000,000 in outlays in fiscal year 1991, $230,000,000 in budget authority and $230,000,000 in outlays in fiscal year 1992, $240,000,000 in budget authority and $240,000,000 in outlays in fiscal year 1993, $250,000,000 in budget authority and $250,000,000 in outlays in fiscal year 1994, and $260,000,000 in budget authority and $260,000,000 in outlays in fiscal year 1995.

(8)(A) The Senate Committee on Finance shall report (i) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (iii) any combination thereof, as follows: $615,000,000 in budget authority and $2,315,000,000 in outlays in fiscal year 1991, $591,000,000 in budget authority and $2,819,000,000 in outlays in fiscal year 1992, $585,000,000 in budget authority and $3,085,000,000 in outlays in fiscal year 1993, $579,000,000 in budget authority and $3,279,000,000 in outlays in fiscal year 1994, and $591,000,000 in budget authority and $3,491,000,000 in outlays in fiscal year 1995.

(B) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $13,900,000,000 in fiscal year 1991, $18,000,000,000 in fiscal year 1992, $19,000,000,000 in fiscal year 1993, $21,000,000,000 in fiscal year 1994, and $23,000,000,000 in fiscal year 1995.

CONDITIONAL RECONCILIATION OF REVENUES

SEC. 5. The President and the bipartisan congressional leadership should ultimately agree on a substantial, multiyear deficit reduction package, and the reconciliation of revenues mandated by this resolution will not be advanced legislatively unless and until such time as there is bipartisan agreement with the President of the United States on specific legislation to meet or exceed such reconciliation requirements.

SEC. 6. (a) In the House, budget authority, outlays, and new entitlement authority shall be allocated to the House Committee on Ways and Means for increased funding for programs under the committee's jurisdiction, if the Committee on Ways and Means reports legislation that—

(1) will, if enacted, make funds available for that purpose; and

(2) to the extent that the costs of such legislation are not included in this resolution, will not increase the deficit in this resolution for fiscal year 1991, and will not increase the total deficit for the period of fiscal year 1991 through 1995.

(b) Upon the reporting of legislation pursuant to subsection (a), the Chairman of the Committee on the Budget of the House shall file with the House revisions to the allocations under section 302(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section. Such revised allocations, functional levels, and aggregates shall be considered for the purposes of such Act as allocations, functional levels, and aggregates contained in this resolution. Committees of the House shall report revised allocations pursuant to section 302(b) of such Act for the appropriate fiscal year to carry out this section.

The CHAIRMAN pro tempore. No amendments are in order except the amendments printed in House Report 101-460, which shall be considered in the order and manner specified in the report, shall be considered as having been read, and shall not be subject to amendment. If more than one amendment made in order by House Resolution 382 is adopted, only the last amendment adopted shall be considered as having been finally adopted in the Committee of the Whole and reported back to the House.

It is also in order to consider any amendments provided for in section 305(a)(5) of the Congressional Budget Act of 1974 necessary to achieve mathematical consistency.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. KASICH

Mr. KASICH. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. KASICH: Strike all after the resolving clause and insert the following:

That the budget for fiscal year 1991 is established, and the appropriate budgetary levels for fiscal years 1992 and 1993 are hereby set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. The following levels and amounts in this section are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $1,169,500,000,000.
Fiscal year 1992: $1,245,600,000,000.
Fiscal year 1993: $1,326,900,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,364,400,000,000.
Fiscal year 1992: $1,438,500,000,000.
Fiscal year 1993: $1,506,400,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,233,100,000,000.
Fiscal year 1992: $1,273,600,000,000.
Fiscal year 1993: $1,321,200,000,000.

(4)(A) The amounts of the deficits are as follows:
Fiscal year 1991: $63,600,000,000.
Fiscal year 1992: $28,000,000,000.
(B) The amount of the surplus is as follows:
Fiscal year 1993: $5,700,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 3. (a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1990, October 1, 1991, and October 1, 1992:
(1) The recommended levels of Federal revenues are as follows:
Fiscal year 1991: $855,000,000,000.
Fiscal year 1992: $908,200,000,000.
Fiscal year 1993: $965,000,000,000.
and the amounts by which the aggregate levels of federal revenues should be increased are as follows:
Fiscal year 1991: $13,200,000,000.
Fiscal year 1992: $10,700,000,000.
Fiscal year 1993: $3,400,000,000.
and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:
Fiscal year 1991: $77,100,000,000.
Fiscal year 1992: $82,500,000,000.
Fiscal year 1993: $89,000,000,000.
(2) The appropriate levels of total new budget authority are as follows:
Fiscal year 1991: $1,052,500,000,000.
Fiscal year 1992: $1,104,700,000,000.
Fiscal year 1993: $1,145,700,000,000.
(3) The appropriate levels of total budget outlays are as follows:
Fiscal year 1991: $999,000,000,000.
Fiscal year 1992: $1,029,400,000,000.
Fiscal year 1993: $1,066,600,000,000.
(4) The amounts of the deficits are as follows:
Fiscal year 1991: $144,000,000,000.
Fiscal year 1992: $121,200,000,000.
Fiscal year 1993: $101,600,000,000.
(5) The appropriate levels of the public debt are as follows:
Fiscal year 1991: $3,277,235,000,000.
Fiscal year 1992: $3,469,560,000,000.
Fiscal year 1993: $3,644,932,000,000.
(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1990, October 1, 1991, and October 1, 1992, are as follows:
Fiscal year 1991:
(A) New direct loan obligations, $13,441,000,000.
(B) New primary loan guarantee commitments, $129,763,000,000.
Fiscal year 1992:
(A) New direct loan obligations, $12,961,000,000.
(B) New primary loan guarantee commitments, $122,186,000,000.
Fiscal year 1993:
(A) New direct loan obligations, $12,431,000,000.
(B) New primary loan guarantee commitments, $122,697,000,000.
(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new primary loan guarantee commitments for fiscal years 1991 through 1993 for each major functional category are:
(1) National Defense (050):
Fiscal year 1991:
(A) New budget authority, $301,600,000,000.
(B) Outlays, $297,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $306,100,000,000.
(B) Outlays, $300,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $312,900,000,000.
(B) Outlays, $306,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(2) International Affairs (150):
Fiscal year 1991:
(A) New budget authority, $18,100,000,000.
(B) Outlays, $17,000,000,000.
(C) New direct loan obligations, $1,276,000,000.
(D) New primary loan guarantee commitments, $11,009,000,000.
Fiscal year 1992:
(A) New budget authority, $19,100,000,000.
(B) Outlays, $17,900,000,000.
(C) New direct loan obligations, $1,325,000,000.
(D) New primary loan guarantee commitments, $11,440,000,000.
Fiscal year 1993:
(A) New budget authority, $19,900,000,000.
(B) Outlays, $18,500,000,000.
(C) New direct loan obligations, $1,372,000,000.
(D) New primary loan guarantee commitments, $11,855,000,000.
(3) General Science, Space, and Technology (250):
Fiscal year 1991:
(A) New budget authority, $14,600,000,000.
(B) Outlays, $14,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments. $0.
Fiscal year 1992:
(A) New budget authority, $15,100,000,000.
(B) Outlays, $15,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $15,700,000,000.
(B) Outlays, $15,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1991:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $4,500,000,000.
(C) New direct loan obligations, $500,000,000.
(D) New primary loan guarantee commitments, $1,100,000,000.
Fiscal year 1992:
(A) New budget authority, $5,800,000,000.
(B) Outlays, $4,700,000,000.
(C) New direct loan obligations, $447,000,000.
(D) New primary loan guarantee commitments, $1,150,000,000.
Fiscal year 1993:
(A) New budget authority, $6,300,000,000.
(B) Outlays, $5,300,000,000.
(C) New direct loan obligations, $456,000,000.
(D New primary loan guarantee commitments, $1,200,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 1991:
(A) New budget authority, $17,400,000,000.
(B) Outlays, $17,800,000,000.
(C) New direct loan obligations, $5,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $18,200,000,000.
(B) Outlays, $18,600,000,000.
(C) New direct loan obligations, $2,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $18,500,000,000.
(B) Outlays, $18,700,000,000.
(C) New direct loan obligations, $3,000,000.
(D) New primary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1991:
(A) New budget authority, $22,100,000,000.
(B) Outlays, $17,500,000,000.
(C) New direct loan obligations, $7,926,000,000.
(D) New primary loan guarantee commitments, $8,250,000,000.
Fiscal year 1992:
(A) New budget authority, $25,100,000,000.
(B) Outlays, $20,000,000,000.
(C) New direct loan obligations, $7,835,000,000.
(D) New primary loan guarantee commitments, $8,250,000,000.
Fiscal year 1993:
(A) New budget authority, $23,600,000,000.
(B) Outlays, $19,400,000,000.
(C) New direct loan obligations, $7,423,000,000.
(D) New primry loan guarantee commitments, $8,250,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1991:
(A) New budget authority, $13,700,000,000.
(B) Outlays, $17,900,000,000.
(C) New direct loan obligations, $2,144,000,000.
(D) New primary loan guarantee commitments, $79,998,000,000.
Fiscal year 1992:
(A) New budget authority, $14,100,000,000.
(B) Outlays, $12,600,000,000.
(C) New direct loan obligations, $1,913,000,000.
(D) New primary loan gurantee commitments, $72,245,000,000.
Fiscal year 1993:
(A) New budget authority, $14,700,000,000.
(B) Outlays, $12,700,000,000.
(C) New direct loan obligations, $1,856,000,000.
(D) New primary loan guarantee commitments, $72,446,000,000.
(8) Transportation (400):
Fiscal year 1991:
(A) New budget authority, $31,600,000,000.
(B) Outlays, $30,400,000,000.
(C) New direct loan obligations, $48,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $32,900,000,000.
(B) Outlays, $31,400,000,000.
(C) New direct loan obligations, $48,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $34,100,000,000.
(B) Outlays, $32,300,000,000.
(C) New direct loan obligations, $48,000,000.
(D) New primry loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1991:
(A) New budget authority, $9,200,000,000.
(B) Outlays, $8,000,000,000.
(C) New direct loan obligations, $795,000,000.
(D) New primary loan guarantee commitments, $405,000,000.
Fiscal year 1992:

(A) New budget authority, $8,700,000,000.
(B) Outlays, $7,600,000,000.
(C) New direct loan obligations, $756,000,000.
(D) New primary loan guarantee commitments, $395,000,000.
Fiscal year 1993:
(A) New budget authority, $9,000,000,000.
(B) Outlays, $7,300,000,000.
(C) New direct loan obligations, $767,000,000.
(D) New primary loan guarantee commitments, $420,000,000
(10) Education, Training, Employment, and Social Services (500):
New Budget authority, S39,800,000.
(A) Fiscal year 1991:
(B) Outlays, $39,300,000,000.
(C) New direct loan obligations, $5,000,000.
(D) New primary loan guarantee commitments, $12,614,000,000.
Fiscal year 1992:
(A) New budget authority, $40,400,000,000.
(B) Outlays, $40,700,000,000.
(C) New direct loan obligations, $4,000,000.
(D) New primary loan guarantee commitments, $13,440,000,000.
Fiscal year 1993:
(A) New budget authority, $42,000,000,000.
(B) Outlays, $42,300,000,000.
(C) New direct loan obligations, $3,000,000.
(D) New primary loan guarantee commitments. $14,187,000,000.
(11) Health (550):
Fiscal year 1991:
(A) New budget authority, $64,900,000,000.
(B) Outlays, $64,400,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $185,000,000.
Fiscal year 1992:
(A) New budget authority, $71,300,000,000.
(B) Outlays, $71,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $120,000,000.
Fiscal year 1993:
(A) New budget authority, $77,600,000,000.
(B) Outlays, $77,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $60,000,000.
(12) Medicare (570):
Fiscal year 1991:
(A) New budget authority, $125,100,000,000.
(B) Outlays, $101,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $137,600,000,000.
(B) Outlays, $115,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $153,500,000,000.
(B) Outlays, $128,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1991:
(A) New budget authority, $175,100,000,000.
(B) Outlays, $156,500,000,000.
(C) New direct loan obligations, $1,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $198,000,000,000.
(B) Outlays, $162,100,000,000.
(C) New direct loan obligations, $1,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $206,300,000,000.
(B) Outlays, $169,500,000,000.
(C) New direct loan obligations, $1,000,000.
(D) New primary loan guarantee commitments, $0.
(14) Social Security (650):
Fiscal year 1991:
(A) New budget authority, $4,700,000,000.
(B) Outlays, $4,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $5,600,000,000.
(B) Outlays, $5,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $6,000,000,000.
(B) Outlays, $6,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(15) Veterans Benefits and Services (700):
Fiscal year 1991:
(A) New budget authority, $30,500,000,000.
(B) Outlays, $30,100,000,000.
(C) New direct loan obligations, $741,000,000.
(D) New primary loan guarantee commitments, $15,752,000,000.
Fiscal year 1992:
(A) New budget authority, $31,100,000,000.
(B) Outlays, $30,700,000,000.
(C) New direct loan obligations, $630,000,000.
(D) New primary loan guarantee commitments, $14,486,000,000.
Fiscal year 1993:
(A) New budget authority, $31,800,000,000.
(B) Outlays, $33,100,000,000.
(C) New direct loan obligations, $502,000,000.
(D) New primary loan guarantee commitments, $14,279,000,000.
(16) Administration of Justice (750):
Fiscal year 1991:
(A) New budget authority, $13,100,000,000.
(B) Outlays, $12,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $13,600,000,000.
(B) Outlays, $12,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $14,100,000,000.
(B) Outlays, $13,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(17) General Government (800):
Fiscal year 1991:
(A) New budget authority, $10,600,000,000.
(B) Outlays, $10,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $450,000,000.
Fiscal year 1992:
(A) New budget authority, $11,000,000,000.
(B) Outlays, $11,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $660,000,000.
Fiscal year 1993:
(A) New budget authority, $11,300,000,000.
(B) Outlays, $11,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1991:
(A) New budget authority, $192,800,000,000.
(B) Outlays, $192,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $188,500,000,000.
(B) Outlays, $188,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $188,300,000,000.
(B) Outlays, $188,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1991:
(A) New budget authority, $0.
(B) Outlays, $100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1991:
(A) New budget authority, −$38,000,000,000.
(B) Outlays, −$38,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, −$37,500,000,000.
(B) Outlays, −$37,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, −$39,900,000,000.
(B) Outlays, −$39,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than , 1990, the committees named in subsections (b) and (c) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

HOUSE COMMITTEES

(b)(1) The House Committee on Agriculture shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $101,000,000 in budget authority and $101.000.000 in outlays in fiscal year 1991, $113,000,000 in budget authority and $113,000,000 in outlays in fiscal year 1992, and $125,000,000 in budget authority and $125,000,000 in outlays in fiscal year 1993.

(2) The House Committee on Armed Services shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination therefore, as follows: $1,000,000,000 in budget authority and $1,000,000,000 in outlays in fiscal year 1991, $393,000,000 in budget authority and $393,000,000 in outlays in fiscal year 1992, and $394,000,000 in budget authority and $394,000,000 in outlays in fiscal year 1993.

(3) The House Committee on Banking shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: −$95,000,000 in budget authority and −$95,000,000 in outlays in fiscal year 1991, $359,000,000 in budget authority and $359.000.000 in outlays in fiscal year 1992, and $719,000,000 in budget authority and $719,000,000 in outlays in fiscal year 1993.

(4) The House Committee on Education and Labor shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1991. $0 in budget authority and $0 in outlays in fiscal year 1992. and $0 in budget authority and $0 in outlays in fiscal year 1993.

(5) The House Committee on Energy and Commerce shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $3,982,000,000 in budget authority and $7,182,000,000 in outlays in fiscal year 1991, $2,350,000,000 in budget authority and $7,150,000,000 in outlays in fiscal year 1992, and $1.314,000.000 in budget authority and $7.314.000,000 in outlays in fiscal year 1993.

(6) The House Committee on Interior and Insular Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $395.000,000 in budget authority and $395,000,000 in outlays in fiscal year 1991, $417,000,000 in budget authority and $417,000,000 in outlays in fiscal year 1992, and $416,000,000 in budget authority and $416.000,000 in outlays in fiscal year 1993.

(7) The House Committee on Merchant Marine and Fisheries shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(a)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $200.000.000 in budget authority and $200,000,000 in outlays in fiscal year 1991, $208,000,000 in budget authority and $208,000.000 in outlays in fiscal year 1992, and $216,000,000 in budget authority and $216,000,000 in outlays in fiscal year 1993.

(8) The House Committee on Post Office and Civil Service shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1991, $0 in budget authority and $0 in outlays in fiscal year 1992, and $0 in budget authority and $0 in outlays in fiscal year 1993.

(9) The House Committee on Publicworks shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 204(c)(2)(C) of the Congressonal Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act. sufficient to reduce budget authority and outlays. or (C) any combination thereof, as follows: $51,000.000 in budget authority and $51.000,000 in outlays in fiscal year 1991, $51,000.000 in budget authority and $51,000,000 in fiscal year 1992, and $51,000,000 in budget authority and $51.000.000 in outlays in fiscal year 1993.

(10) The House Committee on Science and Technology shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $1,000,000,000 in budget authority and $1,000,000,000 in outlays in fiscal year 1991, $393.000,000 in budget authority and $393,000.000 in outlays in fiscal year 1992, and $394,000.000 in budget authority and $394.000.000 in outlays in fiscal year 1993.

(11) The House Committee on Small Business shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $101,000,000 in budget authority and $101,000,000 in outlays in fiscal year 1991, $105,000,000 in budget authority and $105,000,000 in outlays in fiscal year 1992, and $109,000,000 in budget authority and $109,000,000 in outlays in fiscal year 1993.

(12) The House Committee on Veterans Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $30,000.000 in budget authority and $140,000,000 in outlays in fiscal year 1991, $31,000.000 in budget authority and $133,000,000 in outlays in fiscal years 1992, and $32,000,000 in budget authority and $134,500,000 in outlays in fiscal year 1993.

(13)(A) The House Committee on Ways and Means shall report (i) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays. or (iii) any combination thereof, as follows: $NA in budget authority and $3,298,000 in outlays in fiscal year 1991, $NA in budget authority and $4,944,000 in outlays in fiscal year 1992, and $NA in budget authority and $6.222.000,000 in outlays in fiscal year 1993.

(B) The House Committee on Ways and Means shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $9,700.000,000 in fiscal year 1991, $8.600,000,000 in fiscal year 1992. and $1,900,000.000 in fiscal year 1993.

The CHAIRMAN pro tempore. Under the rule, the gentleman from Ohio [Mr. KASICH] will be recognized for 30 minutes and a Member opposed will be recognized for 30 minutes.

The Chair recognizes the gentleman from Ohio [Mr. KASICH].

Mr. PANETTA. Mr. Chairman, I rise in opposition to the amendment in the nature of a substitute and would like to be granted the time in opposition.

The CHAIRMAN pro tempore. The gentleman from California [Mr. PANETTA] will be recognized for 30 minutes.

Mr. KASICH. Mr. Chairman I yield myself such time as I may consume. I just want to say to the gentleman from California [Mr. PANETTA], the chairman of the Committee on the Budget, that he would have shocked everybody if he would have just said he rose to support my amendment.

I want to again lay out for those who are listening, the Members and their staffs, what I intend to propose today, and what it really is, is it kind of takes a little out of what the gentleman from California [Mr. PANETTA], the chairman, just said, and I guess I would call this the kinder and gentler substitute budget proposal, and, as my colleagues know, it is kind of funny because it encompasses a lot of the elements that the gentleman from California [Mr. PANETTA] just talked about, establishing priorities. But more important than all of that is to shoot down the road towards a balanced budget, which my proposal is able to do within a period of 3 years. As I mentioned earlier in the debate, I had a substitute proposal last year that froze defense and froze discretionary spending that would have put us at the Gramm-Rudman targets this year if it had been adopted. Unfortunately it was not, and it was not adopted, not because it was a bad proposal, but because of politics. In fact, it reminded me of last year, when I put this forward, of what John Kennedy used to say when he went to Columbus, OH. He used to say, "I get the loudest cheers and the fewest votes."

□ 1400

Well, whenever I come forward with this budget, I get a lot of slaps on the back and everybody tells me how wonderful it is, but you know, we got to the Rubicon and I put my toe in and now I am not so sure I can cross it.

Well, this year I hope it is going to be a little bit different, because if you took a look at what I did last year, you wuld see it was responsible and what I am doing this year is I think equally as responsible and a very viable proposal. When I say a viable proposal, I mean that because it is not based on smoke and mirrors. It takes the economic assumptions that the administration budget rests upon, the same as the committee budget. We do not use the gold standard or any of those other notions that are fine in theory, but certainly not tested the way we would like in practice. It basically takes the budget and does two simple things.

One, it freezes defense at the current year. Now, the Bush administration, of course, does in fact cut defense. His budget went in 1 year ago before we had the massive changes that we have had throughout the world.

What my budget does is give us a hard freeze in defense, and I do not think that is an unrealistic step to take for those who are concerned about national security in light of the changes that have occurred within the last year.

The other thing that we do is we freeze discretionary spending at the current year.

Now, let me make it perfectly clear to everyone who is watching this debate that under my proposal people will get their full COLA's. I do not impact the COLA's of any of the people who have them coming in the next fiscal year. I also do not touch the entitlement programs. It was not my effort to do that.

Let me explain that when I freeze defense, a hard freeze in defense at this year's level, that to me meant that Republicans had to take a pretty good step and say that they were willing to say that defense had a share in deficit reduction. When I freeze discretionary spending, I am really saying to Democrats who are concerned about social spending that we need to freeze it for at least 1 year in order to achieve some significant deficit reduction.

In terms of the entitlement programs, I think everybody has those concerns right now and wants the entitlements to be delivered.

Let me tell you what is amazing. When I first asked my staff, Scott Salmon from the Budget Committee who did a fine job on defense spending which are even included in the Democrat budget proposal which provides a rational way in which we reduce defense spending and not have distorted reductions, but rather well-rounded reductions, and of course, Art Sauer, who is in his second year with the Budget Committee has worked on my proposal, and my own staff director, Greg Hampton on budget, I said to these guys, "Look, let's take a look at what we did last year and let us apply it to this year and see what we get."

I mean, it was to my surprise to realize that just a tiny little bit of restraint will go a long way in deficit reduction. I mean, I think that is the thing that is so amazing. That is the message that the Kasich substitute sends. It says that if we are willing to have a real freeze for 1 year in defense and in discretionary programs, we can have a balanced budget with a $5.3 billion surplus in 1993.

I think people who are sitting in their offices hearing this are shaking their heads and saying, "It can't be. How can this be so?"

But let me tell you, I took the budget proposal that I had, I offered it in committee, had Republican support in committee, took that budget proposal, it was sent down to OMB to be analyzed. I was projecting an $18 billion surplus in 1993. OMB's only criticism was, "You didn't figure food stamps the right way. The surplus will be $5.3 billion."

My revenue numbers are the same as the President's. My economic assumptions are the same.

Now, I want to tell you, there is not anybody in this House who politically cannot support a freeze of discretionary spending and a freeze of defense for 1 year and provide us a budget surplus in 1993.

Now, look, if you want to have more spending in the discretionary area, let me point this out. If the Appropriations Committee, for example, feels as though education ought to get increased, then they can take money out of the discretionary pot of some other program to establish their priorities. We are just saying that the amount of money in discretionary ought not to grow. We are not saying what the priorities ought to be. I mean, I think education is a big priority. So if we want to take something from one area and put it into another, we can do that.

But look, we all talk about reducing deficits. We all talk about the political problems in doing it. What I am saying is I am giving you a road map to send a clear message that we can do a better job in this Congress, that we can approach a balanced budget, that we can reduce our deficits, that we can show our concern for future taxpayers and future generations, and we can do it in such a way that I do not think you get any objection from anybody at home. In fact, the objection you ought to get is that if you vote against the Kasich substitute.

Now, for those Democrats who want to vote for the Panetta bill, fine. There is no inconsistency in voting for the Panetta bill and voting for the Kasich bill that says that we ought to have restraint.

And to Republicans who are worried about having to vote for the President, for me or against the President for me, it is not inconsistent to support the President and support my budget.

The President's budget, as the gentleman from Minnesota [Mr. FRENZEL] pointed out, is at least 10 months old or 1 year old. My proposal is a better reflection of where the world is today.

So what I want to say is that I want people who are following this debate not to think that this is some goofy proposal that was slapped together in the last minute, that is based on economic assumptions that are unrealistic or some other kind of fancy gimmicks in order to get us to a surplus, this is a solid honest budget proposal that has been reviewed by staff, that has been reviewed by the OMB and by only freezing defense and freezing discretionary programs in 1993 we can have a $5 billion-plus budget surplus.

Mr. Chairman, I reserve the balance of my time and ask for support.

Mr. PANETTA. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, I rise in opposition to the amendment that is offered by the gentleman from Ohio [Mr. KASICH], but I do that recognizing that the gentleman from Ohio is perhaps one of the most conscientious members of the Budget Committee, and that I truly believe he is committed to trying to reduce the deficit, trying to make tough choices and trying to make the decisions that have to be made if in fact we are going to restore the resources that we need for the future.

I truly believe that as he normally does, he has made a very serious effort here at the budget proposal that has been offered here. It is an honest effort and it is one that I would commend to Members to take seriously.

In part, I think it is done out of the frustration that I guess we all sense when it comes to trying to confront the deficit issue. There is a lot of talk about dealing with deficits, but it is very difficult to confront those choices, particularly when the politics of the institution do not permit you really to make the tough choices that need to be made, either Presidential politics or congressional politics.

But it is out of that frustration that the gentleman has presented the budget that is before us. I think the best way to define it is that what he essentially does when you use a freeze is that you implement what could be called the minisequester. The sequester is the tool that is used under Gramm-Rudman when all else fails. When all else fails, Gramm-Rudman basically says to cut everything across the board, take an equal amount out of defense, take an equal amount out of domestic spending and reach the targets that you have to reach. But in the process of developing a resolution and in the process of hoping that we can resolve our differences responsibly, it is my view that we ought to exhaust every possible effort to try to focus on priorities, try to focus on need, before we have to resort to the kind of across-the-board approach that is recommended in the gentleman's amendment.

The challenge for those involved in the deficit process, the challenge is to sort out priorities. As we move from the cold war economy to the peace time economy, you have got to begin to make careful decisions about how we reduce defense, where we reduce defense, where investments are made within our own society and what programs in that process can be reduced.

□ 1410

Those are the kinds of decisions that take time, take care, and I think need to be handled responsibly by both the President as well as the Congress.

The approach of the substitute basically is one that says regardless of merit, regardless of the programs that work, regardless of the programs that do not work, we are going to freeze everything. We are going to cut everything across the board, and unfortunately, that results in a lot of hits in areas that, very frankly, need attention. The gentleman's budget, for example, with regard to education would cut about $3.2 billion. With regard to subsidized housing, it would cut about $10 billion out. With regard to FAA safety and improvement, which is obviously an area of great concern at the present time, it would cut about $1.2 billion. The veterans' medical care would be cut $1 billion, as well as other areas that I think are of priority attention in trying to look at our society and what needs to be confronted from education to drug enforcement, from transportation to health care, from housing to veterans. These are areas, I think, that demand attention right now, and we ought to have the will and the foresight and the care and the commitment to try to do that in a responsible way.

As I said, maybe we will reach this point. Maybe if we fail, if we cannot come together, if we cannot resolve our differences, then, indeed, we may reach this point in the form of sequester. I hope that does not happen.

I believe the purpose of offering a budget resolution, of trying to proceed with the process, is in the hope that we still have a chance. We still have the opportunity to do the right thing. I am not prepared to surrender yet, and for that reason I would oppose the Kasich amendment.

Mr. KASICH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me just very quickly respond to the gentleman's kinder and gentler criticisms by saying that in the area, for example, of veterans' medical care or education, as I said earlier, there is nothing that would prevent the Committee on Appropriations from making those priorities. The only difficulty that we have is that we are unable to take the first step, which is to agree that the discretionary funding ought to be held at a certain level. I happen to believe that we ought to freeze it at this year's level, and we can establish our priorities as we move through the process here, certainly paying attention to the critical areas like veterans' medical care and education.

I just maintain that out of that pot of discretionary programs we can prioritize. The gentleman would like us to prioritize right off the bat. I am saying the first priority has got to be to freeze the money so then we can prioritize, because if we do not freeze the money, we will never get to the process of prioritizing.

Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. FRENZEL].

(Mr. FRENZEL asked and was given permission to revise and extend his remarks.)

Mr. FRENZEL. Mr. Chairman, when the gentleman from Ohio determined to sponsor his amendment, I was thrown into a state of confusion. The amendment which he is offering is very similar to those which I have offered in the past whose basis is a freeze. Sometimes we freeze everything; sometimes we freeze some spending, sometimes we freeze some spending partially. The Kasich amendment is a hard freeze, but, nevertheless, it has the old freeze philosophy, one which I have admired for some time.

On the other hand, I was nervous that the gentleman's amendment would be so cunningly constructed that it might divert Republicans from supporting the President's budget and, therefore, make it look like there was less support for the President's budget. I am now convinced that many Republicans like both budgets and that they can vote for them as being superior items to the Panetta budget to which both are offered as amendments.

I would suggest to the membership that when it considers the Kasich budget, it should not consider it as perfection, or as an item pending against nothing. It has to be considered in comparison to the Panetta budget to which it is infinitely superior, and I will, therefore, support it.

I will say one thing further, Mr. Chairman. There has been an argument: "Does Kasich cut something?" Yes, it does. If we are going to have a budget that is going to meet Gramm-Rudman targets and put our economy back where it belongs, and if we are ever going to get the deficit down to zero, we are regrettably going to have to cut something.

At some point, the Members of this House are not going to be able to stake their reputations on always adding to everything, including new initiatives. At some point in the game we are going to have to stop spending.

The Kasich budget just serves us a little sterner notice that that day is on the way. I urge an "aye" vote.

Mr. KASICH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me just say a couple more things about this.

This is an election year, and Members are going to be going home this year, and people are going to be saying, "What are you doing about the deficit?" In fact, their opponents may be asking, "What are you doing about the deficit?"

What I maintain they can do, and they can hold their head up high and be proud to say that, "I supported a budget proposal that froze defense because of a world in which it can be accommodated. I voted for a budget that froze discretionary spending for just 1 single year, that I did not want to ask the senior citizens for their COLA sacrifice or for the very poor, their entitlements. I decided I needed to be compassionate enough to support them, but I did want to exercise some budget restraint, and as a result, I voted for this Republican's proposal because it, in 3 years, can provide us a budget surplus."

I do not think the proposal is perfect. I do not think it solves all the problems, but what it does is it sends a message and sets a tone that the Congress has got to change the way we have been doing things for the last 4 or 5 years, really for the last 40 years, when we get right down to it.

What I say to the Members is give it a chance, folks, and come to the floor and vote for this. Do not come up to me later and tell me, "It was a great budget," but you just could not do it. I mean, if Members are not going to do it, do not tell me it was a great budget.

The fact of the matter is if Members believe it is a good budget, take the chance, take the risk.

Members did not come to Congress for business as usual. I was in the back seat of a car on the way to the congressional basketball game the other night, and some of the guys were saying, "I am going to vote against this, I am going to vote against that budget, this budget. That is the politically smart thing to do." I looked at my friends and said, "What did you come to Congress for? Did you come to Congress to avoid hard choices and decisions, or did you come here to try to make a difference?" I think we are here to make a difference. That is why I am here. That is why the chairman is here. That is why the gentleman from Minnesota [Mr. FRENZEL] is here.

I urge the Members to come to the House floor and cast a vote in favor of the Kasich budget, send them a message that we can be a better Congress, that we can do a better job, and we can provide budget surpluses and we can do a lot better by future generations by supporing this.

Mr. Chairman, I yield back the balance of my time.

Mr. PANETTA. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Ohio [Mr. KASICH].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. KASICH. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their name:

[Roll No. 83]

ANSWERED "PRESENT"—407

Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Aspin
Atkins
AuCoin
Baker
Ballenger
Barnard
Bartlett
Barton
Bateman
Bates
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bliley
Boehlert
Boggs
Bonior
Borski
Boucher
Boxer
Brennan
Brooks
Broomfield
Browder
Brown (CA)
Brown (CO)
Bruce
Bryant
Buechner
Bunning
Burton
Bustamante
Byron
Callahan
Campbell (CA)
Campbell (CO)
Cardin
Carper
Carr
Chandler
Chapman
Clarke
Clay
Clement
Clinger
Coble
Coleman (MO)
Coleman (TX)
Combest
Condit
Conte
Conyers
Cooper
Costello
Coughlin
Courter
Cox
Coyne
Craig
Crane
Crockett
Dannemeyer
Darden
Davis
de la Garza
DeFazio
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Douglas
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (CA)
Edwards (OK)
Emerson
Engel
English
Erdreich
Evans
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flake
Foglietta
Ford (MI)
Frenzel
Gallegly
Gallo
Gaydos
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gillmor
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Goss
Gradison
Grandy
Grant
Gray
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hancock
Hansen
Harris
Hastert
Hatcher
Hawkins
Hayes (IL)
Hayes (LA)
Hefley
Hefner
Henry
Herger
Hertel
Hiler
Hoagland
Hochbrueckner
Holloway
Horton
Houghton
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Inhofe
Ireland
Jacobs
James
Jenkins
Johnson (CT)
Johnson (SD)
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolbe
Kolter
Kostmayer
Kyl
LaFalce
Lagomarsino
Lancaster
Lantos
Laughlin
Leach (IA)
Lehman (CA)
Lehman (FL)
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lightfoot
Lipinski
Livingston
Lloyd
Long
Lowery (CA)
Lowey (NY)
Luken, Thomas
Lukens, Donald
Machtley
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCandless
McCloskey
McCollum
McCrery
McCurdy
McDade
McDermott
McEwen
McGrath
McHugh
McMillan (NC)
McMillen (MD)
McNulty
Meyers
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Moakley
Molinari
Mollohan
Montgomery
Moody
Moorhead
Morella
Morrison (CT)
Morrison (WA)
Murphy
Murtha
Myers
Nagle
Natcher
Neal (MA)
Neal (NC)
Nelson
Nielson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Owens (UT)
Oxley
Packard
Pallone
Panetta
Parker
Parris
Pashayan
Patterson
Paxon
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Petri
Pickett
Pickle
Porter
Poshard
Price
Quillen
Rangel
Ravenel
Ray
Regula
Rhodes
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Roe
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Sabo
Saiki
Sangmeister
Sarpalius
Sawyer
Saxton
Schaefer
Scheuer
Schiff
Schneider
Schroeder
Schulze
Schumer
Sensenbrenner
Serrano
Sharp
Shaw
Shays
Shumway
Shuster
Sikorski
Sisisky
Skaggs
Skeen
Skelton
Slaughter (NY)
Slaughter (VA)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (VT)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solarz
Spence
Spratt
Staggers
Stallings
Stangeland
Stark
Stearns
Stenholm
Stokes
Studds
Sundquist
Swift
Synar
Tallon
Tanner
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Unsoeld
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Walgren
Walker
Walsh
Washington
Waxman
Weber
Weiss
Weldon
Wheat
Whittaker
Whitten
Williams
Wilson
Wise
Wolf
Wolpe
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)

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The CHAIRMAN. Four hundred seven Members have answered to their names, a quorum is present, and the Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Ohio [Mr. KASICH] for a recorded vote.

Five minutes will be allowed for this vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 106, noes 305, not voting 22, as follows:

[Roll No. 84]

AYES—106

Ballenger
Barnard
Bartlett
Bateman
Bennett
Bereuter
Bliley
Buechner
Burton
Callahan
Carper
Chandler
Chapman
Clinger
Coble
Combest
Condit
Cooper
Coughlin
Crane
Dannemeyer
Darden
DeLay
DeWine
Dickinson
Dornan (CA)
Downey
Duncan
Edwards (OK)
English
Fawell
Fish
Frenzel
Gallo
Gekas
Gillmor
Gingrich
Gordon
Goss
Grandy
Hall (TX)
Hastert
Hayes (LA)
Herger
Hiler
Hoagland
Houghton
Huckaby
Ireland
Johnson (CT)
Kasich
Kolbe
Lancaster
Leach (IA)
Lent
Lewis (FL)
Lowery (CA)
Lukens, Donald
Martin (NY)
McCollum
McEwen
McMillan (NC)
Miller (OH)
Miller (WA)
Moorhead
Nielson
Owens (UT)
Oxley
Patterson
Petri
Pickle
Porter
Ravenel
Ray
Ridge
Ritter
Roberts
Rogers
Rohrabacher
Roth
Rowland (CT)
Rowland (GA)
Sabo
Saxton
Schulze
Sensenbrenner
Shays
Skaggs
Skeen
Slaughter (VA)
Smith (NE)
Spence
Stangeland
Stenholm
Sundquist
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Upton
Vander Jagt
Weber
Whittaker
Wylie

NOES—305

Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Aspin
Atkins
AuCoin
Baker
Barton
Bates
Beilenson
Bentley
Berman
Bevill
Bilbray
Bilirakis
Boehlert
Boggs
Bonior
Borski
Boucher
Boxer
Brennan
Brooks
Broomfield
Browder
Brown (CA)
Brown (CO)
Bruce
Bryant
Bunning
Byron
Campbell (CA)
Campbell (CO)
Cardin
Carr
Clarke
Clay
Clement
Coleman (MO)
Coleman (TX)
Conte
Conyers
Costello
Courter
Cox
Coyne
Craig
Crockett
Davis
de la Garza
DeFazio
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Douglas
Dreier
Durbin
Dwyer
Dymally
Dyson

Early	Lewis (CA)	Rose
Eckart	Lewis (GA)	Rostenkowski
Edwards (CA)	Lightfoot	Roukema
Emerson	Lipinski	Roybal
Engel	Livingston	Saiki
Erdreich	Lloyd	Sangmeister
Evans	Long	Sarpalius
Fascell	Lowey (NY)	Savage
Fazio	Luken, Thomas	Sawyer
Feighan	Machtley	Schaefer
Fields	Madigan	Scheuer
Flake	Manton	Schiff
Foglietta	Markey	Schneider
Ford (MI)	Marlenee	Schroeder
Frank	Martin (IL)	Schumer
Frost	Martinez	Serrano
Gallegly	Matsui	Sharp
Gaydos	Mavroules	Shaw
Gejdenson	Mazzoli	Shumway
Gephardt	McCandless	Shuster
Geren	McCloskey	Sikorski
Gibbons	McCrery	Sisisky
Gilman	McCurdy	Skelton
Glickman	McDade	Slattery
Gonzalez	McDermott	Slaughter (NY)
Goodling	McGrath	Smith (FL)
Gradison	McHugh	Smith (IA)
Grant	McMillen (MD)	Smith (NJ)
Gray	McNulty	Smith (TX)
Green	Meyers	Smith (VT)
Guarini	Miller (CA)	Smith, Denny (OR)
Gunderson	Mineta	Smith, Robert (NH)
Hall (OH)	Moakley	Smith, Robert (OR)
Hamilton	Molinari	Snowe
Hammerschmidt	Mollohan	Solarz
Hancock	Montgomery	Spratt
Hansen	Moody	Staggers
Harris	Morella	Stallings
Hatcher	Morrison (CT)	Stark
Hawkins	Morrison (WA)	Stearns
Hayes (IL)	Murphy	Stokes
Hefley	Murtha	Studds
Hefner	Myers	Swift
Henry	Nagle	Synar
Hertel	Natcher	Tanner
Hochbrueckner	Neal (MA)	Torres
Holloway	Neal (NC)	Torricelli
Horton	Nelson	Towns
Hoyer	Nowak	Traficant
Hubbard	Oakar	Traxler
Hughes	Oberstar	Udall
Hunter	Obey	Unsoeld
Hutto	Olin	Valentine
Hyde	Ortiz	Vento
Inhofe	Owens (NY)	Visclosky
Jacobs	Packard	Volkmer
James	Pallone	Vucanovich
Jenkins	Panetta	Walgren
Johnson (SD)	Parker	Walker
Jones (GA)	Parris	Walsh
Jones (NC)	Pashayan	Washington
Jontz	Paxon	Waxman
Kanjorski	Payne (NJ)	Weiss
Kaptur	Payne (VA)	Weldon
Kastenmeier	Pease	Wheat
Kennedy	Pelosi	Whitten
Kennelly	Penny	Williams
Kildee	Perkins	Wilson
Kleczka	Pickett	Wise
Kolter	Poshard	Wolf
Kostmayer	Price	Wolpe
Kyl	Quillen	Wyden
LaFalce	Rangel	Yates
Lagomarsino	Regula	Yatron
Lantos	Rhodes	Young (AK)
Laughlin	Richardson	Young (FL)
Lehman (CA)	Rinaldo	
Lehman (FL)	Robinson	
Levin (MI)	Roe	
Levine (CA)	Ros-Lehtinen	

NOT VOTING—22

Ackerman	Hopkins	Russo
Armey	Johnston	Schuette
Bosco	Leath (TX)	Solomon
Bustamante	Mfume	Stump
Collins	Michel	Thomas (WY)
Espy	Mrazek	Watkins
Flippo	Pursell	
Ford (TN)	Rahall	

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The Clerk announced the following pair:

On this vote:

Mr. Armey for, with Mr. Ackerman against.

Messrs. HAYES of Louisiana, FISH, SABO, SKAGGS, EDWARDS of Oklahoma, McCOLLUM, and ROWLAND of Georgia changed their vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. DANNEMEYER

Mr. DANNEMEYER. Mr. Chairman, pursuant to the rule, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. DANNEMEYER: Strike all after the resolving clause and insert the following:

That the budget for fiscal year 1991 is established, and the appropriate budgetary levels for fiscal years 1992, 1993, 1994, and 1995 are hereby set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. The following levels and amounts in this section are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $1,166,710,000,000.
Fiscal year 1992: $1,227,330,000,000.
Fiscal year 1993: $1,302,680,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,385,340,000,000.
Fiscal year 1992: $1,373,710,000,000.
Fiscal year 1993: $1,437,420,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,228,630,000,000.
Fiscal year 1992: $1,192,650,000,000.
Fiscal year 1993: $1,238,580,000,000.

(4)(A) The amount of the deficit is as follows:

Fiscal year 1991: −$61,920,000,000.

(B) The amounts of the surpluses are as follows:

Fiscal year 1992: +$34,680,000,000.
Fiscal year 1993: +$64,100,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 3. (a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1990, October 1, 1991, October 1, 1992, October 1, 1993, and October 1, 1994:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $852,170,000,000.
Fiscal year 1992: $889,940,000,000.
Fiscal year 1993: $940,730,000,000.
Fiscal year 1994: $993,260,000,000.
Fiscal year 1995: $1,057,300,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1991: $29,700,000,000.
Fiscal year 1992: $23,580,000,000.
Fiscal year 1993: $25,990,000,000.
Fiscal year 1994: $27,080,000,000.
Fiscal year 1995: $30,240,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1991: $77,122,000,000.
Fiscal year 1992: $82,479,000,000.
Fiscal year 1993: $89,042,000,000.
Fiscal year 1994: $95,075,000,000.
Fiscal year 1995: $100,451,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,048,900,000,000.
Fiscal year 1992: $1,010,100,000,000.
Fiscal year 1993: $1,044,000,000,000.
Fiscal year 1994: $1,059,760,000,000.
Fiscal year 1995: $1,092,250,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $966,630,000,000.
Fiscal year 1992: $914,420,000,000.
Fiscal year 1993: $943,030,000,000.
Fiscal year 1994: $954,410,000,000.
Fiscal year 1995: $983,890,000,000.

(4)(A) The amounts of the deficits are as follows:

Fiscal year 1991: −$114,460,000,000.
Fiscal year 1992: −$24,480,000,000.

(B) The amounts of the surpluses are as follows:

Fiscal year 1993: +$2,300,000,000.
Fiscal year 1994: +$38,850,000,000.
Fiscal year 1995: +$73,410,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1991: $3,315,850,000,000.
Fiscal year 1992: $3,479,150,000,000.
Fiscal year 1993: $3,639,700,000,000.
Fiscal year 1994: $3,774,500,000,000.
Fiscal year 1995: $3,885,650,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1990, October 1, 1991, October 1, 1992, October 1, 1993, and October 1, 1994, are as follows:

Fiscal year 1991:
(A) New direct loan obligations, $13,440,000,000.
(B) New primary loan guarantee commitments, $129,763,000,000.

Fiscal year 1992:
(A) New direct loan obligations, $12,962,000,000.
(B) New primary loan guarantee commitments, $122,187,000,000.

Fiscal year 1993:
(A) New direct loan obligations, $12,431,000,000.
(B) New primary loan guarantee commitments, $122,697,000,000.

Fiscal year 1994:
(A) New direct loan obligations, $12,056,000,000.
(B) New primary loan guarantee commitments, $124,207,000,000.

Fiscal year 1995:
(A) New direct loan obligations, $11,743,000,000.
(B) New primary loan guarantee commitments, $125,705,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new primary loan guarantee commitments for fiscal years 1991 through 1995 for each major functional category are:

(1) National Defense (050):

Fiscal year 1991:
(A) New budget authority, $301,630,000,000.
(B) Outlays, $296,740,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $304,650,000,000.
(B) Outlays, $299,710,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $307,690,000,000.
(B) Outlays, $302,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $310,770,000,000.
(B) Outlays, $305,730,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $313,880,000,000.
(B) Outlays, $308,790,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(2) International Affairs (150):
Fiscal year 1991:
(A) New budget authority, $18,350,000,000.
(B) Outlays, $13,980,000,000.
(C) New direct loan obligations, $1,276,000,000.
(D) New primary loan guarantee commitments, $11,009,000,000.
Fiscal year 1992:
(A) New budget authority, $19,080,000,000.
(B) Outlays, $14,540,000,000.
(C) New direct loan obligations, $$1,324,000,000.
(D) New primary loan guarantee commitments, $11,440,000,000.
Fiscal year 1993:
(A) New budget authority, $19,850,000,000.
(B) Outlays, $15,120,000,000.
(C) New direct loan obligations, $1,371,000,000.
(D) New primary loan guarantee commitments, $11,856,000,000.
Fiscal year 1994:
(A) New budget authority, $20,640,000,000
(B) Outlays, $15,730,000,000.
(C) New direct loan obligations, $1,417,000,000.
(D) New primary loan guarantee commitments, $12,251,000,000.
Fiscal year 1995:
(A) New budget authority, $21,470,000,000.
(B) Outlays, $16,350,000,000.
(C) New direct loan obligations, $1,457,000,000.
(D) New primary loan guarantee commitments, $12,624,000,000.
(3) General Science, Space, and Technology (250):
Fiscal year 1991:
(A) New budget authority, $15,230,000,000.
(B) Outlays, $15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $15,840,000,000.
(B) Outlays, $15,810,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $16,470,000,000.
(B) Outlays, $16,440,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $17,130,000,000.
(B) Outlays, $17,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $17,820,000,000.
(B) Outlays, $17,780,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1991:
(A) New budget authority, $5,200,000,000.
(B) Outlays, $3,500,000,000.
(C) New direct loan obligations, $500,000,000.
(D) New primary loan guarantee commitments, $1,100,000,000.
Fiscal year 1992:
(A) New budget authority, $5,410,000,000.
(B) Outlays, $3,640,000,000.
(C) New direct loan obligations, $448,000,000.
(D) New primary loan guarantee commitments, $1,150,000,000.
Fiscal year 1993:
(A) New budget authority, $5,620,000,000.
(B) Outlays, $3,790,000,000.
(C) New direct loan obligations, $456,000,000.
(D) New primary loan guarantee commitments, $1,200,000,000.
Fiscal year 1994:
(A) New budget authority, $5,850,000,000.
(B) Outlays, $3,940,000,000.
(C) New direct loan obligations, $414,000,000.
(D) New primary loan guarantee commitments, $1,250,000,000.
Fiscal year 1995:
(A) New budget authority, $6,080,000,000.
(B) Outlays, $4,090,000,000.
(C) New direct loan obligations, $404,000,000.
(D) New primary loan guarantee commitments, $1,280,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 1991:
(A) New budget authority, $17,060,000,000.
(B) Outlays, $17,850,000,000.
(C) New direct loan obligations, $5,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $17,740,000,000.
(B) Outlays, $18,560,000,000.
(C) New direct loan obligations, $2,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $18,450,000,000.
(B) Outlays, $19,310,000,000.
(C) New direct loan obligations, $3,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $19,190,000,000.
(B) Outlays, $20,080,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $19,960,000,000.
(B) Outlays, $20,880,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1991:
(A) New budget authority, $19,190,000,000.
(B) Outlays, $16,320,000,000.
(C) New direct loan obligations, $7,926,000,000.
(D) New primary loan guarantee commitments, $8,700,000,000.
Fiscal year 1992:
(A) New budget authority, $21,860,000,000.
(B) Outlays, $18,880,000,000.
(C) New direct loan obligations, $7,835,000,000.
(D) New primary loan guarantee commitments, $8,910,000,000.
Fiscal year 1993:
(A) New budget authority, $21,240,000,000.
(B) Outlays, $18,140,000,000.
(C) New direct loan obligations, $7,423,000,000.
(D) New primary loan guarantee commitments, $8,250,000,000.
Fiscal year 1994:
(A) New budget authority, $20,130,000,000.
(B) Outlays, $16,900,000,000.
(C) New direct loan obligations, $7,169,000,000.
(D) New primary loan guarantee commitments, $8,250,000,000.
Fiscal year 1995:
(A) New budget authority, $19,420,000,000.
(B) Outlays, $16,060,000,000.
(C) New direct loan obligations, $6,927,000,000.
(D) New primary loan guarantee commitments, $8,250,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1991:
(A) New budget authority, $44,970,000,000.
(B) Outlays, $45,400,000,000.
(C) New direct loan obligations, $2,144,000,000.
(D) New primary loan guarantee commitments, $79,998,000,000.
Fiscal year 1992:
(A) New budget authority, $14,960,000,000.
(B) Outlays, $5,150,000,000.
(C) New direct loan obligations, $1,913,000,000.
(D) New primary loan guarantee commitments, $72,245,000,000.
Fiscal year 1993:
(A) New budget authority, $27,670,000,000.
(B) Outlays, $15,850,000,000.
(C) New direct loan obligations, $1,855,000,000.
(D) New primary loan guarantee commitments, $72,445,000,000.
Fiscal year 1994:
(A) New budget authority, $16,900,000,000.
(B) Outlays, $4,130,000,000.
(C) New direct loan obligations, $1,784,000,000.
(D) New primary loan guarantee commitments, $72,607,000,000.
Fiscal year 1995:
(A) New budget authority, $18,610,000,000.
(B) Outlays, $6,360,000,000.
(C) New direct loan obligations, $1,721,000,000.
(D) New primary loan guarantee commitments, $72,806,000,000.
(8) Transportation (400):
Fiscal year 1991:
(A) New budget authority, $31,170,000,000.
(B) Outlays, $29,280,000,000.
(C) New direct loan obligations, $48,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $32,420,000,000.
(B) Outlays, $30,450,000,000.
(C) New direct loan obligations, $48,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $33,710,000,000.
(B) Outlays, $31,670,000,000.
(C) New direct loan obligations, $48,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $35,060,000,000.

(B) Outlays, $32,940,000,000.
(C) New direct loan obligations, $48,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $36,460,000,000.
(B) Outlays, $34,250,000,000.
(C) New direct loan obligations, $48,000,000.
(D) New primary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1991:
(A) New budget authority, $8,970,000,000.
(B) Outlays, $8,360,000,000.
(C) New direct loan obligations, $795,000,000.
(D) New primary loan guarantee commitments, $405,000,000.
Fiscal year 1992:
(A) New budget authority, $9,330,000,000.
(B) Outlays, $8,690,000,000.
(C) New direct loan obligations, $756,000,000.
(D) New primary loan guarantee commitments, $395,000,000.
Fiscal year 1993:
(A) New budget authority, $9,700,000,000.
(B) Outlays, $9,040,000,000.
(C) New direct loan obligations, $767,000,000.
(D) New primary loan guarantee commitments, $420,000,000.
Fiscal year 1994:
(A) New budget authority, $10,090,000,000.
(B) Outlays, $9,400,000,000.
(C) New direct loan obligations, $734,000,000.
(D) New primary loan guarantee commitments, $445,000,000.
Fiscal year 1995:
(A) New budget authority, $10,490,000,000.
(B) Outlays, $9,780,000,000.
(C) New direct loan obligations, $719,000,000.
(D) New primary loan guarantee commitments, $470,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1991:
(A) New budget authority, $40,030,000,000.
(B) Outlays, $38,740,000,000.
(C) New direct loan obligations, $5,000,000.
(D) New primary loan guarantee commitments, $12,614,000,000.
Fiscal year 1992:
(A) New budget authority, $41,100,000,000.
(B) Outlays, $39,760,000,000.
(C) New direct loan obligations, $4,000,000.
(D) New primary loan guarantee commitments, $13,440,000,000.
Fiscal year 1993:
(A) New budget authority, $42,520,000,000.
(B) Outlays, $41,120,000,000.
(C) New direct loan obligations, $3,000,000.
(D) New primary loan guarantee commitments, $14,187,000,000.
Fiscal year 1994:
(A) New budget authority, $44,080,000,000.
(B) Outlays, $42,630,000,000.
(C) New direct loan obligations, $2,000,000.
(D) New primary loan guarantee commitments, $14,854,000,000.
Fiscal year 1995:
(A) New budget authority, $45,790,000,000.
(B) Outlays. $44,290,000,000.
(C) New direct loan obligations, $1,000,000.
(D) New primary loan guarantee commitments, $15,548,000,000,
(11) Health (550):
Fiscal year 1991:
(A) New budget authority, $65,140,000,000.
(B) Outlays, $62,380,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $185,000,000.
Fiscal year 1992:
(A) New budget authority, $71,510,000,000.
(B) Outlays, $68,640,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $120,000,000.
Fiscal year 1993:
(A) New budget authority, $78,000,000,000.
(B) Outlays, $75,010,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $60,000,000.
Fiscal year 1994:
(A) New budget authority, $84,420,000,000.
(B) Outlays, $81,310,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $50,000,000.
Fiscal year 1995:
(A) New budget authority, $91,070,000,000.
(B) Outlays, $87,840,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $25,000,000.
(12) Medicare (570):
Fiscal year 1991:
(A) New budget authority, $124,730,000,000.
(B) Outlays, $103,090,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $139,850,000,000.
(B) Outlays, $117,350,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $154,710,000,000.
(B) Outlays, $131,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $171,010,000,000.
(B) Outlays, $146,660,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $188,640,000,000.
(B) Outlays, $163,330,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1991:
(A) New budget authority, $191,100,000,000.
(B) Outlays, $152,180,000,000.
(C) New direct loan obligations, $1,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $199,020,000,000.
(B) Outlays, $158,540,000,000.
(C) New direct loan obligations, $1,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $207,850,000,000.
(B) Outlays, $165,760,000,000.
(C) New direct loan obligations, $1,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $218,410,000,000.
(B) Outlays, $174,640,000,000.
(C) New direct loan obligations, $1,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $227,310,000,000.
(B) Outlays, $181,780,000,000.
(C) New direct loan obligations, $1,000,000.
(D) New primary loan guarantee commitments, $0.
(14) Social Security (650):
Fiscal year 1991:
(A) New budget authority, $3,800,000,000.
(B) Outlays, $3,800,000,000.
(C) New direct loan obligations, $0,
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $4,430,000,000.
(B) Outlays, $4,430,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $4,860,000,000.
(B) Outlays, $4,860,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $5,340,000,000.
(B) Outlays, $5,340,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $5,910,000,000.
(B) Outlays, $5,910,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(15) Veterans Benefits and Services (700):
Fiscal year 1991:
(A) New budget authority, $31,600,000,000,
(B) Outlays, $30,270,000,000.
(C) New direct loan obligation. $741,000,000.
(D) New primary loan guarantee commitments, $15,752,000,000.
Fiscal year 1992:
(A) New budget authority, $32,380,000,000.
(B) Outlays, $31,000,000,000.
(C) New direct loan obligations, $630,000,000.
(D) New primary loan guarantee commitments, $14,486,000,000.
Fiscal year 1993:
(A) New budget authority, $34,880,000,000.
(B) Outlays, 33,440,000,000,
(C) New direct loan obligations, $501,000,000.
(D) New primary loan guarantee commitments, $14,279,000,000.
Fiscal year 1994:
(A) New budget authority, $34,510,000,000.
(B) Outlays, $33,010,000,000.
(C) New direct loan obligations, $488,000,000.
(D) New primary loan guarantee commitments, $14,500,000,000.
Fiscal year 1995:
(A) New budget authority, $33,760,000,000,
(B) Outlays, $32,210,000,000.
(C) New direct loan obligations, $464,000,000.
(D) New primary loan guarantee commitments, $14,701,000,000.
(16) Administration of Justice (750):
Fiscal year 1991:

(A) New budget authority, $13,670,000,000.
(B) Outlays, $12,630,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $14,220,000,000.
(B) Outlays, $13,140,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $14,790,000,000.
(B) Outlays, $13,660,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $15,380,000,000.
(B) Outlays, $14,210,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $15,990,000,000.
(B) Outlays, $14,780,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(17) General Government (800):
Fiscal year 1991:
(A) New budget authority, $10,810,000,000.
(B) Outlays, $10,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $11,300,000,000.
(B) Outlays, $11,130,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $11,500,000,000.
(B) Outlays, $11,330,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $11,720,000,000.
(B) Outlays, $11,540,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $12,260,000,000.
(B) Outlays, $12,070,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1991:
(A) New budget authority, $145,030,000,000.
(B) Outlays, $145,030,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $95,930,000,000.
(B) Outlays, $95,930,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $77,200,000,000.
(B) Outlays, $77,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $64,270,000,000.
(B) Outlays, $64,270,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $54,970,000,000.
(B) Outlays, $54,970,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1991:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1991:
(A) New budget authority, −$38,780,000,000.
(B) Outlays, −$38,780,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, −$40,930,000,000.
(B) Outlays, −$40,930,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, −$42,710,000,000.
(B) Outlays, −$42,710,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, −$45,150,000,000.
(B) Outlays, −$45,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, −$47,630,000,000.
(B) Outlays, −$47,630,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than July 16, 1990, the committees named in subsections (b) and (c) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

HOUSE COMMITTEES

(b) The House Committee on Ways and Means shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $3,200,000,000 in fiscal year 1991, −$4,300,000,000 in fiscal year 1992, −$3,600,000,000 in fiscal year 1993, −$4,300,000,000 in fiscal year 1994, and −$3,100,000,000 in fiscal year 1995.

SENATE COMMITTEES

(c) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $3,200,000,000 in fiscal year 1991, −$4,300,000,000 in fiscal year 1992, −$3,600,000,000 in fiscal year 1993, −$4,300,000,000 in fiscal year 1994, and −$3,100,000,000 in fiscal year 1995.

GOLD BONDS

SEC. 5 (a) The Congress shall consider legislation authorizing the issuance of Treasury obligations redeemable in gold, that—
(1) are know as Eagle bonds;
(2) have an annual investment yield not exceeding 1.75 per centum;
(3) have an initial maturity of forty years, and may not be issued for less than twenty-five years;
(4) have principal and interest redeemable at maturity in gold;
(5) are intended to replace high-interest, short-term debt.
(b) The issuance of gold bonds is intended to achieve—
(1) a permanent reduction in the rate of interest on the public debt;
(2) a permanent reduction in the rate of interest on the private debt;
(3) a significant reduction of the Federal budget deficit;
(4) the elimination of the U.S. trade deficit.

ACCELERATED REVENUE RECOVERY

SEC. 6 (a) It is the sense of Congress that the Department of the Treasury, Internal Revenue Service shall initiate a program that seeks an acceleration of the collection of unpaid taxes.
(b) Revenues collected pursuant to this program shall be used solely for the purpose of reducing the Federal budget deficit.
(c) Collection and compliance procedures shall be undertaken in accordance with P.L. 100-647 with regard to the rights of taxpayers.

□ 1450

The CHAIRMAN. Under the rule, the gentleman from California [Mr. DANNEMEYER] will be recognized for 30 minutes and a Member opposed will be recognized for 30 minutes.

Mr. PANETTA. Mr. Chairman, I rise in opposition to the gentleman from California, Mr. DANNEMEYER's amendment, and ask that I be granted the time in opposition.

The CHAIRMAN. The gentleman from California [Mr. PANETTA] will be recognized for 30 minutes.

The Chair recognizes the gentleman from California [Mr. DANNEMEYER].

Mr. DANNEMEYER. Mr. Chairman, I yield myself 5 minutes.

I want to say just a few comments about what this budget resolution that I have the privilege to present to the House contains.

There is a hard freeze on defense in fiscal year 1991; that means the figures for 1991, and budget authority outlays are the same as they were for 1990. That is a little bit less than what the Bush administration asked for, but somewhat more than what the House Democrat budget presents. There is no change in entitlements. The growth that is anticipated as a result of an increase in the population will be provided for, including the COLA's for military, civilian, and retirees. The baseline growth for science and space and Justice as utilized, which results in increases. For instance, for administration of Justice, $2 billion over what we spent in this fiscal year, recognizing the additional burden the Department of Justice has in the drug war. The capital gains tax reduction for first year is the estimate that is provided by the Congressional Budget Office, and the major component of this measure deals with recognizing that interest costs of the national debt in the next fiscal year would total some $270 billion.

This budget proposal would entail a major change in how we manage our monetary affairs. It would call for the issuance of gold-backed bonds. Last September, Mr. Wayne Angell, a member of the Federal Reserve Board, went to the Soviet Union and gave the Soviets advice that they should back the ruble with gold, and that the Soviet Government should issue gold-backed bonds. I had the privilege of meeting with Mr. Angell last fall and he advised me that he would hope that the U.S. Government would begin selling gold-backed bonds. These bonds could be sold in world markets for 2 percent per annum and that interest would be payable in gold. That is in contrast with the 8 percent, roughly, that we are currently paying to maintain our national debt. When we take six points off of the cost of servicing $3 trillion of the national debt, it will result, after about 5 years, in refinancing our national debt, with a reduction of annual interest expense of about $180 billion a year. That is not the whole deficit, but that is a good share of it. That is what this proposal entails.

We all know that we do not have the constituency to raise taxes. I do not want to raise them. I do not think there is a majority vote in the House to raise them. We are taxing ourselves at the rate of about 19 percent of GNP. The reality is we are spending too much, and the problem and the challenge that we have in Congress is how we develop a consensus for reducing the spending, and that is what this alternative presents.

I believe it is a reasonable way. It should not be a partisan issue. Paying less interest expense in maintaining our debt should be something that both sides of the aisle could support. I do not think many tears will be shed by sending less interest money to the bankers in New York City. It is the only means that this Member from California has been able to figure out how we can get out of this fiscal mess we are in. We are looking at increases in our national debt for the decade of the nineties in the neighborhood of $200 billion per year. That means if we do not change the course we are on, by the turn of the century the national debt will be close to $6 trillion. I do not know about other Members, but I do not choose to continue down this road because every day that we continue on the course we are now pursuing, that is, believing or acting that the debt bubble can grow in an indefinite amount, we are testing the point at which that debt bubble will explode in our face. I do not want to reach that time. This is a step we can take to avoid that.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The Committee will rise informally in order that the House may receive a message.

CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1991

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from California [Mr. DANNEMEYER] has consumed 5 minutes.

Mr. PANETTA. Mr. Chairman, I reserve the balance of my time.

Mr. DANNEMEYER. Mr. Chairman, I yield 5 minutes to the gentleman from New Hampshire [Mr. SMITH].

Mr. SMITH of New Hampshire. Mr. Chairman, I would like to take a moment to commend my colleague, the gentleman from California [Mr. DANNEMEYER], as I rise in support of his budget. I supported his budget in the past, and I rise in support of his budget today. The gentleman has done a service to this body and to this country over the past several years by bringing forth responsible budget resolutions that, if adopted, would go a long way toward not just reducing but eventually eliminating our national debt.

Mr. Chairman, I am reminded of a quote I read recently that goes like this: "God bless our children because they shall inherit the national debt." That national debt has just topped $3 trillion this month. That is a "3" with 12 zeros—1 trillion. Does any Member know what comes after trillion? If we take that figure and divide it by the approximately 250 million Americans, we will find that each American is in the red to the tune of about $12,000 each. That means that while we speak, every child born in America today is born $12,000 in debt. I do not know about other Members, but as one individual, I would like to think about leaving my children a home or leaving my children my assets, not my mortgage. We in this body are leaving our children our mortgage. That is selfish and it is wrong.

The debt is a topic that only gets discussion in this body. That is all it gets, lip service. When was the last time we had action? A vote on a balanced budget amendment? Or a line item veto? The point is, not since I have been here and not since a lot of other people have been here. Efforts to reduce spending are essentially treated with scorn in this place. We owe $12,000 each in this country, yet we cannot even get a vote on a balanced budget amendment or a line item veto. Not even a vote. I am not asking that it necessarily pass, we just want a vote. Of course, we want it to pass, but we ought to have a vote.

□ 1500

Mr. Chairman, there is a stalemate, obviously. The American people do not want higher taxes, and Congress does not have the guts to cut spending. So what can we do?

My colleague, the gentleman from California [Mr. DANNEMEYER] has a viable, sensible solution to this problem. The Dannemeyer budget makes reasonable cuts in defense and discretionary spending, and it includes full COLA's for social security recipients, military retirees, and veterans. It includes a capital gains tax reduction, which is what the President wants, and most importantly, the Dannemeyer budget addresses a problem that is ignored by all the other budgets that are being offered today and that we will be considering, and that is the problem of our national debt and the interest that we pay on that debt.

The Dannemeyer budget reduces interest, and reduces it dramatically. It does not hurt anybody. It does not cut anybody's program. Nobody should be opposed to cutting interest. It is very simple. When the Government borrows money, we pay interest. If Congress could get out of that, I am sure they would, but they cannot, like everybody else. Although they exempt themselves from other areas, in this case they cannot exempt themselves from interest, and so we pay about 8 percent.

According to the committee budget, interest payments for fiscal year 1991 will cost the Federal Government and the taxpayers of the United States $182 billion. That is more money than we spend on the environment, the drug war, and education combined, and as a matter of fact it ranks third behind national defense and Social Security. That is a huge amount of money, and as a matter of fact it ranks third behind national defense and

Social Security. That is a huge amount of money, and it eats up 15 percent of our entire budget. Yet we cannot get a vote on a balanced budget amendment or a line-item veto.

This year $1.1 trillion of public debt will mature at an average rate of approximately 8 percent. The Government will pay off old debt and issue new debt. The Dannemeyer budget asks a very valid question. Why should we issue new debt at 8 percent when we could issue it at 2 percent? Can anybody give me an answer to that question? How much less is it? Two percent.

The Dannemeyer budget would issue gold-backed bonds at roughly 2 percent. This proposal alone, just this proposal, would lower our interest rates by approximately $35 billion in fiscal year 1991. Over a 5-year period, as more debt is retired at around 8 percent and more bonds are issued at approximately 2 percent, the Dannemeyer proposal would save the American taxpayers almost $550 billion—that is billion—in interest alone without cutting benefits and without raising taxes.

Mr. DANNEMEYER. Mr. Chairman, I yield 3 minutes to my colleague, the gentleman from California [Mr. ROHRABACHER].

Mr. ROHRABACHER. Mr. Chairman, I rise in support of the budget offered by my friend from California Mr. DANNEMEYER.

The Democrat leadership of this House has tried to change its tune but they still dance to the beat of the tax and spend liberals. The 1991 Democrat budget calls for $62.3 billion in increased spending and $19.4 billion in tax increases in 1991 alone—a tax increase of $111 billion over the next 5 years.

Their Jimmy Carter-Michael Dukakis-type budget calls for more taxes, more spending and more borrowing. Congressman DANNEMEYER's budget offers us the opportunity to say "enough, we need fundamental reform!"

We need to look at new alternatives to the status quo. One such political reform is a return to a gold standard. Making America's money "good as gold" will lay the foundation for solid, irreversible economic progress for decades to come.

Inflation is the cause of so much of our economic, fiscal and budgetary problems. It eats away at the savings of elderly Americans. Inflation corrodes the income and assets of working people. Can we just wave a magic wand and have the evils of inflation go away? No, we cannot. What we can do, however, is recognize that a root cause of inflation is the instability of the dollar which has lacked legal definition since the early 1970's.

In 1971, an inflation of rate 4½ percent prompted President Nixon to impose wage and price controls. Today, inflation eats away at our savings at a 4- or 5-percent rate, and we call it a low inflation rate. The same can be said of interest rates, the prime rate and the unemployment rate. What was once regarded as a bust is now regarded as an economic recovery.

America is living on barrowed time. International debts, trade deficits, and budget deficits all cloud our financial future. A major goal of this Congress should be to ensure the economic vitality of the country, protect the life, prosperity and liberty of our people. One of the most useful things we could do to reach those goals is to support the Dannemeyer budget. At the least it is a protest against the budget madness we confront. At best it is a first step in restoring fiscal responsibility to this House.

Mr. Chairman, gold-backed bonds as a means of financing our debt and bringing down the level of deficit spending is an idea worth serious consideration, perhaps worth trying.

I support the Dannemeyer budget.

Mr. DANNEMEYER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, one of the major problems facing the Nation today is, how do we pay our way out of the savings and loan debacle? As each month unfolds, we wonder when we will find out how much it is going to cost.

The reason I mentioned this and the relevance of the point I am discussing today of reforming our monetary system is that it is important for those of us who are policymakers here to recognize that when this Nation went down the road of separating the dollar from gold in 1968, consequences flowed from that decision, because when Congress responded to a request from President Lyndon Johnson to separate the link between the dollar and gold in 1968, this Nation changed the whole way we managed our fiscal and monetary affairs.

From the beginning of our history as a Republic, from 1789 until 1968, this Nation backed its currency with gold. One of the benefits of that interlude was that we had a relatively stable price structure. When we made the decision that we made in 1968, the inflation genie got out of that bottle, and we are living with the consequences today.

When we think about what happened to the savings and loan industry in this country, it is one example of how inflation, which Congress caused indirectly when we separated the link between the dollar and gold, has decimated an important industry in this country. And it happened, very simply, in this way: Up until the early 1980's, we said to the savings and loan industry in America, "Your mission in this Nation is to provide housing for the people of the country." And who could be against that? We said to the savers of our country, "Put your money in a savings and loan. We will pay you interest at 3 or 4 percent, and we will guarantee that those deposits will be insured by a depository of the U.S. Government to insure that the depositors are not going to lose their savings."

We said to the savings and loan industry, "Your mission is to violate a fundamental rule of banking: borrow short and lend long."

When we put our money into a savings and loan, if we looked closely at the passbook, we found that they had in most cases 90 days to return our money when we came in and asked for it. In most cases, when we walked in, they gave us the money right now. But read the fine print.

The savings and loan industry took the money that we deposited at 3 to 4 percent, and they loaned it out long-term at 5 and 6 percent for 30 years. When we let the inflation genie out of the bottle in 1968, we found, beginning in the early seventies, something happening in this country. Depositors began to realize that inflation was eating away at the value of their savings. As my colleague, the gentleman from New Hampshire [Mr. SMITH] mentioned, in 1971 President Richard Nixon imposed wage and price controls because the inflation rate in 1971 had reached the intolerable level of roughly 4 percent.

□ 1510

So, a depositor in 1971 was earning 3 to 4 percent on his money in a savings and loan, and inflation was taking that right away by depreciating the value of his savings.

So, what did the depositors do? They took their money out of the savings and loans beginning in the early 1970's, and they began to put them into money market accounts not insured by the Federal Government. Why? Because they got 8 and 9 percent return on their savings in money market accounts.

And where did the savings and loan executives get the money to repay the depositors that was being withdrawn from the savings and loans? I say to my colleagues, "You guessed it. They went to the money market accounts, and they borrowed it at 8 and 9 percent."

In addition, Mr. Chairman, I say to my colleagues, "If you are inclined with mathematical figures, if you've loaned money on a 30-year mortgage, fixed rate, at 6 percent, and you have to go into the credit market and borrow money to pay back depositors at 8 or 9, it doesn't take a genius to realize you're going to go broke."

Mr. Chairman, that is what Congress did to the savings and loan industry in this country as a result of separating the link between the dollar and gold in 1968.

Then, in the early 1980's, we figured out in a brilliant way, well, we have got to make up to the savings and loan industry, and so we modified what they could invest in. Theretofore they had been limited to housing, first trust deed mortgages, and we said, "We'll let you develop in commercial buildings, and land and investments so as to make up some of this loss that you have sustained," and that is when the hustlers in this country realized what a lead pipe cinch they had presented before their eyes because they went around this Nation buying up savings and loan with this increased authority.

My State of California is a sad example of how some people that had no conscience bought these savings and loans with the ability to expand investments beyond first trust deed mortgages. They invested in all kinds of wistful ventures, and, as a result, many of them went sour, and now we, the taxpayers of the country, are stuck with the bill.

Well, Mr. Chairman, I say, "You know my purpose in mentioning this is not to point fingers at anyone. There was nobody in this whole interlude that did this with a venal heart. It just happened, and there's enough blame to go around, and my point in mentioning it is that it's time to say that the experiment in America with a dollar backed by nothing is over. Twenty-two years should be long enough for any country to suffer under this illusion that we can manage our fiscal affairs in this manner."

Mr. Chairman, that is what this argument is all about in this budget resolution today because it will direct the Treasury of the United States to begin issuing gold-backed bonds for the purpose of refinancing the national debt of this country, and we will issue those bonds, we believe, according to the analysis of Wayne Angell, a member of the Federal Reserve Board, at roughly 2 percent a year in contrast to the current price that we have to pay to sell U.S. Treasury bonds at 8 percent, and that six points taken off the annual cost of maintaining our national debt will reduce the annual interest expense that we have to pay between $150 or $175 billion a year.

That is what this whole exercise is all about, and I would hope that my colleagues would see their way clear to support this budget resolution and the language it has in it which directs the Treasury to pursue in the manner that I have described.

Mr. Chairman, I reserve the balance of my time.

Mr. PANETTA. Mr. Chairman, I yield myself such time as I may consume.

(Mr. PANETTA asked and was given permission to revise and extend his remarks.)

Mr. PANETTA. Mr. Chairman, first of all let me indicate my respect to the gentleman from California [Mr. DANNEMEYER] for his perseverance, if not for the substance of the proposal. It is one that we have seen in the past, similar obviously to budget substitutes that he has offered in the past. The biggest part of this, obviously, would come from the refinancing of all maturing Treasury debt with 40-year bonds with about 1.5-percent interest annually with both the principal and interest redeemable in gold.

The problem that we have, Mr. Chairman, is that obviously, looking at our gold stock, which is about $100 billion worth of gold, under the plan of the gentleman from California [Mr. DANNEMEYER] the likelihood is that, if we pay interest in gold, that about 1.5 percent on the refunded debt each year, according to the schedule that he has presented in his budget, our gold stock would be gone by the end of 1996.

Obviously we might be able to pick up a little gold from the world's producers, but the world's producers happen to be the Soviet Union and South Africa, and I would hate to depend on the political stability of either of those two nations.

Mr. Chairman, I wish there were a simple answer to the deficit. There is not, and for that reason I would oppose the substitute.

Mr. DANNEMEYER. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana [Mr. HOLLOWAY].

Mr. HOLLOWAY. Mr. Chairman, I am not going to get into the details and statistics, but I think we all guess sometimes what is going to happen. We try to use what we have to work with.

Basically what I have to say, we go in year by year, and every committee trying to find money to do what we have to do. It is time we make a broad step, and I know we are all afraid of change in this Chamber sometimes, but it is time that we look at an approach that will take us through the years.

When I see economists finally coming around to speaking about what the gentleman from California [Mr. DANNEMYER] has been saying for years and years, that we have to try to base our debt on a gold bond, I think we have to go forward in some different direction in this Chamber.

We keep growing in debt each year. I see statistics that even show that through the end of the decade we will still be going in debt with using Social Security as an accounting against our deficit that we truly have.

What I am here to argue and to say is that I support the substitute of the gentleman from California [Mr. DANNEMEYER] because I believe it does offer us a substitute. It does offer us a change for the future of this country. We get rid of the interest, and, if we can just cut down the amount of percentage of our budget, it has to go to interest, and, as I listen to people yell for social programs, yell for defense spending and all, if we just had that money to work with, we would not have problems.

But I stand here to support the gentleman from California [Mr. DANNEMEYER]. I see it very much in the substitute of the gentleman from Ohio [Mr. KASICH]. We see a growing support for the approach he has each year.

I hope that the Members of this House will awaken and realize that we cannot continue to go down the road of deficit spending that we have been going. We have got to take a new approach, and in my opinion the gentleman from California [Mr. DANNEMEYER] has a very, very innovative, new approach to it. I support this substitute and hope that all the Members of this Chamber will do so.

Mr. DANNEMEYER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I noticed that my colleague, the gentleman from California [Mr. PANETTA] made the observation that, if this country were to proceed in accordance with this budget resolution, it would run out of gold sometime in the mid-1990's. Let me tell my colleagues why I think that is an inaccurate statement. I think it is honestly made on the part of the gentleman from California, but why I think it is inaccurate is we believe today there is about 100,000 tons of gold in the world. About 40,000 tons of that gold is in the hands of governments around the world. We, the U.S. Government have 8,200 tons of it, and there are about 60,000 tons in private hands. The private holders of that 60,000 tons of gold have to pay a half to three-quarters of a point a year just to store it and to insure it. When the U.S. Government begins to issue a bond backed by gold, which says to the owner of that gold, bullion today, "We'll pay you 2 percent or a point and a half." that is an incentive for the owner of gold in private hands to bring that gold to the U.S. Treasury and say, "I'll take you up on that offer, U.S. Government. I trust the integrity of the U.S. Government."

□ 1520

Economically there is an incentive for the holder of gold to do that, because why? Because they are moving from holding an asset that costs them half a point a year to own to one that earns 2 points a year. That is a 2½ point move. That is why the owner of that gold has an economic incentive to come forward and return the transferred gold now held in bullion to the U.S. Government, and the U.S. Government will issue a bond to that holder of gold whereby in 30 or 40 years we would return the gold to them. That is how this system would work.

I believe we can use the gold bullion that would be brought to the Treasury of the United States and mint gold coins and sell them in the world market for cash and retire the short-term debt that is on the minds of all of us, some $3 trillion.

As to the gold the U.S. Government owns, 8,200 tons, no one has suggested in the whole history of banking or gold-backed currency in the world that a government has to have a dollar of gold behind each dollar of debt. No one has ever suggested that.

For instance, the commercial banking system today, if you put $1,000 into a bank in any place in this country, that bank is able by virtue of the fractional banking system to lend out $7,000 roughly. Banks create money out of deposits. That is how our fractional banking system functions.

What assurance do you have if your bank has lent out $7,000 that you will get your $1,000 back when you go to that bank? The only assurance you have is confidence that the banking system will function. Confidence is the way our system functions in the banking world.

The point I seek to make that is applicable to this argument of whether we have enough gold is that so long as people have the assurance that there is confidence in the system, they are going to have confidence that the U.S. Government will honor the obligation in 30 or 40 years to repay the gold.

I might recount to my colleague, the gentleman from California, what a private organization was able to do in this area. There is a mining company in America called Newmont Mining Co. They are in the gold mining business. About 2 years ago they borrowed half a billion dollars of gold bullion from the Bank of Nova Scotia and they sold that gold bullion on the world market for half a billion dollars cash money and they retired an equivalent amount of their debt that was being carried on their books at 8 percent per annum, and they gave a contract to the bank of Nova Scotia to return that gold in 5 years at 2½ percent interest. They effectively reduced the cost of maintaining a half billion dollars of their debt from 8 to 2½.

Now, if the Newmont Mining Co. is smart enough to figure out how to do that with the use of gold bond backing, and bear in mind that company had credibility to issue that repayment obligation, because why? They are in the gold mining business. I believe the U.S. Government can do the same thing.

The English ran the world for 200 years based on a pound backed by gold, a relatively small quantity of gold. The system operates on confidence, just as our banking system operates on confidence today.

This is why I believe with the gold stock the U.S. Government has and our ability to attract gold from the private holders around the world, we have an adequate gold supply to finance the scheme that I am talking about in this plan.

I guess as the bottom line, I can ask my colleague, the gentleman from California [Mr. PANETTA], for whom I have the greatest respect, if the gentleman does not like the scheme, what is his plan?

Because quite candidly and honestly, we are looking, as I remarked earlier, in the decade of nineties to a string of increases in the national debt of $200 billion a year, and we are scheduled to increase our national debt by $240 billion this year. That to me is the measure of the deficit, not the phony figure we claim is compliance with Gramm-Rudman, but how much are we going to increase the national debt by?

We are on a course today where we are going to end up this century, I hope in our lifetimes, in the year 2000 with a national debt of $6 trillion or more. I do not know your assessment of the stewardship of this job that you want to leave your children or grandchildren. I do not choose to continue on a course where someday the unborn generation is going to look back to me and say, "Father or grandfather, why did you do this to us? Why did you create a course in the Nation's history where all you did was unload debt?"

That is the spirit in which I make this, and frankly, it should not be a partisan thing. I hope that as the weeks and the days and the months unfold, the wisdom of this scheme will reach in to the intellect and the annals of your mind and convince you that it is a viable opportunity.

Mr. PANETTA. Mr. Chairman, I yield 1 minute to the gentlewoman from Ohio [Ms. OAKAR].

(Ms. OAKAR asked and was given permission to revise and extend her remarks.)

Ms. OAKAR. Mr. Chairman, first of all, I appreciate the gentleman yielding me this time.

I am very sorry that I did not get to comment on the budget that I intend to vote for, but I wanted to make two quick points.

One is that I am disappointed that there is not a targeting in any of the budgets offered today toward breast cancer research. When you consider that every 13 seconds a woman is diagnosed as having breast cancer, when you consider that 42,000 will die of breast cancer, and we have $17 million for research compared to $750 million increase in AIDS research, which I am all for, an increase in that area, but when you consider that 1 out of 9 women are dying and are diagnosed as having breast cancer, I think that is really unfortunate. I want to say to the Appropriations Committees when they look at this targeting, that they change it.

The other areas I am very concerned about is the area of alcohol education and treatment. The No. 1 drug in this country is still alcohol. With young people, 8 out of 9 accidents are caused by those teenagers driving who have been imbibing in alcoholic beverages, and yet we call it a drug that does not violate the law.

The fact is that when you drink and drive and you were too young and you overdrink and so on and kill people, that is against the law.

We ought to redefine what we mean by drugs in this country. I am going to put some statistics in here, because we have young kids who are 9 and 10 years old now imbibing in alcohol. We do not seem to have a conscience about that issue in this Congress, and I will be talking more about it in the future.

So I thank the Chairman for yielding this time to me and congratulate him on such a great job.

Mr. DANNEMEYER. Mr. Chairman, I yield back the balance of my time.

Mr. PANETTA. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from California [Mr. DANNEMEYER].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. DANNEMEYER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 48, noes 354, not voting 31, as follows:

[Roll No. 85]

AYES—48

Bartlett	Hancock	Shumway
Bentley	Hansen	Smith, Denny (OR)
Burton	Herger	Smith, Robert (NH)
Callahan	Holloway	Spence
Cox	Kasich	Stangeland
Craig	Livingston	Stenholm
Crane	McEwen	Sundquist
Dannemeyer	Moorhead	Tauzin
DeLay	Packard	Taylor
Dornan (CA)	Porter	Vucanovich
Douglas	Ravenel	Walgren
Early	Ritter	Walker
Fields	Rohrabacher	Weber
Gekas	Roth	Young (AK)
Gingrich	Schaefer	
Hall (TX)	Schulze	
Hammerschmidt	Sensenbrenner	

NOES—354

Akaka	Campbell (CO)	Emerson
Anderson	Cardin	Engel
Andrews	Carper	English
Annunzio	Carr	Erdreich
Anthony	Chandler	Evans
Applegate	Chapman	Fascell
Archer	Clarke	Fawell
Aspin	Clay	Fazio
Atkins	Clement	Feighan
AuCoin	Coble	Fish
Baker	Coleman (MO)	Flake
Ballenger	Coleman (TX)	Flippo
Barnard	Combest	Foglietta
Barton	Condit	Ford (MI)
Bateman	Conte	Frank
Bates	Conyers	Frenzel
Beilenson	Cooper	Frost
Bennett	Costello	Gallegly
Bereuter	Coughlin	Gallo
Berman	Courter	Gejdenson
Bevill	Coyne	Gephardt
Bilbray	Davis	Geren
Bilirakis	DeFazio	Gibbons
Bliley	Dellums	Gillmor
Boehlert	Derrick	Gilman
Boggs	DeWine	Glickman
Bonior	Dickinson	Gonzalez
Borski	Dicks	Goodling
Boucher	Dingell	Gordon
Boxer	Dixon	Goss
Brennan	Donnelly	Gradison
Brooks	Dorgan (ND)	Grandy
Broomfield	Downey	Grant
Browder	Dreier	Gray
Brown (CA)	Duncan	Green
Brown (CO)	Durbin	Guarini
Bruce	Dwyer	Gunderson
Bryant	Dymally	Hall (OH)
Buechner	Dyson	Hamilton
Bunning	Eckart	Harris
Byron	Edwards (CA)	Hatcher
Campbell (CA)	Edwards (OK)	Hawkins

Hayes (IL)	McDade	Sarpalius
Hayes (LA)	McDermott	Savage
Hefley	McGrath	Sawyer
Hefner	McHugh	Saxton
Henry	McMillan (NC)	Scheuer
Hertel	McMillen (MD)	Schiff
Hiler	McNulty	Schneider
Hoagland	Meyers	Schroeder
Hochbrueckner	Mfume	Schumer
Horton	Miller (CA)	Serrano
Houghton	Miller (OH)	Sharp
Hoyer	Miller (WA)	Shaw
Hubbard	Mineta	Shays
Huckaby	Moakley	Shuster
Hughes	Molinari	Sikorski
Hunter	Mollohan	Sisisky
Hutto	Montgomery	Skaggs
Hyde	Moody	Skeen
Inhofe	Morella	Skelton
Ireland	Morrison (CT)	Slattery
Jacobs	Morrison (WA)	Slaughter (NY)
James	Mrazek	Slaughter (VA)
Jenkins	Murphy	Smith (FL)
Johnson (CT)	Murtha	Smith (IA)
Johnson (SD)	Myers	Smith (NE)
Jones (GA)	Nagle	Smith (NJ)
Jones (NC)	Natcher	Smith (TX)
Jontz	Neal (MA)	Smith, Robert (OR)
Kanjorski	Neal (NC)	Snowe
Kaptur	Nelson	Solarz
Kastenmeier	Nowak	Spratt
Kennedy	Oakar	Staggers
Kennelly	Oberstar	Stallings
Kildee	Obey	Stearns
Kleczka	Olin	Stokes
Kolbe	Ortiz	Studds
Kolter	Owens (NY)	Swift
Kostmayer	Owens (UT)	Synar
Kyl	Oxley	Tallon
LaFalce	Pallone	Tanner
Lagomarsino	Panetta	Tauke
Lancaster	Parker	Thomas (CA)
Lantos	Parris	Thomas (GA)
Laughlin	Pashayan	Torres
Leach (IA)	Patterson	Torricelli
Leath (TX)	Paxon	Towns
Lehman (CA)	Payne (NJ)	Traficant
Lehman (FL)	Payne (VA)	Traxler
Lent	Pease	Udall
Levin (MI)	Pelosi	Unsoeld
Levine (CA)	Penny	Upton
Lewis (CA)	Perkins	Valentine
Lewis (FL)	Petri	Vander Jagt
Lewis (GA)	Pickett	Vento
Lightfoot	Pickle	Visclosky
Lipinski	Poshard	Volkmer
Lloyd	Price	Walsh
Long	Rangel	Washington
Lowery (CA)	Ray	Waxman
Lowey (NY)	Regula	Weiss
Luken, Thomas	Rhodes	Weldon
Lukens, Donald	Richardson	Wheat
Madigan	Rinaldo	Whittaker
Manton	Roberts	Whitten
Markey	Robinson	Williams
Marlenee	Roe	Wilson
Martin (IL)	Rogers	Wise
Martin (NY)	Ros-Lehtinen	Wolf
Martinez	Rose	Wolpe
Matsui	Rostenkowski	Wyden
Mavroules	Roukema	Wylie
Mazzoli	Rowland (CT)	Yates
McCandless	Rowland (GA)	Yatron
McCloskey	Roybal	Young (FL)
McCollum	Sabo	
McCrery	Saiki	
McCurdy	Sangmeister	

NOT VOTING—31

Ackerman	Ford (TN)	Ridge
Alexander	Gaydos	Russo
Armey	Hastert	Schuette
Bosco	Hopkins	Smith (VT)
Bustamante	Johnston	Solomon
Clinger	Machtley	Stark
Collins	Michel	Stump
Crockett	Nielson	Thomas (WY)
Darden	Pursell	Watkins
de la Garza	Quillen	
Espy	Rahall	

□ 1549

The Clerk announced the following pairs:

On this vote:

Mr. Armey for, with Mr. Gaydos against.

Mr. Stump for, with Mr. Thomas of Wyoming against.

Mr. Nielson of Utah for, with Mr. Hopkins against.

Mr. MOORHEAD changed his vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mr. PANETTA. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. HAYES of Illinois) having assumed the chair, Mr. GRAY, chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the U.S. Government for the fiscal years 1991, 1992, 1993, 1994, and 1995 had come to no resolution thereon.

Mr. FRENZEL. Mr. Speaker, further reserving the right to object, I simply want to confirm what the gentleman has said.

I had fully intended to offer the Bush budget as an alternative, and it had been made in order by the Rules Committee. I have recently concluded that I will not offer it. That means that we will not have sufficient time to debate the Panetta budget because the Black Caucus deserves its time fully on its budget.

So the Democratic leadership as well as the Republican leadership would like a little extra time. We have no objection.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no obection.

MAI G IN ORDER ON TODAY AI IONAL DEBATE TIME IN THE COMMITTEE OF THE WHOLE ON HOUSE CONCURRENT RESOLUTION 310

Mr. PANETTA. Mr. Speaker, I ask unanimous consent that during the further consideration of House Concurrent Resolution 310 pursuant to House Resolution 382, an additional 30 minutes of general debate, equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget, may be in order in the Committee of the Whole after disposition of the amendments made in order under the rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. FRENZEL. Mr. Speaker, reserving the right to object. I yield to the distinguished chairman of the Committee on the Budget to explain the need for the additional time.

Mr. PANETTA. Mr. Speaker, the purpose here is to provide some debate on the final resolution itself that was submitted by the committee. We had thought we would have that opportunity with the President's budget being offered.

We would have had 2 hours' additional debate to then focus on the President's budget and the committee's budget.

It is my understanding that is no longer the case, and for that reason we felt it was important to at least allow for 30 minutes of debate equally divided to focus on the committee resolution.

CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1991

The SPEAKER pro tempore. Pursuant to House Resolution 382 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. Con. Res. 310).

☐ 1358

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the U.S. Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, with Mr. GRAY in the Chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, April 26, 1990, the amendment offered by the gentleman from California [Mr. DANNEMEYER] had been disposed of.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. DELLUMS

Mr. DELLUMS. Mr. Chairman, I offered an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. DELLUMS: Strike all after the resolving clause and insert the following:

SECTION 1. SHORT TITLE.

This concurrent resolution may be cited as the "FY '91 Quality of Life Budget".

SEC. 2. FINDINGS.

(a) GOALS.—Congress finds that a nation's values and concern for social and economic justice are measured by the fiscal priorities established in its national budget. This budget demonstrates that the current economic and social crises which beset this Nation are a result of policies and are not a requirement of the Federal budget process. This budget offers a new vision for America, addressing basic human needs and potential. Its centerpiece is an unyielding commitment to our most precious national resource: our children. The FY '91 Quality of Life Budget supports proven social programs and creates new domestic initiatives; provides for a national defense which rejects obsolescent Cold War policies and faces evolving international realities through constructive proposals for weapons and force reductions; and makes substantial progress in budget deficit reduction.

(b) ECONOMIC ASSUMPTIONS.—The Congress states its strong disagreement to the economic forecasts presented by the Office of Management and Budget, but, consistent with current law and for ease of comparative analysis, this budget is calculated using those projections. The FY '91 Quality of Life Budget adopts the Congressional Budget Office projections for the Federal Government's new direct loan obligations, new primary loan guarantee commitments, and Federal credit activity and social security revenue.

(c) UNEMPLOYMENT DIFFERENTIAL.—The Congress rejects estimates of fiscal year 1991 unemployment levels and adopts instead a Humphrey-Hawkins target in compliance with the Full Employment and Balanced Growth Act of 1978. The Congressional Budget Office reports that lost revenues and increased outlays from unemployment yield an unemployment deficit of $40,000,000,000 for every one percent of unemployment. It is calculated that an additional $1,000,000,000 will be realized from the creation of jobs through this budget's unemployment initiatives.

(d) REVENUE.—This budget makes substantial new proposals for generating additional revenue for fiscal year 1991 and for outyear projections. It's first initiative implements requirements that the highest-income taxpayers (taxable income over $208,510 for a family of four) pay the same marginal tax rate as lower income taxpayers (taxable income between $78,350 and $208,510). This policy removes the "bubble" created in the Tax Reform Act of 1986 where high income taxpayers pay a lower marginal rate (28 percent) than lower income taxpayers (33 percent). The second revenue initiative imposes a 10 percent corporate income tax surcharge on the highest-income 10 percent of corporate taxpayers.

(e) DEFICIT.—The FY '91 Quality of Life Budget meets the express requirements of the Balanced Budget and Emergency Deficit Control Act of 1985. The projected fiscal year 1991 Federal deficit is $63,752,000,000, fiscal year 1992 deficit is $24,928,000,000, and with the adoption of this concurrent resolution, the budget in fiscal year 1993 would have a surplus of $5,035,000,000.

SEC. 3. SUMMARY BY FUNCTION.

(a) NATIONAL DEFENSE (050).—(1) This budget provides for significant cuts in the military spending program. Accordingly, it cuts $52,500,000,000 from BA, but adds $5,000,000,000 for toxic cleanup and economic conversion. It cuts $26,900,000,000 from outlays.

(2) It reduces personnel by 10 percent, resulting in $7,800,000,000 in BA savings and $7,500,000,000 in outlay savings in fiscal year 1991.

(3) It reduces the O&M account by 10 percent, resulting in $9,000,000,000 in BA savings and $6,300,000,000 in outlay savings in fiscal year 1991.

(4) It reduces procurement by 25 percent, resulting in $19,400,000,000 in BA savings and $2,800,000,000 in outlay savings in fiscal year 1991.

(5) It reduces RDT&E by 25 percent, resulting in $9,500,000,000 in BA savings and $4,800,000,000 in outlay savings in fiscal year 1991.

(6) It reduces DOE weapons development by 65 percent, resulting in BA savings of $7,000,000,000 and $5,800,000,000 in outlay savings in fiscal year 1991.

(7) It eliminates the B-2, eliminates the 18th Trident submarine, cuts funding for MX and Trident II, reduces attack submarine and guided missile destroyer acquisition, and reduces F-16 and F-18 purchases.

(b) INTERNATIONAL AFFAIRS (150).—(1) The FY '91 Quality of Life Budget provides that United States foreign policy must be shifted away from a primary reliance upon arms sales to one which supports broad development goals throughout the Third World. This investment will help to stabilize world order, leading away from armed conflict.

(2) This budget proposes $1,800,000,000 expansion of International Development and Humanitarian aid—including new initiatives for African and Caribbean development, and expansion of the Public Law 480 food assistance program.

(3) This budget proposes a broad increase in this function, especially for development in Africa and the Caribbean through the Mickey Leland Development Act. The Mickey Leland African and Caribbean Development Act of 1991 includes the following—

(A) the African Famine Recovery and Development Act;

(B) the Caribbean Regional Development Act;

(C) $1,000,000,000 in development assistance for the Development Fund for Africa;

(D) $85,000,000 of the above earmarked for the Southern Africa Development Coordinating Committee (SADCC);

(E) language establishing an AID Mission in Namibia;

(F) $15,000,000 of the above development assistance earmarked for Namibia;

(G) $13,000,000 for the African Development Foundation programs;

(H) $60,000,000 in ESF funds for the Caribbean;

(I) $93,600,000 in development assistance for the Caribbean;

(J) $33,000,000 of the above development assistance earmarked for the Eastern Caribbean and Belize;

(K) $40,000,000 in development assistance for Haiti; and

(L) $39,000,000 in ESF funds for Haiti.

(c) GENERAL SCIENCE, SPACE AND TECHNOLOGY (250).—(1) This budget cuts $4,600,000,000 in BA, resulting in $2,800,000,000 in outlay cuts from NASA military related research and development, which recaptures unnecessary military expenses from the National Defense function.

(2) It recognizes the central role that science and technology play in the development of our society. It is firmly committed to increasing the scientific and technical development of all sectors of the society, in particular minority members who have been largely excluded from the highly technical ranks of our society.

(3) Toward this end, it reprograms half of the NASA cut into the DOE and NSF general science research programs.

(4) In addition, it would incorporate the provisions of H.R. 996, the Congressional Scholarships for Science, Mathematics and Engineering Act.

(d) ENERGY (270).—(1) The FY '91 Quality of Life Budget is principally concerned with the recapture of investment funds in alternative and renewable energy systems, low-income energy support and other programs cut in previous fiscal years.

(2) It allocates $600,000,000 in BA with $478,000,000 in outlays in alternative energy R&D.

(3) It adds $395,000,000 in BA and $224,000,000 in outlays in fiscal year 1991 to energy conservation efforts.

(e) NATURAL RESOURCES AND ENVIRONMENT (300).—(1) The FY '91 Quality of Life Budget is committed to the preservation and enhancement of our environment, including the urban environment.

(2) It adds $1,000,000,000 in BA for pollution control and abatement, which results in $418,000,000 in fiscal year 1991 outlays; $585,000,000 in BA for recreation, which results in $208,000,000 in outlays in fiscal year 1991; supports the funding of urban and community forestry programs, budgeting $5,000,000 for this program (under Public Law 95-313); and funds $5,000,000 for the preliminary development plans for an African-American Heritage Museum on the Federal mall.

(f) AGRICULTURE (350).—(1) This budget would expand by $949,000,000 current proposals for farm income stabilization programs.

(2) It would expand by $235,000,000 current proposals for Temporary Emergency Food Assistance Program and commits.

(3) It would expand by $252,000,000 current proposals for agriculture R&D, focusing on 1890 institutions.

(g) COMMERCE AND HOUSING CREDIT (370).—(1) To reverse the dramatic decline in housing funding that occurred during the 1980s, this budget would invest substantial resources in rural and urban housing construction and development, and provide for the effective operation of the Small Business Administration.

(2) It would spend an additional $1,000,000,000 on the rural housing program, an additional $668,000,000 on elderly and handicapped housing, and an additional $1,300,000,000 on advancement of commerce and assistance to minority and small businesses.

(h) TRANSPORTATION (400).—(1) In recognizing the significant decline in the efficiency of our highway, rail, and air transportation systems, this budget reverses cutbacks in funding over the past decade.

(2) It would spend an additional $1,400,000,000 on ground transportation as follows;

(A) $231,000,000 more in highway aid,

(B) $687,000,000 more on AMTRAK, and

(C) $531,000,000 more for urban mass transit.

(3) It would spend an additional $110,000,000 on air transportation and

safety and would raise an additional $350,000,000 in fees to be used for marine safety.

(i) COMMUNITY AND REGIONAL DEVELOPMENT (450).—This budget significantly expands resources for disaster relief and provides an additional $375,000,000 for community development block grants.

(j) EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES (500).—(1) Because the education of our children is one of the central elements of Government responsibility, this budget allocates an additional $241,000,000 in elementary, secondary, and vocational education, including funds for adult education, and an additional $784,000,000 on higher education, including increases in grants to students.

(2) It initiates a new child care program, which will cost $1,800,000,000 in fiscal year 1991; a new program for education research and development districts, which will cost $570,000,000 in fiscal year 1991; a new program for high school dropout and drug prevention, which will cost $405,000,000 in fiscal year 1991; a new youth employment program, which will cost $325,000,000 in fiscal year 1991; and a new teacher training program which will cost $34,000,000 in fiscal year 1991.

(k) HEALTH (550).—(1) This budget authorizes $4,600,000,000 and spends $3,800,000,000 over current proposals for health care services, and focuses on prevention and increased funding for AIDS treatment, expansion of available healthcare through MEDICAID, and expanded drug treatment programs.

(2) It would spend an additional $562,000,000 for health research, including additional funds for AIDS research and $306,000,000 on health worker education and training.

(l) MEDICARE (570).—This budget would maintain this function at current services levels.

(m) INCOME SECURITY (INCLUDES SUBSIDIZED HOUSING) (600).—(1) This budget would spend an additional $5,300,000,000 in fiscal year 1991.

(2) It would spend an additional $2,000,000,000 on housing assistance of which $1,000,000,000 is for public housing modernization and $1,000,000,000 is for transitional housing and emergency shelters.

(3) It provides an additional $415,000,000 for child nutrition, $777,000,000 for the WIC program, $343,000,000 for low-income-home energy assistance, and $220,000,000 for the JOBS training program.

(n) SOCIAL SECURITY (650).—The budget would spend an additional $938,000,000 in this function: $792,000,000 on old-age and survivors insurance, and $146,000,000 on disability insurance.

(o) VETERANS BENEFITS AND SERVICES (700).—The FY '91 Quality of Life Budget expands funding for all of the principle functions of the Department of Veterans Affairs, including an additional $620,000,000 in income security, $345,000,000 in medical care, and $178,000,000 in housing.

(p) ADMINISTRATION OF JUSTICE (750).—(1) The FY '91 Quality of Life Budget provides an additional $2,000,000,000 in BA, resulting in $1,000,000,000 in outlays in fiscal year 1991. The increases principally are for law enforcement efforts in the drug interdiction field across the various subfunctions.

(2) It initiates a new program to provide child protective services for children of drug and alcohol-abusing parents.

(q) GENERAL GOVERNMENT (800).—The budget provides for expanded monitoring of Government activity.

(r) NET INTEREST (900).—The budget accepts OMB projections for this function.

(s) ALLOWANCES (920).—This function includes employee health benefit plans and Government mail rates. This budget rejects proposed reform measures in this function.

(t) UNDISTRIBUTED OFFSETTING RECEIPTS (950).—This function includes financial transactions that are deducted from budget authority and outlays. The core items in this function are employer-share of retirement benefits, rents, and royalties from the Outer Continental Shelf, and sale of major assets. This budget accepts general OMB projections for this function.

SEC. 4. THE BUDGET.

The budget for fiscal year 1991 is established, and the appropriate budgetary levels for fiscal years 1992 and 1993 are set forth in sections 5 and 6.

SEC. 5. MAXIMUM DEFICIT AMOUNTS.

The following levels and amounts in this section are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $1,176,100,000,000.
Fiscal year 1992: $1,262,300,000,000.
Fiscal year 1993: $1,337,600,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,371,858,000,000.
Fiscal year 1992: $1,447,740,000,000.
Fiscal year 1993: $1,534,390,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,239,862,000,000.
Fiscal year 1992: $1,287,228,000,000.
Fiscal year 1993: $1,342,565,000,000.

(4) The amounts of the deficits are as follows:

Fiscal year 1991: $63,752,000,000.
Fiscal year 1992: $24,928,000,000.
Fiscal year 1993: −$5,035,000,000.

SEC. 6. RECOMMENDED LEVELS AND AMOUNTS.

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1990, October 1, 1991, and October 1, 1992:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $867,200,000,000.
Fiscal year 1992: $932,600,000,000.
Fiscal year 1993: $995,400,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1991: $60,000,000.
Fiscal year 1992: $159,000,000.
Fiscal year 1993: $200,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1991: $74,600,000,000.
Fiscal year 1992: $79,600,000,000.
Fiscal year 1993: $85,100,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,026,649,000,000.
Fiscal year 1992: $1,067,710,000,000.
Fiscal year 1993: $1,116,687,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $974,103,000,000.
Fiscal year 1992: $1,003,686,000,000.
Fiscal year 1993: $1,040,711,000,000.

(4) The amounts of the deficits are as follows:

Fiscal year 1991: $106,903,000,000.
Fiscal year 1992: $71,086,000,000.
Fiscal year 1993: $45,311,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1991: $3,410,000,000.
Fiscal year 1992: $3,667,000,000.
Fiscal year 1993: $3,967,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1990, October 1, 1991, and October 1, 1992, are as follows:

Fiscal year 1991:
(A) New direct loan obligations, $21,100,000,000.
(B) New primary loan guarantee commitments, $103,100,000,000.

Fiscal year 1992:
(A) New direct loan obligations, $17,900,000,000.
(B) New primary loan guarantee commitments, $104,100,000,000.

Fiscal year 1993:
(A) New direct loan obligations, $18,200,000,000.
(B) New primary loan guarantee commitments, $106,800,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new primary loan guarantee commitments for fiscal years 1991 through 1993 for each major functional category are:

(1) National Defense (050):

Fiscal year 1991:
(A) New budget authority, $259,410,000,000.
(B) Outlays, $279,540,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:
(A) New budget authority, $246,440,000,000.
(B) Outlays, $263,415,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:
(A) New budget authority, $234,118,000,000.
(B) Outlays, $247,145,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1991:
(A) New budget authority, $21,448,000,000.
(B) Outlays, $19,886,000,000.
(C) New direct loan obligations, $1,903,000,000.
(D) New primary loan guarantee commitments, $6,718,000,000.

Fiscal year 1992:
(A) New budget authority, $23,593,000,000.
(B) Outlays, $21,875,000,000.
(C) New direct loan obligations, $1,980,000,000.
(D) New primary loan guarantee commitments, $6,985,000,000.

Fiscal year 1993:
(A) New budget authority, $25,952,000,000.
(B) Outlays, $24,062,000,000.
(C) New direct loan obligations, $2,059,000,000.
(D) New primary loan guarantee commitments, $7,277,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1991:
(A) New budget authority, $14,502,000,000.
(B) Outlays, $15,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $15,952,000,000.
(B) Outlays, $16,720,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $17,547,000,000.
(B) Outlays, $18,392,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1991:
(A) New budget authority, $5,357,000,000.
(B) Outlays, $4,030,000,000.
(C) New direct loan obligations, $1,982,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $5,893,000,000.
(B) Outlays, $4,433,000,000.
(C) New direct loan obligations, $1,637,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $6,482,000,000.
(B) Outlays, $4,876,000,000.
(C) New direct loan obligations, $1,960,000,000.
(D) New primary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1991:
(A) New budget authority, $19,197,000,000.
(B) Outlays, $18,828,000,000.
(C) New direct loan obligations, $64,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $21,117,000,000.
(B) Outlays, $20,711,000,000.
(C) New direct loan obligations, $67,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $23,228,000,000.
(B) Outlays, $22,782,000,000.
(C) New direct loan obligations, $70,000,000.
(D) New primary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1991:
(A) New budget authority, $20,650,000,000.
(B) Outlays, $16,521,000,000.
(C) New direct loan obligations, $9,117,000,000.
(D) New primary loan guarantee commitments, $6,998,000,000.
Fiscal year 1992:
(A) New budget authority, $22,715,000,000.
(B) Outlays, $18,173,000,000.
(C) New direct loan obligations, $8,691,000,000.
(D) New primary loan guarantee commitments, $7,259,000,000.
Fiscal year 1993:
(A) New budget authority, $24,987,000,000.
(B) Outlays, $19,990,000,000.
(C) New direct loan obligations, $8,779,000,000.
(D) New primary loan guarantee commitments, $6,650,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1991:
(A) New budget authority, $14,756,000,000.
(B) Outlays, $18,902,000,000.
(C) New direct loan obligations, $6,012,000,000.
(D) New primary loan guarantee commitments, $60,264,000,000.
Fiscal year 1992:
(A) New budget authority, $16,232,000,000.
(B) Outlays, $22,792,000,000.
(C) New direct loan obligations, $3,297,000,000.
(D) New primary loan guarantee commitments, $59,675,000,000.
Fiscal year 1993;
(A) New budget authority, $17,855,000,000.
(B) Outlays, $24,871,000,000.
(C) New direct loan obligations, $3,392,000,000.
(D) New primary loan guarantee commitments, $62,023,000,000.
(8) Transportation (400):
Fiscal year 1991:
(A) New budget authority, $32,653,000,000.
(B) Outlays, $30,968,000,000.
(C) New direct loan obligations, $48,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $35,918,000,000.
(B) Outlays, $34,065,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $39,510,000,000.
(B) Outlays, $37,471,000,000.
(C) New direct loan obligations, $52,000,000.
(D) New primary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1991:
(A) New budget authority, $9,464,000,000.
(B) Outlays, $8,220,000,000.
(C) New direct loan obligations, $1,134,000,000.
(D) New primary loan guarantee commitments, $403,000,000.
Fiscal year 1992:
(A) New budget authority, $10,410,000,000.
(B) Outlays, $9,022,000,000.
(C) New direct loan obligations, $1,176,000,000.
(D) New primary loan guarantee commitments, $373,000,000.
Fiscal year 1993:
(A) New budget authority, $11,451,000,000.
(B) Outlays, $9,924,000,000.
(C) New direct loan obligations, $1,219,000,000.
(D) New primary loan guarantee commitments, $387,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1991:
(A) New budget authority, $46,309,000,000.
(B) Outlays, $45,226,000,000.
(C) New direct loan obligations, $31,000,000.
(D) New primary loan guarantee commitments, $12,810,000,000.
Fiscal year 1992:
(A) New budget authority, $50,940,000,000.
(B) Outlays, $49,727,000,000.
(C) New direct loan obligations, $32,000,000.
(D) New primary loan guarantee commitments, $13,490,000,000.
Fiscal year 1993:
(A) New budget authority, $56,034,000,000.
(B) Outlays, $54,699,000,000.
(C) New direct loan obligations, $34,000,000.
(D) New primary loan guarantee commitments, $13,845,000,000.
(11) Health (550):
Fiscal year 1991:
(A) New budget authority, $69,366,000,000.
(B) Outlays, $67,543,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $290,000,000.
Fiscal year 1992:
(A) New budget authority, $76,303,000,000.
(B) Outlays, $74,297,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $305,000,000.
Fiscal year 1993:
(A) New budget authority, $83,933,000,000.
(B) Outlays, $81,727,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $322,000,000.
(12) Medicare (570):
Fiscal year 1991:
(A) New budget authority, $125,119,000,000.
(B) Outlays, $104,153,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $137,631,000,000.
(B) Outlays, $114,568,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $151,384,000,000.
(B) Outlays, $125,026,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1991:
(A) New budget authority, $200,537,000,000.
(B) Outlays, $159,000,000,000.
(C) New direct loan obligations, $88,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $220,591,000,000.
(B) Outlays, $174,900,000.
(C) New direct loan obligations, $89,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $242,650,000,000.
(B) Outlays, $192,390,000,000.
(C) New direct loan obligations, $90,000,000.
(D) New primary loan guarantee commitments, $0.
(14) Social Security (650):
Fiscal year 1991:
(A) New budget authority, $345,209,000,000.
(B) Outlays, $265,749,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $379,730,000,000.
(B) Outlays, $283,542,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $417,703,000,000.
(B) Outlays, $301,854,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(15) Veterans Benefits and Services (700):
Fiscal year 1991:
(A) New budget authority, $32,119,000,000.
(B) Outlays, $31,456,000,000.
(C) New direct loan obligations, $675,000,000.

(D) New primary loan guarantee commitments, $15,650,000,000.

Fiscal year 1992:

(A) New budget authority, $35,331,000,000.

(B) Outlays, $34,602,000,000.

(C) New direct loan obligations, $612,000,000.

(D) New primary loan guarantee commitments, $15,975,000,000.

Fiscal year 1993:

(A) New budget authority, $38,864,000,000.

(B) Outlays, $38,062,000,000.

(C) New direct loan obligations, $566,000,000.

(D) New primary loan guarantee commitments, $16,316,000,000.

(16) Administration of Justice (750):

Fiscal year 1991:

(A) New budget authority, $14,590,000,000.

(B) Outlays, $13,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $16,049,000,000.

(B) Outlays, $14,960,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $17,654,000,000.

(B) Outlays, $16,456,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1991:

(A) New budget authority, $11,771,000,000.

(B) Outlays, $11,606,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $12,948,000,000.

(B) Outlays, $12,767,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $14,243,000,000.

(B) Outlays, $14,043,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(18) Net Interest (900):

Fiscal year 1991:

(A) New budget authority, $172,979,000,000.

(B) Outlays, $172,979,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $163,482,000,000.

(B) Outlays, $163,482,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments. $0.

Fiscal year 1993:

(A) New budget authority, $156,963,000,000.

(B) Outlays, $156,963,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(19) Allowances (920):

Fiscal year 1991:

(A) New budget authority, $0.

(B) Outlays, $63,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $0.

(B) Outlays, $65,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $0,

(B) Outlays, $67,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(20) Undistributed Offsetting Receipts (950):

Fiscal year 1991:

(A) New budget authority, -$43,578,000,000.

(B) Outlays, -$43,578,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, -$43,833,000,000.

(B) Outlays, -$44,885,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, -$46.177,000,000.

(B) Outlays, -$46,232,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

The CHAIRMAN. Under the rule, the gentleman from California [Mr. DELLUMS] will be recognized for 1 hour, and a Member opposed will be recognized for 1 hour.

Mr. FRENZEL. Mr. Chairman, I seek designation from the Chairman to be the Member opposed to the amendment.

The CHAIRMAN. The gentleman from Minnesota [Mr. FRENZEL] will be recognized as being opposed, and will control 1 hour of the time.

The Chair now recognizes the gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as I stated twice before in the general debate on the budget, this is a significant moment. This is perhaps the most important business this body can engage in, the establishment of our national budget, for how our Nation spends its money is a statement about its priorities, and its priorities in turn are a significant statement about its values.

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This is a moment that we come to that is very rare in the career of many elected officials, and that is a moment when we have an opportunity to shape an emerging new consensus. This is an important moment, a moment that we can develop a new budget.

The world is changing, Mr. Chairman, and in some basic and profound ways the world has already changed, so that gives us an opportunity to come here, Mr. Chairman, to the floor of the House of Representatives to engage in the shaping of a new consensus. That is why I stated on two occasions that it makes sense that there be significant budget alternatives presented to this body, and in the process of looking at several different approaches we can develop new consensus that speaks to the world as it is evolving.

Mr. Chairman, in that regard, against the backdrop of those opening remarks, it is with a great deal of pride and pleasure that I introduce the Congressional Black Caucus's quality of life alternative budget for fiscal 1991. In this gentleman's humble opinion, this budget is a coherent, cogent budget, cloaked in competence, cloaked in integrity and cloaked in compassion, a budget that embraces a new vision for America in three ways.

We wrote a budget, Mr. Chairman, that expanded, continued to support present social program initiatives, and even new programs to address the human misery that is the reality of America. Second, we establish a defense policy, a foreign policy, an international affairs budget that speaks to an emerging new reality in the world, not a foreign policy rooted in the obsolete ideas of the cold war. Finally, Mr. Chairman, we wrote a budget that embraced our fiduciary and statutory responsibilities to address the budget deficit by responsible utilization of taxpayer dollars, and by equitably changing the nature of America's tax structure.

Mr. Chairman, with that process we came up with $45.1 billion in new revenue, real dollars, not smoke and mirror monies, real dollars; $19.8 billion in general revenue; $25.3 billion in budget cuts, for a total of $45.1 billion.

How did we come to the $19.8 billion in general revenue? The President of the United States on a number of occasions stated, "Watch my lips; no new taxes." But in the President's budget submitted for fiscal 1991, in the budget the President used a euphemism called new revenue options to the tune of $13.9 billion. The Congressional Black Caucus looked at the President's list of $13.9 billion, Mr. Chairman, and we said that in good faith we could not accept $5.7 billion of the President's $13.9 billion in new revenue options. For example, we could not support the capital gains initiative for $4.2 billion. So we agreed to accept $8.2 billion of the President's $13.9 billion. So we were honest enough to come public, up front and say what part of the President's revenue package we could support and what part we could not support, so we start with $8.2 billion in revenues.

Mr. Chairman, there are some Americans, by virtue of their wealth and status in our society, who only pay a 28 percent marginal tax rate, while the majority of the American people pay 33 percent and above. We said why should these people pay at 28 percent? So in the spirit of tax equity, we removed the so-called tax bubble. That gave us $4.1 billion additional in revenue.

We looked at who benefited over the last 10 years in the budget in tax benefits. During the Reagan era, corporate

America benefited magnificently by these incredible tax gifts. So we looked not at individual American taxpayers but corporate taxpayers, the top 10 percent of the corporations in this country, and we said let us levy a 10 percent surtax on them. That gave us $6.5 billion.

We then looked at the Humphrey-Hawkins legislation and said that if we are able to demonstrate our capacity to lower the unemployment rate by one-tenth of 1 percent, we derive at least $1 billion in new revenue.

So $8.2 billion, $4.1 billion, $6.5 billion and $1 billion adds up to $19.8 billion in general revenue, real money, new money.

We then looked at the ongoing budget. We decided not to engage in draconian cuts in social programs at a time when human misery is being visited upon millions of the American people. We looked at the military budget in an emerging new world. We said we are presently spending at the rate of $306 billion. The President wants to spend at $303 billion. The Congressional Black Caucus said they can live with $279.4 billion. That is one incredible amount of money, Mr. Chairman. So we reduced the President's request by $23.7 billion net. We had really cut $3.2 billion in addition to that, but we took the $3.2 billion and put it back in the budget, one, for economic conversion because we said as we close plants and we close military facilities at the Federal level we ought to assume the responsibility that if we make a decision in the national interest of offset the economic pain and hardship that is felt by human beings out there in the hinterlands when they are forced to absorb this national commitment. We also felt that based upon our responsibility to turn over to our children a better world environment than the one that was turned over to us that we have a responsibility to clean up the toxic waste.

So the net cut was $23.7 billion. Some people said how can you cut $23.7 billion.

When this gentleman first came to Congress nearly 20 years ago, the 1971 military budget was $73 billion. Ten years late, the last year of the Carter administration, the military budget had doubled to $143 billion. Ten years later the military budget is in excess of $300 billion.

So in the short span of 19-plus years, we have seen our military budget go from $73 billion to $300 billion some odd, an incredible amount of money. If anyone thinks that cutting $23.7 billion is suddenly going to create war in Europe, my question is this: Who is the enemy? We are spending $160 billion per year to maintain America's role in NATO. Where is the enemy?

At best, the Warsaw Pact has been rendered impotent as a military entity, it is nonexistent as a military entity, worst case. What do the West Germans have to fear from the East Germans? They are talking about unification.

If we are spending $160 billion to maintain our role in NATO, and the world has changed, the Berlin Wall has collapsed, Communist governments have collapsed, what makes us think we cannot find some money to save?

Mr. Chairman, $23.7 billion would not suddenly render America impotent. If anyone thinks the Soviet Union is sitting there saying, "Ah ha, they have cut their budget by $23.7 billion, let us attack," why did they not attack when it was $73 billion or $143 billion or $218 billion? There is nothing sacrosanct about dollars, Mr. Chairman. Our military budget ought to reflect the realities of the world, not some abstract idea.

We look at the military budget and we build it on the basis of worst case scenario, where the probability of war breaking out is 1,000 to 1. But let us look at the worst case scenario in terms of poverty in America. There are 13 million children in America who live in poverty, 10 million blacks who live in poverty, millions of people, blacks, brown, red, yellow, white, who live in poverty in America. Let us look at the worst case scenario in terms of housing. There are millions of America's people living on the streets of America in the wealthiest Nation in the world, and we have hundreds of thousands of people who eat out of garbage cans everyday, worst case scenario; 22 million American people, Mr. Chairman, who are functionally illiterate, worst case scenario; in some urban areas we have a dropout rate in excess of 70 percent, worst case scenario; we have drug problems that are crippling this Nation and destroying our communities and killing our children, worst case scenario; $23.7 billion is not much money to cut. We cut $23.7 billion.

We looked at the science and technology budget and we cut $1.4 billion out of that because we saw research designed to enhance war, not to perpetuate human life. We then cut $200 million in the foreign military credit sales for a total of $25.3 billion; $19.8, $25.3, that comes to $45.1 billion.

□ 1410

How did we apply this money? First we met our fiduciary responsibility. Gramm-Rudman gives us a statutory responsibility to meet at least $64 billion in deficit reduction. The Congressional Black Caucus' budget comes to $63.7 billion in deficit reduction. We have met our statutory responsibility in fiscal 1991.

We introduced this budget as a House concurrent resolution which required us to project our budget calculations into the out years. Very interesting reflection: In fiscal 1992 we are also able to meet our statutory responsibility under Gramm-Rudman, and in fiscal 1993, Mr. Chairman and members of the committee, we in the Congressional Black Caucus are proud to say we give America a $5 billion surplus. We give it back; surplus.

So we have met that responsibility. What do we do with the remainder of the dollars? We took $33 billion above the President's request, $33 billion and put it in nonmilitary issues.

Mr. Chairman and members, we just celebrated Earth Day. We believe that we have a responsibility to preserve the fragile nature of our ecological system, to turn over to our children and to our children's children a planet where you can drink clean water and breathe clean air.

What is the function of a nuclear bomb but to destroy human life? We cut these weapons. We cut them in program design to preserve the integrity of our planet. We gave some time, some money to education, to housing, to an incredible amount of programs that we desperately need to deal with.

$1.5 billion to rural America for agriculture. We did these things. We said if you are going to fight a real war on drugs, it is not just about building jails and hiring more police.

If 100 children walked in here now and said, "Give us treatment," we could not do it. We do not have the facilities. That is a bizarre and absurd notion.

We have to be about the business of saving American children, and our budget ought to reflect that.

So this is what the Congressional Black Caucus' budget has done.

To summarize, we have developed a budget based on competence, based on compassion and based on integrity. We have written a budget that focuses a new vision for America by expanding existing social programs and engaging in new initiatives, by developing a military budget not rooted in the obsolete idea of the cold war but rather of an emerging new reality.

Finally, we assume our fiduciary responsibility to meet our statutory requirements to bring down the deficit and 3 years out give America $5 billion surplus.

Mr. Chairman and members of the committee, I have said to my colleagues, many who have served in this body for nearly 20 years: We have earned the right to present a budget on the floor of the House.

I would say with all due respect I really believe this budget ought to be where the Democratic Party is. This is no way-out budget. This is no off-the-wall budget. We have assumed a tremendous responsibility.

That is where we ought to be. We came today to place ourselves in juxtaposition to the President's budget so that we can have an opportunity to look at the full range of ideas.

So we are here alone, but that is all right. We go forward with pride and with dignity and if Members want to oppose the budget, fine. But let us do it on the basis of your honest belief that you disagree with us intellectually and politically but for no other reason.

With those opening remarks, Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from California [Mr. DELLUMS] has consumed 15 minutes.

Mr. FRENZEL. Mr. Chairman, I yield myself 3½ minutes.

(Mr. FRENZEL asked and was given permission to revise and extend his remarks.)

Mr. FRENZEL. Mr. Chairman, I rise in opposition to the fiscal year 1991 budget amendment of the Congressional Black Caucus. It has two principal flaws. First, the Caucus' substitute budget is far below the President's budget in defense, and below even the Democrats' budget as well. Second, this budget far exceeds the President's budget on new revenues, and includes raising personal income tax rates.

The Black Caucus' budget proposes defense outlays of $279.5 billion in fiscal year 1991, outlays $23.8 billion below the President's budget. Budget authority is slashed even further, to $259.4 billion, a level $47.5 billion below the President's proposed budget.

Despite welcome changes in the international arena, there are still threats to peace and stability in the world which suggest it is too early to dismantle our defenses. The defense spending cuts in the Black Caucus' budget are dangerous. They mean cutting defense by 22 percent in just 3 years. The Panetta budget cuts too deep for most Republicans. The BCB is even worse. While substantial defense savings will be recognized in future years, we must resist the temptation to make large, ill-conceived cuts in the very first year of major global change.

The other major problem with this budget is its revenue proposal of $19.8 billion, $5.9 billion above the Bush budget. This budget raises the marginal income tax rate of individual taxpayers and imposes an income tax surcharge on the top 10 percent of corporate taxpayers. I hate to be picky, but to penalize our most competitive companies, just because they are successful, is a woundreful way to give away all our competitiveness. At a time when there is considerable concern in this House over the competitiveness of U.S. companies in the international market, I find it impossible to support a budget that would impose such a surcharge on corporate taxpayers.

Although the Congressional Black Caucus' budget meets the fiscal year 1991 Gramm-Rudman-Hollings deficit target with a projected deficit of $63.75 billion, it does so through substantial defense cuts and substantial tax increases. For these reasons I oppose this amendment. However, I congratulate the Congressional Black Caucus for a thorough careful and comprehensive job of presenting its budget. It has added a significant demension to the budget debate.

Mr. Chairman, I reserve the balance of my time.

Mr. DELLUMS. Mr. Chairman, I yield 4 minutes to my distinguished colleague, the gentleman from New York [Mr. RANGEL].

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Mr. Chairman, I have never felt more proud than to be here to support the Congressional Black Caucus budget initiative. I thank our chairman, the gentleman from California [Mr. DELLUMS], for the magnificent and eloquent job he has done in presenting it.

For those that find it easy to attack us in what we consider to be a fairer and more kind treatment of taxes, I would suggest that if you compare this to the President's "read my lips" policy, you might find there is far more equity in this than what is being presented to us by the White House.

We of course support the President and Mr. Bennett's initiative in the area of fighting the war against drugs. Whatever success is being had by Mr. Bennett in South America, in Asia, to stop the cocaine and opium from coming into this country, we want to be a part of that support team.

Whatever Mr. Bennett suggests that we do in protecting our borders, we certainly want to be a part of that team as well.

□ 1420

However, when it reaches the point that the solution looks like it means that we have to build bigger jails and shift that responsibility to local and State governments, then we are proud to come forward and say the solution to this problem is not in building the jails, it is there that we have failed. We seek to find a solution in preventing our young people from feeling that in this great republic we do not give them the opportunity to come down and to have the option on the side of being drug free.

We truly believe that we are not going to ask our local and State governments to build $100,000 per cell jails at a cost from $20,000 to $60,000 to keep them in jail, and not be willing to provide recreation facilities, increase education for prevention, and most of all, to get involved in saying that we are going to treat these people before they end up in our emergency wards or before they end up in intensive care at the expense of $1,500 a day, yes; at the expense of $600 a day for hospitalization, yes; at the already hard expense of what we lose in terms of breaking up families and communities. Again, we would rather invest in people rather than jails so that we can have the labor market that is necessary for the United States to be productive, for the United States to be competitive, and for the United States to really get at what we should be doing. That is, reducing the deficit by increasing our ability to compete effectively.

If we take a look at everything that we are talking about in our Congressional Black Caucus budget, we will see that it emphasizes the confidence we have in investing in human beings, in investing in our young people, in our school system, and in our treatment system. It seems to me that we can talk about the death penalty all we want. We are talking about an investment and incentive in creating and extending life.

One of the saddest things that is going on in America today is the explosion of young children being born not only infected sometimes with the AIDS disease, but infants that are wracking in pain because they come into this world addicted to drugs. It seems to me that after this is over, many people would say that we in the Congressional Black Caucus have made a scholarly effort in presenting a budget for Members to consider. However, when we know that what comes to Members is smoke and mirrors from downtown, I hope there will be more courage than just innoculation for our efforts.

Mr. FRENZEL. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. ROGERS], a member of the Committee on the Budget.

Mr. ROGERS. Mr. Chairman, we hear it said on both sides of the aisle these days that it does not matter what kind of a budget resolution we pass in the House, becuase this is only the first stage in a long process whereby negotiations with the White House will result in a compromise. I am sure that is true, that we will eventually get a compromise.

However, what this body passes in the form of the passed budget resolution will have some teeth for the reason that the Committee on Appropriations, following on in the next 2 to 3 weeks, will be required to take the House-passed resolution numbers and divvy them up in what is called the 302(b) allocations to the subcommittee of the Committee on Appropriations, and that will become the mark of the appropriations bills that we are going to be seeing flowing out of this House floor, by law must be done by July 1.

What I am saying to Members is the House-passed budget resolution, whatever we pass, whether it be the Black Caucus resolution or the committee resolution or what have you, the House-passed budget resolution, as we saw last year, has real teeth in it, and your vote on today's budget resolution may come back to haunt Members in one way or the other.

Now, like the gentleman from Minnesota [Mr. FRENZEL], I have no real argument with the Black Caucus proposal. I think it represents a lot of compassion, represents a lot of hard work, and lots of thought. Mainly, it represents, as I have said, compassion for this country, and no one can fault that. I can argue that it takes too much from defense, and I will make that point to my friend—$23.8 billion below the Bush budget on defense outlays, to me, is simply unacceptable.

Let me get back to the point that I wanted to make, mainly, before I sit down, the real main player I think today on the floor is the committee-passed resolution, and when it comes for a vote later in the day, I hope our colleagues will bear in mind what I have said before that your budget resolution we vote on today will be meaningful, it will bind the Committee on Appropriations, and we are going to be seeing on the floor of this House, very soon thereafter, the Subcommittee on Defense appropriations bill for defense for fiscal year 1991. It will reflect the defense number that is included in the resolution that passes the House.

Now, if that is the committee resolution we are going to see, then an appropriations bill on the floor of this body that will come $11.5 billion from outlays, that will represent budget authority cuts of $33.5 billion. Does that mean anything to Members? I am talking plainly to those on the other side of the aisle, now who have been told that this is meaningless, it is only a debating point.

Let me wave before Members four pages of a list from a Department of Defense representing illustrative additional military construction cuts under the committee-passed resolution. Practically every Member of this body will be affected by these enormous, decimating cuts in your Nation's defense, at home. At home. This list is available to all Members. Members can ask the Department of Defense for it. I will be happy to make Members a copy. One that I have, and I am sure other lists are floating around the body, but this is real stuff. These are real cuts. These are real people in the military that will be cut. These are real programs at home in your district that will be cut if the House-passed budget resolution is divvied up, as I am sure it will be by the Committee on Appropriations, and passed into the appropriations bill.

I hope that Members will reflect, very carefully, on the vote they cast when we get to the committee version of the bill, and will bear in mind that this is the real world we are dealing with in this resolution.

Mr. DELLUMS. Mr. Chairman, I yield 6 minutes to the distinguished gentlewoman from California [Mrs. BOXER].

Mrs. BOXER. Mr. Chairman, thank you, I say to the gentleman from California [Mr. DELLUMS] for this opportunity to speak out very clearly on behalf of this quality of life budget, the Black Caucus budget.

I feel this is the budget that comes down on the side of the values of all the American people who have really sacrificed during the eighties when our resources and productivity were drained off for the Cold War. This budget, Mr. Chairman, should be the American agenda for the nineties. This quality of life budget looks at the world as it is now, and it responds accordingly.

□ 1430

This budget begins to pay back to America the cost of the cold war. Margaret Thatcher, who is no dove by any means, has said, "The cold war is over," and the cold war, I say to my friends, was a very costly war for this country.

We sacrificed a great deal to take on the burden of defending our European allies from the Warsaw Pact, and we took on a big burden of defending our ally, Japan.

Let us look at what has happened to the Warsaw Pact in the last year or so. We spent $175 billion a year defending NATO from the Warsaw Pact. That is more than half our military budget. What has happened in Poland? They established the first noncommunist-led government of the Warsaw Pact in August, 1989, with an elected President. The Communists were soundly defeated, the Communist party disbanded.

Romania: The dictatorship is overthrown and new elections promised.

East Germany: Communist government replaced with pro-reform officials. The Berlin Wall crumbles. Reunification plans with West Germany are progressing.

Czechoslovakia: Communist party leaders are dismissed. Dissident playright Havel named President—and on and on.

Hungary: Elections held; Communists defeated.

Bulgaria: Party and state leaders resigned in 1989 and multiparty elections are held.

Thousands of United States nuclear warheads are aimed at these countries, I say to my friends, and we are spending $175 billion a year to defend West Germany from these countries. I think there has to be room to cut just a little bit this year and more in future years from what we have been paying for so many years.

Let us look at Japan. We certainly have spent a great deal defending Japan. How much? Conventional defense of Japan in the Pacific sealanes: $26.1 billion. In every single year we pay that, I say to my friends.

I think it is time, if the Japanese want us to continue this kind of expenditure, that they reimburse us for just some of it, and maybe they do not really need this level of defense anymore, given the changes in the world.

So we have $175 billion to defend NATO from the Warsaw Pact and $26 billion that we pay from our tax dollars to protect Japan, the No. 1 economic power in the world, and this Black Caucus just cuts $16 billion less than we spent this year from next year's budget.

Do we not think there is room for even more cuts than they have made in this budget? I think so.

Now, if that does not convince Members that we have a changing world, I have another chart that I hope will. Sixty of the top 100 defense contractors, as we sit here today, are under investigation for waste, fraud, and abuse by the Defense Department and the inspector general. Everyday we read about outrageous things, cost overruns, cheating, lying, stealing. Do we not think there is room in a $90 billion procurement budget to find a few billion dollars to cut and tell them to shape up? Not even our Democratic budget goes far enough on that.

I say to Secretary of Defense Cheney, "You're a good man. Reform thyself." The only way we will get this done is to look at this chart and cut the money, because otherwise it will not happen. It is too ingrained in our way of life.

Mr. Chairman, the budget before us is a great budget because what it does is it looks at the people who have made the sacrifices in this country, and that is all of us during this period of buildup, and what it says is that we have a new war to win. It is a war of economic competition.

Our previous sacrifices have made us vulnerable, so we need new priorities. We need to invest in our people. We need to invest in deficit reduction, as this budget does. We cannot afford $180 billion a year in interest payments on our debt. We need to invest in education so our kids will become productive. We need to invest in the war on drugs. We need to give every kid who is at risk a mentor to help that child through so that child will be productive. And I think it is un-American, Mr. Chairman, that tonight 100,000 American children will sleep in the street.

Let us talk about what patriotism is about. It is about investing in those children. That is what this budget does.

It also invests in our infrastructure. We are wasting 2 billion hours a year sitting on roads we cannot move on. Every day a bridge collapses.

So this budget is about rebuilding America. It is about reality. It is about a changing world and the needs of our people, and I am very proud to once more support this Black Caucus budget.

Mr. FRENZEL. Mr. Chairman. I yield 5 minutes to the distinguished gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Chairman, I, too want to praise the Black Caucus for coming forward with a budget presentation that reflects the reality of the world as they see it. It is a reality, though that puzzles me to some degree with regard to some of the budget cuts that I am most familiar with, and those do not lie in the area of defense; they lie in the area of function 250, the Space and Science accounts of this Nation.

One of the things that is agreed to by most observers is that if we are to be a nation competing in a world economy and making certain that we are in the forefront of an investment in the future, what we have to do right now is make investments in that future by investing in science in this country, investing in high technology, and investing in programs like the space program.

That is the reason I must say that I am somewhat puzzled, indeed chagrinned and somewhat shocked, that the particular budget we have before us right now slashes the science account, the National Science Foundation, the space account, science education, all those programs, by 20 percent in budget authority over the President's request. That is a very, very major cut. It would mean that programs like "Mission to Planet Earth," a major environmental probe study program would have to be cut, if not eliminated. It would mean that Space Station "Freedom" cannot move forward and give us the new materials processing that we need for our future. It would mean that our attempts to move this Nation toward a Mars and Moon program could not be pursued.

If this was being done in a vacuum, I might understand it, but the fact is that the basis of this priority in the Black Caucus budget is also reflected in the budget given to us by the Democrats in their overall budget presentation, the Panetta budget. In that budget the Democrats slash the President's budget authority request in the science accounts by $1.2 billion in budget authority and $600 million in budget outlays. So they, too, have made a conscious determination that it is not only defense they want to cut, it is science, and it is the investment in the future that we need to create, because we need the new wealth of that future to make certain that we are in the forefront of what has to be done in order to participate in a high-technology world econony.

I am stunned by the numbers of Members who have come to the floor today and suggest that the budgets we have before us today, the Black Caucus budget and the Panetta budget, somehow recognize that reality and that they are in fact in line with what needs to be done for our global economy in the future. They are not. If we are willing to say that one of our priorities is to slash science accounts, the way these budgets do, then I have to say that it is clear you are not willing to make the investments that are necessary for the future.

Mrs. BOXER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. Mr. Chairman, I must say that they say they are making these vague cuts because they are taking it out of the hide of the military, but function 250 does not have any military money in it. They cannot say they are taking that out of military research and development, because that is not where it is.

Mrs. BOXER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentlewoman from California.

Mrs. BOXER. Mr. Chairman, I thank the gentleman for yielding.

The gentleman has lauded the Bush budget for what it does in the science area. Is the gentleman planning to offer the Bush budget to this body today so we can vote on it?

Mr. WALKER. Of course, as the gentlewoman knows, because I am sure she is at least familiar enough with the rule by which it was brought to the floor to know this, this gentleman cannot offer that budget, and no other Member can offer it except the Member designated in the rule.

Mrs. BOXER. Mr. FRENZEL can appoint a designee.

Mr. WALKER. I would say to the gentlewoman that I would have proudly voted for the Bush budget because it does recognize the reality I am talking about. I would have been very glad to come up here and defend the Bush budget, because the Bush budget does the things that are necessary to do instead of putting money——

Mrs. BOXER. Then why does the gentleman not ask Mr. FRENZEL——

Mr. WALKER. I have the time, I say to the gentlewoman, and——

Mrs. BOXER. The gentleman could have been named as the designee.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. WALKER] has the time.

Mr. WALKER. Mr. Chairman, I wish the gentlewoman would familiarize herself with the rules of the House so she would know that she cannot speak until she is yielded to. I was glad to yield to the gentlewoman.

□ 1440

Now, Mr. Chairman, let me explain where the Democrats do put money in their budget. They slash it out of science. They take it out of the hide of National Science Foundation, out of our space program, but where do they put the money? Well, if my colleagues look at the overall, 5-year budget, they take it out of the science accounts $7.5 billion. The take $214 billion out of defense, and where do they put the money?

Mr. Chairman, they put it into welfare programs. There is a 30-percent increase in welfare programs. They take it out of science, put it into welfare. Now is that what the real priorities of the American people are? The Democratic Party has long been criticized as the party that is too much concentrating on welfare when, in fact, in their budget they prove that.

They also, Mr. Chairman, claim that they are putting the money toward fighting the drug war. When I look at the budget, that is not there—$214 billion out of defense; they give a 1-percent increase over 5 years to the Department of Justice to fight crime and fight drugs. In this year in budget outlays they give absolutely nothing. They slash $7.8 billion from defense and give absolutely nothing in the Panetta budget to increased money for fighting crime and drugs.

So, Mr. Chairman, it is clear that it is not toward crime and drugs that they are aiming their money. It is toward welfare. It is a big, big welfare budget, and, if my colleagues think that the priority of the Nation should be to slash our accounts for handling science in the future and give the money to welfare, then they will love both the Black Caucus budget, and they will love the Panetta budget because that is where we are going.

Mr. Chairman, I do not think those represent the priorities of the American people.

Mr. DELLUMS. Mr. Chairman, I yield 3 minutes to my distinguished colleague, the gentleman from California [Mr. DYMALLY].

(Mr. DYMALLY asked and was given permission to revise and extend his remarks.)

Mr. DYMALLY. Mr. Chairman, I deem it a rare privilege to rise in full support of the Dellums/Congressional Black Caucus substitute to House Concurrent Resolution 310, the congressional budget resolution for fiscal year 1991. This substitute budget resolution reflects the basic values of the United States. It facilitates the institutionalizing of democratic values at home and abroad in its concern for peace, harmony, social justice, and for meeting the needs of the underprivileged as the world moves towards a postindustrial, high-technology society.

These laudable aims are scheduled to be accomplished basically by reducing fiscal year 1991 defense funding by $56.4 billion in budget authority and $27.4 billion in outlays below the baseline level. These cuts are in stark contrast to those of the congressional budget resolution where cuts are only $32.8 billion and $11.5 billion, respectively.

The Dellums/CBC substitute resolution, humanely, and in keeping with the tenats of social justice, reallocates much of the defense savings to increased funding for such domestic programs as job training, housing, education, environment, food, and nutrition programs.

This substitute resolution assumes $19.8 billion in increased revenues. This is significantly different from the $13.9 billion assumed in the congressional budget resolution.

It is of significance that this substitute resolution provides for a $1.9 billion expansion of international development and humanitarian aid with emphasis on the sadly neglected needs of African and Caribbean development and increased food assistance programs particularly the Food for Peace

Program to alleviate widespread poverty, famine and hunger in Africa for which Congressman Mickey Leland died.

It is, therefore, fitting and appropriate and in keeping with CBC commitment that an amendment was tailor-made to accomplish the above is entitled the "Mickey Leland African and Caribbean Development Act of 1991." This legislative provision has also been incorporated into H.R. 4610, the Foreign Assistance Authorization Act of fiscal year 1991.

As the United States sets foreign policy priorities for the post-Cold War 1990's, Africa and the Caribbean keep slipping further behind other regions of the world.

In 1984, excluding food aid, Africa received $667 million in economic assistance from the United States constituting approximately 14 percent of total U.S. foreign economic aid. However, this year, the figure decreased to $575 million or approximately 11 percent of total U.S. foreign economic aid. Moreover, while one non-African nation received about $700 per capita in United States aid, Africa received less than $1 per capita.

The need is, therefore, dire and great for significantly more funding for Africa particularly when 30 of the continent's 51 countries are endeavoring to implement economic reforms to facilitate the building of modern economies.

These events are taking place at a time when France is reducing its role in its African ex-colonies. It is quite clear that the focus and attention of the United States foreign policy thrust and aid are shifting dramatically to Eastern Europe and Central America, particularly Panama and Nicaragua with the continuing neglect of Africa and the Caribbean.

The Mickey Leland African and Caribbean Development Act is structured to increase significantly, foreign assistance to Africa and the Caribbean. For Africa, it would provide $1 billion in development assistance with $15 million earmarked for Namibia and $85 million earmarked for the Southern Africa Development Coordinating Committee [SADCC].

For the Caribbean, the bill authorizes: $60 million in ESF funds for the Caribbean; $93.6 million in development assistance for the Caribbean; as well as $49 million in development assistance and $39 million in ESF funds for Haiti.

Africa, however, in spite of this $1 billion, will still receive the smallest share going to any region of the world with 31 of the 46 countries in Africa classified as the world's poorest nations. Moreover, for the past decade, Africa has been consistently allocated the smallest portion of United States foreign assistance. Additionally, over the last several years, Africa is seemingly the only continent that has experienced both proportional and absolute cuts in U.S. economic assistance.

It is indeed difficult and well nigh impossible to think functionally about global peace and harmony in what is increasingly becoming a global village, without giving serious consideration to the social and politico-economic needs of the important geopolitical regions of Africa and the Caribbean.

Within this context, therefore, the underlying philosophy of the Dellums/CBC substitute budget resolution, in terms of its programmatic thrust, will be most reflective of the United States as a great and caring nation. This substitute budget epitomises the basic value orientation of a kinder, gentler nation that can safely serve as a model of democracy throughout the global village and is, therefore, richly deserving of the support of all of my colleagues.

With that in mind, Mr. Chairman, I ask all my colleagues to vote for this measure.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I just want to point out to the gentleman from California [Mr. DYMALLY] that there are only two places that he cuts in his budget. One of those is function 50, and 1 of them is function 250. Function 250 is where the NSF is, and he slashes $3.5 billion out of budget authority in that account so that there is no transfer of defense money to National Science Foundation. In fact, he cuts both of the budgets in this presentation.

Mr. DYMALLY. Mr. Chairman, what we basically looked at was the military-related research activities and shifted that into the historically black colleges and all other NS funds.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. Mr. Chairman, I relinquish the balance of my time.

Mr. WALKER. Mr. Chairman, I just wish the gentleman from California [Mr. DYMALLY] would debate me on the point.

The CHAIRMAN. The time of the gentleman from California [Mr. DYMALLY] has expired.

Mr. DELLUMS. Mr. Chairman, I yield the gentleman from California [Mr. DYMALLY] an additional minute, and would the gentleman yield to me?

Mr. DYMALLY. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, let me simply say to my learned colleague, the gentleman from Pennsylvania [Mr. WALKER], that I know the gentleman studies very hard. However, Mr. Chairman, in this particular instance I am sure the gentleman did not look at the subcategories of function 250 because in the National Science Foundation the Congressional Black Caucus plussed up the President's budget by $900 million, and in the area of DOE general science that the gentleman alluded to we plussed up the President's budget by $509 million. Where we cut was in military related science.

Mr. Chairman, I would simply say that NSA, when it first started out, was a civilian organization. I know the gentleman from Pennsylvania [Mr. WALKER] knows that almost half of the NSA's missions are now militarily related. We cut some money out of that, not out of the programs that my colleague responded to.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. Mr. Chairman, this is on the charts that we have produced.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. Mr. Chairman, I would be happy to yield if I have the time.

The CHAIRMAN. The time is controlled by the gentleman from California [Mr. DYMALLY].

Mr. DYMALLY. Mr. Chairman, the gentleman from Minnesota [Mr. FRENZEL] has a great deal of time, and I am sure that he will yield to the gentleman from Pennsylvania [Mr. WALKER].

Mr. FRENZEL. Mr. Chairman, I yield an additional minute to the gentleman in the well, the gentleman from California [Mr. DYMALLY].

Mr. DYMALLY. Mr. Chairman, that is very, very kind.

Mr. FRENZEL. Mr. Chairman, I yield an additional 2 minutes to the gentleman from California [Mr. DYMALLY].

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I appreciate the gentleman from California [Mr. DYMALLY] yielding to me.

Mr. Chairman, I just want to point out that indeed NASA does spend money that is money from the military. It is money which, however, is reflected in function 50, which is transferred then to NASA. In function 250, handled by our committee and handled by the committee headed by the gentleman from Michigan [Mr. TRAXLER], the subcommittee, that money is purely civilian research money, and it is money that is being slashed by $3.5 billion in budget authority over the President's request in this budget.

That is the problem, that they are taking the money out of the civilian side, and what they do in the subcategories has no meaning here because that will be determined by the Committee on Appropriations when they get their account.

In this particular instance what is happening is that they are taking money out of civilian science.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the chairman of the Congressional Black Caucus, the gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. Mr. Chairman, I listened very carefully to my colleague, the gentleman from Pennsylvania [Mr. WALKER], and I say, "Now you're walking with your legs wide open because you're walking on both sides of the street. If you say that the subfunctions don't count, because ultimately authorization and appropriation would deal with it, then I would suggest the gentleman pulled the leg out from under his own argument. So, how can you argue so diligently about a subfunction when you just said it doesn't count? Either you accept this gentleman's integrity in telling you what we've done in trying to plus up the categories, or the gentleman walks away from his own argument."

Now I have listened very carefully to my colleague.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I thank the gentleman from California [Mr. DYMALLY] for yielding because it seems to me that this is exactly what we are debating here.

I say to the gentleman from California [Mr. DELLUMS], "You are only presenting numbers on the House floor. You're not presenting your subcategories. You know that as well as anyone else in the House, and the numbers that you are presenting for function 250, which is what the 302(b) allocation will be to the civilian science accounts, are such that you have slashed $3.5 billion out of their budget authority, which means that will come out of the hide of NASA, NSF and all the rest of the accounts that are the civilian accounts."

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the gentleman from California.

Mr. DELLUMS. Just one last comment, Mr. Chairman. I am sure we will not resolve this.

I would simply say, Mr. Chairman and Members of the body, that we submitted this budget in the form of a House concurrent resolution, and we met all those responsibilities to articulate specific numbers even in self-functions. That is a matter of record, and the gentleman from Pennsylvania [Mr. WALKER] can take a look at it. Nine hundred million dollars above the President on National Science Foundation and $509 million above the President on Department of Energy general science.

Mr. Chairman, I rest my case.

Mr. FRENZEL. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Chairman, I think, as the dialog we just had shows, the Congressional Black Caucus and my colleagues, the gentleman from California [Mr. DELLUMS] is to be congratulated for the intellectual exercises they have gone through today in bringing their proposed budget substitute to the floor. I think it does this body a service to be able to have debate on some of these substantive issues.

Mr. Chairman, I do not, as I am sure the gentleman from California [Mr. DELLUMS] might suspect, do not support that resolution, but I think it is a good amendment and substitute that deserves consideration. I have asked for this time to speak here this afternoon because the amendment carrying the President's budget proposal is not going to be on the floor, and it is the issue of comparison between the committee's budget resolution and the President's budget submission that I want to talk about.

Mr. Chairman, many accusations have been leveled as to which of the budget proposals—the President's, or this resolution—is more honest.

If honesty is desired, let's be honest in stating that neither of these proposals is an honest attempt to craft a legitimate, workable budget for our country.

The budget resolution under consideration is not honest or real, and frankly, the President's proposal isn't much better.

In fact, this debate isn't even grounded in reality.

Instead of debating the merits of the proposal, and the budget priorities of our Nation, we have spent 2 days debating to achieve a position to negotiate.

This is Congress in the "Twilight Zone!"

And if you think the House of Representatives has fallen down on the job, we should consider what is happening in the Senate.

Instead of setting priorities and needs, the Senate is working from the other end, auctioning off acceptable deficit numbers. When they are able to reach agreement on a final number, only then will they consider plugging in program numbers.

It is time both sides get down to business, and get serious about what this budget needs to accomplish.

We need a budget that focuses on the needs of this Nation: The need to be competitive in the world, to address social concerns at home, to provide for security into the future, to react to changing global realities, and to deal with underlying economic concerns.

We need flexibility and strength of a coherent fiscal and economic policy that will allow the United States to continue to be a leader in the world.

We need leadership not only abroad, but at home.

Leadership to stop the cycle of game-playing to set us back on course for strength in the next century.

We need to debate a budget resolution that sets our priorities, and provides the means to meet them.

At the same time, we must be willing to reform or eliminate programs that are no longer priorities, or whose usefulness has been outlived.

Instead, the only priority apparent in this debate is the priority of politicians concerned with slipping something through—applying another band-aid—to get us by until the next election.

President Bush was elected partly on the belief that more cooperation between the White House and Congress was needed.

The American people expect new leadership and new priorities, not the same old stalemate, and tinkering around the edges that has become the nightly news staple.

Instead of taking on challenges we are fleeing from them. But this doesn't have to continue.

I urge my colleagues to reject this budget resolution and send a message: Send a message to the leadership in this body and the Senate that we want substance and results; send a message to the President that we want courage, cooperation, and leadership; and finally send a message to America that Congress is ready to roll up its sleeves and get down to work.

□ 1450

Mr. DELLUMS. Mr.. Chairman, I yield 3 minutes to the distinguished gentleman from New York [Mr. WEISS].

(Mr. WEISS asked and was given permission to revise and extend his remarks).

Mr. WEISS. Mr. Chairman, perhaps even more than other years, this year's budget offered by our distinguished colleague, the gentleman from California [Mr. DELLUMS] on behalf of the Congressional Black Caucus represents the future.

I believe that the Congressional Black Caucus budget clearly represents changes in our Nation's budget priorities that will occur in the next few years. This budget responds to our Nation's new military posture and begins to address a series of domestic problems that have for far too long gone unattended. It is a very real, rational, compassionate and just budget.

Mr. Chairman, perhaps even more than other years, this year's budget offered by our distinguished colleague Mr. DELLUMS on behalf of the Congressional Black Caucus represents the future. I believe that the Black Caucus budget clearly represents the changes in our Nation's budget priorities that will occur in the next few years. This budget responds to our Nation's new military posture, and begins to address a series of domestic problems that have for too long gone unattended.

Moreover, this budget is a just budget. A rational budget. A compassionate budget. A realistic budget.

The Black Caucus has offered a budget of which Congress can be proud. It makes realistic and practical cuts in military spending. More than any other proposal before us, the Black Caucus budget makes large new investments in the areas of education, housing, health care, and the environment. Further, as in past years, the Black Caucus budget reduces the deficit by more than any other alternative. Through a practical and fair combination of cuts in military spending and revenue increases, this budget would dramatically reduce the budget deficit. The Black Caucus budget would, if enacted, finally break through the political log jam which has prevented a comprehensive solution to our budget crisis. This budget would bring the budget into balance by fiscal year 1993.

The Dellums alternative recognizes that not only are our spending priorities askew, but so are our tax policies. Increasing revenues will be a part of any comprehensive solution to the deficit problem. Revenues must be raised, however, without penalizing lower and middle income Americans. They are the people who have suffered disproportionately as a result of the Reagan tax and spending policies. The tax burden has shifted dramatically away from those who are most able to pay and onto those least able to do so. The Black Caucus budget would raise revenues to help balance the budget by bringing back to the Tax Code a degree of fairness that was lost during the Reagan years.

One of the speakers on the other side of the aisle said some minutes ago that this budget creates problems for every Member who has any kind of defense establishment in his or her district and that therefore it should be defeated. Quite the contrary, what this budget does is to provide a challenge and an opportunity to every single one of us to look at the real national security needs of this country and not to distort those needs by spending money on wasteful, needless, redundant, unnecessary projects.

The fact is that no matter how many Panamas or Perus the Defense Department or the Bush administration dreams up, they cannot possibly come with the same kind of economic cost or consequence that a projected invasion of Western Europe by the Soviet Union would have cost.

Therefore, it seems to me that it is absolutely essential that we start providing for the American people and American communities the kind of retraining and reorientation help that will be of real substance and support to them, rather than the kind of rhetoric which says that you cannot close a single plant anyplace, you cannot close down a single base anyplace, you cannot take a single person out of the Armed Forces anyplace, and that even when the threat disappears you still have the communities to spend $300 billion a year on in order to save jobs. The way to save jobs is to create civilian jobs, and this budget does that.

While this budget cuts almost $27 billion from military spending as proposed by the Bush administration, it restores $3 billion for the purposes of beginning a full scale, comprehensive program of economic conversion.

This budget recognizes that the Federal Government has an obligation to help workers and communities who will be affected by military spending reductions in the coming years. The $3 billion provided for this purpose would be used for income support, training assistance, and relocation assistance for affected employees. It could also be used as planning grants for communities who are vulnerable to a reduction in military spending.

Taken together, this program would help communities avoid the serious economic dislocation that occurs alongside a military program cancellation or cutback. In addition, it would give workers a chance to learn skills that will make them more employable in the civilian sector of the economy. Through this process, we can use vital resources for the purpose of revitalizing our economy, rebuilding our Nation's infrastructure, and make many of our industries more competitive internationally.

I urge my colleagues to support the Dellums substitute.

Mr. DELLUMS. Mr. Chairman, I yield 4 minutes to my distinguished colleague, the gentleman from New Jersey [Mr. PAYNE].

(Mr. PAYNE of New Jersey asked and was given permission to revise and extend his remarks.)

Mr. PAYNE of New Jersey. Mr. Chairman, I rise today in support of the Congressional Black Caucus alternative budget for fiscal year 1991. The CBC alternative budget provides for a secure national defense and realizes a significant peace dividend to help pay for neglected domestic needs such as education, housing, health care, and public infrastructure.

In the preamble of our Constitution, we as elected officials are charged to "provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity." Our posterity—that is our future generations—our children.

But what about promoting the general welfare?

In the last decade, our Federal budget has more than provided for the common defense with the massive buildup of our military. However, as Americans we have failed in our charge to promote the general welfare and secure the blessings of liberty for our Nation's children. Currently, the poorest segment of our society is our children—those who we expect to keep our Nation great into the 21st Century. One in five children under age 18 is poor.

But the poorest segment of all is children under 6. In 1987, 5 million children under age 6 lived in families with incomes below the Federal poverty level. In other words, nearly one in four children under age 6 were poor that year.

Minority children under 6 are much more likely to be poor than white children under 6. Nearly one in two young black children are poor, and more than two out of five Hispanic young children are poor. Poor children are more likely than nonpoor children to struggle in school and eventually drop out.

We are raising generations of poor minority children in the midst of what Time magazine has called "The Browning of America." By the year 2000, one in three Americans will be a minority. By the year 2020, African-Americans, Latinos, Asian-Americans, and Native Americans together will become the majority of students in the United States. At the same time, the United States is facing a shortage of trained scientific workers with advanced degrees.

We know that we need educated workers for an increasingly knowledge-intensive economy. The pool we will have to draw from for those workers is those who are poorer, and less educated. They are the poor children of today.

I am pleased to inform my colleagues that the New Jersey State Assembly led by the pro tem speaker, assemblyman Willie Brown, approved a resolution yesterday endorsing the Congressional Black Caucus budget. The resolution praises our budget plan as a blueprint of monetary and social responsibility that offers an optional vision for the country.

Mr. Chairman, the Congressional Black Caucus alternative budget seeks to shift the balance in our Federal budget from weapons for a war we may never fight to people who have tangible human needs. The CBC budget is fair, and it is the only one we can all support. Therefore, I strongly urge my colleagues to vote in favor of the Congressional Black Caucus budget resolution.

□ 1500

Mr. DELLUMS. Mr. Chairman, I yield 4 minutes to my distinguished colleague, the gentleman from New York [Mr. OWENS].

(Mr. OWENS of New York asked and was given permission to revise and extend his remarks.)

Mr. OWENS of New York. Mr. Chairman, this Congressional Black Caucus quality-of-life budget could easily be called a commonsense budget. This is a very profound document that is very practical. It was prepared by people who are quite creative, but on the other hand, one does not have to be a genius to understand this budget. It makes a very simple statement.

Mr. Chairman, it debunks some myths that are being deliberately promulgated to frighten the American people. We have demonstrated in the Congressional Black Caucus quality-of-life budget that one can make military cuts of great substance. We can cut deeply and we can cut immediately without endangering the economy of the Nation in any way, without displacing large numbers of workers.

We cut first in the defenses for Europe. For years I have been able to understand why we have insisted on spending billions of dollars for the defense of Europe and Japan. Germany and Japan are two of our major competitors in the economic arena. They are able to take care of themselves. Yet, we have been spending more than $150 billion a year to defend these areas that could defend themselves and are using the resources that they do not put into their own defense to bolster their own economies and to be more competitive with us in their products.

This has been a silly adventure. I assume that somebody in the military-industrial complex profits from it and is making a lot of money, because it has gone on and on.

We can immediately cut the budget without jeopardizing our internal economy by cutting the vast amounts of money that are allocated for the defense of Germany and Japan. We can immediately create a peace dividend that can be used for much more productive purposes, for example, education.

Mr. Chairman, I am primarily concerned about education, and education should be the concern of every American. The best defense, our major national-security initiative, should be in the area of defense; brainpower is the power that we need. Brainpower is what we need to revamp our economy. Brainpower is what we need to compete with our competitors in the economic arena, and two of those are the competitors I just mentioned.

A large amount of money is put into education in Germany and Japan. A large emphasis is placed on education. Teachers are given a status by raising their salaries to levels of doctors and dentists in the places like Japan.

We should move our resources in the areas that are important for the last decade of this century and for the 21st century to come.

The President has initiated a new education initiative with six goals, but he does not propose in his budget to put any money behind it. We have gone so far as to increase the budget for education by $4.2 billion. Most of that $4.2 billion would go to programs which are not at all controversial. Head Start is not controversial. All experts agree that Head Start is a good program.

Presently Head Start is funded to take care of only 20 percent of the children who are eligible. The other 80 percent we propose to take care of in this budget.

Chapter 1 has been a great success, and nobody quarrels about the success of Chapter 1. We are proposing to fully fund Chapter 1.

These are simple matters. One does not have to be genius to understand it. There is no controversy among experts.

I wish my colleagues would adopt a different attitude toward his budget. It is a commonsense budget that they can go back to their constituency and defend. It is a budget that they can use to offer something new and productive to their constituents.

I hope we can get people to break out of the usual cocoon of thinking and vote for a budget that makes sense, a budget that will turn our priorities around and give back to the American people what has been taken so long in a silly military strategy defending countries that can pay for their own defense.

Mr. DELLUMS. Mr. Chairman, I yield 2 minutes to my distinguished colleague, the gentleman from Maryland [Mr. MFUME].

(Mr. MFUME asked and was given permission to revised and extend his remarks.)

Mr. MFUME. Mr. Chairman, I am happy to come here in the well to stand as have many of my colleagues in very strong support of the Congressional Black Caucus' fiscal 1991 quality-of-life budget.

It offers something that has not been spoken of quite a bit here today, and that is that it offers vision for this Nation. It addresses real human needs and real human potential. It does so by supporting proven social plans and creating new initiatives by providing a national defense that is based on the international evolving realities of our world and not based on the obsolescent cold war policies that have for so long dictated our budget priorities, and by making substantive progress in budget reductions through true fiscal responsibility.

The interesting point is that the centerpiece of this alternative budget is, and remains, an unyielding commitment to our most precious resource, our children.

I have not come to talk about specifics and to debate category and subcategory funding levels. The chairman of the caucus, the gentleman from California [Mr. DELLUMS], has done that adequately.

I have come, rather, and instead, to talk about the common sense of this budget and to remind us that it still does some basic things here in this House. The CBC budget still differs from the Bush budget, as it did with previous Reagan budgets, and it does so in three different ways.

First of all, it rejects the domestic cuts that are proposed by the President. Secondly, yes, it does reduce military spending, and, thirdly, it raises new revenue by eliminating the unfair tax rate that is enjoyed by so many of our wealthy citizens.

More importantly, Mr. Chairman, it is a move in the direction of common sense, and it allows us once and for all to step up to the plate and to do what we came here to do.

I would say to the chairman and remind myself that I did not come to this Congress to preside over a nation in bankruptcy with no resources in its great vaults of compassion, unable to summon its own courage, with no will to dare to be different, and in the process to dare to make a difference, with checks that have been deposited in the great coffers of commitment that continue to come back marked "insufficient funds."

A few will remember what we say here this afternoon, but all will remember what we do.

We oftentimes find ourselves speaking in glowing terms about the great precepts of this Nation and what we stand for and what makes us proud. Yet, there are those who are saying, "I cannot hear what you say, because I see what you do." What you do essentially is to turn your back on the neediest and to fail to have the vision to move all of us into a new era.

I would ask my colleagues to look honestly at this budget and to ask the very basic question: Are we prepared to do something of substance that is, yes, a daring step in the right direction?

Mr. DELLUMS. Mr. Chairman, I yield 3 minutes to the distinguished gentlewoman from Colorado [Mrs. SCHROEDER].

Mrs. SCHROEDER. Mr. Chairman, I thank the gentleman from California for yielding me this time.

I must say that I think this is a very important day.

Mr. Chairman, we have heard so much rhetoric in this country about the "T" word for taxes. What the gentleman from California and the Black Caucus are bringing to this caucus is the "P" word on priorities. They are talking about what is this country's priority. We do not need to raise taxes if we can change our priorities.

I think if we take some of our current priorities and break them out on what we spend on a per-day basis, we begin to understand why this budget is so important.

Right now, the average taxpayer spends $15.2 million a day just for the B-2 bomber program. They only spend about $700,000 a day for the entire substance-abuse and prevention program.

I think the average American would certainly think substance abuse and prevention is a whole lot more important than the B-2 bomber. This is a lot of what this budget does. It says that for our future getting substance abuse and prevention under control is much more important than building this plane that we do not know what we are going to do with.

If we again look at some other statistics, on a day-by-day basis, we are only spending about $440,000 federally to deal with the homeless. Again, I think an awful lot of people think that maybe we ought to be more concerned about the homeless and less concerned about maintaining the B-2 bomber and many other such programs. Now, people say how can you do this? Well, you can do it very easily. This is what this budget has done. It has converted priorities without a tax rise into all sorts of important educational programs, and to all sorts of things that are really going to have to do with the future, with the quality of life and all of that.

☐ 1510

I have another way that one can save a lot of money. I remind you the Black Caucus budget just gives numbers. We have come up with a different concept for how we base our troops. It is called dual basing, the idea being you base American troops in the United States and you give them a dual assignment overseas, but with the entire family, the infrastructure and the organization in the United States, you save so much money, this whole budget works without laying people off.

Not only that, then when they are sent to their dual base, only the service member goes to that assignment. You then are practicing air and sealift, which is terribly important. You have maximum mobility. Right now where we have all sorts of people forward based, they are not even permitted to exercise, because those countries do not allow them to exercise, do not allow them to do close air support, or anything else. So they are really already dual based.

There are many ideas to save money. This is a good one, and I think we ought to really deal with our priorities.

Mr. FRENZEL. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Chairman, over the last few minutes we have heard again a lot of discussion about this particular budget as a budget which has vision, which deals in education, that deals in forward thinking, and all of those nice things. We have heard a lot of talk that we are doing this by cutting the defense budget.

I want to make it clear that in addition to cutting the defense budget, that this budget slashes by 20 percent the President's request in budget authority for the science accounts of this Nation.

Those science accounts pay for programs such as global warming, the research that we need in order to deal with this major environmental disaster. One of the major increases in the President's science budget was in that account.

It deals with alternative energies, of finding ways to use hydrogen, finding ways to use other kinds of fuels to make certain that we deal with our environmental problems.

It deals with science education and all of the things that we need to build up our science base in this country.

It deals with agricultural research to find ways of handling all of the crops and the livestock that we need in the future.

It deals with supercomputer networking to assure that we are competitive with other nations.

It deals with advanced technology development, to make certain we are building the new products that will be needed for the economy of the future.

It deals with Mission to Planet Earth, the ability to look down at Earth and figure out what is going on with our environment and trying to figure out a way to avoid an ecological disaster.

It deals with the Moon-Mars mission, a forward-looking kind of mission that will pay back enormously to this mission in new scientific kinds of achievements.

So that when this budget that we have before us and when the Panetta budget that is to come later slashes the science accounts of this Nation, it has an immediate impact. These are not budgets that can be said to be forward-looking. These are budgets that take us back.

There was an economist that won a Nobel Prize just within the last couple of years, did so because he pointed out that what we develop in terms of technology is what pays off in terms of jobs in the future. That was his premise. It is a premise that I think most of us agree with.

When you slash the research and development accounts of this Nation, as you do in this budget and as you do in the Panetta budget, you disastrously impact on our ability to be a viable economy in the future. That is a shame. And I am sorry that this budget and the Panetta budget are brought to us with major cuts in function 250, the science and space accounts of the country.

Mr. DELLUMS. Mr. Chairman, I yield myself 1 minute. Mr. Chairman, first of all, I respect my distinguished colleagues from Pennsylvania. And as I have said on more than one occasion, the debate on the budget is too important to engage in hyperbole.

This gentleman sent a staff person over to you just 10 or 15 minutes ago to walk through in very specific terms exactly what we did in the budget. I would suggest that we do not do each other any great service when we attempt to overstate.

The gentleman has a set of politics; then articulate them. But do not attribute unto us ideas, thoughts, that are not there.

We sent a staff person over in good faith to say to you exactly what we have done. Mr. Chairman, members of the committee, it does not take a very bright person to understand that in this budget the Congressional Black Caucus has taken an incredible step to assist in educating the American people, and it does not serve us well, Mr. Chairman, to engage in that kind of overstatement and hyperbole. In fact, it is disingenuous to even interpret the caucus in that fashion.

Mr. Chairman, I am happy to yield whatever time I have to my colleague.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding. It seems to me that I have a perfect right to reflect upon the numbers that are in your budget.

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has expired.

Mr. FRENZEL. Mr. Chairman, I yield the gentleman from California [Mr. DELLUMS] 2 minutes.

Mr. DELLUMS. Mr. Chairman, let me say to the gentleman from Minnesota [Mr. FRENZEL] that this is not coming off our time. The gentleman will be recognized at the appropriate points. But I think it is important for us to engage Members.

Mr. Chairman, I yield briefly to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Chairman, I would hope that the gentleman from California [Mr. DELLUMS] would not say that it is disingenuous to debate the details of this budget. The gentleman did send a staff person over and we talked about it. I fundamentally disagreed with where you took the money out of the science accounts. When it was explained to me, it turns out that you probably did not take into account the fact that there are Defense Department transfers to take care of the spending that is in your budget that you have now cut out of the civilian R&D. That is a major mistake, in my estimation.

Mr. DELLUMS. Mr. Chairman, if I might reclaim my time at this point, let me just say to my colleague that we stated our point not challenging your right. The beauty of debating on the floor of this Congress is you can stand up and say what it is you choose to say. But all this gentleman is saying is deal with us from a position of mutual respect. If we are saying to you that that is not our function, that was not in any way the direction or the thrust of what we attempted to do, then the gentleman ought to let it lie.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I will be happy to yield.

Mr. WALKER. I am sure that the gentleman's intention was not to do that. The problem is that the functional way in which it happens in your budget is you take $3.5 billion out of budget authority for science, and that will have the kinds of results I am talking about.

Mr. DELLUMS. Mr. Chairman, if I might reclaim my time, on that point we simply have an intellectual disagreement, Mr. Chairman.

Mr. WALKER. Well, that is fine.

Mr. DELLUMS. We just disagree.

Mr. WALKER. But it is not disingenuous then to have an intellectual disagreement, and we do have an intellectual disagreement.

Mr. DELLUMS. If you do not challenge motives, then you just have an intellectual disagreement.

Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Michigan [Mr. CONYERS].

(Mr. CONYERS asked and was given permission to revise and extend his remarks.)

Mr. FORD of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Tennessee.

(Mr. FORD of Tennessee asked and was given permission to revise and extend his remarks.)

Mr. FORD of Tennessee. Mr. Chairman, today I rise in strong support of the amendment offered by my good friend from California, the Congressional Black Caucus "quality of life" budget.

As a body, the House of Representatives spends more time and energy on drafting and passing the annual Federal budget than on any other activity. The American people elect us to draft and pass a budget that reflects the priorities of our people and the needs of our Nation. And it is our responsibility to represent the views of our people as best we can.

The American people support the principles in this budget. The American people want us to spend more on child care, health care, and education, not on the Stealth bomber. The American people want us to expand housing assistance for low-income families and anti-drug programs, not the "star wars" strategic defense initiative.

The American people know that every dollar we spend on our children and people who want to improve themselves is a dollar wisely spent. The money we spend on these Americans today is money that we will save for years to come.

But what return will we get on an investment in a Stealth bomber that may never be able to achieve its mission? What return will we get on an investment in weapons designed to destroy human lives, instead of tools meant to improve human lives?

Until recently, there were understandable motivation behind higher levels of defense spending. But given the recent changes in the world, this body could not justify continuing the high levels of defense spending given the needs of the American people today.

Mr. Chairman, this year we have witnessed revolutions and the dawning of a new age when peace is not an impossible dream. This year, we must again take the lead in crafting the direction of mankind, a course that America has helped plot for over 200 years. We must take the lead in fighting for peace and all the benefits that peace will bring.

The challenge of fighting for peace is almost as great as the restraint that practicing peace requires. But we must be courageous in our efforts to advance the causes this Nation stands for: liberty, freedom, and opportunity.

Mr. Chairman, this year let the House of Representatives signal a new day for America's people, because that is what this amendment represents. The quality of life budget is a budget for the citizens of this Nation who want to build a stronger America, and it is a budget that we who recognize that a stronger America means an economically more competitive America will support.

The key to national security in the 1990's does not lie in the Stealth bomber nor the MX missile. Only economic power can safeguard our future and the future of our children. By reinvesting in the education of our youth, the health care of our people, and the training of our workers, we can achieve the economic strength we will need in the 1990's.

This substitute budget is not only the direction we ought to take in the future; it is the path we should take today. This substitute is one we should enact at the beginning of this decade and we should maintain its principles throughout the 1990's.

Mr. Chairman, I urge my colleagues to support this amendment.

Mr. CONYERS. Mr. Chairman, reclaiming my time, there are several ways that one can mischaracterize this budget. The one earlier that I heard was that this was a budget for welfare, that it would help swell the rolls of welfare and the moneys that go to that. I am happy that I am not hearing that right now.

Another way then is to find a technicality, for example in a particular account, and then attribute a mischaracterization of what will happen from it.

But for this to be coming from the gentleman from Pennsylvania [Mr. WALKER] strikes me as a very interesting position, since the gentleman was the one, when I just recently brought up the bill on creating a Cabinet for environmental protection, was the one that was in total opposition because it spent too much money.

The new gentleman from Pennsylvania [Mr. WALKER] is a gentleman who now comes to us with deep concerns about the environment.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I will yield at some point. I cannot yield, as a matter of fact. I only have 2 minutes.

Mr. WALKER. Well, the gentleman mentioned my name. I though maybe he would yield.

Mr. CONYERS. I know, but you will get plenty of time.

Mr. FRENZEL. Mr. Chairman, I yield to the distinguished gentleman in the well, the gentleman from Michigan [Mr. CONYERS], 2 additional minutes.

Mr. CONYERS. Mr. Chairman, I am not going to yield right now, no. What I want to say to you, sir, is that this is not the way to proceed. We voted and supported every environmental concern that you recite, and still do. You challenged it. I do not know what your ultimate position was, but you were clearly unsupportive of raising this to a Cabinet level. So I come here with some surprise.

Mr. WALKER. That is not true. Will the gentleman yield?

Mr. CONYERS. And I find that this is now your concern.

Mr. Chairman, I now yield to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding.

That is not true. I supported the Hastert approach, for instance, of raising it to a Cabinet level. But I think that we ought to spend money on real environmental research and real environmental action and not on environmental bureaucracy. And the gentleman's bill it seemed to me was overloaded with bureaucracy.

Mr. CONYERS. OK, thank you. That explains that. Well, the micharacterization of this budget that will, and I do not think that too many people are going to be concerned about one person's new found concern about the environment, but to challenge a budget that creates jobs, redistributes resources, alleviates suffering of the poorest among us, improves education, deals with housing, deals with health care, helps fight the drug epidemic on all fronts, and now we find that in one account we have a serious erosion of problems, that to me is incredible.

□ 1520

I am hoping that we will keep hope alive, we will keep hope alive for Americans who would support the Congressional Black Caucus budget and realize one thing, because the one thing we count is who is joining us in this fight every year, which is that it is for all Americans.

Mr. DELLUMS. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Maryland [Mr. HOYER.]

Mr. HOYER. Mr. Chairman, I appreciate the gentleman yielding me this time, and I rise in support of the Congressional Black Caucus budget. It is a real budget, it is a quality of life budget, it speaks to the needs of this country and it makes choices.

Unfortunately, we are not going to have a vote, I understand, on the President's budget. I do not know why we do not want to make choices on behalf of the President. Apparently there are no members of the President's party who want to offer his budget on the floor, and that is a lamentable fact that speaks to the leadership of this Nation.

My experience over the last 10 years is that we have not been playing for real with respect to the budgets that we have received in this Congress—10 years, Mr. Speaker, is long enough; 10 years, indeed, is far too long. We must finally in this country begin to make tough choices, not just read lips, but make choices. We must begin to choose among the alternatives.

The CBC quality of life budget is, as it has been in the past, an exercise in making tough choices. I want to say that I intend to vote for the Democractic budget committee's budget as well. It too makes choices. I think it is an excellent document. I am proud of both documents.

The CBC alternative budget raises $20 billion in revenue. We need that revenue.

Campaign against me. Let the world know that STENY HOYER on the floor of the House said we need to feed hungry children, we need to help homeless people, we need to educate the young people of this country, we neet to invest in our infrastructure, we need to invest the wealth of this Nation in the future of this Nation.

The Congressional Black Caucus imposes a surcharge on the top corporate taxpayers in our country. We ought to do that. The CBC alternative also eliminates the bubble. We ought to do that, because it permits taxpayers with the highest incomes to pay Federal income tax at a lower rate.

Tough choices, tough choices that will help finance new and proven programs that enhance the quality of life for ordinary Americans; no voodoo economic, no smoke, no mirrors, no 30-second sound bites and cute campaign slogans, no more delay, just tough choices.

We may argue about some of the particulars. Is the cut in the defense budget too large? I happen to believe it is.

Will we again hear the White House chorus singing the old worn out tune about "tax and spend Democrats," as opposed to "borrow and spend Republicans"? If I had the unenviable responsibility of drafting the budget, some of my choices may not be the choices that you would make. But the gentleman from California [Mr. DELLUMS] and the CBC are offering today a budget that is clearly on the right track. It is a good step forward. It speaks to the priorities we should set in America. Let us support it.

Mr. DELLUMS. Mr. Chairman, I yield 3 minutes to my distinguished colleague, the gentleman from Illinois [Mr. HAYES].

(Mr. HAYES of Illinois asked and was given permission to revise and extend his remarks.)

Mr. HAYES of Illinois. Mr. Chairman, I again rise to express my full support for the passage of the Congressional Black Caucus' "quality of life" budget, which we are considering today as an amendment in the nature of a substitute to House Concurrent Resolution 310, the congressional budget resolution for fiscal year 1991.

I rise also to encourage that my colleagues take a very close review of this alternative budget. We, here in the House of Representatives, are always full of rhetoric. We talk about the needs of children and families—everyone is in support, we talk about the needs of the elderly—everyone jumps on the bandwagon, and we talk about eradicating poverty—everyone signs on as cosponsors. I want to know why it is then so difficult to back up the rhetoric with strong support for a budget which reflects more clearly the values which the majority of our country hold.

The "quality of life" budget enhances the proven social service programs, while creating new initiatives especially in job training and education. The proposal most importantly modifies Tax Codes, ensuring fiscal responsibilities to encourage deficit reduction efforts. Finally, the CBC budget promotes appropriate reductions in the military by eliminating unnecessary missile programs like the MX and Midgetman.

The CBC budget is fiscally sound, programmatically sensible and morally right. It is a budget which shows that spending for crucial social programs can be maintained and increased where needed, while our national security does not have to be compromised. Most importantly, this alternative budget shows us that deficits can be reduced to the mandated levels under the Gramm-Rudman-Hollings law. In fact, the CBC budget creates a $5.3 billion surplus in fiscal year 1993.

As you make your decision today whether or not to support this proposal, please know that this is not a black budget, it is a human budget—that is designed to reach out to those that are in need of some attention in this great Nation of ours. I have always held the position that sending our money to foreign countries in an attempt to spread democracy throughout the world is wrong. I implore you to support this budget today so that democracy can be spread right here in these United States to those who are being neglected, to those who are victims of poverty, to those with no health insurance, to those who cannot access an education, to those who are hungry, and to those who are homeless.

In closing I want to thank my chairman, RON DELLUMS, along with my colleagues of the CBC for again answering the call of the people, and accepting the responsibility of drafting this very important document. I encourage all of my colleagues, particularly those persons of conscience here in the Congress, to vote for the passage of the CBC fiscal year 1991 "quality of life" budget.

Mr. DELLUMS. Mr. Chairman, I thank my colleague, the gentleman from Illinois.

Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK. Mr. Chairman, I thank our colleague from California who has played an enormously important role in trying to lead this House and educate this country as to the proper allocation of resources, because that is what we are dealing with today.

I envy my colleagues on the other side. They have the perfect political position: nothing whatsoever to defend. By acknowledging that a budget is too hard, they have made their rhetorical job easier. I think they have made their political job harder, but that is where we are.

We now have the budget that has tough choices, and any budget that comes forward, given the deficit, is going to have to have tough choices. The quality of life budget carefully put forward, it seems to me, does a better job of meeting the constraints than any other.

We of course understand that we are talking about a budget which, for example, mandates cuts in certain programs, but does not by its terms compel those cuts. It deals in broad categories. It defers, as this House has always deferred, to the expertise of the substantive committees. No budget dictates the specifics. The budgets do allocate resources, none having done nearly as good a job as this one.

We have had, fortunately, in the man who has been leading the debate here on behalf of the CBC and the quality of life budget, the gentleman from California [Mr. DELLUMS], a senior member of the Armed Services Committee who has the advantage of having been proven correct in a number of areas. I know there are members who say that they do not like to say, "I told you so." Mr. Chairman, I think that is not true.

□ 1530

I think everybody likes to say "I told you so."

Mr. Chairman, I think that is not true. I think everybody likes to say "I told you so." I have personally found it is one of the few pleasures that improves with age.

The gentleman from California and others are entitled to say that now.

Mr. Chairman, this budget makes a radical statement that Hungary, Poland, Czechoslovakia, Bulgaria, East Germany are not going to invade France. That alone saves a large amount of money. Now that may be controversial. If the President's budget had been presented by the Republicans, we would have had a chance to defend France against Hungary, Poland, Czechoslovakia, East Germany, and Bulgaria. But in the absence of that budget, we are going to have to accept the fact that that is not coming.

We had the Secretary of Defense come and say, "By the way, all those B-2 bombers I said I needed, I don't need as many." He violated his own precept, which is, "If you don't want to afford a weapons system, get rid of it, don't stretch it out, pull it up, shake it down, and cost us more money."

This is a budget which begins to address real human needs. We here as representatives of a great country have as our obligation building a strong America. This is a budget that does more to build a strong America than does any other before us because it recognizes the victories we have gained in the military area. It recognizes that freedom has come to Eastern Europe, that it is the Soviet Union which is on the defensive.

I understand many of us are critical of what they are doing in Lithuania. But a country that finds itself at military swords points with an entity that it has long felt was an internal part of itself is hardly, by that reasoning, a stronger enemy. This is a country in serious difficulty.

Even Outer Mongolia has not opted, apparently, for greater democracy. We can probably save $400 or $500 on that alone.

This is a budget which says primarily that the military expenditures of past years are unnecessary in that degree. It leaves us with a military that will be stronger than any in the world. No one can argue that this would leave us vulnerable in any area where our national interest needs to be protected. Instead it frees up resources to meet those needs in housing, in child care. No one, again, can deny that there is a great need.

What this does is it takes President Bush's admirable rhetoric from the 1988 campaign and it makes an honest campaign out of it.

It puts some flesh on those bones. It in fact provides for education and for the environment and for housing and for other areas where the President said he wanted to be helped.

In taxation, it is a relatively small amount over the President. Let us not forget that the President calls for increased taxes in the teens. This calls for somewhat more and in a more progressive way.

But again I want to say Members are entitled under this to vote for this budget as a declaration of allocation of resources and then decide in finding $6 billion more than the President wants in new taxes, how they would do it. I think that the kind of progressive taxation this talks about is quite admirable. But I recognize that we would have it wide open before us.

The fundamental issue here is the allocation of resources. No budget does it as well, and I congratulate its authors.

Mr. FRENZEL. Mr. Chairman, I yield 3 minutes to the distinguished chairman of the Committee on the Budget, the gentleman from California [Mr. PANETTA].

(Mr. PANETTA asked and was given permission to revise and extend his remarks.)

Mr. PANETTA. Mr. Chairman, I take this time to pay tribute to my friend from California [Mr. DELLUMS] and to the work of the Black Caucus for the serious effort that they put into this alternative budget, for the work that they have done, for their willingness to show courage and to provide directions.

I think the greatest satisfaction in this institution, is when an idea becomes reality. That is what is happening today because the Black Caucus, time and time again in the past few years, has argued how important it is not to just simply continue to increase defense spending and to continue to undermine our nondefense areas and our social needs, but instead to begin to find a better balance between our security needs abroad and our security needs within this country.

Time and time again they have been willing to offer those kinds of budgets, sometimes never knowing just how many votes they might or might not have.

But in doing that, they have provided direction and they have provided guidance and they have been willing to show specifics on taxes, on entitlements, on defense, on investments within our own society. Time has now caught up with these ideas. Changes in the world are taking place, and it is clear that the transition in the world is now reflected in the work that we must do.

Even the President talks about a kinder and gentler society.

So the gentleman from California [Mr. DELLUMS], has helped influence his direction and he has most certainly influenced the direction of the Committee on the Budget in the resolution that we bring here.

I am committed out of loyalty to the work of the committee because they worked hard to develop the package that is here. But it does reflect the transition that needs to take place from a cold war economy to a peacetime economy.

I will be loyal to the work of the committee because I think it provides for the gradual change that needs to take place in our society. But in doing that, I also want to pay tribute to the leadership the gentleman from California has provided because he has indeed lighted the path for the committee and for this Nation.

Mr. FRENZEL. Mr. Chairman, in recognition of the outstanding work of the Congressional Black Caucus and its chairman the gentleman from Califorinia, [Mr. DELLUMS], the Republican side is proud to yield to him, in acknowledgement of his work but not in affirmation of its result, 10 minutes.

The CHAIRMAN pro tempore (Mr. MFUME). The gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. Mr. Chairman, I thank the gentleman from Minnesota.

Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Pennsylvania, [Mr. GRAY].

The CHAIRMAN pro tempore. Without objection, the gentleman from Pennsylvania [Mr. GRAY] is recognized for 3 minutes.

There was no objection.

(Mr. GRAY asked and was given permission to revise and extend his remarks.)

Mr. GRAY. Mr. Chairman, we come once again to debate the priorities of our Nation. Where will we make our investments? What will be our values? As one prominent book says, "Where a person's treasure is there will be their heart."

The same thing is true not only of individuals but also of societies. Where we invest our resources tell more about us than all of the rhetoric and all of the reading of our collective lips.

So today, as we are drawing to a conclusion the decisions as to where we will place our values, our direction and our treasure, in fiscal 1991, I rise in support of the Congressional Black Caucus budget and the work that has been presented by its distinguished chairman, the gentleman from California [Mr. DELLUMS].

I do so because I believe that fundamentally we must look forward, not look back, not maintain the past. The President's budget is a maintenance of the past. It is "let's keep things just the way they are."

If you believe that is what is good for America, then you ought to vote for the President's budget. Unfortunately no one wants to present the President's budget for a vote.

However, if you believe that we ought to change priorities because of changing world circumstances, that perhaps we do not need 75 B-2 bombers at a $1 billion per copy, and that perhaps we need to invest more money in education so that we can have a literate, productive work force to compete with the economic giants in the Pacific and in Europe and in the 1990's and on into the 21st century, then you will want a different direction.

If you believe that star wars are more important than star students, if you believe that we ought to be concerned about continuing the weapons systems of the past rather than investing in the infrastructure, then you will stay where you are; you will say "No" to the Congressional Black Caucus; you will say "No" to the Democratic budget as well.

However, I do not think that is where America is. I think most Americans recognize that the world has changed a great deal and that we need to look forward to the future and to look forward to the future we need to invest in the infrastructure, and the Congressional Black Caucus budget does that to the tune of $3 billion more than the President.

We need to fight the war on drugs and crimes. The Congressional Black Caucus puts nearly $1 billion more into law enforcement than this law-and-order administration.

The Congressional Black Caucus says that we ought to do more with regard to health care. So instead of cutting Medicare by $5 billion from our seniors, it puts $5 billion back and goes above that by $500 million to cover additional people in need and in education.

It does not call a summit. It does not set goals. It does not call a summit and set goals and have meaningless rhetoric. It does not have only a 2-percent increase in education for fiscal year 1991 like the President's budget. If we are going to meet the goals of a literate society, let Members put the resources there. So the Congressional Black Caucus budget is $4.2 billion above the President in education.

Mr. Chairman, where is America? Does America want 75 B-2s at $1 billion a copy, or does America want more resources to educate its people and build roads, build bridges, and put people to work? That is what it is about. That is why I am proud to support the substitute offered by the gentleman from California.

The CHAIRMAN pro tempore (Mr. MFUME). The gentleman from California [Mr. DELLUMS] has 7 minutes remaining.

Mr. FRENZEL. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. DELLUMS].

The CHAIRMAN pro tempore. The gentleman from California [Mr. DELLUMS] now has 10 minutes remaining.

Mr. DELLUMS. Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri [Mr. CLAY].

(Mr. CLAY asked and was given permission to revised and extend his remarks.)

The CHAIRMAN pro tempore. Without objection, the gentleman from Missouri [Mr. CLAY] is recognized for such time as he may consume.

There was no objection.

Mr. CLAY. Mr. Chairman, I rise in support of the quality of life budget resolution.

Mr. Chairman, I rise in support of the Congressional Black Caucus' quality of life budget for fiscal year 1991. This budget alternative would reduce the defense budget authority by approximately $42 billion and use this peace dividend for housing, health care, food and nutrition, education and training, environmental protection, veterans services and anti-drug abuse programs.

Today we are facing a critical test of our national resolve. We have entered an era of diminishing superpower aggression and cannot justify the expenditure of billions and billions of dollars on a defense program that's not needed. Mr. Speaker, this Congress must recognize that changing political conditions throughout the world have created a unique opportunity for us to reorder our financial resources to meet the human needs of our society.

The quality of life budget is the only budget alternative which seeks to create a more compassionate America. As we watch the Soviet Union and its allies abandoning communism and adopting democracy, we must put our own democratic house in order.

We have a moral obligation to acknowledge that the future of our great Nation is jeopardized by the dwindling ranks of our middle class. A rapidly growing number of American children live in poverty and an ever increasing number of homeless Americans have little hope of overcoming the economic enslavement of poverty. Our public education system is overrun with problems and our children are finishing school without the life skills necessary to become contributing members of our society. We cannot continue to ignore the desperate social conditions which are responsible for the economic enslavement of a growing half of the American people and which threaten the future strength, stability and prosperity of our great Nation.

Mr. Chairman, I envision a society where the hungry are fed, the homeless are housed and the sick are treated. That's not to much to ask of a government that can spend $200 billion to protect the embezzlers of megabucks from our savings and loan companies and its not too much to ask of a government that spends $500 million for one airplane and a billion and half dollars for a telescope to explore outer space.

Right now we have the opportunity and the resources to provide life support assistance to the helpless, the denied and the deprived. Right now, the debate is about what we are going to do with the "peace dividend."

We have an historic opportunity to reorder our Federal budget priorities and to address the desperate social problems which divide our society into those who have a decent quality of life and those who have no hope of a decent standard of living.

Mr. Chairman, we must seize this opportunity to reaffirm the traditional values of moral leadership. Government, after providing for the general welfare and the national defense exists to do for the people what the people cannot do for themselves. The quality of life budget provides us with the framework to establish policies that guarantee every family an opportunity to live in a decent home and a decent neighborhood. It would establish programs to educate every child to the fullest extent of his or her potential and it would create, through economic policies, jobs for all individuals.

Mr. Chairman, I believe most in this Congress share a vision of a better society and I believe the quality of life budget offers the opportunity to make our dream of a better America a reality. I urge my colleagues to overcome the fear of change, the chaos and the paranoia permeating the halls of Congress—we must seize the dividend of peace to restore the spirit of America by ensuring that all citizens have equal access to the basic necessities of human life.

I urge my colleagues to vote in support of the Congressional Black Caucus' quality of life budget proposal.

Mr. DELLUMS. Mr. Chairman, I yield myself the balance of my time.

First, let me thank the distinguished gentleman on the other side of the aisle for his generosity. I am deeply appreciative. It gives me an opportunity to close the debate. Let me also thank the distinguished chairman of the committee, my friend from California [Mr. PANETTA], for his very kind and generous remarks. I appreciate both of these gentlemen's integrity and their courage in their convictions. Let me finally thank all of my colleagues who assisted in presenting the Congressional Black Caucus budget to this Nation.

In closing and bringing the debate to an end, let me make a few observations. Mr. Chairman, we indicated in our opening remarks that this budget is framed in competence, framed in compassion, and framed in integrity. Mr. Chairman, no Member here has questioned the competence of the Congressional Black Caucus' budget. As a matter of fact, a number of our colleagues on both sides of the aisle, irrespective of political ideology, complimented the competence of the Congressional Black Caucus' budget. Mr. Chairman, no one has challenged the compassion of the Congressional Black Caucus' budget. As a matter of fact, a number of our colleagues on the other side of the aisle spoke eloquently to the compassion of the Congressional Black Caucus' budget.

We have said this is not a black budget, though we recognize that pain and human misery is acutely felt in the black condition in people who are intelligent people. We recognize it is not exclusive of the black condition. Human pain and human misery cuts across all the lines that divide people in this country—black, brown, yellow, red, and white. This budget, as a human budget, is a national budget that embraces the realities of this Nation.

Finally, in that regard, no Member has questioned the integrity of the Congressional Black Caucus' budget. Where people have challenged has been on our analysis on the substantive issues. Even there, only on the fringe, only on the fringe. Mr. Chairman, no Member has said we should not expand the social programs and create new initiatives. It is just some people lack the courage and the will to do it.

Mr. Chairman, with respect to fashioning a new foreign/military policy, not rooted in the obsolete ideas of the cold war, but rather the emerging new realities, the Congressional Black Caucus has the courage to do just that. No one really wants to question that. But those who did said that "We think that the Black Caucus' budget does not address the real world." I wrote that down because I wanted to comment to it. The real world, Mr. Chairman, we will talk about. The real world, the Berlin Wall no longer exists. The real world, Communist governments crumbled in Eastern Europe. The real world, East Germany and West Germany are uniting. The real world, Warsaw Pact impotence, if not nonexistent as a military entity. The real world, all these things happened not because of B-2s and MX's and Trident submarines and Midgetmen, but happened because of the power of ideas, people's commitment to take charge of their destiny, people's desire to move beyond tyranny that had nothing to do with this madness. Mr. Chairman, that is the real world. The real world, American people in my humble opinion want peace, want nuclear disarmament. In the real world, American people know we do not need 132 B-2 bombers, $91 billion means 132 were not sacrosanct.

Think about this, Mr. Chairman: if every person thinks we are never going to use nuclear weapons, the B-2 bomber is Stealth, that means we cannot see it. If we cannot see it, and we do not want to use it, why not tell the Russians we built 132? Hell, if we can not see it, nobody knows if we are lying, and we can take the money and go on and build America.

The real world, Mr. Chairman, the real world: MX missiles and Midgetmen, "The United States will be vulnerable to Soviet attack by the mid to late 1980's." Here we are in the 1990's, and we have not been attacked by the Soviet Union, have no mobile missile system, land-based, so it is crazy to assume that if the Soviet Union is having the tattoo without it, that some kind of way they will tattoo onto building it. But what do we do once we build, go to the table, go to the brink, back from the brink of disaster? We do not get the millions we wasted.

Real world, hundreds of our children are dying in every major metropolitan city in this country because of drugs and violence related to it. In the real world, we are not fighting drugs. In the real world, 13 million children live in poverty in America. What does it say about a nation that is more committed to building smart nuclear bombs than evolving an intellectual, smart generation of young people? What does it say, Mr. Chairman, in the real world, about a nation that is not committed to providing our young children resources from the fragile stage of the beginnings of life? The real world, there are 10 million black Americans living in poverty, millions of white persons living in poverty, millions of brown Americans, red Americans living in poverty. In the real world, there are millions of people living on the streets in America. We ought to be ashamed of ourselves. The wealthiest Nation, in a nation where we spend $300 billion a year, we can ride home and see people eating out of garbage cans. I cry, Mr. Chairman, every time I see it, because in the real world, I feel pain. I did not come here as an IBM machine. I came here to fight, to fight to change the reality.

I have been saying to Members for 20 years, "the Russians are not coming, the Russians are not coming, the Russians are not coming." But I made a mistake. A few weeks ago they came—not in the spirit of war and violence, but in the framework of peace, and the desire to exchange ideas. Why do we need to build all these weapon systems? We just celebrated Earth Day. Now we want to build more bombs that have no other function but to destroy human life on this planet? What does it say about a nation that threatens its own children with nuclear war, threatens its children with tragic priorities while we march off trying to challenge some abstract enemy that is there trying to feed their minds and feed their people?

Then we hear the Secretary of Defense saying the Director of the Central Intelligence Agency is wrong because he said that what is happening in Eastern Europe and in the Soviet Union is irreversible. It sets logic on its head, when the Secretary of Defense gets angry at an objective analysis of the threat of the world, who is having problems selling a $300 billion military budget to Congress, which means it is about politics.

Mr. Chairman, in the real world there is pain. There is a need to change in the real world, Mr. Chairman. We have a few moments. Maybe that little 5, 10, or 15 minutes that Andy Warhol said that we "have on center stage," this Congress has that few moments when we can redirect the priorities of this Nation. Millions of Americans and people need it. We think American people care we tax the wealthy? Do we think American people care if we cut some of the military budget? I think not. I think the American people do want Members to engage in new priorities. They want their children educated, want affordable housing, because oxymoron—something is wrong. If we don't know what oxymoron means, it is a phrase that connotes apparent contradiction. I used to use rightwing intellectuals as my example of oxymoron, but now I use "affordable housing," because in America, the children cannot afford it. Kids are living at home, people living together, people living on the street. But we are busy marching off, building B-2's. There is something wrong in our society when we can find money to house the MX but cannot find money to house children, to house people in America. This budget is no flaming extreme budget.

□ 1550

We have been saying for 20 years that the world is changing. You wrote us off as the radical extremists of the 1970's. Then we were the ultraprogressive liberals of the 1980's. Well, we are here to tell you we are mainstream America in the 1990's, but not because we changed. The world has changed.

And I will say to my colleagues we have to change. No one really engaged us in debate here. People complimented us, patted us on the head and said, "You did a great job." Well, if we did, the proof of the pudding is in the eating.

Vote for it. We do not need your rhetoric. Vote for it because it is real. We do not need your rhetoric. Vote for it because America needs it. We do not need your rhetoric.

Yes, we did a competent job because we went about it competently. Yes, we did a compassionate job because we went about it caring about people. And, yes, we are not surrendering this Nation because anybody who thinks that a $279 billion military budget in some way is a surrender of America is living in an absurd world. I do not see the Soviet Union running across the central path of Europe. I do not see them coming to the United States, because they know what we know. We are all crazy enough to put these triggers under certain circumstances that would annihilate human life on this planet.

Our future does not lie in technology and nuclear weapon capability but in our commitment to peace and in our commitment to human beings.

Finally, Mr. Chairman, I have been here almost 20 years, and I have said on more than one occasion that I believe our responsibility is to the future. I am concerned about a world I will never see, the world of the children, the world of the future, the world of the tomorrows. Too many of us in this body are concerned about the world of today and the world of the next election. I am concerned about turning over the world to my children and my children's children. That is the world I want to see. That is the world that is included in this budget.

Mr. Chairman, I say to the Members, dignify us. Dignify America. Dignify the work we have done. Vote for the Congressional Black Caucus budget. Vote for an investment in America and an investment in the future of this country and the future of the world.

Mr. SCHEUER. Chairman, Time and events have placed our colleague, RON DELLUMS, in an environment where he appears a true moderate, if not actually a conservative, in the context of recent events that have taken place in Europe. The Baltic States are rushing, not walking, to the nearest exit. The Communist States of Eastern and Central Europe have abandoned communism and are opting for multi-party democracy in a domino effect, the likes of which no one could have imagined a year ago. The Warsaw Pact has absolutely disappeared from the firmament as a practical matter. And even in the Soviet Union there are ominous rumblings of independence coming from the Ukraine.

Mr. Chairman, LEE HAMILTON and I chaired a long hearing of the Joint Economic Committee last week with three experts on the Soviet Union who testified that the Soviet Union has commenced what they described as a free-fall depression. Literally, they told us the Soviet economy is falling apart. They predict widespread famine. They predict violent consumer demonstrations for food and other basic consumer products. Mr. Gorbachev's prospects of holding the very basic fabric of life together, the very basic essentials of an orderly society together, seem questionable. All of his efforts and those around him must be, it seems to me, devoted to avoiding these stark, harsh predictions made by two distinguished Soviets, one of whom is a Member of their Parliament, who also joined in predicting violent demonstrations for the basic necessities of human life. The suggestion, with the Soviet economy and society balanced at the edge of a precipice, that at this point in time Mr. Gorbachev and his generals could conceivably contemplate a major nuclear confrontation with the United States is utter fantasy.

We do have a security problem, Mr. Chairman. Our security problem is kids who can't read, write, and count; workers who are functionally illiterate and not very productive; a society that is far from competitive with our main competition in Europe and Asia; a society that spends 50 percent more on health care than any of the other industrialized democracies, yet still ranks 19th in infant mortality. We still exclude 37 million Americans from the health-care system. We still fail to provide senior citizens with long-term care and catastrophic care. A society where the infrastructure—roads, bridges, tunnels, sewer systems, water systems—are falling to pieces before our eyes.

Mr. Chairman, these are the problems the Soviets are looking forward to; this is not what our great Country should look forward to. The Black Caucus Budget is a reasonable first step in reordering our priorities so as to direct our resources where they belong in rebuilding our country and establishing the quality of life we deserve.

I commend my colleague, RON DELLUMS, whose proposals may have seemed outlandish and "outleftish" in past years, but this year seem to me to be eminently practical, doable, and appropriate. Indeed, to continue the bloated level of military expenditures that the administration budget calls for—including $5.5 billion for the B-2 bomber, $4.7 billion for star wars, $2.2 billion for rail-mobile MX missiles, $1.75 billion for the Trident II missile and $1.4 billion for yet another unneeded Trident Submarine—to me is the height of absurdity and an outrageous squandering of precious resources that are desperately need in the civilian sector of our society.

Mr. DIXON. Mr. Chairman, I rise today in enthusiastic support of Mr. DELLUMS' substitute amendment to the congressional budget resolution for fiscal year 1991 House Concurrent Resolution 310. I am proud to join my colleagues in the Congressional Black Caucus in endorsing this amendment.

When Ronald Reagan first addressed the Congress in 1981, he challenged those who opposed the impending policies of Reaganomics to devise an alternative which offers a greater chance of balancing the budget, stimulating the creation of jobs and reducing inflation. The CBC has responded annually with sound, innovative budget proposals which address the needs of this Nation with pragmatism, compassion and integrity. This year is no exception. Like its predecessors, the alternative budget proposal fashioned by Mr. DELLUMS and the CBC for fiscal year 1991 offers sensible and humane alternatives to the skewed fiscal priorities that have heaped pain and neglect upon our Nation's most vulnerable and disadvantaged citizens over the past decade.

The Dellums amendment proceeds from the belief that a major reordering of priorities must occur if the United States is truly to emerge a kinder and gentler nation in the 1990's. The substitute recognizes that recent developments in Eastern Europe and within the Soviet Union have dramatically altered the geopolitical landscape and warrant serious reconsideration of current military spending levels. It further recognizes that these long-awaited changes present our Nation with a tremendous opportunity to revitalize critical domestic programs which have withered during a decade of rampant defense overspending.

Accordingly, the Dellums substitute proposes $23.7 billion more in defense spending cuts than the Bush budget. This peace dividend is part of $45.1 billion in total revenues to go toward reducing the deficit and breathing new life into non-military programs of benefit to middle- and low-income Americans. Nearly $20 billion will be raised through progressive new revenue measures designed to restore equity to America's tax structure. The Dellums substitute proposes temporary tax increases for the wealthiest individual and corporate taxpayers, the primary beneficiaries of Reagan era tax reform.

This combination of defense savings and progressive revenue measures allows the CBC to commit $33.2 billion more than the Bush budget for nonmilitary spending, while still achieving greater deficit-reduction than the Bush budget. The substitute meets Graham-Rudman requirements for fiscal years 1991 and 1992 and produces a surplus in fiscal year 1993.

The CBC calls for a halt to the continued Reagan/Bush assault on Medicare, rejecting the Bush administration's proposed $5.5 billion in Medicare funding reductions. Moreover, the CBC supports the recommendations of the Pepper Commission and calls for the creation of a national health policy which provides full health coverage for the 37 million Americans who lack insurance and which addresses the needs of minorities, the poor, and other underserved groups.

The Dellums amendment increases support for education and job-training training programs, including Head Start and programs for education of the handicapped. It supports the creation of youth-incentive, employment, dropout prevention, and anti-gang violence programs, and increases funding for sorely needed programs in drug education and treatment.

The CBC provides funds for the expansion of the supply of permanent, affordable low- and moderate-income housing, and preserves Federal support for public housing rehabilitation and construction. It increases funding for agriculture, energy conservation and the development of alternative and renewable energy sources; and provides increased assistance to emerging democracies in Europe, Africa and the Caribbean, including enactment of the Mickey Leland African and Caribbean Development Act.

Mr. Chairman, no single document offers a more candid statement of our national priorities and values than the Federal budget. For 10 years, the Federal budget has manifested an obsession with military spending and production that defies rational justification. For 10 years, our Nation's wealthiest individuals and corporations have reaped the benefits of targeted tax rate reductions. For 10 years, we have watched the inevitable consequences of these policies materialize in the form of massive deficits and the deterioration of domestic programs. And, for 10 years, the disadvantaged of this Nation have paid the price.

America can no longer afford to spend huge sums of money on unnecessary weapons and to indulge the whims of the wealthy at the expense of those who lack adequate food, housing, clothing, and opportunities for quality education and employment. It is imperative that our Nation seize this momentous opportunity to set its priorities straight. I submit that the Dellums amendment offers a sensible and feasible plan for doing so, and that it deserves the careful consideration and support of this body.

Mr. STOKES. Mr. Chairman, the amendment we have before us today is the Congressional Black Caucus' alternative to President Bush's proposed fiscal year 1991 budget. This alternative budget would emphasize large reductions in Defense budget authority and meet the Gramm-Rudman-Hollings deficit target of $64 billion in 1991. While the CBC had hoped that the Bush administration would discontinue the inequitable budget policies of its predecessor, the administration's proposed fiscal year 1991 budget would increase military spending by $7 billion while calling for well over $20 billion in social program reductions. Therefore, the CBC crafted its own budget plan.

The resolution proposed by the House Budget Committee is a vast improvement over the President's budget. However, the members of the Congressional Black Caucus feel that it is possible to find additional funds for critical domestic programs. The CBC alternative budget would realize a peace dividend by reducing the military budget by 7.8 percent in outlays and 15.5 percent budget authority from the fiscal year 1990 level. It also raises new revenues through tax equity measures, which would eliminate the unfair tax rate enjoyed by those with the very highest incomes. Under the CBC budget, we can begin to redirect our Nation's priorities toward preparing our citizens for the 21st century.

We must recognize this country will be ill prepared to enter the 21st century if millions of our children are in poor health, or cannot read or write well enough to function in our increasingly high-tech world, or they have fallen victims to drug abuse. In the year 2000, one-third of the new entrants to our work force will be minorities. We are not currently meeting the health and educational needs of minorities and the disadvantaged. If we expect to remain a competitive force in the global economy, we cannot ignore what will soon be one-third of our Nation. These are the truly important challenges our national budget must focus upon.

The alternative budget focuses on these major objectives: expanding educational and training opportunities for disadvantaged, minority, and handicapped persons; providing full health coverage to all Americans; renewing the Nation's commitment to providing income, housing, and food for low-income Americans; fully funding urban, rural, and area development programs to combat economic displacement; and supporting full funding of the Social Security Program, rejecting any effort to limit COLA's to retirees and disabled persons. This alternative budget calls for substantially more funding than does the President's budget in the areas of education, housing, health, training and food assistance, all of which represent the central focus of the CBC.

In addition to providing full funding for critical existing programs, such as Head Start and education for the handicapped, the alternative budget would also support a number of initiatives that would improve the quality of life for millions of Americans. The alternative budget that we are presenting here, consistent with the Pepper Commission recommendations, rejects the notion that the Nation has insufficient resources to meet the health needs of its citizens and calls for the creation of a national health policy focused on prevention and improvement of the Nation's well-being. Our alternative also supports a major new initiative to create educational research and development districts and an intensive education extension program for at risk students. These are just a few examples of programs the CBC would like to see funded in fiscal year 1991.

My colleagues and I have heard from many of our constituents who demand to see greater priority given to important domestic programs. I am sure that many of you have heard from your constituents as well. I urge you to vote for the budget that would provide the highest quality of life for our citizens. Vote for the CBC alternative budget.

Mr. DELLUMS. Mr. Chairman, I yield back the balance of my time.

Mr. FRENZEL. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from California [Mr. DELLUMS].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. FRENZEL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 90, noes 334, not voting 9, as follows:

[Roll No. 88]

AYES—90

Akaka
Atkins
AuCoin
Bates
Berman
Boggs
Boxer
Brown (CA)
Clay
Conyers
Coyne
Crockett
DeFazio
Dellums
Dixon
Durbin
Dymally
Early
Edwards (CA)
Espy
Evans
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank
Gonzalez
Gray
Hawkins
Hayes (IL)
Hoyer
Jacobs
Johnson (SD)
Jontz
Kastenmeier
Kennedy
Kildee
Kostmayer
Lehman (CA)
Lehman (FL)
Levine (CA)
Lewis (GA)
Lowey (NY)
Markey
Martinez
Matsui
McDermott
Mfume
Miller (CA)
Mineta
Moakley
Moody
Nagle
Neal (MA)
Nowak
Oakar
Oberstar
Owens (NY)
Payne (NJ)
Pelosi
Perkins
Rangel
Roybal
Sabo
Savage
Sawyer
Scheuer
Schroeder
Schumer
Serrano
Sikorski
Slaughter (NY)
Solarz
Stark
Stokes
Studds
Torres
Towns
Traficant
Traxler
Udall
Vento
Walgren
Washington
Waxman
Weiss
Wheat
Williams
Wyden
Yates

NOES—334

Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Armey
Aspin
Baker
Ballenger
Barnard
Bartlett
Barton
Bateman
Beilenson
Bennett
Bentley
Bereuter
Bevill
Bilbray
Bilirakis
Bliley
Boehlert
Bonior
Borski
Bosco
Boucher
Brennan
Brooks
Broomfield
Browder
Brown (CO)
Bruce
Bryant
Buechner
Bunning
Burton
Bustamante
Byron
Callahan
Campbell (CA)
Campbell (CO)
Cardin
Carper
Carr
Chandler
Chapman
Clarke
Clement
Clinger
Coble
Coleman (MO)
Coleman (TX)
Combest
Condit
Conte
Cooper
Costello
Coughlin
Courter
Cox
Craig
Crane
Dannemeyer
Darden
Davis
de la Garza
DeLay
Derrick
DeWine
Dickinson
Dicks
Donnelly
Dorgan (ND)
Dornan (CA)
Douglas
Downey
Dreier
Duncan
Dwyer
Dyson
Eckart
Edwards (OK)
Emerson
Engel
English
Erdreich
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flippo
Frenzel
Frost
Gallegly
Gallo
Gaydos
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gillmor
Gilman
Gingrich
Glickman
Goodling
Gordon
Goss
Gradison
Grandy
Grant
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hancock
Hansen
Harris
Hastert
Hatcher
Hayes (LA)
Hefley
Hefner
Henry
Herger
Hertel
Hiler
Hoagland
Hochbrueckner
Holloway
Hopkins
Horton
Houghton
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Inhofe
Ireland
James
Jenkins
Johnson (CT)
Johnston
Jones (GA)
Jones (NC)
Kanjorski
Kaptur
Kasich
Kennelly
Kleczka
Kolbe
Kolter
Kyl
LaFalce
Lagomarsino
Lancaster
Lantos
Laughlin
Leach (IA)
Lent
Levin (MI)
Lewis (CA)
Lightfoot
Lipinski
Livingston
Lloyd
Long
Lowery (CA)
Luken, Thomas
Lukens, Donald
Machtley
Madigan
Manton
Marlenee
Martin (IL)
Martin (NY)
Mavroules
Mazzoli
McCandless
McCloskey
McCollum
McCrery
McCurdy
McDade
McEwen
McGrath
McHugh
McMillan (NC)
McMillen (MD)
McNulty
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Mollohan
Montgomery
Moorhead
Morella
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal (NC)
Nielson
Obey
Olin
Ortiz
Owens (UT)
Oxley
Packard
Pallone
Panetta
Parker
Parris
Pashayan
Patterson
Paxon
Payne (VA)
Pease
Penny
Petri
Pickett
Pickle
Porter
Poshard
Price
Pursell
Quillen
Ravenel
Ray
Regula
Rhodes
Richardson
Ridge
Rinaldo
Roberts
Robinson
Roe
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Russo
Saiki
Sangmeister
Sarpalius
Saxton
Schaefer
Schiff
Schneider
Schuette
Schulze
Sensenbrenner
Sharp
Shaw
Shays
Shumway
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter (VA)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (VT)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solomon
Spence
Spratt
Staggers
Stallings
Stangeland
Stearns
Stenholm
Stump
Sundquist
Swift
Synar
Tallon
Tanner
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Thomas (WY)
Torricelli
Unsoeld
Upton
Valentine
Vander Jagt
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Watkins
Weber
Weldon
Whittaker
Whitten
Wilson
Wise
Wolf
Wolpe
Wylie
Yatron
Young (AK)
Young (FL)

NOT VOTING—9

Ackerman
Collins
Dingell
Leath (TX)
Lewis (FL)
Nelson
Rahall
Ritter
Smith (FL)

□ 1615

Mr. COLEMAN of Missouri and Mr. VOLKMER changed their vote from "aye" to "no."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The gentleman from Minnesota [Mr. FRENZEL] has announced he would not offer the fourth amendment.

Pursuant to the order of the House of earlier today, the gentleman from California [Mr. PANETTA] will be recognized for 15 minutes and the gentleman from Minnesota [Mr. FRENZEL] will be recognized for 15 minutes of general debate.

The Chair recognizes the gentleman from California [Mr. PANETTA].

□ 1620

Mr. SCHUMER. Mr. Chairman, I ask unanimous consent that the Frenzel amendment, the Bush budget, be placed on the floor so that we all might have an opportunity to vote on it.

Mr. Chairman, I think this is an important issue. The President has submitted a budget to us. At the very least, he deserves to be heard, and if none of my colleagues on the other side of the aisle will offer it, I would like to offer it simply so that we might get a referendum and see where that budget lies. Maybe it is a better budget than our budget. Members of this House will see.

Mr. Chairman, I ask unanimous consent to have the opportunity to offer that budget simply as a way to measure how much support the budget has on both sides of the aisle.

The CHAIRMAN. The Chair would inform the gentleman from New York [Mr. SCHUMER] that the Chair cannot entertain such a request in the Committee of the Whole. It would be inappropriate to do so. It would constitute a change in the rule, House Resolution 382, previously adopted by the House. The gentleman from California is, therefore, recognized.

Mr. SCHUMER. I thank the Chair.

Ms. KAPTUR. Mr. Chairman, I rise in strong support of House Concurrent Resolution 310, the budget resolution for fiscal year 1991. I commend Chairman PANETTA for his fine leadership in crafting a budget that protects America's economic integrity and begins to rebuild America for the 21st century.

The budget resolution, unlike the Bush administration budget, provides a 5-year plan to fully balance the budget wtihout relying on the Social Security trust fund to mask the true dimensions of the Federal deficit. The budget plan results in $497 billion in gross deficit reduction and $382 billion in net deficit reduction between 1991 and 1995. Net deficit reduction is greater than that in the President's budget in each year. The budget resolution's plan to operate under a pay as you go system will result in interest rates dropping as the Government reduces borrowing huge sums of money from private domestic and foreign sources to finance its spending. A sufficient pool of capital will be released to the private sector to stimulate investment and advance productivity.

The reordering of priorities within this budget ceiling to invest in technology and the people to apply and advance that technology lays the foundation to rebuild America's economic competitiveness. The budget resolution's investments in economic competitiveness and adjustment initiative invests $2.8 billion more than the President's budget in programs to rebuild the competitiveness of the U.S. economy in cooperation with the private sector. Where the President's budget tears down, the budget resolution rebuilds.

The Federal Government's investment in basic and applied research and development is increased, particularly in new technologies that can be commercially applied—in manufacturing, in medicine and health research, and other industries of the future. Expanded trade and export opportunities for U.S. businesses are supported in this budget. Resources are also targeted to people and communities adjusting to economic dislocation. Education and retraining are emphasized, especially for laid-off and dislocated workers. The Government's commitment to math and science education at the elementary and university levels is deepened with the additional funds contained in this budget.

The budget resolution's investment in people is reflected in the $800 million increase above the baseline for the Job Training Partnership Act, the Community Development Block Grant Program, the Economic Development Administration, the Farmers Home Administration, and Vocational Education. These funds will be used to rebuild the lives of individuals and communities coping with economic dislocation. The funds will help dislocated workers adjust to the global nature of today's economy and educate a new generation of workers who have the knowledge and skills to further America's leadership in the international marketplace. The Bush budget, in stark contrast, provides $2.1 billion less than the budget resolution—$351 million less than the baseline—for these programs. Where the Bush budget tears down, the budget resolution rebuilds:

The budget resolution contains a $300 million increase above the baseline to assist dislocated workers through the Job Training Partnership Act. This increase will assist approximately 170,000 dislocated workers who are stripped of their jobs and do not possess skills that are transferable to another occupation. The Bush budget requests $302 million less than the baseline—and $600 million less than the budget resolution contains—for dislocated workers. Rather than trying to rebuild the lives of dislocated workers so that they can again contribute to society in a productive manner, the President leaves them high and dry.

The budget resolution increases funding for important vocational education programs by $140 million over the baseline. This increase will be used for the Tech Prep Program and will result in the training of thousands of additional technicians. The budget resolution contains $169 million more than the President's budget for vocational education programs.

The budget resolution's investment in individuals is augmented with initiatives that alleviate the domino effect experienced by entire communities when plants or industries shut down or relocate offshore. The $200 million increase above the baseline for the Community Development Block Grant will be used to assist communities in finding alternative uses for existing industrial facilities, making infrastructure improvements, and carrying out other economic development projects to create new job bases for low- and middle-income workers. Funding for the Economic Development Administration is increased by $77 million above the baseline to assist communities threatened by sudden and severe economic dislocation. The Budget Committee recognizes the need to provide timely and adequate resources to assist communities such as those affected last year by Hurricane Hugo and the Loma Prieta earthquake. Apparently President Bush thought the Federal Government's response last year was more than sufficient as his budget cuts the Economic Development Administration's budget to $26 million below the baseline. The budget resolution also increases funding for rural development programs so that the Farmers Home Administration can provide grants and loans to communities to improve facilities, expand industrial development, and initiate water and waste disposal programs. Again, the President cuts assistance to needy communities to the tune of $78 million below the baseline for rural development programs.

The budget resolution recognizes the importance of educating tomorrow's work force in the areas of math and science. The resolution increases the National Science Foundation budget by $215 million above the baseline next year and doubles its budget over the next 5 years for investment in basic research and the scientific personnel infrastructure of the Nation. Part of the increase for the National Science Foundation reflects the committee's belief that science engineering education program investments are needed to raise the ability of our population to cope successfully with our new national economic challenges. Funding for the Department of Education math and science education programs are also increased in the budget resolution.

The budget resolution recognizes that the Nation's budget and trade deficits are inextricably linked. Although elimination of the budget deficit will lead to a lowering of the trade deficit, the Government must also enforce its trade laws to eliminate other nations' unfair trade practices and create export opportunities for U.S. businesses. The budget resolution enhances export opportunities through a $125 million increase over the baseline for Eximbank's direct loan program and a $125 million increase over the baseline for Eximbank loan guarantees to assist businesses in tapping new markets in Central and Eastern Europe. The President's budget makes no special provision for the Eximbank to target funds for the newly emerging democracies in Central and Eastern Europe struggling to make the transition to market economies. Although President Bush certainly was eager to see the governments in Central and Eastern Europe fall, he has not followed through with initiatives that involve our private sector in rebuilding their fragile economies. Further, the budget resolution contains $7 million above the baseline for the foreign commercial service. Until the United States adequately staffs its foreign embassies in Japan and other important trading nations, domestic industry will be unable to penetrate markets, expand United States exports, and forge new trading relationships.

The budget resolution reflects the committee's belief that national security is synonymous with economic security. It also recognizes the synergy between reliable modern defense technologies and an industrial base that is up-to-date and technologically innovative. The committee supports research into generic technologies that will insure defense-preparedness and simultaneously rebuild and strengthen the manufacturing and high tech industrial base on which our economy depends. The Bush budget continues to pour increases into the military budget but refuses to acknowledge the great potential for commercialization of defense technology.

The budget resolution provides $281 million more than the President's budget in Function 050 for Defense Advanced Research Projects Agency [DARPA], including $100 million for

Sematech, the collaborative semiconductor research and development initiative, $25 million for the National Center for Manufacturing Sciences, and a $20 million increase for high resolution information systems research. As the threat to our national defense lessens, it is imperative that the Department of Defense invest in dual use technologies. Investing now in dual use technologies will ease the economic dislocation that will be the inevitable result of downsizing the defense budget. The administration's defense budget request, coupled with the recent decision to remove Craig Fields as the director of DARPA, illustrates the President's inability to envision a new world outlook which emphasizes economic, rather than military, competitiveness.

The budget resolution also invests in technology development and transfer programs that are administered outside of the Defense Department. The resolution contains $76 million above the baseline, $51 million more than the President's budget, for the National Institute of Standards and Technology. The advanced technology program, within the National Institute of Standards and Technology, will receive an increase of $37 million above the baseline. An additional $2 million is provided for the technology extension service, a program the President proposed to eliminate. The technology extension service will give businesses access to a cooperative Federal-State network of information which will allow efficient dissemination of technology. The resolution also contains $11 million beyond the baseline for research support centers. Each region of the Nation will ultimately have a resource center for technology tailored to meet the needs of industries operating within it. In addition to these increases, the budget resolution provides $75 million in loan guarantees so that the Small Business Administration can target technology development loans to small businesses.

Where the Bush budget tears down the manufacturing base of our Nation, ignores the plight of displaced workers and struggling communities, and fails to shift its emphasis from military preparedness to economic security, the budget resolution invests in initiatives to rebuild America. The resolution's investments in economic competitiveness and adjustment initiative lays out a path for America to follow to invest in people and technology in order to regain America's economic sovereignty and meet the challenges of the 21st century.

Mr. HUGHES. Mr. Chairman, I rise today in support of the budget resolution as prepared by my distinguished colleagues on the Budget Committee. They have done an excellent job of responding to the budget crisis facing this country. This resolution puts us on a path towards a real balanced budget by fiscal year 1996, and it does a much better job of addressing urgent domestic needs than the President's budget proposal did.

But in all honesty, Mr. Chairman, I must say that while this resolution makes tremendous strides over the President's proposal and sets a positive course for the future, it does not squarely address the pressing needs to our country. The huge Federal deficit continues to keep real interest rates high and the amount of capital available to American businesses low. Mr. Speaker, the time has come to say to the President, "Read our lips—no new borrowing." While the President talks of economic growth and no new taxes, taxpayers are paying indirectly for an unwise if not potentially disastrious fiscal policy. As the national debt goes shooting past the $3 trillion mark, the interest Americans pay on their mortgages, their credit cards and their car loans remains ridiculously high.

In addition, the President's concern for the capital available for private investment suddenly disappears when the conversation turns from tax breaks to Federal borrowing. We are doing this country a great disservice if we do not admit that the greatest competitive advantage that Japanese and other foreign companies have is that their governments haven't borrowed every last dime that should be available for investment. What does this mean? It means that a decade of deficit spending is depriving American companies of investment capital, American workers of new opportunities, and the American economy of the growth that it should be experiencing. There is no free lunch, and now there is quite a tab to pay.

The budget resolution before us is a good first step towards the fiscal conservative notion of paying your bills, a departure from the recent ideological conservative notion of leaving them for future generations. It, unlike the President's budget, recognizes that our national security is being endangered, rather than enhanced, by wasteful and excessive defense spending. The budget resolution calls for responsible limits on defense spending, now and in the future. This aspect is one of the budget's strong points, although I am concerned that the first year reductions will prove to be difficult to achieve.

Another positive aspect of this budget resolution is a provision to restore the meaning of the term trust fund as it applies to the Social Security system. Right now we are spending that surplus on other things, along with surpluses in the aviation and highway trust funds, because neither we nor the President has had the courage to face up to the deficit. We know that these funds are needed for the purposes they were collected—our roads and bridges are falling apart, our air traffic control system is overwhelmed, and Social Security offices do not have enough employees to adequately administer the program—but these facts have not stopped the diversion of trust fund monies for other uses.

Senior citizens will be better off under the committee's proposal, since it cuts Medicare by $4 billion less than the President proposes. However, even the $1.7 billion in the committee resolution may be too high, and I am concerned about hospitals who have repeatedly seen their Medicare funds slashed.

In addition to these concerns, I have reservations about other provisions in the resolution. We know that the economic assumptions used in this budget were overly optimistic even when the President included them in his budget proposal back in February. The President's office of smoke and mirrors, alias the Office of Management and Budget, has criticized the Budget Committee for using these assumptions since the recent economic trends have indicated that the deficit will be significantly larger than forecast. In OMB's fit of courage and responsibility, however, they somehow forgot to supply Congress with a proposal as to how they would adjust the President's budget to make up for the increased deficit.

In addition to optimistic economic assumptions, the Budget Committee also borrowed the optimistic revenue/user fee figures from the President's budget. Although this resolution does not contain specifics on some of these counts, the President's budget includes many questionable revenue sources. For example, I do not expect a Coast Guard user fee to be passed to begin with, and even if it is, I doubt it will raise $200 million in real money.

Finally, while I firmly support aid to emerging democracies in Eastern Europe and Central America, I feel strongly that we must cut spending in other areas to provide such aid. The $1.3 billion increase in foreign assistance provided for in this budget seem high at a time when we appear to be headed toward another Gramm-Rudman sequestration.

As anyone can see, this resolution is far from perfect. However, it is a better budget than the President's proposal, and one that puts us on the right course. Without Presidential leadership and/or a bit more honesty from the Office of Management and Budget, it is probably the best budget anyone could have produced. I hope that the administration will be a little more realistic about our economy in the future and join us in working out the details of a budget that addresses this country's needs while staying within the Gramm-Rudman limits on the deficit.

Mr. SYNAR. Mr. Chairman, today I plan to support the fiscal year 1991 budget resolution. While the resolution is not a perfect solution to all budget issues, it begins to redistribute national resources from military spending to domestic priorities while maintaining U.S. national security interests. Most important, the resolution diagrams a complete budget plan for the future. Over 5 years, the budget achieves deficit reduction of $487 billion and does so without using the Social Security surplus. The amount of deficit reduction for 1991 is even more than that proposed by President Bush.

My major concern with the budget resolution is that it accepts the economic forecasts of the administration. While I am concerned that the prospects for economic growth are overly optimistic, I am willing to go along with the Office of Management and Budget [OMB] assumptions for 1 year as the OMB is mandated by law to determine the 1991 deficit reduction. I am happy to see that the more realistic assumptions of the Congressional Budget Office are used in the following 3 years.

This budget resolution does go a long way toward a "pay-as-you-go" approach to budgeting. On a long-term basis, the budget moves toward removing the Social Security trust fund from the deficit calculations. I have endorsed legislation both to return to "pay-as-you-go" and to repeal Gramm-Rudman. The resolution moves toward that goal by reducing the budget and accounting tricks so common in past years.

The resolution does contain major program cuts, but they are implemented in a more equitable fashion than those proposed in the administration's budget. In light of the dissolution of the Warsaw Pact and the greatly diminished Soviet threat, defense spending is reduced gradually, with approximately $18.6 billion cuts in budget authority. Medicare is cut $1.7 billion as compared to $5.5 billion under the President's budget. Other savings in mandatory and entitlement programs will save $3.8 billion. There are increases in other domestic initiatives which will go a long way toward repairing the damage done over the past 10 years and to rebuilding the social infractructure of society. Finally, the resolution includes full cost of living adjustments [COLA's] for Federal, civilian military retirees and employees, which are not included in the President's budget.

Finally, the budget assumes that there will be increases in Government revenues of $13.9 billion, the same amount proposed by the President. The resolution leaves these revenue measures to the Ways and Means Committee, where I am convinced they can be implemented. My "Fire Sale" bill addresses the failure of the administration to collect the appropriate market value in selling or leasing Federal assets. According to conservative estimates, between $5-10 billion could be collected simply be implementing good business practices in this area.

Although I did not support the Congressional Black Caucus' [CBC] quality of life budget, I want to commend the CBC for it's work on attempting to reorder our budget priorities. It is my hope that, with continued improvement in United States-Soviet relations, including the ratification of a START agreement, the priorities of the CBC budet will become a reality in the near future.

Mr. KYL. Mr. Chairman, I rise in opposition to the committee budget.

I also have to agree with the decision by our colleague from Minnesota, BILL FRENZEL, not to offer the President's budget for consideration on the House floor today.

It is with some reluctance that I agree with that decision because there are many good things in the President's budget: it provides adequate funding for the national defense, funds a number of important new environmental initiatives, devotes substantial new money toward the drug war, and provides for capital gains reform to name a few.

On the other hand, I think it takes too much money from Medicare, and I do not support the proposed COLA freeze for military and Federal retirees. Moreover, it is based on economic assumptions that are so rosy that the deficit will not be anywhere near the limit established by Gramm-Rudman-Hollings for the year. The Congressional Budget Office has already estimated that the administration's budget will result in a deficit more than twice as high as the $61 billion deficit the administration originally projected.

By the same token, and despite all of the criticism, the committee budget uses the same rosy economic assumptions and some of the same questionable savings that the administration used to put its budget together. The committee slashes defense and will undermine the quality of U.S. forces in terms of people, weapons, training, and readiness.

The committee budget relies on substantial tax increases, a total of $117 billion in higher taxes over 5 years compared to the President's proposed $41.7 billion. Tax increases under either plan will not result in a lower budget deficit. If history is any guide, tax increases will actually lead to more spending and a higher budget deficit. Since World War II, Congress has spent $1.58 for every dollar it has raised.

Mr. Chairman, neither the President's budget nor the committee budget is acceptable. Neither will produce the desired result—the result required by law by Gramm-Rudman-Hollings. I think the time has come for the Congress and the President to convene a budget summit and negotiate an alternative that will make significant reductions in spending. It is time to put an end to the gamesmanship, the smoke and mirrors, and partisanship and get serious.

I urge my colleagues to reject the committee alternative and force both sides to the bargaining table.

Mr. GREEN. Mr. Chairman, today I rise in opposition to House Concurrent Resolution 310, the concurrent resolution on the budget for fiscal year 1991. The proposal is fraught with fudged and unrealistic economic assumptions that fail to address honestly deficit reduction. Once again, the Budget Committee has neglected its constitutional and traditional responsibility with regard to budget matters, a responsibility that is greater than that of the President and the Senate.

Article 1, section 7 of the Constitution provides: "All bills for raising revenue shall originate in the House of Representatives * * *." While there is no similar constitutional provision as to appropriations bills, traditionally those too have originated in the House.

The Federalist Papers do not explicitly explain the constitutional decision, but it is not hard to divine from them the reason. The Continental Congress did not have the authority to write tax laws under the Articles of Confederation; all it could do under article VIII was levy charges on the State legislatures. Thus in 1787 a controversial feature of the new Constitution was the granting of taxing power to the Federal Government. Hamilton, Jay, and Madison devote seven of their Federalist Papers to it.

Small wonder then that the power to initiate such legislation was granted to the legislative House whose Members were under "the restraint of frequent elections * * * They will be compelled to anticipate the moment when their power is to cease, when their exercise of it is to be reviewed, and when they must descend to the level from which they were raised; there forever to remain unless the faithful discharge of their trust shall have established their title to a renewal of it." (Federalist Paper No. 56.)

As we can see, the House, and the Budget Committee in particular, have both a constitutional and traditional responsibility with regard to budgetary matters, a responsibility that is far greater than that of the President and the Senate. Disappointingly, after criticizing the President's budget for using economic assumptions that are overly optimistic, the Budget Committee adopted a resolution that contrives the identical, overly optimistic, assumptions. Although the budget resolution assumes total deficit reduction of $36.9 billion, more than $14 billion, or 39 percent, is widely considered to be false and unattainable. The Budget Committee should not use phony economic assumptions even if the President did, and certainly not when the White House has now repudiated them.

Unfortunately, the budget resolution before the House today fails to address honestly and adequately the priority of deficit reduction. The budget resolution does not achieve the fiscal year 1991 Gramm-Rudman-Hollings deficit target of $64 billion nor does it lead to a balanced budget by fiscal year 1993. It falls almost $20 billion short of the $56 to $60 billion necessary to meet this year's deficit target.

Any office holder may sympathize with the desire to avoid unpopular actions, but surrendering the House's constitutional and traditional prerogatives is far too high a price to pay. The Budget Committee has abdicated its fiscal responsibility, and the House must not follow suit. Let us reverse that course to craft a responsible budget that speaks to the needs of the American people and works not only to reduce, but eliminate, our deficit.

Mr. JOHNSON of South Dakota. Mr. Chairman, I rise today in reluctant support for the budget resolution that has been brought to the floor by our colleagues on the Budget Committee. I commend the committee for crafting a budget that represents an enormous improvement over the alternative budget submitted by President Bush. As a Member who is extremely concerned that we move in the direction of meaningful budget deficit reduction while at the same time enhancing the priorities of our elderly, veterans, and rural Americans, there can be no doubt that the Budget Committee's proposal is vastly superior to the White House proposal.

The committee proposal before us today includes a 5-year budget reconciliation, thereby lessening what has been the past temptation to include provisions in budget reconciliation that save money in the first year but actually add to the deficit in the outyears. The Social Security Trust Fund has been excluded from the calculation of the budget deficit, a move which is essential in order to protect the integrity of the Social Security system.

The gradual shift in defense spending that has been proposed will allow us to gauge international developments while investing in America's future through increased budget assistance for education, housing, law enforcement, research, Head Start, and transportation infrastructure improvements. Far better funding for veterans and for community development is provided for in this budget.

There are two areas, however, where I continue to have special concerns. The committee proposes an $800-million reduction for agricultural programs for fiscal 1991 and $8.6 billion in budget reductions over the next 5 years. This is certainly better than the other alternative I face: President Bush's budget would provide $1.5 billion less than the committee budget for 1991 alone. Nonetheless, I do not believe that any cuts in the ag budget, particularly in the area of crop price supports, is justifiable. Our farmers would rather prosper from good market prices than from Government support, but so long as the policy of this Government is to drive down the market price of grain, we have a corresponding obligation to provide for a decent level of income protection for family farmers. I believe that higher nonrecourse loan rates would result in better market prices and less reliance on Government payments;, however, if that goal cannot be accomplished, fundamental fairness requires that target price levels be raised to cover increasing costs of production for family farmers. While the committee's cuts in ag spending are far preferable than President Bush's proposal, they do make it extremely difficult, if not impossible, for those of us on the House Agriculture Committee to craft a 1990 farm bill which adequately protects farm income.

My second particular concern lies in the area of Medicare funding. The committee proposal will result in the increases in Medicare spending falling about $1.7 billion short of covering inflation. This is certainly superior to the Bush administration's proposal for a $5.5-billion shortfall, but it still should be recognized as less than adequate.

I appreciate that this budget resolution is merely a starting point, and that numerous changes will be made as the budget progresses through the Senate and perhaps through a budget summit conference with the White House. There is much to applaud in this budget, but there also remain serious deficiencies. I am today supporting the committee budget as the clearly superior alternative of the choices before me, but I will continue to work with our colleagues, Republican and Democrat, to better perfect a budget which significantly reduces the Federal deficit while enhancing the interests of family farmers and Medicare providers.

Mr. DORGAN of North Dakota. Mr. Chairman, I rise today to state that I will be voting for the Budget Committee's fiscal year 1991 budget resolution and against the Congressional Black Caucus budget.

While there are many good things contained in the CBC budget, our No. 1 priority is dealing with the Federal budget deficit plaguing our Nation's economy. The CBC transfers cuts in the defense budget and increases in Federal revenues to support increased domestic spending. I concur with several of these reductions, given a diminished Soviet threat and an increased allied ability to shoulder more mutual defense costs. Nonmilitary programs have faced more than their fair share of budget slashing during the past decade, so I would prefer to see the budgets for many of these valuable human service programs sustained. But the use of Social Security trust funds to support the deficit projections in the CBC budget—as well as in the committee's proposal—makes the deficit look lower than it really is. It's time to put our fiscal affairs back on track. We need real deficit reduction as a priority.

The Budget Committee package is certainly more realistic than President Bush's proposal. The recommendations reverse the last 10 years of domestic spending reductions and reorder budget priorities to reflect the changing world situation.

Nevertheless, I think that there could be a better balance in the committee budget package in meeting the legitimate needs of society. It especially falls short in agriculture. Less than 1 percent of the budget is devoted to support our family farmers. I will work in the weeks and months ahead, both during the reconciliation process and the farm bill negotiations, to transfer funding to get this up to 1 percent. At that level, we would be able to provide decent price supports for farmers. That's critical to the future of family farming.

Additionally, the Budget Committee recommendations and the substitutes that have been offered during the fiscal year 1991 budget debate fudge on the question of Social Security surpluses. All of these budget proposals use Social Security trust fund savings to help reduce the Federal budget. These proposed budget packages may claim to bring the Federal deficit within the $64 billion Gramm-Rudman budget deficit target, but the reality of the situation is much different. Using the Social Security trust funds to offset the true budget deficit is simply budget gimmickry.

I intend to continue pushing for my proposal to move the Social Security trust funds off-budget completely and irrevocably during the budget reconciliation debate. This illusion must be halted.

Mrs. LLOYD. Mr. Chairman. I rise in support of the budget resolution put forth by the House Budget Committee.

This is a comprehensive, fiscally responsible package fashioned to maintain a strong national security, eliminate the budget deficit, increase national savings and private investment. I believe it will move our country toward fiscal responsibility in a timely manner. In order to accomplish these goals, the Congress and the administration will need to work together to make tough choices and I am confident that we will be able to do so. Through hard work and bipartisanship we can eliminate budget deficits and strengthen our economic leadership in the world. I view the package before us today as a good starting point toward meeting those objectives.

I have always believed that the United States must do what is necessary to guarantee its security. Events of the past 6 months have dramatically transformed the threat confronting the United States. For example, 1 year ago intelligence analysts and defense planners assumed that the United States and its NATO allies would have only 10 days warning time in advance of a Soviet attack. Today those intelligence estimates have been revise to 30–44 days. CIA Director William Webster has also testified that the Warsaw Pact is, for all intents and purposes, defunct and that the Soviets could not rely on assistance from their Eastern allies in an attack against the West.

Given these changes in the threat, it is appropriate to spend less on a defense. However, we must resist the temptation to slash haphazardly at the defense budget simply because it makes an inviting target. A rational, planned drawdown in the context of an integrated security policy must guide our action on defense spending cuts.

For fiscal year 1991, the resolution calls for approximately $36 billion in net deficit reduction, thereby meeting the Gramm-Rudman deficit limit of $64 billion for fiscal year 1991. It seeks to balance the Federal budget by the year 1995 without using the Social Security surplus to mask the true size of the deficit. This is particularly important because I have supported efforts for some time to see that Federal budget estimates are calculated as accurately as possible. This resolution also includes instructions directing various committees to report legislation producing significant savings in each of the next 5 years, in order to help ensure that this year's deficit reduction legislation focuses on permanent savings rather than temporary solutions.

The American people are deeply concerned over the Federal budget deficit and they want decisive action. Enactment of this resolution will chart a clear course for further, substantive deficit reduction while meeting the pressing needs which exist for such national priorities as quality education, affordable housing, a clean environment, health care, economic development, job creation, the war against drugs, and seeing that our senior citizens receive the full benefits they have worked so hard for all their lives.

Throughout my years in the Congress I have worked to encourage restraint in the growth of Federal spending and I have pushed for realistic and responsible Federal budgets. I believe this legislation meets that criteria.

I urge my colleagues to join with me in supporting the passage of House Concurrent Resolution 310.

Mr. LEHMAN of California. Mr. Chairman, I would like to take this opportunity to voice my support for the congressional budget resolution for fiscal year 1991. I would also like to commend Chairman PANETTA and the Budget Committee members for their tremendous work in bringing this resolsution to the floor.

This year's budget resolution goes a long way in laying out a blueprint for this country's future. With the changing nature of the world around us, it is important to realize that priorities of yesterday can no longer be the priorities of today. We must begin to focus on gradually converting our economy from a defense-based economy to a peace-based economy. Education, health care, housing, job training, antidrug programs, safe infrastructure, clean air and water, and space and science research must be the priorities of the future. We simply do not need and cannot afford the strategic defense initiative, the B-2 bomber, or any other costly and extravagant program.

The budget resolution—through a 5-year budget plan—will direct one-half of defense cuts to domestic priorities and the other half will go toward reducing the overall budget deficit. On the revenue side, the budget resolution adopts exactly the same numbers as President Bush's budget by assuming $13.9 billion in revenues. Instead of relying on the overly optimistic economic assumptions that are used in the President's budget, the budget resolution relies on Congressional Budget Office economic statistics which are more realistic. And in another victory for truth in budgeting, the Social Security trust fund is excluded from deficit calculations so that by 1995 a balanced budget is achieved without counting the Social Security trust fund surpluses.

Mr. Chairman, what we have here is a democratic budget which keeps its promises to the American public. The President in his budget proposed deep cuts in Medicare of $5.5 billion, no cost-of-living adjustments [COLA's] for Federal and military retirees, cuts in subsidized housing, and a decrease in infrastructure repair funds. We cannot tolerate a budget that neglects the basic needs of the average American. The congressional budget resolution, on the other hand, increases funding for education programs five times more than the President's budget, trims Medicare payments to physicians, grants full COLA's to Federal and military retirees, and increases funding for infrastructure repair.

This budget resolution represents a solid first step in achieving long-term deficit reduction while also gradually shifting resources from defense to high-priority domestic programs. There is no doubt that we have many difficult choices and decisions ahead of us. Our economic situation is not at all rosy and it requires leadership and consensus from both the administration and the Congress. I support this budget resolution as a way of beginning the many steps it will take to attain a better America.

Mr. VENTO. Mr. Chairman, I rise in support of the budget resolutions before us today and the reordering of national priorities which it represents.

Our task today is to choose a budget plan which reflects our national values and priorities. Budget choices go to the heart of our responsibility as legislators. It is the time when we put the flesh and bones on the vision we have for American's future. The decisions we make aren't easy, and by their nature they aren't supposed to be. Making tough decisions about which programs to cut and what programs to increase is what we come here for.

This year the choices we make are even more important than in previous years. The crumbling of the Berlin Wall, the blooming of democracy in Eastern Europe, and the lessening of tensions between the superpowers are remarkable changes which have significant implications for our Nation. These changes have given us an opportunity to reduce defense spending and make investments in the important domestic programs in the areas of housing, education, child care, and the war on drugs.

Mr. Chairman, we have heard a lot of debate about the peace dividend in recent months. We argue among ourselves about what the peace dividend is, when we will get it, and what we are going to do with it when we get it. Well, the peace dividend just doesn't happen, Congress must make it happen. The committee budget before us today is a good start on the process, although the substantial yet prudent cuts in defense which I support will not occur for several years.

Under the committee resolution, defense spending for fiscal year 1991 would be cut by $32.8 billion in budget authority and $11.5 billion in outlays below the baseline level that represents the amounts needed to keep pace with inflation. Compared to the spending levels for fiscal year 1990, with no adjustment for inflation, budget authority would be reduced by $18.6 billion in authority and $1.3 billion in outlays.

Mr. Chairman, I sincerely congratulate Chairman PANETTA and the members of the Budget Committee for their efforts in reporting these defense spending reductions to the House. They represent the beginning of what may prove to be the first substantial reductions in defense spending since the unprecedented $2 trillion defense buildup during the Reagan-Bush administration between 1981 and 1989.

While actual outlays would be reduced only modestly during the next fiscal year, by fiscal year 1995 outlay would be more substantial. This budget takes a much more realistic look at our strategic and conventional defense requirements over the next several years.

Recently, Defense Secretary Cheney has proposed an additional round of new cuts in defense spending. This "Johnny-come-lately" approach is really a subterfuge to conceal the implausibility of basically continuing to support a cold war strategy in a vastly different era. While the Berlin Wall has crumbled and dictators have tumbled, the Bush administration's defense spending blueprint resembles the nervous cat who constantly chases his shadow.

Over the next 5 years, the committee budget shifts over $100 billion from military spending to domestic and international programs. Cuts proposed by the Bush administration in child nutrition, mass transit, the community services block grant, and housing are rejected. In addition, the administration's plan to freeze the cost of living adjustment for military and civilian retirees is rejected.

The budget resolution makes major investments in America's future by funding programs which will give us true national security: job training, infrastructure, the war on drugs, and health care. Funding for compensatory education, Pell grants, and worker retraining will be increased. In addition, funds have been included to accommodate the recently passed comprehensive child care bill. I am also pleased that funding for housing programs is increased.

The committee budget is more compassionate in addressing America's health care needs than the administration's plan. It rejects the $3.5 billion in Medicare cuts and it provides significant funding for Medicaid Programs to serve pregnant women and infants in poverty. The resolution provides $8.65 billion for the National Institutes for Health, a full $750 billion over the President's plan. Finally, the plan provides an increase of $1 billion over current spending for veteran's medical care to support an additional 2,837 full-time medical personnel.

The budget before us today is not just a good plan because of the priorities it sets, it also is fiscally sound. The budget meets targets set by the deficit reduction law and achieves a balanced budget by fiscal year 1993. In addition, the budget balances the budget for the first time without including the Social Security trust fund in the calculations of the Nation's budget deficit. The long-term effects of a budget practice that allows for the misuse of the Social Security trust fund should be of deep concern to everyone. Slowly, but surely, we are jeopardizing the financial integrity of our most successful and most efficiently funded social program. As long as we continue to base deficit reduction targets upon figures artificially lowered with the surpluses in the trust fund, we can never truthfully address our serious deficit problem.

While I am voting for the committee budget resolution, I also am supporting the Congressional Black Caucus quality of life budget. The caucus has produced an outstanding amendment which really puts urgent priorities into perspective. This is especially true with respect to defense spending. Indeed, the proposed cuts for programs such as the strategic defense initiatives, the MX missile, nuclear submarines, and the B-2 bomber are justifiable. The qualified of life budget makes even greater investments in important domestic programs and addresses real human needs.

Mr. Chairman, we must begin to address the human deficit which has been neglected over the past 10 years. I urge my colleagues to support both the quality of life amendment and the committee budget resolution to make strides toward that goal of reducing both the fiscal deficit and human deficit.

Mr. FAZIO. Mr. Chairman, I rise today in strong support of House Concurrent Resolution 310, the fiscal year 1991 budget resolution. Chairman LEON PANETTA and the budget committee should be commended for their outstanding effort in putting together this budget.

The Democratic budget is a responsible budget which addresses the needs and priorities of this Nation. It restores funding for many important domestic programs, many of which were significantly underfunded and in some cases, nearly decimated during the years of the Reagan administration. It also reflects the changing realities we face as we transform from a cold war economy to a peacetime economy, and reasserts our international leadership well into the next century.

While the administration's budgets over the past decade have left behind a legacy of tremendous debt and unmet needs for our society, the Democratic budget responsibly reduces the deficit, identifies clear priorities and provides the funds to meet them. In fact, there could not be a clearer difference in the priorities between Democrats and Republicans than in the budgets that this House will consider today.

For example, unlike the President's budget, the Democratic budget does not merely pay lipservice to the important programs so vital to the Nation and so strongly supported by the American people. Rather than provide rhetoric about education programs, this budget funds them. In fact, the Democratic budget provides over five times the amount of funding for education as President Bush requested.

This budget also rejects the substantial cuts in Medicare called for by President Bush and vehemently opposed by seniors across the country. The $5.2 billion Medicare cut proposed by the president would have been a back-door cut in health care for so many of our seniors dependent on Medicare for their medical care.

This budget is also fair for all of our retirees. Unlike the Bush administration's budget, which undercut some of our retirees by calling for a freeze in the cost-of-living adjustment [COLA] for military and civilian retirees, the Democrats provide a full 4.1-percent COLA for Social Security and Federal and civilian retirees.

The Democrats also reject the President's cuts to our Nation's infrastructure, which had already been substantially neglected during the Reagan administration. In contrast, the Democratic budget provides $1.3 billion over the President's budget for vital highway funding.

House Concurrent Resolution 310 also rejects the massive spending cuts proposed by the administration in such important programs as child nutrition, EPA grants, rural housing loans, Amtrak, mass transit, Community Services Block Grant, housing and juvenile justice.

Instead, the Democratic budget provides for critical investment in several key areas—economic competitiveness an assistance for workers affected by defense changes; programs for children, including Head Start and child care; programs for critical research for the future, including NASA, the National Science Foundation and the National Institutes of Health; health, nutrition and housing programs such as Medicaid, AIDS research, prevention and treatment, Food Stamps, WIC and subsidized and rural housing; antidrug and anticrime programs; restoration of the Nation's infrastructure and preservation of the environment; and, investments in democracy and development abroad, including aid to emerging democracies in Eastern Europe.

Finally, this budget is fiscally responsible in that it meets the Gramm-Rudman deficit target and removes Social Security from the deficit calculation.

The Democrat's budget is an investment in the future. It commits the resources that are necessary to maintain the United States as a world leader well into the next century and provides a clear direction of where we want to take this Nation. We live in a far different world now—one which this Democratic budget correctly reflects. I urge my colleagues to support this budget.

Mr. MATSUI. Mr. Chairman, I cannot in good conscience support the budget resolution that we have under consideration today. I am not going to vote against it because we have put too much or too little money into defense. I am not going to vote against it because we did or did not include enough money for important social programs.

Today I will be voting against the budget resolution because I think that by approving this budget we are avoiding making tough decisions on the future of our Nation's economic health.

There are a lot of good things in this budget resolution. For example, I think the funding increases for expanding Medicaid, extending Head Start to cover more children and to provide year-round programs, and AIDS research and treatment are all steps in the right direction.

While these funding increases, along with a decreased reliance on defense spending, all bode well for the future of our Nation and our citizens, our economic health will remain in danger unless we take some serious steps toward deficit reduction.

The real Federal budget deficit is now over $200 billion. How can we go home and face our constituents and tell them we are cutting the deficit when $74 billion of these so-called savings are coming from the Social Security trust funds, trust funds that were created so we will be able to pay Social Security benefits to today's work force when they retire.

The public will soon catch on to the games we play to make it appear that we have reached our deficit reduction target. I am sorry to have to vote against the budget resolution today. But I cannot in good faith vote for a budget that does not honestly address this Nation's financial situation.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the concurrent resolution.

Mr. SCHUMER. Mr. Speaker, I ask unanimous consent now that we are in the Whole House, having heard your eloquent words, and the words of the gentleman from Georgia who seemed to feel that there was no alternative, I ask unanimous consent that the Presidential motion be allowed to be debated and voted upon. The President, has submitted a budget to Members. It is quite different than this budget, and the burden of leadership is not just on the President. It is not just on this side of the aisle. It is on the whole House. Instead of criticizing the carping, I would ask my colleagues to permit this unanimous consent and allow the President's budget to be submitted for a debate.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. WALKER. Mr. Speaker, reserving the right to object, after that speech, I am afraid beyond what the unanimous-consent request was, I am confused.

Mr. SCHUMER. Mr. Speaker, I will be happy to explain it again, and again, and again, and again.

Mr. WALKER. Mr. Speaker, that is fine if the gentleman is asking that the President's budget, by unanimous consent, be brought to the floor.

Mr. SCHUMER. I am asking that the Frenzel motion, including 2 hours of debate on the President's budget, which was in order in the rule, except that Mr. FRENZEL does not wish to offer it, I would ask that this House be given a chance to vote yes or no on the Bush budget, instead of just criticism of this budget. We saw what the other alternative was.

Mr. WALKER. Mr. Speaker, further reserving the right to object, I ask the gentleman whether or not he is willing to amend the request to also allow the Rostenkowski budget as a part of the that request?

Mr. SCHUMER. Mr. Speaker, I am sure the gentleman can make whatever request he wants, but the Frenzel budget was made in order by the rule, and at the last minute was pulled back. It is quite different than the Rostenkowski request. I do not know what request he is speaking of, because here we have an amendment on the floor that was ready, voted on, and was pulled back at the last minute.

The SPEAKER. The gentleman from Pennsylvania [Mr. WALKER] has reserved the right to object and is engaged in a colloquy. That gentleman has the time.

Mr. WALKER. Mr. Speaker, I thank the gentleman for being loud if not enlightening, and I object.

The SPEAKER. The gentleman form Pennsylvania [Mr. WALKER] objects. The question is on the concurrent resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FRENZEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 218, nays 208, not voting 7, as follows:

[Roll No. 89]

YEAS—218

Akaka	Gibbons	Oberstar
Anderson	Glickman	Obey
Andrews	Gonzalez	Olin
Annunzio	Gordon	Owens (NY)
Anthony	Gray	Pallone
Aspin	Guarini	Panetta
Atkins	Hall (OH)	Parker
AuCoin	Harris	Payne (NJ)
Bates	Hatcher	Payne (VA)
Beilenson	Hawkins	Pease
Berman	Hayes (IL)	Pelosi
Bevill	Hayes (LA)	Penny
Bilbray	Hefner	Perkins
Boggs	Hertel	Pickle
Bonior	Hoagland	Poshard
Borski	Hochbrueckner	Price
Bosco	Hoyer	Rangel
Boucher	Hubbard	Richardson
Boxer	Huckaby	Roe
Brennan	Hughes	Rose
Brooks	Jenkins	Rostenkowski
Brown (CA)	Johnson (SD)	Rowland (GA)
Bruce	Johnston	Roybal
Bryant	Jones (GA)	Russo
Bustamante	Jones (NC)	Sabo
Campbell (CO)	Jontz	Sangmeister
Cardin	Kanjorski	Savage
Carper	Kaptur	Sawyer
Clarke	Kastenmeier	Scheuer
Clay	Kennedy	Schroeder
Clement	Kennelly	Schumer
Coleman (TX)	Kildee	Serrano
Condit	Kleczka	Sikorski
Conyers	Kolter	Skaggs
Cooper	Kostmayer	Slattery
Costello	Lancaster	Slaughter (NY)
Coyne	Lantos	Smith (IA)
Crockett	Lehman (CA)	Solarz
Darden	Lehman (FL)	Spratt
de la Garza	Levin (MI)	Staggers
DeFazio	Levine (CA)	Stallings
Dellums	Lewis (GA)	Stark
Derrick	Lipinski	Stenholm
Dicks	Lloyd	Stokes
Dingell	Lowey (NY)	Studds
Dixon	Luken, Thomas	Swift
Donnelly	Manton	Synar
Dorgan (ND)	Markey	Tanner
Downey	Martinez	Thomas (GA)
Durbin	Mavroules	Torres
Dwyer	Mazzoli	Torricelli
Dymally	McCloskey	Towns
Dyson	McDermott	Traficant
Early	McMillen (MD)	Traxler
Eckart	McNulty	Udall
Edwards (CA)	Mfume	Unsoeld
Engel	Miller (CA)	Valentine
Erdreich	Mineta	Vento
Espy	Moakley	Visclosky
Evans	Mollohan	Volkmer
Fascell	Montgomery	Walgren
Fazio	Moody	Washington
Feighan	Morrison (CT)	Waxman
Flake	Mrazek	Weiss
Flippo	Murphy	Wheat
Foglietta	Murtha	Whitten
Ford (MI)	Nagle	Williams
Frank	Natcher	Wise
Frost	Neal (MA)	Wolpe
Gaydos	Neal (NC)	Wyden
Gejdenson	Nelson	Yates
Gephardt	Nowak	Yatron
Geren	Oakar	

NAYS—208

Alexander	Hansen	Ray
Applegate	Hastert	Regula
Archer	Hefley	Rhodes
Armey	Henry	Ridge
Baker	Herger	Rinaldo
Ballenger	Hiler	Ritter
Barnard	Holloway	Roberts
Bartlett	Hopkins	Robinson
Barton	Horton	Rogers
Bateman	Houghton	Rohrabacher
Bennett	Hunter	Ros-Lehtinen
Bentley	Hutto	Roth
Bereuter	Hyde	Roukema
Bilirakis	Inhofe	Rowland (CT)
Bliley	Ireland	Saiki
Boehlert	Jacobs	Sarpalius
Broomfield	James	Saxton
Browder	Johnson (CT)	Schaefer
Brown (CO)	Kasich	Schiff
Buechner	Kolbe	Schneider
Bunning	Kyl	Schuette
Burton	LaFalce	Schulze
Byron	Lagomarsino	Sensenbrenner
Callahan	Laughlin	Sharp
Campbell (CA)	Leach (IA)	Shaw
Carr	Leath (TX)	Shays
Chandler	Lent	Shumway
Chapman	Lewis (CA)	Shuster
Clinger	Lightfoot	Sisisky
Coble	Livingston	Skeen
Coleman (MO)	Long	Skelton
Combest	Lowery (CA)	Slaughter (VA)
Conte	Lukens, Donald	Smith (NE)
Coughlin	Machtley	Smith (NJ)
Courter	Madigan	Smith (TX)
Cox	Marlenee	Smith (VT)
Craig	Martin (IL)	Smith, Denny (OR)
Crane	Martin (NY)	Smith, Robert (NH)
Dannemeyer	Matsui	Smith, Robert (OR)
Davis	McCandless	Snowe
DeLay	McCollum	Solomon
DeWine	McCrery	Spence
Dickinson	McCurdy	Stangeland
Dornan (CA)	McDade	Stearns
Douglas	McEwen	Stump
Dreier	McGrath	Sundquist
Duncan	McHugh	Tallon
Edwards (OK)	McMillan (NC)	Tauke
Emerson	Meyers	Tauzin
English	Miller (OH)	Taylor
Fawell	Miller (WA)	Thomas (CA)
Fields	Molinari	Thomas (WY)
Fish	Moorhead	Upton
Frenzel	Morella	Vander Jagt
Gallegly	Morrison (WA)	Vucanovich
Gallo	Myers	Walker
Gekas	Nielson	Walsh
Gillmor	Ortiz	Watkins
Gilman	Owens (UT)	Weber
Gingrich	Oxley	Weldon
Goodling	Packard	Whittaker
Goss	Parris	Wilson
Gradison	Pashayan	Wolf
Grandy	Patterson	Wylie
Grant	Paxon	Young (AK)
Green	Petri	Young (FL)
Gunderson	Pickett	
Hall (TX)	Porter	
Hamilton	Pursell	
Hammerschmidt	Quillen	
Hancock	Ravenel	

NOT VOTING—7

Ackerman	Lewis (FL)	Smith (FL)
Collins	Michel	
Ford (TN)	Rahall	

□ 1728

The Clerk announced the following pairs:

On this vote:

Mr. Ackerman for, with Mr. Michel against.

Mrs. Collins for, with Mr. Lewis of Florida against.

Mr. TALLON changed his vote from "yea" to "nay."

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF HOUSE CONCURRENT RESOLUTION 310, CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1991

Mr. PANETTA. I ask unanimous consent that in the engrossment of House Concurrent Resolution 310, the clerk be authorized to correct section numbers, punctuation, and cross references, and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in passing the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

GENERAL LEAVE

Mr. PANETTA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include therein extraneous material on House Concurrent Resolution 310, the concurrent resolution just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

III

Calendar No. 533

101st CONGRESS
2d Session

H. CON. RES. 310

IN THE SENATE OF THE UNITED STATES

May 4 (legislative day, April 18), 1990

Received; referred to the Committee on the Budget

May 4 (legislative day, April 18), 1990

Committee discharged pursuant to section 300 of the Congressional Budget Act of 1974, as amended; placed on the calendar

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CONCURRENT RESOLUTION

Setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995.

Resolved by the House of Representatives (the Senate concurring), That the budget for fiscal year 1991 is established, and the appropriate budgetary levels for fiscal years 1992, 1993, 1994, and 1995 are hereby set forth.

MAXIMUM DEFICIT AMOUNTS

Sec. 2. The following levels and amounts in this section are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $1,175,600,000,000.

Fiscal year 1992: $1,263,300,000,000.

Fiscal year 1993: $1,338,100,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,388,000,000,000.

Fiscal year 1992: $1,446,750,000,000.

Fiscal year 1993: $1,515,750,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,239,350,000,000.

Fiscal year 1992: $1,279,400,000,000.

Fiscal year 1993: $1,335,750,000,000.

(4)(A) The amounts of the deficits are as follows:

Fiscal year 1991: $63,750,000,000.

Fiscal year 1992: $16,100,000,000.

(B) The amount of the surplus is as follows:

Fiscal year 1993: $2,350,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 3. (a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1990, October 1, 1991, October 1, 1992, October 1, 1993, and October 1, 1994:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $863,050,000,000.

Fiscal year 1992: $927,450,000,000.

Fiscal year 1993: $982,900,000,000.

Fiscal year 1994: $1,040,550,000,000.

Fiscal year 1995: $1,102,250,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1991: $18,600,000,000.

Fiscal year 1992: $22,600,000,000.

Fiscal year 1993: $22,900,000,000.

Fiscal year 1994: $25,450,000,000.

Fiscal year 1995: $27,400,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1991: $74,750,000,000.

Fiscal year 1992: $80,050,000,000.

Fiscal year 1993: $84,550,000,000.

Fiscal year 1994: $91,000,000,000.

Fiscal year 1995: $97,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,079,250,000,000.

Fiscal year 1992: $1,117,350,000,000.

Fiscal year 1993: $1,163,950,000,000.

Fiscal year 1994: $1,193,300,000,000.

Fiscal year 1995: $1,236,400,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,005,000,000,000.

Fiscal year 1992: $1,035,350,000,000.

Fiscal year 1993: $1,081,800,000,000.

Fiscal year 1994: $1,115,800,000,000.

Fiscal year 1995: $1,153,250,000,000.

(4)(A) The amounts of the deficits are as follows:

Fiscal year 1991: $141,950,000,000.

Fiscal year 1992: $107,900,000,000.

Fiscal year 1993: $98,900,000,000.

Fiscal year 1994: $75,250,000,000.

Fiscal year 1995: $51,000,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1991: $3,315,850,000,000.

Fiscal year 1992: $3,479,150,000,000.

Fiscal year 1993: $3,639,700,000,000.

Fiscal year 1994: $3,774,500,000,000.

Fiscal year 1995: $3,885,650,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1990, October 1, 1991, October 1, 1992, October 1, 1993, and October 1, 1994, are as follows:

Fiscal year 1991:

(A) New direct loan obligations, $21,250,000,000.

(B) New primary loan guarantee commitments, $103,450,000,000.

Fiscal year 1992:

(A) New direct loan obligations, $18,100,000,000.

(B) New primary loan guarantee commitments, $104,400,000,000.

Fiscal year 1993:

(A) New direct loan obligations, $18,350,000,000.

(B) New primary loan guarantee commitments, $107,100,000,000.

Fiscal year 1994:

(A) New direct loan obligations, $18,750,000,000.

(B) New primary loan guarantee commitments, $110,350,000,000.

Fiscal year 1995:

(A) New direct loan obligations, $19,000,000,000.

(B) New primary loan guarantee commitments, $113,750,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new primary loan guarantee commitments for fiscal years 1991 through 1995 for each major functional category are:

(1) National Defense (050):

Fiscal year 1991:

(A) New budget authority, $283,000,000,000.

(B) Outlays, $295,450,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $280;500,000,000.

(B) Outlays, $287,450,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $275,350,000,000.

(B) Outlays, $277,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $270,400,000,000.

(B) Outlays, $275,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $265,550,000,000.

(B) Outlays, $266,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1991:

(A) New budget authority, $20,300,000,000.

(B) Outlays, $17,600,000,000.

(C) New direct loan obligations, $1,950,000,000.

(D) New primary loan guarantee commitments, $7,000,000,000.

Fiscal year 1992:

(A) New budget authority, $20,350,000,000.

(B) Outlays, $18,550,000,000.

(C) New direct loan obligations, $2,050,000,000.

(D) New primary loan guarantee commitments, $7,250,000,000.

Fiscal year 1993:

(A) New budget authority, $20,700,000,000.

(B) Outlays, $19,000,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $7,500,000,000.

Fiscal year 1994:

(A) New budget authority, $21,350,000,000.

(B) Outlays, $19,150,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $7,700,000,000.

Fiscal year 1995:

(A) New budget authority, $22,300,000,000.

(B) Outlays, $20,050,000,000.

(C) New direct loan obligations, $2,250,000,000.

(D) New primary loan guarantee commitments, $8,050,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1991:

(A) New budget authority, $16,650,000,000.

(B) Outlays, $16,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $19,700,000,000.

(B) Outlays, $18,550,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $21,200,000,000.

(B) Outlays, $20,250,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $22,250,000,000.

(B) Outlays, $21,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $23,050,000,000.

(B) Outlays, $22,550,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1991:

(A) New budget authority, $6,050,000,000.

(B) Outlays, $4,150,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $5,300,000,000.

(B) Outlays, $4,100,000,000.

(C) New direct loan obligations, $1,650,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $6,100,000,000.

(B) Outlays, $4,900,000,000.

(C) New direct loan obligations, $1,950,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $5,250,000,000.

(C) New direct loan obligations, $2,150,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $7,050,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $2,350,000,000.

(D) New primary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1991:

(A) New budget authority, $18,800,000,000.

(B) Outlays, $19,000,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $19,850,000,000.

(B) Outlays, $19,800,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $20,550,000,000.

(B) Outlays, $20,500,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $21,250,000,000.

(B) Outlays, $20,950,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $22,000,000,000.

(B) Outlays, $21,400,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(6) Agriculture (350):

Fiscal year 1991:

(A) New budget authority, $19,400,000,000.

(B) Outlays, $15,600,000,000.

(C) New direct loan obligations, $9,100,000,000.

(D) New primary loan guarantee commitments, $7,000,000,000.

Fiscal year 1992:

(A) New budget authority, $21,350,000,000.

(B) Outlays, $15,900,000,000.

(C) New direct loan obligations, $8,950,000,000.

(D) New primary loan guarantee commitments, $7,250,000,000.

Fiscal year 1993:

(A) New budget authority, $18,400,000,000.

(B) Outlays, $14,200,000,000.

(C) New direct loan obligations, $8,800,000,000.

(D) New primary loan guarantee commitments, $6,650,000,000.

Fiscal year 1994:

(A) New budget authority, $16,650,000,000.

(B) Outlays, $13,750,000,000.

(C) New direct loan obligations, $8,750,000,000.

(D) New primary loan guarantee commitments, $6,700,000,000.

Fiscal year 1995:

(A) New budget authority, $17,500,000,000.

(B) Outlays, $12,900,000,000.

(C) New direct loan obligations, $8,600,000,000.

(D) New primary loan guarantee commitments, $6,750,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1991:

(A) New budget authority, $44,800,000,000.

(B) Outlays, $45,350,000,000.

(C) New direct loan obligations, $6,100,000,000.

(D) New primary loan guarantee commitments, $60,300,000,000.

Fiscal year 1992:

(A) New budget authority, $15,050,000,000.

(B) Outlays, $5,050,000,000.

(C) New direct loan obligations, $3,400,000,000.

(D) New primary loan guarantee commitments, $59,750,000,000.

Fiscal year 1993:

(A) New budget authority, $27,150,000,000.

(B) Outlays, $15,350,000,000.

(C) New direct loan obligations, $3,500,000,000.

(D) New primary loan guarantee commitments, $62,100,000,000.

Fiscal year 1994:

(A) New budget authority, $15,650,000,000.

(B) Outlays, $2,850,000,000.

(C) New direct loan obligations, $3,600,000,000.

(D) New primary loan guarantee commitments, $64,550,000,000.

Fiscal year 1995:

(A) New budget authority, $17,250,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $3,700,000,000.

(D) New primary loan guarantee commitments, $67,050,000,000.

(8) Transportation (400):

Fiscal year 1991:

(A) New budget authority, $31,850,000,000.

(B) Outlays, $30,650,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $33,500,000,000.

(B) Outlays, $32,450,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $35,200,000,000.

(B) Outlays, $34,400,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $36,850,000,000.

(B) Outlays, $36,850,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $38,250,000,000.

(B) Outlays, $39,350,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1991:

(A) New budget authority, $8,300,000,000.

(B) Outlays, $7,850,000,000.

(C) New direct loan obligations, $1,150,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

Fiscal year 1992:

(A) New budget authority, $8,250,000,000.

(B) Outlays, $7,800,000,000.

(C) New direct loan obligations, $1,200,000,000.

(D) New primary loan guarantee commitments, $350,000,000.

Fiscal year 1993:

(A) New budget authority, $8,300,000,000.

(B) Outlays, $7,750,000,000.

(C) New direct loan obligations, $1,200,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

Fiscal year 1994:

(A) New budget authority, $8,750,000,000.

(B) Outlays, $8,100,000,000.

(C) New direct loan obligations, $1,250,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

Fiscal year 1995:

(A) New budget authority, $8,900,000,000.

(B) Outlays, $8,400,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1991:

(A) New budget authority, $48,700,000,000.

(B) Outlays, $43,150,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $12,800,000,000.

Fiscal year 1992:

(A) New budget authority, $53,450,000,000.

(B) Outlays, $51,650,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $13,500,000,000.

Fiscal year 1993:

(A) New budget authority, $55,150,000,000.

(B) Outlays, $54,250,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $13,850,000,000.

Fiscal year 1994:

(A) New budget authority, $57,950,000,000.

(B) Outlays, $56,600,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $14,000,000,000.

Fiscal year 1995:

(A) New budget authority, $60,800,000,000.

(B) Outlays, $59,150,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $14,100,000,000.

(11) Health (550):

Fiscal year 1991:

(A) New budget authority, $67,750,000,000.

(B) Outlays, $66,050,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1992:

(A) New budget authority, $76,350,000,000.

(B) Outlays, $75,650,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1993:

(A) New budget authority, $84,150,000,000.

(B) Outlays, $83,650,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1994:

(A) New budget authority, $92,850,000,000.

(B) Outlays, $92,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $350,000,000.

Fiscal year 1995:

(A) New budget authority, $102,200,000,000.

(B) Outlays, $101,150,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $350,000,000.

(12) Medicare (570):

Fiscal year 1991:

(A) New budget authority, $124,750,000,000.

(B) Outlays, $103,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $136,850,000,000.

(B) Outlays, $117,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $151,000,000,000.

(B) Outlays, $132,650,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $166,150,000,000.

(B) Outlays, $148,750,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $182,150,000,000.

(B) Outlays, $166,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(13) Income Security (600):

Fiscal year 1991:

(A) New budget authority, $202,200,000,000.

(B) Outlays, $156,500,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $210,800,000,000.

(B) Outlays, $165,300,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $219,100,000,000.

(B) Outlays, $176,000,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $230,300,000,000.

(B) Outlays, $187,450,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $239,750,000,000.

(B) Outlays, $196,450,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(14) Social Security (650):

Fiscal year 1991:

(A) New budget authority, $3,800,000,000.

(B) Outlays, $3,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $4,450,000,000.

(B) Outlays, $4,450,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $4,850,000,000.

(B) Outlays, $4,850,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $5,350,000,000.

(B) Outlays, $5,350,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $5,900,000,000.

(B) Outlays, $5,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(15) Veterans Benefits and Services (700):

Fiscal year 1991:

(A) New budget authority, $32,000,000,000.

(B) Outlays, $31,550,000,000.

(C) New direct loan obligations, $700,000,000.

(D) New primary loan guarantee commitments, $15,650,000,000.

Fiscal year 1992:

(A) New budget authority, $33,050,000,000.

(B) Outlays, $32,450,000,000.

(C) New direct loan obligations, $600,000,000.

(D) New primary loan guarantee commitments, $16,000,000,000.

Fiscal year 1993:

(A) New budget authority, $34,000,000,000.

(B) Outlays, $33,600,000,000.

(C) New direct loan obligations, $550,000,000.

(D) New primary loan guarantee commitments, $16,300,000,000.

Fiscal year 1994:

(A) New budget authority, $35,050,000,000.

(B) Outlays, $36,200,000,000.

(C) New direct loan obligations, $550,000,000.

(D) New primary loan guarantee commitments, $16,650,000,000.

Fiscal year 1995:

(A) New budget authority, $36,000,000,000.

(B) Outlays, $36,000,000,000.

(C) New direct loan obligations, $500,000,000.

(D) New primary loan guarantee commitments, $17,050,000,000.

(16) Administration of Justice (750):

Fiscal year 1991:

(A) New budget authority, $12,750,000,000.

(B) Outlays, $12,550,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $13,450,000,000.

(B) Outlays, $13,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $14,550,000,000.

(B) Outlays, $14,550,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $14,950,000,000.

(B) Outlays, $14,850,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $15,550,000,000.

(B) Outlays, $15,350,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1991:

(A) New budget authority, $12,900,000,000.

(B) Outlays, $11,450,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $12,850,000,000.

(B) Outlays, $12,350,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $12,950,000,000.

(B) Outlays, $12,850,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $13,050,000,000.

(B) Outlays, $13,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $13,650,000,000.

(B) Outlays, $13,450,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(18) Net Interest (900):

Fiscal year 1991:

(A) New budget authority, $204,100,000,000.

(B) Outlays, $204,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $212,450,000,000.

(B) Outlays, $212,450,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $222,600,000,000.

(B) Outlays, $222,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $230,200,000,000.

(B) Outlays, $230,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $235,500,000,000.

(B) Outlays, $235,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(19) Allowances (920):

Fiscal year 1991:

(A) New budget authority, −$40,150,000,000.

(B) Outlays, −$40,150,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, −$19,500,000,000.

(B) Outlays, −$19,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, −$25,250,000,000.

(B) Outlays, −$25,250,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, −$28,150,000,000.

(B) Outlays, −$28,150,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, —$30,750,000,000.

(B) Outlays, —$30,750,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(20) Undistributed Offsetting Receipts (950):

Fiscal year 1991:

(A) New budget authority, —$38,700,000,000.

(B) Outlays, —$38,950,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, —$40,700,000,000.

(B) Outlays, —$40,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, —$42,100,000,000.

(B) Outlays, —$42,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, —$44,150,000,000.

(B) Outlays, —$44,150,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, —$46,200,000,000.

(B) Outlays, —$46,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than July 16, 1990, the committees named in subsections (b) and (c) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

HOUSE COMMITTEES

(b)(1) The House Committee on Agriculture shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $964,000,000 in budget authority and $948,000,000 in outlays in fiscal year 1991, $1,771,000,000 in budget authority and $1,771,000,000 in outlays in fiscal year 1992, $2,078,000,000 in budget authority and $2,078,000,000 in outlays in fiscal year 1993, $2,087,000,000 in budget authority and $2,087,000,000 in outlays in fiscal year 1994, and $2,094,000,000 in budget authority and $2,094,000,000 in outlays in fiscal year 1995.

(2) The House Committee on Banking, Finance and Urban Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any

combination thereof, as follows: $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1991, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1992, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1993, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1994, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1995.

(3) The House Committee on Energy and Commerce shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $349,000,000 in budget authority and $2,049,000,000 in outlays in fiscal year 1991, $321,000,000 in budget authority and $2,621,000,000 in outlays in fiscal year 1992, $333,000,000 in budget authority and $2,833,000,000 in outlays in fiscal year 1993, $345,000,000 in budget authority and $3,045,000,000 in outlays in fiscal year 1994, and $363,000,000 in budget authority and $3,263,000,000 in outlays in fiscal year 1995.

(4) The House Committee on Interior and Insular Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $343,000,000 in budget authority and $327,000,000 in outlays in fiscal year 1991, $365,000,000 in budget authority and $365,000,000 in outlays in fiscal year 1992, $377,000,000 in budget authority and $377,000,000 in outlays in fiscal year 1993, $389,000,000 in budget authority and $389,000,000 in outlays in fiscal year 1994, and $407,000,000 in budget authority and $407,000,000 in outlays in fiscal year 1995.

(5) The House Committee on Merchant Marine and Fisheries shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $200,000,000 in budget author-

ity and $200,000,000 in outlays in fiscal year 1991, $208,000,000 in budget authority and $208,000,000 in outlays in fiscal year 1992, $216,000,000 in budget authority and $216,000,000 in outlays in fiscal year 1993, $223,000,000 in budget authority and $223,000,000 in outlays in fiscal year 1994, and $230,000,000 in budget authority and $230,000,000 in outlays in fiscal year 1995.

(6) The House Committee on Post Office and Civil Service shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to change budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to change budget authority and outlays, or (C) any combination thereof, as follows: reduce by $0 in budget authority and $1,000,000,000 in outlays in fiscal year 1991, reduce by $0 in budget authority and $720,000,000 in outlays in fiscal year 1992, increase by $0 in budget authority and $60,000,000 in outlays in fiscal year 1993, increase by $0 in budget authority and $70,000,000 in outlays in fiscal year 1994, and increase by $0 in budget authority and $70,000,000 in outlays in fiscal year 1995.

(7) The House Committee on Veterans' Affairs shall report (A) changes in laws within its jurisdiction which pro-

vide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $220,000,000 in budget authority and $220,000,000 in outlays in fiscal year 1991, $230,000,000 in budget authority and $230,000,000 in outlays in fiscal year 1992, $240,000,000 in budget authority and $240,000,000 in outlays in fiscal year 1993, $250,000,000 in budget authority and $250,000,000 in outlays in fiscal year 1994, and $260,000,000 in budget authority and $260,000,000 in outlays in fiscal year 1995.

(8)(A) The House Committee on Ways and Means shall report (i) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays as follows: $0 in budget authority and $1,700,000,000 in outlays in fiscal year 1991, $0 in budget authority and $2,300,000,000 in outlays in fiscal year 1992, $0 in budget authority and $2,500,000,000 in outlays in fiscal year 1993, $0 in budget authority and $2,700,000,000 in outlays in fiscal year 1994, and $0 in budget authority and $2,900,000,000 in outlays in fiscal year

1995, and (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, as follows: $615,000,000 in budget authority and $615,000,000 in outlays in fiscal year 1991, $591,000,000 in budget authority and $591,000,000 in outlays in fiscal year 1992, $585,000,000 in budget authority and $585,000,000 in outlays in fiscal year 1993, $579,000,000 in budget authority and $579,000,000 in outlays in fiscal year 1994, and $591,000,000 in budget authority and $591,000,000 in outlays in fiscal year 1995.

(B) The House Committee on Ways and Means shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $13,900,000,000 in fiscal year 1991, $18,000,000,000 in fiscal year 1992, $19,000,000,000 in fiscal year 1993, $21,000,000,000 in fiscal year 1994, and $23,000,000,000 in fiscal year 1995.

SENATE COMMITTEES

(c)(1) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $920,000,000 in budget authority and $920,000,000 in outlays in fiscal year 1991, $1,727,000,000 in budget authority and $1,727,000,000 in outlays in fiscal year 1992, $2,034,000,000 in budget authority and $2,034,000,000 in outlays in fiscal year 1993, $2,043,000,000 in budget authority and $2,043,000,000 in outlays in fiscal year 1994, and $2,050,000,000 in budget authority and $2,050,000,000 in outlays in fiscal year 1995.

(2) The Senate Committee on Banking, Housing, and Urban Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $205,000,000 in budget authority and $205,000,000 in outlays in fiscal year 1991, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1992, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1993, $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1994, and $155,000,000 in budget authority and $155,000,000 in outlays in fiscal year 1995.

(3) The Senate Committee on Commerce, Science, and Transportation shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $200,000,000 in budget authority and $200,000,000 in outlays in fiscal year 1991, $208,000,000 in budget authority and $208,000,000 in outlays in fiscal year 1992, $216,000,000 in budget authority and $216,000,000 in outlays in fiscal year 1993, $223,000,000 in budget authority and $223,000,000 in outlays in fiscal year 1994, and $230,000,000 in budget authority and $230,000,000 in outlays in fiscal year 1995.

(4) The Senate Committee on Energy and Natural Resources shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $44,000,000 in budget authority

and $28,000,000 in outlays in fiscal year 1991, $44,000,000 in budget authority and $44,000,000 in outlays in fiscal year 1992, $44,000,000 in budget authority and $44,000,000 in outlays in fiscal year 1993, $44,000,000 in budget authority and $44,000,000 in outlays in fiscal year 1994, and $44,000,000 in budget authority and $44,000,000 in outlays in fiscal year 1995.

(5) The Senate Committee on Environment and Public Works shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $299,000,000 in budget authority and $299,000,000 in outlays in fiscal year 1991, $321,000,000 in budget authority and $321,000,000 in outlays in fiscal year 1992, $333,000,000 in budget authority and $333,000,000 in outlays in fiscal year 1993, $345,000,000 in budget authority and $345,000,000 in outlays in fiscal year 1994, and $363,000,000 in budget authority and $363,000,000 in outlays in fiscal year 1995.

(6) The Senate Committee on Governmental Affairs shall report (A) changes in laws within its jurisdiction which

provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to change budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to change budget authority and outlays, or (C) any combination thereof, as follows: reduce by $0 in budget authority and $1,000,000,000 in outlays in fiscal year 1991, reduce by $0 in budget authority and $720,000,000 in outlays in fiscal year 1992, increase by $0 in budget authority and $60,000,000 in outlays in fiscal year 1993, increase by $0 in budget authority and $70,000,000 in outlays in fiscal year 1994, and increase by $0 in budget authority and $70,000,000 in outlays in fiscal year 1995.

(7) The Senate Committee on Veterans' Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $220,000,000 in budget authority and $220,000,000 in outlays in fiscal year 1991, $230,000,000 in budget authority and $230,000,000 in outlays in fiscal

year 1992, $240,000,000 in budget authority and $240,000,000 in outlays in fiscal year 1993, $250,000,000 in budget authority and $250,000,000 in outlays in fiscal year 1994, and $260,000,000 in budget authority and $260,000,000 in outlays in fiscal year 1995.

(8)(A) The Senate Committee on Finance shall report (i) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (iii) any combination thereof, as follows: $615,000,000 in budget authority and $2,315,000,000 in outlays in fiscal year 1991, $591,000,000 in budget authority and $2,891,000,000 in outlays in fiscal year 1992, $585,000,000 in budget authority and $3,085,000,000 in outlays in fiscal year 1993, $579,000,000 in budget authority and $3,279,000,000 in outlays in fiscal year 1994, and $591,000,000 in budget authority and $3,491,000,000 in outlays in fiscal year 1995.

(B) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $13,900,000,000 in fiscal year 1991, $18,000,000,000 in fiscal year 1992, $19,000,000,000 in fiscal year 1993, $21,000,000,000 in fiscal year 1994, and $23,000,000,000 in fiscal year 1995.

CONDITIONAL RECONCILIATION OF REVENUES

SEC. 5. The President and the bipartisan congressional leadership should ultimately agree on a substantial, multiyear deficit reduction package, and the reconciliation of revenues mandated by this resolution will not be advanced legislatively unless and until such time as there is bipartisan agreement with the President of the United States on specific legislation to meet or exceed such reconciliation requirements.

SEC. 6. (a) In the House, budget authority, outlays, and new entitlement authority shall be allocated to the House Committee on Ways and Means for increased funding for programs under the committee's jurisdiction, if the Committee on Ways and Means reports legislation that—

(1) will, if enacted, make funds available for that purpose; and

(2) to the extent that the costs of such legislation are not included in this resolution, will not increase the deficit in this resolution for fiscal year 1991, and will not increase the total deficit for the period of fiscal years 1991 through 1995.

(b) Upon the reporting of legislation pursuant to subsection (a), the Chairman of the Committee on the Budget of the House shall file with the House revisions to the allocations under section 302(a) of the Congressional Budget Act of

1974 and revised functional levels and aggregates to carry out this section. Such revised allocations, functional levels, and aggregates shall be considered for the purposes of such Act as allocations, functional levels, and aggregates contained in this resolution. Committees of the House shall report revised allocations pursuant to section 302(b) of such Act for the appropriate fiscal year to carry out this section.

Passed the House of Representatives May 1, 1990.

Attest: DONNALD K. ANDERSON,

Clerk.

Calendar No. 533

101ST CONGRESS
2D SESSION

H. CON. RES. 310

CONCURRENT RESOLUTION

Setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995.

MAY 4 (legislative day, APRIL 18), 1990

Referred to the Committee on the Budget

MAY 4 (legislative day, APRIL 18), 1990

Committee discharged pursuant to section 300 of the Congressional Budget Act of 1974, as amended; placed on the calendar

It seemed to this Senator that we ought to try to help the chairman produce a budget that we could take to conference with the House to see if we could get a total allocation for the Appropriations Committee and nothing else.

We need a total amount that the appropriators can appropriate this year for defense and nondefense discretionary appropriations. That is why I said this may help us. If we can agree in conference with the House on something we may begin to let our appropriators begin their work.

I am hopeful we can do that, but I hope everyone knows that we are not producing a full budget tonight. There is no reconciliation in this budget. We in no way attempt to set anything in this budget resolution tonight other than one thing, the total amount of budget authority in outlays that the appropriators have to allocate for their bills.

I ask unanimous consent to print a table in the RECORD of the numbers we are using here, current services, the Senate budget resolution, House budget resolution and the President's request.

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

(See exhibit 1.)

Mr. DOMENICI. Mr. President, I want to tell the Senators that I agreed with the distinguished chairman to try to help with this, if we could produce what we could tell everyone was a neutral policy document—as neutral as we could draw one.

Somebody might stand up and say "what is neutral?" Well, I think we did produce one that is neutral for the purposes just decribed. It is the current level of appropriated expenditures. And that is where the $482.5 billion budget authority comes from. That means we are taking current levels and are saying that is the total amount the appropriators have to spend.

On the outlay side those current levels of budget authority need $503.4 billion in outlays.

Anyone who wants to examine the document we are going to pass tonight, in my humble opinion, can disregard everything excepting those two numbers: $482.5 billion in budget authority; $503.4 billion in outlays.

Somebody might stand up and say, "Well Chairman SASSER, how much is for education?"

If we look through it, we will find this year's level. And I think the chairman would say, "But the appropriators have always had the authority to distribute among the appropriating committees, as they see fit. All we are doing when we set these targets is give some recommendations and give some justification as to where the total numbers come from."

I might tell the Senate, it might come as a shock after voting on all these budget resolutions—and I see my friend from Georgia here—only 2 times in 11 years did the Appropriations Committees of both Houses use the actual functional allocations that we spent so much time on down here. Chairman MARK HATFIELD one time took what we voted on here and gave those numbers to the appropriators for their allocation. You might say, what is the rule that governs them? Absent something new and different—which may well come out of the summit—the only thing that governs is the total.

When they are through with their allocating they have to add up and say we did not spend more than $482.5 billion in budget authority and $503.4 billion in outlays.

Mr. President, I do want to say we are cooperating with the other side of this budget resolution. It seems important to us that, while the economic summit conference is going on—and this Senator has great hopes we will come to our senses and not have a sequester before we fix the budget of the United States. There are some who say let the sequester fall and maybe in December we will fix the budget deficit of the United States. I really do not believe we ought to do that.

I think we ought to make a multiyear budget proposal, package it up in the budget summit, take it to the American people and to the Congress and pass it.

But the point is we ought to let the appropriators who have the authority to allocate this money anyway—we ought to let them get started. They are not going to have any binding appropriations bills in any event because one of two things is going to happen: a sequester is going to take over or we are going to make a budget summit multiyear negotiated budget which will readdress the issues of defense and the issues of the other appropriated accounts. So we thought in the interests of moving things ahead we would take a budget neutral package and go to conference.

I want to suggest again why I am not sure we will have completed our job. If the U.S. House wants to negotiate out a full budget including reconciliation instructions on entitlements and on taxes, then obviously we are not going to have anything completed because they already know we are not going to agree to that. We want to go and try to get an agreement on the appropriated accounts so our appropriators can work and, obviously, it would be an agreement somewhere between our numbers and theirs. Then we could move the appropriations bills, subject to what is going to happen 2 or 3 months from now either with a sequester or through an overall multiyear negotiated settlement.

I have been here many times on bills like this that were tremendously important to the fiscal policy of this country; on bills that were extremely meaningful. But I must suggest tonight we are not here on one of these occasions. We are here to try to find as close to a policy neutral approach for the budget resolution so that we can give our appropriators that first opportunity to move their bills—while we wait around to see if we are going to come to our senses and fix the budget deficit or suffer a sequester.

Mr. President, we cannot reduce the deficit and avoid a huge sequester unless we develop a budget agreement between the administration and Congress. As I believe everyone is aware, that economic summit called by the President and congressional leadership is ongoing daily off the Senate floor. It is a time-consuming summit, but I believe a very necessary set of meetings. And I remain hopeful that it will eventually produce an outcome that will reduce the deficit significantly over a multiyear period and allow us to avoid the disaster of a mega sequester this fall.

Certainly that summit agreement once reached will need to be implemented quickly and that will entail among other things the enactment of appropriation bills. The process of writing, passing, and conferencing 13 separate appropriation bills takes time, time that is running out. At some point, we have to allow the Appropriations Committee to begin processing their bills. Without a budget resolution, Appropriations has no guidance and we have no limits or enforcement procedures to control spending in appropriation bills. Until the adoption of the budget resolution, the Appropriations Committee only needs a simple majority vote to waive all budget points of order and take their bills to the floor.

We are caught in a dilemma where we do not have an agreement on the budget, the economic summit is ongoing, and we need to allow the Appropriations Committees to begin their work, even if that work is likely to be modified later in the year.

And that brings us to this leadership amendment, Truely a procedural instrument to keep the work of the Congress moving. In order not to prejudice the deliberations of the budget summit and allow the Appropriations Committee to proceed with its work, we propose a policy neutral budget. As compared to current law, this budget contains no new revenues, no assumptions for entitlement cuts, and no reconciliation instructions.

This policy neutral budget does not assume any additions or cuts. It would simply hold spending for the Appropriations Committee next year at this year's level—current level—providing a total of $482.5 billion to this committee.

This level is below the President's budget by $14 billion and the House-passed budget resolution by $9.6 billion.

Mr. President, I urge my colleagues to support this interim budget. It provides the budget summit participants some more time to develop a budget agreement. With a budget summit agreement, we will be able to write a budget resolution and implement a long-term budget that reduces the deficit and avoids a sequester. Without an interim budget, we will either bog down the appropriations process or engage in a divisive debate on the budget resolution that will make a constructive budget agreement unlikely and invite a massive sequester this fall.

EXHIBIT 1

1991 DISCRETIONARY APPROPRIATIONS

[In billions of dollars]

	Budget authority	Outlays
1990 current level [1]	482.5	503.4
1991 current services	508.9	520.0
Senate budget resolution	481.2	503.4
House budget resolution [2]	492.2	513.6
President's request	496.6	515.8

[1] Includes adjustment for 1991 outlays prior.

[2] As adopted by the House Appropriations Committee, June 13, 1990.

Notes.

(1) All totals adjusted to include impact of 1990 supplemental.

(2) 1991 current services based on CBO alternative baseline (March) estimates.

(3) Totals represent discretionary spending under jurisdiction of the Appropriations Committee, except for Defense, which includes all spending in Function 050.

Mr. DOMENICI. I do have some additional remarks I want to make about the economy, but I note several Senators are on the floor who might have questions about what we have before us. I will speak to the Federal Reserve Board's role in all this in a few moments, but I yield the floor at this time.

The PRESIDING OFFICER. The Senator reserves his time.

Mr. SASSER. Mr. President, I yield to the Senator from Illinois as much time as he requires, not to exceed 10 minutes.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Mr. President, I originally joined Senator BINGAMAN and Senator ROBB in requesting a rollcall on this. Had we had a rollcall, I would have voted against this because I think it is fundamentally a giving up on the budget process. I do not mean this disrespectfully to the distinguished chairman, my colleague from Tennessee, or the distinguished ranking member, the Senator from New Mexico.

The good part of this is it does have some restraint for the Appropriations Committees. There is no question about that. But what we failed to do is what the budget process is really all about, and that is, as originally envisioned, that we were going to take a look at what our priorities are and shift our priorities. And what has happened is we are in a rut. And we are not shifting our priorities, even when circumstances change that really ought to alter these priorities.

The three things that we ought to deal with much more vigorously in my opinion are, first, the deficit, just an overwhelming problem in our society, and we are just drifting along, not really dealing with this. The President is providing no leadership and we point to the President and his faltering leadership and point out the weakness there, but we are not doing anything here either.

The second area, and I discussed this earlier this evening, and after reading the speeches of our distinguished colleague from Georgia, Senator SAM NUNN, who made some very thoughtful, substantial speeches here, 85 or 90 percent of which I agree with, that really should have caused some major discussion in this body and in the Nation and I am afraid, meaning no disrespect to my colleague from Georgia who is here right now, there was a one-time shot in the newspapers and that was about it. We really ought to be taking a look at this.

After World War II, in 3 years we had a 90-percent drop in defense expenditures. I am not suggesting that was wise. As a matter of fact, perhaps the Korean war would have been prevented had that drop not been so precipitous. But now another war has been won, the cold war. There are no surrender papers.

But, in fact, another war has been won and we are talking about 1 percent, 2 percent. In my remarks earlier this evening, I said I agree with most of what the Senator from Georgia has suggested, except for his conclusion; and that is that we ought to be cutting substantially more from the defense budget and reducing that deficit and, this is the third point, shifting it into the field of education.

If someone from Mars came down here and looked at our budget and saw we were spending $300 billion on defense and $22 billion on education, excluding school lunches, that person from Mars would conclude that the United States faced a great immediate military threat, but our schools were in great shape. We know the truth, but the budget does not reflect that reality.

Finally, while it is said these are not final decisions we are making here, the reality is a budget summit is taking place and when everybody gets out of that budget summit, if there is an agreement, then anyone here who wants to modify that will be told, "We really would like to help you or agree with you, but we have this agreement."

The Senate really is pulling itself out of the budget process. I think that is a mistake. I recall last year I had an amendment to take 1 percent from the defense budget and put it into education. It would have meant a 15-percent increase in education. A lot of my colleagues said, "I agree with you, but I cannot go along because we have entered into this budget summit agreement." We are going to go through the same thing.

Mr. President, I think we are making a mistake. I applaud the restraint that is here, but just giving up on the whole purpose of what the budget process is about is a mistake.

While my colleague from New Mexico is correct when he says we have not followed this exactly in terms of what the Appropriations Committee does, but guidelines have been there and have generally been followed, now we are just giving up on the guidelines. This is going to pass by voice vote tonight. We all know that. But I think what has happened here suggests the budget process really does have to be reviewed.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. SASSER. Mr. President, I yield to the distinguished Senator from New Mexico [Mr. BINGAMAN] 5 minutes.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that when the vote occurs on this budget resolution, the RECORD reflect that I voted "no."

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

Mr. SIMON. If my colleague will yield, I ask unanimous consent to be recorded the same way.

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

Mr. BINGAMAN. Mr. President, I would like to explain the reasons why I am voting against the budget resolution that has been proposed tonight. I think it is elementary that the objectives we have through this budget process are two: First, to bring the deficit under control or down and, second, to allocate funds to those areas where they are most needed; specifically, in my view at this time, to allocate additional funds to some of the domestic needs of our country, such as the needs for funding for a better educational system, for a rational and fair health care system.

When the President presented the budget that was sent to the Congress early this year, in my view, it totally failed to achieve either of these major objectives. It did not present a serious deficit reduction plan. I also believe strongly that it did not propose the significant reallocation of funds which the American people would favor at this point, and do favor.

I criticized the President's budget at that time for being a slide-by budget, much like the budget we had seen in 1989. Now with the budget resolution, which is on the floor, and as conceded by the chairman and ranking member of the Budget Committee, in my view, we are being asked tonight in this budget resolution to essentially sign on to that same slide-by approach.

I have heard the chairman of the Budget Committee indicate that he does not believe this is going to be another slide-by year; that the circumstances are such that a major deficit reduction effort will be required. I know we have negotiations going on. I know we have a budget summit going on which has been going on now for a month or so.

In my view, the fact that these protracted negotiations are required is proof positive that we lack leadership in the executive branch; that our President has been caught in his own campaign promises. The political maneuvering that is going on certainly may be good politics; it is not good government, in my view.

The budget summit may result in a serious reduction of the deficit, but I have grave doubts about what the end result will be. The budget summit may result in a shifting of funds to meet our domestic needs, such as education and help for disadvantaged children and for many health services. But, again, I have very grave doubts about that.

Mr. President, my colleague from Illinois [Mr. SIMON] spoke earlier, and very eloquently addressed the question of whether in 1990 we would see a year of decision or another year of drift. I fear that with the passage of this budget resolution, we are taking one more step toward that year of drift.

For that reason, I wish to be recorded as voting against the budget resolution.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. SASSER. Mr. President, I see the distinguished Senator from Georgia, who I understand has some questions he may wish to propound at this time.

Mr. NUNN. I thank the Senator from Tennessee. I hope he will yield to me—I do not think it will take more than 5 minutes—for the purpose of posing a question to the Senator from Tennessee.

Mr. SASSER. I yield the Senator from Georgia 5 minutes, or such time as he may require.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. DOMENICI. I wonder if my friend from Georgia will yield 1 minute to the Senator from New Mexico.

Mr. NUNN. I yield 1 minute to the Senator.

Mr. DOMENICI. I wanted to ask my colleague from New Mexico if he was going to be on the floor for a while.

Mr. BINGAMAN. I will.

Mr. DOMENICI. I do want to comment on his remarks and did not want to do that if he were not here.

I yield the floor at this time.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. Mr. President, let me just start by asking a question. If I understand, what we are really doing here is providing a makeshift kind of scaled-down mechanism to allow the Appropriations Committees to begin to do their work while the budget summit conference is proceeding; am I correct in that?

Mr. SASSER. The Senator from Georgia is correct. What we are providing here is essentially a neutral budget resolution for purposes of allowing the Appropriations Committee to move forward with their discretionary spending appropriations.

Mr. NUNN. Am I to also understand, I believe I heard the Senator from New Mexico say this, that the appropriations bills that we begin to get up, whether it is in July or the first part of August or in September, are going to be displaced inevitably, by either of two things; either by a sequester which, as I understand it, is going to be a very large sequester based on the numbers I have heard, or by some type of substitute resolution that avoids a sequester?

Mr. SASSER. The Senator from Georgia is correct. As the Senator knows, the Office of Management and Budget has recalculated the deficit, and we are now looking at a deficit number to meet the Gramm-Rudman-Hollings targets of somewhere in the neighborhood of $74 to $80 billion, and we are simply unable to meet that target with any of the budget resolutions that are currently before us. So the only solution will come through the budget summit negotiations or through sequester. I hope it is not the latter source.

Mr. NUNN. Would it be fair to say also that whether one is for this resolution or against it, whether one thinks it is smoke and mirrors or whether one thinks it is real progress, that whatever one thinks, it is temporary in nature and, if it is smoke and mirrors it is not going to be permanent smoke and mirrors: it is going to be displayed by something of a more tangible nature either in a substitute fashion or in a sequester, which would have very severe consequences?

Mr. SASSER. In the final analysis, this is simply an instrument by which we allow the Appropriations Committees to move forward under rules and procedures and begin to do their work. It is, I think, clearly understood by all here that in the final analysis the Appropriations Committees are either going to have to adjust their levels upward or downward pursuant to the negotiated budget settlement, or they may be adjusted downward by action of sequester.

Mr. NUNN. I thank my colleague from Tennessee. I would like to pose three or four questions that are a little bit more detailed in nature. First, what are the assumptions about the allocation of the discretionary spending total contained in this budget resolution? For instance, does every function get exactly what it had in fiscal year 1990 under this resolution, or will there be some reallocation spending among the functions?

Mr. SASSER. The total discretionary allocation is $482.5 billion in budget authority and $503.4 billion in outlays. Now, these amounts very closely approximate the current levels of 1990, and these amounts were distributed across the budget functions at current levels. Reallocation among the functions will be done in the appropriations process once the total pot of appropriations is agreed to in the conference on the budget resolution between the House and the Senate.

Mr. NUNN. I thank my friend from Tennessee. Does the Senator from Tennessee envision that, if there is an in-between position in the conference, with the House being higher on outlays and the Senate being lower—and I believe the delta or the differential is about $10 billion—but, hypothetically, if there was a split in the middle kind of position and $5 billion was added to the Senate and deducted from the House, does the Senator from Tennessee anticipate that that money would become part of a lump sum brought back also, or would the Senator anticipate in conference that extra $5 billion would begin to be allocated?

Mr. SASSER. It is my understanding it would be part of the lump sum to be brought back.

Mr. NUNN. And the Appropriations Committee would do the allocation?

Mr. SASSER. The Appropriations Committee would do the allocation pursuant to the 302(b) allocations.

Mr. NUNN. How much of the $503 billion in fiscal year 1991 outlays in this resolution is assumed to be the national defense function or intended for national defense?

Mr. SASSER. For funtion 051, which is defense, excluding, as I understand it, the energy portion, the total is $289.6 billion in budget authority and $286.9 billion in outlays. For the total function 050, the current level is $299.6 billion in budget authority and $295.7 billion in outlays.

Mr. NUNN. I thank the Senator. Under this resolution, the Senate will go to conference without functional spending totals in the resolution, and as I understand what the Senator has just said, when the conference agreement is brought back, assuming it is in the form the Senator anticipates, the Appropriations Committee will then decide how much goes to defense and how much goes to other functions?

Mr. SASSER. I say to my friend from Georgia there are functional totals in the resolution before us this evening, but these totals are simply given at 1990 levels, and I would anticipate that we would come from conference with functional totals. But in addition to those functional totals, there would be additional moneys that probably would result from the conference that would come back in a lump sum and would be appropriated and distributed among the various functions.

Mr. NUNN. Let me take it one step further. Assuming the Appropriations Committee has its allocations and then starts coming back with appropriations bills, and assuming that they decide that instead of following the functional totals that were assumed here, they are going to, let us say, take $25 billion out of defense and allocate it to other functions, how will the Senate itself be able to work its will if the Senate decides, for instance, that the individual appropriations bills have too much money and defense has too little under the allocation? Will there be an opportunity for the Senate to work its will to increase defense and decrease other appropriations bills, since they are coming separately?

Mr. SASSER. The appropriations bills would be subject to amendment, but they would be subject to amendment pursuant to the provisions of the Budget Act.

Mr. NUNN. And that means, if there was a deletion or an addition, it has to come out neutral on that bill or in the overall allocation?

Mr. SASSER. They would have to come out budget neutral on each particular bill or face a point of order. But the Senator from Georgia will recall there was an instance here just a short time ago when we altered appropriations bills to secure additional funding for drugs, as I recall. We did that by an across-the-board measure that impinged or impacted on all the appropriations bills.

Mr. DOMENICI. Will the distinguished Senator yield for a response on my time?

Mr. NUNN. I will be glad to yield.

Mr. DOMENICI. Let me say to the distinguished chairman of the Armed Services Committee, the way I see it, first, I have tried my best to explain that I do not think these numbers as disbursed across the functions are the subject matter of this resolution tonight. The total is the subject matter, how much budget authority and outlays we have arrived at, that is available to the appropriators. I say that because it happens to be the way the law is currently written on budget resolutions.

We have changed that one or two times in the past by informal agreements. Two summits have agreed. I think the distinguished chairman knew of those events, where we actually, instead of one comprehensive total, broke it into three parts. So when we came out of a summit with the numbers, the Senator came to the floor and asked, is this money for defense? The answer was, that is correct. But absent that, no matter what budget resolution we are approving here tonight, no matter what numbers were in defense, the appropriators have no obligation to allocate that much to defense.

Having said that, there are a couple of events that give this institution some clues, which give us a chance to try to work our will. If, in fact, there is not enough budget authority and outlays for defense, which I think is the Senator's question. The appropriators, choose to take the maximum amount out of defense, waiting until the end, two things happen. The Appropriations Committee has to take a vote on allocating the money. The distinguished chairman is not on that committee. I think he would be justifiably a bit skeptical about how that vote might occur.

Mr. NUNN. I think under the reasonable arrangement we have, I might be entitled to sit in and watch it happen, but I will not have a voice.

Mr. DOMENICI. Second, while we do not get to vote on the allocations as an institution, they must be filed, knowing how much the Senator from Georgia watches such things. There may be a day when we come back from conference, if we do, when the appropriators will file allocations of these 302(b)'s. This is how they distribute this total lump sum. That is a very important day because then we will see how much of the total they said goes to defense.

We do not get to vote at that point. But what you know then is the handwriting is on the wall. As each appropriations bill comes, and it will be historic if defense is anything but last—it is always last—we will know when the first one comes, and if it is using up the entire allocation in that filing that we saw, we might assume that all the rest are going to use theirs too.

If, in fact, defense was extremely low, because it is being spent somewhere else, it is pretty obvious to the Senator from New Mexico that the war starts then as to whether or not defense has been treated fairly or unfairly in the allocation. They do not have a lot of rights, but for somebody like my friend from Georgia, you could then begin to make a point—well, we did not do it fairly, or we are not going to be able to meet our defense needs, or something is going to happen because defense is too low.

Mr. NUNN. Will the Senator let me pose a question at that point? Let us suppose they bring out a Department of the Interior appropriations bill or any other bill for that matter. The 302 allocations have not in any way followed the assumptions in this particular resolution before us. Let us assume there is $2 billion more in Interior than was assumed under this current budget. Let us assume the Senator from Georgia was able to persuade 52 people to take that $2 billion out. There is no other bill before us at that stage. What are we going to do with $2 billion procedurally, in order to save that for some other function, whether it is defense or whether it is education?

There will be people who will have similar type questions. How do you take $2 billion out of that bill and hold it? Does it stay at the desk, or am I procedurally able to shift it to a bill that is not on the floor?

Mr. DOMENICI. Let me first say on the 302(b) allocation process, maybe I am mistaken, but I think this is probably as detailed a discussion this U.S. Senate has ever had on the subject. Is it not interesting that it happens to be just about the entire ball game when it comes to where the money is going to go?

So, the first point I would like to make is, I hope my good friend from Georgia knows there is no difference in times in the past. This is the way it has always been.

Mr. NUNN. I understand that point; except there has been a very strong impetus behind the budget resolution and the way those funds have been allocated, and if the appropriators begin tinkering, they can tinker, but it is at the margins.

Under this arrangement there has been no Senate decision, and I would say the tinkering can be more than the margins. It can go to the very fundamentals. I think that is what the difference is, the psychology rather than the law.

Mr. DOMENICI. I would answer for my friend on the $2 billion question. Frankly, if you take it out of the bill—we would never, to my knowledge, do anything like this—but if the U.S. Senate wanted to instruct the Appropriations Committee to reallocate and put it in defense, I assume you would get that vote. Please do not hold me to that.

Mr. NUNN. One further question. If we take the $2 billion out, and there is a rule and procedure which require budget neutrality, does that mean we have to spend it on that bill or can you just deduct $2 billion out?

Mr. DOMENICI. No.

Mr. NUNN. You just cannot increase the ceiling. It can go below it?

Mr. DOMENICI. You cannot overspend it.

Mr. NUNN. You can underspend it, can you not?

Mr. DOMENICI. I do not think there is any doubt about that. It would be rather historic but we could do that.

Mr. NUNN. Assuming you could get 51 votes. But it is theoretically possible. Would the Senator from Tennessee agree with that, simply cut the appropriations bill without reallocating?

Mr. SASSER. I agree. We could just cut an appropriations bill without reallocating it to a particular purpose on the floor. We might do the historic thing and reallocate a deficit reduction around here. That might be something we ought to consider.

Mr. NUNN. There could be all sorts of history set.

The final question. I know the plight my colleagues in the Budget Committee are faced with. I have been on the Budget Committee myself, not under these circumstances. I was on the Budget Committee back when we though $10 or $15 billion was a big deficit.

Mr. SASSER. Maybe what we need to do is get the Senator from Georgia back on the Budget Committee.

Mr. NUNN. I do not think my absence has made it worse. I think you all are caught with a set of circumstances beyond your control. I know that is what you are responding here to.

We are planning, in the Armed Services Committee, to begin our markup on the authorization bill, and that markup will probably begin shortly after the Fourth of July recess, based on the current schedule. Does the Senator from Tennessee or the Senator from New Mexico have any guidance as to the number we should mark to, based on this budget resolution?

Mr. SASSER. I say to my friend from Georgia, that we expect a speedy conclusion of the budget conference. We are very, very hopeful of a speedy conclusion, and a quick allocation of the money coming back from that conference under the appropriations 302(b) allocation.

The distinguished chairman of the Armed Services Committee may wish to delay locking in on numbers, or at least lock in on the numbers contemporaneous with those 302(b) allocations that would be distributed among the various subcommittees of appropriations, including the Defense Subcommittee.

The only formal guidance that has been offered to the Senate thus far was that offered by the Senate Budget Committee, and that was to reduce outlays by $13 billion below current services and $30 billion in budget authority.

I know the distinguished chairman of the Armed Services Committee is not favorably disposed to that guidance that came out of the Senate Budget Committee. But of course the numbers are going to be determined at the summit with regard to 050 and all of the other functions.

Mr. NUNN. I may surprise the Senator from Tennessee but it would be my recommendation to the committee that we work to the $13 billion as at least one of our marks. We may have more than one mark. We may ending up having 2 mark levels because of the uncertainty. That is very difficult.

I think the people need to have an honest look at what the consequences of the various marks are. It may very well be that we will decide to proceed with two marks, and in some sort of procedural fashion. Of course we will be in the position of bringing our bill out sometime in July, which may be before there is a summit agreement. Hopefully not. But that would be an extremely optimistic case to say we would have an agreement in July.

If that is the case, we will still be guessing. So I assume that what we could do now is to take the number in this resolution, take the $13 billion that came out of the Senate Budget Committee, work somewhat in those parameters, and have a reasonable guess at this stage.

Would the Senator guess as to when the 302 allocations would be probable? Would they be this month?

Mr. SASSER. That will, of course, be dependent on how speedily we can conference this resolution. I am hopeful that we can conference it in a very speedy fashion indeed.

Mr. NUNN. We need to get somebody that can divide by two. Is that right?

Mr. SASSER. Yes. At least that. But the chairman of the Appropriations Committee has indicated that he intends to move very rapidly on the allocation. If we can conference the bill fast, I would say there is an excellent chance that the 302(b) allocations could be gotten before the July 4th recess.

Mr. NUNN. I thank my colleagues from Tennessee and New Mexico.

Mr. SASSER. I thank the distinguished Senator from Georgia. I am sympathetic with the distinguished chairman's problems in trying to mark up his defense bill under these very peculiar and trying circumstances.

I would be the first to concede that this is not the proper way to run the fiscal business of the U.S. Government. But we are simply caught in this problem on this occasion as a result of a lot of factors, but I think principally because of the gross underestimation of the deficit that occurred in the administration's original budget presentation. But I thank the Senator.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I wonder, before the distinguished Senator from Georgia leaves, I know Senator ROBB wants to talk, if I might just take 2 minutes.

He asked if there was any advice as to what he ought to mark up to. I want to say to my friend from Georgia I have a completely different idea of what number he ought to mark to. I thought maybe I would share it with him.

I think he ought to mark to the number he thinks his committee thinks they need.

If it is $12.5 billion reduction, fine; if it is 9, fine. First of all, I need not tell the Senator his bill is an authorizing bill, not an appropriation bill. Second, and I say this having given it some thought, I have seen so many new experts on what the defense of the Nation needs in these changing times that I think, just to be honest, the Senator's committee may be more expert than all of them put together. I think the Senator ought to do what he thinks he ought to do.

Some people say we ought to cut $50 billion out of defense. Out in the country some politicians say we do not need any defense any more; maybe we ought to be down to 3 percent of GNP, or 2.5 for the next 4 years.

I, frankly, believe that we do have some system around here that occasionally works. And I believe there is a rare opportunity for the defense authorization committee to move quickly and to show the U.S. Senate—since the first responsibility is here and to the people of this country—what the numbers that everybody is throwing around mean. That is why maybe the Senator is thinking in more than one format, because some people say cut 10 the first year, and some say cut 25, some say cut 15.

Frankly, so the Senator knows again, there is nothing binding about any of these numbers, until those appropriators sign them, and that is really no different than it has been in the past; although I will say the Senator's notion of marginality may have merit. I am aware of 3 years in the past 11 when it was not a margin adjustment on defense, but rather very, very substantial amounts came out of Defense, after being voted in my budget resolution, and went elsewhere. I think in the end I may have voted for the appropriations. I am not critical of it. But I know 3 years where there was about $40 billion moved around from defense to other accounts, cumulative, and I think even in these times that billions are thrown around, and that is probably not within the Senator's definition of marginal movement.

Mr. NUNN. I thank the Senator from New Mexico, and I thank my colleagues for their patience and time.

Mr. ROBB addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. ROBB. Mr. President, I rise reluctantly, given the amount of time and effort that my colleagues, the chairman and the ranking member of the Budget Committee, have already put into this particular challenge. I have enormous respect for them individually and for the difficulty of the task which they assume in trying to bring a budget resolution to this body for consideration, so that we can get on with the appropriate job of appropriating money and taking care of the priorities that face it.

I reluctantly ask unanimous consent that my name be added to those who would like to be recorded as dissenting when the vote for this particular resolution is recorded.

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

Mr. DOMENICI. Reserving the right to object, and I will not. Let me just suggest that I did not object when two other Senators asked that they be recorded as "no." But, frankly, when we announced we were not going to have a rollcall vote here tonight—and I think it was done twice by both leaders—I think that really meant we were not.

I just want to make sure that the Senator knows that the only reason I am reluctant—and I will not object—is that I think it is quite unfair when you tell everybody there is not going to be a vote, and then we have the equivalent of one without them being here.

Nonetheless, I have no objection, and I understand this. If the Senator is against it, he can put a statement in saying "I vote 'no,'" and it does not put me in a position in which a lot of people on this side might have wanted to vote "no" and be recorded as such.

Mr. ROBB. Mr. President, I certainly understand the position of the senior Senator from New Mexico, and I only did so because of the precedent established by my two preceding colleagues. I did not plan to be formally recorded. I just wanted to urge a word of caution for my colleagues to consider and, hopefully, those who are participating in the summit on behalf of all of the Members of the Senate, as well as the rest of us, who will have to consider the recommendation when and if it comes back to the floor, in terms of a substitute for the resolution that we are considering tonight.

I say, very briefly, that the budget the President submitted at the beginning of the year provided for what was reported to be $37 billion in deficit reduction. There were a number of us who were disappointed in various aspects of the budget, and there was some question about how much of that $37 billion of deficit reduction was real. Nonetheless, that was the number we started with. I believe the number the House reported out was something in that same range.

A number of us on the Senate side held out for a higher number, recognizing that the budget itself consists of a number of artificialities—I think that would be the most gracious way that I could describe them—along with the fact that we masked the true size of the deficit by ignoring most of the effect of the savings and loan bailout, and the fact that we do count the surpluses in the various trust accounts when we are figuring what we refer to as the deficit each year.

The truth of the matter is that the annual increase in the national debt has been well above $200 billion, getting closer to $300 billion each year, as all of us know who have taken a look at this question and dealt with it. We started with the figure of $37 billion, based on some fairly optimistic projections. It became apparent early on that even those projections, using all of the mechanics of the current budget process and the Gramm-Rudman-Hollings targets, were going to be inadequate even to meet those very modest targets.

We finally reported out a budget resolution, which I say was inspired in large part by the distinguished occupant of the Chair, with a number of $54.1 billion in deficit reduction. In effect, the Senate Budget Committee pledged itself through combinations of reductions in expenditures and revenue increases to reduce the budget under the current process by some $54.1 billion.

Now we have a situation, given the difficulties of resolving this situation with any particular figure, where we are being asked, understandably, and as a matter of expedience, to approve a resolution which has the net effect of approving deficit reduction, not of the $54.1 billion that we tentatively agreed upon in the Senate Budget Committee, not even the $37 billion of deficit reduction that the President had proposed or that the House proposed, but a number that is somewhere between $14 and $16 billion. If we round that off to approximately $15 billion, and I recognize that these are simply targets for the appropriation, and the distinguished senior Senator from New Mexico talked about the neutrality of the provision, but we are now looking at a target which is well below anything that we would have otherwise considered.

I must say, I was somewhat distressed—if I could have the attention of the Senator from New Mexico for one moment—because I have enormous respect for the senior Senator from New Mexico, but when he talked about the fact that the conference would probably come up with a number between the number that is in the House resolution and the number that is in the Senate resolution, well, if we are appropriating toward a target that is somewhere between $37 billion in deficit reduction and 14, 15, 16, depending on how you figure the current resolution in deduction, we are aiming at an even lower target in terms of deficit reduction, given all the artificialities that are built into the process.

The current budget resolution would account for something like one-fifth of what are generally acknowledged to be the amounts of deficit reduction, that is, $75 billion, that the Budget Committees, the President and his key advisers, and the leadership on both sides of the Capitol are going to have to come up with, if we are going to meet the Gramm-Rudman targets as they exist today.

So I would simply say that the target is not only too low in terms of any other comparison, it is way too low compared to where we know we have to go. It seems to me not to make sense given all deference to the leadership and their need to get a budget resolution out to set a target so unbelievably low. Then to go ahead and begin appropriating money based on that target is simply going to lead to either additional disillusion when the true magnitude of the budget is accepted and dealt with or it is going to force the whole process not to deal with it. We are simply going to accept whatever appropriations are being made and say maybe we will do it better next year.

I simply submit to my colleagues that is not moving us in the right direction, and I respectfully dissent knowing full well it is a very difficult challenge knowing the intent of those who offer this particular resolution is that these numbers not be the final numbers but the numbers that come from the summit conference, and I, indeed, hope they will come out with meaningful deficit reduction. But we have a target that is, as far as I am concerned, so low that it seems to me we are taking a step back instead of at least a modest step forward.

I hope very much the process will result in something meaningful. I clearly hope that we soon take up the challenge of bringing about substantial reform of the budget process so that we can present to the American people a true picture of the state of the economy and the state of our fiscal solvency at this time.

We are currently very close to $3.1 trillion in debt and going up at what to me is an alarming rate.

One last comment so we do not lose sight of what I believe is a critical fact we should focus on here. Between 1952, I believe it was, and 1980, the interest on the national debt averaged about 7 percent of the budget. Between 1980 and 1988, it averaged about 13 percent of the budget. The current budget has interest at about 15 percent of the budget. I think it is $255 billion. It is not only the highest real number, it is the highest percentage in our Nation's history, and the month of March the report indicated that there was a $3 billion something deficit for a single month. That was not only $13 billion higher than what had been projected, it was far higher than any single month in our Nation's history.

In April when we all end up paying taxes, those who still owe taxes—and everybody pays their first quarter taxes and what have you—the surplus which is always recorded for April was lower, so that we finally have some sense of where we are headed, and it does not give many of us a sense of confidence to look at those particular numbers.

Mr. President, with due deference to the leadership and commendation for the efforts that they have put in trying to find critical mass someplace and recognizing that I have been a part of the difficulty in arriving at that critical mass, I must, nonetheless, respectfully dissent in terms of the resolution we have before us but hope very much we will indeed make the progress all of us hope to achieve in the near term.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. SASSER. Mr. President, I see the distinguished Senator from Nebraska on his feet. Before he proceeds may I ask how much time is remaining to our side?

The PRESIDING OFFICER. The Senator from Tennessee has 13 minutes; the Senator from New Mexico has 35 minutes and 30 seconds.

Mr. SASSER. May I ask the Senator how much time he will require?

Mr. EXON. One minute and probably less.

Mr. SASSER. I yield the Senator 1 minute.

The PRESIDING OFFICER. The Senator is recognized.

Mr. EXON. I thank my friend, the chairman of the committee. I rise only for an impassioned plea. This is an enlightened suggestion; this is a reasonable suggestion.

I ask unanimous consent that all of the time be yielded back and that we proceed to a vote on this issue.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object, was the Senator referring to both sides, I ask my friend from Nebraska?

Mr. EXON. Yes, I was referring to both sides attempting to come to a vote.

Mr. DOMENICI. I object.

The PRESIDING OFFICER. Objection is heard.

Who yields time?

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I am not going to take much time.

I do want to say to my good friend from Virginia, Senator ROBB, that—and I think I just want to correct the record from my vantage point—he is correct when he talks about the deficit effect of this piecemeal budget resolution when he speaks of the savings that are in it.

Let me assure you, however, that is just the discretionary accounts of this Government. We have never made that big savings in just the discretionary accounts of this Government. There are no entitlement savings in it and no revenues. Even the President's $13.9 billion revenues are not contemplated in this resolution because, as we said before, what we want to do is provide a procedure to go with the appropriations while we try to fix the deficit. If we could not, the issue is going to be moot anyway.

Having said that, I want to take a couple minutes and talk about an issue that I think is almost as important as this economic summit, and that is what is going to happen to the money supply and what the Federal Reserve Board, in my humble opinion, is doing to this country.

First of all, we have now learned—it took some of us a long time—that while we think in the U.S. Congress that we are in control of fiscal policy and tax policy and as a consequence whatever we do is going to determine what happens to the American economy, I think we have all learned that the American economy, now being internationally affected, is affected by many things. I am willing to admit that one thing we must fix because it is becoming more and more evident is the deficit and get out of the capital markets as much as we can as soon as we can so as to reduce the cost of interest. That is why the Senator from New Mexico is still hopeful about an economic summit.

But the other thing that is out there in the United States—each country has different ones—is the Federal Reserve Board which controls the money supply and ultimately interest rates. Which essentially means how much money is available.

Frankly, Mr. President, I cannot believe that in the midst of the second worse banking crisis in America's history—some say it is the greatest; I am going to assume that the depression had a worse banking crisis than the one we have with the S&L crisis, that is out there, causing enormous ripple effects in terms of the credit market—we are in the economic summit trying to work out a fiscal policy, and almost every indicator that we normally use indicates two things: that the American economy is not growing very fast and that the dynamism within it, if not totally stopped, is dramatically slowing.

I will put those in the RECORD as to what they are—retail sales, wholesale sales, whatever you like, and inflation has ameliorated. It took a little bit of a climb a few months ago. We find now that was attributable to very distinct things, the problem of the farm sector that came from both freezes and other disasters and we had a temporary surge in energy prices, but if you look at the indexes, inflation is coming back down.

Mr. President, I ask unanimous consent that this material be printed in the RECORD.

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

INFLATION, ECONOMIC GROWTH, AND FED POLICY

Continued expansion of the economy with inflation under control must be one of our primary goals for advancing the Nation's welfare.

Recent evidence suggests that we need to place more emphasis on real growth than on inflation.

INFLATION

While we always want to keep inflation under control, the signs are that it is not accelerating.

The PPI—excluding the volatile food and energy components—has increased only 3.1% over the last 12 months, the lowest for any 12 month period since October 1988.

While the CPI rose a lot from January through March, that was primarily due to temporary effects.

The December freeze of agricultural produce,

And the temporary rise in energy prices from weather related increases in heating demands over the winter, a rise that is now being reversed. (Spot crude oil prices are now down to $15 a barrel from around $20 in January.)

The April increase in the CPI was a modest 0.2 percent, that's an annual rate of 2.4 percent if it were to continue.

Predictors of future inflation are also down; goal prices, commodity prices, and long-term bond rates have all fallen recently.

REAL GROWTH

While the economy is growing, it is not growing solidly or securely enough.

After stripping out the temporary hiring to conduct the census, job growth has been quite weak the last three months, retail sales have declined for the last 3 months, and interest sensitive sectors—housing and autos—have been hit the hardest.

Banks have become more skittish, as the real estate market has softened and they have tightened their terms of credit and raised standards for riskier types of loans.

Real GNP growth in the first quarter was revised down last month to 1.3 percent, that's following a 1.1 percent increase in the fourth quarter of 1989. These are the lowest two quarters since 1986.

Complicating the picture of domestic economic activity, are higher interest rates abroad, the result of increased foreign credit demands and central bank restraint, particularly in Europe.

To the extent that higher U.S. rates are being driven up by these foreign demands the higher U.S. rates are not needed or desired.

Looking at these numbers, it is clear that adequate real growth, not inflation should be our major concern. And in this light, the Federal Reserve should be erring on the side of policy ease in order to adjust for current conditions.

But the Federal funds rate, the rate by which the Federal Reserve affects the economy, remains at 8¼ percent, unchanged over the last six months.

A credible multi-year deficit cutting agreement is needed in order to provide the fiscal leadership that must accompany sound monetary policy.

Less Federal demand for credit would lower interest rates directly and make the Federal Reserve's task easier.

COMMENTS ON THE ECONOMY BY SENATOR PETE V. DOMENICI, SENATE COMMITTEE ON THE BUDGET

(May 11, 1990)

WHAT SHOULD WE BE DOING ABOUT THE "CREDIT CRUNCH"?

What are the chances for a credit-crunch recession and what should the government be doing to reduce the danger? Newspapers report anecdotal evidence of credit market tightness. Recently they have raised the specter of a "credit crunch", where credit is unavailable at almost any price, precipitating a recession. A lack of credit helped to bring on the economic downturn in 1974. Today, with economic activity below the economy's capacity and inflation under control, a credit-crunch recession need not occur because the Federal Reserve has sufficient latitude to ease monetary policy without fueling inflation. The Federal Reserve's job, though, has been complicated by restrictive lending practices in the banking industry and higher interest rates abroad. Confused signals above Federal deficit reduction also make the Federal Reserve's task more difficult.

Banks have become more skittish. Their awareness of credit risks has increased as real estate loans have turned sour and economic growth has slowed. Another factor has been the glut of junk bonds produced by merger mania. In response, banks have tightened their terms of credit and raised standards for riskier types of loans. The real estate sector and firms below recognized investment grades have been hardest hit by these changes. Even though a switch to other credit sources by larger corporations and a decline in merger borrowing account for much of the recent decline in lending by banks and S&L's, the downturn still remains disturbing.

How should the Federal Reserve respond? Compared with the 1970's, we live in a different financial world. Deregulation and competition from new sources of credit—money-market funds, secondary markets, and foreign financial entities—now ensures that funds remain available. Changes in regulatory practices and expansion of non-traditional financial institutions, however, have complicated the Federal Reserve's task of influencing credit availability. The question currently is whether the Federal Reserve can determine and then set a monetary stance that provides adequate liquidity as more stringent loan requirements by the banking sector reduce the amount of total credit available. In light of current circumstances, the Federal Reserve's strategy should be to lower its target for interest rates as a way to offset current non-interest rate related credit restrictions.

Higher foreign interest rates must be factored into Federal Reserve policy. Under certain circumstances higher interest rates are a useful prescription for economic ills. For instance, when too rapid economic growth strains the economy's capacity, adding to inflation, higher interests rates temper economic growth. But recently, higher foreign interest rates, reflecting increased foreign credit demands and central bank restraint, particularly in Europe, have put upward pressure on U.S. interest rates. To the extent the recent rise in U.S. long-term rates reflects foreign activity rather than capacity constraints nd inflationary pressures in the U.S., the higher rates are not needed or desired. In response, the appropriate role for the Federal Reserve should be to lower domestic rates by easing monetary policy.

The Federal Reserve also must evaluate recent economic data that have been influenced by special factors. Temporary factors increased inflation and real growth in the first quarter of 1990. The end of the strike at Boeing and the unseasonably mild weather, following a record setting cold spell, accounted for most of the rebound in real GNP growth. Real GNP rose a modest 2.1 percent in the first quarter, up from 1.1 percent in the previous quarter. Inflation was driven up by a jolt to food and energy prices as December's cold weather reduced farm output and increased heating demands. Once these temporary factors and special circumstances are stripped away, adequate real growth, not accelerating inflation, is our main concern. The Federal Reserve should be erring on the side of policy ease in order to adjust for current underlying conditions.

A credible multi-year deficit cutting agreement is needed in order to provide the fiscal leadership that must accompany sound monetary policy. Reduced Federal borrowing in credit markets would make the Federal Reserve's job easier by freeing up needed credit for the private sector. Less credit, therefore, would be required from abroad and our international debt and trade deficit positions would likely improve. A credible multi-year agreement would have the added benefit of reducing the inflation component of interest rates, contributing directly to our ultimate goal of continued economic growth with low inflation.

(June 12, 1990)

INFLATION: WHERE WILL IT GO FROM HERE?

As we begin a new decade, how seriously should inflation fears influence decisions? Are we now seeing signs of an incipient inflationary rise with a recession as the only cure? No. With a credible budget agreement, one that plans for the future and puts our fiscal house in order, we need not repeat the poor economic performance that rising inflation helped trigger in the 70's and early 80's.

Inflation then

The experiences of the 70's and early 80's remain in our memories—inflation increasing to annual rates as high as 18 percent, driving up interest rates to over 20 percent. Household spending and saving decisions were distorted as consumers took on a "buy now" mentality to beat out the next round of price increases. High inflation, coupled with tax laws, discouraged productivity-enhancing investments in areas such as equipment and R&D. Many households—the aged, low-income families, and those on fixed incomes—watched helplessly as inflation ate into their earnings and savings.

We shouldn't ask why inflation is low now but why it was so high then. Between 1973 and 1981, inflation was nearly three times as high as between 1948 and 1973. Rising inflation was the result of several factors: jolts to the economy from two major energy price jumps, low productivity gains, slow economic growth, and a policy of monetary accommodation that fostered ever higher inflationary expectations.

Inflation now

The circumstances that brought on the 70's inflation spiral are not evident in 1990.

The 90's do not look like the 70's. The current 5.3 percent unemployment rate doesn't have the inflationary potential it had in the 70's. The aging of the baby-boom generation has created more experienced and more productive workers who are more employable. In recent years, increases in wage rates have not been inflationary because they have accompanied improving productivity. Over the 80's, nonfarm business productivity has increased at a 1.3 percent annual rate, twice as fast as between 1973 and 1980.

We live in a more competitive world. The growth of global markets has increased our sensitivity to foreign competition and has forced us to be more efficient and more productive. Continued competition from abroad will make us ever more conscious of efficiencies, raising quality and value, and insuring that consumers continue to get the best products at the best prices.

The Federal Reserve's credibility as an inflation fighter has improved. The 1982 recession, partly the result of a major re-focus of Federal Reserve policy toward controlling money growth, brought inflation down. The Federal Reserve's re-focus and the inflation experience of the past seven years have successfully lowered inflationary expectations.

Prescription for the future

My hope is that we have learned enough that we do not need a replay of the 1982 recession to keep inflation under control. Inflation fears and budget uncertainty have led to recent monetary policy that is helping to produce minimum economic growth. As we continue the budget summit, we must develop a budget plan that gives the Federal Reserve the opportunity to feel confident in supporting a maximum growth path for the future.

A credible deficit reduction agreement that lays out a multi-year budget plan would demonstrate the pro-growth fiscal leadership we need for the 90's. The clearest way to raise long-term growth and productivity is to reduce the federal deficit; this will raise national saving and investment. Cutting the deficit is the best first step, but a budget plan must do more. It should entail policies that keep the U.S. competitive internationally, raise productivity growth, increase credit to the private economy, and keep down the cost of capital and the cost of doing business.

Long-run increases in our national well-being depend on our continuing ability to match wage increases with productivity gains. This reqires greater emphasis on policies that stimulate growth in productivity and our output potential. While wage increases are of course desirable, recent increases in expenses for employee health care have been excessive, creating cost pressures that add to inflation.

To the extent we are able to keep trade open and fair, international competition will act as a check on rising prices. While a more competitive and efficient energy market in the 80's has helped to attenuate energy price escalation, we must recognize that increased reliance on foreign oil may once again put us in jeopardy in the 90's.

A forward-looking budget agreement that deals with these issues and motivates a continued emphasis on increased efficiencies in production will bring the long-run payoff we need for the next century.

Mr. DOMENICI. I say to the Federal Reserve Board, what are you trying to fix? Are you trying to fix inflation? I just do not believe it needs any fixing right now. I do not think there is any evidence that it does.

But I tell you with credit crunches that are out there we do not need a credit crunch that is moved by tight money policies. We are going to work the economic summit, everyone is. The reason we do not have a plan is that it is tough to come up with one. Those who come to the floor have great liberty in the U.S. Senate. They can criticize any plan anybody comes up with. But the plan to fix America's fiscal policy over a number of years with certainty are not easy. They are difficult. And they are all difficult choices now.

So it seems to me we are busy trying to do that and perhaps someone is waiting around on the money supply side to see what happens there. Frankly, the economy is not growing as fast as it should, which has an effect on how much we can cut in the first year. Does anybody really think, with the current economic mix in this country, we could take $80 billion or $90 billion out of this economy next year in whatever source, defense cuts, entitlement changes? Even if we could, it seems to most it would be imprudent.

So I have submitted for the RECORD the various consumer price indexes, the wholesale price indexes, which indicate to this Senator that we ought not have what we have today in terms of monetary supply, money supply.

Let me make one other point. It seems to the Senator from New Mexico that the American economy has changed not only in its international quality but it has changed dramatically internally. It is predominantly more service oriented. That does not mean hamburgers—they are included—it means health care, education, and all those other things. They are driving inflation rather significantly, and particularly health care. I really wonder if anybody believes that tight money policy is going to cure the inflationary aspects of the health care system of this country.

I hope, if there are some people around that think it will have some kind of model indicating it might, I wish they would share it with us. I am not at all sure anybody knows how to measure growth, productivity increases in the health care system or in the education system. But we sure can measure inflation, and it is rampant. And I really do not believe anybody is anxiously waiting for money supply curtailment to contain that kind of inflation. I submit you are going to wait around a long time. You are going to make unemployment of the past pale; it is going to take more quarters than we ever had to have in a recessionary economy to do that. Policies have to do that.

I want to thank the staff for working on this budget resolution and say to my good friend, the chairman, I hope we can get a conference and get a budget resolution that will offer some guidance to appropriators, but equally important I think this document we are voting on presupposes and suggests rather strongly that we need an economic summit result and we could never produce a budget resolution that could do the job. That is why I cooperated to get this done.

Mr. CONRAD. Mr. President, I rise to reluctantly support the budget resolution before us. I would much prefer to be considering the resolution passed by the Senate Budget Committee. That package provided the framework for the bold action this Nation needs to significantly reduce the Federal budget deficit. However, because prospects of enacting a bold plan depend on the success of the budget summit negotiations, it is imperative that we allow those negotiations to move forward and develop the components of that plan. I believe that the resolution before us can help to accomplish that objective.

The Federal deficit is the major economic problem confronting us. It is crucial that we act decisively and complete action on a package that achieves substantial reductions in the deficit in each of the next 5 years. In my view, the budget summit negotiations are our best hope for that meaningful action. I believe this resolution will allow us to keep the budget process on track while the negotiations are completed. The only way we will get this problem behind us is if both parties, both Houses of Congress and the White House come together to take decisive action.

It is also my hope that as the congressional budget process continues, Members will take a long-term view of the solution.

For example, providing adequate funding for the Internal Revenue Service is one of the most significant investments we could make. The Fair Share Program that I proposed and the Senate Budget Committee endorsed is a multiyear effort to upgrade IRS enforcement activity and assistance to taxpayers. Increased funding would enable the IRS to collect an additional $33 billion over 5 years by collecting money that taxpayers legally owe, but do not voluntarily pay. I would urge Congress to make the necessary resources available to the IRS to accomplish this goal.

In addition, I would encourage the Congress to take the long-term view of defense spending. Over the last 10 years, we have funded the Department of Defense as though we were in the throes of active combat. In reality, however, we've experienced unprecedented peace, and political changes sweep through Europe, the tensions of the cold war continue to subside. It is time to shape our defense budget structure closer to that reality. I would urge Congress to encourage burden-sharing instead of continuing to maintain a $150 billion defense umbrella for a recovered and thriving Europe and Japan. The defense level in this resolution makes it possible for such a reordering of priorities to begin.

In summary, while this resolution is not the one I would prefer, it does accomplish the very necessary goal of allowing the appropriations process to move forward without prejudicing the outcome of the budget summit negotiations. If choice is between a viable summit agreement and an enormous sequester, there should be no doubt which course to vigorously pursue.

Mr. KERRY. Mr. President, I appreciate the need to take the procedural step of passing this resolution before us tonight in order to begin to take action on critical appropriations bills. I also appreciate and commend the joint leadership of the Senate and the Budget and Appropriations Committees for the agreement that they have reached that will permit the Senate to move ahead with its work.

However, Mr. President, I feel compelled to again state in the strongest possible terms, my continuing conviction that progress on the substance of deficit reduction is critical to our economy, critical to interest rate reduction, critical to job creation in my State and critical to maintaining the standard of living of our families. It is not sufficient that we find one more way of deferring the hard choices that we are elected to make. This resolution again relieves some of the pressure to act. And, while I understand that it was the practical thing to do, I find it impossible to support one more resolution on the budget that does nothing to reduce the budget deficit and nothing to shift our priorities.

Therefore, despite my deep respect for our leaders, I must express my opposition to the resolution that we will enact tonight.

Having said that, I hope the next months will result in an agreement that will effectively and equitably restore us to a responsible Government budget. Our economy is suffering, Massachusetts is in recession, and the Federal budget deficit must be brought under control if we are to get growing again. We must confront the hard choices sooner—not later.

Mr. President, I ask unanimous consent to be recorded as voting no on final passage of this budget resolution.

SCORING OF LEASE-PURCHASES

Mr. DECONCINI. Mr. President, I see my friend the chairman of the Budget Committee on the floor and I wonder if he might be able to answer several questions I have concerning the budgetary treatment of leases and lease-purchases.

Mr. SASSER. I will certainly try to answer any questions that the distinguished Senator from Arizona might have.

Mr. DECONCINI. I thank the Senator. My staff informs me that the Senate Budget Committee, the House Budget Committee, the Congressional Budget Office and the Office of Management and Budget have been involved in discussions concerning the scorekeeping treatment of leases and lease-purchases.

Mr. SASSER. The Senator is correct. After our experience with the fiscal year 1990 appropriations bills, the Budget Committee informed the other committees that it would be reviewing the budgetary treatment of leases and lease purchases in future fiscal years. That review has led to the following current Senate Budget Committee position.

First, in the case of leases, budget authority will be scored in the year in which it is first made available in the amount of the Government's total estimated obligations. The outlays will be scored equal to the estimated annual lease payments. Since neither the President's budget nor the budget resolution reported out by the Budget Committee provided the budget authority necessary to implement this new treatment of leases, it is my intention that this scorekeeping practice will not go into effect until fiscal year 1992. Furthermore, this scorekeeping practice affects only new leases or renewals entered into after the change. It does not affect existing leases. Finally, on the subject of leases, if the fiscal year 1992 President's budget request, for some reason, does not reflect this scorekeeping change, the Budget Committee will review its position on the scoring of leases.

The scoring of lease-purchase agreements, which will begin in fiscal year 1991, is as follows:

Standard-lease purchases will be scored like leases. Budget authority will be scored in the year in which it is first made available in the amount of the Government's total estimated obligations—both the principal and the interest. Outlays will be scored for any year in the amount of payments estimated to be made in that year to liquidate the obligations. In the case of a standard lease purchase, outlays will be scored equal to the estimated annual payment.

Scoring both the principle and all of the interest in the first year means that there will be a large amount of budget authority associated with lease-purchases, which relects the fact that lease-purchases are more expensive than direct Federal construction. For example, at a interest rate of 10 percent, the budget authority needed for a 30-year lease-purchase will be four times larger than that needed for direct Federal construction.

Recently a second type of lease-purchase has been developed. In this type of lease-purchase, the third-party financing is guaranteed by the full faith and credit of the Government. Such arrangements will be treated like purchases and not like leases, and would be scored accordingly. Budget authority will be scored in the year in which the budget authority is first made available in the amount of the Government's total estimated obligations—both the principal and the interest. Principal outlays will be scored over the construction period at the rate of construction.

In cases where the legislation is vague as to the type of lease purchase contract, the Budget Committee will use its best judgment. Initially, the presumption will be that it is a standard lease-purchase—no Government guarantee—and the outlays will be scored over the lease period. However, if actual practice indicates that the presumption is erroneous—either with regard to particular cases or generally—the presumption may change.

I am hesitant at this point to offer a definitive definition of a standard lease purchase, because of the complexity of the issue. However, the following is an illustrative set of the characteristics of a standard lease purchase. First, there should be no explicit Government guarantee of the third-party financing. Second, it is preferable that the Government not own the land on which the facility is to be constructed. Third, the project should be a general purpose asset. It is not necessary for the contract to meet all of these criteria to qualify as a standard lease purchase for scoring purposes. However, the first criterion is necessary.

Mr. MOYNIHAN. Mr. President, I would also like to ask the views of the distinguished chairman of the Budget Committee on a most important issue, the administration's Federal building policy.

I held a hearing on March 20 before the Subcommittee on Water Resources, Transportation and Infrastructure of the Committee on Environment and Public Works, on the administration's building policy. At the hearing I was informed by the Office of Management and Budget's Deputy Director, William Diefenderfer III, that OMB had decided to change its policy on lease-purchase projects. Their decision, in fact, was that there will be no lease-purchase financing for the 13 lease-purchase projects already authorized by different public laws between 1987 and 1989.

OMB's decision to change their policy on lease-purchase financing comes after an OMB/General Services Administration joint task force recommendation, in September 1989, that GSA employ lease-purchase financing for the construction of 21 additional new buildings. Their report concluded that sufficient funds were not available for the direct construction of these projects and that continued leasing would be an inefficient and expensive way to provide the space. However, OMB has now said that the 21 projects ought to be built by direct Federal construction, rather through lease-purchase financing. Despite what I continue to perceive as a lack of available funds. But, so be it.

My immediate concern today, however, is that OMB also wants to eliminate, retroactively, lease-purchase financing for the 13 building projects already authorized by law. These projects are:

The International Cultural and Trade Center in Washington, DC, Public Law 100-113;

Foley Square in New York City, NY, Public Law 100-202;

The Federal Office Building in Chicago, IL, Public Law 100-202;

The Federal Office Building in Oakland, CA, Public Law 100-202;

The Federal Office Building in San Francisco, CA, Public Law 100-202;

The Centers for Disease Control in Atlanta, GA, Public Law 100-202;

The Centers for Disease Control in Chamblee, GA, Public Law 100-202;

The Internal Revenue Service in Memphis, TN, Public Law 100-440;

The Archives II Building in College Park, MD, Public Law 100-440;

The Judiciary Office Building in Washington, DC, Public Law 100-480;

The Internal Revenue Service in Chamblee, GA, Public Law 101-136;

The Environmental Protection Agency in Washington, DC, Public Law 101-136; and

The Health Care Financing Administration in Baltimore, MD, Public Law 101-136.

I have discussed this matter with Mr. Diefenderfer and expressed my concern over how this treatment will affect these 13 previously authorized projects. Mr. Diefenderfer wrote to Senator DECONCINI and myself on April 30, 1990, to state that there will be absolutely no impact on the previously approved lease-purchase projects. Mr. Diefenderfer wrote and I quote, "Congress need not take any additional action to fund these projects and we plan to proceed with this needed construction." I ask unanimous consent that this letter be placed in the RECORD.

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

OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, April 30, 1990.

Hon. DANIEL P. MOYNIHAN,
Chairman, Subcommittee on Water Resources, Transportation and Infrastructure, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Administration is very concerned about the acquisition of buildings necessary to meet the Government's needs, and the financing of these buildings in the most economical way for the Government. After a thorough evaluation of the Federal Government's needs for additional buildings and the various methods to finance these needed buildings, the Administration took two important actions that reflect our concern.

First, we proposed in amendments to the FY 1991 Budget the direct construction of 21 projects that had been identified in a joint GSA/OMB study that was completed last summer. Second, the FY 1991 Budget scored certain existing private financing arrangements that were based on the Federal Government's unconditional lease/purchase of the buildings in the same manner that we score any other Government purchase. The budget accounting of these lease/purchase arrangements, which are in essence just another way for the Government to acquire buildings, removed any scoring advantage that this more costly financing mechanism may have had relative to direct Federal construction.

I understand that our staffs have discussed the scoring of long-term building lease and lease/purchase arrangments, particularly as it relates to a number of projects on which Congress had previously acted. This letter is to confirm the scoring outlined in those discussions.

OMB will score budget authority up front for the full construction and financing costs for any long-term, capital building lease or lease-purchase, in the year that Congress acts.

In addition, as was done for the Archives and Judiciary projects in the FY 1991 Budget, OMB will score outlays up front for any project financed through an arrangement that removes all financial risks from the project's developers and/or investors. These outlays will be scored to reflect the buildings construction expenses. If the legislation providing authority to acquire a building by lease clearly requires private risk, outlays would be scored over the life of the agreement. Although these financing arrangements are often very complex, the explicit or implicit obligation of the Federal Government to make lease payments is the most important financial characteristic that OMB will review to determine the level of risk involved.

OMB will also consider other characteristics in evaluating the level of private sector risk in a project. These include whether the project is constructed exclusively for the Government; whether it is built on Government-owned land; whether the project is of net benefit to the Government; and whether it is built to specific Government requirements.

Although OMB will apply this scoring in the Mid-Session Review to the ICTC project and eight other previously-approved lease/purchase projects, Congress need not take any additional action to fund these projects and we plan to proceed with this needed construction.

With your support, the resources for the 21 needed projects can be found. In addition, I am confident that we can work together to use direct construction—the least costly mechanism available—to provide for the future acquisition of buildings for the Government.

In testimony before the Senate Committee on Environment and Public Works, Subcommittee on Water Resources, Transportation and Infrastructure, I promised an OMB review of existing financing arrangements for the Government's purchase of buildings. That review is ongoing. I promised to share the results of that review with you and still plan to do so if you so desire.

Cordially,

WILLIAM M. DIEFENDERFER III,
Deputy Director.

Mr. MOYNIHAN. Mr. Diefenderfer also told me on May 1 that the existing 13 projects will be financed through the Federal Financing Bank and not through private financing. The exceptions being the Judiciary Building and the Federal Office Building in Chicago for which private financing has already been arranged. Mr. Diefenderfer assured me, on behalf of the administration, that this financing will be forthcoming and that the only thing that could stop the projects now would be "a positive act of Congress."

I would like to ask the distinguished chairman if this is their understanding with regard to the 13 previously authorized buildings?

Mr. SASSER. The buildings to which you refer will be scored under the new rules. Since the construction of these buildings is authorized by law, it is my understanding that they will be constructed. They are not in jeopardy because of the new scorekeeping rule. Since the necessary outlays have not been provided in the baseline, the funding for these buildings will not be displayed until the January 1992 baseline. The budget authority will be displayed in the year in which it was made available—for example, fiscal year 1990—and the outlays will be displayed as outlays prior. This change in scoring will not require further appropriations or congressional action.

Mr. MOYNIHAN. I thank the distinguished chairman of the Budget Committee for his time and help on this matter.

Mr. DECONCINI. I also want to thank the distinguished chairman.

Mr. SASSER. It has been pleasure working with you and Senator MOYNIHAN on this issue. I look forward to working with you in the future as the situation requires.

Mr. KOHL. Mr. President, there is a good practical reason for us to be considering this so-called budget resolution today: the argument is that we have to adopt it in order to remove the procedural obstacles to working on the appropriation bills. I do not quarrel with the leadership's decision to move to the resolution today. But I do quarrel with, and, had it come to a vote, I couldn't have voted for, this resolution.

Let me take a few moments to explain why.

We started the Budget process this year in presummit times. When Senator SASSER, as chair of the Budget Committee, began to craft a resolution, there was no interest on the part of the administration, or most Republicans, in developing a bipartisan approach to the deficit. In fact, there were rumors that the administration had developed a new approach to the budget process.

We all know that the President's budget was based on certain assumptions which almost all objective experts rejected as too optimistic. After defending those assumptions for a few months, the President officially repudiated them. In the budget summit and in testimony before the Congress, the administration has admitted that their economic assumptions, their predictions about the cost of the S&L bailout, their projections of the total size of the deficit, are no longer operative.

Now some people see that admission as the ultimate form of hypocrisy. They believe that the administration has a new strategy: use bad assumptions so you can create a budget that doesn't really make any difficult decisions; then, after a while, repudiate the assumptions and tell the Congress that, given these new realities, they will have to make all the tough choices—and take all the heat while the administration sits on the sidelines.

The budget summit, requested by the congressional leadership and agreed to by the administration, was an effort to get everyone to stop playing games and start dealing with our problems in a realistic way. I have some hope—not a great deal, but some—that the summit will give us a viable, bipartisan deficit reduction program.

I recognize that the resolution before us today is not inconsistent with the summit process. I recognize that its intention is simply to allow the Congress to get on with the routine legislative task of appropriating funds for programs without getting hung up in a lot of procedural problems.

But I also recognize that this resolution is more than that: it purports to be a congressional statement about the budget—about the economic and policy priorities of the country.

It is a brief statement. And its brevity makes it all too clear that our primary interest is business as usual. This resolution makes it all too clear that our primary interest is to pass some bills that spend money before we figure out how little money we actually have to spend.

Mr. President, this resolution says nothing about the deficit disaster we face. It says nothing about the economic challenges we have to confront. It says nothing about our need to stimulate economic growth and increase personal savings; nothing about our need to rebuild our infrastructure and restore spending on programs that give our kids the education they need; nothing about the environment, nothing about meeting our health care crisis, nothing about helping our veterans. In fact, it says nothing about a whole lot of things.

Mr. President, this just isn't good enough. I can not endorse it. No matter what the practical constraints we face, we simply ought not settle for so little when we need so much.

Mr. DOMENICI. Mr. President, I yield back the remainder of my time.

Mr. SASSER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Tennessee has yielded back the remainder of his time.

All time has now been yielded back.

The question is on agreeing to the amendment.

The amendment (No. 2022) was agreed to.

Mr. SASSER. Mr. President, I move the Senate proceed to House Concurrent Resolution 310, Calendar No. 533.

The PRESIDING OFFICER. The question is on the motion.

Without objection, the motion is agreed to.

The clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995.

Mr. SASSER. Mr. President, I ask unanimous consent that House Concurrent Resolution 310 be amended by striking all after the resolving clause and inserting in lieu thereof the language of Senate Concurrent Resolution 110, as amended.

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

Mr. SASSER. Mr. President, I am prepared to yield back all of my time.

Mr. DOMENICI. I yield back the balance of my time.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution, as amended.

The concurrent resolution was agreed to.

The preamble was agreed to.

Mr. SASSER. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

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

The motion to lay on the table was agreed to.

Mr. SASSER. Mr. President, I send to the desk an amendment to the title of the concurrent resolution.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

Amend the title so as to read as follows: "Setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, and 1993."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the title.

The amendment was agreed to.

Mr. SASSER. Mr. President, this title amendment has been adopted by the body.

The PRESIDING OFFICER. The amendment has been agreed to.

Mr. SASSER. Mr. President, I move to reconsider the vote by which the title amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. SASSER. Mr. President, I ask unanimous consent that the Senate insist upon its amendment and request a conference with the House on the disagreeing votes of the two Houses and that the Chair be authorized to appoint the conferees on the part of the Senate.

There being no objection, the Presiding Officer appointed Mr. SASSER, Mr. FOWLER, and Mr. DOMENICI conferees on the part of the Senate.

Mr. DOMENICI. Mr. President, might I say to the distinguished chairman, with reference to the appointment of the conferees, I did not have an opportunity to discuss this with either the Republican leader or other members of the committee. So would the chairman agree with me that I concur with these appointees tonight with the understanding that I would like to confirm as soon as we return on Monday to make sure that there is no insistence on my side that others than the three be on it, in which event we can negotiate and discuss the matter?

Mr. SASSER. I would be pleased to make that agreement with the distinguished ranking member. In the event there are some changes requested on his side, then we may wish to make changes on our side. We can negotiate that out. I am hopeful that since we are looking in the direction of a speedy conference that we could have a streamlined group of conferees.

Mr. President, I want to express my appreciation this evening for the efforts of our distinguished ranking member in attempting to move this, what I might call a bobtail resolution, just as fast as we can in order that we can unlock the appropriators and let them begin doing their work. Without his understanding of the situation, without his devotion and dedication to the institution of the Senate, and without his recognition of the necessity that we move forward with this resolution, I might say that our efforts here this evening would have been much more difficult, perhaps even impossible. It is a pleasure to work with the ranking member. I thank him very much for his cooperation, for his efforts and for his suggestions.

I want to express my appreciation for the work of the very dedicated, competent, and efficient majority staff of the U.S. Senate, ably led by Dr. John Hilley for their work on this resolution here this evening and for their unstinting devotion and dedication throughout this whole year's very trying budget process, which is not over by a long shot.

As my distinguished ranking member knows, the budget process is the first shot fired at the beginning of every year and ours is the last popgun to be put away at the end of every year. So we work from beginning to end, night and day. I guess our motto at the Budget Committee, I say to the ranking member, ought to be "We may doze but we never close at the United States Senate Budget Committee."

Mr. DOMENICI. Mr. President, well, I cannot top that other than say I was looking for a name for this resolution and the chairman called it bobtail. I cannot do any better. Clearly, it is less than a budget resolution and it is less than what the fiscal policy of this Nation demands, but it is what the institution ought to do. It is not going to prejudice anything very significantly from what I can tell. Perhaps I could dream up a scenario, or we may, but I really do not think so.

I think we ought to go ahead and do it. I thank everyone, in particular the chairman and staff on both sides. I note the chief of staff was referred to by his educational pedigree, as doctor. I have not referred to Bill Hoagland with his degree, but I am wondering about it. If I find out he has a doctor's degree, in the future I will refer to him that way, also.

I do not want to do it yet, because really I am very easy about pay raises, and I have not been paying him doctor's wages. So I think I will leave it as Bill Hoagland, staff director, and his helpers.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I join in congratulating both the chairman of the Budget Committee and the ranking minority Member in getting the budget passed. It is indeed a bobtail budget. Otherwise, I would be up, speaking about it. It facilitates the institutional needs of moving forward with appropriations, and I think that is all we really sought to accomplish here. So those who would take exception to this budget are making an academic statement only.

AMENDMENTS SUBMITTED

CONGRESSIONAL BUDGET RESOLUTION

SASSER (AND OTHERS) AMENDMENT NO. 2022

Mr. SASSER (for himself, Mr. DOMENICI, Mr. MITCHELL, and Mr. DOLE) proposed an amendment to the concurrent resolution (S. Con. Res. 110) setting forth the congressional budget for the U.S. Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, as follows:

Strike all after the first word and insert the following:

the Congress determines and declares that the concurrent resolution on the budget for fiscal year 1991 is established and the appropriate budgetary levels for fiscal years 1992 and 1993 are set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. The following levels and amounts in this section are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974 (as amended by the Balanced Budget and Emergency Deficit Control Act of 1985 and the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987), whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $1,137,000,000,000.
Fiscal year 1992: $1,203,800,000,000.
Fiscal year 1993: $1,276,600,000,000.

(2) The appropriate levels of total budget authority are as follows:

Fiscal year 1991: $1,430,400,000,000.
Fiscal year 1992: $1,465,000,000,000.
Fiscal year 1993: $1,544,200,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,201,000,000,000.
Fiscal year 1992: $1,231,800,000,000.
Fiscal year 1993: $1,276,600,000,000.

(4) The amounts of the deficits or surpluses are as follows:

Fiscal year 1991: −$64,000,000,000 (deficit).
Fiscal year 1992: −$28,000,000,000 (deficit).
Fiscal year 1993: $0.

DEBT INCREASE AS ONE MEASURE OF DEFICIT

SEC. 3. The amounts of the increase in the public debt subject to limitation are as follows:

Fiscal year 1991: $200,500,000,000.
Fiscal year 1992: $170,700,000,000.
Fiscal year 1993: $157,900,000,000.

DEFICIT LEVELS EXCLUDING TRUST FUND SURPLUSES

SEC. 4. (a)(1) The amounts of the surpluses of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Trust Fund are as follows:

Fiscal year 1991: $74,400,000,000.
Fiscal year 1992: $85,500,000,000.
Fiscal year 1993: $97,800,000,000.

(2) The amounts of the deficits excluding the receipts and disbursements of the Federal Old-Age Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are as follows:

Fiscal year 1991: −$138,400,000,000.
Fiscal year 1992: −$113,500,000,000.
Fiscal year 1993: −$97,800,000,000.

(b) The amounts of the deficits excluding the receipts and disbursements of all Federal trust funds are as follows:

Fiscal year 1991: −$201,200,000,000.
Fiscal year 1992: $172,700,000,000.
Fiscal year 1993: $155,900,000,000.

BUDGET ACCOUNTABILITY

SEC. 5. The following amounts in this section are set forth to show the fiscal levels that would be required by S. 101:

Fiscal Year 1991:

(1) Retirement fund budget:

Fiscal year surplus: $129,100,000,000.
Trust balances at end of fiscal year: $783,000,000,000.

(2) Operating budget:

Suplus for fiscal year: $82,200,000,000.

(3) Debt and interest budget:

Debt at beginning of fiscal year: $3,112,100,000,000.
Debt at end of fiscal year: $3,312,600,000,000.
Gross interest: $275,300,000,000.
Debt increase (Deficit): $200,500,000,000.

Fiscal Year 1992:

(1) Retirement funds budget:

Fiscal year surplus: $139,100,000,000.
Trust balances at end of fiscal year: $922,100,000,000.

(2) Operating budget:

Surplus for fiscal year: $121,200,000,000.

(3) Debt and interest budget:

Debt at beginning of fiscal year: $3,312,600,000,000.
Debt at end of fiscal year: $3,483,300,000,000.
Gross interest: $288,300,000,000.
Debt increase (Deficit): $170,700,000,000.

Fiscal Year 1993:

(1) Retirement funds budget:

Fiscal year surplus: $151,600,000,000.
Trust balances at end of fiscal year: $1,073,800,000,000.

(2) Operating budget:

Surplus for fiscal year: $148,900,000,000.

(3) Debt and interest budget:

Debt at beginning of fiscal year: $3,483,300,000,000.
Debt at end of fiscal year: $3,641,200,000,000.
Gross interest: $300,500,000,000.
Debt increase (Deficit): $157,900,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 6. (a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1990, October 1, 1991, and October 1, 1992:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $828,100,000,000.
Fiscal year 1992: $874,100,000,000.
Fiscal year 1993: $924,400,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1991: $0.
Fiscal year 1992: $0.
Fiscal year 1993: $0.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1991: $74,600,000,000.
Fiscal year 1992: $79,600,000,000.
Fiscal year 1993: $85,100,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,121,500,000,000.

Fiscal year 1992: $1,135,400,000,000.

Fiscal year 1993: $1,192,000,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $966,500,000,000.

Fiscal year 1992: $987,600,000,000.

Fiscal year 1993: $1,022,200,000,000.

(4) The amounts of the deficits are as follows:

Fiscal year 1991: $138,400,000,000.

Fiscal year 1992: $113,500,000,000.

Fiscal year 1993: $97,800,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1991: $3,312,600,000,000.

Fiscal year 1992: $3,483,300,000,000.

Fiscal year 1993: $3,641,200,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1990, October 1, 1991, and October 1, 1992, are as follows:

Fiscal year 1991:

(A) New direct loan obligations, $21,100,000,000.

(B) New primary loan guarantee commitments, $106,600,000,000.

(C) New secondary loan guarantee commitments, $85,700,000,000.

Fiscal year 1992:

(A) New direct loan obligations, $18,000,000,000.

(B) New primary loan guarantee commitments, $110,000,000,000.

(C) New secondary loan guarantee commitments, $85,400,000,000.

Fiscal year 1993:

(A) New direct loan obligations, $18,300,000,000.

(B) New primary loan guarantee commitments, $112,700,000,000.

(C) New secondary loan guarantee commitments, $88,600,000,000.

(b) The Congress hereby determines and declares that the appropriate levels of new budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1991 through 1993 for each major functional category are:

(1) National Defense:

Fiscal year 1991:

(A) New budget authority, $289,600,000,000.

(B) Outlays, $286,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $289,500,000,000.

(B) Outlays, $286,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $289,500,000,000.

(B) Outlays, $285,300,000,000.,

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0,

(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1991:

(A) New budget authority, $19,300,000,000.

(B) Outlays, $17,400,000,000,

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000.

(E) New secondary loan guarantee commitments, $400,000,000.

Fiscal year 1992:

Fiscal year 1993:

(A) New budget authority, $20,100,000,000.

(B) Outlays, $18,300,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000.

(E) New secondary loan guarantee commitments, $400,000,000.

Fiscal year 1993:

(A) New budget authority, $20,900,000,000.

(B) Outlays, $18,700,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $7,500,000,000.

(E) New secondary loan guarantee commitments, $400,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1991:

(A) New budget authority, $14,600,000,000.

(B) Outlays, $14,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $15,300,000,000.

(B) Outlays, $15,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $15,900,000,000.

(B) Outlays, $15,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1991:

(A) New budget authority, $6,100,000,000.

(B) Outlays, $4,300,000,000.

(C) New direct loan obligations, $1,900,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $4,200,000,000.

(C) New direct loan obligations, $1,600,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $6,200,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $1,900,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1991:

(A) New budget authority, $18,000,000,000.

(B) Outlays, $18,500,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $19,200,000,000.

(B) Outlays, $19,100,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $19,900,000,000.

(B) Outlays, $19,600,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

Fiscal year 1991:

(A) New budget authority, $20,100,000,000.

(B) Outlays, $16,300,000,000.

(C) New direct loan obligations, $9,100,000,000.

(D) New primary loan guarantee commitments, $7,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $22,900,000,000.

(B) Outlays, $17,500,000,000.

(C) New direct loan obligations, $8,900,000,000.

(D) New primary loan guarantee commitments, $7,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $20,500,000,000.

(B) Outlays, $16,200,000,000.

(C) New direct loan obligations, $8,700,000,000.

(D) New primary loan guarantee commitments, $6,700,000,000.

(E) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

Fiscal year 1991:

(A) New budget authority, $44,700,000,000.

(B) Outlays, $45,400,000,000.

(C) New direct loan obligations, $6,200,000,000.

(D) New primary loan guarantee commitments, $63,300,000,000.

(E) New secondary loan guarantee commitments, $85,300,000,000.

Fiscal year 1992:

(A) New budget authority, $14,700,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $3,500,000,000.

(D) New primary loan guarantee commitments, $65,500,000,000.

(E) New secondary loan guarantee commitments, $85,000,000,000.

Fiscal year 1993:

(A) New budget authority, $26,800,000,000.

(B) Outlays, $15,000,000,000.

(C) New direct loan obligations, $3,600,000,000.

(D) New primary loan guarantee commitments, $67,800,000,000.

(E) New secondary loan guarantee commitments, $88,200,000,000.

(8) Transportation (400):

Fiscal year 1991:

(A) New budget authority, $31,700,000,000.

(B) Outlays, $30,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $33,000,000,000.

(B) Outlays, $31,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0,
Fiscal year 1993;
(A) New budget authority, $34,300,000,000.
(B) Outlays, $32,100,000,000.
(C) New Direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1991:
(A) New budget authority, $7,700,000,000,
(B) Outlays, $7,900,000,000.
(C) New direct loan obligations, $1,100,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1992;
(A) New budget authority, $7,400,000,000.
(B) Outlays, $7,500,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $7,500,000,000.
(B) Outlays, $7,200,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(E) New secondary loan guarantee commitments, $0.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1991:
(A) New budget authority, $41,900,000,000.
(B) Outlays, $41,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $12,800,000,000.
(E) New secondary loan guarantee commitments, $0.
Fisal year 1992:
(A) New budget authority, $42,600,000,000.
(B) Outlays, $42,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $13,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $43,400,000,000.
(B) Outlays, $42,900,000,000,
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $13,800,000.000.
(E) New secondary loan guarantee commitments, $0.
(11) Health (550):
Fiscal year 1991:
(A) New budget authority, $65,100,000,000.
(B) Outlays, $64,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $72,600,000,000.
(B) Outlays, $72,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300.000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $80,000,000,000.
(B) Outlays, $79,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Medicare (570):
Fiscal year 1991:
(A) New budget authority, $124,700,000,000,
(B) Outlays, $104,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $136,800,000,000,
(B) Outlays, $119,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $151,000,000,000.
(B) Outlays, $134,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1991:
(A) New budget authority, $198,300,000,000.
(B) Outlays, $156,800,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $205,800,000,000.
(B) Outlays, $164,400,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $213,200,000,000.
(B) Outlays, $173,300,000,000,
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(14) Social Security (650):
Fiscal year 1991:
(A) New budget authority, $3,800,000,000.
(B) Outlays, $3,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $4,400,000,000.
(B) Outlays, $4,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $4,900,000,000.
(B) Outlays, $4,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(15) Veterans Benefits and Services (700):
Fiscal year 1991:
(A) New budget authority, $31,100,000,000.
(B) Outlays, $30,900,000,000,
(C) New direct loan obligations, $600.000,000.
(D) New primary loan guarantee commitments, $15,600,000,000.
(E) New secondary loan guarantee commitments. $0.
Fiscal year 1992:
(A) New budget authority, $32,400,000,000.
(B) Outlays, $31,900,000,000.
(C) New direct loan obligations, $500,000,000.
(D) New primary loan guarantee commitments, $15,900,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $33,400,000,000.
(B) Outlays, $33,100,000,000.
(C) New direct loan obligations, $500,000,000.
(D) New primary loan guarantee commitments, $16,200,000,000.
(E) New secondary loan guarantee commitments, $0.
(16) Administration of Justice (750):
Fiscal year 1991:
(A) New budget authority, $13,200,000,000.
(B) Outlays, $12,300,000,000,
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $13,800,000,000.
(B) Outlays, $13,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $14,400,000,000.
(B) Outlays, $14,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(17) General Government (800):
Fiscal year 1991:
(A) New budget authority, $10,600,000,000.
(B) Outlays, $10,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $11,200,000,000.
(B) Outlays, $11,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $11,600,000,000,
(B) Outlays, $11,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1991:
(A) New budget authority, $204,100,000,000.
(B) Outlays, $204,100,000,000.
(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $212,700,000,000.
(B) Outlays, $212,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $223,800,000,000.
(B) Outlays, $223,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(19) The corresponding levels of gross interest on the public debt are as follows:
Fiscal year 1991: $275,300,000,000.
Fiscal year 1992: $268,300,000,000.
Fiscal year 1993: $300,500,000,000.
(20) Allowances (920):
Fiscal year 1991:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(21) Undistributed Offsetting Receipts (950):
Fiscal year 1991:
(A) New budget authority, −$23,100,000,000.
(B) Outlays, −$104,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, −$24,400,000,000.
(B) Outlays, −$89,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, −$25,200,000,000.
(B) Outlays, −$109,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

SALE OF GOVERNMENT ASSETS

SEC. 7. (a) It is the sense of the Congress that—

(1) from time to time the United States Government should sell assets to nongovernment buyers; and

(2) the amounts realized from such asset sales will not recur on an annual basis and do not reduce the demand for credit.

(b) For purposes of allocations and points of order under section 302 of the Congressional Budget and Impoundment Control Act of 1974, the amounts realized from asset sales or prepayments of loans shall not be allocated to a committee and shall not be scored with respect to the level of budget authority or outlays under a committee's allocation under section 302 of that Act.

(c) For purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974, the amounts realized from asset sales or prepayments of loans shall not be scored with respect to the level of budget authority, outlays, contributions, or revenues reconciled under a concurrent resolution on the budget.

(d) For purposes of this section—

(1) the terms "asset sale" and "prepayment of a loan" shall have the same meaning as under section 257(12) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987); and

(2) the terms "asset sale" and "prepayment of a loan" do not include asset sales mandated by law before September 18, 1987, and routine, ongoing asset sales and loan prepayments at levels consistent with agency operations in fiscal year 1986.

BIPARTISAN BUDGET AGREEMENT

SEC. 8. It is the sense of the Congress that—

(1) the President and bipartisan congressional leadership should agree on a substantial, multi-year deficit reduction package;

(2) the Congress should revise this resolution to carry out that agreement;

(3) in the Senate, upon conclusion of the bipartisan budget agreement, the Majority Leader shall move to proceed to a concurrent resolution on the budget on the calendar (either S. Con. Res. 110, Calendar Order 499; S. Con. Res. 119, Calendar Order 505; or S. Cons. Res. 129, Calendar Order 540), and the leadership shall then offer an amendment to that resolution to carry out the bipartisan budget agreement.

101st Congress 2d Session | HOUSE OF REPRESENTATIVES | Report 101-802

CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1991

October 4, 1990.—Ordered to be printed

Mr. Panetta, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. Con. Res. 310]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the resolution and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That the budget for fiscal year 1991 is established, and the appropriate budgetary levels for fiscal years 1992, 1993, 1994, and 1995 are hereby set forth.

MAXIMUM DEFICIT AMOUNTS

Sec. 2. The following levels and amounts in this section are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $1,172,900,000,000.

Fiscal year 1992: $1,260,800,000,000.
Fiscal year 1993: $1,349,800,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,486,100,000,000.
Fiscal year 1992: $1,563,300,000,000.
Fiscal year 1993: $1,583,900,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,236,900,000,000.
Fiscal year 1992: $1,269,300,000,000.
Fiscal year 1993: $1,305,200,000,000.

(4)(A) The amounts of the deficits are as follows:

Fiscal year 1991: $64,000,000,000.
Fiscal year 1992: $8,500,000,000.

(B) The amount of the surplus is as follows:

Fiscal year 1993: $44,600,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. *3. (a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1990, October 1, 1991, October 1, 1992, October 1, 1993, and October 1, 1994:*

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $858,600,000,000.
Fiscal year 1992: $923,900,000,000.
Fiscal year 1993: $987,900,000,000.
Fiscal year 1994: $1,045,200,000,000.
Fiscal year 1995: $1,101,400,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1991: $14,700,000,000.
Fiscal year 1992: $24,300,000,000.
Fiscal year 1993: $26,900,000,000.
Fiscal year 1994: $30,700,000,000.
Fiscal year 1995: $30,300,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1991: $75,400,000,000.
Fiscal year 1992: $83,200,000,000.
Fiscal year 1993: $88,900,000,000.
Fiscal year 1994: $95,200,000,000.
Fiscal year 1995: $101,400,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,175,200,000,000.
Fiscal year 1992: $1,230,800,000,000.
Fiscal year 1993: $1,231,100,000,000.
Fiscal year 1994: $1,216,900,000,000.
Fiscal year 1995: $1,267,100,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,002,300,000,000.
Fiscal year 1992: $1,024,800,000,000.
Fiscal year 1993: $1,050,100,000,000.
Fiscal year 1994: $1,060,000,000,000.
Fiscal year 1995: $1,080,800,000,000.

(4)(A) The amounts of the deficits are as follows:
Fiscal year 1991: $143,700,000,000.
Fiscal year 1992: $100,900,000,000.
Fiscal year 1993: $62,200,000,000.
Fiscal year 1994: $14,800,000,000.

(B) The amount of the surplus is as follows:
Fiscal year 1995: $20,600,000,000.

(5) The appropriate levels of the public debt are as follows:
Fiscal year 1991: $3,369,600,000,000.
Fiscal year 1992: $3,540,900,000,000.
Fiscal year 1993: $3,676,700,000,000.
Fiscal year 1994: $3,766,900,000,000.
Fiscal year 1995: $3,827,600,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1990, October 1, 1991, October 1, 1992, October 1, 1993, and October 1, 1994, are as follows:

Fiscal year 1991:
(A) New direct loan obligation, $21,000,000,000.
(B) New primary loan guarantee commitments, $106,800,000,000.
(C) New secondary loan guarantee commitments, $85,400,000,000.

Fiscal year 1992:
(A) New direct loan obligations, $17,800,000,000.
(B) New primary loan guarantee commitments, $109,600,000,000.
(C) New secondary loan guarantee commitments, $88,700,000,000.

Fiscal year 1993:
(A) New direct loan obligations, $18,200,000,000.
(B) New primary loan guarantee commitments, $112,100,000,000.
(C) New secondary loan guarantee commitments, $92,100,000,000.

Fiscal year 1994:
(A) New direct loan obligations, $18,400,000,000.
(B) New primary loan guarantee commitments, $115,450,000,000.
(C) New secondary loan guarantee commitments, $95,600,000,000.

Fiscal year 1995:
(A) New direct loan obligations, $18,600,000,000.
(B) New primary loan guarantee commitments, $118,100,000,000.
(C) New secondary loan guarantee commitments, $99,200,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate

levels of new direct loan obligations and new primary loan guarantee commitments for fiscal years 1991 through 1995 for each major functional category are:

(1) National Defense (050):

Fiscal year 1991:

(A) New budget authority, $289,100,000,000.

(B) Outlays, $297,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $291,600,000,000.

(B) Outlays, $295,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $291,800,000,000.

(B) Outlays, $292,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $351,500,000,000.

(B) Outlays, $341,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $364,900,000,000.

(B) Outlays, $351,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1991:

(A) New budget authority, $19,200,000,000.

(B) Outlays, $17,400,000,000.

(C) New direct loan obligations, $1,900,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000

(E) New secondary loan guarantee commitments, $400,000,000.

Fiscal year 1992:

(A) New budget authority, $19,800,000,000.

(B) Outlays, $18,000,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000

(E) New secondary loan guarantee commitments, $400,000,000.

Fiscal year 1993:

(A) New budget authority, $20,600,000,000.

(B) Outlays, $18,500,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $7,500,000,000.

(E) New secondary loan guarantee commitments, $400,000,000.

Fiscal year 1994:

(A) New budget authority, $22,400,000,000.

(B) Outlays, $19,700,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $7,700,000,000.

(E) New secondary loan guarantee commitments, $500,000,000.

Fiscal year 1995:

(A) New budget authority, $23,800,000,000.

(B) Outlays, $20,700,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $8,000,000,000.

(E) New secondary loan guarantee commitments, $500,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1991:

(A) New budget authority, $15,200,000,000.

(B) Outlays, $15,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $15,900,000,000.

(B) Outlays, $15,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $16,500,000,000.

(B) Outlays, $16,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $17,100,000,000.

(B) Outlays, $16,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $17,700,000,000.

(B) Outlays, $17,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1991:

(A) New budget authority, $6,100,000,000.

(B) Outlays, $3,800,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

Fiscal year 1992:

(A) New budget authority, $5,300,000,000.

(B) Outlays, $4,100,000,000.

(C) New direct loan obligations, $1,600,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $6,100,000,000.

(B) Outlays, $4,700,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $5,000,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $2,300,000,000.

(D) New primary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1991:

(A) New budget authority, $18,700,000,000.

(B) Outlays, $18,800,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $19,700,000,000.

(B) Outlays, $19,500,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $20,400,000,000.

(B) Outlays, $20,000,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $21,100,000,000.

(B) Outlays, $20,500,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $21,800,000,000.

(B) Outlays, $21,000,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(6) Agriculture (350):

Fiscal year 1991:

(A) New budget authority, $16,600,000,000.

(B) Outlays, $12,800,000,000.

(C) New direct loan obligations, $9,000,000,000.

(D) New primary loan guarantee commitments, $7,000,000,000.

Fiscal year 1992:

(A) New budget authority, $20,600,000,000.

(B) Outlays, $15,100,000,000.

(C) New direct loan obligations, $8,800,000,000.

(D) New primary loan guarantee commitments, $7,300,000,000.

Fiscal year 1993:

(A) New budget authority, $17,600,000,000.

(B) Outlays, $13,200,000,000.

(C) New direct loan obligations, $8,600,000,000.

(D) New primary loan guarantee commitments, $6,600,000,000.

Fiscal year 1994:

(A) New budget authority, $14,800,000,000.

(B) Outlays, $12,000,000,000.

(C) New direct loan obligations, $8,600,000,000.

(D) New primary loan guarantee commitments, $6,700,000,000.

Fiscal year 1995:

(A) New budget authority, $15,300,000,000.

(B) Outlays, $10,700,000,000.

(C) New direct loan obligations, $8,400,000,000.

(D) New primary loan guarantee commitments, $6,800,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1991:

(A) New budget authority, $85,200,000,000.

(B) Outlays, $85,400,000,000.

(C) New direct loan obligations, $6,000,000,000.

(D) New primary loan guarantee commitments, $63,300,000,000.

(E) New secondary loan guarantee commitments, $85,000,000,000.

Fiscal year 1992:

(A) New budget authority, $85,100,000,000.

(B) Outlays, $79,000,000,000.

(C) New direct loan obligations, $3,300,000,000.

(D) New primary loan guarantee commitments, $65,500,000,000.

(E) New secondary loan guarantee commitments, $88,300,000,000.

Fiscal year 1993:

(A) New budget authority, $41,300,000,000.

(B) Outlays, $37,000,000,000.

(C) New direct loan obligations, $3,400,000,000.

(D) New primary loan guarantee commitments, $67,800,000,000.

(E) New secondary loan guarantee commitments, $91,700,000,000.

Fiscal year 1994:

(A) New budget authority, −$6,800,000,000.

(B) Outlays, −$12,200,000,000.

(C) New direct loan obligations, $3,500,000,000.

(D) New primary loan guarantee commitments, $70,300,000,000.

(E) New secondary loan guarantee commitments, $95,100,000,000.

Fiscal year 1995:

(A) New budget authority, $2,300,000,000.

(B) Outlays, −$6,400,000,000.

(C) New direct loan obligations, $3,600,000,000.
(D) New primary loan guarantee commitments, $72,100,000,000.
(E) New secondary loan guarantee commitments, $98,700,000,000.
(8) Transportation (400):
Fiscal year 1991:
(A) New budget authority, $32,100,000,000.
(B) Outlays, $30,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $33,300,000,000.
(B) Outlays, $31,700,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $34,500,000,000.
(B) Outlays, $32,900,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $35,800,000,000.
(B) Outlays, $34,000,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $37,100,000,000.
(B) Outlays, $35,200,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1991:
(A) New budget authority, $9,200,000,000.
(B) Outlays, $8,500,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
Fiscal year 1992:
(A) New budget authority, $8,900,000,000.
(B) Outlays, $8,300,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
Fiscal year 1993:
(A) New budget authority, $9,000,000,000.
(B) Outlays, $8,500,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
Fiscal year 1994:
(A) New budget authority, $9,400,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

Fiscal year 1995:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,000,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1991:

(A) New budget authority, $43,000,000,000.

(B) Outlays, $41,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $12,500,000,000.

Fiscal year 1992:

(A) New budget authority, $43,500,000,000.

(B) Outlays, $42,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $12,900,000,000.

Fiscal year 1993:

(A) New budget authority, $44,000,000,000.

(B) Outlays, $43,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $13,200,000,000.

Fiscal year 1994:

(A) New budget authority, $45,700,000,000.

(B) Outlays, $44,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $13,300,000,000.

Fiscal year 1995:

(A) New budget authority, $47,300,000,000.

(B) Outlays, $46,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $13,400,000,000.

(11) Health (550):

Fiscal year 1991:

(A) New budget authority, $66,600,000,000.

(B) Outlays, $65,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1992:

(A) New budget authority, $73,900,000,000.

(B) Outlays, $73,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1993:

(A) New budget authority, $81,200,000,000.

(B) Outlays, $80,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 1994:
(A) New budget authority, $89,400,000,000.
(B) Outlays, $88,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $350,000,000.
Fiscal year 1995:
(A) New budget authority, $98,300,000,000.
(B) Outlays, $97,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $400,000,000.
(12) Medicare (570):
Fiscal year 1991:
(A) New budget authority, $123,600,000,000.
(B) Outlays, $100,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $138,100,000,000.
(B) Outlays, $110,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $153,600,000,000.
(B) Outlays, $122,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $170,200,000,000.
(B) Outlays, $135,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $187,600,000,000.
(B) Outlays, $149,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1991:
(A) New budget authority, $203,500,000,000.
(B) Outlays, $159,300,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $211,300,000,000.
(B) Outlays, $166,200,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:

(A) New budget authority, $217,900,000,000.
(B) Outlays, $174,000,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:
(A) New budget authority, $228,200,000,000.
(B) Outlays, $184,800,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:
(A) New budget authority, $236,600,000,000.
(B) Outlays, $192,300,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.

(14) Social Security (650):

Fiscal year 1991:
(A) New budget authority, $3,800,000,000.
(B) Outlays, $3,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:
(A) New budget authority, $4,500,000,000.
(B) Outlays, $4,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:
(A) New budget authority, $4,900,000,000.
(B) Outlays, $4,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:
(A) New budget authority, $5,400,000,000.
(B) Outlays, $5,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:
(A) New budget authority, $6,000,000,000.
(B) Outlays, $6,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(15) Veterans Benefits and Services (700):

Fiscal year 1991:
(A) New budget authority, $31,300,000,000.
(B) Outlays, $31,100,000,000.
(C) New direct loan obligations, $700,000,000.
(D) New primary loan guarantee commitments, $15,700,000,000.

Fiscal year 1992:
(A) New budget authority, $32,400,000,000.
(B) Outlays, $32,000,000,000.
(C) New direct loan obligations, $600,000,000.
(D) New primary loan guarantee commitments, $16,000,000,000.

Fiscal year 1993:

(A) New budget authority, $33,400,000,000.
(B) Outlays, $33,100,000,000.
(C) New direct loan obligations, $600,000,000.
(D) New primary loan guarantee commitments, $16,300,000,000.

Fiscal year 1994:
(A) New budget authority, $34,400,000,000.
(B) Outlays, $35,600,000,000.
(C) New direct loan obligations, $500,000,000.
(D) New primary loan guarantee commitments, $16,700,000,000.

Fiscal year 1995:
(A) New budget authority, $35,400,000,000.
(B) Outlays, $35,400,000,000.
(C) New direct loan obligations, $500,000,000.
(D) New primary loan guarantee commitments, $17,000,000,000.

(16) Administration of Justice (750):

Fiscal year 1991:
(A) New budget authority, $13,300,000,000.
(B) Outlays, $12,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:
(A) New budget authority, $13,900,000,000.
(B) Outlays, $13,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:
(A) New budget authority, $14,500,000,000.
(B) Outlays, $14,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:
(A) New budget authority, $15,000,000,000.
(B) Outlays, $14,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:
(A) New budget authority, $15,700,000,000.
(B) Outlays, $15,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1991:
(A) New budget authority, $11,700,000,000.
(B) Outlays, $11,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $11,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $12,500,000,000.
(B) Outlays, $12,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $13,000,000,000.
(B) Outlays, $12,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1991:
(A) New budget authority, $215,600,000,000.
(B) Outlays, $215,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $228,700,000,000.
(B) Outlays, $228,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $239,200,000,000.
(B) Outlays, $239,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $243,700,000,000.
(B) Outlays, $243,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $244,500,000,000.
(B) Outlays, $244,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1991:
(A) New budget authority, $0.
(B) Outlays, −$95,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $0.
(B) Outlays, −$113,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $0.

(B) Outlays, −$86,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $0.
(B) Outlays, −$66,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $0.
(B) Outlays, −$76,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 1991:
(A) New budget authority, −$28,600,000,000.
(B) Outlays, −$33,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, −$27,700,000,000.
(B) Outlays, −$31,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, −$27,700,000,000.
(B) Outlays, −$29,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, −$99,400,000,000.
(B) Outlays, −$90,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, −$116,700,000,000.
(B) Outlays, −$105,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than October 12, 1990, the committees named in subsections (b) and (c) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

HOUSE COMMITTEES

(b)(1) The House Committee on Agriculture shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget

Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $1,409,000,000 in outlays in fiscal year 1991, $2,023,000,000 in outlays in fiscal year 1992, $2,827,000,000 in outlays in fiscal year 1993, $3,432,000,000 in outlays in fiscal year 1994, and $3,936,000,000 in outlays in fiscal year 1995.

(2) The House Committee on Banking, Finance and Urban Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $1,507,000,000 in outlays in fiscal year 1991, $2,635,000,000 in outlays in fiscal year 1992, $2,812,000,000 in outlays in fiscal year 1993, $3,081,000,000 in outlays in fiscal year 1994, and $3,223,000,000 in outlays in fiscal year 1995.

(3)(A) The House Committee on Education and Labor shall report (i) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (iii) any combination thereof, as follows: $120,000,000 in outlays in fiscal year 1991, $330,000,000 in outlays in fiscal year 1992, $530,000,000 in outlays in fiscal year 1993, $730,000,000 in outlays in fiscal year 1994, and $930,000,000 in outlays in fiscal year 1995.

(B) The House Committee on Education and Labor shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $95,000,000 in fiscal year 1991, $195,000,000 in fiscal year 1992, $230,000,000 in fiscal year 1993, $280,000,000 in fiscal year 1994, and $330,000,000 in fiscal year 1995.

(4) The House Committee on Energy and Commerce shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $4,731,000,000 in outlays in fiscal year 1991, $9,622,000,000 in outlays in fiscal year 1992, $12,924,000,000 in outlays in fiscal year 1993, $15,788,000,000 in outlays in fiscal year 1994, and $19,156,000,000 in outlays in fiscal year 1995.

(5) The House Committee on Interior and Insular Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $343,000,000 in outlays in fiscal year 1991, $400,000,000 in outlays in fiscal year 1992, $412,000,000 in outlays in fiscal year 1993,

$425,000,000 in outlays in fiscal year 1994, and $438,000,000 in outlays in fiscal year 1995.

(6) The House Committee on Judiciary shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $91,000,000 in outlays in fiscal year 1991, $95,000,000 in outlays in fiscal year 1992, $99,000,000 in outlays in fiscal year 1993, $103,000,000 in outlays in fiscal year 1994, and $107,000,000 in outlays in fiscal year 1995.

(7) The House Committee on Merchant Marine and Fisheries shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $222,000,000 in outlays in fiscal year 1991, $241,000,000 in outlays in fiscal year 1992, $249,000,000 in outlays in fiscal year 1993, $256,000,000 in outlays in fiscal year 1994, and $263,000,000 in outlays in fiscal year 1995.

(8) The House Committee on Post Office and Civil Service shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $2,165,000,000 in outlays in fiscal year 1991, $2,140,000,000 in outlays in fiscal year 1992, $2,780,000,000 in outlays in fiscal year 1993, $3,545,000,000 in outlays in fiscal year 1994, and $3,720,000,000 in outlays in fiscal year 1995.

(9) The House Committee on Public Works shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $42,000,000,000 in outlays in fiscal year 1991, $53,000,000,000 in outlays in fiscal year 1992, $53,000,000 in outlays in fiscal year 1993, $53,000,000 in outlays in fiscal year 1994, and $53,000,000 in outlays in fiscal year 1995.

(10) The House Committee on Science, Space, and Technology shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $5,000,000 in outlays in fiscal year 1991, $5,000,000 in outlays in fiscal year 1992, $5,000,000 in outlays in fiscal year 1993, $5,000,000

in outlays in fiscal year 1994, and $5,000,000 in outlays in fiscal year 1995.

(11) The House Committee on Veterans' Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $620,000,000 in outlays in fiscal year 1991, $645,000,000 in outlays in fiscal year 1992, $670,000,000 in outlays in fiscal year 1993, $695,000,000 in outlays in fiscal year 1994, and $720,000,000 in outlays in fiscal year 1995.

(12)(A) The House Committee on Ways and Means shall report changes in laws within its jurisdiction relating to medicare provider payments sufficient to reduce outlays as follows: $3,100,000,000 in outlays in fiscal year 1991, $5,200,000,000 in outlays in fiscal year 1992, $6,300,000,000 in outlays in fiscal year 1993, $7,000,000,000 in outlays in fiscal year 1994, and $8,400,000,000 in outlays in fiscal year 1995.

(B) The House Committee on Ways and Means shall report changes in laws within its jurisdiction relating to medicare beneficiaries and medicare beneficiary payments sufficient to reduce outlays as follows: $1,100,000,000 in outlays in fiscal year 1991, $3,300,000,000 in outlays in fiscal year 1992, $5,200,000,000 in outlays in fiscal year 1993, $7,300,000,000 in outlays in fiscal year 1994, and $9,100,000,000 in outlays in fiscal year 1995.

(C) The House Committee on Ways and Means shall report changes in laws within its jurisdiction relating to other medicare program matters sufficient to reduce outlays as follows: $0 in outlays in fiscal year 1991, $400,000,000 in outlays in fiscal year 1992, $500,000,000 in outlays in fiscal year 1993, $500,000,000 in outlays in fiscal year 1994, and $600,000,000 in outlays in fiscal year 1995.

(D) The House Committee on Ways and Means shall report changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974 (other than laws relating to medicare), sufficient to reduce outlays as follows: $0 in outlays in fiscal year 1991, $1,143,000,000 in outlays in fiscal year 1992, $1,178,000,000 in outlays in fiscal year 1993, $1,150,000,000 in outlays in fiscal year 1994, and $1,200,000,000 in outlays in fiscal year 1995.

(E) The House Committee on Ways and Means shall report changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974 sufficient to reduce outlays as follows: $120,000,000 in outlays in fiscal year 1991, $702,000,000 in outlays in fiscal year 1992, $692,000,000 in outlays in fiscal year 1993, $698,000,000 in outlays in fiscal year 1994, and $720,000,000 in outlays in fiscal year 1995.

(F) The House Committee on Ways and Means shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $14,225,000,000 in fiscal year 1991, $25,635,000,000 in fiscal year 1992, $26,040,000,000 in fiscal year 1993, $31,450,000,000 in fiscal year 1994, and $31,450,000,000 in fiscal year 1995.

(G) The House Committee on Ways and Means shall report changes in law within its jurisdiction which provides for an increase in the permanent statutory limit on the public debt by an amount not to exceed $1,900,000,000,000.

SENATE COMMITTEES

(c)(1) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $1,387,000,000 in fiscal year 1991, and $13,473,000,000 in fiscal years 1991 through 1995.

(2) The Senate Committee on Banking, Housing, and Urban Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $1,507,000,000 in fiscal year 1991, and $13,258,000,000 in fiscal years 1991 through 1995.

(3) The Senate Committee on Commerce, Science, and Transportation shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $232,000,000 in fiscal year 1991, and $1,335,000,000 in fiscal years 1991 through 1995.

(4) The Senate Committee on Energy and Natural Resources shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $36,000,000 in fiscal year 1991, and $364,000,000 in fiscal years 1991 through 1995.

(5) The Senate Committee on Environment and Public Works shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $329,000,000 in fiscal year 1991, and $1,808,000,000 in fiscal years 1991 through 1995.

(6)(A) The Senate Committee on Finance shall report (i) changes in laws within its jurisdiction which provide spending authority as

defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (iii) any combination thereof, as follows: $4,015,000,000 in fiscal year 1991, and $65,883,000,000 in fiscal years 1991 through 1995.

(B) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $14,225,000,000 in fiscal year 1991, and $128,800,000,000 in fiscal years 1991 through 1995.

(C) The Senate Committee on Finance shall report changes in law within its jurisdiction which provide for an increase in the permanent statutory limit on the public debt by an amount not to exceed $1,900,000,000,000.

(7) The Senate Committee on Governmental Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $2,165,000,000 in fiscal year 1991, and $14,350,000,000 in fiscal years 1991 through 1995.

(8) The Senate Committee on Judiciary shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $91,000,000 in fiscal year 1991, and $495,000,000 in fiscal years 1991 through 1995.

(9)(A) The Senate Committee on Labor and Human Resources shall report (i) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (iii) any combination thereof, as follows: $120,000,000 in fiscal year 1991, and $2,640,000,000 in fiscal years 1991 through 1995.

(B) The Senate Committee on Labor and Human Resources shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $45,000,000 in fiscal year 1991, and $840,000,000 in fiscal years 1991 through 1995.

(10) The Senate Committee on Veterans' Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $620,000,000 in fiscal year 1991, and $3,350,000,000 in fiscal years 1991 through 1995.

SALE OF GOVERNMENT ASSETS

SEC. 5. (a) It is the sense of the Congress that—

(1) from time to time the United States Government should sell assets to nongovernment buyers; and

(2) the amounts realized from such asset sales will not recur on an annual basis and do not reduce the demand for credit.

(b) For purposes of allocations and points of order under section 302 of the Congressional Budget and Impoundment Control Act of 1974, the amounts realized from asset sales or prepayments of loans shall not be allocated to a committee and shall not be scored with respect to the level of budget authority or outlays under a committee's allocation under section 302 of that Act.

(c) For purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974, the amounts realized from asset sales or prepayments of loans shall not be scored with respect to the level of budget authority, outlays, contributions, or revenues reconciled under a concurrent resolution on the budget.

(d) For purposes of this section—

(1) the terms "asset sale" and "prepayment of a loan" shall have the same meaning as under section 257(12) of the Balanced Budget and Emergency Deficit Control Act of 1985; and

(2) the terms "asset sale" and "prepayment of a loan" do not include asset sales mandated by law before September 18, 1987, and routine, ongoing asset sales and loan prepayments at levels consistent with agency operations in fiscal year 1986.

RESERVE FUND FOR CHILDREN

SEC. 6. (a) In the Senate, budget authority and outlays may be allocated to the Senate Committee on Finance for increased funding for children, including funding through tax credits, if the Committee on Finance or the committee of conference reports funding legislation that—

(1) will, if enacted, make funds available for that purposes; and

(2) to the extent that the costs of such legislation are not included in this resolution, will not increase the deficit in this resolution for fiscal year 1991, and will not increase the total deficit for the period of fiscal years 1991 through 1995.

(b) Upon the reporting of legislation pursuant to paragraph (1), and again upon the submission of a conference report on such legislation (if such a conference report is submitted), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under section 302(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section. Such revised allocations, functional levels, and aggregates shall be considered for the purposes of such Act as allocations, functional levels, and aggregates contained in this resolution. The Committee on Finance shall report revised allocations pursuant to section 302(b) of such Act for the appropriate fiscal year (or years) to carry out this subsection.

And the Senate agree to the same.

That the Senate recede from its amendment to the title of the resolution.

LEON E. PANETTA,
RICHARD GEPHARDT,
BILL FRENZEL,
Managers on the Part of the House.
JIM SASSER,
WYCHE FOWLER, Jr.,
PETE V. DOMENICI,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the resolution struck out all of the House resolution after the resolving clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House resolution and the Senate amendment.

Explanation of Conference Agreement

The following tables show the functional allocations and budget aggregates included in the conference agreement over five years for the total budget, the on-budget amounts and the off-budget amounts. In addition, a table is included which breaks out the credit amounts by function.

CONFERENCE AGREEMENT TOTAL BUDGET

[In billions of dollars]

	1991	1992	1993	1994	1995
Budget Authority	1,486.1	1,563.3	1,583.9	1,594.3	1,669.5
Outlays	1,236.9	1,269.3	1,305.2	1,324.9	1,355.4
Revenues	1,172.9	1,260.8	1,349.8	1,433.3	1,511.7
Deficit (−) / surplus (+)	−64.0	−8.5	44.6	108.4	156.3
050 National defense:					
Budget authority	289.1	291.6	291.8	351.5	364.9
Outlays	297.0	295.0	292.0	341.7	351.5
150 International Affairs:					
Budget authority	19.2	19.8	20.6	22.4	23.8
Outlays	17.4	18.0	18.5	19.7	20.7
250 General science, space and technology:					
Budget authority	15.2	15.9	16.5	17.1	17.7
Outlays	15.2	15.7	16.1	16.8	17.4
270 Energy:					
Budget authority	6.1	5.3	6.1	6.5	6.9
Outlays	3.8	4.1	4.7	5.0	4.8
300 Natural resources and environment:					
Budget authority	18.7	19.7	20.4	21.1	21.8
Outlays	18.8	19.5	20.0	20.5	21.0
350 Agriculture:					
Budget authority	16.6	20.6	17.6	14.8	15.3

CONFERENCE AGREEMENT TOTAL BUDGET—Continued

[In billions of dollars]

	1991	1992	1993	1994	1995
Outlays	12.8	15.1	13.2	12.0	10.7
370 Commerce and housing credit:					
Budget authority	85.2	85.1	41.3	−6.8	2.3
Outlays	85.4	79.0	37.0	−12.2	−6.4
400 Transportation:					
Budget authority	32.1	33.3	34.5	35.8	37.1
Outlays	30.5	31.7	32.9	34.0	35.2
450 Community and regional development:					
Budget authority	9.2	8.9	9.9	9.4	9.6
Outlays	8.5	8.3	8.5	8.7	9.0
500 Education training, employment and social services:					
Budget authority	43.0	43.5	44.0	45.7	47.3
Outlays	41.8	42.8	43.6	44.8	46.1
550 Health:					
Budget authority	66.6	73.9	81.2	89.4	98.3
Outlays	65.8	73.3	80.7	88.7	97.3
570 Medicare:					
Budget authority	123.6	138.1	153.6	170.2	187.6
Outlays	100.2	110.8	122.0	135.3	149.5
600 Income security:					
Budget authority	203.5	211.3	217.9	228.2	236.6
Outlays	159.3	166.2	174.0	184.8	192.3
650 Social security:					
Budget authority	341.9	370.3	397.8	430.5	464.4
Outlays	266.8	284.0	301.8	319.3	337.6
700 Veterans benefits and services:					
Budget authority	31.3	32.4	33.4	34.4	35.4
Outlays	31.1	32.0	33.1	35.6	35.4
750 Administration of justice:					
Budget authority	13.3	13.9	14.5	15.0	15.7
Outlays	12.3	13.6	14.3	14.8	15.4
800 General government:					
Budget authority	11.7	12.0	12.3	12.5	13.0
Outlays	11.7	12.0	11.8	12.0	12.4
900 Net interest:					
Budget authority	194.4	201.9	206.2	203.8	197.0
Outlays	194.4	201.9	206.2	203.8	197.0
920 Allowances:					
Budget authority	0	0	0	0	0
Outlays	−96.6	−115.3	−88.3	−61.8	77.4
950 Undistributed offsetting receipts:					
Budget authority	−34.6	−34.2	−34.8	−107.2	−125.2
Outlays	−39.3	−38.4	−36.9	−98.6	−114.1

CONFERENCE AGREEMENT ON-BUDGET ONLY

[In billions of dollars]

	1991	1992	1993	1994	1995
Budget authority	1,175.2	1,230.8	1,231.1	1,216.9	1,267.1
Outlays	1,002.3	1,024.8	1,050.1	1,060.0	1,080.8
Revenues	858.6	923.9	987.9	1,045.2	1,101.4
Deficit (−)/surplus (+)	−143.7	−100.9	−62.2	−14.8	−20.6
050 National defense:					
Budget authority	289.1	291.6	291.8	351.5	364.9
Outlays	297.0	295.0	292.0	341.7	351.5
150 International affairs:					
Budget authority	19.2	19.8	20.6	22.4	23.8
Outlays	17.4	18.0	18.5	19.7	20.7

CONFERENCE AGREEMENT ON-BUDGET ONLY—Continued

[In billions of dollars]

	1991	1992	1993	1994	1995
250 General science, space and technology:					
Budget authority	15.2	15.9	16.5	17.1	17.7
Outlays	15.2	15.7	16.1	16.0	17.4
270 Energy:					
Budget authority	6.1	5.3	6.1	6.5	6.9
Outlays	3.8	4.1	4.7	5.0	4.8
300 Natural resources and environment:					
Budget authority	18.7	19.7	20.4	21.1	21.8
Outlays	18.8	19.5	20.0	20.5	21.0
350 Agriculture:					
Budget authority	16.6	20.6	17.6	14.8	15.3
Outlays	12.8	15.1	13.2	12.0	10.7
370 Commerce and Housing Credit:					
Budget authority	85.2	85.1	41.3	−6.8	2.3
Outlays	85.4	79.0	37.0	−12.2	−6.4
400 Transportation:					
Budget authority	32.1	33.3	34.5	35.8	37.1
Outlays	30.5	31.7	32.9	34.0	35.2
450 Community and regional development:					
Budget authority	9.2	8.9	9.0	9.4	9.5
Outlays	8.5	8.3	8.5	8.7	9.0
500 Education, training, employment and social services:					
Budget authority	43.0	43.5	44.0	45.7	47.3
Outlays	41.8	42.8	43.6	44.8	46.1
550 Health:					
Budget authority	66.6	73.9	81.2	89.4	98.3
Outlays	65.8	73.3	80.7	88.7	97.3
570 Medicare:					
Budget authority	123.6	138.1	153.6	170.2	187.6
Outlays	100.2	110.8	122.0	135.3	149.5
600 Income security:					
Budget authority	203.5	211.3	217.9	228.2	236.6
Outlays	159.3	166.2	174.0	184.8	192.3
650 Social security:					
Budget authority	3.8	4.5	4.9	5.4	6.0
Outlays	3.8	4.5	4.9	5.4	6.0
700 Veterans benefits and services:					
Budget authority	31.3	32.4	33.4	34.4	35.4
Outlays	31.1	32.0	33.1	35.6	35.4
750 Administration of justice:					
Budget authority	13.3	13.9	14.5	15.0	15.7
Outlays	12.3	13.6	14.3	14.8	15.4
800 General government:					
Budget authority	11.7	12.0	12.3	12.5	13.0
Outlays	11.7	12.0	11.8	12.0	12.4
900 Net interest:					
Budget authority	215.6	228.7	239.2	243.7	244.5
Outlays	215.6	228.7	239.2	243.7	244.5
920 Allowances:					
Budget authority	0	0	0	0	0
Outlays	−95.4	−113.6	−86.6	−60.5	−76.4
950 Undistributed offsetting receipts:					
Budget authority	−28.6	−27.7	−27.7	−99.4	−116.7
Outlays	−33.3	−31.9	−29.8	−90.8	−105.6

CONFERENCE AGREEMENT OFF-BUDGET ONLY

[In billions of dollars]

	1991	1992	1993	1994	1995
Budget authority	310.9	332.5	352.8	377.4	402.4
Outlays	234.6	244.5	255.1	264.9	274.6
Revenues	314.3	336.9	361.9	388.1	410.3
Deficit (−) / surplus (+)	79.7	92.4	106.8	123.2	135.7
050 National defense:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
150 International affairs:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
250 General science, space and technology:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
270 Energy:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
300 Natural resources and environment:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
350 Agriculture:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
370 Commerce and housing credit:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
400 Transportation:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
450 Community and regional development:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
500 Education, training, employment and social services:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
550 Health:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
570 Medicare:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
600 Income security:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
650 Social security:					
Budget authority	338.1	365.8	392.9	425.1	458.4
Outlays	263.0	279.5	296.9	313.9	331.6
700 Veterans benefits and services:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
750 Administration of justice:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
800 General government:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
900 Net interest:					
Budget authority	−21.2	−26.8	−33.0	−39.9	−47.5
Outlays	−21.2	−26.8	−33.0	−39.9	−47.5
920 Allowances:					
Budget authority	0	0	0	0	0
Outlays	−1.2	−1.7	−1.7	−1.3	−1.0

CONFERENCE AGREEMENT OFF-BUDGET ONLY—Continued

[In billions of dollars]

	1991	1992	1993	1994	1995
950 Undistributed offsetting receipts:					
Budget authority	−6.0	−6.5	−7.1	−7.8	−8.5
Outlays	−6.0	−6.5	−7.1	−7.8	−8.5

CREDIT BUDGET FUNCTION TOTALS

[In billions of dollars]

	1991	1992	1993	1994	1995
Direct loans	21.0	17.8	18.2	18.4	18.6
Guaranteed loans	106.8	109.6	112.1	115.5	118.1
Secondary guaranteed loans	85.4	88.7	92.1	95.6	99.2
050 Defense:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
150 International Affairs:					
Direct loans	1.9	2.0	2.1	2.1	2.2
Guaranteed loans	7.2	7.2	7.5	7.7	8.0
Secondary guaranteed loans	.4	.4	.4	.5	.5
250 General science, space and technology:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
270 Energy:					
Direct loans	2.0	1.6	2.0	2.1	2.3
Guaranteed loans	.4	0	0	0	0
300 Natural resources and environment:					
Direct loans	.1	.1	.1	.1	.1
Guaranteed loans	0	0	0	0	0
350 Agriculture:					
Direct loans	9.0	8.8	8.6	8.6	8.4
Guaranteed loans	7.0	7.3	6.6	6.7	6.8
370 Commerce and housing credit:					
Direct loans	6.0	3.3	3.4	3.5	3.6
Guaranteed loans	63.3	65.5	67.8	70.3	72.1
Secondary guaranteed loans	85.0	88.3	91.7	95.1	98.7
400 Transportation:					
Direct loans	0	.1	.1	.1	.1
Guaranteed loans	0	0	0	0	0
450 Community and regional development:					
Direct loans	1.2	1.2	1.2	1.3	1.3
Guaranteed loans	.4	.4	.4	.4	.4
500 Education, training, employment and social services:					
Direct loans	0	0	0	0	0
Guaranteed loans	12.5	12.9	13.2	13.3	13.4
550 Health:					
Direct loans	0	0	0	0	0
Guaranteed loans	.3	.3	.3	.4	.4
570 Medicare:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
600 Income security:					
Direct loans	.1	.1	.1	.1	.1
Guaranteed loans	0	0	0	0	0
650 Social security					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
700 Veterans benefits and services:					
Direct loans	.7	.6	.6	.5	.5
Guaranteed loans	15.7	16.0	16.3	16.7	17.0

CREDIT BUDGET FUNCTION TOTALS—Continued

[In billions of dollars]

	1991	1992	1993	1994	1995
750 Administration of justice:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
800 General government:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
900 Net interest:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
920 Allowances:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
950 Undistributed offsetting receipts:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0

RECONCILIATION INSTRUCTIONS

The conference agreement includes reconciliation instructions directing twelve House Committees and ten Senate Committees to report legislation to achieve savings over five fiscal years, 1991-1995. The House Committee instructions specify savings targets for each of the five years. The Senate Committee instructions specify targets for fiscal year 1991 and for total savings over the five years.

The conference agreement requires House and Senate Committees to report reconciliation recommendations to their respective Budget Committees not later than October 12, 1990.

CONFERENCE AGREEMENT RECONCILIATION BY HOUSE COMMITTEE

[Deficit reduction in billions of dollars]

	Fiscal Year—					5-year
	1991	1992	1993	1994	1995	
Agriculture:						
Fees:						
Agriculture fees	−0.079	−0.082	−0.086	−0.091	−0.095	−0.433
Forest Service Recreation [1]	−.008	−.008	−.008	−.008	−.008	−.040
EPA [1]	−.022	−.033	−.033	−.033	−.033	−.154
Subtotal	−.109	−.123	−.127	−.132	−.136	−.627
Other: Agriculture	−1.300	−1.900	−2.700	−3.300	−3.800	−13.000
Committee total	−1.409	−2.023	−2.827	−3.432	−3.936	−13.627
Banking:						
Fees: Flood/Crime Ins	−.014	−.346	−.177	−.150	−0.146	−.833
Other:						
FHA assignment waivers	−.193	−.189	−.185	−.181	−.177	−.925
Other FHA reforms	−.200	−.300	−.550	−.650	−.800	−2.500
Bank Insurance Fund	−1.100	−1.800	−1.900	−2.100	−2.100	−9.000
Subtotal	−1.493	−2.289	−2.635	−2.931	−3.077	−12.425
Committee total	−1.507	−2.635	−2.812	−3.081	−3.223	−13.258

CONFERENCE AGREEMENT RECONCILIATION BY HOUSE COMMITTEE—Continued

[Deficit reduction in billions of dollars]

	Fiscal Year—					5-year
	1991	1992	1993	1994	1995	
Education and Labor:						
Fees: OSHA/MSHA penalties (REV)	−.095	−.195	−.230	−.280	−.330	−1.130
Other:						
Stafford Loans (GSL)	0	−.200	−.400	−.600	−.800	−2.000
PBGC [1]	−.120	−.130	−.130	−.130	−.130	−.640
Subtotal	−.120	−.330	−.530	−.730	−.930	−2.640
Committee total (DR)	−.215	−.525	−.760	−1.010	−1.260	−3.770
Energy and Commerce:						
Fees:						
NRC [1]	−.287	−.298	−.310	−.323	−.336	−1.554
EPA [1]	−.022	−.033	−.033	−.033	−.033	−.154
Railroad safety	−.020	−.037	−.037	−.038	−.038	−.170
U.S. Travel and Tourism	−.007	−.014	−.014	−.014	−.014	−.063
Subtotal	−.336	−.382	−.394	−.408	−.421	−1.941
Other:						
Medicare [1]	−4.700	−9.200	−12.400	−15.200	−18.500	−60.000
Medicaid savings	−.195	−.440	−.530	−.580	−.635	−2.380
Medicaid package	−.500	−.400	−.400	−.400	−.400	2.100
Subtotal	−4.395	−9.240	−12.530	−15.380	−18.735	−60.280
Committee total	−4.731	−9.622	−12.924	−15.788	−19.156	−62.221
Interior:						
Fees:						
NRC [1]	−.287	−.298	−.310	−.323	−.336	−1.554
Corps of Engineers Recreation [1]	−.020	−.020	−.020	−.020	−.020	−.100
Forest Service Recreation [1]	−.008	−.008	−.008	−.008	−.008	−.040
Hardrock mining claims	0	−.030	−.030	−.030	−.030	−.120
Subtotal	−.315	−.356	−.368	−.381	−.394	−1.814
Other: Tongass	−.028	−.044	−.044	−.044	−.044	−.204
Committee total	−.343	−.400	−.412	−.425	−.438	−2.018
Judiciary:						
Fees: Patent and Trademark	−.091	−.095	−.099	−.103	−.107	−.495
Merchant Marine:						
Fees:						
Coast Guard	−.200	−.208	−.216	−.223	−.230	−1.007
EPA [1]	−.022	−.033	−.033	−.033	−.033	−.154
Subtotal	−.222	−.241	−.249	−.256	−.263	−1.231
Post Office:						
Other:						
Eliminate CS lump-sum	−1.230	−1.340	−1.830	−1.810	−1.840	−8.050
Other POCS	−.935	−.800	−.950	−1.735	−1.880	−6.300
Subtotal	−2.165	−2.140	−2.780	−3.545	−3.720	−14.350
Public Works:						
Fees:						
EPA [1]	−.022	−.033	−.033	−.033	−.033	−.154
Corps of Engineers Recreation [1]	−.020	−.020	−.020	−.020	−.020	−.100
Subtotal	−.042	−.053	−.053	−.053	−.053	−.254

CONFERENCE AGREEMENT RECONCILIATION BY HOUSE COMMITTEE—Continued

[Deficit reduction in billions of dollars]

	Fiscal Year—					5-year
	1991	1992	1993	1994	1995	
Science, Space and Technology:						
Fees: NOAA weather service	−.005	−.005	−.005	−.005	−.005	−.025
Veterans:						
Fees: VA fees (unspec)	−.120	−.125	−.130	−.135	−.140	−.650
Other: Unspecified Veterans	−.500	−.520	−.540	−.560	−.580	−2.700
Committee total	−.620	−.645	−.670	−.695	−.720	−3.350
Ways and Means:						
Fees: Customs fees	0	−.572	−.562	−.568	−.590	−2.292
Other:						
Medicare: [1]						
Provider payments	−3.100	−5.200	−6.300	−7.000	−8.400	−30.000
Beneficiary payments	−1.600	−3.600	−5.600	−7.700	−9.500	−28.000
Miscellaneous	0	−.400	−.500	−.500	−.600	−2.000
Medicare subtotal [1]	−4.700	−9.200	−12.400	−15.200	−18.500	−60.000
Social Security package	−.500	−.300	−.400	−.400	−.400	2.000
RR pension fund (REV)	−.025	−.035	−.040	−.050	−.050	−.200
PBGC [1]	−.120	−.130	−.130	−.130	−.130	−.640
Unemployment Insurance	0	−1.100	−1.150	−1.150	−1.200	−4.600
Social Security overpayments	0	−.043	−.028	0	0	−.071
Subtotal	−4.345	−10.208	−13.348	−16.130	−19.480	−63.511
Taxes: Summit tax package (REV)	−14.200	−25.600	−26.000	−31.400	−31.400	−128.600
Committee total (DR)	−18.545	−36.380	−39.910	−48.098	−51.470	−194.403
All committees (w/o double counts):						
Fees (DR)	−.968	−2.068	−1.957	−2.021	−2.122	−9.136
Other (DR)	−9.526	−17.341	−22.577	−27.290	−31.736	−108.470
Taxes (REV)	−14.200	−25.600	−26.000	−31.400	−31.400	−128.600
Total reconciled (DR)	−24.694	−45.009	−50.534	−60.711	−65.258	−246.206
IRS enforce initiatives (REV)	−3.037	−1.835	−1.803	−1.488	−1.213	−9.376
Miscellaneous other mandatory entitlement/fees	−.600	−.600	−.600	−.600	−.600	−3.000
Total revenue increases and mandatory spending cuts (DR)	−28.331	−47.444	−52.937	−62.799	−67.071	−258.582

[1] Joint jurisdiction, double-counts not included in the totals.

Note: All amounts are outlays unless specified as REV (revenues) or DR (deficit reduction—outlays and revenues combined).

CONFERENCE AGREEMENT RECONCILIATION BY SENATE COMMITTEE

[In millions of dollars]

		1991	5-year
Agriculture:			
APHIS	0	79	433
Forest Service rec. fee [1]	0	8	40
Agriculture programs	0	1,300	13,000
Subtotal, Agriculture	0	1,387	13,473
Banking:			
FEMA Flood and Crime Insurance	0	14	833

CONFERENCE AGREEMENT RECONCILIATION BY SENATE COMMITTEE—Continued

[In millions of dollars]

		1991	5-year
FHA assignement	0	193	925
Other FHA reforms	0	200	2,500
Increase flexibility for FDIC to raise assessment rates and reduce borrowing costs	0	1,100	9,000
Subtotal, Banking	0	1,507	13,258
Commerce:			
Coast Guard	0	200	1,077
NOAA Weather Service	0	5	25
Railroad safety inspections	0	20	170
U.S. Travel/Tourism Administration	0	7	63
Subtotal, Commerce	0	232	1,335
Energy:			
Forest Service Rec. Fee[1]	0	8	40
Hardrock mining claim holding	0	0	120
Tongass Forest	0	28	204
Subtotal, Energy	0	36	364
Environment:			
Corps of Engineers rec. fee	0	20	100
EPA	0	22	154
NRC	0	287	1,554
Subtotal, Environment	0	329	1,808
Finance:			
Customs	0	0	2,292
Medicare	0	4,700	60,000
Medicaid	0	195	2,380
Unemployment insurance	0	0	4,600
Fund Rail Pension Liability	REV	25	200
Social Security overpayments	0	0	71
PBGC premiums[2]	0	120	640
Medicaid package	0	−500	−2,100
Social Security package	0	−500	−2,000
Subtotal, mandatory	DR	4,040	66,083
Summit tax package	REV	14,200	128,600
Subtotal, Finance	DR	18,240	194,683
Government Affairs:			
Eliminate lump sum	0	1,230	8,050
Postal FEHB	0	689	4,200
Postal COLA	0	0	1,187
Other	0	246	913
Subtotal, Government Affairs	0	2,165	14,350
Judiciary:			
Unspecified	0	91	495
Labor:			
OSHA/MSHA penalties	REV	95	1,130
Pension asset reversion[3]	REV	−50	−290
GSL reforms	0	0	2,000
PBGC premiums[2]	0	120	640
Subtotal, Labor	DR	165	3,480
Veterans:			
Unspecified	0	620	3,350

CONFERENCE AGREEMENT RECONCILIATION BY SENATE COMMITTEE—Continued

[In millions of dollars]

		1991	5-year
Total reconciled to committees	DR	24,694	246,206
Other miscellaneous	0	600	3,000
IRS enforcement	REV	3,037	9,376
Totals:			
Mandatory	DR	11,094	120,606
Summit taxes	REV	14,200	128,600
IRS enforcement	REV	3,037	9,376
Total	DR	28,331	258,582

[1] Joint jurisdiction: Agriculture and Energy.
[2] Joint jurisdiction: Finance and Labor.
[3] Joint jurisdiction with Finance (revenue). Included in reconciliation revenue totals.
Note: Outlays are specified as "0," revenues as "REV," and deficit reduction as "DR."

ALLOCATIONS OF SPENDING AND CREDIT RESPONSIBILITIES TO HOUSE COMMITTEES

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991

[In millions of dollars]

	Fiscal year 1991		Entitlement authority
	Budget authority	Outlays	
HOUSE APPROPRIATIONS COMMITTEE			
Current level (enacted law):			
050—National Defense	165	165	0
150—International Affairs	765	784	0
270—Energy	250	250	0
300—Natural Resources and Environment	1,433	1,865	0
350—Agriculture	12,509	623	0
370—Commerce and Housing Credit	3,024	4,438	0
400—Transportation	479	477	0
450—Community and Regional Development	1,667	1	0
500—Education, Training, Employment, and Social Services	11,133	10,877	0
550—Health	49,507	49,910	0
570—Medicare	35,350	35,350	0
600—Income Security	36,319	36,853	0
650—Social Security	47	47	0
700—Veterans Benefits and Services	16,763	16,645	0
750—Administration of Justice	241	236	0
800—General Government	6,231	6,232	0
Subtotal	175,883	164,754	0
Discretionary appropriations action (assumed legislation):			
050—National Defense	289,718	297,660	0
150—International Affairs	20,100	18,600	0
250—General Science, Space, and Technology	15,090	15,063	0
270—Energy	6,222	5,562	0
300—Natural Resources and Environment	19,485	19,148	0
350—Agriculture	2,640	2,649	0
370—Commerce and Housing Credit	4,435	4,422	0
400—Transportation	14,323	30,240	0
450—Community and Regional Development	7,412	7,626	0
500—Education, Training, Employment, and Social Services	29,896	30,152	0

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Fiscal year 1991		Entitlement authority
	Budget authority	Outlays	
550—Health	16,790	16,224	0
570—Medicare	0	2,304	0
600—Income Security	24,360	25,426	0
650—Social Security	0	2,317	0
700—Veterans Benefits and Services	13,989	14,109	0
750—Administration of Justice	12,975	11,914	0
800—General Government	10,184	10,142	0
950—Undistributed Offsetting Receipts	4,900	802	0
Subtotal	492,519	514,359	0
Discretionary action by other committees (assumed entitlement legislation):			
550—Health	305	305	0
600—Income Security	17,774	17,338	0
700—Veterans Benefits and Services	−65	−107	0
Subtotal	18,015	17,535	0
Committee total	686,416	696,649	0
AGRICULTURE COMMITTEE			
Current level (enacted law):			
270—Energy	1,068	10	0
300—Natural Resources and Environment	440	435	0
350—Agriculture	9,004	10,965	8,813
400—Transportation	46	46	0
450—Community and Regional Development	56	850	0
800—General Government	339	344	339
Subtotal	10,952	12,649	9,152
Discretionary action (assumed legislation):			
350—Agriculture	−1,379	−1,379	−1,300
600—Income Security	0	0	974
Subtotal	−1,379	−1,379	−326
Committee total	9,573	11,270	8,826
HOUSE ARMED SERVICES COMMITTEE			
Current level (enacted law):			
050—National Defense	11,301	11,259	1
500—Education, Training, Employment, and Social Services	3	2	0
600—Income Security	36,414	23,043	23,043
700—Veterans Benefits and Services	217	202	202
Subtotal	47,935	34,506	23,246
Committee total	47,935	34,506	23,246
BANKING, FINANCE, AND URBAN AFFAIRS COMMITTEE			
Current level (enacted law):			
150—International Affairs	0	−1,279	0
370—Commerce and Housing Credit	77,833	77,907	0
450—Community and Regional Development	12	−5	0
600—Income Security	200	281	0
800—General Government	5	5	0
900—Net Interest	22	22	0
Subtotal	78,072	76,931	0

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Fiscal year 1991 Budget authority	Fiscal year 1991 Outlays	Entitlement authority
Discretionary action (assumed legislation):			
370—Commerce and Housing Credit	−197	−1,493	0
450—Community and Regional Development	0	−14	0
Subtotal	−197	−1,507	0
Committee total	77,875	75,424	0
DISTRICT OF COLUMBIA COMMITTEE			
Current level (enacted law):			
750—Administration of Justice	18	18	18
Subtotal	18	18	18
Committee total	18	18	18
EDUCATION AND LABOR COMMITTEE			
Current level (enacted law):			
500—Education, Training, Employment, and Social Services	24	13	5,358
600—Income Security	92	89	7,504
Subtotal	116	102	12,863
Discretionary action (assumed legislation):			
600—Income Security	0	−120	−120
Subtotal	0	−120	−120
Committee total	116	−18	12,743
ENERGY AND COMMERCE COMMITTEE			
Current level (enacted law):			
370—Commerce and Housing Credit	53	52	0
550—Health	36	27	45,985
600—Income Security	13,672	12,865	10,116
800—General Government	7	7	7
Subtotal	13,768	12,951	56,109
Discretionary action (assumed legislation):			
270—Energy	−287	−287	0
300—Natural Resources and Environment	−22	−22	0
370—Commerce and Housing Credit	−7	−7	0
400—Transportation	−20	−20	0
550—Health	0	0	305
Subtotal	−336	−336	305
Committee total	13,432	12,615	56,414
FOREIGN AFFAIRS COMMITTEE			
Current level (enacted law):			
150—International Affairs	8,176	8,714	0
600—Income Security	835	368	368
800—General Government	5	5	0
Subtotal	9,016	9,087	368
Committee total	9,016	9,087	368

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Fiscal year 1991		Entitlement authority
	Budget authority	Outlays	
GOVERNMENT OPERATIONS COMMITTEE			
Current level (enacted law):			
800—General Government	20	19	0
Subtotal	20	19	0
Committee total	20	19	0
HOUSE ADMINISTRATION COMMITTEE			
Current level (enacted law):			
500—Education, Training, Employment, and Social Services	8	9	0
800—General Government	29	21	93
Subtotal	37	29	93
Committee total	37	29	93
INTERIOR AND INSULAR AFFAIRS COMMITTEE			
Current level (enacted law):			
270—Energy	170	−102	0
300—Natural Resources and Environment	189	167	10
450—Community and Regional Development	475	471	404
550—Health	3	3	0
800—General Government	800	797	830
Subtotal	1,637	1,335	1,244
Discretionary action (assumed legislation):			
300—Natural Resources and Environment	−72	−56	0
Subtotal	−72	−56	0
Committee total	1,565	1,279	1,244
JUDICIARY COMMITTEE			
Current level (enacted law):			
370—Commerce and Housing Credit	217	226	0
500—Education, Training, Employment, and Social Services	910	805	0
550—Health	1	1	0
600—Income Security	24	10	5
750—Administration of Justice	653	658	135
800—General Government	581	581	500
Subtotal	2,386	2,281	640
Discretionary action (assumed legislation):			
370—Commerce and Housing Credit	−91	−91	0
Subtotal	−91	−91	0
Committee total	2,295	2,190	640
MERCHANT MARINE AND FISHERIES COMMITTEE			
Current level (enacted law):			
300—Natural Resources and Environment	427	431	0
370—Commerce and Housing Credit	67	65	0
400—Transportation	6	0	427
600—Income Security	13	6	0
800—General Government	6	6	0

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Fiscal year 1991		Entitlement authority
	Budget authority	Outlays	
Subtotal	519	508	427
Discretionary action (assumed legislation):			
400—Transportation	−200	−200	0
Subtotal	−200	−200	0
Committee total	319	308	427
POST OFFICE AND CIVIL SERVICE COMMITTEE			
Current level (enacted law):			
550—Health	0	−636	2,873
600—Income Security	54,623	33,067	33,067
800—General Government	12,199	12,199	0
Subtotal	66,822	44,629	35,940
Discretionary action (assumed legislation):			
600—Income Security	50	−1,230	−1,230
950—Undistributed Offsetting Receipts	−935	−935	0
Subtotal	−885	−2,165	−1,230
Committee total	65,937	42,464	34,710
PUBLIC WORKS AND TRANSPORTATION COMMITTEE			
Current level (enacted law):			
270—Energy	433	101	0
300—Natural Resources and Environment	158	177	0
400—Transportation	17,497	0	0
450—Community and Regional Development	5	5	0
800—General Government	1	54	0
Subtotal	18,094	338	0
Committee total	18,094	338	0
SCIENCE, SPACE AND TECHNOLOGY COMMITTEE			
Current level (enacted law):			
250—General Science, Space, and Technology	135	134	0
270—Energy	19	23	0
500—Education, Training, Employment, and Social Services	1	1	0
Subtotal	155	158	0
Discretionary action (assumed legislation):			
300—Natural Resources and Environment	−5	−5	0
Subtotal	−5	−5	0
Committee total	150	153	0
VETERANS' AFFAIRS COMMITTEE			
Current level (enacted law):			
700—Veterans Benefits and Services	1,588	1,429	18,144
Subtotal	1,588	1,429	18,144
Discretionary action (assumed legislation):			
700—Veterans Benefits and Services	−120	−120	−65

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Fiscal year 1991 Budget authority	Fiscal year 1991 Outlays	Entitlement authority
Subtotal	−120	−120	−65
Committee total	1,468	1,309	18,079
WAYS AND MEANS COMMITTEE			
Current level (enacted law):			
500—Education, Training, Employment, and Social Services	1,142	0	5,503
570—Medicare	134,026	114,263	114,267
600—Income Security	28,940	21,137	49,276
650—Social Security	345,303	269,829	265,050
750—Administration of Justice	164	165	0
800—General Government	500	505	406
900—Net Interest	286,286	286,286	286,286
Subtotal	796,362	692,185	720,788
Discretionary action (assumed legislation):			
570—Medicare	1,200	−4,700	−4,700
600—Income Security	26	0	0
650—Social Security	2,400	500	500
Subtotal	3,626	−4,200	−4,200
Committee total	799,988	687,985	716,588
UNASSIGNED TO COMMITTEES			
Current level (enacted law):			
050—National Defense	−12,083	−12,083	0
150—International Affairs	−9,841	−9,419	0
250—General Science, Space, and Technology	−25	2	0
270—Energy	−1,775	−1,757	0
300—Natural Resources and Environment	−3,333	−3,341	0
350—Agriculture	−6,175	−58	0
370—Commerce and Housing Credit	−133	−120	0
400—Transportation	−32	−43	0
450—Community and Regional Development	−426	−435	0
500—Education, Training, Employment, and Social Services	−117	−59	0
550—Health	−42	−34	0
570—Medicare	−46,976	−47,017	0
600—Income Security	−9,842	−9,832	0
650—Social Security	−5,850	−5,893	0
700—Veterans Benefits and Services	−1,072	−1,057	0
750—Administration of Justice	−751	−690	−5
800—General Government	−19,208	−91,216	0
900—Net Interest	−91,908	−91,908	−72,029
920—Allowances	0	−96,600	0
950—Undistributed Offsetting Receipts	−38,565	−38,567	0
Subtotal	−248,154	−338,127	−72,034
Discretionary action (assumed legislation):			
950—Undistributed Offsetting Receipts	0	−600	0
Subtotal	0	−600	0
Committee total	−248,154	−338,727	−72,034
Total—Current level	975,226	715,784	806,998

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991—Continued

[In millions of dollars]

	Fiscal year 1991		Entitlement authority
	Budget authority	Outlays	
Total—Discretionary action	510,875	521,116	−5,636
Grand total	1,486,100	1,236,900	801,362

CONFERENCE REPORT FISCAL YEAR—ALLOCATION OF CREDIT RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SECTION 302(a) OF THE CONGRESSIONAL BUDGET ACT—FISCAL YEAR 1991

[In millions of dollars]

House Committee	Direct loans	Primary guarantees
Current level (enacted law):		
Agriculture	8,019	6,100
Banking, Finance and Urban Affairs	3,250	1
Education and Labor	0	12,810
Energy and Commerce	0	290
Merchant Marine and Fisheries	0	104
Public Works and Transportation	299	0
Veterans Affairs	675	15,650
Ways and Means	2	0
Unassigned	54	191
Subtotal	12,299	35,145
Discretionary action (assumed legislation):		
Appropriations	8,701	71,969
Education and Labor	0	(314)
Grand total	21,000	106,800

ECONOMIC ASSUMPTIONS

The conference agreement is based on the economic assumptions displayed in the table below. These assumptions were prepared by the administration for the President's budget submission and were adopted as the basis of the House-passed and Senate-passed resolutions. These assumptions, as well as the administration's corresponding technical assumptions, are used in the conference agreement to achieve comparability between the conference agreement, the President's budget submission, and the House-passed and Senate-passed resolutions with respect to total revenues, total outlays and the deficit. (Gramm-Rudman-Hollings deficit targets will be adjusted as part of the reconciliation bill pursuant to this concurrent resolution and will not necessarily be based on these economic assumptions.)

ECONOMIC ASSUMPTIONS

[Calendar years]

	Projected					
	1990	1991	1992	1993	1994	1995
Annual averages:						
Gross national product (billion dollars)	5,560	5,973	6,398	6,821	7,264	7,734
Percent change	6.2	7.4	7.1	6.6	6.5	6.5
Real GNP (billion 1982 dollars)	4,236	4,370	4,499	4,613	4,725	4,838
Percent change	2.2	3.2	3.0	2.5	2.4	2.4
GNP deflator (percent change)	3.9	4.1	4.0	4.0	4.0	4.0
Consumer price index (percent change)	4.0	4.0	4.1	4.3	4.3	4.3
Civilian unemployment rate (percent)	5.5	5.4	5.3	5.3	5.3	5.3
Three-month Treasury bill rate (percent)	6.7	5.4	5.5	5.6	5.6	5.6
Ten-year Treasury note rate (percent)	7.7	6.8	6.8	6.9	6.9	6.9
Taxable incomes (billion dollars):						
Wages and salaries	2,794	3,007	3,226	3,445	3,668	3,905
Corporate profits before tax	345	390	406	419	443	464
Fourth quarter to fourth quarter (percent change):						
Gross national product	6.9	7.5	6.8	6.6	6.5	6.5
Real GNP	2.6	3.3	2.7	2.5	2.4	2.4
GNP deflator	4.2	4.1	4.0	4.0	4.0	4.0
Consumer price index	4.1	4.0	4.2	4.3	4.3	4.3
Civilian unemployment rate (percent, fourth quarter level)	5.5	5.3	5.3	5.3	5.3	5.3

BUDGET SUMMIT AGREEMENT

On May 6, 1990, the President and the bipartisan congressional leadership agreed to convene a special budget group. Five months later, the negotiators reached agreement. The budget summit agreement represents the largest deficit reduction plan ever agreed to, an estimated $500 billion during the next five years.

The agreement includes major reductions in discretionary spending that (on OMB estimates) account for 36 percent of the total, significant reductions in entitlement and mandatory spending programs (24 percent of the total), and tax revenue increases (27 percent of the total). Reductions in interest payments constitute the remaining 13 percent of the package.

This fiscal year 1991 budget resolution conference report, agreed to unanimously by the conferees, embodies this budget summit agreement. This conference agreement includes detailed five-year reconciliation instructions and discretionary spending limitations that reflect the agreement. The summit agreement will be implemented through enactment of the reconciliation bill resulting from the instructions in this resolution and the appropriations bills limited by the resolution's 302(a) allocations.

It is the conferees' understanding that the summit agreement will be fully implemented with the complete support of the President and the congressional leadership, including those provisions that will change the congressional and executive branch budget processes to enforce it.

The conferees also believe that the enactment of the agreement will result in a balanced Federal budget by 1996, reduce the demand on private credit markets and enhance the long-run growth potential of the United States.

Leadership Enforcement of Budget Summit Agreement

It is the intent of the conferees that the bipartisan leaders of the House and Senate work with the committees of Congress to assure that the amounts of deficit reduction and the policies to achieve such reductions are achieved and are consistent with the budget summit agreement of September 30, 1990.

It is the intent of the conferees that the House-reported reconciliation bill should not contain provisions extraneous to the summit agreement.

Should legislation under consideration by any committee fail to comply with the summit agreement, the conferees intend that remedial efforts shall be made by all parties to achieve such compliance. Further, the conferees intend that the bipartisan leaders shall take steps to enforce the agreement.

Achievement of Unspecified Savings

The conferees urge that the joint leadership of Congress agree on a package of changes in laws that provide mandatory spending to achieve deficit reduction of $3,000,000,000 (in addition to the amounts reconciled in this concurrent resolution) and seek to include that package in the reconciliation bill pursuant to this concurrent resolution.

Funding for IRS Compliance

It is the intent of the conferees that the additional amounts requested by the President in the fiscal year 1991 budget for the IRS compliance initiative—$191 million in budget authority and $183 million in outlays in fiscal year 1991, $172 million in budget authority and $169 million in outlays in fiscal year 1992, $183 million in budget authority and $179 million in outlays in fiscal year 1993, $187 million in budget authority and $183 in outlays in fiscal year 1994, and $188 million in budget authority and $184 in outlays in fiscal year 1995—shall be provided by action of the Appropriations Committee in order to raise the assumed amounts of additional revenues from increased IRS compliance funding consistent with the budget summit agreement.

Budget Process Reform and Enforcement

To assure a $500 billion deficit reduction package is achieved and maintained, the conferees intend that the reconciliation act implementing the budget summit agreement include provisions of the budget summit agreement's recommendations to strengthen the budget process and enforce the agreement.

Leon E. Panetta,
Richard Gephardt,
Bill Frenzel,
Managers on the Part of the House.
Jim Sasser,
Wyche Fowler, Jr.,
Pete V. Domenici,
Managers on the Part of the Senate.

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Continuation of House Proceedings of October 4, 1990, Issue No. 128; and Proceedings of October 5, 1990, Issue No. 129.

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House of Representatives

SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE U.S. GOVERNMENT FOR FISCAL YEARS 1991, 1992, 1993, 1994, and 1995

(Continued)

The SPEAKER pro tempore. Pursuant to House Resolution 488, the conference report is considered as having been read.

The gentleman from California [Mr. PANETTA] will be recognized for 1 hour and the gentleman from Minnesota [Mr. FRENZEL] will be recognized for 1 hour.

The Chair recognizes the gentleman from California [Mr. PANETTA].

Mr. PANETTA. Mr. Speaker, I yield myself 10 minutes.

(Mr. PANETTA asked and was given permission to revise and extend his remarks.)

Mr. PANETTA. Mr. Speaker, we take under consideration this evening the conference report on House Concurrent Resolution 310, which is the concurrent resolution on the budget for fiscal year 1991. This conference report reflects all of the spending, revenue and savings targets that were agreed to by the President and the bipartisan congressional leaders in the budget summit. It is the essential first step in the budget process.

The President has called the budget package a tough agreement for tough times. Too often Presidents have not been willing to deliver that message to the American people when it was needed, and that is one of the reasons we are here today.

However, Mr. Speaker, the reality is, that we are a nation facing a number of very serious crises at the present time.

As we speak, we are at risk militarily with our troops located in the Persian Gulf who are looking to all of us to determine whether or not we have the courage and the leadership to govern. We are at risk politically in a world that is changing. The two Germanies united this week, the Soviet Union is changing, and Eastern Europe is changing dramatically, and the United States at this point in time can exercise tremendous leadership in that world, and yet we are here trying to determine whether or not the Government of the United States will stay in business.

In addition, Mr. Speaker, we are at risk economically. We have the rising likelihood of a recession staring us right in the face. We have a slow and steady erosion of our position in the world economy, and we have the frustrating inability to respond to these crises, to these difficult issues here at home.

□ 2220

Of course, if we fail today, we face the specter of sequestration, these dramatic cuts across the board that will affect everyone in our most critical areas, devastating to people, devastating to our economy.

This is not a time for blaming others. This is not a time to run and hide. This is not a time for cowardice. It is a time for leadership.

The huge budget deficits we all know have been piling up for decades. This last decade of the eighties has been a period when these deficits have tripled, sapping our Nation's strength. They have robbed the resources we need for investment in the future. The savings of the American people, which should have gone to new businesses and economic growth and economic development, are now financing Government borrowing. No more, no less.

Mr. Speaker, the taxes that we ask the American people to pay out of their hard-earned dollars, instead of improving our education or improving our Nation's transportation system, must go to pay interest on the borrowing that we do, by far the fastest growing part of the Federal budget. We are now looking, as we speak, at $300 billion deficits. What began as a $100 billion at the beginning of the year has now become a $300 billion record annual deficit that we are facing in this next year, because of the RTC problems, because of our economy, because of a shortfall of revenues. Whatever the cause, we are now confronting a record $300 billion deficit, and an overall debt in excess of $3.2 trillion.

Because the Federal Treasury has to borrow and borrow, it has pushed up interest rates. During periods of strong growth these interest rate problems could have only been troublesome in terms of our economy. But at a time of slow growth, which is what we are facing right now, higher interest rates can essentially submerge our economy and drop it into a recession.

Make no mistake about it: for those Members who have any question, our economy is on the brink. For those who play partisan or political games, there is a terrible price to be paid for such folly.

Growth in the second quarter was less than half a percent, and that was before the high energy prices hit our economy. The combination of a soft economy, of an oil shock, of inflation, of a sequester, will send the markets reeling, make no mistake about it, and endanger the financial stability of both the national and international economy.

All of us recognize that this agreement is not a panacea. It is not going to solve all of our problems. What we are looking at right now, according to a majority of economists, is the likelihood of a recession, albeit a mild recession. But deficit reduction is essential for giving the Federal Reserve the latitude it needs to reduce interest rates and try to mitigate the depth and the duration of the recession.

Furthermore, deficit reduction is the only proven tool for assuring long-term growth in investment and productivity, employment, and income. The package we have before us, $500 billion in deficit reduction over 5 years, is by far the largest and the most real deficit reduction package that has ever been seriously contemplated by a Congress or by a President.

It makes tough choices, we all know that, in defense, in entitlement programs, in taxes. But we cannot kid the American people. No matter how you design this package, it has to make tough choices, in defense, in entitlements, and in taxes.

There are no tricks, no smoke and mirrors. Everything in this package is real. Is it perfect? Far from it. Is it painful? With half a trillion dollars in deficit reduction, how could it not be. Is it the package that I or any Member would have designed, or for that matter the President? Absolutely not. Of course not.

Mr. Speaker, it is a compromise. A compromise by its very nature means that everybody has to give something for the greater good. That is what democracy is all about, particularly at a time of divided Government. Nobody can have their own way, with the divided Government that we have at the present time.

Mr. Speaker, let us remember that we were elected not only to represent a particular point of view, but to govern. This budget package tries to break the stalemate that we have had between the parties and within a divided Government.

Perhaps no individual in this country has more of a direct impact on interest rates than the Chairman of the Federal Reserve. Yesterday Chairman Greenspan said the following:

> If this agreement is voted down, prospects for coming to grips with the corrosive effects of budget deficits on our economy would be dim indeed. I am fearful that failure to enact the agreement would produce an adverse reaction in financial markets that could undercut our economy, already significantly weakened by the shock of the Middle East crisis and problems in our financial system.

Mr. Speaker, this is the moment of truth. It is the moment that we have to face the tough choices. There is no alternative. If we fail to pass this budget resolution tonight, it is over. We are going to find it very difficult to try to accommodate all of the different interests that are now involved. But if we do pass it, then I think we send a clear message to the people of this country, that we can govern.

Mr. Speaker, I ask all Members tonight, set aside and rise above your parochial concerns. Rise above your regional interests. Rise above ideology and partisanship, and cast a vote for the greater good of this country, for our Nation's future, but, most importantly, for our children's future.

Mr. Speaker, I reserve the balance of my time.

Mr. FRENZEL. Mr. Speaker, I yield myself 30 seconds.

(Mr. FRENZEL asked and was given permission to revise and extend his remarks.)

Mr. FRENZEL. Mr. Speaker, the gentleman from California [Mr. PANETTA] gave such a good speech that I can only improve on it by adding the word "grandchildren" in the last sentence.

The chairman has told us what we need to do, has set our course for us, and many of us in the Republican leadership feel exactly the same way.

It is absolutely essential that this House pass this budget resolution tonight.

Mr. Speaker, I yield 3 minutes to the distinguished vice chairman of the Committee on Appropriations, an inveterate summiteer, and always a crowd pleaser, the gentleman from Massachusetts [Mr. CONTE].

Mr. CONTE. Mr. Speaker, I thank the gentleman from Minnesota for yielding time to me.

Mr. Speaker, I rise in support of this budget resolution conference report. As a member of the budget summit negotiating group, slaving away since May 15, I had hoped to be able to speak firmly in support of the summit agreement.

But there is one issue in here so punitive to my people back home and so unrelated to deficit reduction, that I must make my support for this agreement conditional. At the last hour, at the insistence of one Democratic Senator and without consultation, home heating oil was included in the 2-cent petroleum tax. This provision is punitive and life threatening to the poor and elderly trying to stay warm this coming winter.

That Senator says he didn't want the package to play regional favorities. We're not talking regional advantage here, we are talking about staying warm this winter. That same Senator excluded from that same tax the petrochemical feedstock industry and the agriculture on which his region depends. And that same Senator provided $4 billion in tax breaks to the oil producers in his region. And we will not even mention the S&L bailout.

This budget resolution we consider today only starts the process of enacting the summit agreement into law. This resolution provides the broad outlines, and if it is passed, the committees in the Congress will then draft the specific legislative changes. They will be voted on in the reconciliation bill next week, and that's the vote that counts.

The Ways and Means Committee has the ability to include the exemption of home heating oil, and to make other needed adjustments, particularly on Medicare, where changes are probably very much needed. My vote, and other votes in the Northeast, will depend in large part upon the favorable resolution of the exemption for home heating oil.

But we will not get to that point if we do not pass this budget resolution. The alternatives to passing this resolution are very unattractive. We toss our economic fate to the wind. We look incapable of governing, and of putting our economic house in order. That is the wrong message to send at this time.

In my opinion, the responsible thing to do is to vote for this resolution and move the process on down the road toward putting our Nation's fiscal house in order. Then, let the committees make their changes in the reconciliation bill, and decide at that point if the agreement should be finally passed.

□ 2230

Mr. PANETTA. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. RUSSO].

(Mr. RUSSO asked and was given permission to revise and extend his remarks.)

Mr. RUSSO. Mr. Speaker, I rise today in opposition to the budget summit agreement. This agreement is the continuation of the same failed fiscal policies of the past 10 years. Yes, there is a budget problem, Yes we need to take action to resolve that problem. But why is that the option we're being given puts the burden squarely on the middle class yet again? In a time of crisis we must turn to the people of this Nation to help reduce our huge deficit. The poor can't solve the problem, they don't have the money. That leaves the middle class and the rich. The question I must pose to our President, our leadership and my colleagues is, why? Why is the middle class bearing a disproportionate share of the burden of reducing the deficit?

In the past decade the top 1 percent of wealthy taxpayers have seen their income increase by 74 percent with a corresponding decrease in their tax rate of 14 percent. In that same decade, families in the bottom fifth saw their total Federal effective tax rates go up 16 percent while their incomes went down 3.2 percent. This package's heavy reliance on excise taxes will again hit lower and middle income earners harder than the wealthy. Concerns about the progressivity of this agreement are not political rhetoric—they are based on cold, hard facts. Under this package those Americans making $20,000 a year will see a 3.5-percent tax increase. Yet the top 1 percent of Americans who enjoy an income of over $700,000 per year will have their taxes increased by only 1.7 percent. Believe me, these are very cold, hard facts of life for those middle-income taxpayers who are attempting to put their children through school, buy a home and make ends meet. The President has asked everyone to share in the sacrifice of reducing our budget deficit. But are tax loopholes and tax breaks for the rich anyone's idea of shared sacrifices? Is it a shared sacrifice when the newly unemployed must wait 2 weeks to receive their first unemployment check while the wealthiest Americans pay less taxes? I don't think so.

As if the slant of the package toward taking another bite out of the earning power of middle Americans was not enough, there are other serious flaws in the agreement. The defense number is still bloated beyond what is needed for a lean and efficient fighting force and does not take into consideration the cost of operation desert shield. And we should be very concerned about the last minute tax incentives in this deal. The very generous tax breaks or so-called growth incentives have even taken the small business community by surprise. Have we not done this before—enacted overly generous tax breaks for certain segments of our economy, only to revisit those deals in later years and shake our heads and say, what were we thinking.

But the fundamental flaw, beyond progressivity is the process. There are tough choices to be made to solve the deficit visited on this country by the Reagan legacy. I was elected to make those choices and I'm willing to do so. What I'm being presented with today is a no-win situation. If I vote for the agreement I will be voting for balancing the budget on the backs of the over burned middle class. If I vote against the agreement I'm a naysayer to the only solution the summiteers could come up with. Either way, it's a bad vote because the solution is worse than the problem. This agreement only looks good in comparison to sequestration and I firmly believe that we can do better than that. Budget summits encourage the leadership of both parties to ignore the will of the rank and file of the Congress and to effect legislation without going through the legislative process. Instead we are presented with a budget agreement negotiated by congressional leaders and a handful of nonelected White House officials. Summits in general set up the legislative process for failure. As elected Members we should vote on a budget fashioned by our committees—win or lose at least we would be adhering to the principles of representational government. I'm not afraid to take my best shot and then abide by the decision of the majority.

We're being asked to swallow our reservations and vote for this package for the good of the country. The good of the country? Do we mean by country, a generic body of faceless people? This nation is composed of individuals—hard working, honest men, women, and children. I've been argued into making votes like this one before. And what happened—the rich got richer and had a party at the expense of the poor and middle class Americans who comprise the majority in this country. Well, I'm here to say that I'm not doing it anymore. And I hope you won't either.

The President asked the American people to contact us about this proposal. Well, they have spoken loud and clear and they are overwhelmingly against the summit agreement. They are telling us it is time to reverse the regressive trend of the past decade and make the Tax Code more equitable. It is time to distribute the burden of deficit reduction among those most able to afford it. I'm not making this vote today because of any perceived political consequences or because of pressure from special interest groups. A vote against this agreement is not only the right thing to do, it is the fair thing to do, and it is the just thing to do.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Pennsylvania [Mr. SHUSTER].

(Mr. SHUSTER asked and was given permission to revise and extend his remarks.)

Mr. SHUSTER. Mr. Speaker, our distinguished chairman of the Budget Committee has said there are several interests that we must rise above tonight, and I agree with him. But there is one interest that we cannot rise above. We cannot rise above reason as our own lights show us what reason is.

In my judgment, this resolution is bad for the economy and it is unfair, fundamentally unfair.

We have heard many horror stories, scare tactics even about how the Government is going to be shut down. We have been told that the President of the United States is going to veto any concurrent resolution that we should pass if this resolution fails.

My colleagues have been around here long enough to know what the legislative dance is. Of course, we get these kinds of threats. I have enough confidence in the President to believe that if this goes down he is going to think an awful long time before he shuts down the Government. And I also have enough confidence in this Congress that if the President were to veto a concurrent resolution we would override that veto.

So let us not let the scare tactics cause us to steer away from reason as we see it.

We are told there are no alternatives. We know that is not so. There are several alternatives.

There is the simple 1½ or three-quarters of a loaf after we fix the gas tax problem and the Medicare problem. I have seen a plan that calls for a $35 billion sequester instead of $105 billion sequester.

For those Members who lust for tax increases, why not a 1-percent stock and bond transfer tax? Let us let Wall Street participate in the pain here. And why not strip the sweetheart deals that we have seen in this resolution, put in there by the summiteers who had the privilege of crafting this resolution? And there are several other alternatives that we have already heard of.

☐ 2240

Yes, there are alternatives. And what is wrong, what is so terrible, about letting the Members of Congress vote on the alternatives?

Let us defeat this resolution. Let us bring back some alternatives. Let us fix this, not after we pass the resolution as has been suggested here tonight, the suggestion being pass it and then we will fix it.

Does it not make more sense, is it not more reasonable to fix it first and then pass it?

So let us defeat this resolution. Let us go back to work and let us give the American people a more reasonable, better solution.

Mr. PANETTA. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. ANDERSON], chairman of the Committee on Public Works and Transportation.

(Mr. ANDERSON asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON. Mr. Speaker, I rise in support of the fiscal year 1991 budget resolution. As chairman of the Public Works and Transportation Committee, I am keenly aware of the impact this budget could have on the Nation's transportation network. However, I am willing to offer my support on this vote because of commitments I have received from the leadership that will lessen any potentially negative effects during the reconciliation process.

Thus far, we have agreed that 50 percent of the 10-cent increase in motor fuel taxes will be placed in the highway trust fund annually, with 20 percent of that set aside for mass transit. I also have an assurance from the leadership that in reconciliation, the Public Works Committee may authorize the entire amount of new trust fund revenues. Further, increased highway and transit spending will be permitted outside the overall domestic discretionary cap.

This is critical in assuring that the budget does not have antigrowth effects on the economy. Without an agreement to spend some of these increased revenues, we would be totally depriving the Nation of the economic benefits of increased spending on transportation improvements including the creation of jobs, increased productivity and competitiveness in the world market, and additional private investment through greater efficiencies in transportation for the business sector. Without additional spending on transportation infrastructure, economists have estimated that a 10-cent-a-gallon motor fuels tax increase would result in the loss of over 180,000 jobs and a decline in auto and truck sales of at least 120,000.

Another issue of concern is the reference in the budget agreement to an amended minimum allocation provision. This is clearly an authorizing issue that relates directly to the distribution of funds rather than the raising of taxes. It is, therefore, logically within the jurisdiction of the Public Works and Transportation Committee and the leadership has agreed that it will be handled by our committee in the reconciliation process. Because this is an intricate provision that can penalize as well as reward States, it is critical that the authorizing committee that established the original minimum allocation write the amendments to it in an informed and balanced way.

Because of these agreements with the leadership, Mr. Speaker, I will vote in support of the budget resolution. My continued support for the package, however, will be contingent on our further progress and a satisfactory resolution of these issues in the reconciliation process.

Just as I have worked hard on Public Works and Transportation issues over the years, I have also worked hard for, and supported measures to protect our senior citizens and afford them the rights and benefits they deserve. Therefore, I again stress, it is with great reservation that I support this budget agreement, which asks so much from my senior constituency. A $59.9 billion cut in Medicare will hurt, yet, as I look at the alternative under sequestration, it is the route which, in the long run, will least affect our senior citizens. I want to emphasize that under sequestration there are also cuts in Medicare and Medicare Program administration, along with cuts in Social Security Program administration, supplemental security income, VA medical care and burial benefits, social services block grants, and human development services, to name only a few. These cuts mean that VA medical care will be eliminated for millions of patients, Social Security claims will be deferred or slowed down, meals for millions of senior citizens will be stopped, and many more services delayed or ended altogether. While I reluctantly support the budget agreement, I do remain hopeful that this legislation can be fine tuned so that those least able to pay will be least affected by the changes.

Also of great concern to me in making my decision was the regressive taxes on beer, wine, and distilled spirits, and on tobacco. These taxes will hurt most the poor and working class who are already shouldering much of the tax burden. The taxes on wine will especially hurt my State of California which faces up to a 25-percent drop in wine sales, as well as the ports of Long Beach and Los Angeles, which will most certainly lose revenues as the exportation of wine slows. However, I am certain that the economic chaos which would result under sequestration would have a far greater impact on the working class and the business community than under the budget agreement. Many economists agree that recession is imminent under sequestration. Obviously, deficit reduction is the only way to assure growth in investment and productivity in the long run. Moreover, the current Federal deficit is the worst enemy of American business today, and the budget agreement, however painful, is better than chaos under sequestration.

The alternative of sequestration would also gravely affect dozens of nondefense programs on which millions of Americans depend by requiring $70.3 billion in budget authority cuts. Head Start, NASA, Pell grants, NIH, and AIDS research funding are just a few of the programs which would be cut. Further, sequestration would result in hundreds of thousands of Federal employees to be furloughed, and many to lose their jobs. My decision to support this agreement has been a difficult one. Yet should this agreement not pass, I shudder to think of the consequences it will have across the Nation. For those of my constituency who do not support my vote, I only hope they understand the reasons behind my choice. The time to act is now, the choice is not easy, but it is necessary.

Mr. FRENZEL. Mr. Speaker, I yield 5 minutes to the distinguished vice chairman of the Committee on Ways and Means and a member of the summit negotiating team, the gentleman from Texas [Mr. ARCHER].

(Mr. ARCHER asked and was given permission to revise and extend his remarks.)

Mr. ARCHER. Mr. Speaker, when I first saw this budget agreement on Monday, all of the objectionable features reached out to me, and, to say the least, I was disappointed.

But I learned many years ago, that before you make a hasty decision, it is far better to count to a legislative 10, and I went home and I counseled with my wife, and I shared my concerns. And as the night wore on, I realized that I could not get hung up on individual pieces in this agreement, but that it was far more important to look at the whole and what impact it would have on our country and on generations to come. By morning, I realized that this was the best we could do.

I cannot stand here and tell you that if you fail to vote for this package there will be a recession, or that if you do vote for this package there will be a recession. No economist knows, but I can tell the Members this country is in desperate need of a fiscal fix.

If Churchill were here today, he might possibly say that this is the worst possible budget agreement, until you consider all of the other realistic alternatives. Sequestration clearly is not a realistic alternative, perhaps for a few days, but those who accept that, and seem to wish it, will come quickly back to this body in a short time, demanding that many parts of it be lifted.

The Congress itself has never before in its history been able to produce this type of package. Individual Members working together through committees, through the budget process, have been unable to do so, and after months of deliberation this year, I am convinced this is the best that we can do.

Neither Democrats by themselves nor Republicans with the President, can pass a budget package. It can only be done by bipartisan effort.

In all of the years that I have been on the Committee on Ways and Means, I have only voted for one tax bill. That was in 1981, which was a tax reduction. That was easy.

And it is now time to pay the bills. We have run up consecutive deficits for the last 19 years, and I say to my Democrat friends, not just during the last decade. The last balanced budget was in 1971. We are leaving these massive deficits as a legacy to our children and to our grandchildren, and I do not serve in Congress to be a party in bestowing such a burdensome legacy.

Socrates 400 years before Chirst, said that when the masses of the people find they can vote themselves prosperity from the public treasury, democracy is no longer possible.

This is a historic test for our republic, our democracy. Democracies easily handle the easy decisions, but stumble on the tough ones.

Today is that watershed moment in our country's history where we will look back and say we did the right thing, as tough as it was, and as objectionable as some of the features of this package are, because, yes, our children and their children deserve it.

Could I have devised a better budget? Certainly. Give me 217 votes. But would it pass without giving me 217 votes? And the answer is no.

I feel that many Members on both sides want an easy package. There is no such thing as deficit reduction of $500 billion that is a happy package for anyone.

When I first ran for Congress, Barry Goldwater came to my district, and I must confess he was one of my ideals in politics. There was a rumor that he would not run again, and I asked him, "Are you going to run again?" He looked at me and said, "BILL, I have thought about it, and I want to retire. I feel that I have earned it. I want my privacy and my private life, but I will not one day sit with my grandchildren on my knee and tell them that I did not do everything that I could to make a better future for them." He ran Again.

And I will not sit and tell my grandchildren that I failed to make the tough decision when I had a chance to lift this debt from their shoulders.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky [Mr. HUBBARD].

(Mr. HUBBARD asked and was given permission to revise and extend his remarks.)

Mr. HUBBARD. Mr. Speaker, as a Member of Congress from Kentucky, a State hit extremely hard by this budget proposal, I rise to oppose this resolution. I oppose it strongly.

Mr. Speaker, I speak in opposition to this proposed budget resolution. Kentuckians want the Federal Government to cut spending as a means of balancing the budget. They cannot bear higher taxes.

Earlier this year, the 1990 Kentucky Legislature voted the highest tax increase in the history of our Commonwealth. Based on hundreds of contacts from my constituents this week, I'm aware that 90 percent of my constituents oppose this budget resolution.

I urge my colleagues to vote against this proposal.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. COLEMAN].

(Mr. COLEMAN of Texas asked and was given permission to revise and extend his remarks.)

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. MOODY].

Mr. MOODY. Mr. Speaker, this package has been called "necessary" by our very able budget chairman and other people we all respect, to mop up the $300 billion annual deficits now looming in front of us.

But how did this fiscal crisis happen? There were three major ways. I would ask the Members to consider, does this package address any of the three?

First, the huge tax cuts of the 1981 era that the gentleman from Texas [Mr. ARCHER] just referred to, mostly tax cuts for the wealthy, huge revenue losses. Does this package ask the wealthy to finally pay their fair share? No. It hits the middle income people twice as hard as the rich.

Second, the huge S&L losses; did the middle-income benefit from the jumbo CD's, the real estate manipulations, the fraud that created the S&L mess? No. But they're asked to pay here.

Third, huge defense spending. The Pentagon cost overruns, the unbelievable cost overruns, the defense procurement scandals, the enormous run up in military spending. In this sacrifice package, does defense do its share of sacrifice? No, they get more than either the House or the Senate would have provided.

We should defeat this package. Go back to the drawing boards. Only then can the Congress consider a package that is both responsible and fair.

Mr. FRENZEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New Jersey [Mrs. ROUKEMA].

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I rise in opposition to the budget resolution.

Mr. Speaker, I rise in opposition to the budget resolution before us and the budget summit agreement it represents. Yes, the budget deficit is Public Enemy No. 1 but the negotiations that started early this summer with so much promise, has now produced a grossly inadequate and patently unfair product.

When the budget summit was first proposed some long months ago, we were assured that any agreement would produce significant reduction in a deficit that was spiralling upward. Since then, much has occurred with respect to the budget deficit—and none of it has been good. The costs of the S&L reform and recovery program has jumped precipitously, the Iraqis forced the deployment of Operation Desert Shielf and the economy has slowed dramatically.

All this makes an even stronger case for fiscal restraint. Yet the summit package we debate today will fall significantly short of the $50 billion first year savings we were promised. And, based on the dubious enforcement procedures included in this package and official Washington's equally dubious track record, I would venture an educated guess that we will never see the $500 billion in deficit reduction over 5 years that this package promises.

We could have, and should have, done much better. But beyond the inadequacy of this approach, there is a strong regional bias in the package. Indeed the Tax Foundation, in its analysis of the effects of the budget agreement, identifies New Jersey among the States facing the largest per capita tax increase. These increases are largely the consequence of the increases in Medicare taxes and the limitations on itemized tax deductions.

MEDICARE

Recognizing that we must produce savings in domestic spending, this resolution takes direct aim at the group in our society who can least afford to pay—the sick elderly who are dependent on Medicare. Cuts in the Medicare program—$60 billion over 5 years—account for fully one-half of all the domestic savings. The monthly premiums and out-of-pocket costs paid by beneficiaries will double. The tax on employers and employees will rise. Hospital reimbursements will be cut.

Our past experience with Medicare cuts is clear. They have resulted in cutbacks in service. They have resulted in cutbacks in service. Cuts of this magnitude will not only put additional costly burdens on the sick elderly, but also result in further rationing of care.

And while this summit agreement contains these bone-deep cuts in the growth of Medicare, where is the equity? Domestic discretionary spending is growing by the rate of approximately $40 billion annually. Should our sick elderly bear such a proportion of the deficit reduction? The answer is—no way.

TAX DEDUCTIBILITY

Of equal significance, this budget could be devastating for New Jersey. For the first time, this package would violate the sanctity of many critically important income tax deductions. For the first time, this budget places limits on itemized deductions including limits on the deductibility of State and local income taxes, mortgage interest payments and charitable contributions. This is not just the camel's nose under the tent, it opens the door and gives an open invitation to future tax writers to further limitations and greater tax increases.

While initially this proposal may sound fair and the dollar amounts on the individual family relatively small, it is bad policy and will have a profound effect in future years. It is bad policy because it applies double taxation on the taxes already levied on State income and local property taxes. This is also an assault on the mortgage interest deduction, which in our area will drive more young couples out of the housing market.

Once the principle of deductibility of State and local taxes and mortgage interest is violated, it will only be a matter of time before future tax writers lower the income floor, raise the cap or limit deductibility entirely.

Mr. Speaker, the budget deficit is public enemy No. 1. It stands at the root of this Nation's economic ills. There is no more important task than deficit reduction. However, I cannot in good conscience vote for such a package that does such violence to my constituents. This is not the best budget option we have. We can and must do better.

[From the Tax Foundation, Washington, DC]

BUDGET SUMMIT AGREEMENT WOULD TAX STATES UNEVENLY

WASHINGTON, DC, October 3, 1990.—The tax package President Bush and congressional leaders are offering the American people will cost an average of $653 in new taxes for every man, women, and child over the next 5 years. Put another way, the agreement plans to extract $162 billion in extra revenue for the federal government by 1995—$22 billion of it in the current fiscal year which started on October 1. This works out to a per capital tax hit this year of $88 this year alone, a figure which will increase sharply in later fiscal years, when the tax plan is scheduled to garner more revenue.

The impact of the proposed taxes would not be felt evenly from state to state (see table below), Many residents of states already paying among the highest per-capita federal tax burdens would have to fork over an even greater share. Wyoming, Connecticut New Jersey, Delaware, Massachusetts, and District of Columbia residents will face the largest per capita tax increases. While no state would escape from the package unscathed, residents of Kentucky, Utah, West Virginia, Mississippi, Louisiana, and Alabama will not be hit as hard. The additional per capita burdens for fiscal year 1991 range from a high of $115 in Wyoming to a low of $72 in Kentucky.

Why will some states have to pay more? With nearly half the fiscal year 1991 revenue expected to come from major excise tax increases on motor fuels, cigarettes, alcohol, and luxury goods, a state's consumption level of these items will be one of the major determinants for the geographic impact of the new taxes. Another factor is the proposed limitation on itemized deductions which would place an extra burden on states with a higher percentage of tip earners, and higher property taxes.

This year, the average American will spend 82 days working to pay his share of federal taxes. With the $22 billion revenue increase proposed for 1991, every American will be working longer for Uncle Sam, but some states will be shouldering a disproportionate share of the load.

The Tax Foundation is a nonprofit, nonpartisan research and public education organization founded in 1937 to monitor tax and fiscal activities at all levels of government.

BUDGET SUMMIT'S EFFECT ON PER CAPITA FEDERAL TAX BURDEN STATE-BY-STATE

[Fiscal year 1991]

State	Pre-summit burden	Post-summit burden	Additional per capita burden	Total (millions)
Average	$4,596.80	$4,685.02	$88.22	$21,900.0
Alabama	3,343.33	3,418.84	75.51	310.9
Alaska	5,633.07	5,726.07	93.00	49.0
Arizona	3,958.44	4,044.26	85.81	305.2
Arkansas	3,126.37	3,208.28	81.91	197.1

BUDGET SUMMIT'S EFFECT ON PER CAPITA FEDERAL TAX BURDEN STATE-BY-STATE—Continued

[Fiscal year 1991]

State	Pre-summit burden	Post-summit burden	Additional per capita burden	Total (millions)
California	5,102.64	5,195.29	92.65	2,692.6
Colorado	4,378.67	4,466.89	88.22	292.6
Connecticut	7,440.38	7,551.04	110.67	358.4
Delaware	5,434.65	5,536.33	101.68	68.4
Florida	4,640.79	4,731.54	90.75	1,149.9
Georgia	4,059.60	4,150.20	90.60	583.1
Hawaii	4,495.82	4,573.47	77.65	86.3
Idaho	3,166.84	3,244.13	77.29	78.4
Illinois	5,170.50	5,257.43	86.93	1,013.5
Indiana	4,018.62	4,101.54	82.93	463.8
Iowa	3,836.41	3,919.05	82.64	234.7
Kansas	4,282.67	4,373.27	90.60	227.7
Kentucky	3,297.89	3,369.65	71.76	267.5
Louisiana	3,231.56	3,305.69	74.13	324.8
Maine	3,945.40	4,034.67	89.26	109.1
Maryland	5,544.29	5,641.40	97.12	455.9
Massachusetts	6,101.04	6,201.01	99.97	591.2
Michigan	4,669.59	4,756.09	86.50	802.1
Minnesota	4,597.17	4,685.91	88.74	386.3
Mississippi	2,700.37	2,774.18	73.81	193.5
Missouri	4,206.34	4,298.07	91.72	473.2
Montana	3,318.68	3,406.95	88.27	71.1
Nebraska	3,872.97	3,955.62	82.65	133.1
Nevada	4,812.22	4,907.34	95.12	105.7
New Hampshire	5,576.24	5,674.73	98.49	109.0
New Jersey	6,869.74	6,979.82	110.08	851.6
New Mexico	3,220.42	3,301.42	81.33	124.3
New York	5,668.10	5,759.33	91.22	1,637.5
North Carolina	3,826.95	3,910.62	83.67	549.8
North Dakota	3,423.90	3,509.04	85.14	56.2
Ohio	4,349.09	4,432.33	83.25	908.0
Oklahoma	3,538.97	3,623.63	84.67	273.0
Oregon	3,984.90	4,072.51	87.61	247.1
Pennsylvania	4,567.85	4,653.54	85.69	1,031.8
Rhode Island	4,958.60	5,047.80	89.19	89.0
South Carolina	3,360.30	3,437.50	77.20	271.1
South Dakota	3,218.88	3,300.74	81.87	58.5
Tennessee	3,758.12	3,840.85	82.72	408.6
Texas	4,067.65	4,152.11	84.46	1,435.1
Utah	3,055.09	3,127.48	72.38	123.6
Vermont	4,113.18	4,200.94	87.76	49.8
Virginia	4,808.28	4,900.35	92.07	561.4
Washington	4,536.43	4,624.71	88.29	420.3
West Virginia	3,012.51	3,085.44	72.93	135.4
Wisconsin	4,170.03	4,256.02	85.99	418.5
Wyoming	3,783.37	3,898.55	115.19	54.7
District of Columbia	6,379.52	6,477.90	98.39	59.4

Source: Tax Foundation Federal Tax Burden by State model.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. KOLBE].

(Mr. KOLBE asked and was given permission to revise and extend his remarks.)

Mr. KOLBE. Mr. Speaker, I rise in support of the budget resolution.

Mr. Speaker, I rise in support of the budget resolution before us this evening which incorporates the agreements reached last weekend by the budget summit.

During the last 4 days I have had an opportunity to talk with the President, his economic team, numerous members of his administration, Members of Congress, business and community leaders from Arizona, and dozens of people who have called my office to express either their opposition or their support for the agreement. I've even talked to the distinguished economist, Milton Friedman, and heard his articulate case against this agreement as an economic solution to our problems.

This agreement is not one I would have crafted. There are taxes on working people that I do not like. There is a little or no reduction in domestic spending. It is a step backward from the 1986 tax law which took us away from special interest provisions in the Tax Code.

But neither the President nor my party controls the House or the Senate. It was the Democratic leadership in this Congress who resisted the economic stimulation that would have come from a reduction in the rate of taxes for capital gains; it was the Democrats who insisted that taxes be included in the package; it was the Democrats who would not accept cuts in domestic spending.

Even so, there are positive aspects of this agreement. It puts caps on spending for the next 5 years. It gives us a true picture of the deficit by separating Social Security from the rest of the budget. There are real reforms of entitlement programs. And the enforcement mechanisms to make this work are undeniably better than those that currently exist under Gramm-Rudman. Moreover, all of these changes are made without affecting Social Security.

To those who say: "But it is still a bad agreement," I would pose this simple question: What is the alternative? Most assuredly, I could craft a solution that would be preferable to this. But could I get 218 votes in the House for it? No. If there was a solution that would get 218 votes in the House and 51 in the Senate, don't you think we would have heard about it by now?

Finally, there are those who will say that JIM KOLBE did not stick by his pledge to not raise taxes. I could argue that the marginal rates of taxation are not increased, but there are undeniably taxes in this package. When I took that pledge could any of us have foreseen the size of the savings and loan debacle? Could any of us have predicted that there would be 100,000 American soldiers in the Middle East?

Leadership demands an understanding of when one must fold the tent, when to strike for the best agreement that is possible. I was elected to help govern this Nation. I do not serve the men and women I represent by simply saying "no" to whatever may be presented.

It was Benjamin Franklin who said at the end of the great Constitutional Convention:

I confess that there are several parts of the Constitution which I do not at present approve, but I am not sure I shall ever approve them. For having lived long, I have experienced many instances of being obliged by better information, or fuller consideration, to change opinions even on important subjects, which I once thought right, but found to be otherwise.

I can never pretend to the widsom of Benjamin Franklin, but I can hope for enough wisdom to follow his sage advice. Tonight, on this budget agreement, I shall do so.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Wisconsin [Mr. ROTH].

(Mr. ROTH asked and was given permission to revise and extend his remarks.)

Mr. ROTH. Mr. Speaker, I am strongly opposed to this resolution.

Like most Americans, I want to end the deficits. But it must be done in a way that the American people can accept as fair. I know the President is sincere. He wants the best for this country. But when I read the details of this budget, there can be only one conclusion: It is not fair:

Not fair to the taxpayer;

Not fair to senior citizens; and

Not fair to working men and women.

There are three big problems:

First, it adds $134 billion in new taxes, without cutting any of the waste that we know pervades the Government.

Second, Medicare is cut $60 billion, putting even more of the burden of devastating health care costs on those with fixed incomes.

And third, there are no cuts in foreign aid—in fact there is a $1 billion increase. It forgives Egypt's $7 billion debt to our taxpayers. And we keep spending half of ur $300 billion defense budget in Europe.

Mr. Speaker, I say to you what the people of northeast Wisconsin are saying to me. It's time we take care of our own people and our own problems for a change. Too many people in Washington have been listening to economists, columnists and, frankly, each other. I have been listening to the average citizens in Wisconsin. And this letter from Irvin Arendt in Green Bay says it best:

I and my fellow workers are middle income employees and we are sick of these giveaway programs, while our parents suffer and our children face insurmountable debt, and we workers keep paying. We are sick of supporting every country in the world. When this country gets back on its feet, fine, but not now. Balance the budget.

I want to vote for a deficit reduction bill. But I will not vote for a bill like this. This bill is not in the best interests of our country or the people we represent.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. COX].

(Mr. COX asked and was given permission to revise and extend his remarks.)

Mr. COX. Mr. Speaker, I rise in opposition to the resolution.

Mr. Speaker, with the October 1 commencement of the fiscal year already behind us, the prospects for sane congressional management of our Federal budget are gloomier than ever. Already, fiscal 1991 appropriations are far higher than last year's; and the crisis in the Persian Gulf—which has increased current military spending and renewed congressional willingness to spend on the national defense—has only added to the seemingly hopeless mismatch of revenues and expenses. Worse, even were this budget summit between Congress and the President to yield some grand solution to bring this year's numbers closer into balance, we would still have to deal with next year's, and the year's after. And the dismal truth is that history is not on our side.

Yet, the Federal Government's financial problems are not nearly so intractable as they first appear. The chronic failure to balance the budget is simply the inevitable result of a poorly designed congressional budget process, which not only permits but encourages violation of the very laws designed to force rational choices among competing priorities. The current process guarantees wasteful spending and financial chaos.

OUTLAW JIM WRIGHT

Not least among the reasons that the system is subject to manipulation and abuse is that very few people understand how it works. Even within the Congress itself, terms like "current services baseline," "section 302(b) allocation," and "undistributed offsetting receipts" often produce blank stares. The budget committees, whose members at least have the incentive and opportunity to understand the process, are powerless to enforce its requirements on the appropriations committees (which often spend in seeming disregard of budget guidelines), on the Congress as a whole, or even on the themselves. The Congressional Budget and Impoundment Control Act of 1974, which sets out the current process, is routinely ignored; and there is no remedy at hand to enforce it. As in the Old West, the man with a gun can make his own law, and the current congressional leadership is doing just that.

On my very first day in Congress, then-Speaker of the House Jim Wright announced from the chair that he intended to break the law. This may shock most Americans, but in fact it is routine business in Washington. Speaker Wright pledged in January 1989 that the House would complete work on the required 13 appropriations bills by the August recess. The law requires final action on these bills by June 30.

Imagine the consequences if you were to ignore the April 15 deadline for filing your income tax return. Yet when it comes to more than $1 trillion in annual spending, that is precisely what Congress is now doing—and has been doing routinely throughout each of the 16 years since the passage of the 1974 Act. This violation of the law may have reached its apogee with the utter mismanagement of the fiscal 1990 budget, during the course of which the Congress violated every legal deadline; and the current year's process seems destined to continue that infamous record.

In place of the process mandated by law, the congressional leadership has built a totally extra-legal system whose complexity and incomprehensibility shield it from effective public scrutiny. Virtually no member of Congress—let alone the public—even reads the huge spending bills the Congress adopts. As if in an annual ritual, the President routinely faces a take-it-or-leave-it decision on a hastily crafted omnibus continuing resolution or 11th-hour reconciliation bill running into the thousands of pages and comprising virtually all Federal spending for the entire year. The use of such measures has effectively vitiated the President's veto authority, since signing them is the only alternative to closing down the United States Government.

Such a system serves only the interests of those who seek to guarantee that Government spending is literally uncontrollable, and who assert that the only alternative to massive and ever-increasing deficits is massive and ever-increasing taxation. This was not, however, the intention of those who drafted and passed the 1974 Act. Rather, this law represented an effort to place taxing and spending decisions within the context of an overall budget.

FAILURE OF THE 1974 ACT

Until 1974, Congress never voted on a budget. Then, as now, the Federal budget was simply the sum of the separately enacted annual appropriations bills, along with whatever financial commitments had been placed into law in prior years. To rectify this, the 1974 Act established the House and Senate Budget Committees, and provided for an annual budget to be adopted by Congress. The act required the passage of a non-binding first concurrent resolution on the budget early in the budgeting year, and a binding second concurrent resolution toward the end of that year. Additionally, it was intended that the second resolution would be enforced through reconciliation instructions that would require the various congressional committees to report to the floor whatever legislation was necessary to achieve the established targets. In practice, Congress simply came to ignore the requirement that it pass a second budget resolution, and the requirement of two resolutions was done away with altogether in the first Gramm-Rudman-Hollings law, enacted in 1985. Finally, the act set up a legally binding timetable to ensure the timely adoption of individual spending bills.

Certainly, providing for a floor vote on overall budget targets, mandating the timely adoption of spending bills, and enforcing overall budget limits through reconciliation represented positive steps. It is thus not for lack of a workable concept, but rather of effective enforcement mechanisms, that the 1974 Act has failed to bring order and coherence to the budgeting process and failed to bring discipline to congressional decisions to spend money.

PREMISES OF THE COX PLAN

To repair the broken-down congressional budget process, we must design a system with teeth in it to make sure that Congress doesn't again abandon it for some less-restrictive expedient. Beginning as a member of President Reagan's working group on budget process reform, and now as co-chairman of the House Task Force on budget process reform, I have developed a comprehensive proposal to rewrite the 1974 Act that would do just that. This new plan is based on the premises that an effective budget process must:

Encourage early consultation and cooperation between Congress and the President;

Produce decisions on overall budget levels early in the budgeting year;

Be evenhanded with respect to the President and Congress, not giving either an advantage in dealing with the other or in establishing spending priorities;

Tie each individual spending decision to an overall, binding budget total;

Require explicit decisions on spending levels for all Federal programs, not just those arbitrarily deemed "controllable";

Prevent actual or threatened annual shutdowns of the Federal Government;

Be as simple as possible in concept and means of implementation, so that the process is clear and understandable to Congress and the public;

Not raise difficult questions of constitutionality;

Contain a bias in favor of spending restraint that could be overcome only if both the President and Congress wish to do so; and

Protect individual members of Congress against the political fallout from tough spending decisions by placing the burden to cut spending on the process rather than on specific legislators.

To accomplish these objectives, the 1974 Act should be amended to establish three related reforms. Congress should be required to enact a simplified budget, in the form of a legally binding joint resolution (as opposed to the present non-binding concurrent resolution), before any spending legislation can be considered. As a joint and not a concurrent resolution, the budget would be presented to the President for his signature or veto, and would thus be more likely to reflect a decision on overall Government spending that combines the priorities of both the President and Congress.

Second, the budget process should contain enforcement mechanisms that will keep Congress within its budget ceilings for all spending except Social Security and the interest on the debt. Also needed is a sustaining mechanism that would be triggered in the event Congress and the President fail to act, so that the Federal Government will not be shut down because of political deadlock.

These are the basic elements of the Budget Process Reform Act, which, together with other members of the House Task Force on Budget Process Reform, I will soon be introducing in Congress.

A ONE-PAGE BUDGET

The Budget Process Reform Act would require that Congress enact a legally binding budget—in the form of a joint resolution—by May 15 of each year. Until the budget is signed into law, no authorization or appropriations bill could come to a vote in either House. The budget would set ceilings on all Federal spending—except Social Security and interest on the debt—for the coming fiscal year. It would fit on a single page—setting specified ceilings on Government spending within the 19 summary categories currently used in the budget. Because the budget would contain only 19 numbers, it is far more likely that the Congress and the President could agree at this high level of abstraction on how much the Federal Government should spend in the ensuing fiscal year. Numerous Government programs and activities would be aggregated within each category, so that wrangling over the more detailed breakdown presently required in the President's budget submission could be avoided. The President's budget in its present form would continue to be provided, but only after passage of the budget law. Just as now, the Congress would not be bound by its specifics.

The budget enacted by Congress would also set ceilings for spending on entitlement programs. If the budget set a ceiling below the projected program outlays for the upcoming year, Congress would be required to effect a reconciliation with the budget ceiling by amending the organic statute for the entitlement program so as to meet the new ceiling.

The result would be the establishment of a binding budget, jointly reached by the Congress and the President early in the budgeting year.

THE TWO-THIRDS REQUIREMENT

To end the sad spectacle of congressional lawbreaking, the act contains three enforcement mechanisms to ensure that its provisions are observed, making it more likely that Federal spending will be contained within the agreed-upon ceiling.

First, Congress would be permitted to enact spending legislation in excess of the budget ceilings only by a supermajority vote—two-thirds of both Houses. Such a requirement would be constitutional: Article I, section 5, cl. 2 of the Constitution gives each House of Congress the power to determine its own rules. And although unprecedented in statute, two-thirds majorities have been required by the rules of the Senate. Senate Rule 22, for example—as amended in 1949—required the affirmative vote of two-thirds of the entire membership to end a filibuster.

The requirement of a supermajority for spending outside of a budget would provide a strong incentive for both the president and

Congress to reach agreement on the budget, since neither—although perhaps for different reasons—would wish to be in the situation where all spending requires a supermajority vote. It would also provide a powerful tool to hold the Congress to the budget choices it makes. Thus, for example, if Congress wished to enact an appropriation that, together with other appropriations in the particular budget category, would exceed the budgeted ceiling for that category, this would subject all appropriations in that category to a two-thirds vote. Likewise, if Congress and the President failed to enact a budget, then all authorizing and appropriating legislation would require a supermajority for passage. The only way to adopt spending proposals by simple majority would be to authorize and appropriate within the ceilings of a duly enacted budget law.

NO MORE BLANK CHECKS

Second, Congress would be required to determine the desired level of spending for each Federal program except Social Security and interest on the debt. Openended, "blank-check" appropriations—such as those for entitlement programs, which authorize the spending of "such sums as may be necessary"—would be banned.

Under the current system, any member of Congress who seeks to cut spending on entitlements must introduce legislation and obtain an affirmative vote to do so. But anyone who wishes to increase spending on any program with an open-ended appropriation need only sit back and watch it go. By requiring the Congress to decide how much it is willing to spend on a program during the coming fiscal period, the new act will level the playing field for spending cuts and spending increases. At the same time, it should be emphasized, requiring fixed-dollar appropriations for all Federal programs will not in any way mandate reductions in entitlements. Congress would be able to decide to spend as much as it wants on entitlement programs. It would simply have to make that decision with every budget.

Entitlement programs are not "uncontrollable," merely uncontrolled. While the specifics often vary program by program, virtually all open-ended entitlements require that payments be made to any person or unit of government that meets eligibility requirements established by law. All persons who meet the program's eligibility requirements receive benefits to which they are entitled—regardless of the aggregate cost in any fiscal period.

AGENCY-ADJUSTED BENEFITS

But there is nothing requiring that entitlement programs have open-ended appropriations. Indeed, Senator RICHARD LUGAR proved that fixed-dollar appropriations can be used for entitlement programs with his amendment to the Food Stamp Program. As a result of the Lugar amendment, the Food Stamp Program operates from a fixed-dollar annual appropriation, but nevertheless entitles eligible households to receive certain levels of benefits. If the Secretary of Agriculture concludes that projected outlays will exceed the amount appropriated, he or she is required to recalculate the allotment to which each household will be entitled in order to keep expenditures within the statutory ceiling.

Following this model, the new act authorizes the heads of the relevant Cabinet departments and agencies to adjust benefit levels and eligibility requirements whenever entitlement spending exceeds the dollar amount actually appropriated by Congress.

PRESIDENT AS ENFORCER

Third, with respect to any spending in excess of the budget ceilings, the president would be granted enhanced rescission authority—that is, authority to rescind the over-budget portion of any spending unless Congress were to enact legislation expressly disapproving the specific rescission. This authority would be applicable only to the over-budget portion of proposed spending; the President, in other words, would simply be enforcing Congress's own budget decisions, as enacted into law. The President would also be granted authority to effect rescissions of any spending authorized or appropriated in excess of the previous year's funding levels in the event no budget were enacted.

To maintain the integrity of congressional control over the legislative process, the Congressional Budget Office, not the Office of Management and Budget, would be the scorekeeper for determining whether particular authorization and appropriations measures are consistent with the budget ceilings, and consequently whether the supermajority vote or rescission authority mechanisms are applicable. A supermajority vote would be required for any spending legislation that would exceed the budget ceiling for one of the 19 budget categories.

To make sure Congress does not sandbag the process by withholding action on critically important programs that can easily command a two-thirds vote, while filling up a category piecemeal with less urgent spending proposals, passage of the first over-budget spending would subject all spending legislation in that category to a supermajority vote. And, to permit the CBO to evaluate individual spending proposals when Congress has failed to act on an entire category, the supermajority requirement would also be triggered in the event that outlays for a specific program under consideration, when added to the inflation-adjusted previous year's outlays for all other programs within the category, would exceed the budget ceiling in that category. The President's rescission authority would apply to any spending for which a supermajority vote was required.

These three enforcement mechanisms—the supermajority vote, fixed-dollar appropriations, and enhanced rescission authority for the President—ensure that the budget process will no longer be ignored. They do not, however, weaken the congressional power of the purse. Once a budget has been enacted, these mechanisms place procedural barriers in the way of only that spending that would exceed the limits to which Congress and the President have already committed themselves by law.

AVERTING A SHUTDOWN

The final element in the Budget Process Reform Act is the sustaining mechanism—an automatic continuing resolution. In the event Congress fails by October 1 to complete action on appropriations for any program or activity, the previous year's funding level would automatically be reappropriated for the upcoming fiscal year. This mechanism has the virtue of avoiding the termporary shutdown of the Government for lack of funds, while providing an additional incentive for Congress and the President to authorize and appropriate through the budget process. Unlike the Gramm-Rudman sequester, this continuing resolution would apply to all spending, except Social Security and interest. A freeze at the prior year's levels would be a result that both branches will wish to avoid, since each is likely to feel that there are some important accounts that should be dealt with differently than in the previous year. An added virtue of this sustaining mechanism is its bias in favor of spending restraint. If no action is taken, spending does not increase from year to year.

The sustaining mechanism is not the preferred means of determining Federal spending levels, but rather is a form of disaster insurance against the contingency that the Congress and the President do absolutely nothing. The Government does not shut down, and the Congress is not tempted to lay at the President's feet the night before October 1 a mountainous appropriations bill that he cannot read and must sign if he wishes to avoid shutting down the Government.

A POLITICIAN'S DREAM

The problems of runaway spending and lack of accountability are not new—they're simply getting worse. Now, our huge Federal borrowing is threatening to increase interest rates and inflation, and to destroy the overall health of the economy. The amount of taxes each of us will pay next year, the cost of our home loans and car payments, our career opportunities, the value of our retirement savings—all are dependent on whether Congress finally tames the budget beast. No longer will it suffice to consider one or two discrete repairs to the process, such as a line-item veto or new Gramm-Rudman-Hollings targets. While such reforms are needed, only a comprehensive rewrite of the 1974 act will go to the heart of the problem: An undisciplined, out-of-control budget process.

There is reason to be sanguine about the near-term prospects for this proposed comprehensive reform of the budget process. Like Representative DICK ARMEY's base-closing commission and the Gramm-Rudman-Hollings sequester, the binding one-page budget and its enforcement mechanisms can protect Members of Congress from some of the political consequences of tough budget decisions. The procedures themselves can take the heat for any unpopular spending cuts that might become necessary in order to meet the budget. First, because the budget ceilings are adopted early in the process and at a macroeconomic level, voting for a responsible budget will be politically less difficult than voting against specific spending bills. Even more important, the enforcement and sustaining mechanisms—supermajority vote, rescission authority, automatic continuing resolution—will permit politicians to say yes while the system says no. That is a politician's dream. So for those in Congress who are concerned about the deficit, but who are unwilling to make an unpopular decision, the Budget Process Reform Act is ideal. The majority party of Congress should also presumably be interested in an act that would permit them to determine spending priorities with just a majority vote.

I believe a majority in the Congress could be persuaded to vote for a thoroughgoing reform of the 1974 act. An encouraging sign was the recent 279–150 vote in the House of Representatives in favor of a constitutional amendment requiring a supermajority vote for an unbalanced budget. The time has arrived for this bipartisan coalition of fiscal conservatives to go further and address the root causes of our budget crisis.

Mr. Speaker, the budget resolution before us today fails to do so. Only when we are successful in bringing budget process reforms to a vote, will the Nation discover for certain whether the Congress is serious about its responsibility to the taxpayer, to our economy, and to future generations of Americans. I urge my colleagues to vote against the resolution.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Idaho [Mr. CRAIG].

(Mr. CRAIG asked and was given permission to revise and extend his remarks.)

Mr. CRAIG. Mr. Speaker, I stand in opposition to the resolution.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Texas [Mr. DELAY].

Mr. DELAY. Mr. Speaker, this is a very grim day for me. I did not slosh in the snow in New Hampshire or go door to door in South Carolina to elect George Bush to come to a night like this where I have to vote against him. However, I have to look at this deal as a 1-year deal, and a 2-year maybe.

We have never, at least in my lifetime, stuck to a 5-year deal since I have been around. The only thing we have stuck to longer than 5 years is the Articles of Confederation. Do Members remember Gramm-Latta? It lasted 2 years. How about TEFRA? How about Gramm-Rudman? It lasted 2 years before we changed the targets.

Even the majority leader in a quote in his hometown newspaper said that he detests this: "I think it's wrong. The economy won't do what we think it's going to do now, and probably in 3 years we will be back in a summit."

The agreement has been changed as recently as today at lunch when the Speaker released a deal with the President and the bipartisan leadership also understood that many of the policies set forth in the budget agreement are for illustrative purposes only, and that the committees of jurisdiction retain the right to achieve the savings required through alternative policies. What agreement are we voting on? We do not even know.

I ask my collegues to look, if this truly is not a 5-year contract—and frankly, I do not think we ought to be making a 5-year contract—but if it is not, as I say it is not, then look at what happens in the first year. Loosen up, colleagues, because in the first year we cut defense more than we want to. We raise taxes by $12 billion, and mandatory spending, the increase in mandatory spending is cut $12 billion. So we put up $26 billion to get $12 billion in savings, and discretionary spending is allowed to keep going. That is not a good deal.

We are told to "Trust us, because the real savings will come in the next 3 to 4 to 5 years." I do not believe it.

I have to disagree with my President that this deal is being put forth here, that we have to look at it as a first-year deal. Let Members be very serious. Does anyone really believe that the world economy is hinging on this agreement tonight? An agreement that is being changed as we speak? If the agreement goes down today, is the world economy going to stop tomorrow? Is Congress going to lock its doors and cease to function? Is the President going to stop working?

There are alternatives. Alternatives have been presented during the whole 4½ months. Unfortunately, the fourth branch of Government—the summit—paid no attention to them, and that is what brought Members here tonight.

Vote against this agreement and give Members a chance to come up with a better one.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana [Mr. EVANS].

(Mr. EVANS asked and was given permission to revise and extend his remarks.)

Mr. EVANS. Mr. Speaker, I rise in strong opposition to the budget agreement.

Mr. Speaker, Tuesday night, the President went on prime time television and asked the American people to contact their Representatives in Congress in support of the budget agreement.

Well the results are in from the 17th Congressional District of Illinois are in and the tally is 260 to 5 against this package.

The American people must be wondering what kind of democracy we have when a handful of officials say in effect that if we, the elected representatives of the people, do not agree with the way they want to finance the operation of our Government then they will shut it down. That is not much of a political democracy and it is certainly not an economic democracy.

Average people like our farmers, our veterans, and unemployed workers lose in this agreement. Big oil companies and multimillionaires are the big winners.

I urge my colleagues to vote against this budget resolution.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from South Carolina [Mr. TALLON].

(Mr. TALLON asked and was given permission to revise and extend his remarks.)

Mr. TALLON. Mr. Speaker, I rise in support of the budget agreement.

This is at the same time one of the most difficult and important votes I've cast during this Congress. Unfortunately, most segments of the budget, and as a result most Americans, will be negatively impacted by this agreement. This is the biggest deficit reduction package ever and therefore the most wide reaching. It is a bitter pill to swallow for us all.

We can no longer afford to ignore a budget deficit is wrecking our economy, forcing us into dependency on foreign nations. Right now we are faced with two alternatives: The budget package proposed by the President and members of the budget summit or severe automatic across-the-board cuts of every single domestic and defense program required by the Gramm-Rudman-Hollings law.

While I am not a member of the budget summit group that drafted this package I am convinced that the alternative of automatic across-the-board cuts would be much tougher for the average American.

Out of the choices available, the negotiated budget package is the one that offers managed controlled deficit reduction alternatives versus the automatic across-the-board cuts—32 percent for discretionary domestic programs and 35 percent for defense programs—that would wreak financial havoc on our already soft economy. Still, this is a gut-wrenching and difficult issue for me. There's no denying that we are at a fiscal crisis point—we can either manage this crisis or let it manage us. Our country's future depends on it.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Arkansas [Mr. ALEXANDER].

(Mr. ANDERSON asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON. Mr. Speaker, I rise in opposition to the resolution. It is an outrage. The proposition is profoundly unfair to the majority of the people of Arkansas. Citizens earning less than $30,000 per year are to receive a tax increase of 3.1 percent, while citizens earning more than $200,000 will receive a hike of 1.7 percent. Unfortunately, the assumptions are invalid. It is the same voodoo economy that brought us here tonight. I do not see how any long-term problem is addressed. The budget decreases serving to pay increased interest on debt.

Mr. Speaker, the chickens have come home to roost.

These chickens were born in the early 1980's when the Reagan tax cut went into effect, slicing some $2.4 trillion in revenues.

These chickens have been hovering near the Capitol dome for years, waiting to come home to roost, but have been kept away by massive borrowing.

But, borrow-and-spend won't keep the chickens away from the roost any longer. They are coming in for a landing.

Many of us have known—and warned—there would be a day of reckoning: And, it's here.

The problem we face today is twofold: First, revenue losses caused by the Reagan tax cuts must be made up, and second, spending must be reduced.

We hear a lot of spending cuts, waste, fraud and abuse—but little about the first component of the problem. In my view, however, it is that first component—the massive Reagan tax cuts—which are mainly responsible for bringing us to this day.

It was not good economic policy then and it has lead us to the brink of financial disaster today. At one point, the Reagan plan was branded "voodoo economics" by one prominent member of the Republican Party. George Bush and I can agree that is has certainly been a curse on our fiscal house.

According to a study I requested, slashing the corporate tax rates in the 1980's cost the Nation some $97 billion in expected revenues;

twice the size of the revenue to be gained from the proposed fuel tax.

So, I am being told I should vote for a plan that would have the working families of Arkansas open their wallets wider when they fill up at the pump because of the corporate tax policy of the Reagan administration.

That brings us to the important question facing us: is the payback plan fair, or will the middle class working people of this Nation once again be asked to bear a greater share of the burden.

In addition to my own study of the impact of this proposal on my home State, figures from a Government document published this week in the New York Times indicate that the Reagan tax cut chickens will roost squarely on the heads of the middle class.

And, that isn't fair.

I do not care how you dress it up, it is not fair—period. We can and must do better.

Mr. Speaker, this is not a knee jerk reaction to the budget proposal. I know that our colleagues on both sides of the aisle and both sides of the Capitol worked very hard to hammer out this agreement.

But, the figures I have developed are stark and it is incescapable that we are asking too much of the middle class and not enough of the rich.

This plan shifts a greater burden for paying for the Reagan tax cuts on those who didn't enjoy a large benefit from the cuts in the first place.

The gasoline tax hike will hit my State particularly hard because of its rural nature. In fact, Arkansas is more dependent on transportation fuels than any other State in the Nation.

According to the Arkansas Highway and Transportation Department, Arkansas is first in the average number of miles driven per registered vehicle—at 13,468—and first with number of gallons of gasoline purchased per registered vehicle [1,129].

Yes, it is proposed that we tax fur coats and yachts, but you don't buy a fur coat or a yacht as often as the people of Arkansas fill up at the pump.

You might even be able to steel yourself and live without a fur coat or a yacht for a time, but you cannot work and make a living without enough gasoline to get to your job.

And, if an elderly person gets sick, He/She cannot choose whether to seek medical attention, attention which will be more expensive under this proposal.

We all realize that spending cuts are necessary, but this plan—by cutting Medicare for the elderly, farm programs and student loans—isn't falling fairly across the economic spectrum. It can be touted as fair, but the numbers don't show it, and I don't believe it.

In my view the issue boils down to Main Street being asked too much and Wall Street too little. Somewhere, sometime, somehow, the penchant to put more and more of the burden of operating Government on the backs of the middle class working families of this country has to stop. It might as well be now.

I wish that the views of all of the Members of this House could have been considered and openly debated during deliberations on this package. But, it was done out of our sight.

The process has made me feel as if someone is holding a loaded, cocked gun to my head and saying dance or die.

To ask for a blank check approval of this package, which is not treating my people fairly, is asking too much.

Yes, the chickens are at the door and the wolves are not far behind them.

There is no doubt that action is necessary, but that action should not result in asking moderate income people to fund the operations of a government which has increasingly become a government for the rich by the rich.

There are those who continue to call for cuts in nondefense discretionary spending. But, that is not the problem.

Since the mid-1940's, Congress has appropriated $173 billion less than the President has requested.

Congress regularly cuts Presidential requests. During the Reagan years, for example, we appropriated $16 billion less than was requested by the White House.

We have been responsible.

And, we will continue to be responsible. Part of that responsibility, however, is to represent the people who elected us—which leads me to oppose this package and to call for an open debate on alternatives to the current proposal.

Alternatives which will spread more evenly the burden of extricating the Nation from the flawed economic policies of the 1980's.

Yes, we face some tough decisions in the days ahead—and we should be willing to make those decisions. We should not be willing, however, to march blindly along a path dictated for us or go over the cliff on command.

We did that in the 1980's. It is something which does not bear repeating.

What is needed is a change of direction. We need tax reform with tax fairness. We need a comprehensive fiscal policy that includes a trade policy that encourages export and an energy policy that discourages import. Our Nation spent more than a trillion dollars in the last decade importing foreign oil.

We must reverse the economic direction of the Nation. I oppose this resolution.

Mr. PANETTA. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Ohio [Ms. KAPTUR].

(Ms. KAPTUR asked and was given permission to revise and extend her remarks.)

Ms. KAPTUR. Mr. Speaker, I rise in guarded support of the resolution.

I am voting for this resolution this evening because of the promise of the President and our congressional leadership that the budget summit proposal will now be referred to appropriate committees for further refinement where major objections can be worked out. The Speaker has said: "In the opinion of the President any myself, before we move to the final vote 2 weeks from now—the stage of "reconciliation"—the committees will have reasonable flexibility to suggest alternatives policies for the final budget summit proposal. He also told me, "It was always understood that when the budget summit proposal went to the committees that some of the policies outlined were for illustrative purposes only." The committees secured the right to develop alternatives. I hold him at his word.

Let me express in detail my reservations about the proposal as originally drafted and presented to us.

The budget summit proposal—presented to Congress by five of its leaders and three unelected administration officials as a "done deal" on September 20—asks the middle class and elderly to once again shoulder the lion's share of the burden of budget deficit reduction. This proposal places the brunt of all tax increases and spending cuts on people earning between $20,000 and $75,000; their tax rates will rise twice as much as those earning between $100,000 and $200,000, and three times more than those earning over $200,000. Those earning under $10,000 a year will be hit hardest of all with a 7.6 percent increase while the super-rich earning over $200,000 a year will pay only 1.7 percent more. Why should taxes decrease as income rises? The President's Chief of Staff, John Sununu, recently scoffed that the impact on the typical taxpayer would amount to only "a handful of dollars per month." For many Americans, a handful of dollars means much more than to Mr. Sununu.

Overall, this proposal is very regressive. It makes no attempt to shift deficit reduction responsibility back to those who made real income gains during the Reagan era of supply-side economics. It hits again the working people who have been barely able to maintain their income levels over the last 10 years. The reason this agreement is so poorly crafted is because it was finally struck by eight men, five Republicans—three of whom were not elected directly by the people—and three Democrats. The normal inquiry and "sunshine" that accompanies legislative debate was impossible in a situation where these supranegotiations were held behind closed doors at Andrews Air Force Base. In my judgment the entire summit operated outside of normal constitutional processes. I hope this is not a precedent setting process that will be repeated again. Further, many key provisions in the proposal—such as the $25 billion in tax breaks for investors—are not spelled out in any detail in documents made available to the membership-at-large prior to the anticipated votes. The entire budget summit process has strained our constitutional system of shared power. I do not want this vote to be viewed as an endorsement nor precedent for repeating this procedure.

I am particularly aggravated that the proposal targets Medicare so heavily. Half the spending cuts in domestic programs will come from Medicare, $60 billion. The effect of Medicare premium increases will cause an average Social Security recipient to have his/her scheduled January 1991 $18 a month cost-of-living increase reduced to $6.75. That is, while senior citizens will still get their 1991 cost of living increases under the budget proposal, their monthly Medicare payment will increase from $28.60 to $33.50—or a $4.90 per month increase—starting on January 1. By 1995, the premium will go up to $54.30—a total per month increase of $25.70. It will also cost seniors more to go to the doctor. Premiums for doctors' visits will increase from $75 a year to $150 a year, or $12.50 a month under the budget proposal as opposed to the current $6.25 a month. In the end a person with a $400 check will lose a total of $11.15 a month—$4.90 + 6.25. Even though Social Security checks are scheduled for an $18 a month COLA in January, the net increase in income to an average senior will be reduced under the agreement to $6.85 a month, instead of $18. The lower income recipient will be hit even harder. A senior citizen from my district who is 75 years old stopped taking her medication 6 months ago when prices rose to $55.50 for a 2-month supply. She said "Doctor, I can't afford the pills". He said "Do you want to die or get a stroke." "It scares me". All of this will happen as heating oil prices go up, food costs increase, and inflation is running at an annual rate of 5.6 percent. I cannot do this to our seniors, nearly half of whom earn under $12,000 a year.

It is wrong to ask our seniors to pay more on Medicare premiums when some of these savings will be transferred to pay off the savings and loan crisis. The budget summit proposal carefully avoids including the additional money needed for the Resolution Trust Corporation to clean up the savings and loan debacle, as if the crisis didn't exist. Yet last summer, when the President's Budget Director came up to the Congress, he cited the S&L financing problems as the primary reason for the unusual budget summit process that was proposed. In 1990, interest alone paid out on bonds to cover some of the costs of the S&L crisis will reach $2 billion. Funds needed to pay for Operation Desert Shield are also omitted from the final proposal: we all know this bill will soon come due.

There are other harsh cuts in the proposal. State and local employees in Ohio will be pulled into Medicare even though they have their own retirement system. Federal retirees will lose the option to take their retirement money in a lump sum. Unemployed workers will be asked to wait an additional 2 weeks before being allowed to draw benefits, pushing people already in a hardship position to endure even more. And veterans' programs will be cut by $2.7 billion over 5 years at a time when our veterans' hospitals are bursting at the seams due to the influx of World War II veterans. More than half of the new revenues in the proposal will be raised by increasing excise taxes on items such as gas, alcohol, tobacco, and home heating oil. These are regressive taxes that end up hitting the average citizen more than the well off. Increasing excise taxes on gasoline and othe motor fuels by 5 cents per gallon by December and by another 5 cents per gallon on July 1, 1991 is hardly appropriate at a time when Americans are already facing huge price increases at the pump because of the Middle East crisis. Why not place some of this burden on the oil companies, now raking in big profits due to higher prices?

The $25 billion in tax breaks—which I am appalled to see included in the deficit reduction measure—are already being criticized for their unlimited potential to be lucrative tax breaks for wealthy investors. Why include these revenue losers in a deficit reduction package?

The budget negotiators say that this budget summit package is not smoke and mirrors, that there are real and hard cuts to be made. Yet the economic assumptions that they use to make their deficit reduction decisions are too optimistic. They assume interest rates for 91 day Treasury bills will fall as low as 5.7 percent in 1992, and to 4.9 percent in 1933, when current rates are as high as 7.7 percent. The uncertainty in the Middle East make it impossible to predict domestic oil prices. They are already as high as $37 to $40 a barrel today, they could not possibly fall as low as $24.15 in 1991 as projected. They assume real GNP will rise as much as 3.8 percent in 1992 and 4.1 percent in 1993. I certainly hope this will happen. But considering the current GNP growth rate of only 1 percent and the impact of the Middle East crisis on oil prices and economic growth, it hardly seems realistic. If the economy does not turn out to perform as vibrantly as our negotiators expect, then we could be actually much worse off than this agreement assumes. Those people who are asked to make the sacrifices for this proposal will have an even harder time doing so.

Because this is such an unfair proposal and because of the many problems I have outlined, I cannot vote in favor of the budget summit proposal as originally presented to the House. I await a final version 2 weeks from now and withhold judgment on what my vote will be at that time. Meanwhile, I vote for this resolution with the hope, but not the certainty, that the objectionable features of the original summit proposal can be remedied.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland [Mr. McMILLEN].

(Mr. McMILLEN of Maryland asked and was given permission to revise and extend his remarks.)

Mr. McMILLEN of Maryland. Mr. Speaker, I rise in support of the resolution.

Mr. Speaker, today I rise in support of the budget agreement reached by the President and Democratic and Republican leaders of Congress.

This budget is far from perfect. It is a compromise which means we Democrats did not get everythig we watned. For example:

I am unhappy that the cuts in Medicare are unfair to our elderly.

I am unhappy that the new taxes and program cuts imposed are not more progressive.

I am unhappy that the boating industry in my district will be hurt by higher Coast Guard fees, new luxury taxes, and an increased gas tax.

I am unhappy about the change in the allocation of funding for highway programs which will hurt States like Maryland but result in no deficit reduction.

And I am unhappy about the elimination of the lump sum retirement option for Federal employees. But, Mr. Speaker, the sum of the budget agreement is greater than its parts.

I am voting in favor of this budget for the future of our children and our children's children. I can no longer support budgets with smoke and mirrors that place the burden of our fiscal irresponsibility on future generations of Americans. This budget agreement includes for the first time real enforceable deficit reduction.

We must take the bitter pill and enact the budget reform of this agreement.

We must be responsible representatives of the people.

We must put aside our own partisan interests because it is the right thing to do.

If we fail to pass this budget, we are showing the American people that we are unable to govern. If we do not approve this agreement, we are sending the American people down the dangerous and unknown road of sequestration. A sequestration that will wreak havoc in the economy and put thousands out of jobs, including our Federal employees who pay a disproportionate price in any sequestration.

Furthermore, let me remind Members of this body that they will have a chance to perfect this bill in committee and during the reconciliation process.

Finally, this agreement includes some vital provisions that would help America's small businesses and boost our slowing economy. There is a severe credit crunch spreading across this country, and our small businesses are unable to secure debt financing. The small business tax incentives in this budget agreement, although needful of fine tuning, will stimulate equity investment in small companies and fuel the job engine of our economy.

When I rise to cast my vote in favor of this agreement today, I do so for the sake of the economy, for the sake of the people, for the sake of the Nation. Join with me and support this budget resolution.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. KANJORSKI].

(Mr. KANJORSKI asked and was given permission to revise and extend his remarks.)

Mr. KANJORSKI. Mr. Speaker, I rise in opposition to the resolution.

Mr. Speaker, this budget package is unfair, it is bad policy, and it is a farce. It deserves to be defeated.

Like most Americans, I am fed up with our current annual deficit and total national debt. I desperately wanted to support an agreement, to acknowledge that as unpleasant as certain aspects of it might be, that it was balanced and required sacrifices by all of us, and therefore deserved our support. I wanted to join the President and say that this is a time for us to show our "Profiles in Courage" by voting for an agreement that does the job even if it is not popular.

But after reviewing this agreement for the better part of 4 days, the unavoidable truth is that it does not do the job. It is not fair, and the process which created it is fatally flawed.

There are so many things wrong with this package it is hard to know where to start. To begin with, this budget agreement does not do the job.

When the budget summit process began we were told that the objective was to reduce the deficit by $50 billion this year and by $500 billion over 5 years. This agreement saves only $40 billion this year, but does save $500 billion over 5 years.

To make matters worse, since the summit process began, the baseline from which we are cutting has risen significantly. We are now told that the deficit for the upcoming year will be $294 billion, and even with these cuts it will still be an incredible $254 billion.

Over the 5-year period covered under this budget agreement, even if we assume that all its optimistic economic assumptions are correct, the national debt will still rise by well over $500 billion.

But even this does not tell the whole truth, Mr. Speaker, I have looked high and low in this budget summit agreement and I cannot find any mention of the growing cost of the savings and loan debacle. Nor do I see any contingency to pay for problems we may encounter with other Government guarantee or insurance programs, or for the cost of cleaning up Federal nuclear waste dumps, or for any armed conflict in the Middle East.

Frankly, I hope we do not have to spend another dime on any of these problems. But it is unrealistic to assume in our budget agreement that we will not have to face up to these possibilities.

The President's own advisers now tell him that his original estimate of the cost of the savings and loan cleanup was off by well over 100 percent. Another $50 to $70 billion will be necessary to payoff depositors at failed savings and loans. Yet the President and the budget summiteers have conveniently swept this problem under the rug.

The conclusion is unescapable. The summit agreement does not go far enough to reduce the deficit. It is not based on realistic economic assumptions, and it closes its eyes to expensive problems which we know we must face.

We must also examine the question, "Is this agreement fair?" On this point, the evidence is even clearer; it is not.

Let us look first at the question, "Who pays for this agreement."

Retirees, low- and middle-income Americans, and even the unemployed pay. Sixty billion dollars, one-half of the entitlement savings, comes from the Medicare Program. Senior citizens on fixed incomes will see their deductibles double and their monthly premiums increase by 95 percent.

These same senior citizens, who in my district have no way to go to the grocery store or to visit family and friends except by car, will pay 12 cents a gallon more for gasoline and 2 cents a gallon more to heat their homes. If they want to relax with a beer when they get home, that, too, will cost them more.

The Joint Tax Committee's analysis of the summit agreement is a devasting indictment of its unfairness. The analysis documents that the poor, families earning under $10,000, will see their taxes increase by an average of 7.6 percent. Working class families earning between $20,000 and $30,000, will see their taxes increase by an average of 3.3 percent. Middle class families earning between $30,000 and $50,000 will see their taxes increase by almost as much, 2.9 percent. Yet the rich, taxpayers earning over $200,000, will pay only 1.7 percent.

The rich will pay only half as much as working families, and only slightly more than one-fifth of what the poor will pay. Since when is it fair for the poor, working families and the middle class to pay more than the affluent?

Perhaps the worst single item in the budget summit agreement is its treatment of the unemployed. Here the agreement demonstrates just how insensitive it is to those who used to be called the truly needy. Under the budget agreement workers in Pennsylvania, and in more than three dozen other States, would have to wait twice as long before they could collect their first unemployment checks. Instead of collecting a check after 1 week of unemployment, they would have to wait until the end of their second week of unemployment.

This is nothing short of kicking a man when is is down. It hurts families when they are most vulnerable. It makes no sense when economists across the land believe we are entering a recession which may throw millions of Americans out of work

Another item in the budget summit agreement, the 2-cent tax on home heating oil, is emblematic of both why this agreement, and the process which created it, are unfair.

The home heating oil tax strikes directly at the Northeast and families who have no alternative but to heat their homes with oil. It comes from the same administration that has tried repeatedly to slash funding for low-income fuel assistance, weatherization, and conservation programs.

When we first heard about the budget summit agreement on Sunday, we received documents from the summiteers indicating that there was a 2-cent-a-gallon tax on all petroleum products except home heating oil. That is what the documents said in clear black and white.

Then lo and behold, 2 days later we learn that the documents are not right. At the last moment a member of the other body from an oil producing State, with the support of the administration, deleted the exemption for home heating oil. Many of the summiteers did not even know this change had been made. Yet we are told we must live with it even though it is demonstrably unfair to northeastern States like Pennsylvania.

In addition to examining "who pays," we must also examine the question, "who does not pay?"

We already know from the Joint Tax Committee figures that the rich and the affluent are getting a virtually free ride.

As hard as it may seem to believe, under our current Tax Code taxpayers with incomes in excess of $150,000 pay a lower effective tax rate than taxpayers with incomes between $72,000 and $150,000. This is the result of a loophole in the Tax Code known as the bubble. If we eliminated the bubble, which would not cost taxpayers earning under $150,000 a dime, we could raise an additional $42 billion in revenue over 5 years while at the same time making the Tax Code fairer. That alone is enough revenue to eliminate all Medicare increases for seniors, the home heating oil tax, and the delay in unemployment benefits.

Similarly, it must be noted that virtually all of the increased taxes in the budget summit agreement will be paid by individuals. Almost none will be paid by large corporations.

Just take a look, an additional gas tax of $45 billion, new limits on itemized deductions costing $18 billion, a petroleum/home heating oil tax of $11.8 billion, increases in beer taxes equal to $10 billion, new taxes on State and local employees of $8.5 billion, insurance policy taxes of $8 billion, Medicare tax increases of $6.5 billion, additional cigarette taxes of $5.9 billion, and a new luxury tax for $1.9 billion. This list alone totals over $115 billion or more than 70 percent of the total revenue increases, and many of the remaining revenue provisions will also ultimately be paid by individual taxpayers.

It is particularly shocking to me that the major multinational oil companies escape scott-free under this agreement. As a result of the invasion of Kuwait and the resulting increase in the price of oil from $16 per barrel in June to around $40 per barrel today, the multinational oil companies will reap a windfall profit of more than $65 billion this year alone.

That is more than enough to pay for the entire budget agreement. And every dime comes at the expense of American consumers. The poor, the middle class, working families, senior citizens, all will be hit hard by these totally unjustified price increases.

I have introduced legislation to reinstate the windfall profits tax to recover at least a portion of these ill gotten gains for U.S. taxpayers. At current prices my bill would raise nearly $30 billion a year in new revenues—$150 billion over the 5 year life of this budget agreement—while still allowing the oil companies generous profits and giving them plenty of incentive to drill for new oil—which would be taxed at a much lower rate than old oil.

This is enough revenue to eliminate virtually all of the other tax provisions in the budget agreement. Alternatively, it is enough to eliminate the Medicare premium and deductible increases, the home heating oil tax, the cut in unemployment benefits, the gas and beer tax increases, the student loan and veterans' benefit cuts, and the cut in Federal retiree benefits, and still have enough left over to reduce the deficit by an additional $35 billion.

I cannot for the life of me understand why we are asking senior citizens, the unemployed and working families to pay through the nose for this deficit reduction package, when we are not asking the major multinational oil companies, whose profits are expected to more than triple this year, to pay a dime.

Mr. Speaker, sometimes the truth is stranger than fiction. Not only are the oil companies with their record profits not contributing to our deficit reduction effort. The oil companies actually stand to gain because summiteers from the oil States (the President and certain members of the other body) succeeded in including $4 billion in new tax credits and deductions for the oil companies.

Imagine, the oil companies will earn unprecedented, astronomical profits at a time when our budget deficit is spiraling out of control and every last dime is being shaken out of poor and middle-class families, and in this budget agreement we will give the oil companies $4 billion in new tax credits and deductions. That is an outrage.

Overall, the budget summit agreement provides business with approximately $20 billion in new tax credits, deductions and exemption. Individuals will receive only a quarter as much.

In essence, Mr. Speaker, this agreement puts the American people on a bread and water budget, while continuing to dole out pork to the rich, large corporation, and the multinational oil companies.

Just as disturbing as the substance of this agreement, however, is the way it was arrived at.

While I have great respect for the summiteers individually, and I know they worked hard at a difficult task, the full Congress should never have turned over such fundamental decisions about the way our Government and our Nation will operate to such a small group.

The summit process has turned the most admired democracy in the world into an oligarchy.

Instead of making the tough individual decisions we were elected to make on spending cuts and tax increases, the representatives of the people have been given one take it or leave it option. On the one hand we are told to accept this package as is, with no changes, or the Government will grind to a halt because the President will veto all legislation. The economy, we are told, will go into a tailspin. On the other hand, if we approve this agreement, we are approving a very regressive, unfair package which will hurt millions of people.

We should be making the tough decisions, not passing them on to others. To those who ask, "If you are against this package then what are you for?" I say, "I am willing to make those decisions."

Eliminate the bubble in the income tax which allows individuals earning over $150,000 to pay a lower effective tax rate than individuals who earn less. This will raise $42 billion over 5 years.

Impose a windfall profits tax and raise $150 billion over 5 years.

Cut foreign aid, instead of forgiving past debts, and raise another $15 billion over 5 years.

Reduce the number of troops in Europe and Korea, close unnecessary bases, and eliminate unnecessary weapons systems and save another $50 billion over 5 years.

Reduce agricultural subsidies by an additional $15 billion over 5 years.

Include about half of the domestic spending cuts and tax changes agreed to by the budget summit and save about $165 billion over 5 years.

These changes will reduce our expenditures for interest on the national debt by $65 billion over 5 years, making the full 5 year package equal to $502 billion over 5 years, $2 billion more than the recommendations of the summiteers.

Meaningful reductions in the deficit can be achieved, in a fair manner, if we put our minds to it.

But we cannot turn the decisionmaking over to a small body of unelected administration officials and select members of our two houses. They have and will protect their special interests, like the oil companies in Texas and the airplane manufacturers in Kansas. It is understandable that these people would want to protect their sacred cows, but when we are crafting a national budget which is supposed to represent national priorities, we must do better and all sectors of the economy must be asked to participate.

If we approve this inequitable budget agreement today, we only guarantee that this same fatally flawed process will be used next year to impose even more painful cuts on the same sectors of our economy that have been cut in the past. The rich will get richer, and the poor and the middle class will get poorer. That approach is not only grossly unfair, it is foolish economic policy.

It is time to put an end to this abuse of our democratic process. It is time for the President of the United States to join the Congress in telling the privileged few who have profited in recent years at the expense of the many that they, too, must contribute to our deficit reduction process.

Mr. Speaker, I understand the possible serious consequences we may face if this package is defeated, but the negative consequences over the next 5 years of passing it are even more compelling. Enough is enough. It is time for this Congress to stand up for our principles. It is time for this Congress to open its eyes and really look at what this package is really all about. It is time for this Congress to just say no!

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan [Mr. FORD].

(Mr. FORD of Michigan asked and was given permission to revise and extend his remarks.)

Mr. FORD of Michigan. Mr. Speaker, I rise in opposition to this resolution.

Mr. Speaker, the budget that President Bush has asked us to accept is totally unfair to the middle class and the elderly. The cuts it would make in Medicare are an outrage, and the tax increases hit working people hard while barely nicking the wealthy who can most afford to pay them.

The agreement makes a $60 billion cut in Medicare, including a $30 billion direct cut in benefits for Medicare patients. Older Americans are patriotic; they love their country and are not unwilling to make sacrifices; but the size of these cuts cannot be justified. No other domestic program would be cut even one-quarter as deeply as Medicare, which is essential for the health and survival of millions of people.

The tax package is blatantly unfair. It relies on regressive excise taxes on beer, wine, cigarettes, and gas to make up a deficit that has more than tripled since income taxes on the wealthy were slashed 10 years ago. Excise taxes take a far higher percentage from the poor and middle class income than the wealthy. Families earning $40,000 will pay almost six times as high a share of their income as will the rich.

The right solution is to eliminate the Tax Code's special breaks for the wealthy, and especially the provision which imposes a lower—28 percent—income tax rate on people making more than $170,000 than it does on people making $75,000—33 percent. That, and making people who earn more than $75,000 pay the same payroll tax rate for Medicare as everyone else, would generate $63 billion over 5 years—more than all the Medicare cuts in the agreement.

Instead of socking working Americans with new taxes, the agreement should have made cuts in foreign aid and the Pentagon budget. At least $40 billion in savings could be gotten there, without affecting our national security in the least. President Bush not only rejected such cuts, he is trying to force a special $7 billion air package for Egypt through the Congress.

The summit agreement on the budget also requires that the costs of the student loan programs be reduced by $2 billion over the next 5 years. This provision continues the basic shortsightedness and unfairness of this ageement—it reduces our investment in the future of our Nation and it bears most heavily on people of moderate income.

The Stafford Student Loan Program provides more than $11 billion for education to over 3 million students each year. This program has been a favorite target of the budget cutters since Ronald Reagan and David Stockman first came to Washington more than a decade ago. The program has been trimmed, tightened, and reformed nearly every year. A further cut of $2 billion threatens to bring the program to an end.

When the Guaranteed Student Loan Program, now known as the Stafford Student Loan Program, was created in 1965, it was intended to provide help to middle-income families who could not meet the immediate cash flow demands of financing a college education. The budget cutting of the last decade has turned the purpose of the program on its head.

What once was a loan of convenience for middle-income families has become a loan of necessity for low-income and working families. The program now requires that in order to quality for a loan a student and the student's family must demonstrate financial need, and, indeed, they can only receive a loan up to the level of their demonstrated financial need. Thus, the loan program that is being threatened by this summit agreement is a program that only serves students from moderate income and working families. This is not a program that sends the sons of bankers and auto executives to Harvard and Yale. This is the program that sends the children of the autoworker, the teacher, the policeman, and the small businessman to Wayne State University, Eastern Michigan University, Wayne County Community College, and Washtenaw Community College. This is the program that helps open the doors of educational opportunity to those who are the first in their family to attend college, to those who want to improve their skills and their training and to those who hope to achieve the American dream of success through education.

What can be more shortsighted than to deny educational opportunities to those with ambition and ability who lack the financial means to afford the education best suited their talents and abilities? The bean counters at OMB and the Department of Education are confident that $2 billion can be saved in this program without threatening the existence of the program. These are the same people who gave us "growing out of the deficit." I don't believe their predictions. I don't trust their preditions. And, I believe that we should not risk the future of this Nation based on their easy assurances, assurances that have proven consistently wrong for the last decade.

With respect to the jurisdiction of the Committee on Post Office and Civil Service, the budget summit agreement is unfair, unjust, and dishonest.

"No smoke and mirrors," the summiteers proclaim. Nonsense. By repealing the most popular Federal employee benefit offered in years—the lump sum retirement benefit the summit agreement saves no money. The benefit is budget neutral. A retiring employee trades an immediate refund of the pension contributions he or she has made over the years for an actuarially reduced annuity. The benefit costs the Government nothing, yet, the budget summit agreement claims its repeal will "save" $8 billion. My colleagues, that's $8 billion of very blue smoke.

And now that the Postal Service has managed to break even over the last few years, it is being asked to subsidize the Government. Not many of us are left who were around here when the old Post Office Department was a very political, very inefficient, highly subsidized Government agency. In 1971, it had an operating budget of about $9 billion and more than $2 billion of that was appropriated by the Congress—a $2 billion taxpayer subsidy. Today, the independent, off-budget Post Service has an operating budget of more than $40 billion and receives no operating subsidy from the Federal Government. No taxpayer money is appropriated for postal operations.

Now, we've come full circle. Instead of the Government subsidizing the Postal Service, the budget summit agreement calls on the Postal Service to subsidize the Federal Government to the tune of $5.3 billion. And where will this $5.3 billion come from? Higher stamp prices is the only answer. Start saving now so you can afford to mail your 1991 Christmas cards.

And don't be fooled by those who argue that the summit agreeement just requires the Postal Service to pay the costs of health and retirement benefits for its retirees. The Service has already been required to pay these costs by the 1985 and 1989 budget reconciliation bills. This summit agreement requires the Postal Service to pay for employee health benefits earned by those who processed and delivered the mail in the 1950's and 1960's. It asks today's ratepayers to pay for yesterday's postal service.

Mr. Speaker, let me put it to you the way several hundred residents of my 15th Congressional District in Michigan have put it to me. They have to drive cars to work. They take cigarette breaks at the plant. They sometimes pick up a six pack of beer on the way home, and when they get there, they thank God that Mom and Dad have Medicare to take care of them because they can't afford to.

Then they ask why, BILL FORD, would you ever support a budget package that would hurt us working people in every way? Well I do not have an answer for them, so I cannot, in good conscience support this package.

Most of my colleagues agree with my constituents that this is a bad package. But many of them are afraid that defeating the summit agreement will trigger Gramm-Rudman sequestration. I am not afraid of sequestration. There are worse things. And adding to the deficit our children will inherit is one of them.

We need an honest deficit reduction bill. After all those months of summit negotiations it has become clear that the negotiators weren't serious. They didn't accomplish anything serious; they only nibbled around the edges of the problem.

My grandchildren will look at this bill and see that over its 5-year life the Federal budget grew by a trillion dollars. They will not praise us for that, even if doing nothing would have added half a trillion more. This bill is not a solution.

But it is not just a question of failure. In many ways it will make life worse for the people I represent. For no good reason, it will work a real hardship on people whose lives are already hard—the unemployed. The package imposes a 2-week waiting period before the unemployed can begin to receive State unemployment compensation benefits.

No one could vote for that who knows what it is like to live from paycheck to paycheck, as many of my constituents do. The negotiators cannot have understood that millions of people are laid off once or twice a year and have nothing else to tide them over when their paycheck stops.

If the only choice is sequestration or this grotesquely unfair package, I vote for sequestration. I cannot support a package that raises taxes 7.6 percent on the very poor and only 1.7 percent on the very wealthy. It is time the wealthy paid their fair share.

If setting the place on fire is what it takes to get the President to stop trying to protect his political skirts, I'm willing to be the one to light the first match.

The people need to know who it is who is trying to jam these unfair taxes down their throats. They need to know who it is that's protecting the bubble and sheltering the rich from taxes. They need to know who it is who wants to slash health care programs for the elderly and the sick.

This package is bad for the American people; it is bad for America. It should be defeated.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Kansas [Mr. GLICKMAN].

(Mr. GLICKMAN asked and was given permission to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, I will support the resolution—keep the process going to achieve defunct reduction and economic security for our country. It avoids the hazardous affects of September but make no mistake about it—this resolution has many, many unfair features—the gas tax, medicine cuts and agriculture cuts, which hopefully we can fix before a final vote occurs on the package in the next 2 weeks.

One feature of this package, which I especially hope to fix, is the excessive and unfair cuts in agriculture. Nearly 10 percent of all domestic program cuts in this agreement are coming out of the pockets of our farmers—when only 1 percent of the total spending of our budget comes from agriculture commodity programs. The cuts recommended by the President and his summiteer allies in agriculture could have a devastating impact on farmers and rural Americans. I am frankly surprised that some of those summiteers who approved this agreement, represent the heartland of American agriculture and should have known better. It will be my goal to modify the budget agreement suggestions on agriculture in order to save the American farmer.

But I still reluctantly will vote for the resolution. I feel I have little choice. We must act in the face of a weakening economy and international crisis to begin putting our Federal financial house in order. We have waited too long to do so as it is; we are running out of time. Today, Congress takes the first step. It is a difficult step for me because I worry about the impact Medicare cuts will have on the elderly and the impact taxes in general will have on the poor and middle class. As I said before, I worry about Kansas farmers and how the proposed cuts will affect them. There is something for everyone to worry about in this budget.

And I have grave concerns about the process that led Members of Congress to face this either-or decision today. Eight men met in secret for several months to prepare this budget; that is not the democratic way to do business. But this is the preliminary budget and can and will be made better as the committees work on the plan.

During the next 10 days, Congress will fill in the blanks of this budget resolution. Committees will vote out pieces of a larger bill as we implement the final budget agreement. If some of the problems, esspecially with respect to the unfair agriculture and Medicare cuts cannot be moderated, then I will not vote for the final package. The American people deserve our untiring efforts to make this package as fair and reasonable as possible.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may comsume to the distinguished gentleman from Arkansas [Mr. HAMMERSCHMIDT].

(Mr. HAMMERSCHMIDT asked and was given permission to revise and extend his remarks.)

Mr. HAMMERSCHMIDT. Mr. Speaker, I want to associate my remarks with those of the earlier remarks of our chairman, the gentleman from California [Mr. ANDERSON]. I rise in support of this budget resolution.

Mr. Speaker, I rise in support of the conference report on House Concurrent Resolution 310, although I do so with a great deal of reluctance.

I have real reservations about this budget summit agreement. I am not at all sure that the spending cuts will materialize, and I am strongly oppose to using highway and aviation user taxes for deficit reduction purposes.

We are all committed to reducing the Federal deficit, but this is the wrong way to do it. Using the gas tax to reduce the deficit would make it an extremely regressive tax, and it would hurt the Federal-Aid Highway Program, as well as our national economy. It would also hamper the ability of States to raise their own gasoline taxes.

Yet, as bad as it is when used for deficit reduction, the gas tax is very fair and equitable when used as a revenue source for highway construction and improvement.

While it is critically important that we reduce the Federal deficit, undermining the principles of equity and fairness that have made the highway trust fund so effective is entirely too high a price to pay.

Raising the gas tax to reduce the deficit would be just one more burden for our transportation funds to bear. These trust funds have already been victimized by a long-running budgetary charade.

Unnecessarily high balances are maintained in these trust funds, and annual net increases in the funds' receipts are used to give the appearance of a smaller general fund deficit. The practice had its beginnings in the administration of President Lyndon B. Johnson, who included trust funds in the unified budget to hide the true costs of the Vietnam war. Regrettably, the practice has continued with each succeeding administration.

The situation has been particularly frustrating for those of use on the Public Works and Transporation Committee. We spend many months developing the dollar figures that will enable States to build and maintain needed highways. Trust fund money is dedicated specifically for that purpose, and yet many of these highways are not being built because of the smoke-and-mirrors budget gimmickry being practiced at the Federal level.

Against this background, it is very difficult for me to support using the gas tax for deficit reduction.

The budget summit agreement calls for a 10-cent increase in the gas tax, with 50 percent of the revenues generated by the tax going for deficit reduction and 50 percent going to the highway trust fund.

Because of the seriousness of the Federal deficit crisis, and in the spirit of compromise, I might be able to go along with this budget summit proposal if, and only if, the full amount of the new revenues going to the highway trust fund are made available for expenditure in the year in which they are collected. The ability to spend these funds would have to be guaranteed, either by off-budget status of by exempting this spending from the spending caps in the summit agreement.

This is the only fair way to deal with this issue. If we are going to let 5 cents of the 10-cent increase be used for deficit reduction, then we must be assured that the other 5 cents that is going into the trust fund will be used to build and maintain our system of highways and bridges.

This brings me to a very difficult decision. Since we do not currently have assurances that we will be able to spend the portion of a gas tax increase going into the trust fund, and because of other reservations that I have about the budget summit agreement, I was inclined to vote against House Concurrent Resolution 310.

However, after much soul-searching, I have made the difficult decision to vote for the resolution. I have done so for several reasons.

First, I am somewhat optimistic about the negotiations our committee has been engaged in with the leadership regarding highway funding. We are making progress.

There have been discussions of allowing us to create new budget authority in an amount equal to the new revenues going into the trust fund. In addition, we have discussed increased obligational authority to reflect the new revenues.

However, we have not resolved this problem. The leadership has proposed that there would be some increase in obligational authority and that a portion of it could be exempt from the spending caps.

This is progress. But it does not go far enough. We need to be assured that we will be able to obligate the full amounts attributable to the increased revenues.

Given the good faith of the negotiations, I am prepared to continue working on this issue as we draft our reconciliation package. I am satisfied that there has been enough progress to justify a yes vote on the resolution. But there will have to be a great deal more progress before I would vote for the reconciliation package.

A second reason why I am prepared to vote for the resolution is the dire consequences of a sequester. It would be highly irresponsible, in my opinion, to allow a $170 billion sequester to take place at this time.

This budget resolution simply provides for the outline of an agreement. The real details will be worked out in the context of the reconciliation bill. It is here where the real battles will be fought.

We should get on with the task of drafting the reconciliation bill and put this resolution behind us.

Let me give you just one example of the problems that will occur if there is a sequester. It is my understanding that USDA inspectors may be furloughed up to 4 days per pay period. This would create havoc in the poultry industry.

Not only would it disrupt the chicken processing plants, it could result in layoffs of up to 60,000 persons in my area of the country alone.

This would be a real tragedy. Why should these hard-working people have to suffer because of the inability of the Congress to reach a budget agreement?

I think we need to get this resolution behind us and get down to the real task of drafting reconciliation legislation that is fair and that effectively deals with the budget deficit.

For these reasons, Mr. Speaker, I am prepared to vote for the conference report.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Missouri [Mr. BUECHNER].

Mr. BUECHNER. Mr. Speaker, just a few hours ago if any person walked through Statuary Hall and looked out the window, there was an amazing sunset framing the Washington Monument. Vivid colors, cast upon the last of the storm clouds. If we looked out, we could almost see the spirit of George Washington trying to wend his way back up this Hill, and I wonder if that spirit was not saying to Members that tonight, we are not candidates, we are not Republicans, we are not Democrats, nor liberals, nor conservatives. We are people who are put here for a special purpose, and perhaps everyone out there does not understand exactly what is in here, as many Members do not understand exactly what is in here, but tonight we are reflection of those first men that governed this country.

They looked at a document that they knew was not perfect, that they knew was fragile, and they knew was controversial, and yet they joined together to do something to move the Nation forward. This is not the same time. The document, of course, is not nearly the same document. However, we are the same people. We are different. we have different colors, we are different ages, we have women now, we have minorities, we have people who have different educational levels.

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But we are the same people and tonight, Mr. Speaker, we are here to govern. Everyone who has a new plan or everyone who has a new complaint must look at their neighbor and say, "Will it work?"

I do not know if this will work, but I know that in order for this country to work, for this Nation to work, it must have people who will choose to say "we" and not "I."

When I have asked people, "Is your plan going to work?"

They say, "I don't know."

"Can you get the votes?"

"I don't know."

What we do know, there is one plan that is here. It has bipartisan support. I would just hope that when we look out that window the next time, we can look at the spirit of George Washington and say, we governed. We may not be perfect, but we governed.

Mr. PANETTA. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. WAXMAN].

(Mr. WAXMAN asked and was given permission to revise and extend his remarks.)

Mr. WAXMAN. Mr. Speaker, imagine the feelings of the framers of the Constitution, if they thought that the way we governed was to have a handful of people go behind closed doors and make the decisions and present them to us and tell us to take it or leave it, up or down, without having any other options before us.

We have before us a budget resolution, and under the Budget Act this resolution states the priorities under which we will implement it through further legislation. There is not a lot of flexibility. There is not an opportunity to change it. We are going to be bound by this resolution if it is adopted.

Now, what does this resolution do? There will be at least four times greater cuts in Medicare than in any other domestic program. By 1995, the annual premium for the elderly under the summit agreement will nearly double, rising from $343 to $652.

By 1995, the increase in the monthly premium will absorb 70 percent of the cost-of-living increase in the average Social Security check.

In other words, the elderly are going to be spending an amount equal to virtually an entire month's benefit check on Medicare premiums alone. Who are these elderly? Well, 40 percent of the elderly have incomes of less than $12,000 a year.

Did the elderly cause this deficit? They did not.

We have a deficit because we gave tax breaks to the rich, and the elderly are being told that they should bear this burden, the greatest burden of any group, to lessen the deficit so that we do not go and raise taxes on the wealthy.

If we simply did one thing, tax the upper income persons at the 33 percent rate, we would raise $35 billion, more than enough to pay the entire cost sharing that will be placed on the elderly.

This is not a balanced budget. This is not a fair plan. This is going to be a burden inequitably placed on the middle income, the lower income and the elderly in our society.

We who want a just society cannot look at this budget agreement and say that it is something we can be proud of.

We also ought to be honest. Once you adopt it, you are stuck with it, because the next move is going to be to implement these cuts, and there is no other way around it unless they go back and reagree to a new formula, but I do not see that the administration is going to go for the tax increases that will allow us to spare the elderly. I do not see them willing to say that they are going to be able to switch defense dollars so that we will not put this burden on the elderly, and if they are willing to change the budget agreement, do it now. Otherwise, vote no.

Mr. FRENZEL. Mr. Speaker, I yield myself a quarter of a minute to remind the crowd that the Founding Fathers did not mind working behind closed doors. As a matter of fact, they closed the windows, too, in Constitution Hall to keep prying eyes and ears away from their business.

Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Illinois [Mr. CRANE].

(Mr. CRANE asked and was given permission to revise and extend his remarks.)

Mr. CRANE. Mr. Speaker, I thank my distinguished colleague for yielding this time to me.

Mr. Speaker, let me state very quickly that we have heard some argumentation tonight that is a classic logical fallacy, the either-or argument.

There are a multiplicity of alternatives available to us. I would argue that the overwhelming majority of them are infinitely preferable to what we are contemplating tonight.

We have heard about the deadline of the crisis. What crisis? We passed a rule in 1974 saying all of the appropriation bills had to be cleared through this body by June 30.

Now, we have conveniently ignored that since 1974. What is the big deal?

I mean, if we stay here day and night, 7 days a week through the election, do it. Come up with those better alternatives.

The laws obviously are for the people, not for Congress. You know, we call them rules here, but those rules we blithely ignore. They have no relevancy to this Chamber.

It is an insult to the people. It is an insult to the Nation and it is an insult to this body.

The economic assumptions behind this are so bizarre, I mean, you all know we are going to have only a 3-percent inflation rate in 1992, right? And 3 percent in 1993, 1994, 2.8 percent in 1995. Well, all the COLA savings are predicated upon those assumptions. If you believe that, you believe in the tooth fairy, and people back home are going to remember it. They are going to remember the action that we are taking tonight.

This is one of the most regressive forms of taxation. We are talking about almost $60 billion of the revenue raising component coming from gas taxes; 78 percent of the people in the lowest income brackets drive to work. What kind of a tax package is this? What kind of equity are we talking about in fairness?

I would remind you also that taxes are forever and the spending cuts are transitory.

We can make our modifications.

Alexander Hamilton said it, and I hope there are millions of Americans viewing, "People get the kind of government they deserve." The American voters are getting what they deserve tonight.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. GAYDOS].

(Mr. GAYDOS asked and was given permission to revise and extend his remarks.)

Mr. GAYDOS. Mr. Speaker, it is with great reluctance that I speak against this conference report on the budget summit agreement.

I recognize the constraints under which the summiteers worked. I recognize the considerable difficulty that existed.

Still, Mr. Speaker, this agreement does too much damage to too many of the people least able to withstand the blow.

I am concerned that our senior citizens, especially those on fixed incomes, whether just Social Security or Social Security plus some other pension benefit, are going to be unable to protect themselves against illness and injury—at a time when they are most likely to be vulnerable to such illnesses and injuries and, afterward, most likely to face long and expensive periods of convalescence which might require special care.

Increasing both the monthly premiums for Medicare and the deductible is something with which I cannot agree. If it is necessary to raise funds by making changes in Medicare, why could we not focus on just one of these two options and seek reductions or additional fees in some other area.

Is it fair to expect all seniors to pay an additional $308.40 per year in premiums? I say no! Can our senior citizens afford to have their deductible increase by $25 a year until the current deductible of $75 is doubled to $150? I doubt it!

It has been argued by many that there are more retirees living on Social Security in Florida and southern California than anywhere else in this country.

I am not entirely sure of that, Mr. Speaker. I only know that as the steel industry in my part of Pennsylvania has shrunk over the past 10 to 12 years, the number of retirees in my district has increased significantly.

What's more, many of those retirees in my district are the ones who are living on fixed incomes, finding it more and more difficult to make ends meet as their costs continue to escalate.

Mr. Speaker, the seniors in my district cannot live with this double hit on their health care. Something, I am afraid, will have to give and, unfortunately, I am concerned that too many will forgo needed visits to their physicians for treatements of illnesses.

But that is not the only problem with this measure before us.

I am concerned that the increase in the Federal gasoline tax, to more than double what it is now, will put undue hardship on just those Americans who are trying to break the ring of poverty.

We have too many American workers earning the minimum wage, Mr. Speaker, and they will find it increasingly difficult to pay the additional costs.

It has been assumed that a person using about 500 gallons of gas a year would pay an additional $48 at the pump—in taxes alone. This increase does not take into account the already escalating cost of the gasoline itself as our oil companies seek to balance their higher expenses on the backs of the driving public.

To many of us, an additional $48 a year in Federal gas taxes may not seek like much, but to someone earning the minimum, it is an enormous cut into what is left of their income.

Our goal has been to encourage men and women to get out of the welfare system and to take jobs, even jobs at the minimum wage, as a first step. Many of those workers must drive many miles to those jobs. Increasing the gas tax will put an unfair burden on those at the bottom of the wage scale in this country.

For my final criticism of this budget agreement, Mr. Speaker, I call your attention to the recommendation to slash the guaranteed student loan program by $2 billion over the next 5 years. I cringe just thinking about what this might do to the thousands of propective students who desperately need assistance to attend our postsecondary institutions, whether those institutions are 4-year public or private colleges and universities, community colleges, or career training schools.

What is more, Mr. Speaker, I think we all know that the burden for meeting this ridiculous reduction in cost will fall most heavily on the poorest students, especially those who want to attend or are attending career training schools.

These men and women, whose only crime is their desire to learn those specific work skills that will enable them to get good-paying jobs rather than seeking academic learning, will be denied access to those institutions.

The administration's budget request for all programs under the Guaranteed Student Loan Program—Stafford loans, PLUS loans, and supplemental loans for students—was slightly more than $4 billion for fiscal year 1991.

The House, in accepting the appropriations bill for the Departments of Education, Labor, and Health and Human Services, adopted a figure of $3.9 billion for fiscal year 1991.

Now, Mr. Speaker, we are being told that we will have to reduce the GSL Program by $2 billion over 5 years, roughly $400 million a year.

Whether we use the new math or the old original math, the answer is the same: We will be cutting the 1991 amount for GSL programs by roughly 10 percent.

We cannot afford that cut. The men and women who desperately need the education in order to open doors to meaningful employment cannot afford that cut. The thousands of institutions that provide that instruction, whether academic or skill-oriented, cannot afford that cut.

Last November, during another round of budget reconciliation, the Congress agreed to changes in the supplemental loans for students, the SLS Program. We made a number of changes, including denying loans to students wanting to attend schools with student aid default rates of 30 percent or higher, denying loans to students who did not have either a high school diploma or an equivalency degree, and tying the amount of such loans to the length of the program.

When we debated those changes, it became clear that we had no real understanding of the impact those changes might have, especially on the career training segment of the higher education community. It was my gut feeling that the changes would be bad for all students, so I opposed the changes.

Now we have some idea of the impact, and, I am sad to say, I was right! It is currently estimated that as many as 200 career training schools have closed doors forever because of those policy changes. It is further estimated that as many as 200,000 eligible students lost their opportunity for education.

Mr. Speaker, I hesitate to think of the impact this budget agreement will have on future students if it is adopted.

I don't know where the logic to such an action is, and I stand here unable to support the entire proposal because of the negative impact it will have on our elderly, our poor, and our youth.

This is not the way to balance our budget.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri [Mr. VOLKMER].

(Mr. VOLKMER asked and was given permission to revise and extend his remarks.)

Mr. VOLKMER. Mr. Speaker, I rise in opposition to the budget summit agreement.

I am voting against the budget resolution incorporating the summit agreement because I have determined after a thorough study of the provisions of the agreement that it was not fair to the vast majority of the people I represent. The tax provisions impose taxes disproportionally on the low and middle income, while the spending cuts are most severe on those who can least afford it. Our farmers would have their income reduced 25 percent while the agreement calls for increased production costs.

The elderly would see their social security checks reduced because of increases in their Medicare part B payment.

Our unemployed would have to wait another week to draw their unemployment checks.

At the same time all of us would be required to pay higher gasoline taxes, oil producers would get a return of the tax cuts for depletion allowances.

And lastly under the summit agreement the low and moderate income would have to adjust down their standard of living, while the wealthy would not have any change in their standard of living.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. LEHMAN].

Mr. LEHMAN of Florida. Mr. Speaker, I thank the gentleman for yielding me this time.

Apparently everybody is pretty much outraged about this budget summit, and those who are not outraged are not real happy with it. Of course, I am not happy with it, but I am going to support it.

I have a practical problem. I am the chairman of the Subcommittee on Transportation of the Committee on Appropriations. I have to produce a bill. To produce a bill, I have to go to conference. I cannot go to conference without this budget resolution passing.

In the bill that I have, I have 100 requests from both sides of the aisle for projects on highways, for projects on airports, projects in urban mass transit. I cannot produce these projects for you unless I have a chance to go to conference.

I feel that this is the best possible amount of money that we will have in this budget. If this resolution does not pass, we will come back with a smaller amount of money for the transportation function and we will have less opportunity to help you with your projects.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri [Mr. EMERSON].

(Mr. EMERSON asked and was given permission to revise and extend his remarks.)

Mr. EMERSON. Mr. Speaker, I rise in opposition to the summit agreement.

At first glance, I did not think much of the so-called budget compromise. However, to be fair to those who had worked on developing this plan for the past 5 months, I felt it was important to hear them out and study and understand the package before I made any final decision on the package. Well, I did all of those things and on second, third, and all glances thereafter, I came to the same conclusion: This tax package that congressional leaders devised with administration help was not good fiscal policy and it would not be good for rural America and the middle-income taxpayers.

As I studied this plan, I thought back to 1982—the year Congress was asked to approve TEFRA [the Tax Equity and Fiscal Responsibility Act]. This was the plan by which we were promised $3 in real savings for every $1 in new revenue—taxes. I believed then, and I still believe, that the way to fix the deficit challenge is not through more taxes but through simple and serious spending controls. Therefore, I didn't vote for that package because I wasn't convinced that Congress had the discipline to cut spending and to use the new revenue for further deficit reduction purposes.

As time would tell, that prediction—unfortunately—came true. Since 1982, instead of having $3 in real savings for every $1 in new taxes, we have had no real savings and have had $1.10 cents in new spending for every dollar in taxes raised.

And, so when the President and congressional leaders told me that this new plan—which contains the second largest tax increases in history $134 billion—was the only way to bring the budget under control, I was reminded of TEFRA. Coupled with the fact that I believe that the gas tax, agriculture cuts, and cuts in Medicare contained in this package hits rural American and middle-income Americans the hardest—I came to the same conclusion that I came to in 1982: new taxes are not the answer, controlling spending is.

Certainly, the serious nature of the threat of our growing budget deficit cannot be ignored. We need to all work together to come up with a fair plan that encourages economic growth and stability and investment—not one like the current budget proposal that contains regressive taxes like the gas tax hike which would surely encourage a recession. I still do not believe that the American taxpayer is under-taxed but that Congress simply overspends.

Taxes, as the American taxpayer knows, are forever—while the so-called budget discipline measures of the compromise could and likely would be dismissed with a flick of the wrist. Without strong spending discipline such as the line-item veto, a balanced budget requirement, and very serious reforms in the budget process, I believe that measure Like TEFRA and the package before us will become an annual event. I do not think the American taxpayers want to go this route. And, I do not think our economy can weather this route. I reject the current budget proposal and believe we need to go back to the drawing table to come up with a plan that fairly and equitably curtails spending, rejects regressive tax proposals that fall most heavily on middle-income taxpayers, and resists the tax and spend policies that have plagued this Nation for so many years.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky [Mr. BUNNING].

(Mr. BUNNING asked and was given permission to revise and extend his remarks.)

Mr. BUNNING. Mr. Speaker, I rise in opposition to the agreement.

Mr Speaker, the Federal budget is a shambles. We need to take drastic action. We need to reduce the deficit. But this budget resolution is not the answer.

After reviewing this proposal, I am convinced that the folks who dreamed it up spent a little to much time up on the summit—and lost touch with planet Earth.

Down here at ground level, when you are on the verge of a recession—and we are—you don't raise taxes $163 billion. That is crazy. is crazy.

And that $163 billion doesn't even count the "user" fees—14 billion dollars' worth. Or the Medicare premium increases and the increased deductibiles for the elderly—$30 billion.

These Medicare cuts are a disaster. It's worse than catastrophic health bill we repealed last year. At least that bill put the burden on healthy old Americans. This thing—by raising the deductibles, puts the costs on old, sick Americans.

And if the size of the tax package is staggering, the kind of taxes in it are mindbogling. In this proposal, the summiteers would have us team up with Saddam Hussein and raise gasoline prices another 12 cents a gallon.

Tobacco taxes and alcohol taxes. User fees that would be passed on to consumers through higher prices. All fo these are terribly regressive taxes that hit low- and middle-income families much harder than the wealthy.

This budget will saddle the lowest income people in the country with a 7.6 percent tax increase—the wealthiest will only pay 1.7 percent more.

There is something wrong there, folks.

Of course we are told that there is a crisis and that we are going to have to bite the bullet and swallow these huge tax hikes to avert disaster.

I agree things are bad—but if the situation is so bleak—and if our objective is to reduce the deficit—why in the world does not this proposal include any meaningful budget cuts.

Sure, it socks it to Defense spending. And it knocks medicare and Federal employees and farmers for a loop. But it does not cut a cent from discretionary domestic spending. In fact, it provides for at least $24 billion in additional spending over the next 3 years.

And the provisions in this proposal which are supposedly designed to restrain spending in the future have no more teeth than a turkey.

This is an old-fashioned, democrat tax-and-spend-bill.

If we enact this proposal—and its 163 billion dollars' worth of tax increases, it is going to shove us right over the cliff of recession.

For the past year and a half, we have had a furor here in Washington as the consequences and the costs of the savings and loan scandal have become clear. The American people have been outraged—and rightly so—as the costs of this crisis have added up—and up—and up.

But this budget proposal makes the savings and loan crisis look like chicken feed. Cleaning up the savings and loan mess will cost the taxpayers $150 billion. This tax bill will cost the American taxpayers more than that in just 5 years.

And what is even worse—the costs of this tax bill will be with us forever. They will go on and on and on.

This budget proposal is based on a faulty premise—the premise that we have a deficit because American taxpayers do not pay enough taxes.

That premise is totally wrong. We have a deficit because Congress spends too much. This budget does not address that problem adequately. I urge my colleagues join me in rejecting it.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from New York [Mr. LENT].

(Mr. LENT asked and was given permission to revise and extend his remarks.

Mr. LENT. Mr. Speaker, I rise in support of House Concurrent Resolution 310, the summit's bipartisan deficit reduction agreement. I believe it is a balanced and fair package that represents a workable blueprint for eliminating the budget deficit and continuing economic growth. Speaker FOLEY, DICK GEPHARDT and BOB MICHEL deserve our thanks and support.

This agreement makes progress on the one issue that has continually haunted and virtually crippled the U.S. Government in recent times—the Federal deficit. This is the issue that my constituents have identified to me as one of their most pressing concerns. Failure, for the fourth time in five years, to produce a timely budget, threatens continuation of 93 consecutive months of economic expansion. Clearly, Federal spending is out of control, a fact that is best highlighted by a budget deficit projected to reach $253.6 billion this year.

This bipartisan plan is far from perfect. It has many shortcomings. But, it will shave $500 billion from the deficit by 1995. The plan's spending cuts will be real ones thanks to no-nonsense, stricter-than-ever enforcement provisions. I am convinced that under this agreement the deficit will eventually become a memory. Some of the objectional features can be ironed out by the committees, as they work on this budget.

My constituents remember the runaway interest rates and skyrocketing inflation that ate away at family finances during the late 1970's. As we all know "stagflation," as we termed it, proved a particularly cruel tax on the American people. It is our duty to ensure that those painful and unhappy days never return. So, it was with great interest that I noted yesterday's prediction by the Chairman of the Federal Reserve Board that enactment of this agreement will bring about lower interest rates and promote stability in financial markets.

I should also note that in light of alternative proposals discussed during the budget summit, the agreement represents a notable victory for my State of New York. Throughout the 5 months of talks, I repeatedly urged the participants not to tamper with the deductibility of State and local taxes. I am pleased that this important deduction, a most important writeoff for the overburdened taxpayers in my Long Island district, has been retained.

I am equally pleased that the negotiators heeded my call to leave Social Security alone. Current Social Security benefits, as well as future cost-of-living adjustments are fully and completely protected by this package. Nor is a greater share of Social Security benefits subjected to taxation. While deficit reduction is important, it should not and will not be accomplished on the backs of Social Security beneficiaries. Problems with Medicare and the tax on home heating oil can be worked out during the reconciliation process by the committees having jurisdiction.

Finally, Mr. Speaker, I would like to point out that there is no responsible and realistic alternative to this package that can command a majority of votes in this House. This is the only game in town, short of sequestration. A stalemate at this stage of the budget process would virtually assure that the Gramm-Rudman ax will fall. This would mean that the Federal Government, as we know it, would cease to function. There would be loss of jobs; there would be suffering; there would be disruption.

Domestic air traffic will grind to a halt, staffs at veterans' hospitals will be reduced, Federal law enforcement efforts will be curtailed, and meat and other food products will spoil in the absence of Federal inspectors. Two million families will immediately be cut from the Low-Income Energy Assistance Program and 113,000 children will be cut from the Head Start Program. And our support for the armed services will be drastically impaired.

I can only wonder what message such chaos at home would send to our sons and daughters stationed along a tense border in the Middle East and to the ruthless tyrant whose well-oiled war machine lies on the other side. I urge my colleagues to join me in support of House Concurrent Resolution 310 as our best chance for deficit reduction and continued prosperity.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. MARTIN].

(Mr. MARTIN of New York asked and was given permission to revise and extend his remarks.)

Mr. MARTIN of New York. Mr. Speaker, I rise in support of the budget resolution.

Five years ago I was in the rear of the House Chamber casting my vote on the highly touted Gramm-Rudman-Hollings bill. I arrived at the voting box at the same time as a dear friend of mine. He let me vote first, and I voted "no." He voted "yes," and looking at the tote board which had just passed 218 votes, he said something I will never forget, and it has proven to be very true. He said, "Well, it looks as though the dog finally caught the car." I thought about that every year as we faced our budget problems, and I'll concede that Gramm-Rudman's act kept pressure on Congress to try to meet the goal. That is, indeed, politically, mathematically, and morally difficult given the challenges we face. But in each of those years, the budgeting involved at least some use of smoke and a great deal of the use of mirrors. Now, I'm afriad, indeed, the dog has caught the car. For many reasons, not the least of which is that we are fresh out of smoke and mirrors, this is for real.

I have spent the last few days considering and reconsidering how I would cast my vote. I have decided that a vote against this package is the exact equivalent of a vote for the massive sequestration required by Gramm-Rudman-Hollings, or perhaps much worse. Few people outside Washington have actually contemplated the total effects of sequestration. It would be disastrous. Anything that would be done in ensuing proposals to relieve ourselves of the burden of sequestration would probably be far worse than this package, as bad as it is. I am certain every Representative and Senator, left to their own devices, would individually craft a solution more to their liking than this package. But that is not an alternative. Most everyone in America, without much thought, could list 20 things they find wrong about this package. What they do not have before them is the experience of either the Gramm-Rudman sequestration or what would happen in these emotionally charged times if this Congress, either with or without the President's hlep, fashioned an alternative in this month before an election, or worse yet in a lame duck session. I prefer to live with the devil I know rather than the horrors I believe would visit us if this unhappy solution does not pass. Accordingly, I plan to vote in the affirmative and ask my colleagues to consider where they will be if this package fails and the economic chaos, not only in this country, but around the world that I envision actually happens. My further feeling is that the signal we send today might well be something far beyond our abilities or powers to amend if the downward spirit in the economy the President predicts start.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New York [Mr. BOEHLERT].

(Mr. BOEHLERT asked and was given permission to revise and extend his remarks.)

Mr. BOEHLERT. Mr. Speaker, millions of Americans across this country are asking us. "What does this budget agreement do to Social Security? You say it is necessary. You say it is unpleasant, but it is in the national interest. What does it do for Social Security?"

The answer is, I am pleased to report, this budget agreement does not cut Social Security benefits. Moreover, we protected the annual cost-of-living adjustment.

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That is sacred. But what about Medicare part B? Does that not go up? The answer is "yes;" incrementally it goes from $28.60 in 1990 to $53.50 in 1995. But if this budget resolution goes down in flames, that same part B premium will continue to go up every year from $28.60 this year to $48.40 in 1995. The difference in 1995, $5.10 per month. But we protected the cost-of-living increase. And every single year from 1991 on there is an estimated increase in the benefits under Social Security, an annual cost of living adjustment, from $26.08 next year to a high of $29.08 in 1995.

So even after the part B premium is paid, the Social Security recipients of America will have an average of $23.98 more in their Social Security check.

Figures do not lie; liars figure.

These are the accurate figures. We have protected Social Security benefits; we have protected the annual cost-of-living increase; and we are making some adjustments, painful though they are, to the Medicare Program because it is absolutely essential that we retain the vitality and the fiscal integrity of that program because the alternative is it will go bankrupt, and none of us in this chamber wants that.

This budget package treats Social Security the way we all want it treated. We preserve that precious benefit for the elderly, we make a modest adjustment, painful though it is, in order to save the Medicare Program. But in the final analysis, the Social Security recipients will have that annual cost-of-living increase and they will have more in their monthly check from now to 1995, the period covered by the budget resolution.

The following table provides the facts:

MEDICARE SMI PREMIUM

	1990	1991	1992	1993	1994	1995
Hold premium at 25 percent (1990 level)	$28.60	$31.40	$34.00	$38.90	$43.50	$48.40
30 percent premium—budget agreement	28.60	34.00	38.20	43.30	48.10	53.50
Average monthly social security increase (COLA)		26.08	26.83	27.67	28.33	29.08
Potential increase in monthly premium		2.60	4.20	4.40	4.60	5.10
Average check increase		23.48	22.63	23.27	23.73	23.98

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. ANDREWS].

(Mr. ANDREWS asked and was given permission to revise and extend his remarks.)

Mr. ANDREWS. Mr. Speaker, I rise in favor of the budget agreement.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio [Ms. OAKAR].

(Ms. OAKAR asked and was given permission to revise and extend her remarks.)

Ms. OAKAR. MR. Speaker, I know it is not easy for the Members who have been the negotiators of the budget with the administration. The budget chairman is one of the finest Members of Congress. He is my classmate; he is my friend.

The end role of the budget is noble, to achieve a sizable deficit reduction. But I was always taught that the means must justify the end.

This is not the case. The means are unfair, unfair to the middle-income taxpayer who pays a higher rate of taxation than the wealthy in this country. They get a higher hit in this budget. It is unfair to the unemployed, who are struggling with their families while we delay their compensation in this budget; and unfair to the elderly and disabled, who are among those who have done the most for this country and whose reward is to penalize and humiliate them by not providing the means for them to care for themselves and who will experience even greater humiliation and suffering by increasing the costs of premiums and their out-of-pocket expenses.

I say to my political party that founded Social Security and Medicare that we lost our values as a nation.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Texas [Mr. ARMEY], a member of the Committee on the Budget.

Mr. ARMEY. I thank the gentleman from Minnesota, my trusted friend and mentor, for yielding to me this time.

Mr. Speaker, let me say at the outset that I make my remarks in full consideration of and appreciation for the summiteers. You did a remarkable job of producing a bad product from an illegal contraption, and I commend you for it, in all good humor.

Mr. Speaker, the leadership has defined for us tonight the singular choice between the summit package or sequestration. That is what we are to judge. Never mind that that choice is itself a fiction like the summit package. That is what we have to judge today.

So given that choice defined for us by the leadership, I will take sequestration.

The reason is simple: Sequestration hurts the Government and this summit package hurts the American people and their economy.

Let me explain what I mean.

As I have analyzed the potential economic effect of this summit package, I believe it will fail; it will fail the economy, it will fail to reduce the deficit.

Mr. Speaker, the pain of deficit reduction may be inevitable, but the suffering is optional. And if we vote for this package, we vote to accept the option to suffer.

Why would this happen? I remember the days of national malaise and I do not want to return to the conditions of stagflation, simultaneous inflation and recession with its increasing unemployment rates and decreasing production. That is what I believe we will get with the economy, as the chairman of the Committee on the Budget says today, teetering on the edge, from the immediate, the certain and represssive taxes that are in this package.

That is all that is certain about this package, in my estimation, and if we get that stagflation leading, as it will, with inflation, within the context of current service budgeting, a god-awful contraption created by Government in defining the surrender terms to inflation.

We will then have an inevitable rise in the cost of Government, with expenditures increasing, and then if we get the other part of that stagflation which I predict we will get, and the rising unemployment and the lowering production, we will see the revenues decrease, and it is my estimate that 5 years from now the deficit will be worse instead of better and you will have opted for the suffering.

I say vote "no." Accept only the pain of deficit reduction and keep it on the Government where it belongs.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. KOSTMAYER].

(Mr. KOSTMAYER asked and was given permission to revise and extend his remarks.)

Mr. KOSTMAYER. Mr. Speaker, I am going to vote for this resolution, but I hate doing it. I hate so much about it.

A few minutes ago I called the woman who cleans my apartment here in Washington. Her name is Ruby

Powell. She is black. She is 65 years old.

I said, "Ruby, how much do you make a year?" She said, "About $9,000 a year."

Under this resolution, if implemented by the reconciliation bill, Ruby Powell and millions more like her will pay more in Medicare benefits. That is unacceptable to me. I will not vote for it, not now, not ever.

But I am going to vote for this resolution because it keeps the process going, and I hope that the leadership hears people like me who say we will not vote for reconciliation unless you change the Medicare provision. But to stop this process tonight is absolutely irresponsible. The markets will plunge tomorrow, we will send a terrible signal to the country and to the world.

We have to pass this tonight and work for the best between now and the time we vote on reconciliation.

That is the responsible thing to do. No one has a more marginal district than I have. How many of you have been defeated, how many of you have won by 1,000, 2,000, 3,000, 4,000 votes?

This is the right thing to do, and tonight is the time to do it.

Interest on the debt is now the third largest component in the budget.

When, oh when, will Congress act, let it be now, let it be tonight, let it be at this very moment.

Mr. FRENZEL. Mr. Speaker, I yield 1 minute to the distinguished gentleman from New York [Mr. HOUGHTON], a member of the Committee on the Budget.

□ 2320

Mr. HOUGHTON. Mr. Speaker, I have been given a minute. I will try to take only a few seconds.

We have wrung all the emotion, and the politics, and everyone's favorite issue out of this. We have squeezed this dry. I could add no wise words to the debate.

Mr. Speaker, the only thing I could do is ask for one thing, and that is action. I ask, "Why can't we stop talking? Why can't we stop putting things off? Why can't we pass this budget?"

The American business community, the American people, want it. Let us do it. Let us get at it. Let us do it tonight.

Mr. PANETTA. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia [Mr. WISE].

(Mr. WISE asked and was given permission to revise and extend his remarks.)

Mr. WISE. Mr. Speaker, I have tried in every way to be for this budget package. First, because the Democratic leadership fought hard to improve it. Second, because many, including my State senior Senator, worked hard at the summit to preserve investment programs. Third, because, if the package does not pass, the President vows massive, across-the-board cuts.

However, Mr. Speaker, if budgets are statements of priorities, I cannot vote aye on what this document locks into place for 5 years.

The other night, when the President addressed the Nation, he said the budget represented shared sacrifice. He was wrong. The Medicare cuts again affect the low and middle income. The increased taxes again fall overwhelmingly on the working people who already bear the largest burden. The gas tax again affects those people driving daily to work. For true deficit reduction, I do not object to all sin taxes, but I believe it is a sin to give tax hikes to our working men and women while the wealthiest again get a tax slide.

Mr. Speaker, if sacrifice is to be shared, let it be shared by all. But who here thinks it is fair for persons making over $200,000 a year to pay a lower percentage of taxes than those who make less money?

This package may meet the Gramm-Rudman-Hollings test, but it does not meet my Trumps-Keating-Helmsley test, and that test says that they are going to get out and make out like bandits while my people get hit again.

I hear the threats of sequestration and the resulting financing meltdown of the Federal Government, but to the Federal employees who may be furloughed, to others facing cutbacks I say, "I know your anger, but approving this to save short-term distress means long-term pain."

Mr. Speaker, we are talking about priorities here tonight—10 years of misguided priorities have brought us here. This country wants new priorities, Mr. Speaker, investment in the future and fair taxes.

I am voting no against 5 more years of what we know we must begin changing tonight.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California [Mr. DANNEMEYER].

(Mr. DANNENEYER asked and was given permission to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker and Members, in looking at this issue this evening, we sometimes have a tendency to define this in terms of a fiscal or a monetary problem. It is that, but the issue that we are dealing with tonight on this historical occasion is far broader than attempting to limit it to just fiscal terms. We are dealing with a moral crisis, and the reason I say that and put it in that perspective is that we are attempting to manage the affairs of the most productive nation in the world on the basis of our currency, a dollar backed by nothing.

Mr. Speaker, if we do not think this policy has consequences adverse to all of us, think what has happened to us since 1968 when we began this experiment with a dollar backed by nothing. In 1968 a mortgage home owner could borrow money at 6 percent. The U.S. Government could sell its paper at 2 percent or less.

What do we have today? First trust deed mortgage money, 11 percent. The U.S. Government is paying about 8 percent on its outstanding debt.

This is the litany of consequences of our society having let the inflation genie out of the bottle in 1968. The savings and loan disaster, $150 billion lost; a budget deficit; this year we are going to add $364 billion to the national debt, a national debt that is some 3.2 trilion dollars in size today, a negative trade balance of at least $125 billion, and we should not be surprised that these foreigners are buying up America with the dollars we are sending them because of this negative trade balance and high interest rates that are literally chocking our society.

This moral crisis in America is not limited to the denial of a standard in monetary policy. It is also in connection with the drug problem in America. Should we be surprised when the current generation of our kids is having difficulty in saying no to drugs, which is the observance in a standard as to how we treat our human body, when we, as a society, kicked the Creator of the standard out of the public school system in 1962? I do not think we should be surprised by that. When we look at the disintegration of family units in our society and the sadness that has come to those who marry in America today and the possibility of having a stable union, the dissolution of our family units from divorce, the increase in juvenile delinquency, the number of married women in America who leave the home to work in the workplace, not because they want to necessarily, but because they are forced to because inflation is causing them to go into the workplace to keep up a standard of living that we think we are entitled to enjoy.

If we Americans want to solve this moral, fiscal crisis in our society, we are going to have to debate the consequences of not reattaching the dollar to gold. When we do that, we can once again have the U.S. Government sell our debt at 2 percent. If we take 6 percent off of the annual cost of maintaining our national debt of some $3-plus trillion a year, that is a reduction of annual interest expense of over $180 billion a year. This is the way we get to balancing the budget of this country. We are never going to get it the way this budget resolution suggests, by nickel adn diming increased taxes on the American public.

I ask for a no vote on this budget resolution to give us a chance to produce an alternative that seeks to satisfy the deficit problem by cutting spending rather than raising taxes.

An alternative budget that reduces spending rather than raising taxes in order to reduce the deficit would read as follows:

COMPONENTS OF THE DANNNEMEYER BUDGET

[In billions of dollars by fiscal year]

Current services	1990	1991	1992	1993	1994	1995
Revenues [1]	1,044.2	1,121.4	1,194.2	1,278 6	1,363.0	1,441.1
Outlays [1]	1,264.3	1,38.2	1,441.8	1,451.5	1,443.1	1,506.4
Deficit	−220.1	−2644.8	−2747.6	−172.9	−802.1	−63.3
Savings:						
Defense [2]	9.8	20.5	29 7	51.6	58.2	169.8
Foreign aid [3]	5.6	5.8	5.9	6.6	6.3	30.2
Entitlements [4]	.1	4.9	11.7	6 2	7.2	30.1
Non-defense discretionary [4]	12.0	21.0	28.2	34 9	41 8	137.9
Interest	2.2	5.6	9.9	15 1	20.7	53.5
Total savings	29.7	57.8	85.4	114.4	134.2	421.5
Net deficit/surplus	−233.1	−189.8	−87.5	+34.3	+68 9	
Economic adjustment factor [1]	−30.4	−58.4	−54.4	−35.8	−19.3	−198.3
Consolidated deficit	−263.5	−248.2	−141.9	−1.5	+49.6	
Less deposit insurance and Social Security surplus [1]	+48.6	+32.3	−39.2	−21.0	−42.0	
GRH deficit and (targets) [5]	(−214.9)	(−215.9)	(−181.1)	(−22.5)	+7.6	(0)

[1] Assumed by budget summit (BS).
[2] Frozen for 5 years at fiscal year 1991 level assumed by budget summit.
[3] Annual baseline reduced by one-third each year.
[4] All other spending subject to 4.5 percent cap on annual increase (1990 base); freeze on discretionary allows average annual growth of 7.7 percent in entitlements
[5] Assumes that deficit levels to be the revised Gramm-Rudman-Hollings targets for those years, the target for 1995 being zero.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana [Mr. McCloskey].

(Mr. McCLOSKEY asked and was given permission to revise and extend his remarks.)

Mr. McCLOSKEY. Mr. Speaker, I thank the gentleman from California, and I rise in strong opposition to this agreement and note that the American people have not been consulted on this, and they are basically saying an overwhelming no.

I rise in strong opposition to this agreement with deep respect for everyone at the summit. The American people have not been consulted, but their reaction is an overwhelming no. The congressional leadership and the Office of Management and Budget [OMB] did the best they could. But the result could and should be a lot better. I would note there wasn't one woman at the summit, nor was there one Medicare recipient, and Claude Pepper is gone.

Federal employees cleaning our offices in Washington, DC tonight told me they'd rather take a furlough than see the Medicare Program slashed. And Connie Buhmeier of Evansville called me tonight to say, "Nobody wants the package. Only the rich are favored."

Let's not pretend this is the best George Bush and the system can do. None of us will get our way. But we can make it better than this. Vote "no" on 5 years of inequity.

Mr. PANETTA. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Tennessee [Mrs. Lloyd].

(Mrs. LLOYD asked and was given permission to revise and extend her remarks.)

Mr. LLOYD. Mr. Speaker, when President Bush announced on Sunday that Congressional leaders and the administration has forged a $500 billion, 5-year compromise package of spending cuts and revenue increases. He said "It is balanced, it is fair, and im my view it is what the United States of America needs at this point in its history."

This is not the budget I would have written, but after protracted review of the agreement, I decided to support the President. This was one of the most difficult votes I've cast in the years I have served in the Congress and one of the most critical. The easiest vote would have been "No" because, certainly, there are many things in this package that I don't like. But if there ever were a time for all Americans to stand together for the future of our country, it is now.

Various House and Senate Committee will have to implement the summit agreement's targets for entitlement savings and revenue increases so the agreement will be subject to revision once the final conference report is filed. This package is not the last word and we will be looking for other ways to cut the budget.

I think it is important that the Congress have the opportunity to work the will of the American people as the budget agreement progresses because there is room for considerable improvement. I will reserve judgment on the final package until I am assured that it is fair and constructive as possible.

The alternative to this agreement is sequestration—across-the-board spending cuts which would be an unmitigated disaster for the Nation. It would undermine our national security policy by requiring a substantial cut in defense and would gravely damage domestic programs on which millions of American depend. It would cost thousands of Federal employees their jobs and force furloughs of hundreds of thousands of others.

Substantially reducing the Federal budget deficit is one of the most important challenges facing the United States and this package recognizes that. It represents real progress toward a responsible fiscal policy for the Nation and it contains important budget process reforms. It will spend the right signals to our financial markets and keep the economy growing.

This resolution reflects one of the toughest choices Congress has ever faced. It is the largest deficit reduction package ever considered by the Congress or any President. This process by definition involves difficult, unpopular choices and inevitably represents a compromise.

The larger problems of our country demand action. Deficit reduction is the only way out of the current economic impasse, and it is the only way to assure long-term growth in investment and productivity. It is the one sure and proven tool that the Federal Government has to increase national savings and thereby strengthen investment and productivity and improve our standard of living.

This path will not be easy to pursue and many sacrifices will be required from all Americans. I hope that can work together during the months to come to implement the course of action necessary to secure a strong economic base to allow our Nation to prosper.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. Walgren].

Mr. WALGREN. Mr. Speaker, I rise in opposition to the resolution.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. McHugh].

Mr. McHUGH. Mr. Speaker, as we all know, a vote on this budget resolution tonight is not a vote on the budget summit agreement. I am going to vote for this budget resolution, but I certainly do not accept all aspects of the agreement. We will have an opportunity over the next 10 days through our committees, through dialog between the President and the congressional leadership to modify in some respects this budget agreement. We all recognize that that process will be influenced by the summit agreement, but that agreement is not written in stone. We cannot predict tonight where that process will end up, but we can say with some assurance that, if we do not pass this budget resolution, the implication for our economy, for the budget process, for the country, can be quite severe.

Mr. Speaker, we should not take that risk tonight. I urge my colleague to support this budget resolution.

Mr. FRENZEL. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Washington [Mr. Miller].

(Mr. MILLER of Washington asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Washington. My colleagues, this is a tough vote. The negotiators representing the Congress and the President have reached a long-term deficit control agreement. I wish that agreement did more to reform the budget process, to cut spending.

However, Mr. Speaker, I have to tell my Republican colleagues that I believe that this agreement is better than any other alternative that could conceivably pass this democratically controlled Congress this year. The real test is whether the Congress and the President can enforce the spending caps that have been agreed to for the next 5 years.

Mr. Speaker, we must do everything we can to make this agreement stick. The American people, the financial community, our allies, all want to see the United States control its deficit.

The choice tonight is to control the deficit, to or duck, do nothing. We must make the effort.

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Mr. PANETTA. Mr. speaker, I yield 2 minutes to the gentleman from Illinois [Mr. HAYES].

(Mr. HAYES of Illinois asked and was given permission to revise and extend his remarks.)

Mr. HAYES of Illinois. Mr. Speaker, the deficit faced by this Nation has grown to outrageous proportions. The basic and obvious problem is that the amount of revenue that this country generates does not jive with the rate of our spending levels. The problem is not understanding the basics of accounting, the problem is determining when and where to spend Federal dollars and more importantly addressing who makes that determination.

We have been faced with weeks and weeks of worry while a few Members of the Congress and a few members of the President's executive staff, who are not even accountable to the voters, attempted to hash out a budget summit agreement for this fiscal year. The Congress is being held hostage by 10 or so individuals who have essentially utilized what I consider to be a line-item-veto power to make very important budget decisions. Now they are asking us to expand the number of hostages to include the very poor, a population that continues to grow, and the middle class, a population that continues to decline in our society. We have basically given our congressional power to slash or delete this program or that program over to the so-called summiteers. I have grave problems with this process.

We were threatened with the furlough of millions of Federal workers, taunted with the threat of airlines grounding domestic flights, terrorized by the potential slashing of much-needed social programs and even faced with the possibility of the entire Federal Government shutting down. After weeks and weeks of pressure, an agreement has been fashioned—the few in the leadership of this country have defined our spending priorities.

I quite frankly do not understand this country's priorities. On a whim and with much less than a second thought, the President determined that the Federal Government is free to spend $1 billion a month to protect the interest of oil companies in the Middle East. The President at a moment's glance can forgive $7.1 billion in funding owed to the United States by Egypt.

Where are the politicians calling for a press conference announcing full funding of the child care legislation, or to forgive loans to students who have defaulted?

Given a review of the so-called budget summit agreement, I am dismayed. I certainly feel as if I am in a difficult position because there is a clear need to cut Federal spending, to increase revenues, and to keep the Federal Government operating. However, it is not clear to me how I am to accept as a part of this massive legislative package, considerable cuts to the Medicare Program, revisions in civil service retirement, or significant adjustments in student loan programs. I represent a poor inner-city district with constituents that have difficulty paying the present Medicare premium rates, the increased premiums will certainly have a devastating effect.

While the military, for the first time in over 9 years, finally begins to receive its fair share of cuts, it is merely not enough. I do not support a regressive tax on middle- and low-income Americans. I do not support deeper cuts in the Medicare Program. I do not support an increase in fiscal burdens on the U.S. Postal Service.

The time has arrived for the Congress to act. I guess what I would hope is that as easily as our President can forgive a $7.1 billion loan to another country and with a strike of an ink pen fund military maneuvers in the Middle East, that he too can focus his attentions on the real needs of this country.

It is time that Congress realign its priorities and bring them in line with what all Americans desire: Affordable housing, quality education, and adequate health care. I will continue to oppose proposals that are not in line with this basic philosophy and today I will not vote in support of this so-called budget summit agreement. This agreement will be devastating to the elderly, minorities, and the poor. It is time that we set a new moral tone for our Nation with a sound and compassionate budget.

Today, I join my colleagues in the Congressional Black Caucus and millions of concerned Americans in opposing this budget summit agreement. We cannot afford to surrender the fight, because the consequences will be destructive to all Americans.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Oklahoma [Mr. EDWARDS], chairman of the Republican Policy Committee.

(Mr. EDWARDS of Oklahoma asked and was given permission to revise and extend his remarks.)

Mr. EDWARDS of Oklahoma. Mr. Speaker, I rise in opposition to the resolution.

During the past 5 days I have spent many hours reviewing the budget proposal submitted by the President and the participants in the budget summit. I have spoken with economists and business leaders and have heard from hundreds of my constituents. I believe the President and the Republican negotiators did the best they could within the constraints of a budget summit which assumed that the only way to proceed was by putting forth the best budget GEORGE MITCHELL and DICK GEPHARDT would agree to. I disagree with that assumption. The proper way to proceed was through a process which allowed for input from the people and for full participation of their representatives in the Congress. That procedure would have produced a far different result, just as it did in 1988 when the people chose between a policy of new taxes and a call for reduced Government spending, and elected George Bush on a platform of opposition to increased taxes. The summit process, on the other hand, has produced an agreement which is so lacking in spending cuts, so deficient in incentives for investment and productivity, and based on such erroneous economic assumptions, that I have no choice but to oppose it and to vote against it and to insist that the Congress do the job it was elected to do.

There are a great many reasons not to vote for this package. For example:

Substantial increases in Federal taxes are almost certain to increase the likelihood that the economy will enter a severe recession. It is a fundamental truth of free market economics that taxes should not be increased at the time of a weakened economy.

There are no cuts in discretionary domestic spending. The American people clearly favor reduced spending over higher taxes, yet the summit agreement does not cut so much as a single nickel from domestic discretionary spending. In fact, this spending will increase during the 5-year period covered by the agreement.

The economic assumptions are faulty.

The agreement contains a substantial amount of what has become known as smoke and mirrors. For example, the writeoff of the Egyptian debt, estimated at a projected $1.8 billion over the next 5 years, is simply taken off-budget. And the so-called user fees portion of the agreement contains not only higher OSHA penalties but a transfer of financing burdens almost certain to result in higher postal rates.

Defense spending, reduced but apparently to levels which can be accepted by the administration, is almost certain to be decimated in the fourth and fifth years of the agreement, when all domestic spending increases must be taken from the defense budget.

In short, there are so many things wrong with this package that it cannot be supported on its merits alone. The public is fed up with politics as usual. No legislation which cannot be supported on its merits, its substance, its content, should be supported, period. To pass legislation which cannot be supported on its merits is simply irresponsible.

The question, therefore, is: What happens if this package is defeated? I propose this scenario:

First, the President should insist that the Congress pass and send to him individual appropriations bills. He should then set an acceptable limit of spending for each appropriation and veto any appropriation which exceeds the levels he has set. He should enforce that insistence by refusing to sign a continuing resolution. He should go to the American people and urge them to write to their representatives in the Congress in support of this vetoes of excessive spending. He should make clear to the Republican Members of Congress that he will use the veto consistently as a planned strategy to reduce spending. I believe that decision, coupled with his appeal to the public, will result in producing a sufficient number of votes to sustain his vetoes. Defense spending cuts have already been accepted and agreed to. This strategy will add a critical element missing from the budget package: reduced discretionary domestic spending. Reduced entitlement spending should be considered only in conjunction with reduction in discretionary spending levels. To reduce spending for the elderly sick, and not for subsidizing the arts, is absurd.

Second, the President should resubmit his proposals for increased revenues, including the substantial package of user fees included in his original budget for the year.

These items should be considered under the normal congressional process of appropriations bills and Ways and Means legislation, with full participation by the members of the appropriate committees and, ultimately, all the Members of the Congress.

In addition, the Congress should adopt a program of incentives for investment and increased productivity, including a reduction in capital gains taxes, but containing as well a number of additional proposals. I am currently working with several other Members of Congress on such a proposal and will submit it to the White House and the Congress in the near future.

The failures of this budget package are a direct result of the process by which it was adopted. The laws and taxes which affect 260 million Americans should be developed through a process which allows for maximum input, not by half a dozen people sitting around a table, isolated from their colleagues and the public. This budget agreement should be rejected, and so should the practice of decisionmaking by the few. Members of Congress were not elected to be complacent and compliant but to offer their best counsel and to speak for the 500,000 Americans they represent. If the people speak out and let their voices be heard, their representatives will respond and the result will be legislation supported by the public. To force acceptance of legislation which has so little public support is simply an unacceptable way of conducting the business of the Federal Government.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Oregon [Mr. DENNY SMITH], a member of the Committee on the Budget.

(Mr. DENNY SMITH asked and was given permission to revise and extend his remarks.)

Mr. DENNY SMITH. Mr. Speaker, this has been a tough fight, and some of us are coming away with a wound or two. This is not a budget package. In fact, it should be transmitted over to the Committee on Ways and Means. This is strictly a tax bill.

Mr. Speaker, let us get it straight here, what we are doing. We are not trying to reduce spending, we are trying to increase taxes. I do not care whether you are talking about the so-called tax period which is $134 billion, the largest tax bill that has ever been passed by the Congress, if it is passed. There is no deficit reduction.

Mr. Speaker, I personally took a no-tax pledge, and I intend to keep that by voting no on this budget package. This budget package, however, is arrived at the end of the fiscal year, plus 4 to 5 days into the next fiscal year. If you look at the appropriation bills that we have handled so far this year, 10 of the 13, we are up by 11 to 12 percent, some $40 billion.

Why did we not just freeze the budget at the present level of spending so that no one got any increases and nobody got any decreases? This would have been a simpler, more straightforward approach to the problem.

Mr. Speaker, we do not seem to be able to do that. Look at what we are doing through. In the gas tax, it is going to affect young people and working people more than any other segment. It is going to hurt business. Those of us who live in the West, where distances are great and where we have to transmit our goods a long ways, we are going to get 12 cents a gallon.

Mr. Speaker, we do not need that kind of help in an economy that is starting to falter. Not all of this is going to go back in the infrastructure. Too much of it is going to go into the general fund. There is no guarantee that we will not get more and more of this kind of taxation, which will basically change the way we are able to have opportunities and incentives.

The Medicare portion, supposedly in the deficit area, but really in the tax area, is going to increase premiums, doubling them in a couple of years. Half the savings is going to come from paying the providers less money. Is that going to be a way to improve the health care for senior citizens? No, it is another tax, with no benefit, except to big government and the bureaucracy.

The quesiton I asked the other day in the conference I think is still very, very important. I think this is the key point; the tax law is going to go into effect if the Committee on Ways and Means follows through, and I hear people saying there are going to be some changes made to the agreement that have not been made yet here.

But what happens? What happens to us on the spending side when we run out of money in a category like food stamps? We all know what is going to happen. We will come forward with a dire emergency supplemental, and we will spend money anyway. So we are getting an increase in taxation, an increase in spending, and no deficit reduction out of this package.

Mr. Speaker, I think that this supplemental process is where we have a lot of problems, but that is exactly what is going to happen. If we could freeze the budget we would be much better off, but we cannot seem to do that.

Mr. Speaker, I intend to vote no on this package, and I urge Members to do likewise.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. FAZIO].

(Mr. FAZIO asked and was given permission to revise and extend his remarks.)

Mr. FAZIO. Mr. Speaker, in any other country of the world, any other parliamentary democracy, we would be on the verge of having a government failure tonight. But we are not like them. This is a de facto coalition government. It is time for us to act responsibly and stop being cowardly in front of the public opinion that flows into our offices over the telephone, from organized and unorganized interest groups.

Mr. Speaker, I respect people from all ideological points on the spectrum tonight who have spoken, but it is no longer enough for us to express our personal desires, how we wish it would be. We have to govern. The American people are losing confidence in this institution. That may be in the political advantage of some. Most of us I think suffer as a result of that lack of confidence.

Mr. Speaker, I would urge that the center, if there is such in this institution, hold tonight, because if we fail we will have lost another battle for public confidence and public trust in this democratic institution. It is much harder to build it back than it is to lose it. I urge an aye vote for this.

SEQUESTRATION VERSUS SUMMIT AGREEMENT

If we don't pass this budget agreement, we are looking at massive cuts of at least $85 billion in outlays as a result of sequestration.

Defense would be cut by $42.7 billion. A cut of this magnitude would seriously threaten the ability of our Armed Forces to respond to a national security emergency.

Domestic discretionary programs would be cut by $42.7 billion.

The deficit is actually expected to be $20 billion greater by October 15, meaning even greater cuts under sequestration—$105 billion in cuts with $52.5 billion coming from defense and $52.5 billion coming from non-defense.

By far, the summit agreement treats every program more fairly. It involves real decisions, not a reliance on the "meat ax" approach.

The smmit is more lenient on domestic discretionary spending than sequestration. It is not a giveaway to discretionary spending. It requires restraint. It will require the Appropriations Committee to go back and make cuts to bills that have already been approved.

For example, the Energy and Water Appropriations Subcommittee will have to take roughly an $800 million hit in domestic discretionary just to make up for the increase in defense spending called for by the summit agreement. Even deeper cuts will likely occur when the subcommittee takes its share of the cuts in domestic spending called for under the agreement. That represents about an 8-percent across-the-board cut in nondefense energy and water programs.

The bipartisan agreement calls for deficit reduction of $40.1 billion in fiscal year 1991—$38.1 billion from changes in spending and tax policy and $2 billion from savings in interest costs. It saves $500 billion over 5 years.

In the first year, 57 percent of the savings come from spending reductions while 43 percent from revenues increases. But over the 5-year period, tax increases account for less than 27 percent of the total savings generated by the package.

EXAMPLES OF THE EFFECTS OF SEQUESTRATION

Federal employees: A full-year sequester would force a reduction-in-force [RIF] of thousands of Federal employees. Hundreds of thousands of Federal employees would be furloughed, ranging from 22 days to as many as 255 days.

Head Start: Would be reduced by $470 million, resulting in 113,000 children being eliminated from the program.

Human development services: Congregate meals for the elderly would be sharply reduced by $46 million, thereby serving nearly 900,000 fewer participants. Home delivered meals to the elderly would be reduced by $32 million, serving nearly 250,000 fewer participants.

Low-Income Home Energy Assistance Program [LIHEAP]: $443 million would be cut, reducing the number of families served by more than 2 million.

VA medical care: A reduction of $514 million would eliminate VA medical care for over 83,000 inpatients and 1.7 million outpatients.

Pell grants: 1.4 million students, or 35 percent of recipients, would find their grants eliminated and 2 million additional students would find their grants reduced.

NIH: $2.55 billion would be cut, reducing the number of biomedical research grants by 4,000 and the number of trainees by 4,000.

Drug Enforcement Administration: $140 million would be cut, resulting in a loss of one-third of DEA's agent work force at a time when law enforcement remains a top priority.

Alcohol, Drug Abuse and Mental Health Administration [ADAMHA]: A $893 million cut would preclude new research grants to fight alcohol and mental illness, and approximately 44,000 drug abusers would not receive treatment due to cuts.

Amtrak: The $189 million cut would result in the cancellation of most, if not all, service.

Mass transit: $206 million would be cut, causing cities which rely heavily on Federal operating subsidies to either curtail service or shut down. These cities include Buffalo, Detroit, Phoenix, and Kansas City, as well as most medium and smaller cities.

Aviation: $1.383 billion would be cut, causing chaos for the Nation's air traffic control system. Airport control towers would close, numerous flights canceled, and lengthy delays for air travelers.

Centers for Disease Control [CDC]: CDC would be cut by $379 million and 1.6 million children would not be immunized against measles, mumps, and other diseases.

HIV/AIDS: AIDS funding would be reduced by $537 million, which would reduce research, testing, education, and therapy for more than 1 million HIV-infected persons.

National Science Foundation: A reduction of $704 million would terminate the support of more than 21,000 research staff.

Farm ownership and operation loans: A reduction of $404 million would eliminate 7,400 new direct operating and ownership loans for farmers.

Compensatory education for the disadvantaged: $217 million would be cut eliminating nearly 2 million at-risk children from the current program. This would result in the program serving about 4.3 million children in 1991, which is only 43 percent of the children 5 to 17 years of age living in poverty. The current program serves 65 percent of this population.

Mr. FRENZEL. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Iowa [Mr. LEACH].

(Mr. LEACH of Iowa asked and was given permission to revise and extend his remarks.)

Mr. LEACH of Iowa. Mr. Speaker, there is an idiom in the vernacular of American politics that "all politics is local." In the past couple of decades this truism has been translated in congressional politics to "all politics is interest group." Hence, legislation has had less to do with making choices between guns and butter and more to do with spooning from the cup of alphabet soup. In the 1980's in particular, elected representatives repeatedly gorged on the ABC's of spending and the XYZ's of tax cuts. The end result is a breakdown in the dietary discipline of the greatest legislative body in the world so such an extent that we are now confronted with a bloated $3 trillion national debt and a $300 billion deficit next year alone.

Mr. Speaker, to vote "no" on this budget resolution is ostrich politics and depression-inducing economics. The risks are grave: A rundown in the stock market; a runaway from Treasury bills; a runup of interest rates. Twelve-figure deficits simply have no place on the economic agenda of either a true liberal or a true conservative.

In particular, it is counterfeit conservatism to object to deficit reduction of the nature contemplated in this bill. And it is counterfeit liberalism to devalue the currency with the kind of living for the moment spending implicit in politics as usual.

Deficits of the magnitude that are currently in place are sinkholes in the road to economic recovery. They jeopardize the president's program and the presidency itself. The American people voted in 1988 for a reduction in the rate of growth of government and taxes, but they did not vote to mortgage their future to the whims of undisciplined politicians.

I have heard Members on my side suggest the budget package should be opposed because there is an insufficient growth component. What nonsense. None of us is so prescient that we can predict the future with confidence, but it is noteworthy that the Chairman of the Federal Reserve Board has made a commitment to use this good office to lower interest rates if the budget package is accepted. But it should be understood that the status quo is not the alternative. The world is watching. From Moscow to Tokyo; from Frankfurt to London, people are wondering what kind of mettle American legislators are made of. If we cannot have the discipline to reduce by $40 billion a $300 billion deficit this fiscal year, the likelihood of foreign funds continuing to finance our fiscal profligacy at low interest rates is nonexistent.

Here, let me stress that the most dangerous import that is costing American jobs is not in the first instance Toyotas and Nissans but the currency we are sucking up from around the world to help offset our fiscal deficits.

Reliance on this currency makes us vulnerable to foreigners and their, not our self-interest.

The economic times we face are unprecedented. Judgments are dicey. The possibility mild recession winds will accelerate into a full-blown depression is directly related to the issue of confidence, perceptions of whether this Government has the capacity to govern. In a very major sense, this budget vote does not represent a vote of confidence or no confidence in the President who is for good reason riding a crest of popular support. Rather it is a vote of confidence in Congress which for even better reason is coming under skeptical, if not cynical, review by the American people.

At a time when the economies of the world are sliding into recession, at issue is whether the center will hold, whether confidence can be restored in representative government. Yes, the experiment in parliamentary-style government implicit in the summit approach to legislative-executive branch cooperation has offended the country, particularly Members of this body. But it should be clear to all that the reason this experiment was initiated is that in a decade of relative peace and prosperity Congress allowed the national debt to triple. It is now the morning after. The party is over. A new President has been handed a platter of mostly empty glasses to clean and he has no choice but to sweep the floor of the litter that reckless political abandonment produced.

There may be a modicum of disagreement among economists on how to put together a deficit reduction package, but I know of no economist abroad and very few at home that don't favor deficit reduction of at least the magnitude we are contemplating today. In fact, the most credible criticism of this deficit reduction package is that it is relatively modest and puts the burden of the reductions contemplated off to later years.

Over the last two decades powerful, if not compelling, cases were marshaled on the side of every tax cut and spending increase Congress individually enacted. But the whole in legislative packages is always a little more or a little less than the parts. While the arguments for each of the parts that made up the fiscal whole may have looked meritorious in the recent past, the deficits that resulted have made the economy vulnerable to breaches of confidence at home and abroad.

Today we have an inverse circumstance. Individually, the programmatic and tax restraints that make up this package lack merit; but the package as a whole is likely to be healthy for the economy. What is microeconomically dubious is macroeconomically sound.

While I, like so many Members, would have preferred different ingredients in this starchless supper, the problem is that credible alternatives lack consensus. If this plan is not politically achievable, the burden will be on those who oppose it to construct a pain killer that is less painful.

In this regard, I am extremely pleased at the commitment of the leadership of both parties to consider the framework of the summit agreement firm, but the details flexible. This Member is convinced that the equity case for a rearrangement of burdens is persuasive and frankly supports inserting greater elements of progressivity in deficit reduction efforts. As of this moment, the medicare and home heating fuel bite is too stiff; upper income burden sharing too light.

My strong preference, for instance, is to take this historic opportunity to eliminate tax deductability of interest for leveraged buyouts. It is time the average taxpayer be taken off the hook of subsidizing moneyed elite using the tax codes to concentrate ownership of American assets.

Yet, even without tinkering the bipartisan leadership plan has spread rather widely burdens of sacrifice. It has succeeded across the board in offending the young and the old; rich and poor; conservative and liberal. Sacrifice is asked of all. It is estimated, for instance, that it will cost the average Iowan $82.64 a year compared to the national average of $88.22. The cost/benefit could be more positive if it is assumed that refusal to reduce the deficit could lead to higher priced goods at the store and fewer jobs for families to earn a fair keep.

Nonetheless, as a legislative package Iowa gets a better than average deal, particularly the farm economy which is exempted from paying a new fuel tax for onfarm operations and which will find new markets for corn with the extension of certain tax deductions for gasohol consumption. By comparison, the $13 billion reduction in farm programs over 5 years is substantially less than most other alternatives being discussed in Washington these days. Sequestration, for instance, which looms if this budget package goes down would result in close to that much of reduction in a single year, with the Government being forced to refuse to honor current CRP obligations.

In conclusion, this body must understand that the reduction of spending and increase in taxes contemplated in this budget package will cause hardships for real people. Refusal to act, however, will also cause a hardship which I am convinced will even be greater, short term as well as long.

In the S&L debacle, Congress learned that refusal to deal with insolvency problems early cost far more later. Likewise, with budget deficits. The day of reckoning cannot forever be postponed. As far as this Member is concerned, this is a character vote; it is the last credible chance to deal with deficit reduction in such a way as to maintain confidence in the economy and avert a serious downturn in economic activity. The best chance to avoid serious sacrifice tomorrow is to impose a modicum of discipline today.

What is needed in Congress is a new mood, a new sense of public responsibility. Just as a bipartisan foreign policy demanding sacrifice from the American people was so crucial to the United States in the 1940's, so a bipartisan economic policy demanding sacrifice from the vast majority of political and economic interest groups is crucial to American national security in the 1990's.

While imperfect in detail, this resolution must be passed. It is time to switch legislative gears, to stop playing politics with the economy.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Oregon (Mr. DEFAZIO.)

Mr. DEFAZIO. Mr. Speaker, did Members listen carefully when the Clerk read this bill? "A budget resolution for the years 1991 to 1995." Locked in for 5 more years, with the cruel and discredited policies of Reaganomics. Did we not learn from the 1980's, fellow Members, you cannot spend it all on the military and reduce the budget? Yet this package far exceeds the House-passed defense budget. You cannot reduce taxes on the richest 1 percent of Americans again and raise more revenue. Yet this package is replete with new tax loopholes for folks who earn over $200,000 a year or who can afford to invest over $200,000 a year.

□ 2340

You cannot balance the budget with Pollyanna projections about the economy as middle Americans slip into the icy grip of recession; yet this budget assumes a reduction in the price of oil, halving of interest rates and unprecedented growth.

You cannot balance the budget on the backs of the unemployed, our seniors, wage earning families struggling to make ends meet, or even the beer drinkers.

Lord knows we tried in the 1980's, but they are collapsing under the burden.

It is time for change. Vote against the resolution.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished and beloved and erudite gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Speaker, I thank the gentleman from Minnesota for yielding time to me.

Mr. Speaker, let me just refresh the memory of Members for a second. In 1989 we had a budget summit and we came to the floor with that budget summit, and I came to the floor with an alternative. On May 4, 1989, in regard to that agreement I said, "we are waltzing ourselves into a big fat tax increase in this summit agreement, and I will be back here next year telling you, 'I told you so,' but there will not be much solace in saying that. All I am asking you to do is to show a little restraint."

Do you know what? I have not heard one single person on the floor of this House saying anything good about the summit budget proposal. All they can say is it is the best that we can get. No one has said it is good.

If I pick up the RECORD and run through the comments of yesterday, there were scathing attacks on this budget agreement. What I say to Members is why feel so bad, why hold your nose and vote, and that was said on May 4, 1989, and as Yogi Berra said, it is deja vu all over again.

I do not believe the people that put this package together understand the public mood. Let me tell Members what I believe the public believes. They think there is ripoff, waste, inefficiency, and bad programs, and so do I.

The public wants it fixed with line item veto, a balanced budget amendment and wholesale changes, and in some cases elimination of Government programs, and so do I.

I offered two budgets, and an alternative to this proposal that makes huge deficit reductions without taxes, that preserves programs for the elderly and the needy and programs of opportunity, and they were rejected 3 years in a row for bad deals.

The public does not want to give more money to the Government, and neither do I.

The public does not believe taxes will be used to reduce the deficit, and neither do I.

The public wants us to clean up this Government, reform and eliminate programs. They want us to stay out of their pocketbooks. They do not want business as usual, and they want us to act to reject this deal for one that is revolutionary, not for one that just simply rearranges the furniture. The public wants that and so do I.

I hope and pray I am wrong. I hope that you are going to live up to this deal, that you are going to implement the cuts and do what you spell out, should this pass. But do you know what? I am afraid come next year I will be back here, and I will be back in this well, and I will be saying, just like Yogi did, it is deja vu all over again.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. PENNY].

(Mr. PENNY asked and was given permission to revise and extend his remarks.)

Mr. PENNY. Mr. Speaker, I do not like the budget summit agreement. Could I draft a better, more equitable package? You bet. Would 218 Members vote for my plan? Maybe. Would the President support it? Probably not.

Before voting against this bipartisan budget, ask yourself these same questions. I think you'll inevitably arrive at the same conclusion: There is not much choice other than to support the summit package.

A "no" vote leaves us without an alternative. Remember, it took our top leaders over 4 months to develop this proposal. Realistically, we cannot expect quick bipartisan agreement on another mix of cuts and taxes. That means, in the meantime, sequestration will be implemented.

If you think folks are mad about the summit package, wait until you see how they feel once we shut the Government down with a sequester. Don't kid yourself that they will blame the President or the other party. They will blame us all.

If you agree that more must be done to cut the deficit, there isn't much of a choice left. Your budget plan won't become law; neither will mine. The summit agreement is the only option available that a majority in Congress might support and that the President will accept.

Vote yes. It's a tough vote, but given the lack of a reasonable alternative—in Wilfred Brimley's words "it's the right thing to do."

Mr. FRENZEL. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Ohio [Mr. OXLEY].

(Mr. OXLEY asked and was given permission to revise and extend his remarks.)

Mr. OXLEY. Mr. Speaker, when considering my vote on this evening's important issue, I thought about my reasons for supporting the budget agreement package. After looking through some messages from constituents opposed to the resolution, I wanted to ask them: How would you vote if you were presented with a package that would reduce the Federal deficit by $500 billion over the next 5 years? How would you vote if on a package that contained no new income taxes and that left Social Security COLA's untouched? How would you vote on a package that will likely lower interest rates and cause the financial markets to react positively? How would you vote on a package that limits the growth of Federal programs to the rate of inflation? How would you vote when the package before you avoids the disastrous automatic budget cuts under Gramm-Rudman?

Surely, the only answer is yes.

Economic benefits that can be expected are lower interest rates which will, in turn, create jobs, promote housing starts, and save billions of taxpayer dollars in interest payments. In dollars and cents for the average American, we are talking about savings of $110 per month in mortgage payments on a typical home and $350 in interest over the life of an auto loan.

There are flaws in the agreement, and plenty of them. But our alternative is much worse. Here is a sampling of what would result from Gramm-Rudman. Our military readiness would be cut by 50 percent, at a time when our troops are stationed in the Persian Gulf. It would have reduced net farm income by 3 percent because of a $3.3 billion reduction in commodity price support programs. The sequestration would mean that 113,000 children would be eliminated from Head Start. Inpatient and outpatient care for 1.8 million veterans would be eliminated. Pell grants would be reduced or eliminated for 3.4 million students. Prenatal health care for low-income women would be sharply reduced, no doubt contributing to our already tragic infant mortality rate. Add that to slower processing of Social Security claims, fewer air traffic controllers, and furloughs of hundreds of thousdands of Federal employees, and you can see why an alternative to automatic cuts had to be found.

The hard fact that must be faced is that we have only two alternatives to reducing the deficit, raising taxes and reducing spending. Nobody likes to do either. However, we have to make some short-term sacrifices to achieve the long-term goal of fiscal health, Government integrity, and solid economic prosperity.

The time has arrived to govern—to govern is to choose—let us choose to act decisively tonight.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. GALLEGLY].

(Mr. GALLEGLY asked and was given permission to revise and extend his remarks.)

Mr. GALLEGLY. Mr. Speaker, I rise in opposition to the resolution.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Illinois [Mr. HASTERT].

(Mr. HASTERT asked and was given permission to revise and extend his remarks.)

Mr. HASTERT. Mr. Speaker, I rise in support of the resolution.

Today I voted to support the bipartisan package to reduce the deficit by $500 billion. It was a difficult vote to cast because as the Members of this House know, I believe that the best way to reduce the deficit is to cut spending, not raise taxes.

But Mr Speaker, no one gave me that clear cut choice. It was not an option.

The bipartisan package does reduce the deficit. But it does so by employing both spending cuts and tax increases.

The easy and popular vote on this package was "no." I, like each of my colleagues, was tempted to do just that. There are many things about this package I don't like and I could have legitimately used any one of them as a reason to reject this compromise.

But the people of this country, and of my district in Illinois, whether they support the package or not, are universally fed up with the inability of this Congress to take action to seriously attack the deficit.

The choice I had to make today was not just "yes" or "no" on the bipartisan package In my mind it was a choice of whether this Congress would do something about the deficit or do nothing.

Doing nothing was unacceptable to me because I believe doing nothing means dragging an already weakened economy into a deep recession. A recession means unemployment and pain and broken dreams for real flesh and blood Americans. It's not just economic statistics were talking about.

I think as the Congressman from the 14th District of Illinois I have an obligation to prevent that kind of pain.

Many have called my office and said "let sequestration go forward." That approach has some appeal. We can easily conjure up the picture of some unpleasant Federal bureaucrat being laid off and say, "so what."

But consider that some of those Government employees are the nurses at the VA hospital, or the clerk processing a Medicare claim for an elderly person who needs the refund, or an air traffic controller who is vital to keeping people and goods moving through the sky

The impact of the $100 billion Gramm-Rudman meat axe is a Government that cannot provide important services.

Those of us who reject the idea that big government is the answer to all our problems might feel some sense of satisfaction that sequestration has brought the monster to its knees, but the collapse of confidence around the world that would accompany the chaos would rock this country into deep recession.

Once again, the working men and women of America lose.

As to the tax increases in this package, I don't like them. I find the gasoline tax particularly hard to swallow at a time when our problems in the Middle East have already driven up prices at the pump.

But those in this House who refuse to make additional cuts in spending—and they are a majority here, leave us no choice but to look at some tax increases as a means to reduce the deficit.

If not the luxury taxes and the sin taxes, then what?

The alternative some Members of Congress propose is an across-the-board increase in income tax rates. That means paying more tax on every dime you earn. Most of the men and women in my district are working to put a roof over their heads and kids through school. They are not buying $100,000 boats and $30,000 cars. They'd rather stick with a luxury tax.

Mr Speaker, the real answer to our deficit problem is to cut wasteful and ineffective Government programs and to curb our appetite for new spending. But the fact of life is that the majority in this House will not vote for those cuts. We know that because we've tried on vote after vote on this floor and President Bush tried for months in the summit.

But my constituents expect me to come here and vote, not on hopes and wishful thinking, but on reality

That reality today is a choice between standing on the floor of the House and wailing about the fact that my colleagues would not agree with me about the need for more spending cuts, or to accept a package our President believes has a good chance of lowering interest rates and helping us avoid a deep recession.

The choice was posturing for the camera and telling people what they want to hear, or taking action.

I am voting for the budget package because it is the best deal President Bush could get from a spend crazy Congress and with our economy in deep trouble getting something is better than getting nothing.

Mr Speaker, nothing is what we have been doing for too long about the deficit. We've gotten very good at it. But the people I represent are fed up with our doing nothing. I believe they wanted me to show some courage and to act.

In the days ahead, I hope this Congress will get serious about finding additional spending to cut. The American people should demand that we find them and trade them off for the taxes we hate

But in the meantime, promises will not do We have to take what we can get. The action we take today, as unpleasant as it is to me and to my constituents, meant we did something rather than nothing to reduce the deficit. It doesn't stop us from doing more and doing better But it means we are finally facing up to the task we were sent here to do

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Nebraska [Mr. BEREUTER].

(Mr. BEREUTER asked and was given permission to revise and extend his remarks.)

Mr BEREUTER. Mr Speaker, this member rises in strong opposition to this resolution. The deficit-reduction budget package is very inequitable. Most of the burden of reducing the deficit falls on working families and on middle-income retirees. Almost all of the revenue changes hit consumers. This package asks very little of the truly wealthy and, in fact, creates again a whole new category of tax shelters that would do little or nothing to increase productivity and economic growth. It is disproportionately an effort to balance the budget on the backs of working men and women. Furthermore, the economic projections on which it is based are wildly optimistic. Restraints on future spending are set too high and the resolution has weak enforcement mechanisms.

The budget proposal hits Nebraska especially hard. Thirteen billion dollars are to come out of agriculture price support programs in the next 5 years. In addition, of the proposed new taxes, over 40 percent fall on transportation. The increase in gas and diesel taxes will be especially hard on Nebraskans, who, of necessity, drive two to three times farther in a year than urban residents. Nebraskans have fewer mass transit and car pool opportunities. Many working Nebraskans have a daily round trip job-commute of 60 to 100 miles.

A State like Nebraska necessarily depends heavily on truck transportation. The combination of the 10-cent excise tax on diesel fuel for commercial trucking and 2 cents on nearly all refined petroleum products means a 12-cent-per-gallon increase for truck transportation. Most families in rural areas depend on fuel oil or propane for heat. Adding insult to injury, at the last minute, after a summit agreement had been reached, the senior Senator from Texas added a 2-cents-per-gallon tax on heating oil

Nebraska is the last place that the President should look for support on this budget recommendation. This package is a bad deal for Nebraskans, for working people, and for the elderly It is also bad for farmers and for rural communities. This proposal needs fundamental changes. Reject this resolution and lets get serious about putting together a serious deficit reduction package through the democratic process in the Congress.

Mr. PANETTA. Mr Speaker, I yield 1 minute to the gentlewoman from Maryland, [Mrs. BYRON].

Mrs. BYRON. Mr. Speaker, as we approach one of the most crucial votes this body will face this year, I cannot help but recall John F Kénnedy's eloquent words in his book, "Profiles in Courage." As a Member of the other body, Kennedy recalls the lives of numerous politicians faced with tumultuous times, difficult decisions, and powerful public pressures. Courage is the recurring theme, as each politician profiled decides to place aside parochial interests for the good of the Nation.

Today, Mr. Speaker, each one of us is faced with an extremely delicate dilemma: Do we reject this budget compromise for many specific objectionable items? In the process throwing the Federal Government into fiscal chaos? Do we defer to the President and our own congressional leaders who haved worked tirelessly to create a bipartisan budget accord? Each of us has that decision to make. Either way we decide to vote will not be easy. I must remind my colleagues that this Congress, insisting on distinct idealogical differences, failed in our duty to perform what ought to be our highest priority each year—responsibly managing this Nation's budget. What should have been accomplished by 435 legislative leaders this year was ultimately and unfortunately left for a handful of congressional and executive leaders to fix in a few short months. Now, with our backs to the wall again, there is no time left to accuse, to complain, to bicker. I feel swayed to prevent the catastrophic consequences of its defeat. Many of my constituents have voiced disapproval with this deficit package for one reason or another, and in some cases for selfish reasons. How many nations would love to have a choice as we have tonight. Mr. Speaker, the options are clear: Compromise or chaos.

In the words of John F. Kennedy, so eloquently penned 35 years ago:

> We shall need compromises in the days ahead, * * * but these will be, or should be, compromises of issues, not of principles. We can compromise our political positions, but not ourselves. We can resolve the clash of interests without conceding our ideals * * * compromise need not mean cowardice

This may be unpleasant but we can not abdicate our responsibility or our duty. Therefore I urge my colleagues to support this budget.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Florida [Mr. JAMES]

Mr JAMES. Mr. Speaker, do you believe in America? Do you believe in what hundreds of thousands of brave citizens have sacrificed for? More than 300 years ago persecuted victims came to our shores seeking a simple right—a voice. A voice of independence—a voice of freedom—a voice of righteousness. Now we are asked to chart a fiscal course that will impact the lives of generations to come.

I ask again—do you believe in America? Do you believe that this tax and slash proposal is best for America?

My colleagues, do you believe that we are here to endorse a punishing package because our partisan leaders ask us to do so? I think not. I believe in America. I believe in the basic tenet that ours is a government of the people, by the people, and for the people. This proposal fails to meet any of those standards, by any measure. This proposal rips cash from the pockets of the hardest working Americans, who are barely getting by as it is—our neighbors, who strive each day to achieve the American dream of financial security. This proposal will extinguish that dream.

Our Founding Fathers never intended for a private club of summiteers to set Federal spending priorities. We must vote down this devastating package borne in a cloud of cloistered secrecy, and instead craft a fiscal course that serves the interests and needs of all Americans. Do not be intimidated by political pressure or partisan gamesmanship. Please join me in voting for the best interests of the people who sent you here.

I believe in America. I believe that my vote—that my voice—must be representative of the people who sent me here. I believe in America—I believe in our democratic form of prepresentative Government and I trust and believe in the people who elected me. Tonight, I carry their message to this Federal legislature—do not punish the American people for the mistakes of the past. Care for their needs through compassionate fiscal restraint; believe in America. Do not be intimidated by political pleas. Please vote this down. And give America a voice in crafting a responsible and compassionate deficit reduction package that will create for ourselves and for the generations to follow a better America.

□ 2350

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Delaware [Mr. CARPER].

(Mr. CARPER asked and was given permission to revise and extend his remarks.)

Mr. CARPER. Mr. Speaker, I rise in support of this budget compromise.

The phones in my congressional offices have not stopped ringing since Monday morning. All of the callers agree on one point: Our budget deficit must be cut. Most of them also agree on a second point: deficit reduction should not come at their expense.

Beer drinkers don't want to pay an extra 2.5 cents for a can of beer. Car and truck owners don't want to pay an extra nickel or dime for a gallon of gas. Smokers don't want to pay an extra 4 or 8 cents for a pack of cigarettes. Persons earning more than $100,000 don't want to lose any of the deductions they now enjoy. Merchants selling expensive jewelry, furs and boats don't want to lose any customers due to a luxury on the goods they sell. Health care providers want to be reimbursed more not less for the services they provide. Senior citizens want no freeze on their annual COLA's, but they do want to see their out-of-pocket Medicare-related expenses frozen. Farmers want bigger subsidies, not smaller ones. Defense industry workers want to avoid layoffs. The insurance industry wants to be left alone. In short, everybody wants to go to heaven, but nobody wants to die.

This week, I have spoken with a number of our colleagues who apparently believe that once this compromise is defeated, they can put together a coalition of 218 Representatives and 51 Senators to pass a budget package more reflective of their philosophical views and put it on the President's desk. That, my friends, is a pipedream. It isn't going to happen. That belief represents a triumph of hope over experience. There are not 218 House Democrats and 51 Senate Democrats who will vote for a real deficit reduction plan that cuts spending and raises taxes, while every Member of the opposite party votes the other way.

If you plan on voting against this compromise today, you are paying a high-stakes game. If you want to throw financial markets into turmoil, vote against this package, cause the dollar to fall and interest rates to rise, vote against this package. If you want to trigger a transportation nightmare in this country, affecting airline passengers, Amtrak passengers, and mass transit commuters, vote against this package. If you want to close hundreds of Head Start child care programs and chapter 1 programs for disadvantaged kids across America, vote against this package. If you want to return school lunch programs to the days when ketchup was a fruit and relish was a vegetable, vote against this package. If you want to deny the chance for a college education to a million needy students using Pell grants and guaranteed student loans, vote against this package. If you want to make Meals on Wheels grind to a halt and to slash service at every Social Security office in this country, vote against this package. If you want our country to fight the war on drugs with one arm tied behind its back, vote against this package. If you want to cripple the most promising initiatives in years that could enable hundreds of thousands of Americans to move off the welfare rolls and onto payrolls, vote against this package.

If you want to protect our environment and the health and safety of American workers less, vote against this package. If you want to shut down meat and poultry processing plants and to play havoc with the lives with a great many dedicated civil servants and their families, vote against this package. And finally, if you want to demonstrate graphically to all Americans and to the world our inability to govern, vote against this package.

As I approached today's vote on this deficit reduction package, I took a step back to reflect on the reasons that led me, and I suspect many of you, to run for Congress in the first place.

We did not run for Congress in order to leave to the courts, to regulators, to OMB, or the Gramm-Rudman meat ax the responsibility for making difficult, politically dangerous decisions on the most critical issues facing our country.

We did not run for Congress in order to hold our fingers in the wind to discern how public opinion is blowing at a given moment and to vote accordingly.

And, we did not run for Congress to cast votes that might be politically expedient, but were not in the long-term interests of our country and its people.

We came here to make tough decisions. We have been entrusted by the people of our States to use our best judgments and to hammer out needed, if difficult, compromises with those holding differing views. We came here to govern. We came here more concerned about our country's future than about our own political concerns.

Let us recall today those reasons that brought us to Congress in the first place. Let us vote to adopt this budget resolution. It is the responsible thing to do.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. OBERSTAR], a member of the Committee on the Budget.

(Mr. OBERSTAR asked and was given permission to revise and extend his remarks.)

Mr. OBERSTAR. Mr. Speaker, tonight we vote on process, not substance.

Yesterday in the Democratic caucus, I raised the question, if this resolution is adopted, would the committees have the latitude in reconciliation which will become law to make changes in the specific provisions of the summit agreement and bring reconciliation through rules and to the floor. The Speaker, with the President's concurrence, issued a clarification statement today which makes it clear that committees have that latitude. The pivotal clarification he issued shapes the nature of our debate tonight.

A vote for the resolution is a vote to give Congress the opportunity to regain control over the budget process. We will have, in our committees, the opportunity to reshape and make significant changes in Medicare, tax policy, defense spending, unemployment compensation, highway and aviation restructure investments. We need to reshape the future of this country.

With that assurance, I will vote for this resolution, but I will retain the right and exercise that right to vote against reconciliation if it does not meet my hopes and my dreams.

Mr. Speaker, tonight we vote on process, not substance. Yesterday in the Democratic caucus, I raised this question: if this resolution were adopted, would committees have the latitude, in the reconciliation bill—which will become law, to make changes in the specific provisions of the summit agreement and bring that reconciliation bill through the Rules Committee to the floor.

Late today, the Speaker issued the following statement:

The President and the bipartisan leadership always understood that many of the policies set forth in the budget agreement are for illustrative purposes only and that the committees of jurisdiction retain the right to achieve the savings required through alternative policies.

This pivotal clarification reshapes the nature of our debate tonight. It defines the question before us as a procedural vote—a vote on a 5-year, $500 billion deficit reduction goal—not a vote on the specifics of the summit agreement.

A vote for this budget resolution is a vote to give Congress the opportunity to regain control over the budget process. The Speaker's statement of clarification means that House committees will have the latitude to make significant changes in Medicare, tax policy, defense spending, unemployment compensation, and the highway and aviation infrastructure provisions of the summit agreement.

With that assurance from the Speaker—that we will be able to bring an alternative proposal to the floor of this House—I will vote for this resolution, to give the House the opportunity we need and deserve to reshape this budget to meet the needs of the people we represent.

I retain and will exercise the right to vote against reconciliation if that bill does not reflect the priorities that I hold dear.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. KYL].

(Mr. KYL asked and was given permission to revise and extend his remarks.)

Mr. KYL. Mr. Speaker, I rise in opposition to the resolution.

Mr. Speaker, I signed the No Tax Increase pledge when I ran for Congress 4 years ago. I signed it again in 1988, and again this year.

I didn't make that pledge to my constituents because it was politically expedient. I did it because it was right. The American people are not undertaxed. The Congress has no lack of revenue to spend.

Ten years ago, the Federal Government collected more than $599 billion from the American people. Next year, revenues will total nearly $1.2 trillion—almost double the fiscal year 1981 level. However, the summiteers don't seem to believe that a doubling of revenues is enough. They want to levy one of the largest tax increases in the Nation's history on top of that.

Well, Mr. Speaker, I can't go along. I have to vote against the budget summit agreement, and I am going to do so for essentially three reasons.

First, this is not a deficit reduction accord. It is a tax increase accord, plain and simple—$134 billion in higher taxes over the next 5 years. And, that $134 billion is in addition to the revenue increases that will be generated as a result of economic growth.

The accord foresees revenues of $1.5 trillion by fiscal year 1995—a total of $338 billion more than in fiscal year 1991. How can our economy prosper with the Government taking that much out of the people's wallets? The answer, Mr. Speaker, is that it won't prosper. This tax increase will send the already soft economy into certain recession.

Second, the spending cuts purported to be in this package just don't exist. Spending will actually increase under this budget by $98.3 billion next year—up 7.8 percent. About the only thing that might be cut is the rate at which spending will increase.

Of the claimed spending reductions, about 20 percent aren't really spending reductions at all. They are fees, taxes, and premium increases—just more taxes.

A large portion of the reductions, the fees, come in the Medicare Program. Senior citizens would face higher premiums and a higher deductible amount on their Medicare coverage. Many seniors have told me they would be willing to pay a little more, but only if others had to make similar sacrifices, and only if Congress reduced spending. But, those other cuts haven't materialized.

Moreover, any claimed savings that do exist are certain to disappear as a result of the leadership's assurances to members of the majority all day that the specifics can be rewritten in the committees to satisfy the objections they might have.

With that assurance, any semblance of discipline remaining in the package is gone. The committees have produced budgets based on nothing but smoke and mirrors year after year. They will do it again, unless the terms of the agreement are binding—and apparently they are not.

Third, critical enforcement provisions are missing—no balanced budget amendment, no line-item veto, no enhanced rescission authority, no effective sequester.

Mr. Speaker, we have heard a lot here tonight about leadership. We've heard that it takes leadership to cast an "aye" vote on this package. Well, I don't think the American people really believe that leadership is about making bad choices, or blindly following the summiteers. That is not leadership.

What this budget resolution tells the American people, if it passes, is that Congress has no leadership; that it would rather lay a tremendous tax burden on the backs of the American people than make the difficult choices about how to spend less money.

Let's not fool ourselves, Mr. Speaker. The choice before us tonight is not between this package and the Gramm-Rudman-Hollings cuts. There are alternatives ready to be brought to the floor. Several weeks ago, for example, a number of us on this side of the aisle proposed the "4-percent solution." We also can consider a spending freeze. And, there are others.

Mr. Speaker, I urge my colleagues to vote "no" on this resolution. It is not fair. It is not effective. It is not the best we can do.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. RHODES].

(Mr. RHODES asked and was given permission to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I rise in strong support of the budget resolution, not because I love it but because I recognize it as the only resolution which can pass this House.

Mr. Speaker, this Nation has arrived at a moment it has never before faced. This is the moment when the great size and cost of the Federal debt and the yearly budget deficits which add to it have forced this Congress to finally evaluate its future, and that of the national economy.

The share of the national debt of each man, woman, and child in this country now stands at $12,400. For a family of four that equals nearly $50,000. The Federal Government can no longer continue to mortgage the futures of this country's children.

A budget agreement has been reached by a bipartisan group of congressional Republicans and Democrats along with the President. It results from our Nation's confrontation with its fiscal future and our desire to finally end what has for too long been one of the Nation's greatest economic concerns—the Federal budget deficit. This agreement seeks to end the yearly deficits that have increasingly dragged down our economic future.

Mr. Speaker, if I could have designed my own budget, I would surely have included a capital gains cut, greater cuts in Government waste and spending and, at the very least, much less in taxes. In short, I would have done it a lot differently. The fact is, however, I am but one of 535 Members of Congress, and cannot always have my way. In truth, no Member feels he or she got it entirely their way in this budget agreement.

For the first time in Congress, this budget agreement includes caps on spending along with enforcement language requiring spending increases to be self-financing. In other words, if someone desires increased spending in a particular area, spending must be reduced somewhere else. This is a crucial step toward keeping the deficit, once balanced, in balance.

In the area of taxes, I have of course been extremely reluctant to support revenue measures. I have voiced concern over the effects of tax increases on the economy. Yet, Mr. Speaker, those that are included are of a nature that should not drastically affect the Nation's productivity. Some are phased in over a period of years. Others apply to only the wealthiest of individuals. Importantly, we allowed no increase in income tax rates.

Savings amounting to $500 billion is a lot of money, even when spread over 5 years. I think this Congress can continue to reduce spending; I think Congress can continue to reduce waste; I believe Congress must continue to look to ways to encourage the private sector and eliminate inefficient Government entities.

This budget agreement is an attempt to move toward reducing years of excessive governmental growth. I promise to continue my efforts toward more efficient, less expensive government. Years from now I hope we will look back at this agreement, remembering the skepticism and disdain in which it was first held, yet realizing it worked.

We have reached the end of the time in which we can just talk. We must, and will, act to do what needs to be done. It is not easy, just necessary.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Iowa [Mr. GRANDY].

(Mr. GRANDY asked and was given permission to revise and extend his remarks.)

Mr. GRANDY. Mr. Speaker, I certainly have a lot of reasons to oppose this resolution tonight: $13 billion in agriculture cuts, that is not a sector of my economy, that is my economy.

I certainly have a lot of reasons to oppose this. I have a district in a State has the highest density of people over the age of 85 in the country, and I also have a district that is going to get all of those middle-class taxes, because it is mostly middle class like the rest of the country.

But I am going to support it, and I have supported it since the beginning basically because my people told me to. They did not know they were saying that, but when I polled them about a week ago on economic matters, the one thing that concerned them as much as the Middle East, which is foremost in their minds, was the national debt, not agriculture, not Social Security, not Medicare, not even Iowa; the country. Maybe what they were saying at that time was, "You have got a choice to make here, politics which is about making speeches, or governing, which is about making choices."

If they can say that to us even before they knew what the gas tax was going to be or the dairy assessment or whatever, if they can say that they want us to pull together and come up with a national solution, we can at least begin that process tonight. We can at least support an agreement that the President and the Speaker and the majority and the minority leaders, maybe for the only time in the next decade, agreed upon begrudgingly. We can at least support that consensus.

I am going to support that consensus, because I believe the way the people of my district believe, that you cannot delay, you cannot debate, you have to deliver.

Support the resolution.

Mr. PANETTA. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Hawaii [Mrs. MINK].

(Mrs. MINK asked and was given permission to revise and extend her remarks.)

Mrs. MINK. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in opposition to the resolution.

Mr. Speaker, I cannot vote for this deficit reduction budget resolution House Concurrent Resolution 310. The issue is fairness and equity. This budget package is neither fair or equitable. It does not distribute the tax burden fairly across the board. It favors the wealthy at the expense of the middle-income families.

First of all, Mr. Speaker, asking our elderly to pay an additional $383.40 each year for Medicare benefits is not fair when the rest of the Nation is not being asked to make the same or equivalent sacrifice. Many of our elderly are barely making ends meet. This resolution asks senior citizens to pay more than many can afford for medical care. Many will be forced to cut doctor visits, which are so essential for their health care and maintenance. This resolution cuts Medicare reimbursements to hospitals and clinics which will force many to shut down, making delivery of health care to the elderly even worse. Mr. Speaker, this resolution's Medicare provisions are cruel and unfair and cannot be allowed to take effect.

Second, the gasoline tax increase is especially unfair on my constituents who must drive long distances to and from work. I represent rural Hawaii. My constituents will suffer greatly from this tax increase. Hawaii already has the highest gasoline tax in the Nation. If this package passes, it would raise our combined local, State, and Federal gasoline tax to 52 cents a gallon. This is an outrageous levy on the working people, who are being asked to pay more than their fair share.

Mr. Speaker, the very wealthy, those in the upper 10 percent of the income scale, are being asked to carry only a small fraction of the burden. It is the middle-income families making from $20,000 to $50,000 a year who are being hit the hardest. Their burden is twice that of the higher brackets. The wealthy already benefit from the current tax laws, which give them a lower rate at the higher incomes. This inequity was not corrected in this deficit reduction package, ignoring the fact that the middle-income families are being asked to pay more while no adjustments to make the rates more equitably for them were included.

Finally, Mr. Speaker, this budget package allows for many tax loopholes that are vague but could result in massive windfalls for many corporations. The cost is listed at $12 billion. Why should this Congress vote for $12 billion more in tax loopholes in a deficit reduction package that levies new taxes on the working people? It is wrong to put in tax loopholes of undetermined magnitude and only justify them by saying they are needed for stimulating the economy.

Mr. Speaker, this resolution is unfair and inequitable. I urge the House to vote down this resolution so that we can write a budget that represents our sense of equity.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. GIBBONS].

Mr. GIBBONS. Mr. Speaker, the hour is late, the frustration is high, the oratory has been inspiring, sometimes, but let us stop and think what we are voting on, and we should vote aye on this.

This is a resolution. This is not law. This is a resolution that asks us and directs us to go back to our committees and to take our responsibilities and figure them out as best we can and then bring them back to the floor where we will try to make law. We owe that to the American public to do that.

There are three principal problems with this, and there are others, but there are three principal problems.

Medicare: Give us a chance, we will fix it. The burden distribution: Give us a chance, we will fix it. The tax expenditures: Give us a chance, we will fix it.

But do not vote no and bring down this Government in disgrace and disaster. Give us a chance to work.

We owe that to ourselves and to all the American people.

Mr. FRENZEL. Mr Speaker, I yield 2 minutes to the distinguished gentleman from Indiana [Mr. BURTON.].

Mr. BURTON of Indiana. Mr. Speaker, how much money do we want to spend, folks? How much money do we want to spend?

Ten years ago, we were getting $599 billion in revenues from all kinds of taxes. Now, this next fiscal year, we are going to get $1.2 trillion, more than double the amount of tax revenues we were getting 10 years ago, but that is not enough.

Over the next 4 to 5 years, we are going to get at least $80 billion in new tax revenues without a tax increase because of economic growth, the growth that was started under Ronald Reagan, and with 21 million new jobs. But that is not enough. But that is not enough. With $80 billion plus the $600 billion a year we are getting in new revenues from 10 years ago, that is not enough.

We are now going to load on the back of the American taxpayers the largest tax increase in American history. We are going to increase the gas tax, the beer tax, the wine tax, the cigarette tax, first-time sales tax, we are going to increase home heating oil 2 cents a gallon, we are going to increase Medicare fees by $30.7 billion.

Where is it going to end? I do not believe that we are going to cut spending. We did not cut it in 1982 when we passed TEFRA, and this House guaranteed that for each $1 in new taxes, there would be $3 in spending cuts. And I do not believe it now.

The American people want a lid put on spending. They do not want new taxes.

If we pass this, make no mistake about it, the precipice on which we sit right now, this recession that faces this Nation that we are about to enter, will be exacerbated. Hundreds of thousands of people will lose their jobs, and it will be on our heads.

We do not need a tax increase right now, folks. We need to cut spending.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Colorado [Mr. SKAGGS].

(Mr. SKAGGS asked and was given permission to revise and extend his remarks.)

Mr. SKAGGS. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, as distasteful as it is to choose bad policy, it is better than choosing no policy. We should support this agreement.

This budget agreement is an abomination. Adopting it would be worse than all other possibilities except one—and that is not adopting it.

We have the awful choice between a grossly unfair agreement, on the one hand, and a plunge into fiscal and governmental chaos, on the other. As distasteful as the choice of bad policy is, it is preferable to the choice of no policy—a default in government—and the potential for catastrophe that goes with it.

Why resort to the seemingly dramatic use of a word like "catastrophe"? Because I believe there is a very real risk that's what would ensue. And I can't see how I meet my most fundamental responsibility to the country if I cavalierly ignore that risk. It is a risk that derives from the absence of any authority to fund the operations of the Federal Government after midnight on October 5, and the absence of any prospect for legislation to provide that authority unless Congress gives its approval to this lousy agreement.

Let's start with the basics. We simply have to get the deficit under control. And that's the basic purpose of this agreement—cutting the deficit by $40 billion this year, and by $500 billion over 5 years.

Wrongheaded policies over the last 10 years have produced a mountain of accumulated deficits. The national debt has more than tripled. It is mortgaging our future, draining national savings and investment, and leaving us dependent on loans from foreign countries. We have to reduce the deficit; we have to stop adding to the debt.

The people of this country understand that we can't keep operating in the red. They understand that reducing the deficit requires real action—not more of the accounting games and gimmicks that have enabled Washington for years to pretend it's reducing the deficit.

This budget agreement will mean real deficit reduction. That's the best that can be said about it. It is largely free of gimmicks, sleight-of-hand, or false accounting. It would cut spending, raise revenue, and reduce the deficit. And with that comes real pain.

Americans are willing to accept some cuts in spending, some increases in taxes, some belt-tightening all around, some pain—as long as they believe everyone is being called on to bear his fair share. They deserve no less. Unfortunately, this agreement gives them a lot less.

Take taxes. One of the myths of current politics is that Americans won't tolerate any increase in taxes and will vote against all candidates who do. When I first ran for Congress in 1986, I said that some tax increase would be a necessary part of any balanced, effective package to reduce the deficit. And I've repeated that since then, in campaigns and in office. I've found people are willing to accept the idea of tax increases, if it's part of an overall, comprehensive program, and if the taxes are fair.

But this budget agreement would instead continue the recent trend of making the Tax Code less fair. Throughout the 1980's, tax changes kept giving breaks to the people with big incomes, and putting more and more of the tax burden on the people with low and middle incomes. It's long past time to reverse this trend, and make those who got the big breaks in the 1980's pay their fair share again.

Instead, this agreement would increase the tax burden on the low- and middle-income Americans more than on the wealthy. For example, families in the $30,000 a year category will pay 3 percent more in taxes; those over $200,000 a year, only 1.5 percent more. That is a fundamental flaw in the agreement. And it is a huge flaw. But it is not the only one.

It's also unconscionable to me that this budget relies on Medicare to make up a fifth of all cuts. Higher premiums, higher deductibles, and drops in payments for services will seriously affect millions of elderly and handicapped people who are dependent on the program, as well as the hospitals and physicians who serve them. Comparably outrageous is the idea of forcing those who lose their jobs to wait an extra week before becoming eligible for unemployment insurance.

The agreement on defense spending is also grossly inadequate. It would actually increase budget authority for defense in fiscal year 1992 and 1993. Have we completely closed our eyes to the changes going on in the world? The huge buildup of the past decade was designed to provide a defense against a Soviet threat that is not at all what it used to be. The world is not yet, and is not likely to soon be, a safe place, but there certainly are responsible ways to reduce the military expenditures while still meeting our current, real defense needs.

The agreement also includes $20 billion in tax breaks for business, much of that in the form of dubious incentives for certain businesses. These include $4 billion for an oil and gas industry already benefiting from high profits induced by the Persian Gulf crisis.

In short, I disagree with virtually everything in this agreement. But—and this is a critical "but"—it's better than having no agreement. The immediate consequences of rejecting this budget would be chaos, and could be catastrophe.

We're painted into a corner. By the size of the deficit. By the failure of the summiteers to reach an agreement any earlier. By the lack of congressional approval of any appropriations bills. By the expiration tomorrow night of all authority for any governmental spending. By the expiration the next day of any additional authority of the Government to borrow money. By the Gramm-Rudman-Hollings Act, with its impending cuts of more than 30 percent in all nonexempted programs.

Without a budget agreement, it's hard to see the Federal Government will continue to function for long after tomorrow, when appropriations under the current continuing resolution expire.

We'll need a new continuing resolution to keep the Government operating. The House surely could pass one. But with the peculiar rules and practices of the Senate, it's not at all certain they could. And the President has vowed not to sign another continuing resolution, especially so if it lifts or delays the Gramm-Rudman sequestration provisions. Thus, we'd likely face at least a few days of the Government being without any funds, of Government being closed down. On top of that, the current extension of the Federal debt ceiling will soon expire, and with it the Government's authority to borrow money.

Eventually some agreement on a new continuing resolution would have to be produced, but probably one that left the Gramm-Rudman sequestration in effect. That would mean across-the-board cuts of 32.4 percent in domestic programs and 35.3 percent in defense programs.

The net result of all of this would the complete, even if temporary, cessation of all Government programs and activities. Which would be followed by a one-third cut in those programs and activities when they resume. Including the funds for our military forces in the Persian Gulf, and for essential services, like getting out Social Security checks and managing aviation operation, at home.

The Government would default on Federal bills and obligations for the first time in the history of our Republic. And that could easily trigger a panic in financial markets and flight from our economy of the foreign funds on which we absolutely depend.

We could have chaos in our Government, chaos around the country, and—as the effects of our inability to govern ripple outward—chaos in other world markets.

As I've said, the budget agreement would bring down the deficit. If this agreement, which took 5 months to prepare, isn't adopted, it's hard to imagine how the next one that's put together to do as much. I fear instead a return to past practice: A stopgap, 1-year proposition, full of gimmicks and false promises.

So I will vote for this budget conference report, in part because all we're really adopting at this point is an outline. This is a budget resolution, and as such only provides the overall targets and limits on Federal spending and revenues. The details of implementation will be filled in later with other legislation—a reconciliation bill to raise taxes and make other changes in law, and 13 separate appropriations bills. And on those, I plan to work like crazy to make sure the details are a heck of a lot fairer than the details of the summit agreement.

The broad outline and recommendations that we pass today are not etched in stone. As the agreement itself admits, Congress still has to act on the particulars and still has some discretion. I fully expect that between now and the consideration of a budget reconciliation bill, we'll be able to moderate some of the worst provisions we're faced with today. And that's the legislation on which my and our final judgment will be made.

We also have to recognize that this budget agreement is the product of a divided government. The American people have elected a Republican President and a Democratic Congress. This agreement is the ugly child of that most awkward relationship. We shouldn't expect it to be pretty.

In my 4 years in Congress, I've never voted for anything that I like less than this budget. But, as bad as it is, I truly believe the alternative would be worse.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia [Mr. RAY].

(Mr. RAY asked and was given permission to revise and extend his remarks.)

Mr. RAY. Mr. Speaker, I rise in support of House Concurrent Resolution 310, the budget resolution.

Mr. Speaker, I rise in support of House Concurrent Resolution 310, the budget resolution.

It is way past time for the Congress to face up to its fiscal responsibility. We have waited until the midnight hour. We have waited until our national debt is over $3 trillion. We have waited until the interest on the debt has become the third largest component of our budget. We have waited until we are now selling a large number of our Treasury bonds to foreign countries in an effort to meet our Government's spending requirements. In fact, the foreign debt portion of our national debt will soon reach $1 trillion.

Mr. Speaker, every member of the Congress is aware of the terrible situation we have gotten the country into. I dare say that the majority of us have made speeches demanding the opportunity to cut spending, to balance the budget, to get the Government operating within its income.

I have advocated that if we are going to keep the great free enterprise system of America working—the system in which the roots of our Constitution is embodied—we must pay up our bills from time to time. Everybody does this now or risks some type of penalty—families, workers, corporations, small businesses, cities, counties, States, and, yes, the Federal Government must do so also. We have managed to prevent paying our bills for too long a time.

The first $100 billion debt was presided over by President Kennedy. President Carter left office with a national debt of $900 billion. President Regan with the support of Congress ran up a debt of over $3 trillion. We all agree that deficit spending must cease.

I could praise President Bush and the congressional leadership for biting the bullet and taking the initiative to cut $500 billion over 5 years and $40 billion in fiscal year 1991. I also could praise my colleagues who support this budget resolution, and I do to some degree despite the pain it will inflict on many citizens.

But the truth is that we can't go any further responsibly without drastic measures. This is our opportunity. Personal politics should not be a factor. It is time to use a strong dose of intestinal fortitude.

Mr. Speaker, I urge the support and passage of House Concurrent Resolution 310, the budget resolution.

□ 2400

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. LEVIN of Michigan. Mr. Speaker, we are voting tonight on a budget resolution, not on the final reconciliation package. We are at the beginning, maybe the middle, but clearly not at the end of the budget process.

The Speaker has received assurances from the President that modifications in the summit agreement can be made, and they will be, I am sure, in the Medicare cuts that are too deep, in the mean-spirited 2-week waiting period for the unemployed, and in the unfair share of new taxes on the middle class.

The choice tonight is between chaos and orderly procedures. I vote for orderly procedures, to attack in a fair way the budget deficit that truly threatens our Nation.

Mr. FRENZEL. Mr. Speaker, I yield 5 minutes to the distinguished minority leader, the gentleman from Illinois [Mr. MICHEL].

(Mr. MICHEL asked and was given permission to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I very unexpectedly thank my colleagues on both sides of the aisle for their reception here this evening. It is very touching.

I guess I have to go back to a year or so ago when we dealt with a very difficult issue of ethics and pay. We dealt with it on a bipartisan basis. It was kind of surprising how the results came out.

As far back as May of this year when it became obvious that we were not going to meet our deadlines, the President felt he had no recourse but to convene a budget summit on a bipartisan basis again, to get Members off dead center. We all know the sequence of events that followed, but only a few Members have been privy to the give and take that took place, the tortuous negotiations, particularly in the last 10 days of those negotiations.

I have heard those Members who expressed frustration at being on the outside and looking in. I wish there were a better way of doing it. I made mention to some of my Members that I wish we could have run different Members in randomly, a couple at a time for several days, so everyone would get the flavor of it. So that Members would realize that, brother, this is no black and white easy issue one way or another. There have to be so many considerations that take place in crafting legislation of this kind. I wish I could, as I said, take the time to take Members through all the give and take that led Members up to the final agreement. But that is not possible under our time constraints.

Suffice it to say that the strong point of our agreement can be found only in its totality. We have to accept it as a whole, as it provides the only bipartisan basis for attacking the deficit problem. We lose this moment, pick apart the agreement with 1,000 points of spite, and we not only lose the agreement but the ability to truly govern. What we have wrought is a package that reduces the deficit by $41 billion in 1991 and $500 billion over 5 years. We were shooting for $50 billion and $500, but then we found out when we got there in the last day or so that, frankly, the kind of revenue increases that we had in mind by way of the gasoline tax, were probably too much for the economy to assimilate. So we shrunk the numbers down to $41 billion in that first year. It is the largest deficit reduction package that has ever been contemplated.

The agreement does produce $120 billion in entitlement and mandatory changes, getting at the very heart of the fastest growing part of the budget. Medicare alone is now $90 billion this year, 5 years from now it will be $180 billion. It is the fastest growing program in the Government, increasing at a rate of 12.6 percent a year. What did we do by this agreement which is getting so much criticism in that area? We cut the rate of growth by 1.6 percent. However, I will say, folks, if we cannot make any savings in the entitlement programs at this time, I do not know where we are going to be in a generation.

I was appealing to Senator BYRD and the gentleman from Mississippi [Mr. WHITTEN] and some of the appropriators on the committee on which I served, where I thought we always did a pretty good job of whittling and whittling, and cutting and cutting. We are not going to have any pie to distribute in a few years because entitlements are driving discretionary spending down. We cannot cut entitlements on a piecemeal basis. No Member can take the heat.

What we are attempting to do here is to place it in one package, up or down, to get something enacted.

Yes, I am reminded of the criticism. Remember what happened with TEFRA? I remember. We did not have any entitlements savings in TEFRA. We did not have any enforcement in TEFRA. Yes, we raised $3 of revenue for barely $1 of savings. This is a different ballgame we are playing. We are playing under different rules. The agreement does provide continued Gramm-Rudman discipline and strong enforcement by way of automatic spending cuts, if any spending category has been exceeded.

The agreement will cause Government spending to drop as a percentage of GNP from 23.4 percent to 18.2 percent. Short-term interest rates ought to be affected by that—falling—leading to long-term growth.

The defense figure is controversial. Some want more here, others want less over there. I think we have arrived at a good common denominator for our defense figure.

Yes, we protected Social Security. We know how sensitive an issue that is. Some Members like freezes, or maybe even just a 2-month delay, or a 3-month delay. We stayed away from it. We do not touch it. Oh, yes, there was the temptation, to raise the amount of Social Security taxed from 50 percent to 85 percent. We stayed away from it. My friends over here who were so adamant about not raising marginal rates—we are proud of the fact that marginal rates have come down from 70 to 50, 33, and 28 percent—we did not touch them. We get no credit for that. Every Member has his plan. To my friends, whom I love dearly, I will vote with them, and there will be 40 Members on this plan; 45 or so on that plan and 50 on that one. We could not even get on our side the 176 votes together on the President's budget.

Oh, I wish Members would just think about the problem and the trauma we had when the mathematics did not play out. We have divided Government. The President is of the Republican Party and Democrats control this House. I have never once been in the majority in this House for 34 years. I would like to do it sometime, but it has not happened. I regret that, but we must come together. This is why I appeal to you. Tough, tough thing to do. After years of passing out the goodies, and running deeper and deeper in debt, now is the time to ante up, to pay up. It is a difficult situation. However, I wish we would get a little bit of consideration for the trauma that your negotiators had to go through over all that period of time. Give Members some credit for having some sense, and what we were able to do in a very practical way with the mathematics and the divided Government with which we had to contend.

I hope Members will give this an affirmative vote. It is not the last day because we still have an opportunity through reconciliation, to improve the product. I would appreciate it if Members could vote for it, and help out on this important vote.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Maryland [Mr. CARDIN].

(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Speaker, there are many parts of the conference report incorporating the budget summit agreement that I don't like. The increased costs to Medicare beneficiaries are unjustified. The President's economic incentive programs will create new loopholes in our tax laws for the rich. The defense budget allocation should be lower. The distributional effect of the package demonstrates that those best able to contribute to the deficit should be paying more. If I were crafting the budget resolution, each of these issues and many others would have been handled differently. It was the President who got his way in each of these matters.

But the budget resolution does meet the most important test. It really reduces the Federal deficit. It does so by reducing spending and increasing taxes. The new revenues and the spending cuts go to reducing the deficit. The Gramm-Rudman law is modified to make it more acceptable in accomplishing its purported goal of reducing the Federal deficit. The Social Security trust fund is taken off the Gramm-Rudman targets. Individual limits on each area of Federal spending are established within the Gramm-Rudman law that make more sense. The agreement is the best deficit reduction package that Congress will be able to enact in an orderly way and that the President will sign.

The compromise could have been much worse. The Social Security trust fund has been protected. Social Security recipients were not penalized by COLA delays. Layoffs or furloughs have been avoided for Government workers.

The adoption of this budget resolution makes possible the extension of the debt limit that will avoid the collapse of the Federal Government and provide for the orderly continuation of Government services. We will then have the opportunity to improve this package as the tax bill and spending programs make their way through our committees.

The time for action is now. To vote for the compromise is not popular. No one likes to increase taxes and reduce services. But courage is needed to pass this compromise so that the Federal Government can be a responsible partner in the building of our economy.

□ 0010

Mr. FRENZEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Nevada [Mrs. VUCANOVICH].

(Mrs. VUCANOVICH asked and was given permission to revise and extend her remarks.)

Mrs. VUCANOVICH. Mr. Speaker, I rise in support of this package.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Wyoming [Mr. THOMAS].

(Mr. THOMAS of Wyoming asked and was given permission to revise and extend his remarks.)

Mr. THOMAS of Wyoming. Mr. Speaker, I rise in opposition to this resolution.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Alabama [Mr. DICKINSON], the distinguished vice chairman of the Armed Services Committee.

(Mr. DICKINSON asked and was given permission to revise and extend his remarks.)

Mr. DICKINSON. Mr. Speaker, I rise in support of the resolution.

Mr. Speaker, we as a nation are headed for a train wreck. To do nothing to head it off is to be direlect in our duties—regardless of how unpalatable it might be.

Mr. Speaker, the best position I could hope for politically is to vote "aye" and then have it fail. When the train wrecks I can smugly point to my vote and say "I did what I could to prevent it. But I was outvoted." That way I will be vindicated. What a price this country will pay. I will vote to head off the train wreck and pray it succeeds. I will vote in support of the resolution.

Mr. FRENZEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Maryland [Mrs. MORELLA].

(Mrs. MORELLA asked and was given permission to revise and extend her remarks.)

Mrs. MORELLA. Mr. Speaker, I rise in strong support of this resolution. Let us remember, to do otherwise would be disastrous.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California [Mr. ROHRABACHER].

Mr. ROHRABACHER. Mr. Speaker, how can this body foist upon the American people the second biggest tax hike in American history? How can we raise the premiums on sick and elderly Americans when we have not had the courage to say no to unnecessary and wasteful spending?

I do not have time to read the list, but I just have to say that we have not had the guts to say no to rich farmers, to troops for Korea, to art subsidies, and to waste by the bucket.

Many of those supporting, and some of those opposed to this budget resolution, this tax hike, have had words to say about the Reagan tax cuts as if without these tax cuts and the prosperity that resulted, that our level of deficit spending would be lower than we are now experiencing.

If this tax hike passes, you will get your chance to see what we would have had, had those tax cuts under Ronald Reagan not gone into effect.

If this tax-hike package passes, it is back to recession, back to high interest rates, back to double-digit inflation, back to malaise, and our level of deficit spending will be higher to boot.

Mark my words, come back in a year and we will find that the level of deficit spending is higher than is it right now, just as it would have been all along had those Reagan tax cuts not been implemented. It will not be deja vu all over again if this tax hike package passes. It will be Jimmy Carter all over again.

Mr. Speaker, I am opposed to this package.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Nevada [Mr. BILBRAY].

(Mr. BILBRAY asked and was given permission to revise and extend his remarks.)

Mr. BILBRAY. Mr. Speaker, based on the representations that have been made here today that we will correct the inequities in the Medicare funding in this program, I rise in support of this resolution.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina [Mr. PRICE].

(Mr. PRICE asked and was given permission to revise and extend his remarks.)

Mr. PRICE. Mr. Speaker, I rise in support of the budget resolution, the largest deficit-reduction package in our history and the most realistic means we have of putting America's fiscal house in order.

This budget plan, negotiated by the leaders of this body, the Senate, and the Bush administration, would reduce the Federal deficit by $500 billion over the next 5 years through a combination of spending cuts, program revisions, and revenue increases.

Much has been said about the disastrous consequences of failing to pass this resolution, and rightly so—for the result could be not only a dangerous breakdown of government but also a body blow to our already weakened economy. As the President said in the letter he sent to Members today, "Failure to enact the agreement would result in governmental disruption and, quite possibly, recession."

On the other hand, if we pass this resolution we can show, despite the difficulties of divided government and despite the painfulness of the decisions we must make, that we are determined to work together for the common good. We can restore the badly shaken faith of our people that we can govern, and we can send a long overdue signal to the international marketplace that America's decade of fiscal irresponsibility is over.

This agreement will help us bring interest rates down, thus allowing young homebuyers and small-business entrepreneurs to finance their first home or their creative new idea. It will reassure the financial markets and provide a more stable and fruitful environment for economic growth and capital investment. It will help us to get beyond these debilitating, unproductive annual wrangles over the budget, to make our decisions about what to cut and what to spend more rationally, and to get started on some critically needed national investments.

This budget agreement is not difficult to criticize, either in many of its particulars or in its distributive impact. I have opposed several of the provisions within it, and am especially disappointed that it does not do more to reverse the shift in tax burden that has been the hallmark of the Reagan-Bush years—away from the wealthy and toward people of modest income. The package has some progressive elements—luxury taxes, reductions in allowable deductions for those earning over $100,000—but because of the intransigence of Republican negotiators, the wealthy got off far too lightly.

I am encouraged by the Speaker's confirmation after his meeting with the President today that the committees of jurisdiction will have the ability, as the reconciliation bill implementing the agreement is drawn up over the next 2 weeks, "to achieve the savings required through alternative policies." It is my hope that this flexibility will be used to the maximum extent possible to achieve a budget that is fairer and more equitable in its impact.

At the same time, far too little has been said about the positive aspects of this plan both in what it achieves and what it leaves alone. It protects Social Security recipients and federal and military retirees from COLA freezes. It extends the low-income housing tax credit to keep in place an important incentive for developing affordable housing for the poor in this country. It increases the earned income tax credit to help working families cope with the financial demands of raising a family in these difficult times.

Moreover, while those who plan to vote "no" have said a great deal about the pain this proposal will cause among the people and the constituencies we care about, they have said less about the consequence of not acting, the consequences of sequestration. For example: 113,000 children cut from Head Start; 83,000 inpatients and 1.7 million outpatients losing their Veterans Administration medical care; 1.4 million students—fully 35 percent of all recipients—losing Pell grants and 2 million other students finding their grants reduced; thousands of mothers losing the vital prenatal care required to reverse unacceptable infant mortality rates; furloughs for hundreds of thousands of Federal employees; and a cut far beyond what any responsible defense analyst believes is possible in fiscal year 1991 without threatening the ability of the Armed Forces to respond to threats to national security.

Another positive feature of the agreement is its pay-as-you-go provisions, a method of enforcing budget discipline but also of adjusting to changing priorities and needs. Pay as you go is a simple concept: if you propose something that increases spending or decreases revenues, you must make up that loss to the Federal Treasury from another source. This provides flexibility within a overall structure of this agreement while maintaining the overall goal of significant and sustained deficit reduction. For those of us who disagree with some elements of the agreement, it gives us the opportunity to press for future changes that better reflect our values and changing economic and national security realities.

Today marks a turning point. We can continue to demagog budget questions while our deficit worsens, or we can do something about it. It is time to stand up for our children and grandchildren and to stop passing along to them the bill for our excesses. It is time to have the courage to pass a true deficit reduction package, so that we can get to work on the numerous challenges facing this country. There are many battles left to fight, but the House, by passing this agreement, will win a major one today.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. STENHOLM].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, in listening to many of the speeches tonight I am tempted to rename this body the "House of Excuses". Excuses have been used many times in the last several years to avoid voting to bring the deficit under control, and let us not forget, we do have a deficit problem.

The Leath-Slattery-MacKay budget in 1985 received 56 votes.

The Penny-Tauke-Stenholm proposed budget in 1987 received 27 votes.

Both of these budgets would have reduced our deficit. Members votes against those plans using the excuse that they needed a greater bipartisan agreement. Members votes against the balanced budget amendment earlier this year. The excuse was it did not do anything to reduct the deficit. That it was too easy a vote without meaning.

The amendments cutting spending across the board on every appropriation bill this year have been defeated. Why? Because Members wanted the excuse of waiting for a summit.

Well, now we have the summit. It is not hard to find excuses for just about any vote you want to cast tonight.

But is it not about time we stopped making excuses and started making tough choices?

Vote for this budget tonight.

Mr. PANETTA. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, there are moments when we must remind ourselves that we can often be masters of hyperbole, masters of overstatement. I say that as a way of prefacing my remakrs.

I rise tonight to make several concessions, Mr. Speaker. I will first concede that every single Member of this body understands the gravity of the moment in which we find ourselves, every single person. To not understand that would be to be a fool or a knave, and I do not think there are any fools or knaves in this room.

Second, I am prepared to concede, Mr. Speaker, that everyone wants to address the problems. But what I am not prepared to concede is that this budget resolution is the only answer to those problems. Therefore, I rise in very strong opposition to this budget resolution for three reasons.

First, Mr. Speaker, this budget resolution was negotiated within the framework of an absurd idea, Gramm-Rudman, against the backdrop of as very dangerous process, sequestration.

Second, this proposal was negotiated against the backgrop of summitry.

Do Members not understand that as someone said earlier today, we are charting new waters here. We are blurring the distinction between the executive branch and the legislative branch of Government. We have never flown this route. We have never charted these waters. The creative tension that we call check and balance is going out the window.

You and I were elected to assume our responsibility. You cannot turn that over to four, five or six or seven human beings and back into your paycheck.

We are here to assume burdens, risks, and the responsibility of elective office. Summitry threatens that. Gramm-Rudman frightens that.

Finally, I stand in opposition to the substantive product of this summitry. This proposal embraces priorities that this gentleman came to fight. Twenty years ago I came to fight increased military budgets. It is here.

I came to fight a tax system that benefited the wealthy and harmed middle class and lower income people. This proposal does just that.

I did not come here to embrace a set of ideas that said we must saddle the poor working class, middle class human beings, with the burden of deficit reduction.

Budgets do not exist in a vacuum. We are not accountants here. We came here to stand our ground and to fight for what we believe in.

There are needy people in America. This winter some will die, freezing on the streets of this country. What do we do? We increase the price of home heating oil.

There are homeless, poor people, unemployed people. This budget does not address that.

With all due respect, I ask my colleagues, not out of expediency and lack of courage, but out of the right thing to do, oppose this resolution.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Ohio [Mr. WYLIE].

(Mr. WYLIE asked and was given permission to revise and extend his remarks.)

Mr. WYLIE. Mr. Speaker, I rise in strong support of this resolution.

I have wanted to vote for a budget proposal which would have as its goal a zero deficit ever since I was elected to Congress.

I think the sluggishness of our economy is due in large part to the continuing budget deficits and the cost of financing it. So, I indicated my support for the package early in the week.

On Wednesday, Chairman Greenspan said the summit agreement is "credible and enforceable." I thought this meant the Federal Reserve is prepared to accommodate the budget package by lowering interest rates which will, in my judgment, have a positive effect on our economy.

I received a lot of calls against the budget resolution—mostly from senior citizens because of a slight increase in premiums. The increase is phased in over 5 years—at which time it will amount to an increase of about $25 per month by 1995 which is about $5.10 more than the present law. The deductible will gradually increase by $15 per year to $75 a year to $150 a year by 1995.

Medicare payments have represented the largest increases in Government spending over the last several years. The agreement actually increases Medicare payments by $2 billion but projected reduced costs will amount to $60 billion over 5 years. The premiums and deductible amounts are a small price to pay to reduce the tax burden on our children and grandchildren.

Social Security benefits were not touched.

I received complaints about the increase in gasoline tax, the tax on tobacco, alcohol, and luxury items. There is no increase in individual income tax rates. The tax increases are consumption taxes and will fall more heavily on people making more than $100,000 a year.

The deficit will be scaled back by $500 billion over 5 years; $133.8 billion will come from increased taxes and $301.4 billion from budget cuts.

There is a cap on spending so that if one program is increased, cuts must be made in other programs to offset the increase.

There is a cut in defense spending but not as much as some would have liked—but responsible cuts.

This resolution gives the President what amounts to line item veto authority which I have favored.

Most economists agree the package is a net plus and that it should have a positive effect on the United States and world financial markets.

The budget agreement is not like one I would have preferred—but it is a compromise between leaders with differing political views. I think it spreads the burden fairly—and the benefits for the economic future of our country could be enormous.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from New Hampshire [Mr. SMITH].

(Mr. SMITH of New Hampshire asked and was given permission to revise and extend his remarks.)

Mr. SMITH of New Hampshire. Mr. Speaker, I rise in opposition to the resolution.

Mr. Speaker, we've been down this road before—

Tax Equity and Fiscal Responsibility Act of 1982 [TEFRA];

Omnibus Deficit Reduction Action of 1984;

Gramm-Rudman Deficit Reduction Act 1986;

Consolidated Omnibus Budget Reconciliation Act of 1987 [COBRA];

Technical and Miscellaneous Revenue Act of 1988; and

Omnibus Budget Reconciliation Act of 1989 [OBRA].

All of those bills raised taxes on the American people, and we still have a budget deficit. Liberals in Congress are fond of saying that tax cuts won't reduce the budget deficit. Well, tax increases certainly won't either. History proves that point. The more we tax, the more we spend.

After taking inflation into account, Federal revenues during the 1980's grew by $254 billion. That means that if we had given every Federal program a so-called cost-of-living-adjustment each year—and saved the rest—our deficit would be $254 billion less. Naturally, we didn't. We spent every dime we got, and then some. Now we're asking the American people for another dime—one for each gallon of gas they buy—so we can reduce the deficit. It won't work; we'll spend their dimes again.

Mr. Speaker, it's not fair to tell the American people that this is the big fix; that passing this resolution and this budget agreement will solve the problem. It won't. I repeat, it won't. We will still have a budget deficit in 1995 and beyond. There is not one enforcement mechanism in this agreement that cannot be changed next year, or the year after, or the year after that.

The only real enforcement mechanism is a balanced budget amendment to the Constitution, and the liberals in Congress torpedoed that effort earlier this year. Now we are told that this agreement is enforceable. We were told the same thing in 1986 when Gramm-Rudman was passed. I'll tell you what, if we had that kind of law enforcement in New Hampshire, my constituents would be scared for their lives. Let's not kid ourselves here; the budget summit agreement is not enforceable.

Mr. Speaker, this budget agreement is fatally flawed. Aside from the painful tax provisions, the agreement makes promises of enforceability, and balanced budgets. Promises that the liberals in this body will not and cannot keep.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California [Mr. HERGER].

□ 0020

Mr. HERGER. Mr. Speaker, if we adopt this budget agreement we will perfectly illustrate just how isolated the Congress really is from the American people. The public was asked Tuesday night to express their views on this budget plan to the Congress and they have. They have overwhelmingly rejected this sham deal.

Calls from my constituency run more than 5 to 1 against it. I know from talking to many of you that your calls have been running at least as much against this deal. Should we not listen to our constituents? Should we not be listening to our constituents, the ones who sent us here? Should we not at least try considering something else rather than the same old tax-and-spend formula that got us into this budget mess to begin with?

I think it is crystal clear the American people want us to hold the line on spending and establish realistic spending priorities.

Former Budget Director of the Office of Management and Budget, Jim Miller, points out in the Wall Street Journal the inconvenient fact that under the first year of this budget summit agreement alone, taxes were increased $73.9 billion while spending will increase $109 billion.

Clearly the new taxes in the agreement will only go to funding new higher spending, not deficit reduction.

This is just one of the many problems of this summit agreement. We get the taxes up front and we wait for spending cuts in the outyears. The 1982 tax increase offered the same prospect, and the savings never materialized. Instead, we need to adopt one of our alternative plans that places realistic limits on spending and which will get the savings up front where they will really count. And for a change, begin voting and legislating the way that the American people would have us vote and legislate.

Mr. PANETTA. Mr. Speaker, I yield 5 minutes to the distinguished Chairman of the Committee on Ways and Means, the gentleman from Illinois [Mr. ROSTENKOWSKI].

(Mr. ROSTENKOWSKI asked and was given permission to revise and extend his remarks.)

Mr. ROSTENKOWSKI. Mr. Speaker, it is somewhat of a rare occasion when I can address my colleagues in the well and associate myself with the remarks of one of the best friends I have in this Chamber, BOB MICHEL.

In my opinion, this is a time when our President has asked us to support him in the national interest. I am sure he knows the crisis that we face, better than any one of us. So I think that this is a time when we should support him.

The best thing and the best news about this evening's debate is that it is occurring at all.

When I unveiled a little challenge a couple of months ago, I never really thought we would get this far. But we are actually discussing a serious budget package tht could lead to significant reductions in our Federal deficit.

The bad news is that we are debating a package no one really likes for a fiscal year that has already begun. It is a package that certainly imposes big tax increases, makes harsh spending cuts and still includes the largest deficit in our history.

Before we turn our backs on this plan we should remember how we got here. It took years of irresponsibility on both sides of the aisle, in both Chambers of the Capitol, at both ends of Pennsylvania Avenue to create the mire that we now find ourselves in.

Acting affirmatively tonight will begin to correct a decade of excesses. Before you decide how to vote on this issue, let me tell you what will happen next.

Make no mistake. The Committee on Ways and Means will process its section of the reconciliation bill in a responsible and timely fashion. But that does not mean that we will hide behind the questionable decisions made by others who are not on my committee, who are not elected representatives, and we will not be rubberstamps.

Mr. Speaker, several of the revenue provisions in the summit agreement are unacceptable, representing the full and unruly retreat from tax reform. It is especially galling that most of the egregious provisions were prompted by the very officials in the executive branch who are responsible for the integrity of the Tax Code.

To say that these provisions will promote growth and create new jobs is just a joke. The only growth will be in the sale of tax shelters, the only new jobs will be for the scam artists who peddle them.

This so-called economic growth package will accomplish only one thing, the reinstatement of tax loopholes enjoyed by the wealthy. It will allow the super wealthy to avoid paying their fair share and their tax avoidance shenanigans will distort the operation of our economy, ultimately making us less competitive than we are now.

Once again, the average American will think that our tax system is unfair and sadly enough, once again he will be right.

We in Congress who must account for our actions to our constituents have a high respect for the policies and principles contained in the Tax Reform Act of 1986. We are not ready to quickly cut taxes for the rich and run.

Here in this House the people rule, and as elected representatives of the American people, we have a clear right to examine the summit proposals. We have an equally obvious responsibility to perfect them.

Is it possible to preserve the framework of the summit agreement, amend policy errors and keep the remainder of the deal from unraveling? I believe it is. And I, along with my committee, intend to prove it.

I salute our President, George Bush, for his leadership. He correctly and courageously acknowledges that our economy is in trouble. He is right that we must work together to solve this problem. He is our President and he deserves our respect and cooperation.

But my President and his appointees must also respect the Congress. We also have privileges that are not to be trifled with.

The House of Representatives is known as the people's house. We, you and I, are closer to the people than any other elected officials in Washington, particularly other officials who do not report directly to the voters. We are not about to shirk our responsibilities. We will not sacrifice the concerns of our constituents merely to meet the standards set by appointed administration officials.

Is it too much to ask that the elected representatives of the American people be allowed to help design the program of shared sacrifice that is about to be imposed on our constituents? I think we should all share in that burden, and all share in that responsibility.

Make no mistake about it, my friends, the budget summit has done major violence to congressional procedures. It has virtually disenfranchised the great majority of Members on both sides of the aisle in both Chambers. It will take a long time for the scars to heal. The less leeway the committees here have in improving the summit agreement, the longer the resentment will remain.

If anyone thinks that I will delay my committee's decisions while I run to a phone to call some overseers on the White House staff everytime we consider a change, you're in for a big surprise.

□ 1230

Mr. Speaker, that would be demeaning to me, to my Committee on Ways and Means, and it would be demeaning to this House. If that is what is expected, I say, "Count me out. I'll have no part of it."

However, I honestly do not think that that is going to happen. I trust my leadership. I think they are great. And I trust BOB MICHEL. And I think he is great. And I have faith in this House. Ultimately all of us together must do the right thing for the American people.

Mr. Speaker, I am going to swallow hard, very hard, and then vote for the budget resolution tonight because I sincerely believe our Nation needs a serious deficit reduction package. Despite the arguments from the fringe factions in each party, I do not believe that there will be extra time to allow us to create a new and more palatable framework.

The choices are inevitably tough, and they are painful. A vote for this resolution will allow the regular legislative process to function. Changes will be made before we report a reconciliation bill later this month. When that happens, it will be time for others who were part of the summit process to swallow hard. It will also be time for everyone to say to their constituents, "This package will make us competitive in the world. This will continue allow us to lead in the world."

Mr. Speaker, this is the time, this is the moment, when we have to stand up and be leaders. This is what our constituents have elected us to do. It is time for us to assume our responsibilities.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois [Mr. PORTER].

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, I rise in support of the budget compromise. I thank the Members who have the courage to govern.

Mr. Speaker, we have had 8 years of philosophical gridlock in Washington mirroring, of course, the same gridlock which has existed across our Nation. Eight years has seen our side insisting on holding the line on taxes and raising defense spending and their side advancing social programs and protecting entitlements. Each side has succeeded in protecting their priorities and failed in defeating the others. The result: $250 billion of net new borrowing every year for 8 years and $2 trillion of additional debt. The effect: A stagnant economy now headed into recession, an interest cost now, at nearly $200 billion, the third largest item in the budget and an average additional tax burden for each of our children, just to pay the interest on the debt, of $150,000 over their working lifetimes.

Mr. Speaker, these deficits have pushed up interest rates, crowded out needed private investment, and, of greater concern, have made our country dependent on foreign capital, allowing Japanese and other foreign interests to control an increasing percentage of our productive capacity.

In short, Mr. Speaker, deficits are destroying our economy and the future opportunities for a better life of our children and grandchildren.

In the past 8 years I have voted against our spending proclivities—all spending, including defense—I compiled a voting record opposing spending increases second to none in the House. I have been repeatedly recognized for fiscal responsibility by Watchdogs of the Treasury and have been recognized by the National Taxpayers Union as one of the few members of the Appropriations Committee to match their high standards. For 4 years I offered my own budgets to address the deficit, freezing spending by function across the board. One year a rule made my budget in order. I received 64 votes from the 435 House members.

Mr. Speaker, obviously if you were to allow me to address the budget deficit alone I would make it the Nation's No. 1 priority and would solve it, and solve it without raising taxes. Unfortunately, in a free society with huge differences of opinion, that luxury is not available. I must do my best to address this terrible problem within the context of a Congress, each House of which is heavily controlled by the other party, whose philosophy is exactly opposite—to solve the problem with massively increased taxes.

If deficit reduction is absolutely essential—and it is—and if such reduction cannot be achieved without Democratic votes—and it unfortunately cannot—then there is no choice but to meet with those whose philosophy is diametrically opposed to our own—and attemp to find common ground.

The President has had to take this course, to set our fiscal policy aright and set us on a course of true deficit reduction. He has had to set our party's priorities on the table and has required the Democrats to set theirs there as well. From the onset of the budget summit all the pieces—entitlements, social spending, taxes and defense spending—have been on the negotiating table. The gridlock of insisting that the deficit be solved on the other side's priorities, resulting in no progress for 8 years, had to be rejected.

The agreement that was finally negotiated 5 months and hundreds of meetings later satisfies no one. But it calls on every American to contribute to the solution. It asks for sacrifice—relatively small sacrifice, but real sacrifice—from us all, for the good of us all. It contains no COLA cuts, no income tax rate increase or surcharge, and no additional tax on Social Security retirement benefits. The taxes are, for the most part, consumption taxes on consumption that, apart from deficits, ought to be discouraged: excessive use of energy, alcohol and tobacco. On the other side, entitlements are required to make their contribution and discretionary spending is, in fact, restrained and new provisions are to be enacted that place in the hands of the executive branch alone the power to prevent spending beyond the limit set.

Some liberal Democrats oppose the agreement because they can't live with the spending restraints and don't see the income tax increases they had hoped for. Some conservative Republicans oppose this agreement because spending isn't restrained enough and the agreement contains some taxes. They will find themselves on the same side of the vote for exactly opposite reasons. Politics makes strange bedfellows and this indicates at least it is probably as good an agreement as could be obtained.

The alternatives—ours and theirs—cannot be passed. The President can fall back on a Gramm-Rudman sequester, designed not as a policy for deficit reduction but as a penalty for Congress' failure to agree on a deficit reducing budget. If all spending were included in the Gramm-Rudman swath, this would be a favored alternative. Unfortunately, all entitlements and much social spending is exempt. Cutting defense spending by 33 percent in 1 year and spending for biomedical research, education and transportation and other national priorities a like percentage is not a viable way to solve ths problem. The deficits are so large and the Gramm-Rudman reach so short that this would lead to economic chaos without real deficit reduction progress.

If this budget agreement fails to pass, particularly if our party fails to support it, the President, I am convinced, even with the Gramm-Rudman sequester in hand, would be in a worse position than now to negotiate with the other party. This is, in my judgment, a terrible budget, but the best one that we can obtain in this political environment. Accordingly, I will support the compromise and urge my colleagues to reach deeply within themselves for the courge to govern and to stand with our President and help him remove this terrible deficit scourge from our country.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from North Carolina [Mr. McMILLAN].

Mr. McMILLAN of North Carolina. Mr. Speaker, I rise in support of the budget proposal. Most Members have criticized this budget proposal because of perceived threats to their special interests in the form of spending cuts or higher taxes.

We are going to bet absolutely nowhere if we put special interests ahead of the public interests.

In my own case, this package includes \$.08 per pack increase in excise taxes on tobacco, the No. 1 agricultural and consumer products industry in my State of North Carolina. I don't like that provision any more than any other Member dislikes others. Most politicians in North Carolina who vote for tobacco taxes don't get reelected. I am supporting this package because it is imperative that we put the national interest above special interest.

I have supported repeated attempts to freeze or hold down the rate of spending growth for the past 6 years. In our attempts to hold down the rate of growth on appropriations bills, we have averaged anywhere from 80 to 120 votes in favor or such a policy. There are not enough votes here to achieve \$500 billion in deficit reduction through spending cuts alone.

This is the only serious deficit reduction package with a chance for passage I have seen in my 6 years in Congress. The numbers are real and the flattening out of total Federal outlays for the next 5 years with strong enforcement provisions promises \$3 of spending reduction for each \$1 of added revenue. It holds spending growth to 2.2 percent per year. There are no other serious options that have a snowball's chance of passing this Congress and we have run out of time.

While I can wish there was another package and I can easily identify 100 improvements that I wish were in this one, my side does not control the House nor could we build a coalition to improve it. Now is the time for statesmanship, not posturing. I, my President, and this House will be embarrassed if this, our only real shot at passing a credible deficit reduction package, fails.

If you think the special interests on the phones are giving you pressure to oppose it, wait till you face the responsible rank and file and try to explain why you failed to deal with America's fundamental problem.

I urge your support.

Mr. PANETTA. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, why are we here? We are here because in 1981 the Congress doubled military spending at the request of the Reagan administration. It cut taxes for the rich. It tripled our national indebtedness. It tripled the size of our deficits, and so we are here to try to clean up the mess of the 1930's.

In the 1980's, the richest 1 percent of Americans, whose average income started the decade at \$350,000, ended the decade with their income averaging \$550,000. Meanwhile, the average middle class American, precisely at the midstream of American income, saw the purchasing power of his income drop by \$2,000.

This package contains something I have wanted to see for 10 years, since the disastrous votes on the Reagan supply-side riverboat gamble. But the way it gets to that deficit reduction is absolutely outrageous.

The White House has indeed succeeded in protecting and insulating the very wealthiest of all Americans from all but the tiniest hit, and so, as a result, this package is required to hit the middle income American twice as hard as it hit the very wealthiest of all Americans. It is required to say that we are going to make some poor devil who loses his job wait 2 weeks before he can collect an unemployment check. We are going to drive farmers to the wall, all so that the President can keep his promise to not raise tax rates on people making more than \$200,000.

Mr. Speaker, that is economically wrong, it is immoral, and we ought not stand for it.

I have looked all day for any way to try to help keep the process going. The Speaker knows that, the majority leader knows that, and I am not going to tell anybody how to vote. But I just have to tell my colleagues that, if this package goes down tonight, I beg the President to recognize that what has to happen to bring us together is a sense of fairness.

The Congress is the last hope of every American who expects to get a square deal. They are not getting a square deal when we continue to insulate the rich and lay it off on the middle class worker who is not paying as much attention, lay it off on the Medicare recipient because they do not have the attention span that the chamber of commerce president has in our local districts.

I beg my colleagues, "When this goes down, if it goes down, come back to this floor with renewed dedication to fairness." I regretfully must vote no on this package.

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Mr. PANETTA. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. DE LA GARZA], the chairman of the Committee on Agriculture.

(Mr. DE LA GARZA, asked and was given permission to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Speaker, I rise in support of this legislation for one simple reason: The Committee on Agriculture was not allowed to perform its duty. I think that this package is inconsistent with fairness and equity to American agriculture. I support now the resolution so that we may be allowed to do our duty in reconciliation.

Mr. Speaker, there is little good to say about this budget resolution except that it is a broad-based plan to reduce the Federal deficit which is crippling our Nation's economy.

Throughout my years in this body I have tried to the best of my ability to represent my constituents in south Texas. This vote is one of, if not the most difficult, vote I have ever cast as a Member.

If I alone could ram a budget through Congress it would not increase taxes and Medicare premiums that fall disproportionately on the working poor and middle class.

The people of south Texas are going to feel the pain of these tax increases. They will feel it every time they gas up the car to get to work or go to the grocery store.

Most south Texas retirees have little more than a small Social Security check to depend upon for their entire existence. To these already hard-pressed senior citizens, a \$300 increase in their Medicare deductible will have a major impact on their quality of life. For that reason, I will work particularly hard to find ways to avoid this devastating blow.

If I alone had put together this budget package, it would not propose these deep cuts in the vital programs that serve as a safety net for American farmers.

Farmers are willing to bear their fair share of deficit reduction. And Congress has put in place policies that have helped bring farm program spending down by more than 50 percent since 1986. But from the start of this budget summit, the Bush administration has made little secret of the fact that it wants to virtually dismantle the farm programs.

As a Member of the House and as the chairman of the Committee on Agriculture I have tried to represent the interests of my constituents and the needs of American agriculture. As their representative, I must reserve the right to oppose these provisions which I believe are neither fair nor equitable. I have told the House Democratic leadership of my strongly held views about these issues.

But my colleagues, as a Member of this body I must also ultimately weight these interests with what is in the best interests of our Nation.

Mr. Speaker, I don't like this budget resolution. But the prospect of a sequester and its devastating impact on our Nation is far worse and we all know it.

A sequester means even worse cuts in our domestic social programs. It means horrendous cuts in Medicare, veterans programs, and other areas. It means farm programs alone face a $3.3 billion hit compared to the $1.3 billion called for in this budget resolution for next fiscal year. A sequester means that we virtually shut down the Government.

Therefore, I will vote for this budget resolution—not because I favor its individual parts for I don't.

But I recognize that as the elected representatives of the people, we cannot allow this paralyzing debate over political priorities to continue. We must make a decision and we must go on with the business of governing this Nation of ours.

While I will vote for this budget resolution, I reserve the right to oppose the inequitable provisions contained in it when they come back before us in reconciliation. And I will continue to work as an individual Member toward a more fair and equitable deficit reduction package.

Mr. PANETA. Mr. Speaker, I yield such time as he may consume to the gentleman from Utah [Mr. OWENS].

(Mr. OWENS of Utah asked and was given permission to revise and extend his remarks.)

Mr. OWENS of Utah. Mr. Speaker, I rise in strong support of the budget resolution.

For the last 5 months, the American people have watched with disgust at the unseemly spectacle of the White House and Congress bickering, fighting, and finally failing to achieve a fair compromise to reduce the coming year's deficit. I dislike what has been done, but now that a stopgap solution has finally been agreed upon, I feel constrained to support its passage.

I am disappointed in this package, particularly in its disproportionate impact on the middle-income America and the poor. I am angry at the inequities of the proposed cuts, especially in Medicare.

But the public interest is absolutely clear. We must support the resolution to avoid the economic devastation of furloughs and cuts, and we must take this small step toward controlling national spending.

I support the compromise because there is no other choice, in my view, at this late date. If we close down the Government by sequestration, we close down the entire economy and cause widespread pain and distress.

By making this Hobson's choice, we must also commit ourselves to make every effort to work during budget reconciliation to improve some of the more odious provisions of the agreement, particularly the Medicare fee increases and service cuts. Some flexibility does exist in interpreting and implementing these provisions—and we must stretch that flexibility to its absolute limits to bring some fairness back into this agreement.

The $400 billion true deficit we face next year is a national disgrace. It gnaws at our economic vitality. The pitiful $40 billion in cuts which is proposed for this year is grossly inadequate to genuinely begin the process of deficit reduction. I wish this year's reduction were $100 billion, the additional amounts to be taken from additional defense cuts and reductions in agricultural subsidies as well as an oil import fee and the removal of the tax bubble which reduces the tax rate on income over $162,000.

Yes, Mr. Speaker, this is a difficult vote to cast, most particularly because of its timing 4 weeks before congressional elections. It's never easy taking a tax hike on the campaign trail. The fall winds are blowing chill, and political cowardice is in the air. Without exception, every one of my political advisers, from pollster and television consultant through campaign staff, have urged, in the strongest terms, that I vote against the budget agreement. Our telephone calls have run against this action by more than 50 to 1.

Aligned against that solid wall of political doomsayers has been my own conscience and my own judgment that this vote is important to national fiscal health. Thus, the decision was not that difficult to reach, although this vote is painful to cast.

I include two editorials printed over the last few days from the Desert News and the Salt Lake Tribune, Salt Lake City's two distinguished newspapers.

[From the Salt Lake Tribune, Oct. 4, 1990]

U.S. HOUSE CANDIDATES OBLIGED TO TAKE FEDERAL BUDGET STAND

As might be expected, the federal budget compromise announced Sunday is already under heavy attack. In one important regard, the timing is actually convenient.

Congressional leaders and the White House labored several months to produce what is supposed to be a conscious trimming of federal deficits. But relying on some tax increases and some public spending reductions, the product predictably distresses just about everyone. It does, nevertheless, frame a genuine political issue for current nationwide elections.

Emerging from protests against the budget plan are all the forces that have combined in the past to drive this country's government finances chronically out of balance. A succession of presidents and congresses, satisfying converging political platform propositions and pressure group persuasiveness, created spending obligations and revenue dependencies that can't and won't match. The American public, no less than the office holders, now must face up to crucial decisions.

To their credit, White House and congressional leadership negotiators composed a fiscal 1991 budget agreement calculated to at least gain better control of budget deficits. President Bush, in his personal televised message to the country Tuesday night, challenged everyone, regardless of the pain they may suffer from the budget plan, to enlist on the side of that control. His point is valid.

Now is the time for decision. If not in favor of the proposed budget compromise, then on behalf of some other process that achieves the same essential result.

It's simply not sufficient to bad mouth the negotiators' work. Rather, what would the critics substitute as their answer? Since the House of Representatives is instrumental in finalizing federal budget law, those seeking its membership, whether by re-election or filing a vacancy, should start articulating their positions.

Not with such weasel words as "the plan is no good," or "no tax increases are needed," or "spending cuts are too low," or "the economy will suffer" or "the wrong people are being hurt too much." Voters need to hear specifics.

Where, if elected to the House, would incumbents or their challengers either add taxes or make expenditure cuts? Should more revenue derive from income tax changes, excise and luxury tax increases, energy tax enhancement, "sin" tax additions? A combination? If so how much in each category?

But if taxation isn't the answer, where should spending, public programs and services be cut? Defense? Where in defense? Entitlements? Which ones? Socil Security, federal worker and military retirement benefits? Social welfare services? Public education support? Highway, airport, inland waterway, seaport construction and repair?

Less health maintenance effort? Retrenched assistance for law enforcement, whether against drug traffic or other prevalent crime? The sort of underfunded regulation policing that caused the Savings and Loan debacle? Reduced environmental pollution monitoring? More and higher fees for using federal assets such as rangeland, parks, forests and seacoasts?

No House of Representatives candidate should make a public appearance, participate in formally arranged debate or issue press releases this campaign season without addressing remarks specifically and repeatedly to such questions as these. In Utah, those candidates are:

Second District, incumbent Wayne Owens; challengers Genevieve Atwood, Lawrence Topham and Ellie Garcia. First District, incumbent James V. Hansen; challengers Kenley Brunsdale, Reva Marx Wadsworth. Third District Karl Snow, William Orton, Robert J. Smith, Tony Dutrow.

None can say this election year lacks issues. There's possible U.S. involvement in a Persian Gulf war, but more critical is the question of solving an intractable federal budget deficit. Utah residents, no less than Americans everywhere, must decide whether this nation is to slide ever deeper into deficit and debt or, instead, will make sacrifices necessary to restore the nation's financial integrity.

Choice of the state's House delegation can reflect the preference. But only if the candidates disclose their intentions, detailing alternatives they would, as House members, endorse for appropriate budget-making.

No vague, sloganeering politics as usual this election year. Let's hear where local congressional candidates would lead on federal funding and spending, with clarity and specifics. Voters can then confront their own expectations of the national government's purpose and performance.

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[From the Deseret News, Oct. 2, 1990]

LAST-MINUTE BUDGET DEAL IS NOTHING TO CHEER ABOUT

The eleventh-hour budget compromise announced this past weekend came as no surprise to most astute observers. With congressional elections just five weeks distant, there was little doubt that negotiators would come up with some kind of an agreement preventing the 33 percent automatic budget cut required by the Gramm-Rudman Act from taking effect Oct. 1 as promised.

While the package sounds good, especially when the deficit-reduction is presented as a five-year figure—$500 billion is more impressive than this year's savings of $40 billion—it raises all kinds of questions.

For example: If $100 billion worth of automatic budget cuts were threatened in order to meet Gramm-Rudman targets, how can negotiators produce a package that only cuts $40 billion from the 1990-91 budget and still say they have met Gramm-Rudman guidelines?

Although there are cries of pain and talk of great compromises and sacrifices, the whole thing still reeks of the sleight-of-hand usually associated with federal budgetmaking.

The deal worked out between the Bush administration and congressional negotiators must still be passed by the House and Senate this week. Congress will not let the federal government financial structure collapse any more than the negotiators did.

The $40 billion deficit reduction contained in the budget compromise for the fiscal year that began Oct. 1 is trifling at best. Even with the cut, the United States will register an all-time $254 billion deficit this year—nearly triple last year's estimate.

An angry American public ought to demand a detailed explanation as to how such a thing is possible. Especially since last year's budget agreement announced that Gramm-Rudman targets would be met. What makes Congress think this year's budget deal is going to work out any better?

This record-setting deficit results from the sneaky practice of building budgets on over-estimated revenues and under-estimated expenditures. Given past performances, it is unlikely that this mind-set will change any time in the near future.

Much of the burden in achieving the $40 billion deficit cut in the coming year will fall on those least able to afford it. The elderly will see a reduction in health care benefits while paying more for the remaining services. Others will see the 1.45 percent payroll tax for medicare extended to apply to a larger share of their earnings.

The gasoline tax will jump another 12 cents per gallon by next July, and consumers can expect additional fuel price increases as oil companies pass on the cost of a 2 percent refinery tax on petroleum products that will go into effect Jan. 1 if the plan receives final approval.

Despite the bombast and rhetoric, it is unlikely that the plan will prove much of a deficit cutting device over the long-term—despite promises of $500 billion in deficit reductions over the next five years.

The budget approved each October at the start of the fiscal year, without exception, bears little resemblance to the finished product the following September. And a cynical Congress knows that from the beginning.

While there is always hope that Congress may someday come to grips with the need for serious deficit reduction, there is little optimism at this point. The greater likelihood is that Congress will continue its spend-thrift ways and the annual deficit will continue to grow.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. ACKERMAN].

(Mr. ACKERMAN asked and was given permission to revise and extend his remarks.)

Mr. ACKERMAN. Mr. Speaker, I rise in support of the budget resolution as an alternative to bringing the Government to a stop. I thank the gentleman from Illinois [Mr. MICHEL], the minority leader, for his letter.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida [Mr. NELSON].

(Mr. NELSON of Florida asked and was given permission to revise and extend his remarks.)

Mr. NELSON of Florida. Mr. Speaker, I rise in support of this budget resolution.

Mrs. MEYERS of Kansas. Although I am going to vote for the budget resolution, I will oppose the budget reconciliation that will be considered in the next 10 days to implement the budget summit agreement if problems with the current resolution are not resolved.

My vote tonight will not be for this specific budget summit agreement, but for the opoortunity during the next 10 days to correct some of its many problems and to keep the deficit reduction process alive and moving.

Like many of my colleagues, I have several problems with the budget summit agreement. I am concerned that the agreement places a heavy burden on many of our Nation's senior citizens. In addition to other revenue increases included in the agreement, many middle-class seniors will be affected by the part B premium increases.

I am also concerned that in this budget resolution Congress begins again the process of granting tax shelters that we worked so hard to eliminate in the 1986 Tax Reform Act. These tax shelters should be eliminated in the budget reconciliation bill to be considered within the next 10 days.

Although I have several reservations about certain parts of the agreement, the budget plan has many positive features. It ensures that Social Security and Federal retirees will receive cost-of-living adjustments [COLA's]; it provides significant and reasonable savings in defense; it protects many vital low-income poverty programs; and it strengthens the Gramm-Rudman budget law.

Mr. Speaker, I do not embrace the budget summit agreement with open arms. But I will vote tonight for the budget resolution with the hope that it will get us closer to a deficit reduction plan that I can eventually support.

Mr HUGHES, Mr Speaker, I rise in opposition to their budget resolution. It's just not fair, it's not reasonable, and I just cannot bring myself to support it.

It hurts our senior citizens. It hurts families. It hurts our children. It hurts the poor. It hurts the unemployed. And it hurts the middle class.

What is worse however, it helps the very wealthy once again; it helps the speculators and it helps certain special interest groups.

I have searched the proposal for some redeeming values and I just cannot find much of anything that I like about this summit agreement. If I truly believed that the committee had enough running room to make is truly fair for the average American, I would vote for it in a minute. Regretfully, I do not believe that so we need to start now—not in 2 weeks to develope and vote on some alternatives.

Mr. HEFLEY. Mr. Speaker, on Sunday, September 31, the President and congressional leadership signed a budget package designed to reduce the deficit by $40.1 billion next year and by $500 billion over 5 years, including defense spending cuts of $182.4 billion, entitlement savings of the $119 billion, revenue increases of $133.8, and interest expense savings of $64.8 billion.

Having looked at this package for several days now, and having listened to the arguments promoting its passage by the President and congressional leaders, I can honestly say that there is absolutely nothing contained in this package that would even tempt me to support it. The package has so many faults I don't know where to begin.

Increased taxes: The budget package includes tax increases of $22.2 billion for next year and $162.9 billion over 5 years—the largest tax increase in U.S. history. If you include increased user fees and deductibles, then the total tax increase exceeds $222 billion. Americans already support the highest peace-time tax burden in history, paying over 40 cents of every dollar in taxes. This tax increase just adds to that burden.

Spending reductions: The budget agreement claims to cut spending $23.9 billion next year and $366.2 over 5 years, divided between defense and entitlements. While the cuts to defense spending are real enough, there are absolutely no specified cuts to domestic discretionary programs, and the so-called spending cuts to entitlements are really increased user fees, higher deductibles, and lower payments to hospitals and doctors for the same services they now provide.

Economic assumptions: The most extravagant example of chicanery contained in the budget package are the economic assumptions the negotiators used to arrive at their numbers. For example, the package predicts that between 1992 and 1995, the economy will grow almost 4 percent per year—a faster rate than the record economic growth of the 1980s.

If these projections were really accurate, then we wouldn't need to raise taxes to balance the budget by 1995. On the other hand, if we go through with this tax increase, I can't see how the economy will average 4 percent growth over the next 5 years. Most economists predict that we're already headed towards a recession.

Interest savings: The interest rate projections contained in the package are equally bad. In order to justify a projected $64 billion savings in interest expenses, the budget negotiators predicted that the yield on 10-year Treasury would decline from over 3 percent in the next 5 years, dismissing the fact that inflation is rising, already 1.2 percent above last year. There is nothing contained in the budget package to justify this optimism.

So what are we left with? We are left with $132 billion in real spending cuts to defense, $222 billion in increased taxes, user fees, and other direct payments to the Government, and no real restrictions on Federal spending nor cuts in nondefense discretionary spending.

To get this compromise package, the President gave up his "no new taxes" pledge, withdrew his support for true progrowth incentives such as the capital gains tax reduction, and abandoned the core group of Republicans that have sustained all 13 of the President's vetos.

Even as Massachusetts voters are running Michael Dukakis out of the State on a rail, the tax-and-spend legacy that he represents in government has taken control of the Capitol and is threatening the well-being of the American economy. I can't imagine a budget package agreed to by a Democratic President that could have been worse.

Mr. HAMILTON. Mr. Speaker, after months of difficult and sometimes bitter negotiations, the President and the Congress last week passed the largest deficit reduction package ever. The package calls for about $40 billion in deficit reduction in 1991 and about $500 billion over a 5-year period. There are more than $2 in spending cuts for every $1 of tax increases. While far from my ideal package, it is a positive step in the right direction. It will help us get our fiscal house in order and avoid the pain we would face without a budget agreement.

THE NEED FOR DEFICIT REDUCTION

The Federal budget deficit is our most pressing economic problem; it must come down. With the economy on the brink of recession, deficit reduction is urgently needed to allow lower interest rates to restore health to the economy. For the longer term, deficit reduction is the only sure and proven way for the Federal Government to increase national savings and thereby strengthen investment and productivity. The deficit is choking the economy, gobbling up most of our national savings, and forcing us to rely on foreign capital. The heavy competition for limited funds drives up interest rates. The deficit also keeps us from addressing important domestic needs. It has led to game-playing with the budget process and cost us dearly in terms of public trust. Failure to solve the deficit problem would lead to lower standard of living in the long run and reduced American influence in the world. It is more important now than ever to get the deficit down to stop the erosion of the economy. No one can believe that this country should allow $300 billion deficits to continue.

While cutting back popular spending programs and raising taxes is not a pleasant thing to do, this package generally goes after the obvious targets. On the spending side, the package recognizes that the Soviet threat has lessened and that Medicare costs—expected to double over the next 5 years—need to be restrained. Although the excise tax increases are controversial, higher prices for cigarettes and alcohol may discourage younger Americans from smoking and drinking, and the gasoline tax will encourage conservation. The crisis in the gulf makes it painfully evident that America still consumes too much foreign oil. The package removes Social Security from the budget and avoids any cost-of-living-adjustment freezes or taxes on Social Security benefits.

MAIN REASONS FOR SUPPORTING THE PACKAGE

Although I disagree with many aspects of the package, I am voting for it for several reasons. First, and most importantly, the alternative is fiscal chaos. If we fail to pass the package, the Gramm-Rudman deficit reduction law will trigger large, automatic, across-the-board spending cuts, shutting down large parts of the Government and curtailing all kinds of essential services, from meat inspection to mail delivery to air traffic control. While the budget agreement reduces the 1991 deficit by $40 billion, the Gramm-Rudman cuts would wring out more than $100 billion. Cuts that large would be disastrous for the economy, almost certainly pushing the economy into a recession. Failure to pass the package would produce adverse reactions in the financial markets that would undercut an economy already weakened by the shock of increased oil prices and problems in the financial system.

Second, on the whole it is a credible deficit reduction effort. Over the past decade, we have lost the public trust as budget plan after budget plan proved to be a charade. With a few exceptions, this agreement relies on concrete steps that we will take now, not accounting gimmicks or vague plans for the future. The package contains new enforcement mechanisms that will ensure that most of the savings will materialize and grow in the coming years.

Third, the package should allow a drop in interest rates which will help bolster economic growth in the economy. The Federal Reserve Chairman has said that he will move to reduce interest rates if a credible budget package is enacted. That will help to offset some of the effects of tax increases and spending cuts; in particular, homeowners with adjustable rate mortgages and those buying homes will benefit. It will also increase business investment and productivity, and lengthen our Nation's current short-term planning horizon. Greater investment and spending on big-ticket items will help to cushion the current economic downturn.

Fourth, the size and the timing of the projected deficit reduction is about right. The package has a little of this and a little of that—a mix of excise taxes, user fees, limits on income tax deductibility, and cuts in defense spending and entitlements. I believe that the $40 billion reduction for next year is a reasonable target. Any less and the budget deal would lack credibility; any more and it might slow an already sluggish economy. Because the deficit reduction is real, the savings will grow, taking a larger bite out of the deficit a few years down the road.

DRAWBACKS OF THE PACKAGE

The package is certainly not my ideal budget plan.

Too much of the burden will be shouldered by the middle class, in excise taxes and user fees. The Medicare cuts are deeper than I would prefer, and could be a burden on low- and moderate-income persons. The package does increase the tax burden on the wealthy—through limiting their itemized deductions, taxing their luxury items, and raising the cap on their Medicare payroll taxes. Yet the overall results of the package is that low- and moderate-income taxpayers will be hit harder than most well off. My preference would be to place more of the burden on those most able to bear it. But these issues are not decided forever, and should be revisited.

The long-run economic assumptions underlying the package are still too optimistic. The deficit reduction is real, but the underlying deficit is much larger than indicated, and so the result will be higher deficits than predicted. Further substantial deficit reduction may be needed down the road.

OVERALL NEED FOR THE PACKAGE

Despite its drawbacks, the package addresses the very serious problem of our budget deficit. It is a major, long-overdue shift toward responsible fiscal policy.

The key question is: What do you get if this package is not enacted? What do you put in its place? For years we have been stalemated because each Member wanted a lower deficit and had his own unique program to achieve it. But this is not a question of this package versus some personal preference; it is this package or nothing. The package gives us a way out of a problem that has almost immobilized the Government for a decade.

This package is a result of divided government. It is a reflection of the election returns. With nobody totally in charge of the Government, nobody can get entirely what he or she wants. The President did not get his cut in capital gains tax and the congressional leadership was not able to raise income tax rates for families making more than $200,000.

It is easy to pick apart this agreement. But the political fact is that no other workable package can be put together and enacted into law. A "no" vote on this package means that the economy falters, the Federal Government stops, the markets fall, the defict explodes, and the economy slips out of control.

This package is better than nothing, and better than any feasible alternative. The President and the congressional leadership have achieved a necessary and difficult compromise. But this is not the way to govern. The package had no study, no hearings, and was drafted by a handful of closeted officials. It should reduce the deficit, but it does not elevate our respect for the way our Government works.

Mr. TRAXLER. Mr. Speaker, today is the first in a series of votes to reduce the budget deficit, a goal to which we are all committed.

While the media may report this vote as increasing taxes or cutting benefits, it does not. This package is only a guideline, and does not make specific changes in any program. Standing by itself this resolution does not change any law, impose any new tax, or cut any benefits. We will have more votes in the next 2 weeks on legislation implementing the specifics of the budget agreement, and I will have an opportunity at that time to support or oppose changes made in Federal programs. I am voting "yes" to keep the process moving. We must reduce the deficit.

Parts of this package I would not have written, nor do I support. Most especially, I am opposed to the Medicare reductions, the 2-week waiting period for unemployment benefits, and some other provisions proposed by the summit, and will work to see that they are substantially changed in the coming days. I am and will continue to be committed to deficit reduction.

Mr. DORGAN of North Dakota. Mr. Speaker, I am voting against this budget summit because it's wrong.

I know the President and the congressional leadership say it's the best we can get, but it's wrong.

It allows too much defense spending and lets the rich off the hook on their tax obligation. It once again soaks the middle class with an unfair tax burden while it imposes cuts that are too deep in Medicare and far out of line in agriculture.

The level of defense spending in the summit agreement is close to $40 billion above the level already agreed to by a vote in the U.S. House.

The cuts in the agriculture account represent the largest percentage cuts by far in any of the spending areas. Agriculture, which is six-tenths of 1 percent of the budget, will receive 11 percent of the cuts. Stated another way, 24 percent of the money for agriculture support programs will be taken away during the 5-year period.

Because the President refused to go along with a tax increase on the upper income people, the richest of the rich nearly get a free ride under this plan.

The $60 billion cut in Medicare is going to impose a serious hardship on many low-income senior citizens.

Mr. Speaker, there's a better way to construct a plan to reduce the deficit. My colleague DAVE OBEY, I and others have introduced today a plan that cuts slightly more in spending, increases slightly less in new taxes, but results in a lower deficit.

We do it in a substantially different manner than the budget summit. We cut defense spending back where it ought to be. We reduce the Medicare cuts to one-half of what the summit agreement provides. We reduce the agriculture cuts, and we ask the rich to pay their fair share of taxes.

The question isn't whether we have to administer the medicine to reduce the deficit. The question is what kind of medicine do we administer?

There's a right way and a wrong way to do this job, and those whom I represent here in Congress expect me to be supporting policies that represent the right way to reduce the deficit. That is why I cast a "no" vote on this budget resolution tonight.

Mr. STOKES. Mr. Speaker, I rise to voice my opposition to the measure we have before us. Although I strongly believe that the massive Federal deficit is one of the greatest threats to our economy and must be one of our highest priorities, this budget resolution, which reflects the plan drafted by the summit participants is a slap in the face to the majority of Americans.

By depending heavily on increasing excise taxes and reducing entitlement programs such as Medicare, the agreement places a disproportionate share of the deficit reduction effort on the shoulders of low- and middle-income Americans and the elderly. I cannot support a plan that provides tax breaks for the rich at the expense of low- and middle-income workers. Under this plan, those who can least afford it—low- and middle-income Americans, the elderly, the unemployed—must shoulder the burden.

I am particularly concerned about the effect implementing the budget summit agreement would have on our senior citizens and the disable Americans who depend on Medicare for their health care needs. The summitcers agreed to cut over $60 billion from the Medicare Program over 5 years, and this would result in a $4.85 billion cut in the program this fiscal year. This would have the effect of drastically reducing services for Medicare patients. In addition, this most vulnerable sector of our population would see their Medicare deductible doubled, from $75 to $150. I find these provisions of the agreement especially odious.

Also troubling is the plan's reliance on reducing the deficit by increasing excise taxes. This contradicts the efforts that Congress undertook in 1986 to make our Tax Code more progressive. Raising taxes on fuel and home heating oil will disproportionately impact those who are in the lower economic brackets, the very people who suffered most during the last 10 years of Republican leadership in the executive branch.

According to the Congressional Budget Office, the poorest 20 percent of American families spent 6.9 percent of after-tax income on gasoline, 3.7 percent on alcohol, and 4 percent on tobacco while people with income averaging $38,000 spent 2.9 percent on gasoline, 2.2 percent on alcohol, and 1.1 percent on tobacco. This means that the tax increases will hit harder on the poor since they spend a large portion of their income on the goods affected by the tax increases.

I find reprehensible the provisions which would prohibit States from providing benefits to the unemployed during the first 2 weeks of job separation. Forty-one States in our Union, including my home State of Ohio, now provide benefits to those who have lost their jobs after the first week of unemployment. Attempting to reap $4.6 billion from the unemployed is perhaps the ultimate indignity heaped on the poor and disadvantaged by this ill-conceived and unfair budget reduction agreement.

As a Member of the House Appropriations Committee, I am very concerned about the agreement on domestic discretionary spending, which would be limited to spending at the baseline level for each year during the fiscal year 1991 through fiscal year 1993 period. This would result in a level just sufficient to keep pace with inflation. At the time the agreement was announced, the House of Representatives had already passed 10 appropriations bills this year. The capping provision flies in the face of priorities already established in these bills.

This cap has severe ramifications for education programs for the disadvantaged, which the Appropriations Committee regarded as high priorities items in the Labor-HHS-Education bill for fiscal year 1991. At the same time, we recommended increases for these programs, the summiteers are suggesting that we cut $2 billion from the Guaranteed Student Loan program. The cuts, as proposed by the agreement, will result in fewer students from low- and middle-income families being able to pursue higher education and the possible closing of several historically black colleges and universities.

Contrary to previous actions taken by this House, the summit participants protected defense spending. They agreed to spend $289.1 billion for defense in fiscal year 1991. This is $6.2 billion more than the levels provided for in the recent House-passed defense authorization bill and about $200 million more than the Senate version of the bill. By reprioritizing defense, a small group of men have overturned the work of the entire Congress.

Ironically, the rich escaped unscathed. Those with incomes above $200,000 would only see their taxes increased by 0.3 percent, while those with incomes between $20,000 and $50,000 will have their taxes increased by 3.0 percent to 3.3 percent. In addition, the higher income earners will also see tax breaks from investments in small companies, and research and development. Those with the highest incomes are not being asked to share the burden of deficit reduction.

There is no question that the Nation sorely needs a deficit reduction package. The Federal deficit is one of the most serious issues confronting our Nation. However, the solution to our deficit problem must be a fair one. We cannot ask those who can least affort it to pay for the majority of the reduction effort. We must ask those who have done so well for the past 10 years under the Reagan and Bush administrations to pay their fair share of the cost. The budget accord presented to us does not do this and I will not support it.

Mr. Speaker, the vote that I will cast today, in opposition to this budget resolution, will be my first opportunity to participate in the decision-making process regarding a matter that touches the lives of all Americans. Until this moment, the negotiations on this matter have been conducted by a small group of our membership, away from public scrutiny and without the benefit of input from their colleagues, who are other duly elected Representatives. I do not believe that the decisions that were made during the budget summit have the support of the majority of this body. I will vote my conscience and urge my colleagues to do the same.

Mr. PURSELL. Mr. Speaker, Washington again has focused its attention on the Federal budget, with an eye toward a $500-billion, 5-year budget agreement. Worked out between the President and congressional leaders, the agreement has been presented as the fix to our continuing deficit spending problem.

While the numbers in the agreement—if adhered to—could bring about a zero deficit, I remain concerned about the underlying process.

With our national debt now topping $3 trillion, this habit of deficit spending didn't happen overnight. The last fiscal year in which there was a budget surplus, rather than a budget deficit, was 1969.

In 1974 a new budget process was adopted. The law created new committees and a new arm of the legislature—the Congressional Budget Office—to provide fiscal and economic information in both houses.

But the new procedures did little to persuade Congress to balance the budget and reduce the indebtedness.

During all but one fiscal year since 1960, our Federal Government has operated with a budget deficit of varying degrees—averaging about 1 percent of gross national product [GNP] in the 1960's to about 2.5 percent in the 1970's. In fiscal 1982, the deficit broke the $100 billion mark, and just 1 year later it broke the $200 billion mark—representing a record 6.3 percent of GNP.

Clearly, the growth of Federal spending has outpaced inflation, signaling a continued trend of expansion in Government and Government programs.

It was in recognition of that trend that I introduced legislation in 1981—H.R. 3282—to spread the Kemp-Roth tax cut over 5 years rather than 3. Fear that Congress would be unable to control its insatiable appetite for spending was well founded—spending continued to grow, and record deficits were encountered in the years after the Kemp-Roth tax cut.

But beyond the appetite for spending has been Congress' inability to adhere to the budget process.

Not since fiscal 1977 have all 13 of the individual appropriation bills been enacted before the beginning of the new fiscal year. Instead of living up to its responsibility, Congress has grown dependent on a legislative device known as the continuing resolution—the "wrap it all into one catchall spending bill approach."

During the last 10 fiscal years, Congress has grown so dependent on the continuing resolution that in fiscal 1987 none of the individual appropriation bills were completed.

Deadlines continue to be missed this year—the President's budget was 3 weeks late, the budget resolution was not approved by Congress prior to the start of the new fiscal year, and as of October 1 the House and Senate had failed to send any of the appropriation bills to the President.

This all-or-nothing approach to Federal spending is unfair to the administration, unfair to those Members of Congress interested in fiscal responsibility, and most importantly, it is unfair to those who pay the bills—the American taxpayer.

The Constitution guarantees the President the opportunity to sign or veto individual appropriation bills as part of the checks and balances system. The threat of a Presidential veto could provide greater discipline to the process. President Bush effectively used the veto last year to remove an unacceptable section of the District of Columbia appropriations bill. President Ford effectively used the veto to express his objections to legislation that he believed was too costly.

Likewise, the President should exercise the veto when Congress sends a spending bill to the White House which exceeds the bounds of fiscal responsibility. But this becomes difficutl when deadlines are missed and a potential veto of an all-or-nothing continuing resolution means shutdown of the Federal Government.

For too many years, congressional leaders have thumbed their noses at the constitutional and statutory responsibility to complete all appropriations by October 1. And there is no excuse for this complete breakdown in discipline.

In 1985, I chaired a group of 40 Republican Members of Congress who authored a full budget plan. Introduced on time, our budget plan—called a Blueprint for Balance—proved that the process can be followed.

Working side by side with the Congressional Budget Office, our plan contained $51 billion of verifiable savings in the first year alone—achieved through a spending freeze, and without an increase in taxes. Our plan for deficit reduction operated from the premise that while the freeze held spending relatively constant, revenues would continue to increase due to the ongoing economic expansion—thus closing the deficit gap.

Ironically, had our plan been adopted, we would have arrived at a zero deficit during this current fiscal year 1991.

Since the introduction of our budget in 1985, Congress has attempted to stem the deficit accumulation through the Gramm-Rudman-Hollings [GRH] law. Originally targeted for a zero deficit by fiscal 1991, the dates in GRH have slipped to the point where the current budget agreement calls for a zero deficit by 1995.

GRH has been an honest attempt to establish deadlines and restore fiscal responsibility—but it hasn't worked. GRH has failed to restore the budget process to what it was and what it should be: A legislative give-and-take whereby Federal spending is allocated to specific programs based on realistic estimates of expected revenue.

As noble as the GRH effort has been, and as noble as the current budget summit agreement is, both are temporary fixes. It's comparable to using a spare tire while you wait to get the permanent tire fixed. Just as a mechanic would remove the nail causing the flat, Congress must act to plug the hole which threatens to deflate our economy.

The budget process now is so complex that few people understand the details. It is so time consuming that schedules and deadlines seldom are met—thus encouraging the practice of the continuing resolution and diminishing the power and option of a Presidential veto.

The system itself also is dishonest. Deficits can be reduced using accounting gimmicks and the seriousness of the problem constantly has been understated by overly optimistic economic assumptions.

Beyond the numbers in any budget agreement, an equally important ingredient must be enforcement of the timetables and deadlines in our existing laws. Individually approved spending bills, open to Presidential veto, are as important as the figures they contain. The use of checks and balances must be restored. And this ingredient, unlike negotiated spending and revenue figures, only can be assured by Congress. It's time we agreed to restore credibility to the budget process.

Mr. YOUNG of Florida. Mr. Speaker, I reluctantly rise to support this budget resolution.

I do so not because I am convinced it is the best possible budget agreement we can reach, but because we must keep the budget process moving forward. Otherwise, our Nation will suffer catastrophic across the board cuts to bring the 1991 budget deficit into line with the demands of current law.

It is important for all Americans to understand what it is we are voting on this evening. This is simply a document that broadly outlines the budget targets for the 1991 deficit, the total 1991 outlays, and the total 1991 revenues. This legislation also provides direction to each of the committees in Congress on budget targets they must meet to bring the entire package into line with the budget agreement.

This legislation does not implement any of the recommendations of the budget agreement. That omnibus legislation will follow in a week to 10 days after each of the committees meet to draft legislation to comply with their budget targets.

I have suggested to the House leadership and to President Bush that these committees be given wide latitude in meeting their targets. They are the committees with expertise in their various areas and will know better than the budget negotiators the impact of certain recommendations. They may even be able to better determine how to achieve savings with less of an impact on their respective program areas.

For instance, the Ways and Means Committee, which has jurisdiction over the Medicare program, already has expressed the same concerns I have raised about the proposed Medicare reductions and is in the process of developing other proposals that would lessen the burden on beneficiaries, especially those least able to afford increased monthly premiums or deductibles.

The action we are taking tonight makes it possible for the budget process to move forward for consideration by the committees. The package that emerges from the deliberations by the committees will be the actual implementing legislation. That will determine where the budget reductions and revenue increases will occur and that will be where the real deficit reduction vote is cast.

Voting to defeat this resolution tonight is a vote to stop the budget process in its tracks and leave the Federal Government with no other choice but to endure automatic across the board cuts in all areas and virtually every program. Not only would this negatively impact those who benefit from vital Federal services but it could possibly send our nation into the throws of recession, drive up inflation, and raise interest rates.

The budget process is a disaster and for confirmation one only has to look back on the steps that led us to this vote. The Congress once again has failed to meet its fiscal responsibilities. As a body, we have taken no positive steps to solve our budget deficit. Instead, the responsibility was shifted to a private room at an Air Force base 30 miles from here where a small group of Congressmen and Senators met with a handful of administration officials to reach a budget agreement that will affect every American household.

The process undercut the entire premise of our Constitution. There was no representation of the views of the public. There were no hearings on which to base these decisions. There was not even so much as a request for input from the 535 Congressmen and Senators who were outside the room.

The budget process is broken and it is beyond repair. It is full of gimmickry and allows those, elected by the people, to skirt the tough votes they are elected to cast. The current budget process is in such disrepair that I believe it may even violate the Constitution by allowing secret meetings by a small group outside of our Nation's Capitol to make the budgetary and financial decisions that are clearly to be made by the elected representatives of all the people.

There, however, is no time tonight, this week, or even in the remainder of this year to fix the process. That must be, and the people should demand that it be, the first and foremost responsibility of the 102d Congress when it convenes next year.

The job before us tonight is to do what is right for our Nation as a whole. In this case, that means taking action on this budget resolution to move the process onto the next step. Failing to do otherwise could result in catastrophic consequences that are unacceptable and would throw our Nation into economic turmoil.

Mr. Speaker, with great trepidation, I will vote to support this resolution tonight but I reserve the right to withhold judgment on the legislation that will come before the House later this month to implement this resolution. With the proper deliberations and the input of the entire Congress, the committees may be able to alleviate many of my concerns about Medicare cuts, veterans programs, and questionnable revenue increases.

The Congress once again has failed the American people by not living up to our financial responsibilities. Our failure, however, cannot be allowed to wreak havoc on the entire economy of the United States. Instead, it demands that we make a difficult decision tonight and another in a few days. It also demands that we make many tough decisions in the months ahead to eliminate the mockery that is the congressional budget process. The American people expect and deserve better.

Mr. Speaker, this is the people's House. But the process we experience here has excluded the people and most of their elected representatives.

Mr. SYNAR. Mr. Speaker, today I rise in opposition to House Conference Resolution 310, the summit agreement budget resolution. This decision has been made after careful consideration of the terms of the agreement. Once again we are up against a deadline and the urgency of approving a budget is without doubt. Urgency, however, can not under any circumstances replace fairness and this agreement is simply not fair.

I respect the work of the budget negotiators and I recognize the extreme difficulty of devising an agreement. I did not anticipate an agreement that satisfied everyone, because I knew that everyone would have to sacrifice. But I did expect an agreement that spread the burden among all income groups in an even-handed manner. Despite assertions to the contrary, this agreement is not fashioned in that manner. It is clearly not fair to my Oklahoma constituents.

Today's budget crisis is the result of ten years of the misguided policies of the Reagan Presidency. The enormous defense spending increases and accompanying tax cuts cost the Treasury billions in lost revenues. For ten years Congress had to go along with budgets that built up defense to a point at which there was a real increase of over 45 percent in defense dollars. Contrary to popular belief, domestic spending both for human needs and the infrastructure of the country fell drastically. Spending for energy programs fell approximately 81 percent, education funding fell 16 percent, community and regional development fell 58 percent.

Spending for the elderly and disabled did grow during this same period but the growth did not occur because of increases in benefits. Instead, the growth was a result of an increase in the number of elderly Americans and the unbelievable rise in health care costs. By the end of the 1980's there were approximately 20 percent elderly Americans than at the beginning. During this same period health care costs rose approximately 91 percent. While programs for those in poverty grew slightly in real dollars, this did not compensate for the fact that the number of those considered poor grew.

For the past 10 years we have seen tax cuts disproportionately benefitting the rich and higher income Americans. Income growth for working Americans increased only slightly, in fact, for median income families, it decreased. Yet at the same time, 86 percent of the rise in income went to the wealthiest 20 percent.

The agreement once again asks working Americans to bear a greater burden to now reduce the deficit. Working Americans have not been part of those "good times." It is blatantly unfair to ask them now to pay for those good times enjoyed by others.

Earlier this year the House passed a budget which I supported that called for cuts of under $2 billion in the Medicare program in 1 year. There was a recognition that an effort had to be made to get the program under control and to address its increasing growth. Many attacked those cuts as harsh. If those cuts were harsh, what can $60 billion in cuts over 5 years possibly be called?

There is no attempt in the agreement to address the true problems of health care costs. Instead the costs of Medicare are simply shifted to the program beneficiaries. While there may be some who can certainly afford to pick up these costs, the summit agreement does not reflect reality. By 1995, the Aging Committee estimates that the Medicare part B premiums will equal one month's social security check. This is no way to make long-term policy.

The summit agreement contains not only cuts and revenues but policy agreements that come close to further reducing a need for Members of Congress to perform their most essential function. I have fought for years against budget procedures such as Gramm-Rudman-Hollings that remove responsibility for voting and decision making. This 5-year agreement continues that practice and removes us as Members further from the budget process. More importantly, it also diminishes the input of citizens in the process.

As a populist Democrat, I can not review the facts and figures from the past 10 years and say that the burden under the summit agreement is being borne equally by all Americans. Voting against the summit agreement is bound to draw criticism but I can not vote for an agreement because everyone says its the "best" we will get and another agreement is not possible. I am confident and optimistic that a fair budget agreement that reduces the deficit and stimulates economic growth can be devised. I know there are alternatives and I know they are better.

Mrs. COLLINS. Mr. Senator, I rise in opposition to the budget agreement.

The bills of the past decade are coming due and payment is being extracted from those least able to pay, while those most able to contribute escape virtually unscathed. Because of the policies of the 1980's, the wealthy gained the most while the poor, the elderly, children and the needy suffered the most. With this agreement, that trend continues. We suffered through the last decade and endured the slash and burn policy toward social spending, hoping upon hope that the kinder, gentler, nation that President Bush envisioned would see a return to fairness in budget priorities.

I have a large number of elderly and elderly poor in my district. How in the world can I go home and tell them that I voted for a package that would cause them to pay more for Medicare insurance and lower the service they will receive if they become ill. This double-edged sword is unconscionable. Medicare and other entitlement programs are already suffering. How in the name of all that is decent can we even begin to consider even deeper cuts? So what if someone's $12,000 diamond or fur Christmas present will be taxed at a higher rate? We're talking about cutting medical benefits and raising premiums for medical care on a significant segment of our population who live off much less than $12,000 per year. In my state of Illinois, doctors, hospitals, and other providers are already struggling to continue adequate care. Many will certainly pull out of the program rather than face diminished reimbursements that leave them in debt.

It is not just the elderly or poor who will suffer under this document. The economy is slipping further and further into recession and as things worsen, more and more jobs will be lost. How can I tell those whose jobs are taken or threatened that they will have to wait for two additional weeks to get unemployment benefits? Where is the rent to come from for those 2 weeks? Where is the food to come from? This is not only inhumane, it is downright ridiculous.

And who will suffer most from an increase in the gasoline tax? Not the Rolls-Royce owner, but the Rolls-Royce chauffeur and others who are earning the minimum wage. A regressive, higher tax on gasoline is going to make it even more difficult for low-wage earners to get to their jobs. Why? Because those who have the luxury of an automobile will pay more in fuel expenses, and those who ride public transportation will likely see increases in fares. We fussed and fought in this body over raising the minimum wage and patted ourselves on the back grandly when we compromised on a few cents more. Now we stand here ready to stick it to the little guy again.

In addition to many seniors, I have a sizable middle-class population in my district that is also sick and tired of being squeezed every single time we enact a tax cut or deficit reduction proposal. There is nothing wrong with having trained yourself, worked hard, and earned some few comforts in life. An annual household income of $30,000 or $50,000 may sound like a lot, but you try raising a family of four, or Heaven forbid, sending a child to a $20,000 a year college on that income and see just how far it gets you. Every time this Nation looks to increase revenues, it looks to the poor and middle class. Under this budget document, those with incomes over $200,000 will see their taxes increased by a whopping three-tenths of 1 percent, while those with incomes between $20,000 and $50,000 will see their taxes raised between 3 and 3.3 percent. Where is the kindness? Where is the gentleness? Where is the fairness?

My colleagues, this budget agreement is worse than "voodoo" economics, this is the devil himself! I urge each and every one of you to put this document behind us and let's come up with a package that is fair and workable.

Mr. ATKINS. Mr. Speaker, it is with regret that I rise today in opposition to the summit agreement budget resolution. My regret comes not from opposing this particular package, which I consider to be unfair to middle-income families, the elderly and those on fixed incomes. It comes from being forced to decide between this package and no package at all. I strongly believe that the best tonic for our ailing economy is a strong deficit reduction package, and that the sequestration alternative will have absolutely diastrous effects on our economy. Furthermore, the Nation's Federal work force was never meant to bear the brunt for delays in enacting a budget.

However, I cannot support this measure because it continues the unfair fiscal policies of the last decade. These policies have shifted the tax burden to poor and middle-income families who work for a living, and away from wealthier families who receive more of their earnings from dividends and capital gains. The economic rationale was to encourage investment and growth, the benefits of which would trickle down to all sectors of the economy. But there is no evidence that this has ever happened. Instead, the evidence shows that the poorest fifth of American households have seen their income drop by 5 percent over the last decade, the middle fifth has seen a meager 3-percent gain, while the top fifth has experienced a whopping 33-percent gain.

Mr. Speaker, I've had enough of these policies. They've resulted in a threefold increase in our Federal debt and they've resulted in a shrinking middle class that is more hard pressed than at any other time in our history. Yet, when I look at this budget package before us today, what I see is a continuation of the failed policies of the 1980's.

It is only fair that those who prospered from a decade of fiscal policies designed to help the rich should pick up the tab now that the bill has finally come due. But that's clearly not the case when Medicare premiums for people on fixed incomes will increase 20 percent, while the rich get a slew of tax breaks worth $12 billion. It's also not the case in light of increased taxes on beer and wine, gasoline, airline tickets and petroleum products, all of which will be more onerous to middle and lower income families than they will to the very rich. According to estimates from the Joint Committee on Taxation, people with adjusted gross incomes of between $30,000 and $50,000 will see their taxes rise 2.9 percent, while those making over $200,000 will be subjected to only a 1.7-percent tax increase. That's just not fair.

This package will also cause a great deal of unfair damage to my home State of Massachusetts. Efforts by Representative SILVIO CONTE to exclude home heating oil from the tax on refined petroleum products were reversed at the last minute, and the resulting 2-cent-per-gallon tax will hurt our region of the country more than any other. Because of the Iraqi invasion of Kuwait, home heating oil prices have already skyrocketed, and State budget woes have necessitated a dramatic cut in State and local low-income home energy assistance programs. I don't see how low-income residents of the State are going to be able to heat their homes this winter with all of these circumstances working against them.

Meanwhile, the oil and gas industries will benefit from $3.5 billion in tax breaks for exploration and production incentives. I simply cannot fathom why, at a time when oil prices have doubled, we need to provide additional tax breaks for the oil industry.

Mr. Speaker, it is my sincere hope that we can reject this package and quickly pull together an alternative package that will require the rich to pay their fair share of the tax burden, yield further cuts in our defense budget, and remove the responsibility for cutting the deficit from the backs of the middle class and the elderly. While I completely agree with the urgent need to reduce our deficit, I cannot support a package that insulates the wealthy and shoves all of the costs on the people who have been forced to pay the price for Reaganomics—the middle class, the elderly and those who must survive on fixed incomes. Unfortunately, that would be the result of the package before us today, and that is why, as much as I would like to see our deficit reduced, I cannot give this package my support.

Mr. LOWERY of California. Mr. Speaker, this Nation's deficit is approaching $300 billion; our national debt has tripled since 1982 and we face increased dependency on foreign lenders to finance that debt; we have rising interst rates and an oncoming recession—all of which diminish our ability to compete internationally. Without action today, we stand to lose jobs, personal income, vital programs, and our credibility as the leading nation in the world.

The budget brought before us today is based on a compromise forged after weeks of intense negotiations between congressional leaders and the administration. While I believe Congress should have had the political will to make more substantial cuts in Federal spending, this package does provide for the largest deficit reduction agreement ever.

Unlike previous budgets, this one will cut $500 billion from the deficit over the next 5 years; the majority of these cuts are real and lasting. Implementation will result in reducing Federal spending from 23.4 percent of GNP in fiscal year 1991 to 18.2 percent in fiscal year 1995—this is a smaller percentage than any year since 1965. This agreement is mostly spending cuts—36 percent come from discretionary programs, 24 percent from mandatory programs and 13 percent from reductions in interest. Only 27 percent of the agreement involves revenue increases.

We are finally proposing enforcements that I believe will work. The pay-as-you-go system will ensure that planned deficit reduction occurs by requiring any expansions of entitlement and mandatory programs be offset in the same bill. Spending that violates these caps, or pay as you go violations will trigger automatic across-the-board offsets in the relevant categories.

While I would prefer to not see such deep defense cuts, I understand military programs must also contribute to reducing the budget deficit. Secretary Cheney has stated that he can manage these changes without damaging our ability to defend our interests in a dangerous world, and I trust his judgment.

And while I am not an advocate of increased taxes, I believe the package demonstrates equity and compromise. Clearly, an increase in excise taxes on beer and wine will impact many. However, to demonstrate a sense of fairness, it should be noted these excise taxes have not been increased since they were first instituted in 1951, while inflation has risen well over 400 percent.

I would like to take this opportunity to state my serious objections to the package's increase to the gas tax. My home State of California will be especially strained by this increase. As you may know, Californians had the fortitude to approve a 6-cent increase to their gas tax in June to raise revenues for transportation improvements. This additional increase will be a serious burden for my constituents.

The Medicare provisions will ask more from both providers and beneficiaries, but the cost of Medicare part B has quadrupled since 1980, and the program as a whole has become the fastest growing part of the Federal deficit. Contrary to some reports, Medicare is not being ravaged; the budget agreement requires participants to pay about $2.30 more a month next year in premiums than they would have paid. The deductible will rise from $75 to $150 over three years. The poor and near-poor will have many of these additional costs paid for them through Medicaid. Still, if the Energy and Commerce and Ways and Means Committees believe they have a more equitable approach, it should be considered.

Mr. Speaker, I don't like everything in this package. But, I know I don't like the alternatives. The compromise does not include provisions to raise income tax rates; social security benefits were not cut. COLA's—including Social Security, military, and Federal annuities—were not cut or delayed. We didn't see a reduction or elimination of the deduction of interest paid on home mortgages and, deductibility of State and local taxes was not capped.

Another alternative is sequestration of $85 billion, or 30 percent. If these cuts are put in place for the entire year we will find ourselves in total disarray. It would cause a breakdown of government—air safety, meat inspection, law enforcement, war on drugs, education, health, housing, veterans, research, and revenue collection. Its effect on the Department of Defense during Operation Desert Shield would be devastating.

All Federal employees will be furloughed for at least 2 days out of every 6. The San Ysidro Port of Entry at the United States/Mexican border near San Diego is the busiest border crossing in the world. Gramm-Rudman cuts in the personnel of the Customs Service and Immigration and Naturalization Service could mean dramatic reductions in the hours of operation and number of available vehicle inspection lanes. The delays resulting from these changes would have a domino effect damaging businesses, travel and trade in the San Diego area. It would damage our ability to intercept illegal drugs and aliens at the border. Related problems would grow tremendously. I have a responsibility to my constituents to insure that our Government can operate effectively and meet the needs of our citizens. Sequestration would cause catastrophic consequences to this nation.

While many of us are focusing on specific aspects of the bill that we don't like, a failure to pass this package will have a negative effect on an already tense international situation. Other nations are looking to the U.S. for leadership in a major international crisis; our failure to end this budget impasse will shake all nations' confidence in our political and economic strength and stability.

My colleagues need to remember that in a parliamentary system of government, the failure to accept a measure as vital as this budget agreement would result in the fall of the government and a dramatic loss of confidence at home and abroad. We cannot send this signal to our allies and trading partners when international unity is vitally needed to halt Iraq's economic and military aggression. My personal opposition to a gas tax, or concerns on the costs to medicare, must be tempered by the threat to our Nation if we do not take action on the budget immediately.

Mr. Speaker, we were elected to govern. There is much talk of incumbent advantages—here is an incumbent disadvantage. We have to stand up and be counted. Our votes go on the record. It would be easy to wash my hands, agree with those who might be inconvenienced and give my decisionmaking power over to chaos instead of order. I prefer to govern.

There is no winner or loser today—only equity and compromise. I believe we all have an opportunity to demonstrate each of our ability to put what is good for the country above what is good for ourselves.

Mr. HERGER. The Speaker, the congressional leadership claims that the budget summit agreement is fair; that it is a domestic version of burdern sharing. I ask my colleagues how it is fair to raise taxes on one industry by roughtly 700 percent.

This package victimizes the premium wine industry that is fundamental to the economy of the Napa Valley. This wasn't a budget summit, it was a tax summit.

This package does not simply increase the excise tax imposed on wine, it switches the method by which that tax is imposed. The budget summit agreement imposes a per bottle tax, something we have never seen before. This change has been instituted for one reason, and one reason only: to mask the true size of this huge tax hike.

The wine industry contributes $31 billion to our Nation's economy. It employs 490,000 people, to whom it pays $8 billion in wages. And already, the industry pays $2.5 billion in State and local taxes.

Economic models indicate that the summit proposal will decrease wine sales by 10 percent. In the October 2 Wall Street Journal, one wine merchant is quoted saying his retail sales will plummet 20 percent. This is disastrous. This vital industry could lose at least $3 billion in business activity and 50,000 jobs. Also, it will result in a loss of $300 million in revenue to State and local governments. We're robbing Peter to pay Paul.

In California, which is the largest of the 43 wine-producing States, we forsee the loss of nearly 20,000 jobs.

Mr. Speaker, I represent the Napa Valley. In the Napa Valley, we are proud of our premium wines, many of which are produced at independent, family-owned wineries. Almost 75 of those wineries are going to be subject to this outrageous tax. Many will not be able to absorb the blow. I heard from the properietor of one winery who said this package will force him to lay off 150 of his 400 employees. Another has informed me that this proposal will cut over 100,000 cases in sales next year. This is not a way to encourage economic growth.

This package is a bad deal for northern California and a bad deal for America. In an increasingly competitive international market, these new taxes will severely handicap California wine products. I strongly urge my colleagues to oppose it.

Mr. GALLO. Mr. Speaker, the United States stands tonight at a fiscal fork in the road. We have reached the point in our economic history where we must make hard and difficult choices about the road we will take. One thing is clear, however—we cannot continue along the road which has taken us to the brink of economic disaster, as embodied in our ever-growing and seemingly uncontrollable Federal deficit.

For nearly 6 months the leadership of the House has been engaged in a budget summit with the leadership of the other body and of the executive branch. Members of Congress have watched with frustration and impatience the long and tortuous summit process.

Earlier this week the budget summiteers placed before this House and the American people the fruits of their labor. This agreement gives us what is probably our only—and best—chance to make a real attack on the spending spree which has led us to this deficit. If we take the opportunity this moment presents the benefits will be immediately apparent—lower interest rates and a renewed confidence in our ability to put our fiscal house in order.

After waiting so long, I had hoped that the result would have had more to recommend its immediate and certain passage. This agreement is not one I would have crafted. The cuts in Medicare are excessive and I believe that we could have lessened the impact of new taxes if the agreement had been able to do more in cutting excessive domestic spending. In the coming weeks I will be working hard to try to make changes in the final package which reflect these beliefs.

It would be easy to pick apart this budget, to find things in it that I do not like. As a member of the New Jersey delegation I am particularly sensitive to any discussion of tax increases. The people of New Jersey have been understandably and justifiably upset with tax policies in New Jersey this year.

But I hasten to add that not all taxes—and not all tax increases—are alike. The most important difference between this agreement and the situation in New Jersey is this—the agreement is a reasonable solution to a very real problem. It is not a piece of social engineering hiding behind a so-called budget crisis.

Let's look at what this budget agreement will cost the average New Jersey citizen in the next year. The tax on gasoline will cost the average citizen of New Jersey $33.58 a year. It will cost the homeowner who heats his home with oil an additional $12.54 a year. A New Jersey one-pack-a-day smoker will have to pay an additional $29.20 a year. A six pack of beer will go up 16 cents; a bottle of wine will go up 22 cents.

Even though these increases are relatively small, I do not dismiss them as insignificant. But I believe they are a small price to pay for getting our Nation's financial house back in order.

The Medicare provisions will cost our seniors $8 a month in increased premiums. I believe that this part of the plan should be modified. But even if the proposed hike remains, the Federal Government will still be paying fully 70 percent of the cost of Medicare coverage. And the good news is that our seniors' social security is untouched and they will receive their scheduled cost of living adjustment, as will Federal retirees and our veterans. I am, however, disturbed by the change in Federal employees' lump-sum retirement option and I will work for changes in that as well.

As we add up the cost of this package we must not ignore the cost if we fail to act. Failure to enact this budget resolution would result in a massive, dislocating, and painful sequester. Across the board cuts of $85 billion on just a third of the budget would wreak havoc on our Government and on our Nation. A sequester could very well bring our already shaky economy to a screeching halt.

It's not just that a sequester would cut defense spending, although it would, by more than 30 percent. But what about the tens of thousands of brave young Americans who are risking all in response to their nation's call? Do we tell them that partisan political bickering is more important than their mission.

It's not just that some Federal employees would be furloughed, although they would be. But what about the seniors who won't be able to be helped at a closed Social Security office, or those in veterans hospitals whose care would be compromised?

It's not just that air traffic control would be disrupted, although it would be. But what about the people whose living depends on their being able to fly as a part of their work?

It's not just that inspection of meats would come to a halt, although it would. But what about the jobs of those in that industry, and in the supermarket industry and the restaurant industry who would also be affected if we had a meat shortage?

There are a whole host of similar disruptions which would occur under the terms of a sequester, and the scenario is not a pretty one no matter how you put it.

The specter of sequester is too awful to even toy with at this stage in the budget process. I would rather vote for an imperfect agreement than risk the perfect disaster of a sequester.

I am not willing to abdicate my responsibility as a Member of Congress, a political leader, a representative of my constituents by opposing this agreement. I was sent to the Congress to help solve the Nation's problems—not make them worse.

I fully recognize that this is a difficult vote for many of my colleagues—it was for me as well. I respect my colleagues for their decision as I expect they will me for mine.

I have spent nearly half of my life in public service, seeking always to do what I believe is right for the people who honor me by choosing me as their representative. I know the people I represent and I know that when they are through looking at this agreement—and at the alternatives—they will find that the price this agreement demands of us is manageable and should be paid.

Mr. JOHNSON of South Dakota. Mr. Speaker, I rise in opposition to the budget resolution that is the product of the bipartisan budget summit. Despite my opposition, I do want to commend Speaker FOLEY, Republican leader MICHEL, President Bush, and all the other members of the budget summit for what I know was an exceedingly difficult exercise. While I cannot support the contents of the budget agreement, I know that it was put together in good faith as an effort to make the necessary meaningful and enforceable cuts in our massive Federal budget deficit.

Mr. Speaker, my South Dakota constituents do not shirk their responsibility to play a role in reducing our Federal budget deficit. In our part of the country, we recognize that there is no free lunch and that our bills must be paid. The current practice of simply charging the expenses of running our Government onto future generations while simultaneously driving up interest rates, fostering foreign takeovers of key industries, and shifting wealth from the middle class to the world's wealthy must come to a stop, and it must stop now.

Deficit reduction, yes. This particular plan, no. A nation's priorities, it values are reflected in its budget in a stark way. After the rhetoric clears, it is the budget which really tells us where our priorities lie. I don't expect, and my South Dakota constituents don't expect a budget plan which we regard as perfect—we know that this is a diverse Nation and that significant budget progress requires compromise and give and take.

But Mr. Speaker, this plan calls for more defense spending than either the House or Senate have previously approved, and takes nothing from foreign aid, while shifting more expenses onto the low-income elderly and increasing taxes on the middle-class and working people. The trickle-down philosophy of the Reagan 1980's is continued in this plan—the notion that if the wealthy can just be made wealthier, the rest of Americans may get some trickle-down benefits. We've had enough of that in this Nation over the past decade.

This deficit reduction plan is in a major way built on huge reductions in agricultural spending, gasoline tax increases, and reductions in Medicare—together they constitute a particularly tough blow to a low-income, rural, agricultural State with a high proportion of low-income elderly. Already, the top 1 percent of American income earners—with average incomes over $549,000—enjoy an average tax cut of $82,000 per year over what they they would have paid in the 1970's. Meanwhile, the typical middle-income family of four, earning $31,000 pays $409 more in taxes. This agreement continues that regressive trend by providing tax shelters for the rich but tax burdens for the middle class.

I appreciate that the alternative to this budget agreement is not the status quo—the alternative is not to do nothing and avoid all pain. But Mr. Speaker, despite the President's firm resistance to any proposal which would require the wealthy to make a fairer contribution to the Nation's budget crisis, I believe that we can come up with an alternative which creates greater tax fairness and spreads the pain of budget cuts in a much broader, more equitable way. I particularly comment Representative DORGAN and Representative OBEY for their innovative and far more progressive budget deficit-reduction plan which has been distributed among the Members. I do not believe that the brutal cuts imposed by Gramm-Rudman are our only alternative—a progressive, fair budgat agreement is possible if only this body will demonstrate bipartisan political will.

Mr. LAGOMARSINO. Mr. Speaker, I must rise in opposition to the budget summit agreement. It pains to be unable to agree with the President, but I cannot support a budget resolution that raises taxes next year while further postponing cuts in domestic discretionary spending for 3 more years. I cannot support a budget that is based on unrealistic economic assumptions. I cannot support a budget that puts the burden of the national Federal deficit on the shoulders of a few selected groups of American consumers and the elderly.

I have been hearing the argument that I should support the budget summit agreement because "we must reduce the Federal deficit." Many Members are exclaiming that "we have to do something about the Federal budget deficit."

I have been trying to do something about the Federal budget deficit since I came to Congress 16 years ago. The need to reduce the deficit is nothing new. The fact that some Members have waited until now to warn the American people about our country's budget crisis certainly helps to explain how the problem got out of hand in the first place.

I think that Members who are concerned about reducing the deficit can start by repealing the 33-percent pay raise that passed Congress last year. How can Congress accept such an obscene pay increase and then call for extra taxes on American taxpayers? Any budget legislation aimed at reducing the Federal deficit should include a repeal of the congressional payraise.

History has clearly proven that an increase in taxes will lead to an even greater increase in Government spending. In fact, since World War II, for every $1 increase in taxes, Government spending has increased over $1.50. Now we are being asked to support the second largest tax increase in our country's history, almost $134 billion, and we're supposed to believe that everything is going to be different this time?

Let's take a closer look at the budget summit agreement for a moment. According to the agreement, the increase in taxes and user fees will total over $18.5 billion in 1991 and Domestic discretionary spending will be reduced by zero dollars. In 1992, the increase in taxes alone will total $26.7 billion and domestic discretionary spending will be reduced by zero dollars. By 1993, taxes will have been increased by almost $70 billion, and domestic discretionary spending will be cut by zero dollars.

Meanwhile, of the $119 billion in reduced mandatory spending under the budget summit agreement, about $60 billion comes out of the Medicare Program. It is unfair that elderly Americans, representing about 12.5 percent of the population, are being asked to bear more than 50 percent of the burden of the Federal deficit.

I have long called for an honest Federal budget with honest cuts in Federal spending. Our Nation's financial structure cannot be built on a shaky foundation. The economic assumptions that form the foundation of the budget summit agreement are too unrealistic to support true deficit reduction. A barrel of oil today already costs 89 percent more than the price listed in the economic assumption for 1990. Further, how will the American economy boast a 3.8 percent and 4.1 percent increase in real GNP in 1992 and 1993 after shouldering a $70 billion increase in taxes? Contrary to what I have heard, I believe that the real threat of recession lies behind the enactment of this budget agreement.

I urge my colleagues to look closely and seriously at the budget summit agreement. We desperately need to reduce the Federal budget deficit, but we do not need to pass desperate legislation to achieve that goal.

Mr. WOLPE. Mr. Speaker, I rise in reluctant but nonetheless strong opposition to the budget summit agreement. I do so because the agreement simply is unfair.

It is unfair that low- and middle-income working people would bear the largest share of the new taxes which would be imposed. According to the Joint Tax Committee, the agreement would mean a tax increase of 7.6 percent for those making less than $10,000; 2.9 percent for those making between $30,000 and $50,000; and only 1.7 percent for those making over $200,000.

It is unfair that senior citizens would be subjected to billions of dollars in increased cost sharing in the Medicare Program. Under this agreement, Medicare premiums would increase from $343 to $651 by 1995. This huge increase would absorb 70 percent of Social Security cost-of-living adjustments during this period.

It is unfair that laid-off American workers would face a 2-week delay in receiving their first unemployment check. It is clear that the Nation is either in a recession right now or will enter one soon. We can expect the Nation's unemployment rate to climb in the months ahead. I vividly remember the human toll of the 1982 recession in Michigan. I find it incomprehensible that we would even consider adopting such a measure in today's economic climate.

And it is unfair that, in the midst of the pain of increased taxes and spending cuts, billions of dollars of new tax breaks would be created for wealthy Americans. For example, this package contains $12 billion in new so-called growth incentives. Four years ago we passed a tax-reform package that reduced tax rates by eliminating inefficient and unjustified tax shelters that allowed some wealthy Americans to avoid paying any taxes at all. I have seen no evidence to indicate that these new growth incentives will encourage anything but the growth of a new tax shelter industry which will once again help the wealthiest among us avoid paying their fair share of the Nation's taxes.

This package also contains $4 billion in new production incentives for the oil industry. It seems that the doubling of oil prices in recent months has not been enough to satisfy domestic oil producers. I strongly support Government investments to reduce our dangerous dependence upon imported oil. But such investments must be based upon a rational analysis of how we can displace imported oil in the most cost-effective mannner. This $4 billion expenditure has not undergone such an analysis. It isn't included in this package because it is good energy policy; it is included only because the President and Members of Congress from oil-producing States have insisted upon it. If we continue to make energy policy decisions this way, we will squander scarce resources without any appreciable increase in our Nation's energy security.

Mr. Speaker, it has been said that this package is the only alternative to sequestration. I don't believe that. There are other alternatives. For example, if we were to simply eliminate the two new tax breaks that have been proposed, we could reduce the impact of the Medicare cut on seniors by almost 50 percent and we could eliminate the 2-week waiting period for the unemployed. How can we justify inflicting such painful cuts on senior citizens and unemployed Americans for the sake of highly questionable new tax breaks which will only further enrich wealthy Americans and the oil industry?

One last point: 40 percent of today's defense expenditures—over $130 billion—are still directed toward defending Europe from a threat that clearly no longer exists. Isn't it about time that we ask our European allies to assume a greater share of the burden of their own defense? That would certainly help produce a much less painful and much more fair deficit reduction package.

The sad truth is that the budgetary crisis we face today is the consequence of 10 long years of fiscal irresponsibility that has resulted in an erosion of America's economic strength, a huge widening of the gap between the wealthiest one-fifth of our society and everyone else, and a loss of public confidence in the ability of our political leaders and institutions to put the interests of average citizens over those of the rich and powerful. This budget summit agreement will only reinforce all three of these disturbing trends. There is simply no way that I can vote for a package that is so blatantly unfair without breaking faith with the constituents who sent me to Congress. We can and must do better.

Mr. McCANDLESS. Mr. Speaker, I cannot and will not support this budget.

The people I am privileged to represent, the people of Riverside County, CA, consist largely of working families who must commute, and senior citizens. It would be difficult to write a budget that would hurt my constituents more than this one—with its 12-cents-a-gallon tax increase on gasoline, and its increases in the Medicare premium coupled with Medicare reductions.

There are six fundamental flaws in this budget:

First, it begins with the assumption that the deficit is so high because taxes are too low; second, it is technically flawed in its economic assumptions; third, it contains the largest first-year tax increase in American history; fourth, it creates the myth of spending reductions and reforms; fifth, there is no budget enforcement mechanism, and sixth, there are no budget process reforms.

I reject the assumption that we have a budget deficit because the American people are undertaxed. The average working American currently pays in excess of 40 cents of every dollar he or she earns in some form of taxation. The problem is that Congress has been unwilling to control Federal spending.

The economic assumptions which underlie the budget are completely unrealistic. The gross national product between 1990 and 1992 is projected—not to double, not to triple—but to increase by 543 percent. The budget assumes that the price of oil for the remainder of 1990 will be $21.15 a barrel. The current price is nearly $40 a barrel. The budget assumes that long-term interest rates will fall to 5.3 percent. That would be the lowest level since 1967. It's a nice goal, but it is not realistic.

The budget calls for a $134 billion tax hike over the next 5 years. Is a tax increase necessary? The answer is a resounding "No." It is estimated that, under current law and without enacting any new taxes, Federal revenues will grow by $400 billion over the next 5 years. If Congress held increases in spending to 4 percent per year, we could reduce the deficit and move toward a balanced budget without raising taxes. A tax increase, added to the $400 billion, will only allow Congress to spend more.

In 1991, the budget calls for zero dollars of budget reductions from domestic discretionary spending and foreign aid. In 1992, the budget calls for zero dollars in budget reductions from domestic discretionary spending and foreign aid. In 1993, the budget calls for zero dollars of budget reductions from domestic discretionary spending and foreign aid. In fact, the budget allows domestic discretionary spending and domestic entitlement spending to increase by an average of 6.5 percent. The spending increases in nondefense spending will total $724.6 billion over the next 5 years. That represents an $5.40 increase in spending for every new dollar of tax revenues.

There is no serious enforcement mechanism. New spending to deal with an emergency does not count in the new spending caps. Excessive spending due to faulty economic assumptions do not count against the caps. And the Gramm-Rudman balanced-budget law is weakened by allowing Congress to miss the mandated deficit-reduction targets by $15 billion. In technical terms, this has been dubbed "wiggle room." In real terms, it means that Congress will not be held accountable to abide by the budget.

And, there is no reform in the budget process. The current budget process was not and is not designed to control Federal spending. In fact, the current budget process was adopted in 1974 because President Nixon refused to spend some of the money that Congress had appropriated. I have long been an advocate of meaningful reforms in the budget process. Those reforms should include a balanced budget/tax-limitation amendment to the Constitution; a line-item veto for the President; a zero-based budget where every budget dollar is justified on an annual basis; the use of a 2-year budget cycle; the removal of Social Security from the unified Federal budget; and, an end to the use of continuing resolutions.

Those are the fundamental flaws of this budget, and there are many more.

Californians recently approved an increase in the State gasoline tax specifically for the purpose of building and improving roads. The crisis in the Persian Gulf has meant another increase in the price of gasoline. And now, this budget calls for an additional 12 cents—2 cents at the wholesale level and 10 cents at the pump—a gallon increase that my constituents will have to pay. In my congressional district, a car is not a luxury, it is a necessity. A tax on gasoline should be used to reduce gridlock, not for general revenues.

Senior citizens should not be singled out for a massive increase in the cost of their health care insurance. The monthly premium that seniors must pay Medicare would nearly double, going from $29 today to $54 in 1995.

The budget assumes that $64 billion will be saved by a reduction in interest rates that isn't going to happen.

The budget claims a $8.1 billion savings by eliminating the lumb-sum civil service retirement option. There are no savings here. All that is changed is the timing of the payoff. Total spending, over time, remains unchanged.

Nearly $36.5 billion of savings from entitlement programs come from either new revenues or budget gimmicks. Another $23.8 billion comes from unspecified savings, optimistically relying on Congressional committees to produce real savings.

Increasing taxes under Gramm-Rudman does not reduce the deficit, it allows spending to increase.

A 10-percent tax imposed by the budget on certain luxury items could easily be converted to a national sales tax simply by altering the definition of "luxury."

The budget prohibits any tax reductions unless they are offset with a dollar-for-dollar tax increase.

The budget calls for a $5.4 billion transfer from the Postal Service to the Treasury. The Postmaster General estimates that the price of a stamp will have be raised by 5 cents just to cover loss.

There is an alternative to this budget. It's called the 4-percent solution. It limits the increase in Federal spending to 4 percent a year; it established a mid-year Gramm-Rudman review to insure that the deficit is under control; it eliminates current services budgeting; and it requires that any new spending in one area be offset by a spending reduction in another. I would urge the House leadership to allow this proposal to be brought before the House of Representatives.

But the issue before us is the budget summit agreement. It is bad budget, and one that should and must be rejected. Therefore, I will vote "no," and would urge my colleagues to do likewise.

Mr. TANNER. Mr. Speaker, as I reviewed the provisions of the budget summit agreement, I found some that I find objectionable. However, in making up my mind, three facts stood out.

First, we as a nation have been on a course of deficit spending promising economic disaster for several decades, but our speed on that course has accelerated during the 1980's. The national debt has tripled in the last 10 years and, absent action now, it will increase by 10 percent again in fiscal year 1991. We are clearly confronting a fiscal crisis that threatens our very future.

Second, the Congress had only two choices before it to reduce the budget deficit: vote for this agreement or let automatic, indiscriminate cuts—called sequestration—cut Federal programs by $100 billion immediately. No other alternatives were available for consideration.

Finally, there are about 200,000 American soldiers, sailors, marines, and airmen deployed in the Persian Gulf area facing imminent danger. The indiscriminate cuts would have cut funding for defense alone by about $48 billion.

In drawing my conclusion, it was painfully obvious that:

First, action is desperately needed to begin to stem the flood of budget red ink that has accumulated;

Second, an agreement forged by honest, difficult negotiations between the bipartisan congressional leadership and the President was preferable, in present circumstances, to across the board cuts that would have decimated Federal programs across the board; and

Third, it would be irresponsible to allow across-the-board cuts to undermine the support that is vital to the success and, hopefully, the safe return of those military forces.

This is the first step in this process. Over the next 2 weeks, some of us in Congress will be working hard to improve this proposal. At the end of this process, for the sake of our economic health and in fairness to our children and grandchildren, we must have a deficit reduction package that is effective.

If this bipartisan agreement is the best we can achieve, we must join together as a nation willing and committed to the financial integrity of the United States of America.

Mr. RAHALL. Mr. Speaker, I rise in opposition to the budget resoultion.

I know that this resolution was arrived at by a very concerned, well-meaning, and dedicated group, who began their meetings well over 5 months ago.

I thank the leadership for their efforts. Frankly, with the past 2 years' worth of rhetoric singing in their ears— "read my lips, no new taxes,"—and then "give me a capital gains tax reduction or else," I am surprised they were able to agree to anything.

In representing my district, to me things are quite clear. Of the hundreds of calls my office received after the President's speech, not counting the telephone calls before his speech on the budget, only 10 percent have been from people asking me to support this budget resolution. Only 10 percent say "yes"; 90 percent say "no."

One constituent said: "Congressman, didn't we learn our lesson when we fell for Reaganomics? Do we have to fall for 'Bushonomics,' too?"

In May of this year, the President's budget was withdrawn from the House floor with no vote allowed on it.

It seemed there were new worrisome economic indicators on the horizon that the President had not seen before.

The indicators were called: savings and loan costs. The costs we were told would amount to only about $50 billion just a year ago, are now projected to cost $375 billion.

While Mr. Bush was repeating his famous "read my lips" chant about no new taxes, the people of this country had already begun to pay a very new tax—a tax on every man, woman, and child, to pay off the savings and loan losses that were caused by outright, criminal fraud in most cases.

The President had not even abdicated his "no new taxes" theme when he urged Congress to enact the savings and loan bailout bill last year. If those aren't new taxes I don't know what are. Last year, in the face of Presidential and congressional pressure to pass the savings and loan bailout, I voted "no." I will vote "no" on this budget today as well. It is much the same thing.

But while the President was calling a budget summit because of the unprecedented growth in the costs of the savings and loan scandal, he was also very firmly telling budget summit negotiators that:

If the new budget resolution doesn't contain a tax cut for the rich—called capital gains tax reductions—he would veto it.

And so we are here today making sure the rich get richer.

When the rich are sick. They buy the best medical care in the country.

When the rich get sick, they don't need Medicare.

West Virginia's low- and middle-income seniors do need Medicare.

When the rich get sick, they go to the hospital of their choice.

When the poor get sick, they may find their local hosptial has closed, due to reduced, insufficient Medicare payments.

Now, when Medicare gets cut by $60 billion, the middle-income seniors get dumped on, while the rich get well.

When the rich want to get from one place to another, they climb into their expensive cars, never giving the cost of gasoline a thought.

When the poor want to get from one point to another, they look at the gas pumps to see if the price of gasoline has gone up since they last looked—as early as yesterday.

Now when gasoline goes up, the rich don't notice, and the middle income get left at home, unable to do more than get to work and back every week on their budgets. Forget the family outing with the kids, or a trip to the doctor, or to the high school where a son or daughter may be making their debut in the school play, or setting records on the sporting field.

When winter comes and the air outside is frigid, the rich lounge in warm houses, or travel to warmer climates.

The middle income stay home and try to conserve their home heating oil by heating only one room, rather than the whole house. If you are among the elderly and can't heat your home due to high costs of home heating oil, you run the risk of death from hypothermia. Isn't any one listening?

Or maybe, if you are a senior citizen you have had to make a choice, and instead of eating, you are heating.

That is not the choice our senior citizens should be forced to make, and I will not be a party to any budget agreement that makes them choose between food, and home heat, or between heat and health care.

Later in the budget summit process, the President abandoned his "no new taxes" pledge, but he still did not abandon his absolute demand for a tax cut for the rich—capital gains tax reduction.

This demand, unrealistic as he knew it was, held up this budget making process for 2 months longer than necessary.

And still we get a budget that does absolutely no harm to the rich, and great harm to the poor.

Our West Virginians are not able to bear any more tax burdens. They are taxed to death now. We have paid more than our fair share for the budget-busting, bygone days of the Reagan, rich-get-richer revolution.

West Virginians can't afford to close any more hospitals. Four closed in my district alone last year.

Veterans can't afford to lose more services while their out-of-pocket expenses for health care increase. They should not be asked to do without health care, which they would not need had they not risked health and life in defense of this country.

The economic sanctions we are imposing on the American people in this budget are the moral equivalent of the economic sanctions we have imposed in the Persian Gulf.

We are blockading our own people, and cutting them off from a world where they ought to at least be assured of the bare necessities of life.

And I haven't even mentioned the deprivation America will suffer from not meeing its infrastructure, and other critical economic needs, long neglected here in this very room in the name of stockpiling nuclear weapons.

All I can think about right now are the human deprivations contained in this bill. They are so deep, so harmful, I find it tough to talk about roads, or airports, or education, of child care, or jobs training—all of which are severely threatened here, make no mistake about that.

What would I do instead?

I would revisit the rich, and burst that Tax Code bubble once and for all. Then I would increase from 28 percent to 35 percent the top rate on people earning over $200,000 a year.

That would earn me $60 billion which I would then take to Medicare recipients and say: Here. Now you won't have to have your doctor and hospital care cut by $60 billion. I found it for you.

Next I would go to the Department of State, and from its foyer I would demand the $15 billion that goes to foreign aid. And I would take it to the homeless, to law enforcement officers, to educators, to working poor families in need of child care, and I would say you don't have to sleep with your families in the harsh streets, or find yourself unable to protect communities against the scourge of drugs, or do without an education, or leave your children alone while you work. I found the money you need, without raising taxes.

And then I would visit the Defense Department. And I would first get at least $3.4 billion for the veterans who, after all, went to war and became veterans in defense of this country.

Then I would go back to the Pentagon and get a few more billion and I would give them to towns and cities and businesses, to schools, and hospitals, and roads and wastewater treatment plants. And I would take what is left and I would help any Social Security recipient who had ever received an overpayment, to repay what is owed.

Then I would take a couple more billion, perhaps $10 billion from star wars and Stealth bombers, and use it to cancel the gasoline tax increase, and the home heating fuel increase. Then I would tell the elderly, the poor and the near-poor. It's OK. You can heat, and eat, and get to work, and to school, and to church, and to doctor appointments. You can afford it now.

I would even try, once and for all, to put a stop to the endless, shocking use of threatened furloughs for the Federal workforce, by writing into any budget resolution some provision that prohibits Federal worker bashing, and lump-sum option bashing, and Federal health insurance premium bashing.

It's time to stop making our Federal work force the scapegoat for late budgets whose delay was actually caused by a recalcitrant President who insisted upon a capital gains tax reduction for the rich.

And lastly, I would stop beating up on the Postal Service, whose men and women help this country stay in business and stay in touch, enabling us to engage in commerce, to communicate, by delivering the single largest volume of mail in the history of civilization in record time against seemingly impossible odds. It's time to stop abusing them, stop threatening their ability to survive, and when they retire to reap the just rewards of their service to us all.

I repeat. There are other avenues to travel, other roads to take. Let us take them, Mr. Chairman. Let us defeat this resolution, and then let's pass a resolution that is fair—and by fair I mean to realize a peace dividend by raiding the defense coffers, by keeping our foreign aid funds here at home, and by making burden-sharing a mandate among the richest people in this Nation.

Mrs. KENNELLY. Mr. Speaker I rise in reluctant support of the budget summit agreement, House Concurrent Resolution 310.

I don't like the Medicare provisions, I don't like the 2-week waiting period for unemployment compensation, and I don't like the bill's lack of progressivity. I don't like it, but I am going to vote for it because the alternative—sequestration—is unacceptable.

Sequestration represents the failure of Government. And my constituents didn't send me to Washington to fail. My constituents sent me here to vote. So I am going to support this package, not because I like it, but to move the process along.

If we approve the conference report today, the committees can begin to rework parts of the package. We have been assured of this. Therefore, I am going to vote to give the committees, and especially my committee—the Ways and Means Committee, the opportunity to make this a better package.

The 2 percent refined petroleum tax on home heating oil is unacceptable. But I have been assured that every effort will be made to remedy this. I want to be part of that effort to assure that New Englanders already burdened by a 44-percent increase in the price of home heating oil aren't the only Americans to have their source of energy for heating taxed.

Clearly if the decision was between this agreement and some other palatable plan, I would vote no. But that is not the case. So I am left with balancing my dislike of this package with the possibility of influencing the outcome, all along knowing that the alternative is sequestration. And sequestration is no option.

Thank you.

Mr. KASTENMEIER. Mr. Speaker, colleagues, like most of you, I have pondered long and hard over my vote on this budget agreement negotiated between the President and our leadership. I pondered long and hard because I had to recognize that any alternative to this agreement would be difficult to achieve. But I have come to the conclusion that I cannot, in good conscience, support the agreement.

This budget plan breaks faith with the average citizen in our country. It hits hardest at those who can least afford it—the poor, the middle class, the senior citizens. It breaks faith with those people whose interests I have always tried hardest to represent here in Congress, and those issues that I have always supported.

There is the obvious impact of the Medicare cuts on the elderly, and on our medical delivery system generally. The energy taxes may serve some beneficial conservation purposes, but the burden of paying those taxes, on top of the burden of gas prices that are already increasing, is asking too much of those whose incomes are already stretched to the limit. Those increases are inflationary, and they are recessionary. The agreement proposes to increase the tax on heating oil, when in northern States the poor elderly already face higher heating costs this winter.

For those who suddenly find themselves forced out of a job, this agreement would suspend the first 2 weeks of unemployment compensation.

And now, we learn of an even more egregious element to this budget agreement. We find that the agreement would restore the loopholes and tax breaks for the wealthy that we eliminated in the Tax Reform Act of 1986. One of the only truly good things that could be said about that act was that it eliminated tax breaks for investments, that it ended the policy of using the tax codes to direct investment decisions. The Congress has addressed that issue and found it appropriate to eliminate those tax breaks, so why should we restore them in this budget agreement? That was the straw that broke the camel's back for me; the budget agreement suddenly lost all credibility.

Overall, the President and the Congress can do—must do—much better. Our congressional leadership has bargained in good faith, but the negotiations were ultimately ineffective in producing a fair result—that's the bottom line.

We must remember, that the House has already passed a budget that is much better than this agreement. It was a budget that I voted for, despite my opposition to most annual budget resolutions over the last 10 years. I voted for it because it achieved real spending savings, particularly in defense, and because it called for fair cuts in spending and a sharing of the pain.

This agreement gives the military $70 billion more than the budget we passed. And who do we ask to pick up the costs of that military spending? The poor, the middle-class taxpayer, the Medicare recipient.

We can do better. I am a cosponsor of the Obey/Dorgan alternative plan introduced this week. While still being painful, our alternative is a more fair plan; it does not spare the wealthy. We would cut defense spending by $35 billion more then this agreement. We would eliminate the tax bubble for wealthy taxpayers, and we would adjust the top tax rate of 35 percent for those with adjusted gross income over $200,000. We would reduce the Medicare cuts in the agreement by one-half. And we would cut the gas tax increase by one-half, and eliminate the increased tax on home heating oil.

That alternative is a better alternative, and I hope we will yet have an opportunity to consider it. But I cannot support the budget agreement before us today.

Mr. MOLLOHAN. Mr. Speaker, there has been a great deal of talk this evening about spending reductions and tax increases, but we are not debating any spending bills and we will not be voting on any tax legislation tonight. With our votes tonight, we are merely deciding whether to go forward with our goal of drafting and enacting a truly equitable deficit reduction package.

We have not, frankly, reached that point. The package presented to us this evening was probably the best that could be produced in summit negotiations with a President elected on a read my lips pledge against new taxes, but it is not a fair package. It is not an equitable budget.

I don't like this resolution, Mr. Speaker, but I am going to vote for it. I don't say this with any enthusiasm. Indeed, it would be awfully easy for me to stand here right now and explain why I oppose the resolution. I don't like the size of the Medicare reductions. I don't like the requirement that States impose a 2-week waiting period on unemployment compensation. I don't like the increase in the gas tax. I don't like the package's emphasis on excise taxes generally. Rest assured that I could easily go on for quite some time about the things in this budget that I do not like.

But, Mr. Speaker, we weren't sent here to do what is easy, we were sent here to do what is right, and it would be wrong, very wrong, for this Congress to reverse our progress toward equitable deficit reduction.

Let there be no misunderstanding: I will not vote for legislation that cuts Medicare by $60 billion. I will not vote for a tax bill biased against the lower- and middle-classes.

But that is not what we are voting on tonight. We are voting to continue a process, a process, Mr. Speaker, that will ultimately be successful only if it leads to legislation that addresses the fiscal inequities of the 1980's at the same time that it addresses the fiscal folly of the 1980's. We cannot turn our backs on that process tonight. We must not abandon our principles by taking the easy way out, by throwing up our hands and abandoning the fight when victory is within our grasp.

Mr. COLEMAN of Texas. Mr. Speaker, I rise in support of this budget resolution. I do so for two good reasons. The first is that the immediate alternative, an across-the-board cut or sequester of up to $105 billion, is worse for the American people and for the American economy. The second is that only an "aye" vote on this resolution gets us to a situation in which we may consider a reconciliation bill on the floor of this House within the next two weeks. The reconciliation bill will at least be a legislative package. It will provide this congress with an opportunity to do what it should do—that is, to write, debate and vote on an alternative legislative proposal, made up of revenue increases and spending cuts, which improves upon the product from the summit. Today's announcement from President Bush acknowledges and confirms the House's prerogative—this package needs to be made more fair for working men and women in this country. It has to be changed, and it will be changed, but only if this resolution passes.

Each of us finds some general aspect of the summit package that is intolerable politically and intolerable substantively to our constituents. Each of us can take some part of the package that directly contradicts some previously stated position at a town hall meeting, or in some letter that we have sent from our offices. It is my firm belief, for instance, that the Democratic Party's negotiators in the summit were overwhelmed on some issues by the Republican administration. This package is inequitable—it provides a very substantial tax break to the wealthiest among us. And while the tax bill paid by all Americans would increase under this package, the tax bill paid by Americans with incomes of $50,000 or less would increase proportionately nearly twice as much as the Federal tax bill for those with incomes over $50,000. That is unacceptable as an overall outcome of these negotiations.

I specifically object to the Medicare provisions. Every year since Gramm-Rudman has gone into effect, we have come to October and November and found ourselves short of the deficit target. We have always looked at entitlements and we have always looked within entitlements at Medicare. This plan goes much too far on these accounts. The increase in the deductible is too high. The increase in premiums is too high. The savings from cuts to Medicare providers and increased fees for beneficiaries this year in the summit package is three times what it would be even under sequestration. That has to be changed.

The point is that there can be no changes in the package unless you vote to pass this budget resolution and to move the process forward. This is a complicated package, but it is a simple vote. President Bush has said, after a year and a half of sloganeering, that he now needs new taxes to run the Government. The leadership in the Congress has said that we need new revenues to enact appropriations bills. That much is very clear.

Most of the Republicans who vote "no" on this package will try to tell the American people that we don't need new taxes and we don't need tax increases. The reason for this is that most of the Republicans who will vote "no" on this package—and please watch closely to see how the vote goes within their own ranks—have no interest in governing. They will not tell you how ruinous the alternative is. They will not tell the people in their districts what the real and immediate effects of a sequester would be.

Those consequences would be disastrous by any reasonable economic or human standard of measure. Experts have testified that failure to enact an alternative package would bring about a prolonged recession and that it would panic already nervous financial markets in New York, Tokyo, and Europe.

In my district, I know the chaos that a sequester of $84 or $105 billion would bring about. I represent a district that is heavily dependent on the Federal Government. It is a very poor per capita income district—and a district which is proud to contain a large and essential Department of Defense installation, Fort Bliss. Cuts of one-third and more of the Federal dollars which go to my area would not just be deep, they would be life threatening.

West Texans would be hurt badly by the enactment of an unimproved summit package. But they would be hurt worse by a one-third cut in community development block grants and the nearly 50 percent cuts in training and readiness of our Armed Forces under the anticipated sequester. Fort Bliss has already sent 8,000 brave men and women to Saudi Arabia—how is our post and our community which depends on it supposed to absorb cuts of that magnitude? My city, located on the United States-Mexico border, already has unemployment of 10.7 percent. How can it stand to lose as much as $60 million out of its total Federal transfer check this year of $170 million? The answer is that it cannot.

This bill raises $16 billion in taxes and user fees in this fiscal year. It cuts spending by $21 billion over the next 12 months. This is not an easy package to support. But think about what happens under a sequester of $84 billion. Nondefense discretionary spending would decline by $34 billion. That is not a stretching of the safety net for the poorest in America—it amounts to tearing it to shreds. Defense spending, after the cost increases of Desert Shield had been paid for, would be cut by $43 billion. In the summit package, defense spending cuts would total $10 billion. That cut alone will bring us dangerously close to underfunding national defense, even after the cold war. Think what a cut 4½ times worse would do. The same Members of the other party who tar and feather Democrats as being weak on defense are the ones who are standing in the well today to say that they prefer these cuts to a package with revenues. Shame on them.

I urge Members to vote for this resolution, to avoid fiscal chaos, and to keep this process moving forward.

Mr. COYNE. Mr. Speaker, the deficit-reduction legislation has worthy objectives. However, the means to achieve the objectives are flawed.

I oppose this legislation for several reasons: First, it is unfair; individuals at the lower end of the economic scale bear a disproportionate share of the tax burden; second, the economic section of the tax package raises more questions than it answers, and is open to abuse; third, the Medicare component places an unfair burden, because of the increase in the premium and the deductible, upon the elderly; and fourth, the manner in which it was prepared, or as the New York Times describes the process "governing by cabal," is objectionable.

First, the Joint Committee on Taxation states that those making less than $10,000 will experience a 7.6-percent increase in taxes; whereas those making $200,000 and over will only experience a 1.7-percent increase in taxes.

Is this fair?

Second, the package includes tax breaks for small business, which according to the chairman of the Senate Finance Committee "could lead to a substantial increase in tax shelters and great abuse." This package contains proposals which have not been submitted to scrutiny which is achieved through public hearings. This legislation, directed at encouraging small businesses has been described by Hobart Rowen as "a slew of new tax shelters that would cost $12 billion over five years." As Rowan states, the $12 billion cost is merely the official estimate "that figure is likely to soar."

Third, the Medicare provisions are simply unfair. This agreement increases the premiums from $343 a year to $631 a year by 1995, almost doubling; while at the same time we raise the $75 deductible to $150. We are talking about increasing the tax burden for those least able to afford it.

Fourth, according to a New York Times editorial "Instead of basing budgets on reasoned, public review of spending demands and potential revenue, critical decisions are now made on an all-or-nothing basis by administration officials and a handful of Congressmen, negotiating in secret, not knowing themselves exactly what they've done. This process amounts to governing by cabal, and that's no way to run the U.S. Government."

This point, Mr. Speaker, raises some very serious questions. Citizens who are adversely affected by this proposal and who bear a disproportionate share of the burden, have every right to wonder about the process, especially when legislation is presented to this body on a take it or leave it basis, and the options are narrowed even more when the choice is—accept this legislation or face sequestration.

This does not have to be. First, the chairman of the Health Subcommittee, on which I serve, has crafted legislation which rectifies the inequities in the Medicare provision. The premium remains at 25 percent and the deductible is set at $100. The chairman then adjusts the HI wage cap upward to $150,000 and thereby raises $17.6 billion over 5 years.

There is a further option that we have, and that is the progressive plan for deficit reduction put forth by my colleagues, Mr. OBEY and Mr. DORGAN.

Their modification of the summit agreement, as set out in more detail by the authors, will produce lower deficits and do so in a manner that is much more equitable.

Mr. Speaker, Edmund Burke, writing at another time and in a different historical context, to the Electors of Bristol, stated that "government and legislation are matters of reason and judgment, and not of inclination; and what sort of reason is that in which the determination precodes the decision, in which one set of men deliberate and another decides * * *?"

Mr. Speaker, I urge defeat of this resolution. We can do better.

Mr. FIELDS. Mr. Speaker, I rise in opposition to House Concurrent Resolution 310.

While I take no pleasure in opposing our President, whom I have long admired, this budget agreement is so flawed and so bad for America that it must be rejected. It is a prescription for economic disaster and an elixir that will cause great suffering for millions of Americans.

There is no question that we face a budget crisis of historic proportions. But the solution to that crisis is not higher taxes. Rather, only by making substantial reductions in Federal spending, including large reductions in the domestic discretionary side of the ledger, will we accomplish the goal of reducing the budget deficit. But disturbingly, such discretionary spending reductions are conspicuously absent from this agreement for the first 3 years.

This budget agreement is the wrong medicine at the wrong time. It proposes the second largest tax increase in our Nation's history, and it does so at a time when our economy is teetering on the brink of recession. The worst thing we can do in an economic downturn is to raise taxes.

There is nothing in this agreement that will create jobs, spur economic growth, or encourage investment in America. Quite the contrary, this agreement is a disincentive to investment, and it will hurt those Americans least able to afford it—the poor and the elderly.

Under this agreement, my 84-year-old grandmother in Denver Harbor, TX, will face staggering increases in her Medicare costs. She will be forced to pay higher Medicare premiums, her deductible limits will be doubled and, for the first time, she will pay 20 percent of her laboratory costs. If this agreement is enacted, my grandmother and millions of elderly Americans like her will be forced to choose between food and medicine. No American should ever have to make that choice.

Mr. Speaker, I was hopeful we could get a budget agreement that was good for America. We still can. First, however, we must reject this package because it is a formula for economic stagnation.

I remember all too well when we approved the misnamed Tax Equity and Fiscal Responsibility Act of 1982. I learned then that tax increases, once enacted, are permanent and are both inflationary and recessionary. I also learned that Government spending reductions often fail to materialize. Why do we persist in making the same mistakes over and over?

The tax increases called for in this budget agreement will hurt many Americans—especially those of us who live in the Southwest—who must travel, without the benefit of federally subsidized mass transit, long distances in our cars and trucks to make a living.

Mr. Speaker, I urge my colleagues to vote "no" on House Concurrent Resolution 310. By rejecting this agreement, our Government will not cease to function. The sky will not fall on us. There is still time to come up with a budget agreement that is sound, fair, and doesn't destroy our economy. I am prepared to work day and night to accomplish such an agreement. We can do better. The American people deserve better.

Mr. VENTO. Mr. Speaker, I rise in opposition to the budget resolution. Deficit reduction is an urgent national priority. There are some individual elements of this resolution which I support. Opposition from many sources indicate some ground has been given and a difficult decision is presented to the House tonight.

In the final analysis however, this budget agreement fails the test of fairness and balance. It socks low- and middle-income Americans with regressive taxes and Medicare cuts while it insulates wealthier Americans from paying their share of the burden. It gives the bill for the tax cut party from the decade of the eighties to people who weren't even at the table. It uses cold war military assumptions for a post cold war world, resulting in much higher military spending than has already been approved by the House. Fundamentally the policy path established by this budget resolution is out of sync with the reality of this new decade. It raises expectations of budget savings for 5 years and the unrealistic economic assumptions and data in it will be outdated in 5 months.

Mr. Speaker, real budget choices go to the heart of our responsibility as legislators. It is the time when we put the flesh and bones on the vision we have for America's future. The decisions we make aren't easy, and they aren't supposed to be. Making tough decisions about taxes and spending is what we come here for, but this measure tonight raises expectations that set up the Congress and President for failure. The military operation in Saudia Arabia—Desert Shield—is off budget and apparently not scored for the law. Funding for the S&L bailout isn't counted, another example, but both these items will add greatly to the 1991 deficit.

There is no doubt that the budget resolution before us today is tough but is it effective? Is it fair? Is it good policy? It will inflict pain on nearly every sector of our society. The question is are such sacrifices going to be rewarded with positive, lasting results. Sadly I conclude that it would not! I would support reducing the deficit by $500 billion in 5 years as promised by the summit agreement. Indeed we should be supporting a plan which cuts the deficit even more. But any deficit reduction plan we enact should be a fair package. It should spread the burden in an equitable manner.

I am strongly opposed to the imposition of the automatic cuts, didn't vote for such law—but it is the law in 1990, sequestration would cause economic hardship for millions of Americans and would be a great disservice to Federal employees. If our choices today were only betwen the budget resolution and automatic cuts, most all of us would support the resolution. But these are not our only choices. We have several weeks before the elections and several months before the end of the 101st Congress. Decisions such as this always come down to the crunch. There is time to modify the package to make it fair to low- and middle-income Americans. As an example, we have an alternative plan, an amendment to this package which I am cosponsoring, the Obey/Dorgan progressive plan for deficit reduction. This package would produce lower deficits, lower spending levels and lower tax increases than the budget agreement. I hope we will have an opportunity to consider elements of this plan and substantial changes to the budget agreement before the House. This budget plan has by passed the committees of Congress, the obvious defects and short falls are ample evidence to the poor process which created it. Some of the specific reasons I am opposing the budget agreement are obvious. The increase in excise taxes on cigarettes, alcohol and gasoline and petroleum products are regressive taxes which hit lower- and middle-income people the hardest. These increases would be palatable if they were accompanied by progressive tax increases based on the ability today. This package lightly touches upper income individuals, hits some specific businesses directly with the insurance DAC without even consideration of its impact. But the biggest outrage is after raising $160 billion in revenue, taxes, this package gives $20 billion in tax cuts to the oil companies, so called small businesses and others. I am also concerned about the $20 billion cuts in Medicare proposed in this package. The agreement requires Medicare beneficiaries to pay $30 billion in premiums and deductibles over the next 5 years that doubles the premium cost in that period.

The average senior will have to pay $54.30 a month premium in 1995, up from the current $28.60 per month, and their deductibles would double. The plan also proposes cuts of $30 billion in Medicare cuts in payments to doctors and hospitals. Some have referred to this Medicare portion of the budget summit "catastrophic without the benefits". What ever the explanation, its plain catastrophic. While I understand that some cuts may be required, these cuts go much too far and result in denying many seniors adequate health care.

Certainly one of the most disturbing aspects of the budget summit agreement is that it rejects the House-passed budget resolution's levels for national defense, which would have fallen to $275 billion by fiscal year 1993 due to the end of the cold war. While this budget agreement takes a meat ax to the poor and elderly on Medicare, outlays next year for defense increase $6.1 billion more than the level approved earlier by the House. Over the next 3 years, the summit agreement budget levels are cumulatively $33.6 billion more than the levels previously agreed to by the House. Additionally, Operation Desert Shield is exempt from limitations of the budget agreement—estimated to expend at least $15 billion in 1991. This exemption will prove to be a major loophole in the higher ceilings which are set for defense spending in this budget agreement.

Mr. Speaker, this year I voted for final passage of the defense authorization bill. I did so because I believed that we were truly embarking upon a new policy path, a different direction with meaningful reductions in defense spending in light of the improved relations between the United States, the Soviet Union, and the Warsaw Pact. This budget agreement restates business as usual rather than long-term defense spending reductions than would have been the product of a House-Senate conference committee this year.

It saddles this Congress and Nation with a policy for the future of continued dramatic Pentagon spending path, almost unabated during the 1990's. I am concerned about the 2-cents-per-gallon increase in the tax on refined petroleum products. The price of heating oil in our Midwest region of the country has risen and will continue to rise should the situation in the Middle East deteriorate. This tax will be an extra burden on citizens of my State. The whole direction of energy policy in this package needs to be rethought. The package contains a $4 billion tax break for oil companies. While I support increasing domestic production of oil, I am not sure these expensive breaks will improve our energy security. Oil companies have already reaped huge windfall profits from the price increases. Energy security can be approached from a number of other directions including improving energy conservation and developing alternative energy sources. This package needs more balance in the area of energy policy.

Also included in the budget summit package is an agreement that cuts a middle ground between House and Senate-passed Federal Housing Administration [FHA] reforms. While each FHA reform proposal brings in funds over 5 years, the House-passed bill brings in less. The Vento-Ridge amendment, which passed this body by a vote of 418 to 2, is a better proposal in terms of the public policy intent to preserve FHA for first-time and low-downpayment homebuyers. Apparently, however, the $1 billion extra from first-time home buyers was not enough of a cash cow for this budget agreement. Instead an "up the middle" split to raise $2.5 billion under this FHA function became the term to which we had to adhere. This is a clear example of how budget-driven revenue grubbing runs counter to or has no relation to actual policy goals—in this case home ownership. Preserving and repairing FHA should be our goal—not whether we should balance more of our budget on the already overloaded backs of some family who is trying to buy a home.

Mr. Speaker, we all appreciate the budget summiteers who labored to work out an agreement on the most critical problem facing the Nation—our economy. Their negotiations were lengthy and difficult. However, I cannot support this resolution in its present state. We don't have to go back to square one. Some elements of the budget package are necessary for compromise. Let's roll up our sleeves and work out an agreement that cuts the deficit by the same amount or even more but has a better balance, a better reflection of what the American people support. This measure is not worthy of this House and the Members who serve. We can do better and we should.

Mr. PANETTA. Mr. Speaker, I yield 4 minutes to the distinguished majority leader, the gentleman from Missouri [Mr. GEPHARDT].

Mr. GEPHARDT. Mr. Speaker, we went to the summit about 4 months ago. I msut tell you that I think everyone in that summit, both sides of the aisle and the representatives of the administration, worked as hard as they could to try to do what the President asked us to do. The reason we were in the summit was because we have a divided Government, the President of one party, and Congress controlled by another.

In Great Britain the Prime Minister's budget is approved 2 days after it arrives at the House of Parliament. We don't have that system. Because of our fundamental disagreements, we found ourselves in a summit trying to do what the Congress, along with the President, should do.

Having had that experience, having found it frankly to be unsatisfactory, because we had so much trouble dealing with those fundamental differences, I stand before you tonight to say that I hope we do not summit any more and that Congress does its work.

We tried hard, and everybody in that room worked hard. We came up with options and we came up with ideas, and we debated those differences week after week after week.

When it was over, just a few days ago, I was standing in my office, not far from here, with Senator MITCHELL and Speaker FOLEY. We had to make a decision on whether we would go forward with the agreement or not. I must tell all of you that I was personally deeply disappointed with the results that we achieved.

Going into it, I thought one of the things we had to try to do was to achieve a tax situation for all Americans that was at least as fair as the tax situation we have today. I do not think we achieved that. I do not think that is the result.

But even with that, and the other disappointments that I have and others have with the result, I believe the best thing to do tonight, and I thought the best thing to do the other day, was to go forward with this agreement.

The reason I say that is I think we have two choices. We can kill the agreement tonight and keep on fighting for what be believe in, which we should and we will; or we can pass this agreement tonight, try to improve it through the committees of the Congress, and come back to fight another day for what we believe in.

The reason I think we should approve it is not just because there is chaos in our economy, not just because there might be sequestration and even no continuing resolution with the whole Government going down, and not just because we have got kids in the desert in Saudi Arabia, and not just because we have got a trade deficit that makes us not as competitive as we should be at the very time in the world's history when we should be stronger than we have ever been, but most of all we should approve this agreement because I think the American people have begun to lose faith in our ability to do our business.

How many times have you had people come up to you and say, "Why can't you get this done?" Yes, they want it done the way they want it done, but most of all today I think they want us to act, and to act if we can in concert and move this country in some direction. And that is what we have failed to do, together.

So I ask Members tonight to put aside for a moment our partisan differences, to say that we will improve the product and make it as good as it can be, given our beliefs; that we will come back at the next possible moment to fight for our beliefs and try to come to some agreement, we will put those differences aside, we will pass the agreement, and we will move this country in a positive direction.

Mr. FRENZEL. Mr. Speaker, I yield myself 4 minutes.

(Mr. FRENZEL asked and was given permission to revise and extend his remarks.)

Mr. FRENZEL. Mr. Speaker, tonight we have been treated to a rare display. I do not know if the forensics are better than that which we have enjoyed in the past, but certainly at least from the summiteers you have seen expressions of sincerity which I think are hard to match, at least in my career in the Congress.

We have heard the gentleman from California [Mr. PANETTA] and the gentleman from Illinois [Mr. ROSTENKOWSKI] and the gentleman from Illinois [Mr. MICHEL] and the gentleman from Missouri [Mr. GEPHARDT] tell you why they think this is what we need to do tonight.

Mr. Speaker, I want to stand here and agree with each of them, that they and we have done the best that we can do at this point, and what remains for the House is to push this matter through by passing this budget resolution, and letting the committees of jurisdiction begin work on reconciliation.

All of those speakers spoke a little bit about President Bush, too. I have heard many of you say it will be painful to vote for this bill. How painful was it for President Bush to accept the fact that there would be substantial new taxes? How painful was it for him to have come to ask each and every one of us personally if we could give him his vote? He, who has worked so hard and suffered so much for us. And I say this particularly to the Republicans, for we are the divided Government. We are the minority which can get rolled at any time by the majority, and our only defense is our President and our ability to sustain a veto every now and then.

Here is one time when he and we jointly are asking Members to stand up with us and give this country a chance to get its feet back on the path toward fiscal sobriety. Over the past two decades we, all of us, have managed to become the world's largest debtor nation. The U.S. Congress thankfully somehow has made us the world champs in one respect: We owe more money than anybody.

This may not be the best resolution in town, but I guarantee you, it is the only resolution in town.

And as BOB MICHEL correctly pointed out, each of us could do better. I think I could get maybe 80 votes for mine, which is much better than that. I doubt many of you could get that many.

This happens to be a good resolution because it saves $500 billion and places the country's feet on the path toward that desired fiscal sobriety.

It is enforceable. Will it all be enforced? No. Will we save all of the $500 billion? No. We will have some slippage. We always do. But with the enforcement in this package and the 5-year reconciliation, we have the best chance that we have ever had to actually make the savings that we claim we are going to have.

We can change all of this bad record tonight, or we can at least begin changing it. This package will take us to a unified budget surplus before fiscal year 1994. By fiscal year 1995 it will have taken our spending back to only 18½ percent of GNP, our rough average for the past two decades, and 5 percent less than we expect to spend in fiscal year 1991, the fiscal year approaching.

That is a pretty good record, a monumental achievement, I believe. And Alan Greenspan says it passes the credit market test, and so does his predecessor, Paul Volcker, and so do Martin Feldstein, Ronald Reagan's CEA, and so does Jim Lynn, who was Jerry Ford's budget man, and Charles Schultz, who was Jimmy Carter's Director of the Budget, and Herb Stein, who was the Chairman of the Council of Economic Advisers for President Nixon. All these men say this fits the bill, that it passes the test.

Now the question is are we going to pass the test? Are we going to have the courage to stand back and to go against a few phone calls and a few letters we have got from people who want to keep getting the same benefits that they have been getting over the years?

I have often said to the Republicans that I see us all as a bunch of cake eaters. We are afraid to lay on new taxes. We think that is naughty. We do not want to cut any spending. We do not want to deny any of our constituents anything.

We will tonight pass what I call the cake eater test if we can pass this budget resolution. We will prove that we can eat a little bread and maybe some of us, certainly myself, will have to eat a little crow, because none of us is going to like this budget resolution. But as I said before, it's all we got.

Our test is sterner than any we have faced since I have come to Congress. And for us good news people who do not like to lay on taxes, and who hate to cut expenditures, it is going to be particularly difficult.

But remember, we can begin moving down that path to fiscal sobriety. And for all of those of you that I have importuned over the years, that I have harangued and pleaded and begged to reduce spending, for me personally there could not be any finer monument than the passage of this budget resolution.

Mr. Speaker, I rise in support of the conference report to House Resolution 310.

Our economy is at a crossroads. GNP growth has nearly come to a halt. Real estate markets around the country are in a severe slump. American businesses aren't getting the credit they need for investment. This economy needs a shot in the arm if we are to avoid recession. That is what this package is all about.

Most economists agree that this deficit reduction package, taken on its own merits, is a net plus for the economy. Some might prefer other packages, but the question is whether this package will help or hurt the economy. I have contacted a number of widely respected economists just this morning and they believe the package will help. A summary of their comments is available here on the floor for anyone who wishes to look at it.

On wednesday, Chairman Greenspan called the summit agreement "credible and enforceable." It is clear that the Fed is prepared to accommodate this package by lowering interest rates.

Lower interest rates resulting from this package would have dramatic positive effects throughout the economy. In the estimation of the Council of Economic Advisors, we can expect up to 150,000 more housing starts next year, 500,000 more auto sales, increases in business investment, and a reduction in mortgage payments of $110 per month in a typical household.

The long-term growth effects would also be dramatic. By the end of this decade, real GNP will be 2 percent higher than it otherwise would be. At the projected level of GNP in the year 2000, this budget package would add an extra $200 billion to the incomes of all Americans in that year alone.

U.S. and world financial markets would be extremely disrupted should this agreement fail to be enacted. For years Congress has been promising that a permanent solution to our deficit reduction problem was just around the corner. Now the chance to make good on those promises is at hand.

If we fail to deliver, it will be a sure sign to our creditors that the U.S. Congress is unable to put its fiscal house in order. Their only reaction can be to increase long-term interest rates. If you don't like our debt service costs now, just wait and see what happens if we defeat this bill.

The immediate alternative to this package is a sequester which would deliver a harsh arbitrary blow to an already softe economy. The most likely remaining alternative is a business-as-usual budget, which simply perpetuates our current problems and sets us up for a fall in the not so distant future.

This package balances the budget, and it does it with real cuts that won't evaporate the day after we pass the Gramm-Rudman snapshot.

On a consolidated budget basis, including Social Security and bank insurance, the Federal budget will reach a surplus of $16.6 billion by fiscal year 1994, $68 billion by fiscal year 1995. Even after removing Social Security from the deficit calculation, this plan puts us on the road to balance in 1996 or 1997

If this plan is realized, this will be the first time the Federal Government has run an overall surplus since 1969.

Unlike previous budget agreements, most of the $500 billion in deficit reduction is real. This package does not depend on promises for cuts in future years or on shenanigans which move money around but don't really save anything.

New stronger enforcement will ensure that planned deficit reduction occurs. A pay-as-you-go system would require any expansions of entitlement and mandatory programs to be offset in the same bill by cuts in other entitlement or mandatory programs or by revenue increases. Spending that violates discretionary caps, or pay-as-you-go violations will trigger automatic across-the-board offsets in the relevant categories.

For the first time, this package attempts to reform Government credit programs and Government sponsored enterprises [GSE's]. Credit programs and GSE's have become back doors for dispensing Government largesse without being subject to the normal strictures of the budget process. It is vitally important that we assess our exposure in these areas and that we bring these programs under control.

The budget agreement reduces Federal spending from 23.4 percent of GNP in fiscal year 1991 to 18.2 percent in fiscal year 1995—a smaller percentage of GNP than any year since 1965. This happens because the package cuts spending twice as much as it increases revenues.

One-fourth of the savings from the package comes from reforms in entitlement programs. These are painful cuts but they are key to any package that seriously tackles the deficit.

Medicare spending in particular has been increasing annually at two or three times the inflation rate for the past 10 years. Continued growth at current rates threatens to bankrupt the Medicare system. This package will produce provider savings of $3.1 billion in fiscal year 1991 which are in line with cuts made in previous reconciliation bills. The beneficiary reforms will result in modest increases for the elderly, but these cuts are offset by a $2 billion increase in Medicaid funding to cover the additional costs to low-income elderly. These reforms are difficult, but they are necessary if we are to stave off the disasters that loom if we do nothing.

One-third of the saving in this package comes from defense. By almost all accounts this constitutes a rational build-down in defense spending. Secretary Cheney endorses the figures in this plan as both responsible spending cuts that reflect a changed world and the largest cuts that are possible without jeopardizing his ability to ensure our defense.

This package in no way jeopardizes our current efforts in the Persian Gulf. By holding Dersert Shield funding harmless to the spending caps, it allows $1.1 billion more in outlay spending than the House-passed budget resolution or the Defense authorization bill. Realistically, this is the best, largest defense package we could have hoped to achieve.

Slightly more than one-fourth of this package comes from revenue increase. Many Members on both sides find things in the revenue package which they don't like. I would certainly count myself among them. In the final accounting however, we must decide whether the overall economic benefits of this package outweigh its distasteful components. In this case, I would say that they clearly do.

This agreement is a product of compromise. The fact that almost no one seems to like it is probably an indication that it is about the best we can do. If this agreement is rejected, no other agreement is likely to be passed. Rejecting this agreement and living off of a continuing resolution, therefore means rejecting deficit reduction this year.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Kansas [Mr. SLATTERY].

(Mr. SLATTERY asked and was given permission to revise and extend his remarks.)

Mr. SLATTERY. Mr. Speaker, I rise in support of the budget resolution.

Mr. PANETTA. Mr. Speaker, I yield the balance of my time to the distinguished Speaker of the House [Mr. FOLEY].

Mr. FOLEY. Mr. Speaker, I take the well seldom. I take it tonight late in this legislative day, late perhaps in the life of our country to deal with a critical problem we have all ignored too long. Members of the Congress have ignored it, Members of both parties have ignored it, Presidents have ignored it.

Over the period of recent years, in the life of those who have served in this body and within the time of their service, the interest on the Federal debt has grown to a figure now third largest of all of the expenditures in the Federal budget, and greater significantly in absolute terms than the entire budget was only a few years ago.

This budget resolution is the result of a much decried summitry which is, as the majority leader indicated, the result of a divided government in which there is a Republican President and a Congress led by majorities of the Democratic Party. But the problem is not divided into a Republican problem and a Democratic problem. It is the problem that faces all of us, that faces the country and that affects every American.

We all have concerns about the specific provisions of this budget summit agreement which have been repeated and repeated time and time again tonight and in previous days. And it would serve no purpose to remind everyone that few actually embrace the specific terms of the summit. But passing a budget resolution only allows us to move forward to the legislative stage so that the authorizing committees and the Appropriations Committee may exercise their responsibilities and send to the House appropriation bills and a reconciliation bill for its judgment.

The budget resolution is not presented to the President. It enacts nothing. It establishes no policy. It declares no law. It changes no accounts. It spends or retracts no money.

The Constitution says in article 1, clause 9, paragraph 7 that "No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law." And no laws are changed in this country without the action of the Congress and the signature by the President, or our determination to act notwithstanding his lack of consent.

We will begin that process tonight if we pass this budget resolution. And those in this body who have said again and again that they believe that the legislative process should be allowed to work have the challenge to allow it to work.

The President said today to me, and I repeated to the press, that it was our conviction, along with the bipartisan leadership, that many of the policies established in the budget agreement were for illustrative purposes only, and that the legislative committees had the right as well as the obligation to consider alternative policies to achieve similar savings. Every Member will have the opportunity to decide for him or herself whether or not the bills which results from the legislative process during the next 2 weeks meet with their satisfaction. And every Member will have an opportunity, several opportunities, to vote on the reconciliation and the appropriations bills.

But if we stop the process tonight, if we tell the American people tonight that we choose not to go forward, that we have no confidence ourselves in our own system, in our committees, in our own responsibilities, in the institution of this House, we will do a disservice not only to ourselves but to the people we represent, including all of those about whom we are so concerned in a principled and legitimate way. Their interests as well as others' would be harmed by such a decision.

I ask you to consider that this is one of the most important evenings perhaps in your congressional career. This is one of the most important decisions that you will make.

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And although the hour is late, and although the debate has been long; and although the passions have been real; and although the divisions are sincere; we have an opportunity to stand together; in at least the decision to go forward, to make this process work for ourselves, for the President, for the parties and for the American people.

We must ask ourselves this question: if not now, when; if not us, who?

Mr. PANETTA. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore (Mr. MURTHA). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FRENZEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 179, nays 254, not voting 1, as follows:

[Roll No. 421]

YEAS—179

Ackerman	Gray	Owens (UT)
Anderson	Green	Oxley
Andrews	Hall (OH)	Panetta
Archer	Hall (TX)	Parker
Aspin	Hamilton	Payne (VA)
AuCoin	Hammerschmidt	Pease
Baker	Hansen	Penny
Bartlett	Hastert	Pickle
Bateman	Hatcher	Porter
Beilenson	Horton	Price
Bennett	Houghton	Quillen
Bevill	Hoyer	Ray
Bilbray	Ireland	Rhodes
Boehlert	Johnson (CT)	Richardson
Boggs	Kaptur	Ridge
Bosco	Kennelly	Roberts
Buechner	Kolbe	Robinson
Bustamante	Kostmayer	Rose
Byron	LaFalce	Rostenkowski
Cardin	Lancaster	Rowland (GA)
Carper	Lantos	Sabo
Chandler	Leach (IA)	Sawyer
Chapman	Leath (TX)	Scheuer
Clement	Lehman (FL)	Schiff
Clinger	Lent	Serrano
Coleman (MO)	Levin (MI)	Shaw
Coleman (TX)	Lewis (CA)	Shays
Combest	Livingston	Shumway
Conte	Lloyd	Sikorski
Conyers	Lowery (CA)	Sisisky
Cooper	Luken, Thomas	Skaggs
Coughlin	Lukens, Donald	Skeen
Courter	Madigan	Skelton
Darden	Manton	Slattery
de la Garza	Martin (NY)	Smith (IA)
Derrick	Matsui	Smith (NE)
DeWine	McCurdy	Smith (VT)
Dickinson	McDade	Solarz
Dicks	McDermott	Spratt
Dingell	McHugh	Stenholm
Erdreich	McMillan (NC)	Sundquist
Fascell	McMillen (MD)	Swift
Fazio	McNulty	Tallon
Fish	Meyers	Tanner
Flippo	Michel	Thomas (GA)
Foglietta	Miller (OH)	Torres
Foley	Miller (WA)	Traxler
Frenzel	Mineta	Udall
Frost	Moakley	Valentine
Gallo	Molinari	Vander Jagt
Gejdenson	Mollohan	Visclosky
Gekas	Montgomery	Vucanovich
Gephardt	Morella	Watkins
Gibbons	Morrison (WA)	Whittaker
Gillmor	Murtha	Wilson
Glickman	Nagle	Wolf
Goodling	Nelson	Wylie
Gordon	Oberstar	Young (AK)
Gradison	Olin	Young (FL)
Grandy	Ortiz	

NAYS—254

Alexander	Barton	Borski
Annunzio	Bates	Boucher
Anthony	Bentley	Boxer
Applegate	Bereuter	Brennan
Armey	Berman	Brooks
Atkins	Bilirakis	Broomfield
Ballenger	Bliley	Browder
Barnard	Bonior	Brown (CA)

Brown (CO)
Bruce
Bryant
Bunning
Burton
Callahan
Campbell (CA)
Campbell (CO)
Carr
Clarke
Clay
Coble
Collins
Condit
Costello
Cox
Coyne
Craig
Crane
Dannemeyer
Davis
DeFazio
DeLay
Dellums
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Douglas
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (CA)
Edwards (OK)
Emerson
Engel
English
Espy
Evans
Fawell
Feighan
Fields
Flake
Ford (MI)
Ford (TN)
Frank
Gallegly
Gaydos
Geren
Gilman
Gingrich
Gonzalez
Goss
Grant
Guarini
Gunderson
Hancock
Harris
Hawkins
Hayes (IL)
Hayes (LA)
Hefley
Hefner
Henry
Herger
Hertel
Hiler
Hoagland
Hochbrueckner
Holloway
Hopkins
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Inhofe
Jacobs
James
Jenkins
Johnson (SD)
Johnston
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kasich
Kastenmeier
Kennedy
Kildee
Kleczka
Kolter
Kyl
Lagomarsino
Laughlin
Lehman (CA)
Levine (CA)
Lewis (FL)
Lewis (GA)
Lightfoot
Lipinski
Long
Lowey (NY)
Machtley
Markey
Marlenee
Martin (IL)
Martinez
Mavroules
Mazzoli
McCandless
McCloskey
McCollum
McCrery
McEwen
McGrath
Mfume
Miller (CA)
Mink
Moody
Moorhead
Morrison (CT)
Mrazek
Murphy
Myers
Natcher
Neal (MA)
Neal (NC)
Nielson
Nowak
Oakar
Obey
Owens (NY)
Packard
Pallone
Parris
Pashayan
Patterson
Paxon
Payne (NJ)
Pelosi
Perkins
Petri
Pickett
Poshard
Pursell
Rahall
Rangel
Ravenel
Regula
Rinaldo
Ritter
Roe
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Rowland (CT)
Roybal
Russo
Saiki
Sangmeister
Sarpalius
Savage
Saxton
Schaefer
Schneider
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Sharp
Shuster
Slaughter (NY)
Slaughter (VA)
Smith (FL)
Smith (NJ)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solomon
Spence
Staggers
Stallings
Stangeland
Stark
Stearns
Stokes
Studds
Stump
Synar
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (WY)
Torricelli
Towns
Traficant
Unsoeld
Upton
Vento
Volkmer
Walgren
Walker
Walsh
Washington
Waxman
Weber
Weiss
Weldon
Wheat
Whitten
Williams
Wise
Wolpe
Wyden
Yates
Yatron

NOT VOTING—1

Crockett

☐ 0017

Mr. STANGELAND and Mr. HOLLOWAY changed their vote from "yea" to "nay."

So, the conference report was rejected.

The result of the vote was announced as above recorded.

GENERAL LEAVE

Mr. PANETTA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include therein extraneous material on House Concurrent Resolution 310, the concurrent resolution just rejected.

The SPEAKER pro tempore (Mr. MURTHA). Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT ON H. CON. RES. 310

Mr. PANETTA submitted the following conference report and statement on the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995:

CONFERENCE REPORT (H. REPT. 101-820)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the resolution and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That the budget for fiscal year 1991 is established, and the appropriate budgetary levels for fiscal years 1992, 1993, 1994, and 1995 are hereby set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. The following levels and amounts in this section are set forth for purposes of determining, in accordance with section 310(i) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $1,172,900,000,000.

Fiscal year 1992: $1,260,800,000,000.

Fiscal year 1993: $1,349,800,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,485,600,000,000.

Fiscal year 1992: $1,562,600,000,000.

Fiscal year 1993: $1,582,400,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,236,900,000,000.

Fiscal year 1992: $1,269,300,000.000.

Fiscal year 1993: $1,305,000,000,000.

(4)(A) The amounts of the deficits are as follows:

Fiscal year 1991: $64,000,000,000.

Fiscal year 1992: $8,500,000,000.

(B) The amount of the surplus is as follows:

Fiscal year 1993: $44,800,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 3. (a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1990, October 1, 1991, October 1, 1992, October 1, 1993, and October 1, 1994:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1991: $858,600,000,000.

Fiscal year 1992: $923,900,000.000.

Fiscal year 1993: $987,900,000,000.

Fiscal year 1994: $1,045,200,000.000.

Fiscal year 1995: $1,101,400,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1991: $14,700,000.000.

Fiscal year 1992: $24,300,000,000.

Fiscal year 1993: $26,900,000,000.

Fiscal year 1994: $30,700,000,000.

Fiscal year 1995: $30,300,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1991: $75.400.000,000.

Fiscal year 1992: $83,200,000,000.

Fiscal year 1993: $88,900,000,000.

Fiscal year 1994: $95,200,000,000.

Fiscal year 1995: $101.400,000.000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1991: $1,174,700,000,000.

Fiscal year 1992: $1,230,100,000,000.

Fiscal year 1993: $1,229,600,000,000.

Fiscal year 1994: $1,216,000,000,000.

Fiscal year 1995: $1,266,000,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1991: $1,002,300,000,000.

Fiscal year 1992: $1,024,800.000.000.

Fiscal year 1993: $1,049,900,000.000.

Fiscal year 1994: $1,059,900,000,000.

Fiscal year 1995: $1.080.900,000,000.

(4)(A) The amounts of the deficits are as follows:

Fiscal year 1991: $143,700,000,000.

Fiscal year 1992: $100,900.000.000.

Fiscal year 1993: $62,000.000,000.

Fiscal year 1994: $14,700,000,000.

(B) The amount of the surplus is as follows:

Fiscal year 1995: $20,500.000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1991: $3,369,600,000,000.

Fiscal year 1992: $3,540,900,000,000.

Fiscal year 1993: $3,676,700,000,000.

Fiscal year 1994: $3,766,900,000,000.

Fiscal year 1995: $3,827,600,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1990, October 1, 1991, October 1, 1992, October 1, 1993, and October 1, 1994, are as follows:

Fiscal year 1991:

(A) New direct loan obligations, $21,000,000,000.

(B) New primary loan guarantee commitments, $106,800,000,000.

(C) New secondary loan guarantee commitments, $85,400,000,000.

Fiscal year 1992:

(A) New direct loan obligations, $17,800,000,000.

(B) New primary loan guarantee commitments, $109,600,000,000.

(C) New secondary loan guarantee commitments, $88,700,000,000.

Fiscal year 1993:

(A) New direct loan obligations, $18,200,000,000.

(B) New primary loan guarantee commitments, $112,100,000,000.

(C) New secondary loan guarantee commitments, $92,100,000,000.

Fiscal year 1994:

(A) New direct loan obligations, $18,400,000,000.

(B) New primary loan guarantee commitments, $115,450,00,000.

(C) New secondary loan guarantee commitments, $95,600,000,000.

Fiscal year 1995:

(A) New direct loan obligations, $18,600,000,000.

(B) New primary loan guarantee commitments, $118,100,00,000.

(C) New secondary loan guarantee commitments, $99,200,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new primary loan guarantee commitments for fiscal years 1991 through 1995 for each major functional category are:

(1) National Defense (050):

Fiscal year 1991:

(A) New budget authority, $288,300,000,000.

(B) Outlays, $297,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $290.900,000,000.

(B) Outlays, $295,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $291.100,000,000.

(B) Outlays, $292,000.000.000.

(C) New direct loan obligations. $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $351.500,000,000.

(B) Outlays, $341,700,000.000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $364,900.000.000.

(B) Outlays, $351,500,000.000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1991:

(A) New budget authority, $19,200,000,000.

(B) Outlays, $17,400,000,000.

(C) New direct loan obligations, $1.900,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000.

(E) New secondary loan guarantee commitments, $400.000.000.

Fiscal year 1992:

(A) New budget authority, $19,800,000,000.

(B) Outlays, $18,000,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $7,200,000.000.

(E) New secondary loan guarantee commitments, $400,000.000.

Fiscal year 1993:

(A) New budget authority, $20,600,000,000.

(B) Outlays, $18,500,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $7,500,000,000.

(E) New secondary loan guarantee commitments, $400,000,000.

Fiscal year 1994:

(A) New budget authority, $22,400,000,000.

(B) Outlays, $19,700,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $7,700,000,000.

(E) New secondary loan guarantee commitments, $500,000,000.

Fiscal year 1995:

(A) New budget authority, $23,800,000,000.

(B) Outlays, $20,700,000,000.

(C) New direct loan obligations, $2,200,000,000.

(D) New primary loan guarantee commitments, $8,000,000,000.

(E) New secondary loan guarantee commitments, $500,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1991:

(A) New budget authority, $15.200,000,000.

(B) Outlays, $15,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, $15,900,000,000.

(B) Outlays, $15,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $16.500,000.000.

(B) Outlays, $16,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $17.100.000.000.

(B) Outlays, $16.800.000.000.

(C) New direct loan obligations. $0.

(D) New primary loan guarantee commitments. $0.

Fiscal year 1995:

(A) New budget authority, $17,700.000.000.

(B) Outlays, $17,400,000,000.

(C) New direct loan obligations. $0.

(D) New primary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1991:

(A) New budget authority. $6.400.000.000.

(B) Outlays. $4.000,000,000.

(C) New direct loan obligations. $2.000,000,000.

(D) New primary loan guarantee commitments. $400.000.000.

Fiscal year 1992:

(A) New budget authority. $5.600.000.000.

(B) Outlays, $4,400.000.000.

(C) New direct loan obligations. $1,600.000.000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $6,400.000.000.

(B) Outlays. $5.000.000.000.

(C) New direct loan obligations. $2.000,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $6,800,000,000.

(B) Outlays. $5.300.000.000.

(C) New direct loan obligations, $2.100.000.000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:
(A) New budget authority, $7,200,000,000.
(B) Outlays, $5,200,000,000.
(C) New direct loan obligations, $2,300,000,000.
(D) New primary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1991:
(A) New budget authority, $18,800,000,000.
(B) Outlays, $18,900,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $19,900,000,000.
(B) Outlays, $19,600,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $20,500,000,000.
(B) Outlays, $20,200,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $21,200,000,000.
(B) Outlays, $20,600,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $22,000,000,000.
(B) Outlays, $21,200,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1991:
(A) New budget authority. $18,000,000,000.
(B) Outlays, $14,100,000,000.
(C) New direct loan obligations, $9,000,000,000.
(D) New primary loan guarantee commitments, $7,000,000,000.
Fiscal year 1992:
(A) New budget authority. $22,600,000,000.
(B) Outlays, $17,100,000,000.
(C) New direct loan obligations, $8,800,000,000.
(D) New primary loan guarantee commitments. $7,300,000,000.
Fiscal year 1993:
(A) New budget authority, $20,400,000,000.
(B) Outlays, $16,000,000,000.
(C) New direct loan obligations, $8,600,000,000.
(D) New primary loan guarantee commitments, $6,600,000,000.
Fiscal year 1994:
(A) New budget authority. $18,200,000,000.
(B) Outlays, $15,300,000,000.
(C) New direct loan obligations, $8,600,000,000.
(D) New primary loan guarantee commitments, $6,700,000,000.
Fiscal year 1995:
(A) New budget authority, $19,200,000,000.
(B) Outlays, $14,600,000,000.
(C) New direct loan obligations, $8,400.000,000.
(D) New primary loan guarantee commitments, $6,800,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1991:
(A) New budget authority, $85,500,000,000.
(B) Outlays, $87,000,000,000.
(C) New direct loan obligations, $6,000,000,000.
(D) New primary loan guarantee commitments, $63,700,000,000.
(E) New secondary loan guarantee commitments, $85,000,000,000.
Fiscal year 1992:
(A) New budget authority, $85,400,000,000.
(B) Outlays, $81,400,000,000.
(C) New direct loan obligations, $3,300,000,000.
(D) New primary loan guarantee commitments, $65,500,000,000.
(E) New secondary loan guarantee commitments, $88,300,000,000.
Fiscal year 1993:
(A) New budget authority, $41,600,000,000.
(B) Outlays, $39,700,000,000.
(C) New direct loan obligations, $3,400,000,000.
(D) New primary loan guarantee commitments, $67,800,000,000.
(E) New secondary loan guarantee commitments, $91,700,000,000.
Fiscal year 1994:
(A) New budget authority, $6,500,000,000.
(B) Outlays, $9,200,000,000.
(C) New direct loan obligations, $3,500,000,000.
(D) New primary loan guarantee commitments, $70,300,000,000.
(E) New secondary loan guarantee commitments, $95,100,000,000.
Fiscal year 1995:
(A) New budget authority, $2,600,000,000.
(B) Outlays, $3,200,000,000.
(C) New direct loan obligations, $3,600,000,000.
(D) New primary loan guarantee commitments, $72,100,000,000.
(E) New secondary loan guarantee commitments, $98,700,000,000.
(8) Transportation (400):
Fiscal year 1991:
(A) New budget authority, $32,300,000,000.
(B) Outlays, $30,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0
Fiscal year 1992:
(A) New budget authority, $33,500,000,000.
(B) Outlays, $31,900,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0
Fiscal year 1993:
(A) New budget authority, $34,700,000,000.
(B) Outlays, $33,100,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0
Fiscal year 1994:
(A) New budget authority, $36,000,000,000.
(B) Outlays, $34,300,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0
Fiscal year 1995:
(A) New budget authority, $37,400,000,000.
(B) Outlays, $35,500,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0
(9) Community and Regional Development (450):
Fiscal year 1991:
(A) New budget authority, $9,200,000,000.
(B) Outlays, $8,600,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
Fiscal year 1992:
(A) New budget authority, $8,900,000,000.
(B) Outlays, $8,600,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
Fiscal year 1993:
(A) New budget authority, $9,000,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations. $1,200.000,000.
(D) New primary loan guarantee commitments, $400,000,000.
Fiscal year 1994:
(A) New budget authority, $9,500,000,000.
(B) Outlays, $8,900,000,000.
(C) New direct loan obligations. $1,300,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
Fiscal year 1995:
(A) New budget authority, $9,600,000,000.
(B) Outlays, $9,200.000,000.
(C) New direct loan obligations. $1,300,000,000.
(D) New primary loan guarantee commitments, $400,000,000.
(10) Education, Training, Employment. and Social Services (500):
Fiscal year 1991:
(A) New budget authority, $43,000,000.000.
(B) Outlays, $41,800,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $12,500,00,000.
Fiscal year 1992:
(A) New budget authority, $43,700,000,000.
(B) Outlays, $43,000,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $12,900,000,000.
Fiscal year 1993:
(A) New budget authority, $44,400,000,000.
(B) Outlays, $44,000,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $13,200,000,000.
Fiscal year 1994:
(A) New budget authority, $46,300,000,000.
(B) Outlays, $45,400,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $13,300,000,000.
Fiscal year 1995:
(A) New budget authority, $48,100,000,000.
(B) Outlays, $46,900,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $13,400,000,000.
(11) Health (550):
Fiscal year 1991:
(A) New budget authority, $66,300,000,000.
(B) Outlays, $65,500,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 1992:
(A) New budget authority, $73,900,000,000.
(B) Outlays, $73,300,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 1993:
(A) New budget authority, $81,300,000,000.
(B) Outlays, $80,900,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 1994:
(A) New budget authority, $89,600,000,000.
(B) Outlays, $88,900,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $350,000,000.
Fiscal year 1995:
(A) New budget authority, $98,500,000,000.
(B) Outlays, $97,500,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $400,000,000.
(12) Medicare (570):
Fiscal year 1991:

(A) New budget authority, $122,400,000,000.
(B) Outlays, $104,900,000,000.
(C) New direct loan obligations, $0
(D) New primary loan guarantee commitments, $0
Fiscal year 1992:
(A) New budget authority, $133,500,000,000.
(B) Outlays, $120,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $147,500,000,000.
(B) Outlays, $134,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $161,900,000,000.
(B) Outlays, $150,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $177,200,000,000.
(B) Outlays, $168,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1991:
(A) New budget authority, $196,800,000,000.
(B) Outlays, $160,000,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $205,200,000,000.
(B) Outlays, $167,800,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $212,800,000,000.
(B) Outlays, $175,300,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $223,500,000,000.
(B) Outlays, $185,300,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(14) Income Security (650):
Fiscal year 1995:
(A) New budget authority, $231,100,000,000.
(B) Outlays, $192,200,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(14) Income Security (650):
Fiscal year 1991:
(A) New budget authority, $3,800,000,000.
(B) Outlays, $3,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $4,500,000,000.
(B) Outlays, $4,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $4,900,000,000.
(B) Outlays, $4,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $5,400,000,000.
(B) Outlays, $5,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $6,000,000,000.
(B) Outlays, $6,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(15) Veterans Benefits and Services (700):
Fiscal year 1991:
(A) New budget authority, $31,900,000,000.
(B) Outlays, $31,700,000,000.
(C) New direct loan obligations, $7,000,000.
(D) New primary loan guarantee commitments, $15,700,000,000.
Fiscal year 1992:
(A) New budget authority, $33,100,000,000.
(B) Outlays, $32,700,000,000.
(C) New direct loan obligations, $600,000,000.
(D) New primary loan guarantee commitments, $16,000,000,000.
Fiscal year 1993:
(A) New budget authority, $34,100,000,000.
(B) Outlays, $33,800,000,000.
(C) New direct loan obligations, $600,000,000.
(D) New primary loan guarantee commitments, $16,300,000,000.
Fiscal year 1994:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $36,300,000,000.
(C) New direct loan obligations, $500,000,000.
(D) New primary loan guarantee commitments, $16,700,000,000.
Fiscal year 1995:
(A) New budget authority, $36,100,000,000.
(B) Outlays, $36,100,000,000.
(C) New direct loan obligations, $500,000,000.
(D) New primary loan guarantee commitments, $17,000,000,000.
(16) Administration of Justice (750):
Fiscal year 1991:
(A) New budget authority, $13,300,000,000.
(B) Outlays, $12,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $14,400,000,000.
(B) Outlays, $14,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $15,000,000,000.
(B) Outlays, $14,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $15,600,000,000.
(B) Outlays, $15,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $16,200,000,000.
(B) Outlays, $16,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(17) General Government (800):
Fiscal year 1991:
(A) New budget authority, $11,700,000,000.
(B) Outlays, $11,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $11,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $12,500,000,000.
(B) Outlays, $12,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $13,000,000,000.
(B) Outlays, $12,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1991:
(A) New budget authority, $215,600,000,000.
(B) Outlays, $215,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $228,700,000,000.
(B) Outlays, $228,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $239,200,000,000.
(B) Outlays, $239,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $243,700,000,000.
(B) Outlays, $243,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1995:
(A) New budget authority, $244,500,000,000.
(B) Outlays, $244,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(19) Allowances (920):
Fiscal year 1991:
(A) New budget authority, $0.
(B) Outlays, −$95,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1992:
(A) New budget authority, $0.
(B) Outlays, −$113,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1993:
(A) New budget authority, $0.
(B) Outlays, −$86,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1994:
(A) New budget authority, $0.
(B) Outlays, −$60,500,000,000.
(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $0.

(B) Outlays, –$76,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(20) Undistributed Offsetting Receipts (950):

Fiscal year 1991:

(A) New budget authority, –$23,000,000,000.

(B) Outlays, –$43,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1992:

(A) New budget authority, –$21,400,000,000.

(B) Outlays, –$49,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, –$22,700,000,000.

(B) Outlays, –$52,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority,—$93,800,000,000.

(B) Outlays,—$115,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New buget authority,—$109,100,000,000.

(B) Outlays,—$134,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than October 15, 1990, the committees named in subsections (b) and (c) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliatioin bill or resolution or both carrying out all such recommendations without any substantive revision.

HOUSE COMMITTEES

(b)(1) The House Committee on Agriculture shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $1,022,000,000 in outlays in fiscal year 1991, $2,023,000,000 in outlays in fiscal year 1992, $3,214,000,000 in outlays in fiscal year 1993, $3,432,000,000 in outlays in fiscal year 1994, and $3,936,000,000 in outlays in fiscal year 1995.

(2) The House Committee on Banking, Finance and Urban Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $1,507,000,000 in outlays in fiscal year 1991, $2,635,000,000 in outlays in fiscal year 1992, $2,812,000,000 in outlays in fiscal year 1993, $3,081,000,000 in outlays in fiscal year 1994, and $3,223,000,000 in outlays in fiscal year 1995.

(3) The House Committee on Education and Labor shall report changes in laws within its jurisdiction sufficient to reduce the deficit as follows: $215,000,000 in fiscal year 1991, $525,000,000 in fiscal year 1992, $760,000,000 in fiscal year 1993, $1,010,000,000 in fiscal year 1994, and $1,260,000,000 in fiscal year 1995.

(4) The House Committee on Energy and Commerce shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $3,731,000,000 in outlays in fiscal year 1991, $6,822,000,000 in outlays in fiscal year 1992, $9,224,000,000 in outlays in fiscal year 1993, $10,988,000,000 in outlays in fiscal year 1994, and $12,956,000,000 in outlays in fiscal year 1995.

(5) The House Committee on Interior and Insular Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $343,000,000 in outlays in fiscal year 1991, $400,000,000 in outlays in fiscal year 1992, $412,000,000 in outlays in fiscal year 1993, $425,000,000 in outlays in fiscal year 1994, and $438,000,000 in outlays in fiscal year 1995.

(6) The House Committee on Judiciary shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $91,000,000 in outlays in fiscal year 1991, $95,000,000 in outlays in fiscal year 1992, $99,000,000 in outlays in fiscal year 1993, $103,000,000 in outlays in fiscal year 1994, and $107,000,000 in outlays in fiscal year 1995.

(7) The House Committee on Merchant Marine and Fisheries shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $222,000,000 in outlays in fiscal year 1991, $241,000,000 in outlays in fiscal year 1992, $249,000,000 in outlays in fiscal year 1993, $256,000,000 in outlays in fiscal year 1994, and $263,000,000 in outlays in fiscal year 1995.

(8) The House Committee on Post Office and Civil Service shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficent to reduce outlays, or (C) any combination thereof, as follows: $2,165,000,000 in outlays in fiscal year 1991, $2,140,000,000 in outlays in fiscal year 1992, $2,780,000,000 in outlays in fiscal year 1993, $3,545,000,000 in outlays in fiscal year 1994, and $3,720,000,000 in outlays in fiscal year 1995.

(9) The House Committee on Public Works shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $42,000,000 in outlays in fiscal year 1991, $53,000,000 in outlays in fiscal year 1992, $53,000,000 in outlays in fiscal year 1993, $53,000,000 in outlays in fiscal year 1994, and $53,000,000 in outlays in fiscal year 1995.

(10) The House Committee on Science, Space, and Technology shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $5,000,000 in outlays in fiscal year 1991, $5,000,000 in outlays in fiscal year 1992, $5,000,000 in outlays in fiscal year 1993, $5,000,000 in outlays in fiscal year 1994, and $5,000,000 in outlays in fiscal year 1995.

(11) The House Committee on Veterans' Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $620,000,000 in outlays in fiscal year 1991, $645,000,000 in outlays in fiscal year 1992, $670,000,000 in outlays in fiscal year 1993, $695,000,000 in outlays in fiscal year 1994, and $720,000,000 in outlays in fiscal year 1995.

(12)(A) The House Committee on Ways and Means shall report (i) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (iii) any combination thereof, as follows: $3,320,000,000 in outlays in fiscal year 1991, $9,245,000,000 in outlays in fiscal year 1992, $11,870,000,000 in outlays in fiscal year 1993, $14,148,000,000 in outlays in fiscal year 1994, and $17,020,000,000 in outlays in fiscal year 1995.

(B) The House Committee on Ways and Means shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $13,225,000,000 in fiscal year 1991, $24,135,000,000 in fiscal year 1992, $24,040,000,000 in fiscal year 1993, $28,950,000,000 in fiscal year 1994, and $28,450,000,000 in fiscal year 1995.

(C) In addition to the instructions in subparagraphs (A) and (B), the House Committee on Ways and Means shall report changes in laws within its jurisdiction sufficient to

reduce the deficit as follows: $2,000,000,000 in fiscal year 1991, $3,000,000,000 in fiscal year 1992, $4,000,000,000 in fiscal year 1993, $5,000,000,000 in fiscal year 1994, and $6,000,000,000 in fiscal year 1995.

(D) The House Committee on Ways and Means shall report changes in laws within its jurisdiction which provides for an increase in the permanent statutory limit on the public debt by an amount not to exceed $1,900,000,000.

SENATE COMMITTEES

(c)(1) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $1,000,000,000 in fiscal year 1991, and $13,473,000,000 in fiscal years 1991 through 1995.

(2) The Senate Committee on Banking, Housing, and Urban Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $1,507,000,000 in fiscal year 1991, and $13,258,000,000 in fiscal years 1991 through 1995.

(3) The Senate Committee on Commerce, Science, and Transportation shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $232,000,000 in fiscal year 1991, and $1,335,000,000 in fiscal years 1991 through 1995.

(4) The Senate Committee on Energy and Natural Resources shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $36,000,000 in fiscal year 1991, and $364,000,000 in fiscal years 1991 through 1995.

(5) The Senate Committee on Environment and Public Works shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $392,000,000 in fiscal year 1991, and $1,808,000,000 in fiscal years 1991 through 1995.

(6)(A) The Senate Committee on Finance shall report (i) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (iii) any combination thereof, as follows: $3,015,000,000 in fiscal year 1991, and $55,883,000,000 in fiscal years 1991 through 1995.

(B) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $13,225,000,000 in fiscal year 1991, and $118,800,000,000 in fiscal years 1991 through 1995.

(C) In addition to the instructions in subparagraph (A) and (B), the Senate Committee on Finance shall report changes in laws within its jurisdicton sufficient (i) to reduce outlays, (ii) to increase revenues, or (iii) any combination thereof, as follows $2,000,000,000 in fiscal year 1991, and $20,000,000,000 in fiscal years 1991 through 1995.

(D) The Senate Committee on Finance shall report changes in law within its jurisdiction which provide for an increae in the permanent statutory limit on the public debt by an amount not to exceed $1,900,000,000,000.

(7) The Senate Committee on Governmental Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $2,165,000,000 in fiscal year 1991, and $14,350,000,000 in fiscal years 1991 through 1995.

(8) The Senate Committee on Judiciary shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (C) any combination thereof, as follows: $91,000,000 in fiscal year 1991, and $495,000,000 in fiscal years 1991 through 1995.

(9)(A) The Senate Committee on Labor and Human Resources shall report (i) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (ii) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce outlays, or (iii) any combination thereof, as follows: $120,000,000 in fiscal year 1991, and $2,640,000,000 in fiscal years 1991 through 1995.

(B) The Senate Committee on Labor and Human Resources shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $45,000,000 in fiscal year 1991, and $840,000,000 in fiscal years 1991 through 1995.

(10) The Senate Committee on Veterans' Affairs shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficent to reduce outlays, or (C) any combination thereof, as follows: $620,000,000 in fiscal year 1991, and $3,350,000,000 in fiscal years 1991 through 1995.

SALE OF GOVERNMENT ASSETS

SEC. 5. (a) It is the sense of the Congress that—

(1) from time to time the United States Government should sell assets to nongovernment buyers; and

(2) the amounts realized from such asset sales will not recur on an annual basis and do not reduce the demand for credit.

(b) For purposes of allocations and points of order under section 302 of the Congressional Budget and Impoundment Control Act of 1974, the amounts realized from asset sales or prepayments of loans shall not be allocated to a committee and shall not be scored with respect to the level of budget authority or outlays under a committee's allocation under section 302 of that Act.

(c) For purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974, the amounts realized from asset sales or prepayments of loans shall not be scored with respect to the level of budget authority, outlays, contributions, or revenues reconciled under a concurrent resolution on the budget.

(d) For purposes of this section—

(1) the terms "asset sale" and "prepayment of a loan" shall have the same meaning as under section 257(12) of the Balanced Budget and Emergency Deficit Control Act of 1985; and

(2) the terms "asset sale" and "prepayment of a loan" do not include asset sales mandated by law before September 8, 1987, and routine, ongoing asset sales and loan prepayments at levels consistent with agency operations in fiscal year 1986.

RESERVE FUND FOR CHILDREN

SEC. 6. (a) In the Sente, budget authority and outlays may be allocated to the Senate Committee on Finance for increased funding for children, including funding through tax credits, if the Committee on Finance or the committee of conference reports funding legislation that—

(1) will, if enacted, make funds available for that purpose; and

(2) to the extent that the costs of such legislation are not included in this resolution, will not increase the deficit in this resolution for fiscal year 1991, and will not increase the total deficit for the period of fiscal years 1991 through 1995.

(b) Upon the reporting of legislation pursuant to subsection (a), and again upon the submission of a conference report on such legislation (if such a conference report is submitted), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under section 302(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section. Such revised allocations, functional levels, and aggregates shall be considered for the purposes of such Act as allocations, functional levels, and aggregates contained in this resolution. The Committee on Finance shall report revised allocations pursuant to section 302(b) of such Act for the appropriate fiscal year (or years) to carry out this section.

And the Senate agree to the same.

That the Senate recede from its amendment to the title of the resolution.

LEON E. PANETTA,
RICHARD GEPHARDT,
Managers on the Part of the House.

JIM SASSER,
WYCHE FOWLER, Jr.
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the resolution struck out all of the House resolution after the resolving clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House resolution and the Senate amendment.

EXPLANATION OF CONFERENCE AGREEMENT

The following tables show the functional allocations and budget aggregates included in the conference agreement over five years for the total budget, the on-budget amounts and the off-budget amounts. In addition, a table is included which breaks out the credit amounts by function.

CONFERENCE AGREEMENT TOTAL BUDGET

[In billions of dollars]

	1991	1992	1993	1994	1995
Budget authority	1,485.6	1,562.6	1,582.4	1,593.4	1,668.4
Outlays	1,236.9	1,269.3	1,305.0	1,324.8	1,355.5
Revenues	1,172.9	1,260.8	1,349.8	1,433.3	1,511.7
Deficit (−) / surplus (+)	−64.0	−8.5	44.8	108.5	156.2
050 National Defense:					
Budget authority	288.3	290.9	291.1	351.5	364.9
Outlays	297.0	295.0	292.0	341.7	351.1
150 International Affairs:					
Budget authority	19.2	19.8	20.6	22.4	23.8
Outlays	17.4	18.0	18.5	19.7	20.7
250 General Science, Space and Technology:					
Budget authority	15.2	15.9	16.5	17.1	17.7
Outlays	15.2	15.7	16.1	16.8	17.4
270 Energy:					
Budget authority	6.4	5.6	6.4	6.8	7.2
Outlays	4.0	4.4	5.0	5.3	5.2
300 Natural Resources and Environment:					
Budget authority	18.8	19.9	20.5	21.2	22.0
Outlays	18.9	19.6	20.2	20.6	21.2
350 Agriculture:					
Budget authority	18.0	22.6	20.4	18.2	19.2
Outlays	14.1	17.1	16.0	15.3	14.6
370 Commerce and housing credit:					
Budget authority	85.5	85.4	41.6	−6.5	2.6
Outlays	87.0	81.4	39.7	−9.2	−3.2
400 Transportation:					
Budget authority	32.3	33.5	34.7	36.0	37.4
Outlays	30.7	31.9	33.1	34.3	35.5
450 Community and regional development:					
Budget authority	9.2	8.9	9.0	9.5	9.6
Outlays	8.6	8.6	8.7	8.9	9.2
500 Education, training, employment and social services:					
Budget authority	43.0	43.7	44.4	46.3	41.8
Outlays	43.8	44.0	44.0	45.4	66.3
550 Health:					
Budget authority	66.3	73.9	81.3	89.6	98.5
Outlays	65.5	73.3	80.9	88.9	97.5
570 Medicare:					
Budget authority	122.4	133.5	147.5	161.9	177.2
Outlays	104.9	120.0	134.4	150.5	168.0
600 Income security:					
Budget authority	196.8	205.2	212.8	223.5	231.1
Outlays	160.5	167.8	175.3	185.3	192.2
650 Social security:					
Budget authority	339.5	367.0	396.2	427.5	460.9
Outlays	266.3	283.7	301.4	318.9	337.2
700 Veterans benefits and services:					
Budget authority	31.9	33.1	34.1	35.1	36.1
Outlays	31.7	32.7	33.8	36.3	36.1
750 Administration of justice:					
Budget authority	13.3	14.4	15.0	15.6	16.2
Outlays	12.3	14.2	14.9	15.4	16.0
800 General government:					
Budget authority	11.7	12.0	12.3	12.5	13.0

CONFERENCE AGREEMENT TOTAL BUDGET—Continued

[In billions of dollars]

	1991	1992	1993	1994	1995
Outlays	11.7	12.0	11.8	12.0	12.4
900 Net Interest:					
Budget authority	194.4	201.9	206.2	203.8	197.0
Outlays	194.4	201.9	206.2	203.8	197.0
920 Allowances:					
Budget authority	0	0	0	0	0
Outlays	−96.6	−115.3	−88.3	−61.8	−77.4
950 Undistributed offsetting receipts:					
Budget authority	−26.6	−24.6	−28.2	−98.6	−114.1
Outlays	−48.5	−55.7	−58.7	−123.3	−142.5

CONFERENCE AGREEMENT ON-BUDGET ONLY

[In billions of dollars]

	1991	1992	1993	1994	1995
Budget authority	1174.7	1230.1	1229.6	1216.0	1266.0
Outlays	1002.3	1024.8	1049.9	1059.9	1080.9
Revenues	858.6	923.9	987.9	1045.2	1101.4
Deficit (−) / surplus (+)	−143.7	−100.9	−62.0	−14.7	−20.5
050 National defense:					
Budget authority	288.3	290.9	291.1	351.5	364.9
Outlays	297.0	−295.0	292.0	341.7	351.5
150 International affairs:					
Budget authority	19.2	19.8	20.6	22.4	23.8
Outlays	17.4	18.0	18.5	19.7	20.7
250 General science, space and technology:					
Budget authority	15.2	15.9	16.5	17.1	17.7
Outlays	15.2	15.7	16.1	16.8	17.4
270 Energy:					
Budget authority	6.4	5.6	6.4	6.8	7.2
Outlays	4.0	4.4	5.0	5.3	5.2
300 Natural resources and environment:					
Budget authority	18.8	19.9	20.5	21.2	22.0
Outlays	18.9	19.6	20.2	20.6	21.2
350 Agriculture:					
Budget authority	18.0	22.6	20.4	18.2	19.2
Outlays	14.1	17.1	16.0	15.3	14.6
370 Commerce and housing credit:					
Budget authority	85.5	85.4	41.6	−6.5	2.6
Outlays	87.0	81.4	39.7	−9.2	−3.2
400 Transportation:					
Budget authority	32.3	33.5	34.7	36.0	37.4
Outlays	30.7	31.9	33.1	34.3	35.5
450 Community and regional development:					
Budget authority	9.2	8.9	9.0	9.5	9.6
Outlays	8.6	8.6	8.7	8.9	9.2
500 Education, training, employment and social services:					
Budget authority	43.0	43.7	44.4	46.3	48.1
Outlays	41.8	43.0	44.0	45.4	46.9
550 Health:					
Budget authority	66.3	73.9	81.3	89.6	98.5
Outlays	65.5	73.3	80.9	88.9	97.5
570 Medicare:					
Budget authority	122.4	133.5	147.5	161.9	177.2
Outlays	104.9	120.0	134.4	150.5	168.0
600 Income security:					
Budget authority	196.8	205.2	212.8	223.5	231.1
Outlays	160.5	167.8	175.3	185.3	192.2
650 Social Security:					
Budget authority	3.8	4.5	4.9	5.4	6.0
Outlays	3.8	4.5	4.9	5.4	6.0
700 Veterans benefits and services:					
Budget authority	31.9	33.1	34.1	35.1	36.1
Outlays	31.7	32.7	33.8	36.3	36.1
750 Administration of justice:					
Budget authority	13.3	14.4	15.0	15.6	16.2
Outlays	12.3	14.2	14.9	15.4	16.0
800 General government:					
Budget authority	11.7	12.0	12.3	12.5	13.0
Outlays	11.7	12.0	11.8	12.0	12.4
900 Net interest:					
Budget authority	215.6	228.7	239.2	243.7	244.5
Outlays	215.6	228.7	239.2	243.7	244.5
920 Allowances:					
Budget authority	0	0	0	0	0
Outlays	−95.4	−113.6	−86.6	−60.5	−76.4
950 Undistributed offsetting receipts:					
Budget authority	−23.0	−21.4	−22.7	−93.8	−109.1
Outlays	−43.0	−49.5	−52.0	−115.9	−134.4

CONFERENCE AGREEMENT OFF-BUDGET ONLY

[In billions of dollars]

	1991	1992	1993	1994	1995
Budget authority	310.9	332.5	352.8	377.4	402.4
Outlays	234.6	244.5	255.1	264.9	274.6
Revenues	314.3	336.9	361.9	388.1	410.3

CONFERENCE AGREEMENT OFF-BUDGET ONLY—Continued

[In billions of dollars]

	1991	1992	1993	1994	1995
Deficit (−) / surplus (+)	79.7	92.4	106.8	123.2	135.7
050 National defense:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
150 International affairs:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
250 General science, space and technology:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
270 Energy:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
300 National resources and environment:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
350 Agriculture:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
370 Commerce and housing credit:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
400 Transportation:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
450 Community and regional development:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
500 Education, training, employment and social services:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
550 Health:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
570 Medicare:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
600 Income security:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
650 Social security:					
Budget authority	335.7	362.5	391.3	422.1	454.9
Outlays	262.5	279.2	296.5	313.5	331.2
700 Veterans benefits and services:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
750 Administration of justice:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
800 General government:					
Budget authority	0	0	0	0	0
Outlays	0	0	0	0	0
900 Net interest:					
Budget authority	−21.1	−26.8	−33.0	−39.9	−47.5
Outlays	−21.2	−26.8	−33.0	−39.9	−47.5
920 Allowances:					
Budget authority	0	0	0	0	0
Outlays	−1.2	−1.7	−1.7	−1.3	−1.0
950 Undistributed offsetting receipts:					
Budget authority	−3.6	−3.2	−5.5	−4.8	−5.0
Outlays	−5.5	−6.2	−6.7	−7.4	−8.1

CREDIT BUDGET FUNCTION TOTALS

[In billions of dollars]

	1991	1992	1993	1994	1995
Direct Loans	21.0	17.8	18.2	18.4	18.6
Guaranteed loans	106.8	109.6	112.1	115.5	118.1
Secondary guaranteed loans	85.4	88.7	92.1	95.6	99.2
050 Defense:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
150 International affairs:					
Direct loans	1.9	2.0	2.1	2.1	2.2
Guaranteed loans	7.2	7.2	7.5	7.7	8.0
Secondary guaranteed loans	.4	.4	.4	.5	.5
250 General science, space and technology:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
270 Energy:					
Direct loans	2.0	1.6	2.0	2.1	2.3
Guaranteed loans	.4	0	0	0	0
300 Natural resources and environment:					
Direct loans	.1	.1	.1	.1	.1
Guaranteed loans	0	0	0	0	0
350 Agriculture:					
Direct loans	9.0	8.8	8.6	8.6	8.4
Guaranteed loans	7.0	7.3	6.6	6.7	6.8

CREDIT BUDGET FUNCTION TOTALS—Continued

[In billions of dollars]

	1991	1992	1993	1994	1995
370 Commerce and housing credit:					
Direct loans	6.0	3.3	3.4	3.50	3.6
Guaranteed loans	63.3	65.5	67.8	70.3	72.1
Secondary guaranteed loans	85.0	88.3	91.7	95.1	98.7
400 Transportation:					
Direct loans	0	.1	.1	.1	.1
Guaranteed loans	0	0	0	0	0
450 Community and regional development:					
Direct loans	1.2	1.2	1.2	1.3	1.3
Guaranteed loans	.4	.4	.4	.4	.4
500 Education, training, employment and social services:					
Direct loans	0	0	0	0	0
Guaranteed loans	12.5	12.9	13.2	13.3	13.4
550 Health:					
Direct loans	0	0	0	0	0
Guaranteed loans	.3	.3	.3	.4	.4
570 Medicare:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
600 Income security:					
Direct loans	.1	.1	.1	.1	.1
Guaranteed loans	0	0	0	0	0
650 Social security:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
700 Veterans benefits and services					
Direct loans	.7	.6	.6	.5	.5
Guaranteed loans	15.7	16.0	16.3	16.7	17.0
750 Administration of justice:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
800 General government:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
900 Net interest:					
Direct loans	0	0	0	....	0
Guaranteed loans	0	0	0	0	0
920 Allowances:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	0	0	0
950 Undistributed offsetting receipts:					
Direct loans	0	0	0	0	0
Guaranteed loans	0	0	....	0	0

Reconciliation Instructions

The conference agreement includes reconciliation instructions directing twelve House Committees and ten Senate Committees to report legislation to achieve savings over fiscal years, 1991-1995. The House Committee instructions specify savings targets for each of the five years. The Senate Committee instructions specify targets for fiscal year 1991 and for total savings over the five years.

The conference agreement requires House and Senate Committees to report reconciliation recommendations to their respective Budget Committees not later than October 15, 1990.

CONFERENCE AGREEMENT RECONCILIATION BY HOUSE COMMITTEE

[Deficit reduction in billions of dollars]

Committee	Fiscal year— 1991	1992	1993	1994	1995	5-year
Agriculture: Mandatory/fee savings	−1.022	−2.023	−3.214	−3.432	−3.936	−13.627
Banking: Mandatory/fee savings	−1.507	−2.635	−2.812	−3.081	−3.223	−13.258
Education and Labor: Deficit reduction (DR)	−.215	−.525	−.760	−1.010	−1.260	−3.770
Energy and Commerce: Mandatory/fee savings	−3.731	−6.822	−9.224	−10.988	−12.956	−43.721
Interior: Mandatory/fee savings	−.343	−.400	−.412	−.425	−.438	−2.018
Judiciary: Mandatory/fee savings	−.091	−.095	−.099	−.103	−.107	−.495
Merchant Marine: Mandatory/fee savings	−.222	−.241	−.249	−.256	−.263	−1.231
Post Office: Mandatory/fee savings	−2.165	−2.140	−2.780	−3.545	−3.720	−14.350
Public Works: Mandatory/fee savings	−.042	−.053	−.053	−.053	−.053	−.254
Science, Space and Technology: Mandatory/fee savings	−.095	−.005	−.005	−.005	−.005	−.025
Veterans: Mandatory/fee savings	−.620	−.645	−.670	−.695	−.720	−3.350
Ways and Means:						
Mandatory/fee savings	−3.320	−9.245	−11.870	−14.148	−17.020	−55.603
Deficit reduction (DR)	−2.000	−3.000	−4.000	−5.000	−6.000	−20.000
Revenues (REV)	−13.225	−24.135	−24.040	−28.950	−28.450	−118.800
Committee total (DR)	−18.545	−36.380	−39.910	−48.098	−51.470	−194.403
Total reconciled [1] (DR): Mandatory/fee savings	−24.307	−45.009	−50.921	−60.711	−65.258	−246.206
IRS enforce initiatives (REV)	−3.037	−1.835	−1.803	−1.488	−1.213	−9.376
Miscellaneous other mandatory entitlement/fees	−.600	−.600	−.600	−.600	−.600	−3.000
Total revenue increases and mandatory spending cuts (DR)	−27.944	−47.444	−53.324	−62.799	−67.071	−258.582

[1] Savings that may result from action by more than one committee due to joint jurisdiction are counted only once in the total.

Note.—All amounts are outlays unless specified as REV (revenues) or DR (deficit reduction—outlays or revenues).

CONFERENCE AGREEMENT RECONCILIATION BY SENATE COMMITTEE

[In millions of dollars]

		1991	5-year
Agriculture:			
Unspecified mandatory/fees	0	1,000	13,473
Banking:			
Unspecified mandatory/fees	0	1,507	13,258
Commerce:			
Unspecified mandatory/fees	0	232	1,335
Energy:			
Unspecified mandatory/fees	0	36	364
Environment:			
Unspecified mandatory/fees	0	329	1,808
Finance:			
Unspecified mandatory/fees	0	3,015	55,883
Unspecified revenues	REV	13,225	118,800
Unspecified rev or mandatory	DR	2,000	20,000
Subtotal, Finance	DR	18,240	194,683
Government Affairs:			
Unspecified mandatory/fees	0	2,165	14,350
Judiciary:			
Unspecified mandatory/fees	0	91	495
Labor:			
Unspecified revenues	REV	45	840
Unspecified mandatory/fees	0	120	2,640
Subtotal, Labor	DR	165	3,480
Veterans:			
Unspecified mandatory/fees	0	620	3,350
Total reconciled to committees	DR	24,307	246,206
IRS enforcement	REV	3,037	9,376
Miscellaneous mandatory/fees	0	600	3,000
Total	DR	27,944	258,582

Note: Savings that may result from action by more than one committee due to joint jurisdiction are counted only once in the total. Outlays are specified as "O," revenues as "REV," and deficit reduction as "DR."

Budget Summit Agreement

On May 6, 1990, the President and the bipartisan congressional leadership agreed to convene a special budget group. Five months later, the negotiators reached agreement. The budget summit agreement represents the largest deficit reduction plan ever agreed to, an estimated $500 billion during the next five years.

This conference agreement includes five-year reconciliation instructions and discretionary spending limitations that reflect the work of the budget summit. All caps for discretionary spending are upper limits on spending and not floors.

The conferees believe that the adoption and implementation of the conference agreement will hasten the achievement of a balanced Federal budget, reduce the demand on private credit markets, and enhance the long-run growth potential of the United States.

Leadership Enforcement of Conference Agreement

It is the intent of the conferees that the bipartisan leaders of the House and Senate work with the committees of Congress to assure that the deficit reduction amounts required by this conference agreement will be achieved and will result in real, permanent savings.

It is the intent of the conferees that the House-reported reconciliation bill should not contain provisions extraneous to the agreement.

Should legislation under consideration by any committee fail to comply with the conference agreement, the conferees intend that remedial efforts shall be made by all parties to achieve such compliance. Further, the conferees intend that the bipartisan leaders shall take steps to enforce the agreement.

Achievement of Unspecified Savings

The conferees urge that the joint leadership of Congress agree on a package of changes in laws that provide mandatory spending to achieve deficit reduction of $3,000,000,000 (in addition to the amounts reconciled in this concurrent resolution) and seek to include that package in the reconciliation bill pursuant to this concurrent resolution.

FUNDING FOR IRS COMPLIANCE

It is the intent of the conferees that the additional amounts requested by the President in the fiscal year 1991 budget for the IRS compliance initiative—$191 million in budget authority and $183 million in outlays in fiscal year 1991, $172 million in budget authority and $169 million in outlays in fiscal year 1992, $183 million in budget authority and $179 million in outlays in fiscal year 1993, $187 million in budget authority and $183 in outlays in fiscal year 1994, and $188 million in budget authority and $184 in outlays in fiscal year 1995—shall be provided by action of the Appropriations Committees in order to raise the assumed amounts of additional revenues from increased IRS compliance funding consistent with the budget summit agreement. The Appropriations Committees will be held harmless vis-a-vis the summit agreement's discretionary spending caps for increased funding in these amounts.

BUDGET PROCESS REFORM AND ENFORCEMENT

To assure a $500 billion deficit reduction package is achieved and maintained, the conferees intend that the reconciliation act implementing this conference agreement include provisions to strengthen the budget process.

COSTS OF OPERATION DESERT SHIELD

This agreement assumes the current costs for Operation Desert Shield represent emergency funding requirements not subject to the defense caps. Funding for Desert Shield will be provided subsequently through the normal legislative process and this agreement makes no assumptions as to the amount that may be required. Desert Shield costs should be accommodated through allied burden-sharing contributions, offsets within other non-Desert Shield accounts of the defense budget and/or subsequent appropriations Acts. Desert Shield costs mean those incremental costs directly associated with the increase in operations in the Middle East and do not include costs which would be experienced by the Department of Defense as part of its normal operations absent Operation Desert Shield.

PAY-AS-YOU-GO FOR NEW INITIATIVES

The conferees do not intend to preclude the enactment of legislation providing for additional new initiatives. However, the conferees do intend that all new initiatives be paid for on a pay-as-you-go basis.

DEFICIT REDUCTION

The Managers expect that the legislative committees will maintain, to the greatest degree possible, the distribution of entitlement reductions and revenue increases in the bipartisan leadership agreement. The Managers expect that the shares of deficit reduction will closely parallel those of the summit agreement—36 percent discretionary, no less than 22 percent mandatory, no greater than 30 percent revenues, and 13 percent net interest. Further, the Managers expect that gross revenues would not exceed those assumed in the bipartisan budget summit agreement.

LEON E. PANETTA,
RICHARD GEPHARDT,
Managers on the Part of the House.

JIM SASSER,
WYCHE FOWLER, Jr.
Managers on the Part of the Senate.

CONFERENCE REPORT ON H. CON. RES. 310

(The conference report on House Concurrent Resolution 310 appears on pages H9137-H9145 in today's RECORD.)

Mr. PANETTA. Mr. Speaker, pursuant to the previous order of the House, I call up the conference report on the House concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the U.S. Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER. Pursuant to House Resolution 496, the conference report is considered as having been read.

The SPEAKER. Pursuant to House Resolution 496, The gentleman from California [Mr. PANETTA] will be recognized for 1 hour, and the gentleman from Minnesota [Mr. FRENZEL] will be recognized for 1 hour.

The Chair recognizes the gentleman from California [Mr. PANETTA].

(Mr. PANETTA asked and was given permission to revise and extend his remarks.)

Mr. PANETTA. Mr. Speaker, I yield myself 9 minutes.

Mr. Speaker, first of all I want to apologize for the time that was involved here in trying to complete this conference report. In 14 years of working with the budget process, this was indeed one of the most unusual conferences that I have attended, in the sense that it was difficult to assemble all of the Members for various reasons that were not related to the conference. But we were able to have discussions with both the Republican leadership in the House, as well as that in the other body. We have had extensive discussions on the various pieces that are contained here in the conference, and we have now proceeded to complete the conference so that we can move forward.

We are tonight a government in crisis, and it is extremely important that we move forward with this budget resolution. We can no longer engage in just partisanship or games. The time has come for action to move this budget resolution.

The country is waiting, the people are waiting. We have a responsibility to exercise leadership tonight.

The goals that we sought here were bascially two: One was to try to address some of the concerns that had been raised as a result of the defeat of the budget resolution the other night on both sides of the aisle.

In addition to that, we tried to return to the basic purpose of a budget resolution, which I think every Member has to understand basically sets out aggregate numbers and tries to provide policy guidance pursuant to the summit agreement that was arrived at between the President and the leadership.

Those recommendations go forward to the committees. The committees then have the responsibility to meet those numbers and to present their recommendations. The test is that what they present is real in terms of deficit reduction, and that will be the test that we apply in this instance.

There are basically seven changes that have been made. I will address those briefly.

As I said, we have discussed this with the leadership on both the Republican side, as well as in the other body, so that every Member is familiar with the basic changes that we made.

No. 1, we basically preserved in the summit agreement the goals that were established by the summit that we achieve $40.1 billion in savings the first year, and over 5 years that we achieve $500 billion in savings.

We also maintained the aggregate numbers that were established by the summit, on revenues, on mandatory program savings, and on the discretionary accounts. All of that is maintained pursuant to the summit agreement.

Second, we modified reconciliation instructions to both the Committee on Ways and Means and the Committee on Finance to allow them to adjust particularly in the area of Medicare, as well as with regard to unemployment insurance.

PARLIAMENTARY INQUIRY

Mr. SOLOMON. Mr. Speaker, parliamentary inquiry.

The SPEAKER. Does the gentleman from California [Mr. PANETTA] yield for that purpose?

Mr. PANETTA. Mr. Speaker, I would prefer to continue my statement at this time.

The SPEAKER. The gentleman declines to yield.

Mr. PANETTA. Mr. Speaker, the specific policy decisions that raised tremendous concern on both sides of the aisle included home heating oil, the gas tax, issues related to capital gains, as well as tax rates. Those issues would be determined by the committees, in consultation with the bipartisan congressional leadership, so that both the Committee on Way and Means and the Committee on Finance would consult with the bipartisan leadership in making their decisions in these areas.

All of the caps that have been provided here, caps for defense, caps for discretionary domestic spending, and also the caps for international spending, these would be spending caps, and would not represent floors, which means that we could achieve savings in each of those areas and those savings would go to deficit reduction.

There is a wall between each of these areas established under the summit agreement. We would maintain that wall. But what we seek to do is to provide that we can achieve savings, additional savings in each of these areas, and they would go for deficit reduction.

The funding for Operation Desert Shield is tightened up in the sense that there was concern that Desert Shield could possibly become a blank check for additoinal spending, and we wanted to ensure that the spending in this area was focused on the costs related specifically to Desert Shield.

In addition, there is a technical adjustment with regard to the defense budget authority to reflect the Senate-passed defense authorization bill. That would provide for about a $2.2 billion adjustment in the first 3 years.

On agriculture, what we did in agriculture is to move about $400 million in agricultural savings from the first year to the third year, so the first year would be approximately $1 billion. The 5-year savings would represent the overall savings that were provided under the summit.

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All other committees are required to achieve exactly the same amount as provided in the budget summit with the President and the congressional leadership.

We also indicate that obviously any new program would be paid for on a pay-as-you-go basis, something that was agreed to in the summit as well.

The bottom line here is that we have essentially tried to maintain the core of the agreement arrived at between the President and the leadership, tried to adjust those areas that Members have raised concerns about, particularly with regard to Medicare and unemployment compensation, and also provide some flexibility to the committees, which was the case even on the vote that was held the other night, but to recognize that flexibility, understanding that any savings to be achieved would have to be real and would have to meet the targets established for each of those committees.

Those, in summation, are the key points that we have provided here. Let me just conclude by saying how important it is that we act tonight.

It is not just the debate that has gone on here over the last 2 days that I think concerns all of us. It is the fact that this country is at risk tonight as we speak, economically, militarily with our troops located in the Persian Gulf, and certainly from a budget point of view as well. People in this country are looking to us tonight to solve this problem.

There was last night in the interviews on television with the tourists who were being kept out of the Smithsonian, there was an interview with a little girl who was trying to get into the Smithsonian to see the Constitution at the Archives, and of course it was closed. When they asked her the question why were you not let in, and she was very disappointed, and said we had come here for the purpose of seeing the Constitution and seeing the Archives, it was not so much what she said, it was the look in her eyes. For those of you who are parents, when you look into your children's eyes and there is that look of fright, that something is terribly wrong, you know that you have to reach out and try to provide some comfort. That look was in that girl's eyes.

That some concern exists with the American people. Democracy will survive. We go through these tests all of the time. That is the price we pay for freedom in this society.

But the responsibility in a democracy and the duty of all of us is to exercise leadership, tonight, to move this budget resolution, not only for that little girl but for the American people, and for all of us, and for this institution of the House of Representatives.

Let us do that tonight.

Mr. FRENZEL. Mr. Speaker, I yield myself 9½ minutes.

Mr. LEWIS of California. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from California.

Mr. LEWIS of California. Mr. Speaker, I appreciate the gentleman yielding. I wonder if I could ask my colleague a question.

I appreciated the explanation given and especially the concern that I have for the people who will be negatively affected by this package. But could the gentleman be very specific about one thing for all of us. Just how much gas tax is in this package?

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from California.

Mr. PANETTA. I thank the gentleman for yielding.

The approach we have taken here is that all of the areas with regards to the gas tax, as well as capital gains for those who favor capital gains, those that are concerned about tax rates, those that are concerned about home heating oil, those are issues that will be determined by the committees of responsibility, as they should be, in consultation with the leadership of the Congress.

Mr. LEWIS of California. I thank the gentleman for his candor.

Mr. LIVINGSTON. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Louisiana.

Mr. LIVINGSTON. Mr. Speaker, I thank the gentleman for yielding. If the gentleman from California would please rise again, I just want to make sure that I understand, as I understand his points, Medicare, the cuts that were to accrue in Medicare are gone from the package?

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from California.

Mr. PANETTA. Mr. Speaker, that is not correct. What we have provided here is room for modifications in that area if the committees so desire. The presentation basically provides for about $10 billion less in entitlement savings, $10 billion less in revenue savings, but it is made up with a $20 billion unspecified reconciliation to the committees.

Mr. LIVINGSTON. If the gentleman will yield further, the agricultural savings that were to be gained in this next year were put off for 2 years; that is, $400 million?

Mr. PANETTA. The total number was $1.4 billion that would be achieved the first year. We have taken $400 million of that and moved it to the third year. The overall 5-year savings remain the same in agriculture.

Mr. LIVINGSTON. The savings in home heating oil is left to the committees?

Mr. PANETTA. That is correct.

Mr. LIVINGSTON. The savings in gas taxes or the accrued revenues from gas taxes, presumably beer taxes and whatever happen to capital gains, that is all left to the committees?

Mr. PANETTA. If the gentleman will yield further, the purpose of a budget resolution has always been to present aggregate numbers to the committees. In reconciliation we provide the policy guidelines that determine those numbers. In this instance it was the summit agreement, and we will provide that to the committees as guidance. But the final determination as to what is in or out of this bill will be left to the committees.

Mr. LIVINGSTON. If the gentleman will yield further, the bill is very specific, very specific with respect to caps on defense and restrictive expenditures for Desert Shield. Our 200,000 young people who are over there in Saudi Arabia are now having the strings tightened on their purse, is that correct?

Mr. PANETTA. If the gentleman will yield, this is language that we have worked out with the administration, and it basically provides that for those expenditures that are presented on Desert Shield, they merely have to show that these expenditures relate to Desert Shield expenditures and not to just the normal operations of DOD, and I assume we would want to see that in any event.

Mr. LIVINGSTON. Surely. As I understand from the gentleman's eloquent statement about the little girl, that we are standing up for her rights and privileges and her future. But we are tightening the restrictions on the purse in Desert Shield in an effort to get this package?

Mr. PANETTA. No; that is not correct. Desert Shield still remains outside of the defense cap. It will be handled in a supplemental. What we want to ensure is that when it is presented those costs relate to Desert Shield.

Mr. LIVINGSTON. So finally, if the gentleman will yield, the flexibility in the gentleman's package is left entirely to the committees, and we really do not know what we are getting; is the correct?

Mr. PANETTA. In answer to the gentleman, the guidance is provided to the committees pursuant to the summit agreement, and obviously it would have to be done in consultation with the bipartisan leadership.

Our goal here is to work with the President and with the bipartisan leadership in a package in reconciliation that will be acceptable hopefully to both sides of the aisle.

Mr. LIVINGSTON. As vague as it may be. I thank the gentleman.

Mr. FRENZEL. Mr. Speaker, the budget agreement that is before us tonight has been presented to us only recently. But, in fairness to the conference committee which reported it, its changes, while not insignificant, are not too hard to understand.

At least to me it is not reasonable to complain that we have not seen it soon enough. The details of it, or most of them, were given to me two evenings ago by the distinguished chairman of the House Budget Committee. We have considered them and worked on them in our Republican councils.

I owe the distinguished gentleman and other conferees an apology for not being able to come to most of their conference committee meetings. The Republicans were busy trying to hammer out a position of their own after what they considered to be the changed conditions subsequent to the failure of the budget resolution on Friday night. And I apologize to all of the other people to whom I have acted in a waspish and owly fashion. It has been a long weekend for me as it has been for many of the others of my colleagues.

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But I do want to get back to saying the changes are not large in number. They may be important to some of you. They are important to me.

The first important fact not changed is that the overall summit agreement structure is the same as was brought to us on Friday night.

The next thing is that there is an important change, and that is that the Committee on Ways and Means has been instructed to bring in $10 billion less in entitlement savings. Some Members think this will all be Medicare. Some believe it will be a combination of unemployment insurance and Medicare. And others have other speculations about it. I think the only thing that is certain is that there will be less entitlement savings in the new package.

As a result, we have been given some more flexibility in unspecified reconciled deficit reduction which, to me, sounds like the only place we can go is to raise taxes by $10 billion.

Due to an item which has been put in the statement of the managers, one can only assume that we are going to keep the same level of taxes so that the $10 billion extra is going to come out of tax incentives. I cannot read it any other way than that.

Otherwise, the committees will, as always, bring in the results of their determinations, and I believe it is still the chairman's intention and the leadership's intention to at least maintain the threat of an amendment if the committees do not meet their targets.

If any of you have this little sheet that tells you the changes that were made, there is a statement about how caps are upper limits and not floors. My own interpretation is that all of the agreed-upon spending limits are agreed-upon spending limits, and what the agreement really says is that the enforcement of these agreed levels will prevent us from exceeding the upper limits, and there is no enforcement on floors. I think that explains what we are dealing with here with more accuracy.

There is the funding of Desert Shield, which was investigated by the gentleman from Louisiana. That, I think, was put in this resolution mainly to calm the fears of people who believe there will be some leakage. The language does not have a lot of force and effect other than to make people more comfortable. The real force and effect will come from the supplemental appropriation which will contain similar language. I am told that I will be worked out with the administration, and it may be slightly different from the words in this agreement. But the intention is that Operation Desert Shield, which is exempted from the agreed limits, will not leak over into other Department of Defense operations.

There is a technical adjustment which reduces the BA only in fiscal year 1991 as a result of a disagreement between what Senator NUNN says the agreed Nunn number is and what the Democrat Committee on the Budget says it is. That is an $800 million downward adjustment.

There is also the $400 million agriculture adjustment we have already talked about.

The other parts of the agreement are as we have discussed it last Friday. But. I do need to say one thing about enforcement. The DSG put forth a paper today which indicated there was no enforcement, and that is, of course, technically correct. However, the strong enforcement, which I believe is one of the good parts of this package despite some infirmities that have crept into it, will be entered by a leadership agreement at the Committee on Rules level after reconciliation has been completed. There is the same enforcement that was in the budget resolution which we defeated Friday night. Yes, it is not reconciled to a specific committee, but the anticipation is that it will occur at the Committee on Rules level.

Mr. Speaker, for reasons I will explain later, I oppose the budget resolution.

Mr. Speaker, I reserve the balance of my time.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Florida [Mr. FASCELL].

Mr. FASCELL. Mr. Speaker, I rise in support of the budget resolution, pay my respects to the chairman of the committee and the other conferees and the leadership for providing the flexibility, the assurances and the adjustments that are represented in this resolution and to preserve the prerogatives of the committees which cause so much concern in this body. I would trust that in a show of civility even if we have differences of opinion that we could discuss those differences as colleagues and ultimately get to a vote on this very important resolution.

Mr. FRENZEL. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Texas [Mr. ARCHER], the vice chairman of the Committee on Ways and Means.

(Mr. ARCHER asked and was given permission to revise and extend his remarks.)

Mr. ARCHER. Mr. Speaker, sadly this budget conference report is not a bipartisan agreement. Many of us worked many months this year agonizingly to reach a bipartisan agreement so that his country could move together cooperatively, but the summit agreement in all of its ramifications insofar as the restraints as to what could be done and could not be done, as to tax rates and many other items has been discarded, and now we have lump numbers assigned to the Committee on Ways and Means which has the major jurisdiction over this legislation.

Yes, if I were in the majority, I would like that, and I understand that that was used to get your votes. The votes that will finally be cast on this agreement will show and demonstrate to the public it is not bipartisan.

On the Committee on Ways and Means we are outnumbered 23 to 13, and when you put lump numbers that are subject to the majority being able to implement it without the constraints that were carefully hammered out during those months of summit negotiation, it ceases to be a bipartisan agreement.

As my friend, the gentleman from Minnesota [Mr. FRENZEL] said, it is an open door, and clearly has been labeled as such to get your votes on the Democrat side. I understand the Speaker has his problems. He has to try to pass a resolution to give you another $10 billion of taxes with an increase in spending of $10 billion, and that has been a trouble to me all the way through.

I bent as far I could last Thursday on the tax side. I can bend no farther. I particularly feel that when the chairman of our committee is going to establish what he calls his mark which becomes the enforcement mechanism for all of the taxes that go into this bill and lays it before our committee on Tuesday, that becomes the legislation, and no one else has any other input into it. Anyone who wishes to change it must then satisfy the burden of proof of knocking out any individuals item in that chairman's mark, and that is not bipartisanship, and that is not the spirit of the summit.

The promise that has been made to the Democrat Members is by putting lump numbers in we are going to let you solve your problems, and I can tell you will not get all of your problems solved, but in the process of trying to solve them, the odds are great that you will create massive problems for our side.

The increased spending in entitlements makes it more important to understand what has happened in discretionary spending, because while we are asking the working people of this country to pay higher taxes, this budget resolution provides for an additional $170 billion of new spending over the 5 years on discretionary spending. I do not think the people of this country want to be taxed to increase spending on domestic spending and discretionary spending. Perhaps I am wrong, but that is not the way I read my district nor the people that make input to me from across the country.

I must sadly say to you that I must oppose this budget resolution, and I wish that there were some way that we could bring back together the spirit of the restraints that the summit reached.

Mr. PANETTA. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I regret the position of the gentleman from Texas, but I understand it. He was a participant in the summit, and I respect his views as sincere.

I just want to share with him the fact that no one takes a back seat on spending savings to the chairman of the Committee on Ways and Means, who has said to me time and time again, "I want to bring out a bipartisan package that I want to work with the gentleman from Texas [Mr. ARCHER] on and ensure that the President is part of that effort."

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I just want to share those views with Members that the package that the chairman of the Committee on Ways and Means intends to bring out is a package that will achieve the goals presented in the summit, and hopefully he will work with the Republicans in that effort.

Mr. ARCHER. Mr. Speaker, if the gentleman will yield, it would have been most helpful for me had the chairman contacted me and said that he would have liked to have me participate in the development of that, but that has not occurred. Regardless of the chairman's position, the numbers are still there, 23 to 13. That is a massive, massive hill to get cooperation from over the very tough decisions that lie ahead of Members.

I appreciate the gentleman's comments.

Mr. PANETTA. I understand, and I yield myself 1 additional minute.

The purpose here was to try to develop the flexibility on an issue that was of concern on both sides of the aisle, which was the Medicare reductions. All Members know that. All Members recognize the concerns that were registered out there. What we tried to do here is provide some flexibility to the committee to address that area. It does not necessarily mean that taxes are going to go up. It could mean that entitlement savings could replace those savings. In fact, what we have done is give the committee the ability to replace whatever it takes to try to modify those reductions. I am convinced, and I trust in the judgment of the chairman of the Committee on Ways and Means that he will do that.

Mr. Speaker, I yield 3 minutes to the gentleman from Georgia [Mr. JENKINS].

(Mr. JENKINS asked and was given permission to revise and extend his remarks.)

Mr. JENKINS. Mr. Speaker, I think everyone recognizes that we are running out of time. I regret very much that we have been unable, as an institution, to come to a bipartian budget agreement that must be decided tonight.

Obviously, when my good friend and colleague on the Committee on Ways and Means, the gentleman from Texas [Mr. ARCHER] says that they on the Republican side are going to be unable to work in the Committee on Ways and Means, as I understand it, in a bipartisan manner, the end result is that we on the Democratic side will end up having to write the legislation. That is unfortunate.

Now, if I recall correctly, both sides rejected the summit agreement. Both side rejected the summit agreement. House Members indicated I think, by their votes, that they did not like the reductions, maybe in Medicare, that they did not like the taxes, possibly on gasoline, or that they did not like the other parts of the package. I agree with them. I think that the normal process should be to let the committee work, to work its will. That is the way it has always been.

If we do not like the package, at the end of this process, we always have the right to vote no. If we signed a pledge that we cannot get around, we can always vote no. I am sure that many Members will do that.

I simply want to say to my colleagues, as the American television viewers have watched for the last 2 or 3 days, that the people have not been too pleased with what they have seen in this institution. The facts are that the bubble in the Tax Code has to be eliminated, and the majority of Members on your side know that and have indicated that to many people on this side of the aisle. It simply is not defensible for a high income person to pay at a lower tax rate on ordinary income as is presently in the code.

Whatever we do, whether we reduce the impact on Medicare, whether we take gasoline taxes lower, the bubble is going to be gone because the majority of your Members, as well as the majority of our side, are going to eliminate the tax bubble. Therefore, I think it is incumbent upon this House to say to the Committee on Ways and Means to bring out a balanced package. Everyone will get hurt to some extent, but the country has to go forward. At some point we have to govern. Now is the time to begin. I urge you to vote "aye" on this proposal.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New York [Mr. GILMAN].

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, as we engage in a lengthy late hour debate on budget proposal No. 2—the son of budget No. 1—I rise to appeal to my colleagues to put partisanship behind us. We have heard too many harsh words on both sides of the aisle in the last few days. Let us work together tonight to enact a fair budget agreement acceptable not only to all the Members of this body but most important to our constituents back home.

In this debate I urge my colleagues to avoid partisanship and to focus, not on the upcoming November elections, but on working together to complete the job we were sent here to do, bearing in mind what President Bush stressed in his recent message; the need for bipartisanship, not interparty bickering.

There is no Member of this body who is not devoted to our Nation and who does not toil for the good and welfare of our citizens.

But, in doing so, we must respect the different approaches we may take to achieve those very same goals.

By working together I am certain we can and will achieve what all of us and our Nation are seeking—a fair and equitable budget.

Let us bear in mind on both sides of the aisle what a presidential nominee once said, "More important than winning an election is governing the Nation. That's the test of a political party * * * the acid, final test." Those were the words of Adlai Stevenson, in 1952.

Mr. Speaker, in the interest of bipartisanship, I support the proposal before us.

Mr. PANETTA. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. SCHUMER], a member of the Committee on the Budget.

(Mr. SCHUMER asked and was given permission to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, we are here tonight at a very important juncture, and I would like to address this budget on both a substantive and a process basis.

On a substantive basis, I say to my colleagues, particularly on this side of the aisle, make no mistake about it, the basic structure of the summit remains intact. There are 2½ times the savings from spending cuts than from revenue increases. Many on our side of the aisle had always thought that ought to be one for one, that for every dollar of spending cuts to the constituencies that need help, there would be an increased dollar of revenues, but that was not to be. And it is not there.

Then, when we get to the cuts in spending, again, many on our side of the aisle thought for every dollar of domestic cuts there ought to be a dollar of defense cuts. There is not. There is greater cutting on the domestic side than on the defense side. Therefore, the framework of the summit, which hardly leans in the direction of our party, is still there. By abandoning it, I would say to my colleagues on this side of the aisle, they are making a mistake, but there were four major objections to the package, and the proposal by the gentleman from California deals with those.

First, Medicare. The cuts proposed in Medicare were so deep that everyone knew that they could not be accepted. Does Medicare have to bear some of its share of cuts? Yes, but the summit proposal would have meant the closing of hospitals, urban and rural alike, and it would have put a burden on beneficiaries, far too great, including beneficiaries who could hardly afford it. The new proposal allows that to change. Second, progressivity. From one end of the country to the other, Americans said that the middle class, the working people, and the poor people of this country should not pay a higher percentage of tax increases than the very wealthy. The original summit called for that. The new proposal allows the Committee on Ways and Means, which has had a tradition of enacting progressive taxes, to do so.

□ 0035

Third, defense. Many said that the defense number was too high. I still feel the number in this package is much too high, that we are wasting dollars that should be spent in other areas. The defense number was changed a little, but not very much.

Finally, the fourth objection, heard by many on this side of the aisle, that there should be no new taxes altogether. Well, your President, our President, has stated that in 1988, and when you examine the budget you realize that if you stick to a doctrine of no new taxes, you will have no new, old, present, or future deficit reduction.

So make no mistake about it. If you wish to cling to the doctrine of no new taxes, which of course is your right, you are saying we will never reduce this budget deficit, and in fact you will have written yourself out of the process today, tomorrow and in the future.

On the issue of process, the gentleman from Louisiana had talked about, "Well, what is in the package? Why don't we specify what Ways and Means is going to do?" We never have in the budget process, we never have.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. PANETTA. Mr. Speaker, I yield 30 more seconds to the gentleman.

Mr. SCHUMER. Finally, on the issue of bipartisanship, the leader of the other body, the minority leader, Senator DOLE, the Senator from New Mexico, Mr. DOMENICI, as well as the President have said they want the process to go forward. There are many people in the Republican Party participating in this, and simply because there is great disagreement in this body on the Republican side, we cannot hold up the package any longer. We must move forward in a bipartisan way, and if there are so many of you not on the train because of the turmoil in your caucus, that train must move out of the station and go forward anyway.

Mr. Speaker, I urge support of this resolution.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New Jersey [Mr. GALLO].

Mr. GALLO. Mr. Speaker, I would like to thank the distinguished gentleman from Minnesota for yielding me this time, and thank him personally for the job he does as ranking member on the budget.

Let me say that when we went through the summit agreement, I agonized for 3 days, having my staff look up one side and down the other, to understand fully the impact that was going to take place and further understood that my President and my leadership was there and supportive.

I think I made no bones to any of them that I was not overly pleased with elements of that particular package.

In an effort to bring bipartisanship to this House and to that summit agreement, I voted for it; but tonight, to receive this at 11:30, one page that outlines very, very briefly what may be in the budget agreement and that the committees are going to take care of the whole thing, "Don't worry about a thing, Congressman GALLO. They are going to take care of it."

As the gentleman from Texas [Mr. ARCHER] said, I can understand the majority party taking that attitude when you have the numbers on each committee; but I do not think you can ask people on this side that made that hard vote to be all that trusting.

We just got word that the President is not in favor of the way this has been handled. I am not sure what his attitude will be overall. Maybe others will indicate that as this evening goes on.

But let me tell you, there were very few things that I thought were important in this, including the growth package. I understand that is gone.

I understand also that the open-endedness that the gentleman from Texas had indicated is still a concern. Therefore, I cannot support this package.

Mr. PANETTA. Mr. Speaker, I yield myself just 20 seconds.

There is nothing in here that indicates that the growth package is either in or out. Again, that recommendation is being made pursuant to the summit agreement, but the ultimate judgment is going to be left to the Ways and Means Committee.

There are a lot of concerns about that growth package, and obviously it has to be weighed in the committee, along with the other proposals, and that is as it should be.

Mr. Speaker, I yield 3 minutes to the distinguished gentlewoman from California [Mrs. BOXER].

Mrs. BOXER. Mr. Speaker, I thank my chairman and I thank the Speaker.

Everybody is very tired and everyone, I think, is being very reasoned tonight. I think Members of both sides of the aisle should be complimented for that.

I would like to address myself to the comments of the gentleman from Texas [Mr. ARCHER]. I do not see him in the Chamber. I hope he can hear these comments.

The gentleman said that he understands that the Speaker has a problem, and that is why we are bringing this budget agreement here tonight.

I would say to my friend, the gentleman from Texas [Mr. ARCHER], it is not just the Speaker who has a problem. It is not just the President who has a problem. It is all of us, whether we are on the Democratic side of the aisle or the Republican side of the aisle. And the people of America have a problem. We have a horrible deficit. We have to deal with it, and this is the time.

I would say to my friend, the gentleman from New Jersey [Mr. GALLO] who I serve with on the Budget Committee and who is a very caring member of that committee and serves the task force that I chair. He is concerned about the impact of Medicare cuts on hospitals and on the elderly.

But he said the President, he has heard, is not that pleased with this process. The President is the one who told the Speaker and who told the people on the gentleman's side of the aisle that he wanted to see a budget resolution. He wanted to see it very quickly. He wanted to put this behind us, and I have to commend our leadership here for moving quickly.

Yes, the agreement is one page, because it is really a modification of the summit.

The gentleman from California [Mr. PANETTA] heard from both sides of the aisle what the problems were, and those have been outlined—deep cuts in Medicare, loopholes in defense spending, unfair taxes, and the gentleman from California [Mr. PANETTA] went to work with people with both parties, in both Chambers, to fix those problems, and I think we are on our way.

Finally, I want to make one last point to my friends on both sides of the aisle. The reason I am so pleased about this is that I do not want to see people who are not elected to Congress running our budget operation, and that is what happened as a result of the summit. Now we have the budget back where it belongs in this Chamber.

Yes, we will have disagreements. We will have disagreements among ourselves, Democrats will, Republicans will and we will have problems with each other; but I would rather argue with Members in this Chamber over values, over priorities, over what is fair in terms of taxes, in what is fair in the way of spending. I would like to see that argument right here, not in some summit with eight people, well-meaning, hard-working leaders of both sides and staff of the President.

So I am very pleased to support this. I did not vote for the summit package. I think that this is a big improvement and I want to compliment everyone who worked on it.

Mr. FRENZEL Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New York [Mr. GREEN].

Mr. GREEN. Mr. Speaker, I do not know how I am going to vote on this budget resolution, because I really do not know much of what is in it. I hope that the next hour or so will elucidate that.

But I do feel insulted as a Member of this House at the way ths resolution has been presented to us.

AT 6 o'clock this evening we were handed a Democratic Study Group Report, only to have the Speaker say a few minutes later that we should not rely on it.

OK. Now shortly after this debate began, we have been handed two-thirds of a page. It contains such wonderful descriptions as, "Item 4. Funding for Operation Desert Shield will be covered by the attached guidelines."

Unfortunately, no guidelines are attached, and, on whatever original this copy was made, there were no staple marks, so I do not think anything has ever been attached to this document.

I know the gentleman from California [Mr. PANETTA] told us that the relevant language has been worked out with the President, and I assume it has been because I trust the gentleman from California on that. But I really think that on something as important as Operation Desert Shield the Members of this House should be given the courtesy of knowing what the agreement is.

I am disturbed that we are now well into the debate, and I see the members of the majority staff are looking around to find a copy of the agreement. Maybe they will now give me a copy, but I wonder if they are going to give it to all the other Members of this House, so that we can all know what the rules are that govern a very important part of American foreign and military policy today.

□ 0030

Finally we are told, "Trust the Ways and Means Committee." Well, we trusted the Ways and Means Committee last year, and it brought back a 35-percent shortfall on its reconciliation instructions. The Budget Committee, which has statutory authority under the Budget Act to bring its own bill to the floor when a committee fails to meet its reconciliation responsibilities, failed to do so. I do not think that after last year's experience we ought to be asked to trust the Ways and Means Committee, and I do not think that after last year's experience we ought to be asked to trust the Budget Committee.

So I am deeply disturbed at all we are being asked to take on faith tonight. Past history does not entitle us to have that faith, particularly in view of the paucity of information we are being given.

I hope in the next hour we are going to learn a lot more about this resolution than we have been told up to now.

Mr. PANETTA. Mr. Speaker, I yield myself 30 seconds of time to respond to the gentleman from New York.

First of all, it would have been nice to have had a Republican at the conference so we would have discussed the language with regard to Desert Shield.

Second, the language is contained in the conference report which is available at the desk.

And third, if the gentleman is so interested in the language on Desert Shield, he can come over and I will give him a copy of it.

Mr. GREEN. Mr. Speaker, I really do not think 400 of us ought to have to line up at the desk to read the Desert Shield language, and I do not think only I should see it. All Members of the House are entitled to see it.

It is the most important foreign policy initiative in which this Government is engaged. I do not think we should have to take it on trust.

Mr. PANETTA. The gentleman is a member of the Committee on Appropriations. I wish we had some advance notice when those conference reports come to the desk as well.

Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. DE LA GARZA] the chairman of the Committee on Agriculture.

Mr. DE LA GARZA. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I really do not feel good having to say this, but Desert Shield seems to be coming into the picture for partisan reasons, for personal reasons, and I say it very sincerely, what appeared to me to be beyond the personal interests of the individuals.

Mr. Speaker, I trust the gentleman from California. I trust my leadership.

Mr. Speaker, our oldest son is in Saudi Arabia. I should be the one—there are only two of us here—I should be the one who is questioning if we are taking care of Desert Shield. I am not. I hope that my colleagues, for whatever reason, leave that out of this debate because one of two of us that has a personal interest is satisfied that it is being taken care of.

Mr. FRENZEL. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, when I began my part in this debate I apologized for not being at several meetings of the conference committee, but particularly the one at which the conference report was signed by all of the Democrats' conferees and none of the Republicans' conferees.

I do, however, recall being present for 3 months before the August break, night and day, waiting for the Democrats to bring in suggestions. I remember camping out at Andrews Air Force Base at Camp Runamok waiting for you guys. Now you can wait for us a minute or two. You are certainly going to have to before the night is out.

Mr. PANETTA. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. SLATTERY].

Mr. SLATTERY. I thank the chairman for yielding.

Mr. Speaker, I rise this evening as probably one of the least partisan Members of this body. I do not think you have seen me come down here and throw a lot of political spears.

I came this evening to plead with my colleagues on both sides of the political aisle to support this budget resolution. I say this because as far as I am concerned it is just fundamentally absurd for us to bring this Government to the stage where it is this evening.

The thought of us having several million Federal employees wondering whether they are going to go to work adds absolutely nothing to the deliberations of this body. And the thought of the entire world wondering whether this great democracy that they have attempted to emulate, can really govern itself is a sad commentary.

We ought to all be concerned about that fundamental point.

I seems to me, Mr. Speaker, that all of us here this evening are going to have to recognize that we truly have a divided government. I am absolutely amazed to hear speakers on both sides of the political aisle pretend like somehow one party is going to dominate this deliberation. Wrong; it is not going to happen.

The fact of the matter is, the Committee on Ways and Means is going to have to work out these terrible difficulties that yet remain in close consultation with the White House. We all know that this evening this budget resolution merely gives the Committee on Ways and Means the direction that it must have to move this process forward. We all know, also, that reconciliation will never become law without the President's signature. And we all know for that to happen we have to have at some point a bipartisan compromise.

We have to have that or we stay right here until hell freezes over.

Mr. Speaker, compromise in the political realm has become a dirty word. It leaves maybe a bad taste in your mouth. But I would suggest that compromise is really the cement that holds our families together. It holds our society together. It holds our democracy together.

And that is what we are going to have to do in the next few days to solve this mess that we find ourselves in.

And with that, Mr. Speaker, I would just like to offer maybe the details of a compromise that perhaps we can find 218 people to support.

It seems to me we are going to have to cut this proposed fuel tax at least in half. And then extend the 33 percent rate that middle income taxpayers are paying to all taxpayers above that level. Common sense demands that.

My friends on this side of the aisle have privately confided to me that they cannot defend that anomaly in the Tax Code today and they want to change it. And that is going to have to be part of the deal.

We are going to have to reduce the proposed tax incentives that somehow just grew out of this summit. Some of them are absolutely preposterous. The idea of additional tax incentives to encourage oil exploration at a time when the price of oil has doubled in the last year does not make sense. Have we lost our bloody minds?

We are going to have to also restore the current law in the area of unemployment insurance benefits. We all know what a fundamentally unfair proposition this is.

And, yes, in the final analysis we are going to have to do something with capital gains. We all know that. The Democrats are not going to win everything on that issue. We are going to have to recognize that.

I suggest we say we are going to have $5 billion to provide some kind of capital gains relief, $5 billion over 5 years, and I think we can deal with that problem in that context.

And, yes, we are going to have to reduce the Medicare cuts. People on this side of the aisle recognize they cannot go home and sell $60 billion worth of Medicare cuts, and we understand that on this side of the aisle also. We are going to have to get those cuts down in the range of $45 billion. I believe we can convince the people in this country that Medicare is going to consume nearly $700 billion in the next 5 years. Can we not find $45 billion out of that $700 billion in the next 5 years? I think we can.

Mr. Chairman, I know I have overextended my welcome here this evening. But I just hope that we can recognize that we must compromise if we ever want to wind this session down. And there is nothing wrong with that compromise.

And I suggest, Mr. Speaker, tonight, the sensible, the responsible thing for all of us to do is to support this budget resolution, to move on to the next stage of the process, which is the Ways and Means Committee, knowing that Mr. ARCHER, Mr. ROSTENKOWSKI, and the President and his troops are going to negotiate a deal that the President will sign or it is going nowhere.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Washington [Mr. CHANDLER].

(Mr. CHANDLER asked and was given permission to revise and extend his remarks.)

□ 0040

Mr. CHANDLER. Mr. Speaker, on Thursday I voted with you and with my President on the summit package, which I thought was truly bipartisan. It was something I had believed in, a process that I thought was really our only way out of this mess that we are in, and, unfortunately, that strategy did not work.

However, Mr. Speaker, tonight I am afraid that we are embarking on another exercise that is not going to work one bit better.

Thursday we brought out a package that was defeated by 60 percent of our Members, and now I have to ask, "You brought the package out. Did you care that it lost? Was that part of the grand strategy? Why did you force a vote if you didn't know that you had the votes? You can count as well as we can."

Mr. Speaker, I was part of the whip organization over here, and I knew we were in deep trouble. I am sure the Speaker must have known it, too.

I think it is time we answered that question.

Now, tonight, Mr. Speaker, you bring out a new package. You strip out the specifics, you pass it, and you tell the country we're going to work for the next 2 weeks and walla! We're going to have deficit reduction. I have to ask you what makes you think there's going to be any more courage on this House floor 2 weeks from now than there was Thursday night.

If we could not pass a package that this Speaker put his prestige on the line for, how are we going to pass a reconciliation package 2 weeks from now when we are right on the doorstep of an election?

I think we are wasting our time, and I think it is time that we stop beating up on a President who has gone out and tried to lead this country, who has told the country we have a problem and has tried to do something about it in a very high risk way. We are going to put off this decision until it is too late. There will be no more courage then than there is now. Everybody is going to want to go home and get reelected. There will be a phony reconciliation package out here. All my colleagues will vote for it and hope that the President vetoes it and brings the Government to a standstill so they can balme him.

Mr. Speaker, that is the strategy. There could not be anything more clear. But I tell my colleagues this: "I liked what my friend from Kansas said, and, if what he says happens, I'll be there. If it's bipartisan, and if it's effective, and if it's a fair, I'll vote for it."

However, Mr. Speaker, I am sorry. I cannot participate in this.

Mr. PANETTA. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia [Mr. WISE].

Mr. WISE. Mr. Speaker, I am sorry that the gentleman from Washington [Mr. CHANDLER] cannot participate in it, because I can. I voted no the other night also, Mr. Speaker. I am glad to be back. I am back because there is a budget proposal before us that makes sense, that truly, I think, has bipartisan earmarks to it and can provide the vehicle for us to get out of this mess. I am back because this leaves the tax question open, and it goes to where it ought to go, the committee of jurisdiction. I am back because it says to Medicare and those that are elderly and sick, "You're not going to get nailed for the full brunt of this deficit reduction," and indeed about a third of those cuts are lifted. I am back because it leaves the investment programs in this Nation intact, and I am back because it leaves the committees to do what they ought to do.

And now I would like to talk about numbers for a second. Someone said, "Well, it won't be fair because the Ways and Means Committee is 23 to 13." Well, the American people kind of elected that, made it happen that way, but even that being the case—oh, touchy, huh—but even that being the case, I have noticed that that 13 seems to stand in pretty well, and I might point out another point, and the number is one, zero. That is the President, as somebody else pointed out on our side of the aisle, can veto reconciliation. This gets the project moving.

However I am back also because I want to be involved in governing. I do not want to be standing out there saying, "no, no, no," to everything that goes on.

I watched the President's budget come up in January. Nobody really pushed that too hard. Gave us numbers that have since turned out to be $150 billion off the mark. I watched in spring when no Republican alternative was offered when they had a chance. I watched again at the summit where all the proposals turned out to be leaks and, therefore denied, and tonight I am back because I want to be about governing. This gets that going, and it lets us do something in this Chamber where men can be men, women can be women, and, most importantly, Members of Congress can be Members of Congress and do what we get paid to do.

Mr. FRENZEL. Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from Vermont [Mr. SMITH].

Mr. SMITH of Vermont. Mr. Speaker, I did not come here to represent Donald Trump, or Michael Milken, or the S&L thieves. I came here to represent the working men and women, the shopkeepers, the family farmers, the parents and the elderly of Vermont.

They deserve three things:

First, the honesty to tell them their government is broke and the economy is teetering.

Second, the fairness that comes with tax policies that insist that we all play our part that those who are well off.

Third, pay their fair share too. The ingenuity to give them a government longer on effectiveness, humanity, and intelligence, and shorter on bureaucracy, rules, and domination.

It is fair to insist that we end our grotesque obsession with deficit spending with a 5-year plan. This deficit contorts and disfigures our ability as a society to create either economic or social opportunity. This deficit is the enemy of our future.

And it is fair to insist that the burden be shared—that all Americans be in the barrel together with no groups escaping because of wealth or situation.

I supported the budget summit proposal last Thursday because it created a base from which we could create fairness in the 5-year plan as we debated a reconcilation bill over the next 2 weeks.

And when that failed, I supported the President's veto, because I believed that Congress needed it's feet held to the fire now, this weekend, when the only people hurt as regrettable as it is, would be tourists; before Tuesday when 10's of millions of Americans, whose only crime is that they have need or work for our government, pay the price of our institutional failure.

Our country is as great as the vision of hope, of opportunity, we create for our children; as great as the legacy we leave behind. The deficit destroys both.

And in the end it is not ideology and partisanship—yours, ours, or the crumbling facade of socialism that creates our future. Within the context of our constitutional democracy it is common sense, a heart that cares, the capacity to see what is right, and do it.

As our first Republican President, Abraham Lincoln, said over 125 years ago—

> The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion.* * * we must think anew and act anew * * * and then we shall serve our country.

I stand in the well of the House tonight to say this package can create fairness we need; is effective to the deficit reduction task; and is enforceable.

It will have my support.

Mr. PANETTA. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Speaker, I want to say to the gentleman from Minnesota [Mr. FRENZEL] and the gentleman from Texas [Mr. ARCHER] and the gentleman from New York [Mr. GREEN] that we are all personal friends. We can all work together, and I hope we will. I extend to them my hand in friendship and my hand in sincerity, and I will try to work with them in all of this. I will try to work with everybody on all of this.

I think all of us should recognize that what we are talking about tonight is essentially a procedural problem. If we cannot pass this, then we cannot go to work. If we cannot to work, we can never solve this problem.

Essentially the Committee on Ways and Means must produce 194 billion dollars' worth of pain, 194 billion dollars' worth of pain. Now I do not ask my colleagues to trust the Committee on Ways and Means, but give us an opportunity to work. Give us an opportunity to bring back to our colleagues a package. They can accept it or reject it, or do whatever they want to with it, but do not keep us from working any longer. We can never get this job done.

I hope that my colleagues sitting over here to my left will find it within their hearts to be peacemakers, to let us proceed and judge us on the quality of the work that we bring back to our colleagues, and I say the same thing to my colleagues on the right over here.

That is, Mr. Speaker, "You don't have to trust any of us. We'll do the best we can. We'll take into consideration all of your views and what we think is best for this country. But give us the opportunity to go to work and get this problem solved. We don't need any more long speeches. We don't need any more histrionics. We just need the opportunity to go to work."

□ 0050

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Speaker, I thank the gentleman for yielding. I really have no intention to adding to the political theater here tonight. Last night I said I always read the fine print, and my questions are going to be directed as to whether or not there is fine print here. If either the committee chairman or the ranking member can help me out here by reference to the statement of the managers or other documented agreements I would appreciate it.

Mr. Speaker, I think we have to shed some light, rather than more heat on this discussion. I was very hopeful tonight that I would be able to come in here and be pleased with the Medicare figures. But at first blush I have got to say that these restorations look more cosmetic than real.

It is very close, as far as I can tell, to what was in the original package for the first year, and indeed, over 5, if you are including a number of entitlements in this number here in the brief outlines. I do not know what the $9.2 billion represents wiht respect to Medicare, and I am concerned about that. I do not think it addresses the problem the way the gentleman from Kansas [Mr. SLATTERY] had hoped it would.

Second, there is no reference here to the so-called Pease floor. Every Member here knows how concerned I am for my State of New Jersey and other States like it that are concerned about the intimation that we are going to go after State and local tax deductibility and the mortgage interest deduction.

There is no specific reference here, to these issues. And, as far as I can tell, at the same time there is a $20 billion account in unspecified 5-year deficit reductions assigned for the Committee on Ways and Means, either for revenue increases or cuts in a programs.

I am frankly concerned that that is the way you are going to open the door, and it is going to be wide open for whatever the Committee on Ways and Means wants to do with respect to mortgage deductibility and double taxation of State and local taxes.

Mr. PANETTA. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from California.

Mr. PANETTA. I thank the gentlewoman for yielding.

Mr. Speaker, what we tried to do here was create the flexibility within the Committee on Ways and Means to be able to reduce the hit on Medicare. That is something that is going to be left obviously to the judgment of the committee. Obviously it is not going to be $60 billion. Whether it is $50 billion or whether it is $40 billion is going to be worked out in the committee. This provides them the flexibility to do that. But they have to replace the savings that are included.

The flexibility is there, but they have to replace the savings used for that purpose of reducing the hit on Medicare.

Mrs. ROUKEMA. Mr. Speaker, reclaiming my time, the maximum savings in Medicare then is $45 billion, as compared to the $60 billion.

Mr. PANETTA. Mr. Speaker, if the gentlewoman will yield further, the maximum savings again, it allows flexibility down to 40, depending on what the committee decides. It may be higher than that. It may be at the 40 level. But what we tried to do was provide the flexibility in reconciliation so the committee could make that judgment.

Second, with regard to the Pease provisions, what we have done there is similar to the gas tax, capital gains, and the tax rates. That decision rests with the Committee on Ways and Means.

Mrs. ROUKEMA. Mr. Speaker, reclaiming my time, unfortunately the details of the so-called summit agreement have poisoned the well on these issues. I am not at this point convinced that I can give you that blank check, because of the previous discussions.

Finally, I do want to say that I am concerned also again as to the latitude given the Ways and Means Committee for $20 billion. How does this relate to the earned income tax credit? I have not spoken on this before, but I do find it absolutely, totally, unsupportable to be contemplating creating another new entitlement program in the face of overwhelming deficits. I suspect, that the pressures will build on your side to expend some of this money for this new entitlement. That is a serious problem for me.

Mr. PANETTA. Mr. Speaker, I yield myself 20 seconds.

Mr. Speaker, the gentlewoman from New Jersey [Mrs. ROUKEMA] is expressing exactly the reason we are providing the Committee on Ways and Means and the Committee on Finance with discretion on these issues, because there is concern about the deductions, because there is concern about the gas tax, and because there is concern about the growth package. We want the committee to work with these provisions, to allow them to make those judgments.

Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, I will not take the 3 minutes that the gentleman kindly allotted to me. I simply want to say one thing: 3 days ago a majority of Members of both parties voted no on the package which they thought was essentially unjust. I think there were two main reasons why Members voted "no," at least on this side of the aisle, and I assume the reasons were roughly the same on that side.

First of all, because many of us felt that $60 billion was simply too much to cut out of Medicare, and we thought there ought to be another way.

Second, we were concerned because we thought that the tax package for which the summit agreement was designed to create momentum was a tax package that would wind up hitting middle Americans twice as hard as it hit Americans making more than $200,000 a year. We did not think that was fair, because we thought that equity was a core ingredient, or should be a core ingredient, in anything we did, especially with respect to taxation.

I think the changes that we have before us tonight are very simple. In essence, these ease the squeeze just a bit on agriculture in the first year and move it to the third to create more time for transition. They reduce the hit on Medicare, or they are designed to reduce the hit on Medicare by about one-third. That is a whole lot better position than we were in 3 days ago.

Third, because the first package was beaten, you have an entirely different spin on the question of revenue than you had 3 days ago. Because both parties essentially voted down that agreement, we have a clear message to the Committee on Ways and Means, a much clearer message than we would have had had that package passed, that we want a package which is fair to middle class Americans.

While I would like to see more, I think that is all we can ask at this stage. That is why, while I opposed the original agreement, I intend to support this one.

I have only one note of caution to add. I know that there is some discussion going around this place about the possibility of trading the bubble for capital gains at the reconciliation process 3 weeks from now.

I would simply caution Members to remember that if that is all you do, you wind up, in effect, reducing the effective tax rate on people making a million dollars by 2 percent. I do not think we want to do that.

I caution the Committee on Ways and Means not to bring that kind of package to the floor, but I congratulate the gentleman for making the progress he has made tonight. I would urge support for the resolution.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California [Mr. DANNEMEYER].

(Mr. DANNEMEYER asked and was given permission to revise and extend his remarks.)

I rise in opposition to the budget reduction.

Mr. DANNEMEYER. Mr. Speaker, there should be no doubt in anyone's mind this evening that this revised agreement has a tax-increment package in it of anywhere between $134 and $194 billion beyond what the existing tax system collects from all of us in this country. Depending on what the Committee on Ways and Means does with the instructions will determine the size of the package.

□ 0100

This Member made an effort on several occasions in the last few days to get the Rules Committee to make in order an alternative for the House to consider a budget package that would direct our committees to solve our deficit problem, not by raising taxes but by just putting a limit on how our spending expands in the next 5 years. For example, in nondefense discretionary if we just put a 4½-percent cap we would save a total of $137.9 billion. For entitlements, if we would put a 7.7-percent cap on growth, we would save $30.1 billion. In defense the numbers of the budget summit agreement for the next 5 years effectively freezing defense would save $169.8 billion. Other elements of the proposal are set forth as follows:

COMPARISON OF PROVISIONS—BUDGET SUMMIT AGREEMENT VERSUS BUDGET RECOVERY ACT

[In billions over 5 years]

	BS agreement	BR Act
Total deficit savings	$500	$424
Tax increases	134	0
Spending cuts	366	424
Defense [1]	182	170
Medicare	60	0
Other entitlement [2, 3]	8	0
Unemployment compensation	-5	0
Veterans programs	3	0
Foreign aid [4]	0	32
Other non-defense discretionary [5]	0	136
Net interest	65	54
Special treatment		
S&L bailout, not factored in GRH targets		
Operation Desert Shield, excluded from package		
Social Security surplus, not factored in GRH targets.		

Notes on Budget Recovery Act.

[1] Freezes defense spending for 5 years at fiscal year 1991 level assumed by BS

[2] Allows annual growth averaging 7.7 percent.

[3] No reductions in retirement programs.

[4] Reduces annual amounts by one-third.

[5] Freezes programs for 5 years at fiscal year 1990 level

COMPONENTS OF THE BUDGET RECOVERY ACT

[In billions by fiscal year]

Current services	1990	1991	1992	1993	1994	1995
Revenues [1]						
Outlays [1]	1,044.2	1,121.4	1,194.2	1,228.6	1,363.0	1,441.1
Deficit	1,264.3	1,384.2	1,441.8	1,451.5	1,443.1	1,506.4
Savings:	−220.1	−262.8	−247.6	−172.9	−80.1	−65.3
Defense [2]						
Foreign aid [3]	9.8	20.5	29.7	51.6	58.2	169.8
Entitlements [4, 5]	6.0	6.5	6.5	6.5	6.9	37.4
Non-defense discretionary [4]	.1	4.9	11.7	6.2	7.2	30.1
Interest	12.0	21.0	28.2	34.9	41.8	137.9
	2.2	5.7	10.1	15.2	20.8	54.0
Total savings	30.1	58.6	85.2	114.4	134.9	424.2
Net deficit/surplus						
Economic adjustment factor [1]	−232.7	−189.0	−86.7	+34.3	+69.6	
	−30.4	−58.4	−54.4	−35.8	−19.3	[illegible]
Consolidated deficit						
Less deposit insurance and Social Security surplus [1]	−263.1	−247.4	−141.1	−1.5	+50.3	
	+46.6	+32.3	−39.2	−21.0	−42.0	

COMPONENTS OF THE BUDGET RECOVERY ACT—Continued

[In billions by fiscal year]

Current services	1990	1991	1992	1993	1994	1995
GRH deficit and [targets] [6]	[−214.5]	[−215.1]	[−180.3]	[−22.5]	+8.3	[0]

[1] Assumed by Budget Summit (BS).
[2] Frozen for 5 years at fiscal year 1991 level assumed by BS.
[3] Annual baseline reduced by one-third each year.
[4] All other spending subject to 4.5 percent cap on annual increase (1990 base); freeze on discretionary allows average annual growth of 7.7 percent in entitlements.
[5] No reductions are made in retirement (Social Security, Federal, Military). Veterans, Medicare, or Medicaid programs.
[6] Assumes that deficit levels to be the revised Gramm-Rudman-Hollings targets for those years, the target for 1995 being zero.

Unfortunately, Mr. Speaker, for reasons that are not entirely clear to me, I could only speculate, this rule under which we are considering this budget resolution does not permit any of us to even vote on the idea of solving the deficit problem by cutting spending rather than raising taxes. I am sorry to say that, but the Democrats have the majority in this House, and that is the way it is.

I think it would be instructive for all of us to let the body vote on whether or not we want to proceed with the course that this Member from California is outlining.

Let me conclude by making this observation: There is no bubble in our existing tax system. The Members on the Ways and Means Committee can explain this in detail. No person in America is paying a higher tax rate than 28 percent on their income. Going from $10,000 to $120,000, nobody pays a higher rate than 11.9 percent to 28 percent, and that is the way the Tax Code is structured. So this idea that somehow there is a bubble is just erroneous and I will attach this chart in the RECORD for Members to peruse.

THE NONEXISTENT BUBBLE

Income	$10,000	$20,000	$30,000	$40,000	$50,000	$60,000	$70,000	$80,000	$90,000	$100,000	$110,000	$120,000
Exemption	−2,050	−2,050	−2,050	−2,050	−2,050	−2,050	−2,050	−2,050	−2,050	−2,050	[1] 0	0
Taxable	7,950	17,950	27,950	37,950	47,950	57,950	67,950	77,950	87,950	97,950	110,000	120,000
Marginal rates:												
15 percent [2]	1,193	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	[3] 0	0
28 percent [4]	0	0	[5] 2,632	5,432	7,378	7,378	7,378	7,378	7,378	7,378	[6] 30,800	33,600
33 percent [7]	0	0	0	0	[8] 1,007	4,307	7,607	10,907	14,207	17,507	[9] 0	0
Total tax	1,193	2,783	5,415	8,215	11,168	14,468	17,768	21,068	24,368	27,668	30,800	33,600
Effective rates (percent)	11.9	13.9	18.1	20.5	22.3	24.1	25.4	26.3	27.1	27.7	28.0	28.0

Note: [All rates and levels effective 1990 for individual taxpayers; families would have additional exemptions.]

[1] Personal exemption eliminated for taxable income above $104,610.
[2] 15 percent rate applies to the first $18,550 of taxable income; this rate is eliminated on income above $104,610.
[3] 15 percent eliminated for taxable income above $104,610.
[4] 28 percent applies to taxable income above $18,550.
[5] 28 percent rate applied to taxable income above the first $18,550.
[6] Taxable income above $104,510 is subject to 28 percent only.
[7] 33 percent rate applied to taxable income between $44,990 and $104,610 and is used to gradually phase out benefits from the 15 percent rate and the personal exemption.
[8] 33 percent rate applies to taxable income between $44,900 and $104,610.
[9] 33 percent rate eliminated on taxable income above $104,510.

Note: [Deductions are not factored into this calculation: they would reduce taxes and effective rates even further.]
No taxpayer pays more than 28 percent in income taxes. The so-called "bubble" exists only to phase out both the personal exemption and the 15-percent marginal tax rate for higher income taxpayers.

Mr. PANETTA. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. PICKLE].

(Mr. PICKLE asked and was given permission to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, the most important problem the American people face today is getting our deficit under control. The President recognized that this spring when he asked for a summit, when the economic indices were so frightening that he realized that a recession would march forward and cause great trouble in this country.

We agreed to the summit. That was not an easy pill for some of our committees to swallow, but we recognized that this is a serious national problem. We had hoped that the summit would work. It did not work.

During the summit the minority party had the advantage, almost 2 to 1 over the regular congressional committee system. Still, we tried to pass the summit, and cooperate. But the majority of both sides said no, the summit failed, regrettably. It is a dead dodo.

Our President recognized that we must find new ways to balance this budget, and that is going to include revenues as well as spending cuts. He has recommended that in the summit budget.

Had we passed the budget last week, Friday, our committees would already have been at work, and with the flexibility the President had promised we would have been able to have had 2 or 3 days work already. That did not happen. Now we are asking for almost the same thing. Really what we are doing tonight is just doing what we should have done in May. We didn't because of the President's request for a summit. But the fact of the matter is that now, we have no alternative. We have no other option but to pass this resolution tonight.

I say to you we have to produce a budget. That is what the people want. The people back home listening to us do not care so much whether it is a Democrat or Republican budget. They want to know when are we going to get a budget.

What are our options? The budget has failed. I had hoped that the bipartisan budget would have worked, but now the only thing that we can do is to go to the committees, which is essentially the same thing.

So I say to the minority: What are your options? You do not have any options. We must go this route unless you want to close the Government down.

Now, you may not want to trust the Ways and Means Committee, completely, and I understand that. Well, the chairman of our Ways and Means Committee has cautioned us a day or two ago that if we produce a bill, assuming this resolution is passed, he reminds us that we must pass a bill that is going to be fair, not just to the Ways and Means Committee but to both sides of the House. We appeal to you for your cooperation. We have no other option. We have to move forward with this budget and we must do it tonight.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Massachusetts, the bard of Pittsfield, Mr. SILVIO CONTE.

Mr. CONTE. Mr. Speaker, I have a little rhyme that I would like to share with this body. And with your indulgence, I will do so now, with apologies to an unknown lyricist:

In fourteen-hundred-ninety-two
Columbus sailed the ocean blue.
Through storms and gales and fiercest seas
And armed with foreign subsidies
He came upon this brave new land
Just he and his intrepid band.
In nineteen-ninety here we are.
I don't think we have come so far.
We scream and moan and boo and hiss.

We don't have time to take a—break.
We shout and jeer and fuss and bark.
We blame each other in the dark.
Although we've had five centuries,
We see no forest for the trees.
We're frightened by the interest groups.
We act like silly nincompoops.
We can't make cuts that cause some sting.
We cannot even do a thing.
And now we have run out of time.
And that, dear friends, is our own crime.
The government—it has shut down.
And we're the only game in town.
Let's work to get this budget through,
And get these tourists to the zoo.
If Christopher were here tonight,
He'd be astounded by our fight.
He'd know not why we can't agree.
It seems so elementary.
We're in such deep financial trouble,
That we will have to burst the bubble.
Home heating oil must be tax-free.
And we can't hurt the elderly.
Incentives that will make some sense
Could get this body off the fence.
And this is how I end my poem:
Let's pass some thing, and then go ho-em.

Mr. PANETTA. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. STENHOLM].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, in the spirit of the last speaker, I would say I am not sure it it was Confucius or Garfield that once observed that when you find yourself in a hole, the first rule of thumb is to quit digging. And tonight I hope we are about to quit digging.

The deficit is a problem, no mistake about it. As we debate whether or not we are going to try to reduce the deficit by $500 billion, that will only reduce the net interest on our national debt in the next 5 years by 50 percent. All of the concern about $119 billion in taxes over the next 5 years will reduce the interest on our national debt by 12 percent.

I believe I have bipartisan credibility in this body. Last Friday morning I voted for the agreement that was brought by the President of the United States, the Speaker of the House, and the leadership on this side of the aisle. Last night or the day before that I voted against the CR because I believe we should first pass a budget before we pass a continuing resolution, and the majority of my colleagues voted in favor of having a CR without a budget.

Last night I was in the bipartisan majority since there were six votes that supported our President, three of us Democrats, three of us Republicans. There were nine Democrats, but I am talking about the majority of six that it took to support the President, because I believe the President was right last night in demanding that this body pass a budget before we pass a CR.

Now here we are tonight, and I thought we had from 6 o'clock last night until 1:10 Monday morning to come up with an alternative.

□ 0110

Then I find out, to my chagrin, that this side of the aisle did not even bother to come to the conference, and yet you got the guts to stand up and tell CHARLIE STENHOLM that my side of the aisle is not being fair at this late date. Forget what has happened in the last 6 months. Can we, please, forget about the past and concentrate only on the present?

We have got a problem. It is a serious problem. This budget we are about to vote on allows the process to move forward in exactly the same way, in my opinion, that we were voting on it last Friday morning. It has not changed that much.

I understand the budget process. I am sorry the rest of us do not.

We have a very, very serious problem, and I am disappointed that we find ourselves now once again in a partisan debate, and I could take additional time and challenge those on this side that believe that we have got to continue doing what we have been doing, because that is the best way to go about it. But that would not help anything.

What it is time for us now is to get on with helping to solve our problem.

Mr. President, I know you are watching this. I believe you will be pleased with the results of this budget when we present it to you, because if you are not, this is one Member that will once again stand with you and make sure that the enforcement is, in fact, real, and I believe the Speaker of the House will be doing the same thing.

If that is not enough for us in this body, I do not know what else is.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California [Mr. THOMAS].

(Mr. THOMAS of California asked and was given permission to revise and extend his remarks.)

Mr. THOMAS of California. Mr. Speaker, it is a new day, but it it not a new deal. There are a number of phrases you can use, but please do not use the phrase "trust me."

I am a member of the Committee on Ways and Means, and I know some of you are trying to remember the poem about "The Spider and the Fly." I understand that.

Please, 23 to 13 was not dictated by the American people. It was dictated by your leadership in an attempt to control the key committees. They would prefer 2 to 1. It is control that dictates that number, not the American people.

What this package contains is $10 billion more in taxes and $10 billion less in entitlement cuts.

The bubble; the bubble was pushed in the name of fairness. It was Bradley-Gephardt, but all of a sudden now if you get rid of the Bradley-Gephardt bubble, it is helping the rich. You folks are wonderful at shifting positions, shifting sands.

Capital gains, you remember, the Committee on Ways and Means, despite that number, passed capital gains. This House passed capital gains. This House repudiated the leadership and, boy, are we going to pay, over and over again.

You said, "Let us look at the present. Let us not look at the past."

Thursday night we had in front of us, small as they may be, protections on spending cuts. The language was, "The budget summit agreement includes provisions of the budget summit agreement's recommendations to strengthen the budget process and enforce the agreement." The summit agreement's recommendations to strengthen the budget process and enforce the agreement. Is that language in this document? Yes or no? Chairman of the Committee on the Budget? Yes or no?

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. THOMAS of California. I yield to the gentleman from California.

Mr. PANETTA. Mr. Speaker, the language on what, sir?

Mr. THOMAS of California. The answer is no. The language in that package, and do you want me to read it to you? Let us be present. Let us look at the specifics. It says, "To assure a $500 billion deficit reduction package is achieved, this conference agreement includes provisions to strengthen the budget process." It does not say what it said before.

It is the old shift. It is the old shift.

Revisiting what I just said, this package does not say that the enforcement provisions of the summit agreement are in the reconciliation package. It does not say that. The words are not there. Do not tell me to trust you. I am about ready to sing "Back Home Again in Indiana."

The language here is not the summit agreement. All it says is that the conference agreement include provisions to strengthen the budget process. You want the base moving forward with trust on this? Come on.

Mr. PANETTA. Mr. Chairman, I yield myself 10 seconds.

What it provides is that to assure the $500 billion deficit-reduction package is achieved and maintained, the conferees intend that the reconciliation act implementing this conference agreement include provisions to strengthen the budget process. It is our intent to proceed to implement, as the gentleman from Minnesota [Mr. FRENZEL] has pointed out, a leadership amendment to implement the budget-process provisions that were contained in the summit.

Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. OBEY].

(Mr. MOODY asked and was given permission to revise and extend his remarks.)

Mr. MOODY. Mr. Speaker and colleagues, I did not support Thursday night's budget, but I do support this one.

There are two groups of people in the body I would like to take a minute to speak to. One is those on this side of the aisle who voted "aye" on Thursday night who might be tempted to vote "no," and those on this side, my own side, who voted "no" who might be tempted to remain that way.

Let me suggest to those of my friends on the GOP side that there are three strong reasons for you to hold with your "aye" vote. First of all, the package is the same size. That is very important. It is very important to the White House. The President has stressed many times that it is the size of the package more than anything else, more than the details.

Mr. Speaker, the key to the package, by everyone's estimation, is the size of the package. As I think many of us saw today, DAN QUAYLE, our Vice President, stressed the size is essential if we are to avert a surge in interest rates which would be truly catastrophic for this Nation given the weak state of the economy.

The size is the same, $40 billion the first year, $40 billion the first year, $500 billion over 5 years.

No. 2, the package is more fair rather than less fair than what we voted "aye" for the other evening. Even those who supported the package frequently mentioned that they wished it had been more fair. I do not see how you can vote "aye" on a package that is not a fair and then turn around and vote "no" on a package that, by every measure, is more fair. That is a vote, I think, would be very hard to justify, and I hope none of you will be put in that position.

You cannot be saying, "Hey, the package tonight does not help the elderly hard enough. The package tonight does not distribute income upward, not nearly enough. The package tonight does not hit home heating fuel enough." You cannot be saying that; if you liked last Thursday's package, you certainly have got to like this one much more.

The third reason I would stress is the urgency, one which many of you yourselves have brought up. You grumbled, many of us grumbled, the package was not that great, but it was urgent. Well, if it was urgent Thursday night, it is a lot more urgent tonight.

We have a CR coming right after this, and on that CR is a debt ceiling, and if we do not pass that debt ceiling then, of course, the United States defaults.

I would urge those of you who voted "yes" the other night to retain that "yes" vote tonight.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New York [Mr. BOEHLERT].

(Mr. BOEHLERT asked and was given permission to revise and extend his remarks.)

Mr. BOEHLERT. Mr. Speaker, I feel that the House will do itself proud this morning by ending the stalemate and moving the process forward.

The events of the past days, I think, have been misleading particularly to those from afar. It has looked like organized confusion.

Of course, there has been debate, and it has been heated at times, and there are major differences. But what would one expect from a collection of 435 individuals of geographic and philosophic and so many other differences?

But despite those differences, I do not really think we are so far apart. I sense a broad bipartisan support for bursting the bubble in the interests of taxpayer fairness and broad bipartisan support for improvements in capital gains to encourage investment in America, and we have to end the tax on home heating oil, and we have to make improvements to Medicare and not require those who lose their jobs to have to wait 2 weeks without any income until they can collect their benefits.

□ 0120

But I think we should support this resolution because it maintains the spirit of the summit. It accedes to the wishes of the President and the demands of the American people that we get serious about deficit reduction. $40 billion in 1991, $500 billion over a 5-year period. When all is said and done, we all want to move toward that kinder and gentler Nation that the President seeks and we embrace. Let Members begin the journey here and now, as the Speaker said so eloquently from this well just 2 days ago, "If not now, when? If not us, who?"

Mr. PANETTA. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. LEVIN of Michigan. Mr. Speaker, I want to speak tonight to the 71 Republicans, if I might, who voted for the first budget resolution.

What we are doing tonight is incorporating the flexibility that the Speaker expressed to Members before we voted, with the approval of the President. I worked hard with others to obtain that flexibility. Flexibility to reduce the increase in the Medicare premium, most of the 71 wanted that. That is incorporated. Flexibility to get rid of the punitive second waiting week in unemployment compensation. Most of the 71 Members wanted that out. We now take it out. Flexibility to look at the poorly constructed $12 billion in investment incentives. Many Members expressed desire that the Committee on Ways and Means look at that. That is what we are going to do. Flexibility to build more tax fairness into this package and that is what we are going to do.

The Committee on Ways and Means is composed, it is true, of more Democrats than Republicans, but with the veto power of the President. I want to say to the 71, I feel in my heart that if the package here had been presented a few days ago, your Members would have voted for it. Vote for it tonight and help save this Nation.

We must always remember our original purpose: To dramatically reduce the Federal budget deficit and thereby improve the economic future of all Americans. This was never going to be an easy or painless task. This resolution sustains the real reduction of $500 billion in the first resolution, which I supported in view of the assurances described above.

We are now confronted with twin crises. We have a Federal budget deficit that is crippling our economic future and that of our children. Now we also have an atmosphere of political chaos that threatens to further erode the belief of the American people in their political system. This is a battle which threatens to leave every participant a loser, including, and especially, all of the citizens of this Nation.

For 5 years, I have been talking at town meetings and on the floor of the House about the compelling need for getting a hold of the Federal deficit. It is the cancerous legacy of a decade of supply-side economics—the grand delusion of the 1980's.

As a member of the Ways and Means Committee, I pledge to do my part to resolve the budget crisis in a way that is fair and economically responsible. I hope that in doing so, we can gain the confidence of the American people in our ability to confront squarely and honestly the pressing national problems confronting us.

Mr. FRENZEL. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. PURSELL].

(Mr. PURSELL asked and was given permission to revise and extend his remarks.)

Mr. PURSELL. Mr. Speaker, the hour is late. I am a little disappointed in my colleague from Texas who says we have not got the guts to stand up in the budget tonight. This budget should have been presented in May, and the appropriations in June.

I am in a position here that I am going to vote "no" on a budget that I have not studied and analyzed and looked at, and I have not seen.

However, I want to say this to our colleagues. We need constructive Republican alternatives. I am going to ask my President to continue a veto when bills are too high. I am going to ask my Committee on Appropriations to get our bills on time and get them to the President's office by October 1, all 13 appropriation bills. I am asking on both sides to eliminate the summitry. We have four tiers, now: The authorization tier, the appropriation tier, the budget tier, and now the summit tier. I think it is time to eliminate the top two levels and get back to basic fundamentals.

We have not got a game plan. If I was a coach and I had a deadline of October 1 to get on the field, I would like my players to see that plan and be ready to have some homework completed, and get a drill, and be ready to win a ball game. We will not win this ball game for the American people. We have not offered a vision for the future of this Nation. This is a bad plan. I am going to vote against it. I asked my President to support me, and I am going to support my President.

The SPEAKER pro tempore. (Mr. SYNAR). The Chair will inform the gentleman from Minnesota [Mr. FRENZEL] he has 20½ minutes remaining, and the gentleman from California [Mr. PANETTA] has 15 minutes remaining.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota [Mr. PENNY].

(Mr. PENNY asked and was given permission to revise and extend his remarks.)

Mr. PENNY. Mr. Speaker, I rise in support of the budget resolution.

Mr. Speaker, this budget agreement would cut the deficit by $40 billion in the first year and $500 billion over the next 5 years.

In that respect it achieves the same overall objective of the budget summit agreement.

Savings of the magnitude represent real progress and I am convinced the provisions of this budget resolution will help to make those savings enforceable.

It is also instructive to compare this budget to the one adopted by the House last May. That budget cut the deficit by only $30 billion in the first year and roughly $250 billion over 5 years.

The bipartisan budget summit was a success in terms of emboldening our deficit reduction effort. This new agreement honors that goal and offers us additional flexibility in meeting it.

I urge both Domocrats and Republicans to vote "yes."

Mr. PANETTA. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK. Mr. Speaker, like my friend from Wisconsin, I am particularly interested in those who, having voted yes on Thursday, are thinking abut voting no today. I understand the people who voted no on Thursday are going to vote no today. Some of them have evinced lately an enthusiasm for the agreement they voted against that they did not have when it was on the floor. When our friend from California whipped himself up into a frenzy because the current package does not include language that was in Thursday's package, I wonder why he voted against Thursday's package? However, I do not expect people who have not voted for a budget all year with a possible exception.

Mr. THOMAS of California. Mr. Speaker, will the gentleman yield?

Mr. FRANK. I yield to the gentleman.

Mr. THOMAS of California. That is one specific item in which the folks have changed it. All of the other numbers were the reasons I voted against it on Thursday.

Mr. FRANK. Mr. Speaker, I thank the gentleman. So I understand now that the presence or absence of that would not have made any real difference. That is what I suspected. The point now is the numbers. I address myself to those who voted yes on Thursday and are thinking of voting no today. As I understand it, as I listen to them, nobody liked the package Thursday. That was the most unloved offer ever dragged in off the streets. What people said is, "It's a bad package. I will vote for it anyway." As I understand it, the yesses on Thursday that plan to be noes today are saying that they voted for a bad package Thursday, but because we did not make it better enough today, they are going to vote against it. So, they voted no when it was bad, and yes when it was bad, they will vote no when it is better because it is not perfect. When they say, "Well, it's because it's not bipartisan."

Now we will talk about the merits. Are you saying, comparing Thursday's to today's, that today we do not hit the elderly hard enough? Because everybody agrees the elderly will be hit less hard this time than Thursday. Or maybe some people who voted yes on Thursday and they are planning to vote no today, said on Thursday we reached somehow tax equity perfection? So today we are not threatening middle class enough, the working people who have to suffer, enough?

I do not understand on what basis the people who voted yes. I understand a no and a no. I understand a yes and a yes. I understand a no and a yes because Thursday was not so good but today is better, but a yes and a no has no object. I hope people will tell me what it was so good about Thursday that they voted for it, that today because we are trying to make it better and more flexible, that those Members cannot vote for it.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Florida [Mr. SHAW].

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding, and I will try for just a moment to put some logic in that argument, why some Members who very painfully voted yes the other night will be voting no this evening.

For three terms I was mayor of the city of Fort Lauderdale. Two terms before that I served on the city commission. Each year we would receive a budget of approximately an inch thickness. We pored over it for several meetings, for several days, or several weeks. We would have several hearings.

Tonight, right now, it is 27 minutes after 1 o'clock a.m. We are now in the second hour of the 2 hours that are set aside for Members to take a look at this budget. I was first somewhat offended when I got a 1-page summary of a 5-year budget for this country. I thought I was missing out on something until I got the 50-page summary. Then I looked through that and I found out it really did not have any more detail than the 1-page summary.

Now, I know the budget procedures in this House really do not mean a lot. If they mean anything at all, it is a political exercise that we go through every year in order to try to put discredit on the other party. The President sends his down, the Democrats say its dead on arrival, then we do not one, and very often we Republicans do not even put one forward. If the House Democrats put one forward, they sail it down the hall to the Senate, they sail it back, and we turn it all down like this year, like a skunk sitting in the middle of road. However, it really does not stop the procedure from going forward.

We have $120 billion of taxes, unspecified taxes, totally unspecified taxes in this so-called budget resolution. This is an insult to the intelligence of this House. We should not be made to come in here, just getting the document as we walk in the door, for a 5-year budget for this country, and we should not be given it with such lack of detail. I urge a no vote without the details. We do not know what we are voting on. It will come back to haunt us. I urge all my colleagues to vote no because none of us have any idea what we will be voting on.

Mr. PANETTA. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. TRAFICANT].

□ 0130

Mr. TRAFICANT. Mr. Speaker, I was supposed to get 3 minutes, but because I am going to vote no, I only got 2.

I am going to tell you why I am going to vote no tonight, because I am a Democrat.

Tonight is not a debate about national issues, the budget. It is about priorities and policies.

The Republican program has failed and we are sending a hybrid budget over so the President will accept it, rather than challenge the political agenda of the Nation.

I ran as a Democrat in 1984. I did not run on the bipartisan ticket.

I voted with the gentlewoman from New York [Ms. MOLINARI], and the gentleman from Oregon [Mr. SMITH]. I believe in helping as much as I can, but when it comes to setting the future of the national agenda, there is a difference between a Democrat and a Republican, and I am voting no because I am a Democrat.

Now let me tell you why. There is $150 billion that goes to take care of NATO, and we do not touch it.

The budget agreement defense amount was $283 billion. I tried to cut it to $277 billion. Everybody said that would be too much. Now it is $290 billion.

About the only cuts over there, some general got a vasectomy.

Let me go forward. There is $134 billion in new taxes.

I do not listen to what people say. I watch what they do, and Congress has put the burden on the backs of people who can least afford to pay all along, and I do not expect anything different from anybody now.

Foreign aid and international assistance, no one touches it, but we are playing with Medicare.

Let me say something to the Democratic Party tonight. Tonight the Democratic Party has an opportunity to seize the leadership of America and take us away from failed policies that have taken us into a group of trustees tonight.

I heard about Desert Shield. Eighty-two percent of the troops over there are Americans. My question tonight is, why do American kids keep coming home in body bags and pine boxes? Where is the the rest of the world?

We do not have to raise taxes. We could take 50 percent of NATO, 50 percent of foreign money, and put the 5-percent bubble back without raising one other tax, not one new tax, and the Democrat Party will seize the agenda for the future.

I do not like this hybrid business. I am not a part of a coalition government. I am a Democrat, and there is a difference between a Democrat and a Republican.

I am voting "no."

Mr. FRENZEL. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Speaker, what we have before us tonight purports to be a bipartisan budget agreement. Now, that is a real misnomer, because what we have here is neither a budget nor an agreement and it certainly is not bipartisan.

In fact, Mr. Speaker, I have heard several people from the other side of the aisle tonight refer to it as a bipartisan agreement. I would like to know where the heck one side of the aisle gets off describing it as bipartisan, without reference to whether the other side is in agreement on this or not.

This thing, this sheet we have that purports to give us some details about this, really is more information than we need about it. Really, it could all be written in one sentence. It ought to just say, "There shall be a budget of the United States and we will determine what it will be in the future and the committees will determine how to implement it sometime in the future."

Now, Mr. Speaker, I was one of the 71 Republicans that did not vote for the budget resolution last Thursday night. I did so reluctantly. I did not like a lot of the things in there, but I thought it was the very best that we could get at that time. Looks like I was right, because what we are getting tonight is certainly a lot worse.

I cannot support this. To be an agreement the Republicans can support, it has to have some reasonable guidelines, some definition in it.

Now, Mr. Speaker, it does not have to be rigid. It does not have to be a complete rewrite of the tax laws, but it has to be reasonable. There have to be some outlines, some certainty where this reconciliation process is going to take us, not a blank check.

The vice chairman of the Ways and Means Committee pointed out to the extent there are any outlines to this, I do not think we can see anything except a blank horizon out there. The package does contain $10 billion more in taxes than we had the other night and thus, of course, $10 billion more in spending. Heaven forbid that we should ever apply it to deficit reduction.

The agreement we had last week was too much taxes and too little spending restraints, and this goes even further than that.

I urge, Mr. Speaker, let us quit this sham, get back to work for a real budget agreement.

Mr. PANETTA. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. ANDREWS].

Mr. ANDREWS. Mr. Speaker, a few moments ago one of our Republican colleagues, the gentleman from Vermont, quoted Abraham Lincoln, challenging the Nation to disenthrall itself from the dogmas of the quiet past and to think and to act in a new manner. That was in 1861. That was a challenge to compromise, a challenge to be bipartisan, and that really is where we are tonight.

We find ourselves at the end of another rope, and not to compromise, not to work together and pass this budget resolution, will invite economic chaos next week. It is time to act.

I believe the Committee on Ways and Means will go to work next week, and I believe we can produce a revenue package that most Members in this Chamber will support and one the President will accept.

During the congressional debate over the League of Nations, Woodrow Wilson's closest adviser was a man named Colonel House. He told the President, "The best politics is to do the right thing." Well, that was hard to find the other night on the first budget resolution. It should not be hard tonight. Let us pass this budget resolution. Let us move this process forward.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Illinois [Mr. HASTERT].

Mr. HASTERT. Mr. Speaker, I thank my colleague, the gentleman from Minnesota, for yielding some time to me to talk tonight.

Mr. Speaker, I stood here several nights ago about this time in the evening or morning and took what I thought was a tough vote. I voted yes on the budget agreement, the budget summit, if you will, because I thought that I could go back home and look my constituents in the eye and say, "Yes, there are some real savings here. I'm going to do what you elected me to do when you sent me to Washington, and that is to start to balance the budget, that is to start to make some tough cuts."

You know, there was a pretty tightly crafted piece of legislation there. It had entitlement cuts and it had language and rescission agreements on how those cuts were going to come about. It had some pretty precise tax language in it on how we are going to balance those cuts off with revenue; but you know, I watch what happens around this House, and I watched very carefully the other night. I watched members of the Appropriations Committee, the chairman, the subcommittee chairman of that committee. They did not vote for that agreement. A majority of them did not vote for that agreement, along with their chairman. Why? Because it started to tighten down, it started to take money off the table. It started to say we need to make some tough decisions, not wish a lot of Novocain, or not with a shot of ether, some real tough decisions on how we are going to order our priorities in this House.

Tonight we are asked to come here again and make another vote, and that vote does have the Novocain and that does have the shot of ether, because we can go sit in a corner while somebody else makes those tough decisions, whether it is the Appropriations Committee or the Ways and Means Committee. Well, I have a great deal of faith in them, but I have seen the results.

I think back home we call this buying a pig in a poke, and smart people do not do that.

Mr. PANETTA. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. TORRICELLI].

□ 0140

Mr. TORRICELLI. Mr. Speaker, the theme of the evening is the budget process and bipartisanship. Well, I do not serve on the Committee on the Budget, and I am not a real bipartisan kind of guy.

But I know this, it is not simply later in the evening, not simply later in the budget process. My friends, the simple truth is, if we do not bring some discipline to the finances of this Government, some order to this national economy, it is later in the life of the standard of living we have come to know, later in the life of the economy of our country.

I did not come here, my friends, as you did not come to this Congress, to preside over the gradual, slow, steady but certain decline in the standard of living of the American people. But that is what is happening.

Mr. Speaker, the 1980's began on January 20, 1981. We began 10 years of telling the American people the things they wanted to hear, not the things they needed to know. We told them that there were things you could have without sacrifice, benefits without paying for them.

My friends, the 1980's can come to a close on October 8, 1990; it can begin with this budget process.

This budget resolution is not as I would write it. It is not all my priorities. But it makes sense. It is without alternative.

So, my friends, I would say this to you: Join with your President in governing, join at least with your own leadership in governing, join with the majority in supporting this budget resolution, or get out of the way so that the rest of us can begin governing America.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas [Mr. BARTLETT].

(Mr. BARTLETT asked and was given permission to revise and extend his remarks.)

Mr. BARTLETT. Mr. Speaker, this evening brings a bizarre closing chapter to one of the most bizarre weeks in congressional history; bizarre because the country has been laughing at this institution all week and indeed tonight we add to the national joke.

Bizarre because we are presented with zero leadership when the Nation is crying out for leadership and responsibility; bizarre because there are no enforceable deficit reduction provisions in this budget package and the Nation is crying out for deficit reduction; bizarre because the Nation is seeking bipartisanship and they are presented with the worst type of partisanship.

Let use examine what we know about this budget—and it is not a lot, because it was just presented at 10:15 this evening.

First, we know it was conceived in entirely partisan posturing; no Republicans in the room, no negotiations, drafted in the caucus of one particular party.

Second, we know it is all posturing. There is no substance, no details, no results. No spending bills under this can be passed and signed into law. No tax bills are presented under this, can be passed and signed into law.

Third, we know there are no spending cuts in reality in this package. In fact, this package provides for $170 billion in domestic increases over current spending, and there are not even the enforcement provisions that were in the summit package from last Thursday night.

Fourth, we know it adds to the recession and has nothing that would bring us out of the recession and put American men and women back to work.

Fifth, we know at its heart this is a tax increase budget. At least $20 billion in additional taxes in addition to what was voted down last Thursday night by a majority of both sides of the aisle.

What we should do is turn this down, take a few days with a short-term CR with $40 billion in agreed-to cuts, ask our leadership to get together and demonstrate some leadership and responsibility.

I have two teenagers who have a word for what we are doing here tonight. The word is "nothing-burger."

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan [Mr. WOLPE].

(Mr. WOLPE asked and was given permission to revise and extend his remarks.)

Mr. WOLPE. Mr. Speaker, I rise in support of the conference agreement.

Mr. Speaker, I rise in support of the new conference agreement on the budget. I do so for two reasons. The first is that there really is no choice. A vote for this new budget resolution is the only responsible vote. In my judgment, it is absolutely essential that there be a budget agreement. It is essential that the budget process go forward. It is essential that we make the hard choices that have been avoided for far too long. It is essential that we avoid the chaos that this Nation and its people will face if we again fail to agree on a Federal budget.

Failure to agree now will, in my view, not only have serious economic repercussions, but will also trigger a very dangerous political and constitutional crisis. The American people deserve better than that.

My second reason for supporting this revised budget resolution is that this resolution, unlike the summit agreement, will give the legislative committees the flexibility they need to insure that the pain and burdens of deficit reduction will be spread fairly. The summit agreement would have placed far too heavy a burden on Medicare beneficiaries, would have required a 2-week delay in laid-off workers receiving their unemployment checks, would have placed the principal tax burden of deficit reduction on the backs of lower-income and middle-income working people, and would have provided $12 billion of new growth incentives that would have done little but encourage the growth of a new tax shelter industry that would once again help the wealthiest among us avoid paying their fair share of the Nation's taxes. These elements of the summit agreement were simply unfair. The American people understood that and so did a majority of this House from both parties.

Mr. Speaker, the past decade of supply-side economics has been a disaster for America. Contrary to its promise that lower taxes, primarily for upper income people, would usher in a new era of increased savings, new investment, economic growth and prosperity, we have seen only a steady erosion of Federal revenues and of our economic strength. Today the country stands on the brink of a recession.

The harsh truth is that we have, for too long, been substituting the wish for the reality. And we simply can no longer wish our troubles away. We must face the reality of our deficit crisis head-on. Even with the $40 billion in savings this budget resolution would achieve next year, we will still have a $254 billion deficit or $300 billion, if we do not count the Social Security surpluses.

And there are simply no easy or pain-free solutions. Certain things are given:

First, the administration—regrettably, in my view—has pledged to reject any defense number lower than that contained in the budget resolution before us.

Second, the interest on the national debt must be paid.

Third, there is a national consensus that Social Security benefits must not be cut, and that retirement programs be protected.

Yet these three elements alone claim over two-thirds of the total Federal budget. All domestic discretionary programs combined make up no more than 17 percent of the Federal budget. This category includes the war on drugs, all educational and job training programs, all health research, all environmental protection, all law enforcement, all transportation programs, all housing programs. And the list goes on. Incredibly, the Federal deficit today is so monstrous that everyone of these programs, and all of the Federal agencies that administer them, could be totally eliminated, and we would still have a Federal deficit of $100 billion.

The President, like most of us, has come to recognize that there truly is no realistic way to solve our deficit crisis without some combination of both spending cuts and new tax revenues. The real question we face is who should pay those taxes. I, for one, will not be able to support new tax legislation that again sticks it to the middle-class and the poor, while letting the wealthiest Americans off the hook.

Mr. Speaker, the past decade of supply-side economics has produced a few big winners and a lot of losers. The rich got very rich indeed—this year the income of the richest 1 percent of the population will total $564 billion, more than the total income of 40 percent of all American families—and all of this has come at the expense of the poor and the middle-class. It is time to say, "Enough." Those who have been the decade's economic victims cannot be asked to continue to pick up the tab, while the principal beneficiaries of the policies of the last 10 years, the wealthiest Americans, are sheltered from any burden. That is not right. That is not fair.

Mr. Speaker, we are a nation that has always pulled together in time of crisis. The American people, I believe, are willing to pull together and work together to get this Nation and its economy back on solid ground. What they are not willing to do is to tolerate an unfair budget and a political system that ignores average citizens and caters to the wealthy and the powerful.

Mr. Speaker, I will vote for the budget resolution before us. I believe it is vital that a significant, credible deficit reduction package be enacted, and that this process be kept moving. I don't do this lightly. I know there are those out there who are just waiting to attack, to say that we should all take "read my lips" pledges not to raise taxes, to say that we can balance the budget with cuts alone. What they will not tell you is that their real agenda is to lock in an unfair tax system that permits someone earning a $200,000 income to pay a lower marginal tax rate than an individual earning one-fourth as much.

Mr. Speaker, I am supporting this budget resolution because it provides a reasonable framework for meaningful deficit reduction. Its passage will keep the process moving and get us beyond political stalemate. It discusses bipartisan support. But I must serve notice that neither I nor my constituents will be able to support a reconciliation bill that does not produce a much fairer distribution of the deficit-reduction burden than that proposed in the original summit agreement. I am prepared to make the hard choices. I am not prepared to make the wrong choices for this Nation, its people and its future.

Mr. Speaker, I urge support of this budget resolution.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from New Mexico [Mr. RICHARDSON].

(Mr. RICHARDSON asked and was given permission to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, I rise in support of the conference report.

Mr. Speaker, the integrity, the viability of the U.S. Government is at stake. The issue is not whether we can produce a budget or keep the Government from closing down or sequestering thousands of people or programs—but whether we can govern, whether we can keep the American democracy that the world looks up to as its beacon to become another banana republic laughingstock. This is our last chance to avoid chaos.

The President has said to the Congress after vetoing the continuing resolution to produce a budget. Well, here it is. It achieves the same cuts as the summit agreement—$500 billion over 5 years. It corrects some of the major concerns, such as Medicare cuts, to the point where every senior citizens group now supports the budget resolution. It says there must be tax increases—but asks the committees of Congress and not unelected White House officials to put together a package and deal with gasoline taxes, heating oil, and liquor taxes, and the bubble and capital gains and report back for up and down vote. It establishes caps and not floors and says it achieves savings in defense, in international programs, in discretionary funding, and let these savings go to deficit reduction.

Mr. Speaker, there is no reason to have any Government layoffs or services curtailed as a show of fiscal disruption.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. Mr. Speaker, the budget resolution which I vote for tonight is substantially better than the one I voted against last Friday.

This budget allows us to reduce the burden of the gasoline taxes and it gives the committee the opportunity to require the upper income earners to pay their share of the taxes.

This budget also reduces the proposed cuts in Medicare from $60 billion to $42 billion and it allows us to cut some more of the overspending in defense.

For those and other reasons, this budget is more acceptable than that which we voted on 2 days ago.

I want to be clear however. I will vote for this budget because we must move this process forward. But I will not vote for the reconciliation bill that will follow this budget unless the budget savings in agriculture are accomplished in some part through an increase in loan rates. Our family farmers must not be required to bear budget cuts that are unfair. We will accept budget cuts in rural America, but we expect them to be fair.

Starting now, we must enact a budget and start doing the Government's work. The American people deserve a President and Congress that can and will work together to solve America's problems. We can't wait. It's time for all of us to pull together—now.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky [Mr. MAZZOLI].

(Mr. MAZZOLI asked and was given permission to revise and extend his remarks.)

Mr. MAZZOLI. Mr. Speaker, I rise in support of the conference agreement.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey [Mr. GUARINI].

(Mr. GUARINI asked and was given permission to revise and extend his remarks.)

Mr. GUARINI. Mr. Speaker, I rise in support of the budget conference report. It is the right signal for the marketplace. It lays the foundation for lower interest rates.

Mr. Speaker, I rise in support of the budget conference report as the right signal to the marketplace and lays a foundation for lower interest rates. It sets the parameters for $500 billion in deficit and spending cuts over the next 5 years—while allowing the committees of jurisdiction to work their will in coming up with the specifics.

The initial summit agreement included unconscionable cuts in Medicare, shifted the tax burden even further on the backs of the working class and contained many sweetheart deals in the spirit of bipartisanship. I couldn't in good faith support an agreement that already made those important decisions for me—especially when they are detrimental to my own State of New Jersey.

My colleagues on the other side of the aisle are concerned about leaving those specific tax and spending decisions up to the committees. I ask them why? If we fail to enact a budget and the President decides to veto a continuing resolution again—it won't matter to the millions of Federal workers who is responsible or to the millions of investors when the market reacts like it did on October 19, 1987.

This conference report embodies the same overall revenue and spending targets agreed to by the President. Its passage will allow the Federal Reserve to react accordingly—lower interest rates and restore some confidence back in the marketplace. Its passage will allow the committees to roll up their sleeves and begin working on a bipartisan reconciliation bill. I urge my colleagues to support the budget.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Louisiana [Mr. LIVINGSTON].

(Mr. LIVINGSTON asked and was given permission to revise and extend his remarks.)

Mr. LIVINGSTON. Mr. Speaker, I voted for the first package the other night. Its purpose was to trim the deficit. As I said then, in the 1-minute preceding it, there was something bad in that package for everybody. It spread the pain in bipartisan fashion. It was a bad budget agreement, but it was the only one we had and we had to support it.

And the hard left did not support it, and our right did not support it, and now it is payback time because they have the numbers.

What have they done? They have taken this bill that we had the other night and shifted it leftward. Oh, they say it is a better, more fair bill, they say. This is a "don't worry budget," they say; this is the "no rough edges budget," they say; let the Ways and Means Committee handle all the problems; and let all the committees take care of the problems.

Well, ladies and gentlemen, I am voting "no" on this budget because it provides $10 billion less in entitlement cuts, because it provides $10 billion to $20 billion more in taxes than the agreement the other night; because it provides greater agricultural subsidies; because it is tougher on defense; and because it tightens the noose on our 200,000 young men and women in Desert Shield.

Ladies and gentlemen, this is a leftward budget. And for those who voted "no" the other night, you have got no excuse to vote "aye" on our side to this one. It is not a good package. We need to go back to the table in a bipartisan fashion, come back to the Senate, pass a budget for everybody in America. It is not going to be easy. It is going to be painful. But we need to get the deficit under control. And if we do not, we have got only ourselves to blame.

I urge a "no" vote on this package.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida [Mr. NELSON].

(Mr. NELSON of Florida asked and was given permission to revise and extend his remarks.)

Mr. NELSON of Florida. Mr. Speaker, I support the budget resolution.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from California [Mr. CAMPBELL].

(Mr. CAMPBELL of California asked and was given permission to revise and extend his remarks.)

Mr. CAMPBELL of California. Mr. Speaker, I rise in opposition to the conference report.

At a minimum, any budget deficit reduction package must insure a lower deficit. That is an unremarkable proposition. What is remarkable is that neither this package, nor the one developed by the budget summit, does guarantee a deficit reduction. The reason is that domestic and international discretionary spending, and entitlements other than those targeted specifically, are all allowed to grow at the inflation rate. If that inflation rate exceeds 6 percent, by my calculations, the growth in discretionary spending and entitlements permitted by this agreement will swamp the announced savings in this agreement. And if interest rates grow rather than fall, the assumed $70 billion in savings from debt service paid by the Federal Government will not materialize either. In that case, an inflation rate even lower than 6 percent would make this deficit reduction package into a deficit increase package.

What are the expectations about inflation and interest rates that underlie this agreement? They are the same that underlay the first budget agreement, and they are unrealistic. They are:

	1990	1991	1992	1993	1994	1995
Inflation (GNP deflator)	5.2	4.6	3.4	3.2	3.0	2.8
Interest rates (91-day Treasury bills)	7.7	7.2	5.7	4.9	4.4	4.2

Does any economist, does any citizen seriously believe inflation will fall every year? Does any economist, does any citizen seriously believe interest rates will fall every year?

These are untrue predictions; I will not vote for a budget agreement based upon them; and I cannot support a proposal that is more likely to increase the deficit than reduce it. To increase the deficit is to steal from our children. I will not do it.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California [Mr. PASHAYAN].

Mr. PASHAYAN. I thank the gentleman for yielding.

Mr. Speaker, I have observed in this package—let me say first of all I have appreciated all the rather sweeping oratory that we have had tonight. I am going to take a little bit different direction. I am going to have a question for the chairman of the committee.

I have observed that there has been a concentration of taxes. In that concentration, the rates have been escalated quite dramatically; namely, in the various fluids; the gasoline of various kinds, and wine and beer.

I wanted to ask that under No. 2, where it says specific policy decisions, for example, capital gains, home heating oil, gas tax: Does that mean that the Committee on Ways and Means will be able to consider other taxes, excise taxes on other commodities with the notion of maybe finding a lot of other things to tax out there and not raise the rates so high, rather than taking a few items and raising the rates dramatically? Is that authority contained here? I should hope the chairman could also add whether there were any discussions along that line while these negotiations were going on. But more importantly, does this grant the Ways and Means Committee the authority to raise other excise taxes just a little bit rather than raising a few a lot?

□ 0150

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. PASHAYAN. I yield to the gentleman from California.

Mr. PANETTA. Again, Mr. Speaker, the point is to allow the Committee on Ways and Means to make those judgments based on the overall elements that would be on the table, so that the answer to the gentleman's question is that that is possible in the Committee on Ways and Means, if they decide to go in that direction. I would think they would try to prove the progressivity of the overall package, however.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Virginia [Mr. BATEMAN].

Mr. BATEMAN. Mr. Speaker and my colleagues, I am, I hope, known not to be one of the bomb or grenade throwers. If I were, I might have two in my pocket, and I might scatter them on either side of the aisle.

I am, frankly, alarmed, disturbed more than I can tell my colleagues, about how I believe this process has broken apart. I am one of the 71 who voted for the leadership role of the President, the Speaker, the majority leader, the minority leader at something like 2 days ago, less 30 minutes.

I cannot vote for this budget resolution, if I can call it a budget resolution, and the reason I cannot is that I signed onto that because there was some sense of commitment that that budget resolution was going to bind the committees of the Congress, and they would then implement legislation and reconciliation pursuant to it.

Now tonight I find myself in the position where the committee on which I serve, the Committee on Armed Services, is definitely going to be bound by this so-called agreement, but nobody else's committee apparently is bound by it. It is all to be worked out any way they choose to work it out.

I am very concerned about the way this process has turned from having been told that we had an agreement, it was bipartisan, and it was totally distasteful to me, but this country requires that we resolve this crisis, and all we have done since is fritter away the time.

Last night I came back here, and we voted on whether to sustain or override a Presidential veto, and what did we do? We sustained that veto. And what has happened since that occurred? The process has moved to the left, not to the center, not anywhere.

Let us pass a continuing resolution, put the Government back in business, and get back to a true bipartisan and binding, binding budget resolution.

Mr. FRENZEL. Mr. Speaker, I yield 1½ minutes to the gentleman from New Jersey [Mr. RINALDO].

(Mr. RINALDO asked and was given permission to revise and extend his remarks.)

Mr. RINALDO. Mr. Speaker, I want to thank the gentleman from Minnesota [Mr. FRENZEL] for yielding me the time. I also want to compliment the chairman of the committee and the ranking member. They are both very sincere individuals, and I think that, when the other side is right, I voted with the other side because I think one of the things we are supposed to do is what is best for our constituents here.

Mr. Speaker, let me tell my colleagues a little bit about my constituents. Let me tell my colleagues a little bit about my home State of New Jersey.

The people were just hit with an increase in excise taxes, an increase in the sales tax, a doubling of the State income tax, removal of exemptions on the sales tax, another tax increase totaling $3 billion, probably one of the largest tax increases of any State in the history of the United States of America.

On Friday night, some people here wanted to add more to that burden. I voted "no". And I voted "no" not because I did not want the process to be moving forward, but because I wanted to send the negotiators back to the bargaining table. I was hoping that, if we went back to the drawing board, they could return with a better package.

I have read this package, and, quite frankly, it says nothing. When it talks about tax increases, it says the Committee on Ways and Means is free to meet its revenue increase target through any combination of tax measures, and that is a problem, my colleagues. It is a problem for me, and I think it is a problem for my constituents.

What I see here is worse than the original package, and I do not know what kind of new or increased taxes my constituents are going to be hit with, but I can say this: It is obviously a pig in a poke, it will not sell in Peoria, it is not going to sell in New Jersey, and I intend to vote "no."

Mr. FRENZEL. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Ohio [Mr. WYLIE].

Mr. WYLIE. Mr. Speaker, I have listened to the debate very intently here this evening because I was not sure how I was going to vote when I came here tonight. I voted for the package on Thursday because I have wanted to vote for a balanced budget amendment for 23 years, and it was bipartisan, and it was supported by the President, for whom I have great personal affection.

However, Mr. Speaker, I think the most important thing we can do is vote for a balanced budget agreement.

Now, I was at the Republican Conference today, and two-thirds of our Members said "no" to any revenue enhancement. In my judgment that takes us out of the process right away. We can always vote "no" on reconciliation, if we do not like the package after it is fleshed out.

We have to feel good about our vote. I want to feel good about my vote, and I would feel very bad if this budget agreement is turned down tonight, and I plan to vote "aye."

Mr. PANETTA. Mr. Speaker, I yield 3 minutes to the distinguished majority whip, the gentleman from Pennsylvania [Mr. GRAY].

(Mr. GRAY asked and was given permission to revise and extend his remarks.)

Mr. GRAY. Mr. Speaker, some of the debate that we have heard over the weekend reminds me of a story about two men on an airplane. The air-conditioning fails, and, after an hour, the first man turns to the other and says, "One of our deodorants isn't working," and the second man says, "It must be yours. I don't wear any."

Well, it is easy to say things are somebody else's fault, but tonight is not the time to fix the blame. It is time to fix the problem. The agreement before us can do just that, Mr. Speaker. It reflects a real attempt to listen to the Members of this House on both sides of the aisle who last Thursday night very eloquently argued for their positions.

What did they say? They said the Medicare cuts were too deep, we were hurting seniors. As one Member of this side of the aisle said, the Medicare portion is going to increase premiums, doubling them in a couple of years, and another distinguished Member of the minority side said that the package last Thursday night was a bad deal for the elderly.

We also heard from both sides of the aisle that tax increases were not fair, and in the words of a distinguished Member of the minority side from Illinois: "This is one of the most regressive forms of taxation."

"What kind of tax package is this? What kind of equity are we talking about in fairness?"

Mr. Speaker, we did listen, and we made some modifications. Now the Medicare cuts are not as deep. Now the committees that have jurisdiction have flexibility to look at the package and make adjustments for progressivity.

Is tonight's package perfect? Of course not, because each one of us here tonight has their own individual plan, but we must have one plan, not 435.

□ 0200

If we act tonight, we can achieve the largest deficit reduction in the history of this country. With all of its faults, we have before us a pro-low-interest rate agreement, which is a pro-growth, pro-jobs agreement, that can jump-start our sagging economy.

Now what do we hear? Well, first, that we are not acting in a bipartisan manner. Well, you cannot have it both ways, my friends. The complaints about Medicare were bipartisan, and the fix is bipartisan.

Now we hear people saying that there are taxes in the plan. But it was a Republican President that said we needed new revenues. Why do we not join him? If you do not want taxes, you have a responsibility to come forward and tell us what cuts you will make.

I urge Members to look at this plan. It is not the best, but I contend it is probably the one that we can unite behind and achieve economic growth. I urge support of this resolution.

Mr. BEVILL. Mr. Speaker, as Congress continues to seek passage of a budget resolution as its next step toward reducing the Federal deficit, we must realize that any resolution we pass is only a recommendation. It is a necessary recommendation, however, in order for the budget process to go forth. The recommendations in that resolution then will be sent to the committees of the House and Senate. They will be used as guidance in formulating legislation which achieves specific deficit reductions. It is those very committees which have the expertise in areas referred to in the resolution. The committees not only will fine tune the resolution's recommendations, they will be free to make needed alterations, as long as they remain within the parameters set by the resolution.

On Thursday evening, I supported the budget summit's resolution which had been sent to this body. I did so, not out of complete agreement and support for the contents of that proposal, but because it was the responsible step to take toward orderly implementation of deficit reduction. Had it not failed, the House comittees would have been busy at this very moment, adjusting the specifics of that proposal in keeping with the welfare of our citizens. Such an agreement must be in place in order for our system to continue to function.

Several of the items within that agreement recommended spending cuts and tax increases which I found unacceptable. Specifically, the Medicare cost increases for our senior citizens were far in excess of being fair. The gasoline tax increase imposed far too great a burden on our rural citizens who often drive great distances to work. And the unemployment compensation changes would have severely penalized the unemployed. However, these measures, along with others I also opposed, would have gone before the House committee system. There they would have been debated, defined, or eliminated in order t provide fairness for all our citizens.

It is the job of Congress to use the budget resolution as a tool in legislating authorizations and appropriations. We are not tied to the specifics within these resolutions.

As chairman of the Energy and Water Development Appropriations Subcommittee, I have received 14 White House budgets. I have always considered every item recommended by the President, but I have never accepted these budgets in their entirety. Had I gone along with President Reagan's budget proposals, 13 of our Nation's waterways would have been closed. Today, those waterways are busy expanding our Nation's commerce. Also, the Nation's only fertilizer research center would have been jeopardized, severely damaging our agricultural production. This center has made it possible for our farmers to produce the world's most abundant harvests.

President Reagan's budgets zeroed out the Appalachian Regional Commission, created by Congress in 1965 to bring the 13 Appalachian States to parity with the rest of the Nation. The ARC's infant mortality program would have been eliminated, along with other health, education, and industrial development programs they provide.

I view the budget resolution before the House today, as well as the one we voted on Thursday, in the same light as the Presidential budget. They are recommendations deserving of our attention and consideration. But they do not replace congressional initiative or responsibility. Too much emphasis has been placed on the resolution and not enough on the real meat of deficit reduction, which will be accomplished by the committees of the House.

As you know, the Speaker has informed us today that the major senior citizens organizations in this country have notified the House they are supporting this resolution before us today. I also support this resolution, realizing that it may contain elements not acceptable. But, it is not in the final form yet, and needed changes will be made in committee. Therefore, I urge every one of my colleagues to support this resolution so that the committee system of the House can get on with the Nation's work and begin significant, lasting, and needed deficit reduction.

Mr. ROYBAL. Mr. Speaker, I rise to state that I will vote "yes" on this budget agreement.

Mr. Speaker, as you and the Members of this body know, I strongly opposed the first budget package and urged my colleagues to reject it. The regressive tax package hit lower- and middle-income Americans unfairly and the spending cuts hit elderly and disabled Medicare beneficiaries unfairly. Sixty billion dollars in Medicare cuts were the final straw that lost this Member's vote.

What was so bad about the summit's Medicare deal? First, the proposal to increase the annual Medicare part B premium to $652 by 1995 would have nearly devoured a month's Social Security check. Second, America's elderly have already experienced an erosion in their purchasing power as more and more of their limited incomes go for health care, now almost one-fifth of their incomes, even without further cuts. Third, the much-maligned Reagan 5-year Medicare budget cuts in his fiscal year 1987—$55 billion—and fiscal year 1988—$48 billion—budget proposals would have been surpassed by the budget summit 5-year deal to cut Medicare by $60 billion.

Though far from a perfect package, the new agreement is a substantial improvement and reduces the inequities of the original agreement. Instead of $60 billion in Medicare cuts, the new agreement is closer to $40 billion. This is near the level that the aging organizations have indicated they will accept. As I have stated many times before, even these cuts are high and will pose a burden on beneficiaries. Key to my supporting this agreement is the expectation and understanding that Medicare beneficiaries will be protected from most of the cuts.

I further expect and understand that the tax-writing committee will be producing a tax package that substantially reduces the regressiveness of the original.

Mr. Speaker, I go along with the new agreement not because all my objections have been met but because it is more equitable and probably the best deal given the constraints. The time for divisiveness has long past; the time for good and caring government is now.

Mr. VENTO. Mr. Speaker, I rise in support of the budget resolution before the House this morning, October 8, 1990. While each of us can find fault with some of the goals, this plan has been significantly modified from the first product of the summit that was rejected October 5, 1990. The specific language of the October 5 budget resolution that outlined unacceptable changes in policy have been removed from this document tonight with the opportunity to address serious problems in the legislative process, changing the depth of Medicare cuts and limiting the oil tax break and the so-called small business tax break which has been so harshly criticized.

Mr. Speaker, in voting no on the original package I did so with careful thought—I knew that if, and I emphasize if, I voted for the budget resolution which was very unaccpetable that I could not vote for the taxes, policy changes, and spending cuts, that were outlined in the earlier October 5 budget resolution in an overall reconciliation measure—the budget resolution would have been an easier vote than the implementation which would have been very difficult, under those circumstances maybe impossible.

Today as I vote for this budget resolution tonight I believe that it can be implemented—with good faith on the part of Members of Congress and the President. This measure gives us the opportunity to move forward in a fair manner.

The citizens spoke Thursday when this House rejected the initial budget resolution, today some of the various constituents that were opposed now favor this measure and the intent to carefully weigh the elements as we move through the legislative process in the days ahead.

Hopefully this will be a positive step that will permit reordering in a small way our Nations priorities in the next few years. Lowering military spending reflecting the 1990's not the 1950's. Many of the concerns regarding economic forcasts and projections persist. Apparently we in Congress always want to claim much more impact and greater results than what is rationally possible, I understand the motivation but deplore the circumstance of raising expectation so unrealistically we simply set ourselves and the Congress up for criticism.

Let us vote this budget resolution up and be about the implementation the next 2 weeks.

The summit concept and process has been less than desirable, I hope that in the future Congress will be able to process our work in the regular order long before we enter into talks with the administration rather than in this compressed manner which is bound to cause confusion and misunderstanding.

Mr. Speaker, as has been demonstrated when we are up against the shut down of the National Government.

Mr. SYNAR. Mr. Speaker, tonight I will vote for the improved budget agreement. My Oklahoma constituents made it known that no matter what budget is agreed to, it must be fair. The alternative budget compromise provides for true deficit reduction, but it is also an acknowledgment that the groups in society who have to share the burden of deficit reduction must be carefully considered.

While the amount of deficit reduction nor the amount of revenues needed to be raised have changed, the agreement does not dictate the specifics within each category. This is important because the previous budget summit contained instructions which were rejected by the majority of the House and the American people.

The parameters of cuts and revenues set by this compromise leave the necessary flexibility for the appropriate committees to work out a final deal that is equitable. As I stated when I voted against the summit agreement, I know there is an alternative that is better.

I will reserve judgment on the final package which is expected in about 2 weeks. I will be reviewing the final bill with several thoughts in mind. In implementing the agreement, there should be provisions under Medicare that do not simply shift costs to beneficiaries who cannot afford to pay. The revenues to be raised must recognize that working Americans and the middle class have borne a disproportionate share of the cost of Government over the past 10 years. Finally, whatever is presented in 2 weeks must be fair.

Mr. HUGHES. Mr. Speaker, I rise in support of this conference agreement on the budget.

This agreement will bring the budget process back to the Congress where Members and their respective committees can work their will. That is the framework under our Constitution to set priorities and establish the fiscal policy for our country. The budget summit was a failure.

The conference agreement gives the Ways and Means Committee the flexibility to achieve basic fairness in reaching the revenue and entitlement targets. The committee can reduce the Medicare cuts and identify revenue options that will not subject any one sector of the economy or group in our society to an undue or unfair burden.

It also gives our other standing committees that same flexibility to find savings to reduce our huge deficits. Most importantly, passage of this resolution will move the budget process forward once again.

Ms. OAKAR. Mr. Speaker, I rise in guarded support of the budget resolution before us tonight.

This resolution corrects, what in my opinion, was an oversight in the original budget summit agreement, which superceded the committee system for consideration of important budget resolutions. Given the targets in this resolution, the committees can now exercise the proper authority given to the Members of this body by the Nation's voters.

I strongly objected to the original agreement's provisions which placed undue burden on senior citizens and middle-income Americans. The proposed cuts for Medicare, veteran's programs, unemployment benefits, and postal and Federal workers programs were grossly unfair. In contrast, this new agreement allows the Congress to more equitably distribute the burdens of eliminating the Federal budget deficit.

All committees should carefully consider their decisions related to this agreement. Clearly, the American people have voiced their opinion that the Medicare cuts were far too deep. the average middle-income taxpayer was being asked to shoulder too much of the cost of revenue increases, and that veterans, the unempoyed and postal and Federal workers would have to, once again, sacrifice their pay and benefits for the purpose of deficit reduction.

In addition, I have great concerns regarding the single largest part of the Federal budget, the funding of the Defense Department. This area of the budget does not fairly receive its share of reductions. Further, I am concerned that the Desert Shield expenditures are not placed on budget to show all Americans the true costs of this operation to our Nation.

In closing, I wish to stress that my support for this budget resolution tonight does not necessarily commit my support for the final form of the budget reconciliation resolution. The primary basis for my final vote on the budget reconciliation conference report will be the fariness of its final content.

Thank you.

Mr. FRENZEL. Mr. Speaker, I yield myself such time as I may consume.

(Mr. FRENZEL asked and was given permission to revise and extend his remarks.)

Mr. FRENZEL. Mr. Speaker, the budget resolution before us, as I have indicated earlier, is different from the one that faced us Friday night. We have $10 billion less in entitlement savings reconciled in the bill, and the tradeoff is, of course, going to occur in taxes.

We will have $10 billion more in taxes, or, more likely, we will have $10 billion less in tax stimulus, leaving us no growth incentives in the bill when we are done, or $10 billion less in savings. Either way, the economy loses.

The bill is beginning to fall apart. In addition to the reduction in entitlement savings, we relieved the Committee on Agriculture of $400 million more in savings in fiscal year 1991 than we asked of it on Friday night.

On Friday night we had a bipartisan agreement. We had the President working hard for us and leaders on both sides working hard for us. As I recall, as one of those repudiated leaders, or would-be leaders, we got about the same percentage of vote on both sides of the aisle.

If there is any blame to be taken for the defeat of that resolution, I think both parties can share it. We went down together in about equal numbers.

However, the version before us tonight is not bipartisan. Yes, as the previous speaker indicated, the complaints were bipartisan. The fix is not bipartisan.

And, yes, we will act in the committees on reconciliation, as we always do. And we will be told to trust the committees, where the Republican proportion is considerably less than their 40 percent proportion of the House.

Mr. Speaker, some of us will trust those committees, and others of us will be quite nervous. We know that the Democrats can probably pass this resolution tonight by themselves, but, when they do so, they take on some awesome new responsibilities. They have to prove, for a change, that they are able to work with the minority and with the President, or otherwise face a certain veto of the product of reconciliation.

For those who have spoken in terms of conciliation, my longtime friend the gentleman from Florida [Mr. GIBBONS] and my friend the gentleman from Kansas [Mr. SLATTERY], we look forward to working with you and trying to achieve something together. But we believe that tonight we are not together. Most of us on this side shall oppose this resolution.

We believe that we should have passed the continuing resolution in a sequester mode last night. We find that our citizens are inconvenienced. But under the scenario that this majority leadership is directing, there will be no public official, no bureaucratic job, that will be threatened.

We believe that if you have a continuing resolution with a sequester, you will be able to reduce expenses other than payroll expenses for the first couple of weeks. We can clean out the supply closets in the first week and the travel budget in subsequent weeks. But if it does not look to the country like we are serious in reducing expenses through a continuing resolution, the public is going to laugh at our deficit reduction efforts. Later it will laugh at us as it sends us home.

The leadership of the House which found great amusement in delaying summit negotiations for 5 months is now seized with an urge for action. Bipartisan actions can be deferred, but partisan offerings are emergencies.

I shall vote against this bill. I wish it were otherwise. I am sorry we must proceed on this basis.

Mr. PANETTA. Mr. Speaker, I yield such time as he may consume to the distinguished majority leader, the gentleman from Missouri [Mr. GEPHARDT].

Mr. GEPHARDT. Mr. Speaker, it is very, very late, and I know that everybody is very, very tired. I am sorry to inform Members that when we finish this bill, we are going to have to stay here and go through a continuing appropriation. There will be a rule, and probably two votes after that. It could be 4 o'clock in the morning before we finish.

We are not going to meet tomorrow until about 8 o'clock at night, when we have to come back to see if the continuing is finished on the other side and try to process that bill, because, as all Members know, if we do not get it done, we have a shutdown of the Government beginning Tuesday morning. We want to avoid that in one manner or another.

But as tired as we are, and as we are going to be, and as much as tempers have been frayed and frustrations have risen in the past few days and weeks, I know that each Member feels as I do every time you walk on the floor of this House, that we are privileged and that we are honored to have the opportunity to be here to represent half a million Americans and to carry on this experiment in self-government in the greatest country in the history of the world on the face of the Earth.

The other night, even though I did not care that much for the plan, I wanted it to pass, because I thought the compromise had been tough to reach. I knew that if we did not pass it, the days after would have us edging into chaos, and that it would be hard to put the agreement back together again. I think that it is still possible to be able to put this agreement back together again.

The other night the people spoke. I understand on your side that the President called almost every Member. Members of the Cabinet called. I am told that former Presidents Ford, and Nixon called.

We do not have so many former Presidents to call. We did have the leadership on our side talk to almost every Member. We had a task force of over 50 people that talked to our Members over and over and over again to try to pass that package. But for all of that work and all of that persuasion, here, sir, the people govern.

Even though I was disappointed, and even though I was chagrined at what was to happen in the next few days, I was proud that the House reflects the people of this country, and their voices were heard as the vote came in, a resounding defeat for the package.

But now as we are here a couple of nights later, we have to make some changes in the package if we are to get it passed. We in the leadership on this side wanted to work with your leadership on your side to try to figure out how we could put this package back together. One of the things we heard was that people did not like the summit. They did not want some few going off to make the decisions for the rest of us. So in adjusting this package, we have said, let us not be so specific. Let us not take the agreement that was made in the small room. Let us send it back to the committees and let the committees work to shape the package.

We also felt that we should not change it too much, but change it as little as we could. It would have been easy to go to the Democatic caucus and say, "What does it take to get your vote; what does it take to get your vote; and what does it take to get your vote?" And then put together a big "D" Democratic package and roll it out and try to get it done. That would have been fun, it would have made a lot of people feel good, but it would not have helped us achieve the result.

So if we can pass this package tonight with these small changes, passing the trust back to the committees, the challenge in the next 10 or 14 days is for us, each of us, to be bigger than ourselves; to go back to our committees and do something that we have had a lot of trouble doing, and that is working in a truly bipartisan manner to reach the reconciliation instructions so we can produce a reconciliation bill in 10 days or 2 weeks that we can bring out here and get 218 votes, half of this side and half of this side, so that we can address this deficit problem that everybody in this room knows has to be solved for the future of the country, and I would even say the future of the world.

□ 0210

We can do it. We do not have the luxury of being in a parliamentary system where we can just say I believe in what I believe in and I want to vote for only what I believe in, I will not compromise. I will only stand for the beliefs of myself and my party.

In Great Britain and France and Japan and other countries they can do that. We do not have that luxury. We have to compromise our beliefs and come to an agreement that will move the country in a positive direction.

I do not think I am overstating, and I do not think I am being melodramatic to tell you tonight that with all my heart I believe the country is at stake. These deficits cannot go on.

We have an S&L crisis that boggles the imagination. If we have a recession in the next 6 months we will lose another 300 or 400 savings and loans, and where will we get the money to bail them out and the depositors who will be standing in line wondering where their money is? And if we have that recession, the banks will be right behind, and where will it end?

We have kids in the desert, 150,000 of them, and their strength is only as strong and as much as our economic strength now and in the days ahead.

After our Democratic caucus this afternoon I walked over to the Capitol, and there was a group of tourists, citizens who were milling around the front of the Capitol. They gathered around me. They saw my blue suit and red tie and I guess thought I was one of them, and they were angry. One woman shook her finger in my face and she said, "Why can't you people get this done?"

Our citizens do not understand that this is a divided government. They do not understand that the one party controls the Presidency and another party controls the Congress. They do not understand why we cannot get this done.

Tonight we have a chance to begin to get it done, but if we are going to do it we have to be bigger and better and stronger and more willing to compromise in these next 2 weeks than we have been in the past.

We can do it. Let us get it done.

Mr. FRENZEL. Mr. Speaker, I yield back the balance of my time.

Mr. PANETTA. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FRENZEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 250, nays 164, not voting 20, as follows:

[Roll No. 436]

YEAS--250

Ackerman	Atkins	Bennett
Anderson	AuCoin	Bereuter
Andrews	Barnard	Berman
Anthony	Bates	Bevill
Aspin	Beilenson	Bilbray

Boehlert
Boggs
Bonior
Borski
Bosco
Boucher
Boxer
Brooks
Browder
Bruce
Bryant
Bustamante
Byron
Cardin
Carper
Chapman
Clarke
Clay
Clement
Clinger
Coleman (MO)
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coyne
Darden
de la Garza
DeFazio
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Downey
Durbin
Dwyer
Early
Eckart
Edwards (CA)
Engel
Erdreich
Espy
Evans
Fascell
Fazio
Feighan
Fish
Flake
Flippo
Foglietta
Foley
Ford (MI)
Ford (TN)
Frank
Frost
Gejdenson
Gephardt
Geren
Gibbons
Gilman
Glickman
Gonzalez
Goodling
Gordon
Gradison
Grandy
Gray
Guarini
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Harris
Hatcher
Hawkins
Hayes (IL)
Hefner
Hertel
Hoagland
Hochbrueckner
Horton
Houghton
Hoyer
Hughes
Hutto
Jenkins
Johnson (CT)
Johnson (SD)
Johnston
Jones (GA)
Jontz
Kanjorski
Kaptur
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lancaster
Lantos
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lloyd
Lowey (NY)
Luken, Thomas
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McDermott
McGrath
McHugh
McMillan (NC)
McMillen (MD)
McNulty
Meyers
Mfume
Miller (CA)
Mineta
Mink
Moakley
Molinari
Mollohan
Montgomery
Moody
Morella
Morrison (WA)
Mrazek
Murphy
Murtha
Nagle
Neal (MA)
Neal (NC)
Nelson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Owens (UT)
Panetta
Parker
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Pickett
Pickle
Price
Quillen
Rangel
Ray
Richardson
Ridge
Roberts
Roe
Rose
Rowland (GA)
Roybal
Sabo
Sawyer
Scheuer
Schroeder
Schumer
Serrano
Sharp
Shays
Sikorski
Sisisky
Skaggs
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (VT)
Solarz
Spratt
Staggers
Stallings
Stark
Stenholm
Stokes
Studds
Swift
Synar
Tallon
Tanner
Taylor
Thomas (GA)
Torres
Torricelli
Traxler
Unsoeld
Valentine
Vento
Visclosky
Volkmer
Walgren
Walsh
Washington
Watkins
Waxman
Weiss
Wheat
Whittaker
Whitten
Wise
Wolf
Wolpe
Wyden
Wylie
Yates

NAYS—164

Annunzio
Applegate
Archer
Armey
Baker
Ballenger
Bartlett
Barton
Bateman
Bentley
Bilirakis
Bliley
Brennan
Broomfield
Brown (CO)
Buechner
Bunning
Burton
Callahan
Campbell (CA)
Carr
Chandler
Coble
Combest
Condit
Costello
Coughlin
Cox
Craig
Crane
Dannemeyer
Davis
DeWine
Dickinson
Dornan (CA)
Douglas
Dreier
Duncan
Dyson
Edwards (OK)
Emerson
English
Fawell
Fields
Frenzel
Gallegly
Gallo
Gaydos
Gekas
Gillmor
Gingrich
Goss
Grant
Green
Gunderson
Hancock
Hansen
Hastert
Hefley
Herger
Hiler
Hopkins
Hubbard
Huckaby
Hunter
Hyde
Inhofe
Ireland
James
Kasich
Kolbe
Kyl
Lagomarsino
Laughlin
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Long
Lowery (CA)
Lukens, Donald
Machtley
Marlenee
Martin (IL)
Martin (NY)
McCandless
McCollum
McCrery
McEwen
Michel
Miller (OH)
Miller (WA)
Moorhead
Morrison (CT)
Myers
Natcher
Nielson
Oxley
Packard
Pallone
Parris
Pashayan
Patterson
Paxon
Perkins
Petri
Porter
Poshard
Pursell
Rahall
Ravenel
Regula
Rhodes
Rinaldo
Ritter
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Rowland (CT)
Russo
Saiki
Sangmeister
Sarpalius
Savage
Saxton
Schaefer
Schiff
Schneider
Schuette
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Skeen
Slaughter (VA)
Smith (NJ)
Smith (TX)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solomon
Spence
Stangeland
Stearns
Sundquist
Tauke
Tauzin
Thomas (CA)
Thomas (WY)
Traficant
Upton
Vander Jagt
Vucanovich
Walker
Weber
Weldon
Williams
Yatron
Young (AK)
Young (FL)

NOT VOTING—20

Alexander
Brown (CA)
Campbell (CO)
Courter
Crockett
DeLay
Dymally
Hayes (LA)
Henry
Holloway
Jacobs
Jones (NC)
Madigan
Robinson
Rostenkowski
Smith, Denny (OR)
Stump
Towns
Udall
Wilson

☐ 0230

The Clerk announced the following pair:

On this vote:

Mr. DYMALLY for, with Mr. DELAY against.

Mr. SARPALIUS changed his vote from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

CONCURRENT RESOLUTION ON THE BUDGET—CONFERENCE REPORT

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate proceed to the conference report on House Concurrent Resolution 310.

Mr. DOLE. Reserving the right to object, and I shall not object.

The PRESIDING OFFICER. The distinguished Republican leader.

Mr. DOLE. Mr. President, I share the views expressed by the majority leader. We have been attempting to make some modification of the continuing resolution. We have been working with a number of my colleagues on this side and with the majority leader and others on the other side. We believe that we may have an agreement on that, which would expedite passage of the continuing resolution, hopefully prior to midnight. I understand the President will not sign the CR until we also agree to the budget resolution. I just confirmed that with the White House. That would not inconvenience workers or others because, as I understand the rules, they would come to work in the morning and they would be there for 3 hours and, by that time, surely, we will have the budget resolution agreed to and hopefully the CR.

There are, of course, all kinds of options with the CR. It is subject to debate. It could be filibustered. It could be filibustered on a motion to proceed, or on the CR itself. So it is within the power of anyone in the Senate or any group, or any of us to—in effect, we can shut down the Government, any one of us. I do not think that is the desire of anyone, but I want to make certain everyone understands there are a number of options available and that is why I felt, it seems to me, if we can work out some agreement, it would expedite the process and it would be in the best interest of this country.

I want to thank the distinguished Senator from Idaho, Senator McClure, for his help in crafting what we hope will be an agreement satisfactory to a number on this side. It may mean additional votes for the budget resolution; it should mean additional votes for the budget resolution itself.

I have no objection to the request of the majority leader.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the Record of Sunday, October 7, 1990.)

The PRESIDING OFFICER. Pursuant to section 305(c) of the Congressional Budget Act, the time for debate on the conference report is limited to 10 hours, to be equally divided and controlled by the leaders or their designees.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

ORDER OF PROCEDURE

Mr. DOMENICI. Mr. President, I wonder before the distinguished majority leader leaves the floor if I might just ask a question. It is my understanding the negotiations regarding the continuing resolution would indicate that if all is ready with the majority leader and the distinguished minority leader, the majority leader may want to proceed with it before completion of the budget resolution that is now pending before the Senate; is that correct?

Mr. MITCHELL. That is correct.

Mr. DOMENICI. Do I understand then if that is the case and the majority leader is ready, that the majority leader would request that we set this aside so he could proceed with the CR?

Mr. MITCHELL. That is correct. Indeed, I believe the preferable course of action would be to obtain consent now to permit the majority leader, following consultation with the Republican leader, to proceed to the continuing resolution at any time, notwithstanding the pendency of the conference report. But before propounding that, I want to make certain that it is agreeable with the Republican leader.

Mr. DOLE. It would be agreeable. In fact, I think some of my colleagues on this side would like that option. What they do not want to happen is for us to spend all the time on the budget resolution and then move to the CR.

In addition, I think the sooner we can take up the CR the better, because as I indicated, it might mean additional votes and fewer speeches each of which would be welcomed

UNANIMOUS-CONSENT REQUEST

Mr. MITCHELL. Mr. President, I ask unanimous consent that a vote on the adoption of the conference report on House Concurrent Resolution 310, the budget resolution, occur at 11:30 p.m. this evening with the time between now and then to be divided and controlled by Senators SASSER and DOMENICI.

The PRESIDING OFFICER. Is there objection?

The minority leader.

Mr. DOLE. Mr. President, could we extend the vote if we vote at 11:30 and the 15 minutes are up? We may have one late arrival.

Mr. MITCHELL. Certainly I think we have done that in every instance that occurred this year. It would be my intention to do that.

Mr. DOLE. If it becomes too late, say, 1 o'clock or——

Mr. MITCHELL. I do not think I understood "extend" in the same context as the Senator suggested. We have extended it, I think, as much as 20 minutes.

Mr. DOLE. A reasonable time. I say that would not be a reasonable time. I will work it out.

Mr. MITCHELL. We will work it out. I renew my request.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object.

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

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

UNANIMOUS-CONSENT AGREEMENT

Mr. MITCHELL. Mr. President, I ask unanimous consent that a vote on the adoption of the conference report on House Concurrent Resolution 310, the budget resolution, occur at 11:45 p.m. this evening with the time between now and then divided and controlled between Senators SASSER and DOMENICI.

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

Mr. MITCHELL. Mr. President, I thank my colleagues and I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

CONCURRENT RESOLUTION ON THE BUDGET—CONFERENCE REPORT

Mr. SASSER. Mr. President, at this time I would yield 2 minutes to the Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. SASSER. Mr. President, I ask unanimous consent that the Chair vitiate the request for time for the Senator from Hawaii.

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

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

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

Mr. SASSER. Mr. President, the senior Senator from Georgia has indicated that he wishes to address the Senate and I yield to him 5 minutes at this juncture.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. Mr. President, I thank my colleague from Tennessee and I thank all of those on both sides of the aisle who struggled long and hard to be able to pass this continuing resolution which has just passed, which will take a few days and at least alleviate the immediate hardship that was going to be so tough on so many people. I am certainly hopeful the President will sign this this evening.

I also commend the Senator from Tennessee, the Senator from New Mexico, the Senator from West Virginia, the Senator from Oregon [Mr. HATFIELD], and others who worked so hard on the budget resolution. We all know we are trying to save $500 billion over 5 years and everybody is trying to look for a way to do it where nobody gets hurt and nobody gets mad. By definition that is impossible. You do not save $500 billion without hurting someone and without costing someone some money or programs. It is impossible by definition.

The one thing I regret so far in this whole budget deliberation is something that no one has yet done. President Reagan never did it, President Bush has not done it, nor has the congressional leadership been able to gain the attention of the public in terms of addressing the issue of the overall deficit. The Senator from Florida talked about it tonight, but the American people need to be told or we are going to have another period of disillusionment in 6 months or a year. They need to be told this is only addressing a portion of the deficit, that the deficit is going to be probably between $1 trillion and $1.5 trillion over the next 5 years, and we are talking about cutting $500 billion.

Also I think the public needs to be told. I know the Senator from Tennessee has said this many times, that even those deficits are based on scenarios which are very, very optimistic.

Just one point that I think needs to be made and that is that the Bush administration's economic assumptions on which this whole deficit projection is based shows that we are going to go from a gross national product growth rate of 1.3 percent in 1991 to 3.8 percent in 1992. Well, now that is optimistic. I hope it will occur. And maybe it is possible it will occur. But at the same time they have the Treasury bill interest rate, 91-day T-bills, going down from 7.2 percent in this year with a slow economic growth to 5.7 percent in 1992, when we are going to be experiencing much stronger economic growth and much higher borrowing.

I do not know many people who believe that. So I am afraid when you look at these assumptions that we are going to have another whole period of disillusionment and the credibility of the Government itself, both political parties, the White House in particular, and the Congress also is going to be further eroded into the future.

That is not to say this package is not going to do some good. It is. But the problem is when you project deficits at this level, and it is really going to be at this level, and you end up cutting it down somewhat, it is still going to be higher than we are projecting now because the economic assumptions are simply not likely to hold.

I think that those paying attention to this debate in America might also want to know that the Bush administration's projection on 91-day Treasury bills in 1993, that is the interest rate the Government would pay, is 4.9 percent; 1994, 4.4 percent; 1995, 4.2 percent. The budget committees are not buying all these numbers, but for these deficits to come anywhere near the projections that is what the interest rates have to be.

I just do not know of anyone who is projecting that kind of interest rate decrease. I am hoping that will come about but I think it would be a near miracle if it does. Of course that makes an enormous difference in the deficit because we pay interest on the debt.

Mr. President, in the remaining 1 minute or 2 I have, I would like to address the defense numbers just very briefly. I have had a number of my colleagues, the Senator from Arkansas [Mr. PRYOR] and others who have expressed an interest in these numbers.

Suffice it to say that defense numbers are coming down somewhat from the summit levels. The reason for that is that the Senate-passed bill was lower by a small amount than the speeches I made back in the spring that laid out 5 years' budget projections with policy assumptions after analyzing the threat assessment and the strategy. The CBO scored our defense bill slightly below the numbers that I had anticipated, and we have seen because of the decrease of $2.2 billion in budget authority, not in outlays but in budget authority, over 3 years.

There are a number of people who are saying the defense numbers are too high. I can understand that frustration, but I believe that people have not focused really on what is happening in defense. We are making the most profound, sweeping changes in defense this year in a downward direction that we have made in at least the last 25 or 30 years.

The numbers that are in this resolution are the numbers that passed the Senate in the Senate authorization bill by a vote of 79 to 16. That has not been but about a month and a half ago. Some of those 16 may be part of those who are frustrated, but 79 Senators endorsed the numbers that are in this resolution we are considering.

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

Mr. SASSER. Mr. President, I yield the Senator from Georgia an additional 2 minutes.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. Mr. President, I thank my friend from Tennessee.

Let me just make two or three other points. Defense spending cuts in this budget resolution over the next 5 years represent 36 percent of all the deficit reduction in this package. Add in the interest on debt saved by reason of the reduction and it comes to 40 percent. Forty percent of the $500 billion is coming out of defense.

I think it also should be said that as a share of the gross national product the defense spending is going to drop from 5.5 percent of the GNP in 1990 to 4 percent in 1995. And I will not go into the details on those numbers but in 1991 we will be cutting $25 billion out of budget authority; 1992, $35 billion out of budget authority; 1993, $47 billion out of budget authority; 1994, $60 billion out of budget authority; and 1995, $70 billion.

Mr. President, those are large numbers. It is going to be very difficult to meet those numbers.

I have also been asked by a number of people why do we not reduce forces in Europe. We are reducing forces in Europe. We are going to have to reduce forces in Japan, Korea, and the Philippines also to be able to meet these numbers. We did not do it all in this bill that passed this year. We only took 50,000 out of Europe. But we have taken approximately 500,000 people out of the force structure in the Defense authorization bill that passed. Those numbers will come down over 5 years—500,000 people over 5 years. That is going into law if our bill prevails on that point in conference.

In order to accomplish that—and that is where you save the money; you do not save money by bringing troops home from Europe directly unless you take them out of the force structure, and that is what we are going to be doing to save money—in order to meet that level, I have anticipated—now the commitee has not endorsed this, this is my assumption to get the numbers and the projections—I have assumed we are going to take about 50,000 out of Europe on an annual average, maybe more in some years, others less, 50,000 per year for the next 5 years. That is about 250,000 out of Europe.

The administration is not agreeing with that. The Secretary of Defense does not agree with that. The Joint Chiefs do not agree with that. But that is what I think we are going to have to do over the next few years, assuming the threat continues to diminish, and we have to relate our defense needs in Europe and elsewhere to the threat.

Mr. President, I thank my colleagues. I thank my colleague from Tennessee. I yield the floor.

Mr. SASSER. Mr. President, the Senator from Maryland has requested time. I yield 5 minutes to the distinguished Senator from Maryland.

Mr. SARBANES. I yield to the Senator from Georgia.

Mr. FOWLER. Mr. President, I thank the Senator from Maryland.

Mr. President, the budget summit was a long and difficult process, and made so not because of a lack of good will or commitment but because of the magnitude of the problems and the sharp differences among the participants as to how those differences could or should be addressed. Indeed, these same divisions were evident last Thursday when majorities of both Republicans and Democrats in the House rejected their President and the bipartisan congressional leadership in voting down the first budget resolution which sought to implement the budget summit agreement.

When we started the budget summit in May, the difficulties were daunting enough: a deficit which the President had reestimated at $200 billion, rather than the $93 billion he submitted in his January budget; ballooning costs associated with the bailout of savings and loan companies; and a looming across-the-board sequester, which would cut over $100 billion in Government programs, devastating everything from crime and drug enforcement, to education, to air traffic control, to environmental protection, to national defense.

But these obstacles were only magnified by events of late summer: the Iraqi aggression in the Persian Gulf, and the increasing signs of a weakening economy, both of which multiplied the deficit problem while narrowing the available options for solving that problem.

I have tried to support the President of the United States in this deficit reduction effort, by participating in the budget summit, in negotiating in good faith, and even in supporting a summit agreement which all participants in the summit know was very far from my liking.

Yet in spite of the policy differences I had with the President and his representatives, the only real criticism I have of the President's role in all of this is the one I made at the outset of the process: I do not believe that he has used the bully pulpit of the Presidency to prepare the public or their Representatives in the Congress for the sacrifices that would be a necessary part of any significant deficit reduction package. Whether you listen to the reaction in the country or to the debate in the House the other night I think you will have to agree that this is so.

The bipartisan agreement which emerged from the summit was not a "good news" document. It was not painless. It was not something that I, or any other participant, found it easy to support. Indeed, I venture to say that there is not a single member of the negotiating team who was completely happy with that package.

In response to last week's House defeat of the budget resolution, some changes have been made which make more explicit the role of House and Senate committees in shaping the final details of the deficit reduction package. More flexibility is provided to correct some of the inequities that many perceived in the original budget resolution conference report.

Yet, I do not want to mislead any Member of this Senate into believing that his new conference report will ultimately lead to easier choices. It may be less difficult to vote for this less specific deficit reduction plan tonight, but you will still be faced with the specifics when the reconciliation bill comes out of our committees. Even if the worst fears of my friend, the distinguished junior Senator from Texas, are realized and we use the lack of specificity to shortchange real deficit reduction, we will still pay the price down the road, when we have to face this deficit problem again and again.

Nonetheless, I believe that approval and implementation of the deficit reduction provided for in the budget conference report now before us is vital to our long-term national security. The budget package is about sacrifice: There are no easy ways to resolve the problems I have already alluded to.

It is about commitment: Now, with our servicemen and women on the front line in the Persian Gulf, is a time when we must demonstrate national unity and national resolve.

It is about our Nation's future: Without a solution to our budget, trade, and investment deficits, we will continue mortgaging our children's futures.

And, yes, it is also about political courage: Many of the things this agreement proposes to do are considered suicidal politically, and all of us who have signed on to the cause can look forward to Monday morning quarterbacking, negative TV ads, and special interest attacks.

This is a major effort, being the largest deficit reduction package in American history, by far, even if one takes the most pessimistic view of how the committees will implement its provision. But, given the magnitude of the problem, no other course was possible.

I would like to say a word about the comments that some are making about the unwillingness of our senior citizens to participate in this national sacrifice. I say that those who make such comments do not know older Americans very well. Our elders know about sacrifice. They weathered the Great Depression, and fought and won the Second World War. They love their country, and they want to make a contribution in this time of national need. What they don't want is to be singled out, unfairly, while others escape from any sacrifice. I have no doubt in my own mind that when the need for this deficit reduction package is made clear to them, and when the alternatives are made plain, older Americans will be in the forefront urging us all to do what is right for our country.

Let me be clear on one point. There will be some difficult economic times ahead, whether or not this deficit reduction package is approved. But while, as I have said, no one could possibly endorse every item of this package with great enthusiasm, you must consider the alternatives if the agreement is not ratified.

First, the Federal Reserve Board will conclude that there is insufficient political will to correct our fiscal policy problems, and will therefore, understandably, fail to reduce interest rates. Second, the Gramm-Rudman across-the-board sequester will be triggered, producing not only the undesirable policy outcomes I mentioned before, but also taking more than twice the amount of money out of the economy as envisioned in the summit agreement. Both of these factors will worsen, rather than improve, our economic situation.

Some ask, why act now to take such massive amounts of dollars out of the economy even as we are on the brink of a recession? Up to a point, I would agree. Under any economic theory I am familiar with, now indeed is not the best time to be embarking on a major deficit reduction effort; 1985 would have been a better time; or 1987, when the first budget summit was held between President Reagan and the Congress, or even last year's summit. At all of those times, the economy was in better shape than it is today.

The truth of the matter is that the President and the Congress did not undertake serious deficit reduction in those years, when the economy was stronger and the job would have been somewhat easier. But, if we fail to act now, how much longer will the country have to wait; how much more will our budget, trade, and investment deficits have to grow; how much larger a share will have to go simply to pay interest on the national debt, before action is taken?

My answer is we cannot afford to wait. If we do nothing now, projections are that the Federal deficit will grow to over $300 billion over the next 5 years, not even including the effects of an economic downturn. If left unattended, this deficit problem is going to grow and grow, and it will be much more difficult, not easier, to solve it in the future.

Clearly, the budget summit agreement is open to attack on many fronts. It represents neither what the Democrats nor the President and the Republicans would have produced if they were able to enact a plan on their own.

A quick review of the initial offers which we presented to each other at Andrews Air Force Base should suffice as an indicator of what each side would like to have done.

Compared to the final agreement, the Republican package had larger cuts in entitlements, including Medicare and agriculture, and in domestic discretionary spending, and lower cuts in defense. The Democratic offer was just the reverse. On taxes, they offered tax breaks for the wealthiest; we offered higher taxes on those who make over $125,000 a year.

These are all legitimate and important differences which separate our two parties, and they are the very subjects which elections should be fought over, not the personal vilification or television attack ads which now dominate what passes for campaign debate.

But the budget summit agreement and this budget conference report which would start implementing it, is about governing, not campaigning, and all but one of the summit members understood that.

There were many policies which I fought hard for at Andrews but which didn't make it in the final agreement. Contrary to Wall Street Journal editorials, I supported inclusion of a capital gains provision as far superior to the so-called business incentives included in the final agreement, but I also felt very strongly that this had to be accompanied by higher tax rates for those earnings $125,000 or more, as in the original Democratic offer.

In closing I would like to cite the words of Benjamin Franklin, which were read for him by James Wilson on the final day of the Constitutional Convention, September 17, 1787, to conclude debate on that difficult, contentious compromise, the United States Constitution. Incidentally, the distinguished majority leader gave a Reader's Digest version of this statement on national TV the other night:

> I confess that there are several parts of this Constitution which I do not at present approve, but I am not sure I shall never approve them: for, having lived long, I have

experienced many instances of being obliged by better information or fuller consideration to change opinions, even on important subjects, which I once thought right but found to be otherwise. It is therefore that the older I grow the more apt I am to doubt my own judgment and to pay attention to the judgment of others.* * *

In these sentiments, sir, I agree to this Constitution with all its faults, if they are such * * * I doubt too whether any other convention we can obtain may be able to make a better Constitution. For when you assemble a number of men to have the advantage of their joint wisdom, you inevitably assemble with those men all their prejudices, their passions, their errors of opinion, their local interests, and their selfish views. From such an assembly can a perfect production be expected? * * *

Thus I consent, sir, to this Constitution because I expect no better, and because I am not sure that it is not the best. The opinions I have had of its errors I sacrifice to the public good. I have never whispered a word of them abroad. Within these walls they were born, and here they shall die. * * *

On the whole, sir, I cannot help expressing a wish that every member of the Convention who may still have objections to it would, with me, on this occasion doubt a little of his infallibility, and, to make manifest our unanimity, put his name to this instrument.

Mr. BURNS. Mr. President, I rise to express my opposition to the Democratic budget resolution now before us. I was prepared to vote against the original budget summit agreement for a number of reasons. And the day after the House defeated that budget package, I was hopeful that we could go back to the table and come up with a better plan.

Unfortunately, that did not happen. Instead we are presented with a budget resolution which is 10 times worse than the original one. It is worse because we do not even know what the agreement is. There is at least $150 billion in increased taxes in this package. It does not take a rocket scientist to figure out that this is a tax package, not a deficit reduction package. The $150 billion in increased taxes may come from gasoline, beer, wine; cigarettes, income or sales taxes. But one thing is for sure—the average American is going to fork over at least an additional $140 per year to Uncle Sam.

In addition to the outright tax increases included in this package, there are additional unspecified fees. The Commerce Committee, of which I am a member, is directed to come up with $1.3 billion in unspecified mandatory spending cuts or unspecified fees. I can tell you right now that the Commerce Committee's recommendation will be 100-percent fees. There will be no spending cuts. I know this because last year when we went through this exercise the members of the committee were presented with various recommendations which would achieve the required savings. Every provision was a fee. And when Senator LOTT and I spoke up and asked "where are the cuts?" we were told that it was not counted as savings to cut programs under our committee's jurisdiction—that we had to raise fees to meet our reconciliation instructions.

Ten committees in the Senate are instructed to come up with similar packages—all of which could be 100-percent fees. Now inside the beltway people may call paying a fee to have your small business inspected for compliance with EPA regulations a spending cut. But I think that most people—especially people paying those fees—will think of them as taxes. This means that over 50 percent of this package could fall on the shoulders of the working people and small business owners in this country.

This is an approach I cannot and will not support.

In my opinion, we are approaching the question of serious deficit reduction from the wrong side of the equation. Revenues are not the problem—runaway Federal spending is.

This package does not ensure that one dime will be cut from the Federal budget. There is no effective enforcement mechanism in this package. It is business as usual for the U.S. Congress. We say we are going to cut spending and raise a few revenues to reduce the deficit. We promptly increase taxes and fill our coffers and the spending cuts never come to pass.

I have introduced a plan a couple of weeks ago called the 4-percent solution. The 4-percent solution brings the deficit under control by limiting growth in Federal spending to 4 percent over the previous year. It also reforms the budget process and strengthens Gramm-Rudman-Hollings to ensure that these savings are actually achieved. The package before us claims to cut spending, but includes no enforcement provisions to ensure us that those savings will actually accrue.

I have heard many supporters of the budget summit agreement and of this proposal say that those of us who oppose their package are just refusing to make the hard choices necessary to attack the deficit problem. I submit to you, Mr. President, that enactment of the 4-percent solution would force the hard decisions needed to get rid of our Federal budget deficit. Raising taxes is the easy way out—it is much more difficult to control Federal spending.

I reject this budget resolution for that reason. I doubt that any reconciliation package put together on the guidelines in this package will be acceptable to this Senator. It is for that reason that I must vote against this package in the hopes that it will be defeated and we can turn the focus away from tax increases and back to controlling Federal spending and reforming the budget process.

THE TRUTH-IN-BUDGETING FREEZE

Mr. HOLLINGS. Mr. President, this past week is just about the worst Government I have ever seen in Washington, which is saying a lot. Secret summits, pollster politicians, deceitful claims, dangerous policy, abdicated responsibility—you name it, we have witnessed it in recent weeks.

Of course, this latest summit deal was doomed from the start. These summits are not the cure, they are the cancer. Each year the poor patient, the Federal budget, just gets worse and worse off. Last week, the House of Representatives rejected the summit package as if it were a diseased organ, which it was. They did the right thing, even if they did so for the wrong reasons. Now we have a chance to do better.

Mr. President, let us look back at that rejected summit package for a minute. After all, most of its basic elements have been preserved intact in this latest reincarnation that is before us today in the conference report. The summiteers claimed that their $500 billion in deficit reduction between 1991 and 1995 would balance the budget. But, in truth, they agreed to solve the problem by ignoring half of it. The General Accounting Office concluded only last month that it will take closer to $1 trillion in deficit reduction between 1991 and 1995 to balance the budget. On top of that, the summiteers included impossibly inflated economic assumptions, for instance, projecting 1992 economic growth at 3.8 percent and interest rates at 5.7 percent. At very best, the agreement's $500 billion objective is like throwing a 50-foot lifeline to a drowning man 100 feet off shore.

This agreement calls for only $16 billion in new taxes in 1991, but calls for $5 billion in new tax cuts next year—all of them targeted for the well off. As Lester Thurow wrote this past weekend:

> It is remarkable that the initial deal * * * would aggravate the very features of the current tax system that seemed most generally objectionable to tax experts and the public: Its small business growth incentives would offer new tax dodges to the wealthy.

So as far as the President's core constituency of high-income GOP voters is concerned, Mr. Bush has fulfilled his campaign pledge not to raise their taxes.

I am confounded by the press's willingness to take President Bush at his word when he claimed that the summit agreement "does not mess with Social Security." The truth is that the summit agreement robs Social Security blind, as does this latest revision of the summit agreement. Both packages expressly provides that a total of $169 billion will be borrowed from the Social Security trust fund between 1991 and 1995 in order to reduce the Gramm-Rudman-Hollings deficit. So, concerning the Social Security trust fund, this agreement ensures that there will be no trust and no fund.

Likewise, neatly tucked away in both the original agreement and in this revised version is a provision for putting all new expenditures for the S&L bailout off budget. At the same time, the statutory debt limit is extended for 5 years and left open-ended. The game here is to grant congressional authorization for a blank check to fund spending by the Resolution Trust Corporation. Of course, this comes at a time when FDIC Chairman Bill Siedman says he will need at least another $100 billion to keep the bailout rolling just in fiscal year 1991. This budget trick solves Congress' and the administration's No. 1 political problem by keeping the S&L mess out of sight and out of mind.

Aside from the deceit, both the original and revised packages included are downright dangerous in terms of policy. Both packages officially kill any idea of a peace dividend. Gone are predictions of defense budgets being pushed down toward $250 billion over the next several years. Instead, the budget deal expressly locks in Pentagon budgets at no lower than $292 billion annually for the next 3 years. What is more, the cost of Desert Shield—whether it end up at $5 or $50 billion—does not count against the $292-plus billion spending limit. Instead of a peace dividend, the agreement awards the Pentagon a war dividend by exempting it from significant cuts and giving it carte blanche in the Persian Gulf.

Mr. President, this budget agreement is especially shameful in that it fails to address our changing national priorities. During the last year, our Nation has moved from the cold war to the trade war. We have a crying need for new investment in education and infrastructure in order to get our country moving and competitive. This budget deal offers a martial plan, not the domestic Marshall plan we desperately require.

I can tell you that the extremely low-spending ceilings for domestic discretionary spending are not adequate to fund even current program obligations. Beyond that, the agreement assumes zero new initiatives by the self-styled education president, environment president, child care president, and his like-minded colleagues in Congress.

Mr. President, this budget resolution presents us with a formula for a gridlocked Congress and a do-nothing Government for the next 5 years, during which time the budget agreement calls for at least $1.2 trillion in additional deficit spending. The deal provides three-way veto authority to a willful minority in Congress. Take your pick from the Sununu veto, the Dole veto, and the Darman veto. The Sununu White House can exercise the traditional constitutional veto requiring 67 votes for override. The distinguished Republican leader, Senator DOLE, has his own veto power under the provision requiring a 60-vote point of order for any bill exceeding the spending caps. And Dick Darman has yet a third veto option by virtue of OMB's authority under the terms of this package to rule unilaterally on whether a given bill violates the spending caps.

As I said, Mr. President, this is a sure-fire formula for a deadlocked legislature and a do-nothing Government. That may be just fine in the eyes of a President without an agenda. But America deserves an agenda, and a leadership willing to pay for it.

My own druthers, Mr. President, are for a package that incorporates an across-the-board spending freeze in conjunction with a cut in the capital-gains tax rate to 15 percent and an increase in the top income tax rate to 32 percent—a tradeoff that was endorsed this weekend by Vice President QUAYLE. I would also include entitlement savings of $6 billion as proposed by the President in his January budget submission—savings that do not gut Medicare in any way, shape, or form. This truth-in-budgeting freeze would save fully $50 billion in the first year, and in excess of $500 billion over 5 years.

Mr. President, I ask unanimous consent that a table illustrating the key elements of my budget plan be printed in the RECORD at this point.

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

Truth-in budgeting freeze—Fiscal year 1991

[Figures in billions]

Discretionary savings:	
Defense freeze (excludes Desert Shield)	$12
Non-Defense freeze	14
Entitlements [1]	6
Revenues	16
Interest	2
Total deficit reduction	50
Revenues:	
Eliminate tax bubble	4.2
Capital gains	5.0
Summit taxes [2]	6.8

[1] Entitlement savings include a freeze on doctor and hospital Medicare fees, elimination of lump sum, and assorted other summit agreement savings. No cuts in COLAs. Limits summit Agriculture cuts to $1 billion.

[2] This excludes all trust fund revenues. It includes tobacco ($600 million), alcoholic beverages ($1.5 billion), luxury tax ($200 million), corporate underpayment interest limitation ($1.4 billion), itemized deductions ($500 million), payroll tax deposit ($1 billion), enhanced IRS enforcement ($700 million) and other summit savings.

Mr. HOLLINGS. Mr. President, I have shared this plan with many of our Senate colleagues, Some two dozen Senators have said they could support such a truth-in-budgeting freeze.

Mr. President, there is a great deal of justified anger in the country over this budget debacle, primarily incited by the obvious inequity and deceit of the original plan. In contrast, Americans will accept an honest plan on the part of Government to deal with this fiscal crisis, as long as everyone shares the burden. My freeze ensures honesty and fairness.

The plan is simple—freeze all spending at last year's levels. On the spending side, this would mean a $12 billion savings in defense spending, excluding Desert Shield, a $14 billion savings in domestic discretionary spending, and entitlement savings which include a freeze on doctor and hospital Medicare fees, elimination of lump sum, and assorted savings already outlined in the budget summit. There would be no cost-of-living cuts. Agriculture subsidy cuts would be limited to $1 billion. Total entitlement savings, $6 billion.

On the revenue side, I propose we accept a cut in the capital gains rate in exchange for the elimination of the tax bubble. I would also accept the tax increases approved by the summit, including tobacco, alcohol, and luxury taxes, corporate underpayment interest limitation, itemized deductions, payroll tax deposit, enhanced IRS enforcement, and other summit savings. Total revenue, $16 billion.

With $2 billion in interest savings, the truth-in-budgeting freeze totals $50 billion in real savings in fiscal year 1991, nearly $10 billion more than the summit. Additionally, this plan, if adopted over the next 5 years, would mean well over $500 billion in total savings.

Mr. President, this freeze proposal is simple, direct, honest, and real. It simply takes last year's budget for this year's. No one's budget is cut. No one's budget is increased. We simply continue through 1991 with the very same budget that was approved last year by both Houses of Congress along with the President of the United States. This truth-in-budgeting freeze will break the deadlock that now paralyzes us. At the same time, it will take us a long way toward the balanced budget our country so desperately needs.

Mr. SARBANES. Mr. President, I want to take just a couple of minutes to talk about what is at stake in passing this budget resolution, the problem that we are trying to address. There are, in fact, three deficits that we have to face up to in this country. One is the budget deficit, another is the trade deficit, and the third is an investment deficit, which the Senator from West Virginia has spoken about eloquently on a number of occasions.

What is really at issue is getting our own budget in order, our own fiscal house in order in order to enhance our ability as a nation to compete internationally in the global economy in which we now find ourselves.

I hope the Senate will indulge me for just a moment or two. I have a few charts. I want to run through them very quickly because I know the hour is late and the time is limited. We are going to vote here in about an hour.

This is the Federal budget deficit. As one can see, in the 1980's, it just shot up. This is what we have been contending with.

The question is, then, why did this happen? Well, a number of my colleagues have alluded to it earlier in the evening. Essentially for two reasons. We had a large increase in defense spending. But expenditures on defense are spending just like any other spending. In fact, what happened in the 1980's is we had this runup in military expenditure, with a restraint and a leveling off in civilian expenditures. At the same time that we had this upsurge in defense spending, we also had an erosion of the revenue base because by the sweeping tax cuts that were made at the beginning of the 1980's.

Obviously, if we are going to increase spending and restrain or lower revenues, we are going to widen our deficit. And the consequence was, that is exactly what we did.

All of this comes in the context of trying to address a major trade deficit, in part affected by this budget situation. Not entirely, but in part.

This chart shows the deterioration in the American trade balance. This is back in the 1960's, but we could take it back even further. We have had an incredible erosion in our trade balance. We are importing far more than we are exporting. It has improved a bit in the last couple of years but we are still running a large negative trade balance. In other words, we are taking in more than we are sending out and the consequence of that is we have had a marked deterioration in our net asset position.

The United States has gone from being a creditor nation, internationally, to being a debtor nation. This chart shows that deterioration in our net asset position. This starting line is 1970. This one is the mid-1980's, when these accumulated trade deficits mounted up and drove us into a debtor position.

The United States was a creditor nation ever since World War I. We could run that chart back to World War I. We should show a positive net asset position. Now it has deteriorated. We are now a debtor country. We owe more to others than they owe to us. We are paying out every year in order to service that debt.

Just to dramatize that, I want to make this point about our position compared with that of Japan and Germany.

This is 1980. We see all three countries here with a positive net asset position: The United States, Japan, Germany. Beginning in 1983 onward, the United States moves into a debtor position; Japan and Germany move even stronger into a creditor position. And the projections, unless we can change this, show a continued growth in that with the United States moving further into a debtor position and Japan and Germany moving further into a creditor position.

One of the things we are trying to do tonight with this budget resolution is to change these trends. We have to come to grips. I want to commend the very able and distinguished chairman of the Budget Committee, the Senator from Tennessee, for the really extraordinary contribution which I think he has made to this process, along with the chairman of the Appropriations Committee. They have worked together throughout all of this.

Could I have just 1 more minute?

Mr. SASSER. Mr. President, in view of the Senator's remarks, I will be pleased to yield 2 minutes.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Let me say, as we are approaching reconciliation, it matters how we do it. We want to achieve deficit reduction but how we achieve it is also an important question. First of all, we have to do it in a way, in my opinion at least, that we address some of this investment deficit. If we do not invest in our infrastructure, our transportation, communication network, in education and training, in research and development, we are not going to enhance our ability to compete with the other nations internationally, particularly Japan and Germany which are the very strong economies.

Look at this. This is nondefense research and development as a percentage of GNP. In 1971, the three countries were all roughly about the same place. the United States has stayed down here at this level; Japan and West Germany have risen. They are putting more money into nondefense research and development, and it is reflected in the economic gains which they are making.

So we need a budget resolution which is now going to be crafted by the committee which addresses some of these investment deficits so we can have a first-class transportation network, so we can educate our people for the competitive challenge they are going to face in the 21st century, and so we can be on the cutting edge of technology in terms of research and development.

The President finally conceded we cannot come to grips with this budget deficit problem without addressing revenues as well as the expenditure side. We have to address both sides. We have to have restraint on the expenditure side and address the revenue side.

But we need on the revenue side to make sure that it reflects a sense of fairness and justice and equity amongst our people. That has been one of the struggles we have been going through here. It is essentially, from this Senator's perspective, whether those who are at the very top of the income scale are going to make a reasonable contribution toward meeting the Nation's problems, which I have set out here.

We have to pass this budget resolution tonight. We have to start coming to grips with this problem. We then need to go on and fashion a reconciliation measure that takes into account the necessity of a fiscal policy which will address the problems of the next century and put America back on track again so we can start to compete, so we can marshal our strengths, and so we can move into the international environment of the future in which a nation's economic strength may be more important to its international position than its military strength. That is the challenge we face tonight.

I urge my colleagues to vote for the resolution.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield 5 minutes to the distinguished junior Senator from Pennsylvania.

Mr. SPECTER. I thank my colleague from New Mexico.

Mr. President, I support the budget resolution because I think it is imperative that we move forward in the process of providing a budget and some cooperative responsibility for this country.

We have heard on the Senate floor in the course of the past year, really, lamentations on all sides. After months of negotiation, we have seen a budget proposal crafted by the leadership of this body and the other body and the administration. It is a budget proposal which failed in the House of Representatives because there were many faults in it.

Mr. President, I suggest the real issue is not how many faults there were but what was the alternative. During the course of the past 3 days we have seen Americans grow more and more disgusted with the Congress for our failure to act. Ten days ago, Mr. President, I said if we had a sequestration and had the automatic cuts, did not come to a budget compromise, there would be 537 of us in Washington out of work: 100 from the Senate and 435 from the House and the President and the Vice President; that the people of this country would toss us all out because we simply were not doing our jobs.

In the course of the past 3 days we have been in a stalemate and, as a result, many aspects of the Government have stopped their functions. However, because it was the weekend, there were those who could afford to play the delaying process. As we approach midnight, 1 hour and 2 minutes from now, that time is up. We simply have to act.

Mr. President, it seems to me that we really have to come to grips with the basic proposition that politics is the art of the possible and we have to compromise. Beyond compromise, which may be described as making concessions to come to an agreement, we really need the sense of accommodation and we need the sense of generosity which this body and the other body and America seem not to possess today.

We really are out for every last drop of every last issue on every matter which we face. During the 10 years that I have served in the Senate, the process of the U.S. Senate has been characterized by our budget. Last year, we came to terms at 3 a.m., on December 22, and if we could have postponed Christmas we would have on that occasion. I made that comment on last Saturday afternoon to an empty Chamber and I was surprised to hear some response from the galleries.

The galleries were full on that occasion. The reason they were full was pointed out by my distinguished colleague from Kentucky, Senator FORD, who followed after I spoke.

He said, the galleries are full because the other zoo in town is closed; people could not get into the other zoo, which Senator FORD spoke about, and I say that with some trepidation because the distinguished chairman of the Appropriations Committee may cite that as an inappropriate comment on the Senate floor. I think that it had a lot of merit and that the operation of Government has become pretty much like a zoo.

This budget resolution we are considering tonight is not perfect. I do not think it is possible to devise one which is perfect. Speaker after speaker tonight has lamented about what is going to happen with this budget resolution.

On the side, it is going to help our problems in international trade and, on the other side, it is going to be destructive. On the one side, it is going to help drive interest rates down and, on the other side, it is going to be destructive of interest rates.

In the Appropriations Committee, we had economists testify with many opinions. In the Senate, we hear 100 Senators argue ane we hear 1,000 opinions because they are opinions stated 10 times over in every Senator's speech.

Mr. President, I conclude where I began, and that is with my deep conviction that it is necessary to move ahead with the process. I am very much concerned that we may not resolve it in the course of the timespan between now and October 19. We have a great deal of work to do. It is going to have to be done in good faith and it is going to have to be done in the sense of accommodation.

I think of what my father told me about a partnership. He said, "Arlen, if you are in a partnership with a person, give 60 percent, because it will look like 50 percent to the other person. If you give 50 percent, it will look like 40 percent. So try to act with just a little bit of generosity and give a little more than you might think you have to."

I think this country is great, Mr. President, because of the sense of generosity which somehow seems to elude us. We have the greatest productive power on Earth. We have the power to solve all the problems in this country, every last one of them, in terms of the homeless, in terms of housing, in terms of aging and health care. Somehow we cannot seem to take the next step forward. We have gridlock.

Americans cannot stand it and Americans will not stand it. I think we have to move forward. Since my time has expired—I have a great deal more to say—I will conclude to stay in the parameters of trying to move this process forward. I thank the Chair and yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. LIEBERMAN). The Senator from Tennessee.

Mr. SASSER. Mr. President, I yield 4 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio [Mr. METZENBAUM] is recognized.

Mr. BURNS. Will the Senator yield just so I can insert a statement?

Mr. METZENBAUM. Not on my time.

Mr. BURNS. On our time or anybody's time?

The PRESIDING OFFICER. Who yields time?

Mr. SASSER. Mr. President, I yield 4 minutes to the Senator from Ohio, and I ask the Senator to withhold until Senator DOMENICI is here.

The PRESIDING OFFICER. The Senator from Ohio has the floor.

Mr. METZENBAUM. Mr. President, I think we are all here this evening to try to objectively move forward with respect to the budget process to keep the Government running. I think there are three parts to this whole package. I think the American people understand it. One has to do with the amount of money we spend on domestic concerns, one has to do with the amount of money we spend on defense, and one has to do with the amount of income this Government has through its tax procedure.

I just heard the distinguished Senator—and he is a distinguished Senator, and there is probably no more respected Senator in this body than the senior Senator from Georgia—address himself to the subject of defense spending.

Let us not kid ourselves. Defense spending is protected in this budget agreement. The Senator from Georgia talks about the amount of savings that will be affected, the cuts that defense is taking. But the fact is that the House Armed Services Committee said that they could save over $250 billion over 5 years in defense spending. This budget agreement has a figure of $170 billion in savings of 5 years, an $80 billion spread.

The fact is that American people do not understand it. The American people do not understand why when the Soviets are moving their troops out of Europe, when the West Germans are paying for the Soviet troops in Eastern Germany, while we have 310,000 troops stationed in Europe.

I respect the Senator from Georgia when he says we do not save anything just by bringing them home. We certainly would save on the balance of payments and certainly we would save much more if we had a reduction in force.

The American people cannot understand why we are spending so much money on this exotic weaponry and planning new exotic weaponry until we recognize and appreciate the fact that years ago, not too many years ago, you could go to the American people and say we want more spending for defense and the crowd applauded and they cheered. That is not so any more. Today they understand we ought to be cutting back on defense spending.

Even though the Senator from Georgia says that the vote was 79 to 16, that only tells part of the story. Most Members of this body do not like to vote against a defense spending bill, defense authorization bill. But the reality is that the Senator from Georgia is the one man in this entire body who is in a position to provide leadership to produce some effective cuts in the defense budget, and this budget does not produce that kind of effective cut.

This is the same amount as was in the authorization bill. But we had other authorization bills for domestic spending, and they will be cut by reason of this budget. Defense is a sort of a protected enclave. We cannot touch it. We cannot move in on it. We cannot eliminate any. We cannot cut back.

We can pay for all the troops defending Korea and all of the troops that we have in Korea and all the troops defending Japan. And we can pay for the troops in Europe. But we cannot cut back on defense spending. Why? The American people want an answer, and they are not getting an answer in this budget.

There is only one way they are going to get an answer because I am frank to say that I cannot offer an amendment here and cause it to be agreed to because there will be a coalition of some Members on this side and all of the Members on that side who would probably not vote for it, and I understand that.

But the one man who is in a position to provide that leadership who has the respect and the ability to, who knows what it is all about, is the distinguished Senator from Georgia. And so I say to him plaintively——

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

Mr. METZENBAUM. And I say to him respectfully, you are the only one who can provide the leadership to help us do something about the defense spending in this country. I really hope you will.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I believe we reserved 10 minutes for Senator MCCLURE.

The PRESIDING OFFICER. The Chair recognizes the Senator from Idaho.

Mr. MCCLURE. I thank the Chair and I thank my colleague from New Mexico. I will try to use less than that time. The hour is late, and I know people are trying to get to a vote, and, indeed, it is important for the country that we do that.

My purpose is not to debate the composition of the resolution that we are about to agree on. My purpose is not even to try to outline the distaste that I feel for how we arrived at the point we are. In my judgment, we should have been fighting this budget resolution over a period of weeks, much earlier in the year, as provided by the budget law. We are violating the law in having failed to do so much earlier in the year.

But I am not going to complain about that because I am concerned about how we get from the point we already find ourselves to the point of resolution. I have listened to some of my friends over the last weeks and months and, indeed, in the last few minutes talking about their own view about how we ought to be treating this problem. I intended earlier and thought seriously about saying what is the real fact, what is really behind this, and state it in terms of what everybody in this body knows. But I am constrained to withhold that this evening and say instead what I know, what I believe, and not ascribe it to anybody else's motives or to their knowledge or to their purposes because if there is any one thing that is abundantly clear, there are differences of opinion between us that must somehow be resolved. The American public may well want more defense, not less. There are those who say they want less defense, not more. There are differences of opinion within this body as to what it is they wish. That is the way this body ought to function in terms of differences of opinion between people on both sides of the aisle, between both political parties, between the Congress and the administration, each stating what it is we believe and contending for our viewpoint.

But the one thing the American public does not understand and cannot stand and should not have to stand is the continued disagreement over a solution. Classically, if there is a difference of opinion that cannot be reconciled, parties on both sides get together and make some kind of an agreement that compromises the viewpoints. That is what this budget resolutiion is about. But let me sketch just behind that what is not understood by the American public, in my view, because we have not told them.

What is the essential political economic debate about over the last 10 years? Well, every generalization is false and so is this, and it is inaccurate at the edges, but in the main I believe it to be true. I believe it is fair to say that the Democratic Party and their Representatives in this body want more Government, more Government services, more governmental activities, and they are willing to raise more taxes in order to get it. But Republicans have been beating them up over taxes, and the American public does not want taxes. So the Democrats are afraid to admit that they want more taxes.

On the other hand, Republicans believe that we are not in trouble because we tax too little; we are in trouble because we spend too much, and we want to restrain the growth of Government and restrain the cost of Government and by doing so eliminate the necessity for raising taxes. But because we are afraid that the American public wants those services and will object if we curtail the growth of those services, that somebody will object about what we are doing, therefore we are busily trying to cover up the fact that we want to restrain the growth of services and the growth of Government.

So you have the Democrats on one side trying to cover up their agenda and its cost, and the Republicans are busy trying to cover up their agenda and its cost, and the American public says what in the world is going on?

I do not blame them, because we are not telling the truth, as I see it. It seems to me that it is time for us, in this budget resolution, to cut that out.

The American public is saying, for heaven's sake, you are grown men, and why can you not resolve your problems? We could, if we were honest. We could, if we were willing to lay those facts out on the table and say, OK, you, in general, on that side of the aisle want more Government but want to raise taxes. The President did not ask for more taxes. He did not agree to more taxes because he wants them. He agreed to more taxes because he understood that in order to get a compromise, he was going to have to give people on the other side of the aisle that much in a compromise.

Now, why do we not admit on this side of the aisle that we want to curtail the growth of Government? That may impinge upon somebody who likes something they are getting from Government, and the people on the other side of the aisle are right in telling us, come on, level with the American public: You are trying to cut back on the growth of Government,

We are. I am proud of that. I am not ashamed of that, I am willing to talk about the Republican agenda. But let us, for heaven's sake, at least tell the American public what the argument is about and then get about compromising, as indeed the President of the United States said some weeks ago he was willing to do.

Yes, indeed, some taxes may have to be increased. I am totally opposed to that. I do not think it is necessary. But some on that side of the aisle believe it is necessary. All right, I will meet them halfway. I will meet them in the middle of the aisle. I will meet them on this proposition and say OK, we will increase some taxes if at the same time we get some restraint on the growth of Government.

That is what the debate is about, and that is why we are having difficulty getting there, because neither political party wants to admit what their agenda is, and neither political party is proud enough of their agenda and confident enough of its appeal to the American public to state it clearly.

That is my view about what the dilemma is. I think every Senator will have to examine in his or her own heart whether they believe that is the heart of the dilemma that we face. But if it is, there is only one solution, and that solution lies in each side giving a little bit.

I do not know that this resolution will produce that kind of real compromise. I thought the last summit agreement gave too much, from my point of view, toward your point of view or toward somebody else's point of view. But it was a reasonable attempt, and I was prepared to accept and support it if my vote was necessary to pass it, because if there is one thing the American public and the world understands, it is that we cannot continue to go on spending more money than we have. We cannot keep on burdening the future of this country the way we have with a national debt that now has an interest rate that is the fastest growing part of the entire budget, that is going to crowd out discretionary spending if we do not find some way to eliminate it.

Certainly the growth of the entitlements programs is another part of that problem, and we have to find both the political will and the courage and the means to curb the growth of entitlements programs and their spending so that we can have room for the discretionary spending and levels of taxation, which I do not agree with but which will be the result of a compromise.

That is exactly what I think our dilemma is. I will not try to ascribe motives or even put in the mouths of anyone else what it is they think about where we are. But that is the way the Senator from Idaho believes we have to address this question, and I believe this budget resolution gives us the chance to do that.

Will it do that? I think the budget summit—and I give great credibility and a lot of compliments to the people who tried to put that together over a period of weeks and months. Perhaps it was predictable that, indeed, the first one out had to be defeated, because none of us like it. I do not think even the people who put it together really like it. They knew it was the best they could do.

So until we get to the point of being mature enough to understand that other people who have a different point of view are entitled to their point of view, and they are not necessarily wrong, although we believe they are wrong, that they are entitled to their point of view and they may be right, and they have a right to expect to be partially met on their point of view, the American public says to the

Congress of the United States: Get on with the business of the country. Quit this posturing. Quit paralyzing Government.

In my view, the American public is exactly right. It is time for us to quit posturing. It is time for us to put aside our partisan differences and our philosophical differences and find a reasonable compromise between opposing points of view. This budget resolution can do that.

The reconciliation that must be produced will have to meet certain guidelines. I am absolutely confident that the President of the United States will veto a reconciliation bill that does not come pretty close to the budget summit guidelines. I am confident that if it departs very much in one way or the other, it will fail.

The PRESIDING OFFICER. The time allocated to the Senator from Idaho has expired.

Mr. McCLURE. I hope we do our job in the time that is constrained by the CR and in the way that is outlined in the budget resolution.

The PRESIDING OFFICER. Who yields time?

Mr. SASSER. Mr. President, I yield the Senator from Nebraska 7 minutes.

The PRESIDING OFFICER. The Senator from Nebraska [Mr. EXON] is recognized.

Mr. EXON. I thank my friend from Tennessee. I want to congratulate all the very hard work that has been done by the leadership of the U.S. Senate. We are here tonight, I guess, to begin to do something.

The good news, Mr. President, I suggest, is that maybe the exercise, as painful as it is, and the painful exercise that we go through between now and 19th day of this month—maybe we will bring home to the American people what this Senator and others have been telling the Senate for a long, long time with a whole series of measures that we tried to get through years and year ago. That is the good news.

I simply want to say that this is another grand compromise, and I hope it works. I will be looking and having a part in figuring out how this plays out, and the changes that had to be made after the rejection of the original proposal by the President. I am afraid that this grand compromise, as well-intentioned as it is, will fall far short of covering the real problem as addressed very ably by the Senator from Georgia.

May we have order in the Senate, Mr. President?

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order. The Senator from Nebraska has the floor.

Mr. EXON. I intended to use many of the same statistics that the able Senator from Georgia used. I ask Senators to reference those very closely.

This is a very, very serious problem. This is a tiny step forward and not a leap forward in solving the problem. Maybe it is worthwhile, but I have some grave concerns about it, including let me say, that I could not disagree more with the remarks made by the Senator from Ohio. Indeed, the very able Senator from Georgia is the one that is leading us very ably to making the reductions in defense spending that are obviously necessary.

I do not have time to go into that any further at this time, but I for one am very pleased that we have SAM NUNN where he is to do the job that has to be done to keep the defense solid but still cut the cost. I reserve the reminder of my time.

Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Washington Post of October 7.

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

THE BIG LIE THAT CAUSED THE BUDGET CATASTROPHE

(By Lester Thurow, dean of MIT's Alfred P. Sloan School of Management)

In 1980 the American electorate embarked on a grand experiment—supply-side economics. Ten years later, that experiment continues to warp the political process. Its enduring influence explains why Congress and President Bush found it so difficult to reach any budget agreement at all; why the failed agreement was so peculiarly shaped; and why the public nourished on a decade of false promises, seems unwilling to make even modest sacrifices to assure the nation's economic future.

In the current economic climate almost any solid deficit-education package would be welcome. Still it is remarkable that the initial deal struck last week would aggravate the very features of the current tax system that seemed most generally objectionable to tax experts and the public: Its "small business growth incentives" would offer new tax dodges to the wealthy—who had supposedly traded away their shelters for the much lower tax rates provided by the 1986 tax reform; its tax-deduction limit would worsen, rather than eliminate, the disreputable "bubble" feature which grants the very, very rich lower marginal income tax rates, and hence lower capital-gains tax rates than those faced by the merely well-to-do taxpayers; and it would increase the relative tax burden borne by the low- and moderate-income taxpayers. All this in a package endorsed by Democratic leaders who claimed to have tax fairness as their top concern.

What explains the persistence of supply-side mythology? From where comes its power to so constrain American politics?

When America first jumped on the supply-side bandwagon, people felt, rightly, that the economic performance of the 1970s was unacceptable. The political and military affronts in Tehran were compounded by the vision of a chained economic giant wilting in the face of Japanese and German competition.

A GNP growth rate of 2.8 percent was unacceptable when compared with the 4.1 percent growth rate of the 1960s. That dismal record was compounded by an even more important measure of economic performance, productivity growth—the rate at which a nation is becoming more efficient and hence more affluent. The 1960s growth rate of 2.9 percent has fallen to only 1.4 percent in the 1970s. Such a decline meant that instead of doubling every 24 years, America's standard of living would take 50 years to double—each generation could no longer expect to have a standard of living twice that of its parents. Facing these facts Americans were willing to try something new and different.

Supply-side economics, as enunciated by President Reagan and later embraced by Bush, promised that lower taxes on upper income groups would stimulate savings and hence permit more investment—the argument used by Bush to advance his capital-gains tax cut proposals in the recent budget summit. Higher investment would lead to higher growth. In addition to restoring economic vigor and rebuilding international competitiveness, higher growth would accomplish two other important objectives—without asking for painful sacrifice from anybody.

First, with a larger economy, government tax revenue could go up even though tax rates had been reduced. In 1981 Reagan promised that the federal budget would be balanced in 1985 without having to make significant spending reductions. Second, although most of the tax cuts would go to high-income individuals (it was they who had the capacity to save more), higher growth would lead to better paying jobs for middle- and low-income Americans. In the short run their total tax rates would go up—for 80 percent of the population the extra payroll taxes they would be asked to pay to fund Social Security would be larger than the income tax cuts they would get. But with higher earnings they would in the end benefit. All gain, no pain.

Politically supply-side economics delivered the goods—three presidential elections have been won using it—but economically it has not delivered on any of its promises.

Where higher GNP growth was promised, lower growth was delivered—2.6 percent over the decade of the 1980s. In 1990 the economy is stalled on the lip of a recession, just where it was in 1980. Because of the debt and banking problems built up during the 1980s, any recession in the 1990s will produce levels of bankruptcy not seen since the Great Depression. Even without a recession, middle-income wealth is melting away as housing prices fall in much of the nation in reaction to the debt excesses of the 1980s.

Instead of growing faster, productivity slowed down—1.2 percent during the 1980s. In 1989 productivity actually declined. There is only darkness visible at the end of the productivity tunnel.

Savings rates plunged. In the last four years of the 1970s. American families saved 7 percent of their disposable income; in the last four years of the 1980s, they saved only 4 percent. The rich saved nothing from their tax cuts. In contrast, the Japanese saved 15.7 percent of their income in the past 12 months.

If total national savings (a measure that includes corporate savings and government dissavings) is examined, savings fell from 17.4 percent of GNP in the last four years of the 1970s to 11.3 percent of GNP in the last four years of the 1980s. As a result, in 1989 Japanese investments in plant and equipment per worker were three times as large as those in the United States.

At the beginning of the decade the United States had a small surplus in its trading accounts ($1.5 billion in 1980 and $8.2 billion in 1981). At the end of the decade it recorded a current-account deficit of $129 billion in 1988 and $110 billion in 1989. What was a competitive problem at the beginning of the decade was a competitive disaster at the end of the decade.

In 1981 the United States was the world's largest creditor nation with net assets totaling $141 billion. Every year the rest of the world paid interest, dividends, and profits to Americans. By 1989 the United States had become the world's largest net debtor nation with debts totaling $620 billion. Where Americans used to get, they now give.

The federal deficit did not, of course, vanish in 1985. In the year ahead, the deficit is estimated to be $254 billion and rising if last week's deficit reduction proposals are passed by Congress ($294 if they are not) and over $300 billion if the Social Security surpluses are excluded from the totals, as they ought to be. A budget summit that reduces the deficit by $40 billion is essentially the equivalent of Nero fiddling while Rome burns. The difference is that Nero wanted to burn Rome so that he could rebuild it—the Roman Colosseum was his. Unfortunately there is no evidence that the current fiddlers have any real rebuilding in mind.

President Bush is fond of saying that "we have more will than wallet." He has it exactly backwards. Our GNP after correcting for inflation is four times as large as it was in 1947 when we were paying to rebuild the world after World War II. Our per capita GNP is 2.3 times as large. We can afford to do what must be done abroad; we can afford to do what must be done at home.

America is not an over-taxed country. In 1989, Americans paid fewer taxes as a percentage of GNP (about 30 percent) than the citizens in any other industrial country. Taxpayers in 22 industrial countries, including Japanese and the Germans, paid more. Moreover, there are places where the budget can be cut without harm. Based on the performance of other countries (far lower spending levels; far better performances when it comes to health and longevity), substantially less could be spent on health care if the system were fundamentally reorganized. The events in Eastern Europe mean that big defense cuts can occur while still maintaining our ability to fight wars in the Third World. America has more than 2 million troops; fewer than 200,000 are in the Middle East.

The American problem is will—not wallet. In a democracy, will depends upon leadership and in the United States that means presidential leadership. It isn't leadership to spend months arguing that a capital-gains tax cut is the most important issue facing the American economy.

Whatever one believes about the growth-enhancing aspects of a capital-gains tax cut—or other "tax incentives"—everyone agrees that they leave more after-tax income in the hands of the wealthiest. In the last decade America had already had a heavy dose of that kind of "sacrifice."

Recently the U.S. Census Bureau confirmed that inequality in the distribution of income had increased substantially in the last decade. Every statistic points in the same direction. In the decade of the 1980s, the average real income of the top 5 percent of the population rose from $120,253 to $148,438. At the same time the average real income of the poorest 20 percent fell from $9,990 to $9,431. After-tax measures of income would report an even wider gap. As the income share of the top 20 percent rose in the 1980s, the income share of each of the bottom four quintiles was falling—the lower the quintile the bigger the decline. Despite a 21-percent rise in the real per capita GNP, the average real hourly wages of rank-and-file workers fell 5 percent. Those promised good jobs for middle- and low-income Americans did not appear.

If the income share of the rich is rising at the expense of the rest of the population (it is), if government is directly altering its policies to augment the income share of the rich (it has), if the campaign contributions of special interests increasingly dominate the political process (they do), if fewer and fewer middle- and lower-income individuals vote (it's happening), America is, under the cover of supplyside economics, rapidly moving towards becoming (dare we say it openly?) a plutocracy.

Unfortunately history tells us that as a social and governmental system, plutocracy does not for long work.

Mr. KERREY. Mr. President, the budget debate this year has been different than last.

It began the same as last year: The President addressed the joint session of Congress telling us the deficit was under control. This relaxed attitude—the year before he told us deficit reduction would be easy with the $80 billion of new revenue being generated by a healthy economy—encouraged all of us to roll out our own proposals for new spending.

However, as he did in 1989 with his Savings and Loan Program, we in Congress were outdone by the President who wins first place again in 1990 in the most expensive spending proposal of the year category. This year's award goes for his suggestion that we invest $500 billion to send a handful of Americans to the planet Mars.

When the year ended in October 1989, President Bush, who would prefer to address international rather than domestic problems anyway, agreed to go along when we told the American people the deficit for fiscal year 1990 would be $110 billion. This year, with the economy on the edge of recession, with our lenders—Japan and West Germany—indicating they may be less interested in funding our debt, and with the Savings and Loan Program costs growing by leaps and bounds, and with enough time having elapsed that the President felt it would be OK to break his pledge not to raise taxes, and with our own budget committee unable to resolve the bitter conflicts of increased need and decreased revenue this year with all these and more bearing down upon us, the leadership of Congress agreed to sit down with the President to fashion a bipartisan agreement.

One additional thing happened on the way to the disasterous scene last week when a President with approval ratings in the 70-percent-plus range could not convince the Nation or 80 Republican House Members to support a very modest proposal to reduce our deficit over 5 years. It is modest because in the end—it will still require us to borrow an additional $1.2 trillion over the next 5 years and will in the first year merely reduce the size of the deficit increase.

The additional happening was the tremor set off by Senator MOYNIHAN when his longstanding attempt to expose the borrowing from the Social Security trust fund finally took hold. All of us returned to Washington last year with Senator MOYNIHAN's battle cry ringing in our ears: "By what right and for how long are we going to make deficit reduction the singular burden of Americans who get paid by the hour".

Mr. President, Americans who get paid by the hour have begun to figure out what all this talk about the need for tax incentives and increased opportunity means. It means they will pay more and they will get less from a Government which would be technically insolvent without their contributions. Their protest, more than any other, has scuttled the proposal offered by the budget summitteers.

Some here hope this agreement, which we will pass tonight with my support, will calm the rising protest from the voters. Let me make a prediction: The small tail we have pulled at for 5 months does not belong to a small cat; it belongs to a lion—the American people—who will devour us all unless we go further.

We must go further with spending reductions particularly those which affect the size of the Federal bureaucracy here in Washington, DC. Americans will not be pleased when they learn we have reduced their program payments and increased their taxes while the payroll in the Nation's Capital continues to grow.

We must go further than the $725 reduction in take-home pay which will occur for Members of Congress with the proposed increase in the Medicare ceiling. If the full-time equivalents for Federal employees grows, while we are reducing the resources available to local government, we are going to struggle to explain what and why we have done this.

Mr. President, I received a letter from Nebraska this week from a small businessman who has been abused by the SBA, OSHA, and the Department of Transportation. He is not alone in describing the world thus:

> I find that my own Government is my biggest problem. I can work around the weather. I can improve our beautiful forest while providing income to many people. I can handle environmental concerns. I can find markets for our local resources, but my Government has me whipped.
>
> There is no way Congress or the administration will ever, ever balance the budget with these agencies so out of control that they choke off any incentive that Americans have, while building their outfits into more powerful organizations each year at the working man's expense. If I act completely irresponsible some agency will bail me out. If I strive to be responsible for my own actions other agencies will consider me fair game.

Mr. President, it is not just small businesses who are struggling with the institutions we have created to help them. The list includes teachers, welfare recipients, Medicare patients and providers, builders, environmental activists, and farmers.

All of these people heard the candidate, Ronald Reagan, say that Government is the problem and then watched him preside over one of the most spectacular increases in Federal power in the history of the United

States of America. Alexander Hamilton would be proud of the fine work of President Reagan.

As one who believes America is hungry for a progressive domestic agenda, we must remember the intense distrust which rightfully exists in the heart of the citizen toward their Federal Government. For those of us who see the need for an aggressive domestic agenda to address the desperate need of America's children, to restructure our health care system, to tackle the declining performance of our schools, to address the growing shortage of affordable housing, and to rebuild the deteriorating infrastructure of our country, we dare not propose solutions which continue the centralizing trends of the past 10 years.

Rather, I believe we should accept this budget resolution and should resolutely push beyond for further real decreases in spending. Until we do the taxpayers of this country will not trust us with further proposals to make their lives better.

I do not view this deficit-reduction effort as an exercise in mathematics. Nor do I view it as a passive political move designed to avoid our responsibilities.

Mr. President, allow me to predict what we will face when our work ends this fall. We will pass a budget the President can sign which will reduce the deficit by $34 billion in the year beginning October 1, 1990. Regrettable, the American economy will continue to weaken through the first quarter of our fiscal year and the deficit, rather than being reduced from $294 billion to $260 billion, will grow beyond $300 billion.

The pressure from rising energy costs will at least in the short term mean higher inflation and higher long-term interest rates. This is likely because the cost of borrowing money is more dependent upon inflation expectations than it is upon the size of the Federal fiscal deficit.

As the cuts in some of the entitlements take effect—most notably in agriculture—the consumers of America, who are responsible for two-thirds of our economy, will consume less. This will put further downward pressure on our economy.

Unemployment and the pressure on food stamps, AFDC, and Medicaid will grow. Although it is still possible for us to avoid a severe recession, it is unlikely we will avoid a mild one.

The Savings and Loan Program, already estimated to cost $122 billion in this next fiscal year, will cost us more as real estate values decline and the damage spreads to the commercial banking and insurance sectors of our banking system. The additional $100 billion in energy costs—paid by consumers and businesses alike—will make matters worse for the most expensive domestic program in America's history.

Mr. President, the desire to restore growth to our economy will become stronger as the year goes on. Those who believe the answer to the question of how to increase our productivity and growth lies with additional tax incentives will argue that we need to make further changes in our Internal Revenue Code.

While not disregarding the incentives and disincentives of our tax policies, I believe we should also analyze the impact of our spending policies. I believe we should pay attention to supporting and getting our money's worth for those spending programs which will add value to human beings—child care, nutrition, training, education, housing, and infrastructure—to lead America toward higher productivity and growth.

Most importantly of all, Mr. President, in the fire storm which has surrounded this budget proposal and which will hopefully not subside with its passage, we need to pay attention to some intangibles. No government program—Federal, State, or local—can substitute for personal attitudes of responsibility, honesty, and selflessness.

A few weeks ago in the Omaha World Herald we learned from a writer, James A. Flannery, about the growth in the numbers of children in Nebraska born out of wedlock. In 1970 the number was 6 percent; in 1990 the number was a startling 20 percent. In Omaha the number was one out of three. For African Americans in Omaha 78 percent of all children were born out of wedlock.

I believe much of this change is due to the increased difficulty of supporting a family on an hourly wage. Much of the change is due to our failure to respond to the rapidly increasing requirements of the competitive workplace. High real interest rates, rising costs of health care, transportation, and education have squeezed the disposable income of working families. It is also undeniable that our own welfare system has contributed to some of the increase.

However, the greatest contributor I believe is a change of attitude that has encouraged people to be irresponsible and to care only about what is in it for them right now. If we are to make this deficit reduction package work, we are going to have to work to set new examples for our people to follow. Rather than idolizing and rewarding the greed and avarice and unashamed, conspicuously excessive consumption of that small percentage who love to take us to dinner, we must idolize and reward those who save and sweat to produce one small item of quality.

This deficit reduction package—if we follow it with further action—could be a great first step in turning this county in a direction which will enable us to do better and feel prouder of our accomplishments not just as politicians, but as human beings.

Mr. KASTEN. Mr. President, I will oppose the new House-passed budget plan for many of the same reasons I opposed the original budget summit agreement: It imposes the largest first-year tax increase in history, and it fails to provide real progrowth incentives—like a capital gains tax cut—to stave off recession.

Second, many of the savings are based on unrealistic economic assumptions. For example, who in their right mind believes that GNP growth will double by 1992 in the face of the largest tax increase in history? Does anyone really believe that the price of oil will fall to $24 per barrel next year? How on earth are long-term interest rates going to fall when the Federal Reserve is supposed to ease money which in turn raises the inflation premium in long-term interest rates?

Third, the proposed tax increases would discriminate against my State of Wisconsin. A gas tax would single out large and less densely populated States like Wisconsin. The doubling of the beer excise tax will cost 2,300 jobs in the Wisconsin beer industry, a major employer in my State. And the proposed tax on home heating oil would unfairly hit the families of cold weather States like Wisconsin.

This budget resolution is even worse than the original bipartisan budget summit agreement. It envisions $10 billion more in new taxes and $10 billion less in domestic savings. It raises the net tax increase on the economy by $29.1 billion over 5 years for a grand total of $162.9 billion.

Mr. President, there is no economic theory that I know of—keynesian, supply-side, or monetarism—that argues for higher taxes when the economy is sliding into recession. There is no tax increase that has ever been designed to that would cause people to work harder, to save more, or to invest more in America's competitive future.

There is now talk of raising income tax rates in exchange for a capital gains tax cut. I would vehemently oppose such a tradeoff. In my view, you have to earn income first before you can invest it. If you raise tax rates on earned income, you reduce the amount of earned income—and therefore the resources available for investment.

An increase in income tax rates would increase the political pressure to restore tax loopholes that were eliminated in the 1986 Tax Reform Act.

More importantly, any increase in tax rates is the camel's nose under the tent. It's the first step down the road to a punitive and progressive tax system. It establishes the legitimacy of soak the rich tax policy that will end up killing our economy.

Mr. President, instead of increasing tax rates, we ought to be cutting tax rates to spur economic growth.

Let me quote a former President who believed in supply-side incentives to fight the deficit:

Our true choice is not between tax reduction, on the one hand, and avoidance of large Federal deficits on the other. It is increasing clear that no matter what party is in power, so long as our national security needs keep rising, an economy hampered by restrictive tax rates will never produce enough revenue to balance the budget—just as it will never produce enough jobs or enough profit.

This is not Ronald Reagan or George Bush, but President John F. Kennedy.

JFK didn't prescribe progressive tax increases to solve the budget and economic problems of the early 1960's. Instead, he sought tax cuts every bit as favorable to the rich as anything Ronald Reagan or George Bush has ever proposed.

What happened? By encouraging productive activity, the rich paid more taxes. The budget deficit declined. And the Nation entered a period of unprecedented growth.

Mr. President, today we need the same kind of tax cut policies to get America moving again. We ought to cut the tax burden on labor—by cutting payroll taxes—and on capital—by reducing and indexing capital gains taxes. Freeing up both labor and capital would increase the productive capacity of our economy.

History proves that progressive tax theories don't work. Raising income tax rates in the name of fairness ends up reducing opportunities for all.

This budget plan simply perpetuates the same old tax-and-spend practices that got us into this mess in the first place. Furthermore, the desire on the part of some to impose the largest first-year tax increase in U.S. history simply is not justified by the facts.

The case for new taxes goes like this: Under the Reagan administration, tax cuts for all Americans have impoverished the U.S. Treasury—and Federal spending has been mercilessly slashed to the bone.

Under this theory, I think most folks would conclude that higher taxes are needed. The only problem with this theory is that it simply is not justified by the facts:

Since 1981, tax revenues have doubled. Tax revenue growth averaged 7.4 percent a year. The tax burden is at a near record high of 19.4 percent of GNP.

Since 1981, Federal spending has skyrocketed from $678 billion to over $1.2 trillion. Annual spending growth averaged about 8.0 percent a year. Federal spending consumes between 22 and 23 percent of GNP.

Given these facts, I think most people would conclude that the deficit is caused by too much Government spending, not too little taxes.

Mr. President, aside from the substantive objections I have with this plan, I think the way by which the budget summit was developed raises some very troubling questions about the future of our democratic process.

For the last 6 months, important decisions that affect the lives of every American citizen were made in secret by a small group of legislators and the White House staff. No public hearings were held to permit democratic participation. Most Members of Congress had little or no influence on the tax and spending policies that affect their constituents.

The Congress was told to swallow this plan—hook, line, and sinker. The Congress was told to rush through the largest first-year tax increase in U.S. history without hearings and without substantial debate.

The summit process had, in effect, short circuited the democratic process. Last week's vote in the House sent a signal to Congress that the American people want—and deserve—far more input.

I know the house is late. It's much too late to go all the way back to the drawing board. But if we reject this package now, I think we can make some adjustments to this package. We could reduce the level of tax increases, we could inject some realism to the assumptions, and we could limit the growth of nondefense spending.

In this way, I think we can make some progress on the deficit without hurting the economy.

Finally, Mr. President, an argument has been made on the floor that a vote for this budget resolution is a vote to keep the process moving.

This argument is simply wrong. This budget resolution represents a blueprint for the country. It is not an internal congressional document. It's a statement about what our priorities are as a nation—how much of our national resources we will spend and how much we will tax.

It represents a vote for principles as well as process. This Senator will not sacrifice principles for process.

TAX INCREASES: UNWISE AND UNNECESSARY

Mr. HELMS. Mr. President, we have heard repeated declarations that this latest budget agreement—like the one that was overwhelmingly rejected last week—includes tax increases; plus spending cuts; both of which will solve the Federal budget problems; and thereby help the Nation's economy.

All of which is pure hokum, because, at best, it is exactly one-fourth correct. It contains the largest tax increase—or maybe the second largest, depending on whose figures you believe—in history. But that's about all that even borders on being accurate.

Now as several Senators have demonstrated tonight, Federal revenues have more than doubled since the level in 1980—from $517 billion to $1.044 trillion. No one can convince me that our budget problems are the result of a lack of revenues. Yet this resolution calls for more than $134 billion in tax increases over the next 5 years.

In fact, Mr. President, the only difference I can discern in this resolution and the one that was rejected last week, is that it calls for even more tax increases and less spending cuts. At least with the first resolution, we knew what taxes were encompassed; in this one, nobody yet knows what taxes are encompassed,

Mr. President, most economists agree that our economy is either on the verge of a recession, or already in a mild recession. Now you can ask a dozen first-year economics students what is the worst thing Congress can do when the economy is entering a recession. You will likely get the same answer from all 12: raise taxes.

A huge tax increase, as required by this resolution, will harm our economy and lower the standard of living for all Americans.

Some of the tax increases that have been discussed are particularly bad. The 12-cent increase in the gasoline tax will add to the hardship that Saddam Hussein has already inflicted on American consumers,

Excise taxes on cigarettes, alcoholic beverages, and the like are always easy targets. But excise taxes always fall the hardest on the lowest income people in the economy.

The so-called luxury tax is another easy target. Few, if any, of my constituents are likely to buy a $30,000 car, or a $100,000 yacht, or a $5,000 fur coat. But I predict that if this so-called luxury tax is enacted, it will adversely affect each and every person in this country.

Why? Because it is the first step toward a national Federal sales. Mark my words. Once a tax is created, it takes on eternal life—it never goes away. It always gets broadened and increased.

The telephone tax is a perfect example. It has been scheduled to expire a number of times. Yet it is always extended.

Now what about the spending cuts encompassed in this resolution? As has been pointed out, it will be left up to the various committees. But if the so-called cuts encompassed in the previous resolution are any guide—and I have every reason to believe that they will be—we will see cuts like: First, increasing the premiums for Medicare; second, imposing a host of user fees to generate additional income; and/or third, requiring the Postal Service to pay billions to the Treasury.

Mr. President, without arguing whether any or all of those are wise policies, they just are not what most people would consider spending cuts. Yet that is how they will be advertised.

I have to admit, there will be some real, significant spending cuts—in defense. In fact, defense is the only program for which we would actually be spending less in 3 years than we are spending now.

Washington is the only place you can ask your boss for a $10 raise, get a $5 raise instead, and go home and say you got a $5 pay cut. That is exactly how our budget operates. That is how Congress has managed to spend more money on programs throughout this decade and tell the American people that there have been massive cuts.

Some are saying that at least it is better than a sequester. That is debatable. If a sequester took effect, the President could manage it in a way to keep, on the job, meat inspectors, FAA personnel, and other essential Federal employees.

Do I want to see a sequester? Of course no. It would be tremendously difficult and unfair to a lot of people, but it would not be the economic disaster that is being predicted for the purpose of scaring people into supporting this proposal.

Is there a solution? I think so.

Senator BURNS and I, and a few other Senators, have introduced a plan to force Congress to follow a simple, commonsense budget like every family in America must follow. It calls for no new taxes. It merely limits the amount that Congress can increase total Federal spending each year to 4 percent.

Under our plan, Congress could still increase spending by $45 to $50 billion each year—enough to cover Medicare, Social Security, Federal and military retirees, and other essential programs. Spending can even be increased in other programs—provided they are offset by savings in other areas.

The General Accounting Office and the Grace Commission have identified hundreds of billions of dollars in Federal waste. We could start making serious efforts to attack that waste and use the money saved to either increase some programs where necessary, or reduce the deficit even faster.

I said that our proposal is simple; but I am not saying that it will be easy. It is a drastic measure. It will require Congress to make difficult choices. No one will have to go hungry, or lose their home, or the retirement security they have earned, but Congress will be forced to cut waste, and to eliminate unnecessary spending.

Some people will not like it; the liberals who control Congress will hate it. But in the long run, our children, our grandchildren, and the country will be better off.

Mr. President, we are in the eighth year of the longest peacetime economic expansion in our history. Now we must decide whether we shall pursue the path of economic growth or whether we will revert to the policies that brought us to the brink of national ruin.

Mr. President, I cannot in good faith support this latest budget agreement. With all due respect, the people will regard it for what it is—a turkey, flapping around Congress more than 5 weeks before Thanksgiving. I am obliged to vote against it because it is more of the same bad medicine that has made the economy shaky in the first place.

Mr. BOREN. Mr. President, our democracy has to be rebuilt by each succeeding generation. Each generation of Americans must care enough about our country to breathe new vitality into the institutions of Government formed by our Constitution and entrusted to our care. We who now occupy these seats in the Senate are the trustees of a great heritage passed on to us by the sacrifice and dedication of those who have come before us.

This is one of those moments which tests whether we are worthy to sit in the Senate and act as trustees for these great institutions. We are surrounded by desks once occupied by Webster and Clay and Calhoun, LaFollette and Taft, Truman and Vandenberg, Humphrey and Goldwater. Will we prove worthy of the high standards of political courage which they have set? Will we have the strength to look past the polling results and look to the history books?

We all know that the state of our economy is very fragile. If we demonstrate that we lack the will to truly deal with the budget deficit even when asked by the President and congressional leaders of both parties, we run the grave risk that the final vestiges of confidence in our economy will be destroyed. Such a loss of confidence could well do serious damage to our economy for decades to come and endanger the future for the next generation.

This budget resolution is not perfect, but the alternative could well be economic chaos for our country. The risk of defeating it is too great. We cannot in conscience play Russian roulette with America's future. Tonight we must act as trustees worthy of our great system. We must not fail the American people.

Mr. SANFORD. Mr. President, last year I said here on this Senate floor that I would not vote for another budget that did not have an honest deficit that more fairly reflects the annual increase in the national debt.

More than $1 trillion have been added to the debt under Gramm-Rudman. Almost half of that debt buildup was not included, never mentioned in the Gramm-Rudman deficit numbers. Our deficits have become moving targets and in large part hidden from the public, and this practice must stop.

Our $3.2 trillion debt will climb to $5 trillion under this 5-year budget package. And just as under Gramm-Rudman, the coverup will continue. If we indeed achieve $500 billion real deficit reduction, we will still add $1.4 trillion more to the national debt.

During fiscal year 1990 we paid in excess of $260 billion just in interest to pay for our massive debt. That interest that is not subject to sequestration, that must be paid, will soon exceed the total amount we pay for defense.

This budget resolution is the largest deficit reduction package we have attempted to achieve. But it fails to properly define the problem.

The problem is debt. It is not deficits we need to reduce, as such. It is the piling up of debt—secret debt—that we must stop and then reduce. The only way to do this is to reveal to the public the full debt increases each year, the true deficits. Debt increase is the deficit; let us call it that.

This budget resolution falls far short of this. Using the debt and deficit numbers included in this resolution, figures which are not realistic at all, there is a large difference in what the debt is estimated to increase each year and deficit numbers used. Using the figures in this resolution, using figures on the same page, we see that the cover up will continue. Our problem, our need, is a call for simple honesty in budgeting.

Mr. President, I think the estimates in this resolution are far too optimistic, and the deficits are very misleading. We can never achieve a balanced budget until we require an honest accounting of the Federal budget. Until we do this we will continue to coverup annual debt buildup that we cannot now afford. I cannot support the continuation of this practice.

Mr. KOHL. Mr. President, I rise tonight in support of the budget resolution. As I understand it, this package does one thing, and one thing only: It commits this Congress to writing solid deficit reduction proposals to achieve $40 billion in savings for this fiscal year and $500 billion over the next 5 years. That is a goal we all can and should support.

But I would like to make clear that my support for this goal will not extend to the reconciliation bill that implements the budget resolution if that bill does not do two basic things. First, and most importantly, it must add to, not subtract from, the progressivity of the Tax Code. Second, that bill must not ask for unreasonable sacrifice from the most vulnerable members of our society: the poor, the elderly, the ill, and the children. In other words, to keep my support, the reconciliation bill has got to be fair. Deficit reduction involves cutting benefits, stopping programs, and raising taxes; there is no way to make those actions painless. But there are ways to make them fair. In the days ahead, I will be doing everything I can to make sure that we do deficit reduction, and that we do it in a fair and progressive way.

I would also like to address the issue of the continuing resolution that we have passed tonight. There are three related issues which created the need for this stopgap funding measure: First, the House rejected the President's budget proposal so, second, the President decided to take revenge by refusing to fund the government in the hope that, third, we will be under pressure to accept the same kind of plan we rejected. Let me comment briefly on each of those points.

First, if the Senate had voted on the so-called bipartisan summit agreement on the budget, I would have voted "no." With all due respect to the people involved—with full recognition of the hard work they did, the good intentions they had—I simply did not think the plan was fair to middle-income Americans. But it should be clear to the President and to the American people that those negotiations were conducted in good faith. The Democratic and Republican congressional leadership worked hard to sell the agreement. So did the President. There was no doublecross, there was no political gamesmanship. They did what they promised to do. And the Congress did what it was obligated to do: It listened to the American people and exercised its independent judgment and rejected the agreement.

Second, while we rejected the budget agreement, we need not have rejected government; we did not need to close the enterprise down to make some rhetorical or political point. Some people say that by sustaining the veto we "kept the feet of Congress to the fire" and "generated the pressure needed to get an agreement." What nonsense, Mr. President. There is pressure on us now, and there is a giant fire ranging across the country. We don't need artificial, painful, and expensive posturing. The President's decision to veto our first CR simply forced us to spend a day in debate instead of negotiations, and it allowed us to spend a day in partisan bickering instead of cooperative efforts. Rejection of today's CR would have had the same counterproductive effects. So I'm glad that we have at least passed the continuing resolution and can get on with the real business before us.

Third, and finally, what is most depressing about all this is that we should have gotten a reasonable budget agreement some time ago. The budget resolution we are working on tonight is a step in the right direction. It will allow us to put together a package that increases taxes on upper income people, reduces the Medicare cuts, eliminates the 2-cents-a-gallon tax on home heating oil, helps the unemployed, and brings defense down to at least the House level. And, if political reality demands it, there is even room to give the President some sort of capital gains cut, not because the economy needs it, but because it may be necessary to get a deal. It does not take a brain surgeon to figure out what we need to do. The kind of plan we need equalizes the burden of real deficit reduction, it would deserve the support of the people, and it can command the support of this Senator and 50 other Members of this body.

The President has characterized the continuing resolution we passed earlier this week, and perhaps the one we will pass tonight, as business as usual. Mr. President, it is anything but that.

Business as usual would have been to accept the budget summit package even though many of us had serious problems with its provisions and its overall progressivity. Business as usual would have been to blame the leadership and the President for forcing the package down our throats. Business as usual would have been to say this year that the summit package is the answer to all our deficit problems, and to say next year "Sorry, we're back for more." Business as usual would have been to pass the summit package by voice vote, and then to spend the rest of our lives giving speeches on how strongly we opposed it.

Today is not business as usual. The budget resolution before us allows us to put together a deficit reduction package that takes into account the hundreds of thousands of calls and letters our offices have received. We are on new ground; we are starting to put together a real deficit reduction package. We are trying to do so in a way that is fair. We're trying to do so in a way that puts the interests of the Nation before the interests of politics. That is not business as usual.

I believe strongly that we are moving in the right direction. And I believe that this body and our leaders are capable of putting together a package without the pain and waste of government shutdown or sequester. Those actions are kind of political games that demean this institution and the Presidency. We have serious work on the budget to do. We don't have time for the kind of political brinkmanship that truly represents business as usual. I urge my colleagues to support the budget resolution and support movement toward a serious and fair deficit reduction package.

"PAY-AS-YOU-GO" FOR ENTITLEMENTS

Mr. RIEGLE. Mr. President I would like to engage the distinguished chairman of the Budget Committee, Mr. SASSER, in a colloquy on new program funding in this 5-year budget resolution. As you know, I participate in a bicommittee, bipartisan Senate working group that is working on legislation to expand access to health care for all Americans and to control rising health care costs. The working group intends to develop a self-funded program to accomplish this. It is a national tragedy that millions of our citizens have no health care coverage. At the same time, health care costs are skyrocketing. This type of effort is absolutely critical for this country. I would like to inquire of the chairman as to whether the budget agreement will allow for this type of initiative.

Mr. SASSER. I thank the Senator from Michigan for his comments, and I want to say that I certainly agree with him that the lack of access to affordable health care for millions of American citizens is a critical national problem.

In answer to the question, I would say that the budget agreement does allow for new program funding on a pay-as-you-go basis. In other words, if there is to be a new entitlement program, that can be done as long as these new expenditures are paid for and do not increase the deficit.

Mr. RIEGLE. I thank the distinguished chairman. I would further inquire as to whether there is any requirement about the origin of the funding. For example, would it be possible to fund this or any program through savings in unrelated programs, or through new revenues or user fees?

Mr. SASSER. Let me respond to the Senator, that, yes, as we envision it, the new pay-as-you-go mechanism would allow for new mandatory spending initiatives if they were paid for by either reductions in other entitlement programs or revenue increases.

Mr. RIEGLE. Mr. President, I want to thank the chairman once again. His comments are appreciated. I would also like to commend him for his efforts to develop a budget package. He has served the Senate admirably under very difficult circumstances. I know there are many members of Congress in both bodies and on both sides of the aisle who believe that action must be taken to address this critical issue.

Mr. LAUTENBERG. Mr. President, I am going to support this conference report, though I do it with great reluctance.

I am opposed to the budget summit agreement that the President and congressional leaders developed last week. If this conference report simply adopted the proposals in that agreement, I would vote against it.

As I explained in my statement to the Senate on Friday, I was opposed to the budget summit agreement for four primary reasons: It was unfair to New Jersey, to working, middle class Americans, to the elderly, and to the future of this country. It was unfair to New Jersey because the taxes it would have imposed would fall disproportionately on our State. It was unfair to the middle class because it proposes taxes that would have fallen disproportionately on them. It was unfair to the elderly because of its deep cuts in Medicare. And it was unfair to the future because it would have overspent on the Pentagon and underinvested in education, infrastructure, and other key domestic areas.

Today, though, we are not voting on the budget summit agreement, nor are we voting on the particular policies included in it. Today we are voting on a budget resolution. And a budget resolution is not a vehicle for changes in the law, or the enactment of specific policies. A budget resolution simply sets general outlines of a fiscal policy.

It specifies how much we will spend, but it does not say how we will spend it. It specifies how much we will have in revenues, but it does not say how those revenues are to be raised, or who will pay. It specifies how much we will save through changes in existing law. But it does not say which changes are to be made. In other words, Mr. President, there is much that this budget resolution does not do. But it does do several important things. First, it moves the congessional budget process forward. It sets out targets for overall deficit reduction goals, and it assigns committees particular goals for contributing to these overall goals. These are important steps.

But more importantly in the current context, I am hopeful that the conference report will prevent the Government from remaining closed down. As my colleagues know, the President has made adoption of a budget resolution a prerequisite to his signature of the continuing resolution. Although I find that position unnecessary and unwise, it is reality that we cannot ignore. It also would be wrong to ignore the problems that would be created by continued Government closure for all citizens and for our Nation's Federal employees, who are charged with administering essential programs.

Finally, Mr. President, adoption of the conference report offers the hope of real progress on our Nation's serious deficit problem. The general framework of this conference report is roughly similar to the earlier version defeated in the House, in that it would produce about $40 billion in deficit reduction in the first year, and $500 billion over 5 years. However, it is a very different document. Let me explain how.

The House resolution included assumptions of specific policies that committees were expected to approve in the reconciliation process. The Finance Committee was to produce $60 billion in Medicare cuts, several increases in excise taxes, and a handful of new tax loopholes.

But this conference report takes out those specific recommendations. It does not mandate particular Medicare cuts. It does not mandate excise tax increases. It opens no new tax loopholes.

This conference report simply tells the Finance Committee to go out and find a certain amount of deficit reduction. It tells the committee that you can shape the details as you see fit. You do not have to hit Medicare as deeply as we said earlier. If you want to tax the richest of the rich, rather than hitting the middle class, you can. So long as you meet your overall goals, you are free to act as you like. That, Mr. President, is the essential function of a budget resolution in our system. It is nothing unusual.

But having said all this, I want to emphasize that just because I will support the conference report, I will not support the reconciliation bill if it fails the fairness test for New Jersey and its citizens.

In fact, if that reconciliation bill looks much like the budget summit agreement, I will vote against it. If it treats my State of New Jersey unfairly, I will vote against it. If it treats working, middle class Americans unfairly, I will vote against it. If it treats elderly Americans unfairly, I will vote against it, too.

I am not going to prejudge the reconciliation bill, though, since neither I nor anyone else can know what will be in it. I'm going to give the committees in this body a chance to do the right thing. If they succeed, I will vote for the reconciliation bill. But if they do not, I will oppose them and rise to defend the interests of my State, poor and middle class families, and the elderly.

Mr. BAUCUS. Mr. President, I rise in opposition to the budget resolution.

We have heard a great deal over the last few days of the need to sacrifice.

We have heard that we all must be prepared to tighten our belts to control the budget deficit.

Mr. President, I agree with those statements.

And I would be willing to bite the bullet and vote for a package that included an across-the-board freeze or even some deep cuts in programs close to my heart.

But this budget cuts far too deeply into Medicare and imposes an inequitable tax burden on middle and lower income Americans.

In addition, I am very concerned about the impact of gasoline tax increases and the highway funding formula on rural States like Montana.

But because time is short I will tonight focus on an issue that has not gotten sufficient attention in the budget debate—the drastic cuts in the farm program.

In the debate on the budget we have heard so many numbers thrown around that it is easy to lose perspective.

Supporters of every program claim that their ox is being unfairly gored.

FARM PROGRAM CUTS

But the reality is that the fastest declining major Federal program is the farm program.

In 4 short years, annual spending on the farm program has shrunk from $24 billion to $10.6 billion.

In other words, the farm program has already absorbed a cut of more than 60 percent.

But now we are faced with a budget resolution that cuts an additional $13 billion from the farm program over 5 years. That amounts to a 20-percent cut by 1995.

If this budget resolution passes, farm program spending by 1995 would be less than 50 percent of today's level.

And this includes only the nominal cuts. If inflation is considered, the 1995 farm program could be as little as 10 percent of the 1986 farm program.

Already annual farm program spending represents less than 1 percent of the Federal budget—about 2 percent of the cost of the savings and loan bailout.

IMPACT UPON RURAL AMERICA

But those numbers seem cold and impersonal.

And we have all heard stories of rich farmers feeding at the Government trough. Surely, those rich farmers can absorb some cuts.

But, Mr. President, those cases are by far the exception and not the rule.

The average farmer in America makes a litte more than $13,000 per year—a few thousand dollars above the poverty level.

A recent CBO study predicted that if farm program spending stayed at current levels, 500,000 farmers would be forced off of the land in the next 5 years.

In other words, we would lose one in every four farmers in America.

I have not been able to obtain a CBO analysis of the additional cuts in the budget.

But if we project linear increases it means that we could lose 750,000 to 1,000,000 farmers by 1995. One out of every two or three would be forced out of farming.

Mr. President, that would be nothing short of a disaster for farm States like my own.

When the farmers go out of business, the rural communities built around them disapepar.

Within a few years, we will see more and more ghost towns in Montana, South Dakota, North Dakota, and Nebraska as a result of these budget cuts.

THE FARM PROGRAM AS AN INVESTMENT

Mr. President, we must stop thinking of the farm program as a program only for farmers.

The fact is that anyone that eats has an interest in the farm program.

We already spend less than one fourth of what the Japanese and the Europeans pay for their farm programs.

And on top of that, consumer food costs in the United States are the lowest in the developed world.

The farm program has provided us with a wholesome, stable supply of food since the Great Depression.

And if we are willing to make the investment, it will go on supplying us with food for decades to come.

With the multibillion cuts being considered it is easy to lose sight of the farm program. But isn't a stable supply of food worth 1 percent of our budget?

Isn't a stable farm program worth at least as much as the space program?

Isn't it worth one-thirtieth of the amount we spend on defense to secure a supply of food?

And isn't it worth a few billion dollars to keep rural America alive?

Mr. President, I believe it is.

And I plan to vote against this budget. I hope to work with my colleagues to devise a budget that is fairer to American agriculture.

Mr. LEVIN. Mr. President, the budget resolution before us tonight is silent on whose taxes are going to be raised and by how much. While this approach is not specifically unfair to middle-income Americans, it does not offer any assurance that middle-income Americans will not be asked to carry tons of deficit reduction while those making over $200,000 a year don't even work up a sweat. We risk, by passing this resolution in its current ambiguity, adding momentum to a legislative vehicle which could come roaring back at us in a couple of weeks loaded with many of the objectionable features of the budget summit agreement.

In addition, this budget resolution does not correct the flaw in the budget summit agreement relating to the baking in for 3 years of the numbers for defense and domestic discretionary spending. For instance, this budget resolution makes it virtually impossible for us for 3 years to shift resources from the relatively high defense budgets, to wit, $288.9 billion, $291.6 billion, and $291.8 billion in budget authority for fiscal years 1991, 1992, and 1993 respectively, to meet other growing challenges of interest to all Americans in areas such as education, the environment, and the war on drugs. I recognize that any credible deficit reduction plan must include restraint on spending. However, it is unnecessary and unwise for us to transform this vehicle for deficit reduction into a vehicle for establishing defense and nondefense priorities for the next 3 years when the world is changing so rapidly.

Mr. President, in voting against this budget resolution, I am not saying that I will not give a full review to the reconciliation legislation which will be reported out of committee pursuant to it. This Nation must have a real, credible reduction in the deficit. I am, however, saying that in order for me to consider supporting that legislation it must meet the test of achieving credible deficit reduction in a manner consistent with fundamental fairness to middle-income Americans and their long-term interests.

Mr. BRADLEY. Mr. President, I will vote for the budget resolution to avoid Government from shutting down and hurting a lot of innocent people. This is not a final vote on the budget or its components. Unlike the agreement from the budget summit, this is a vote only to move the process to the committees. I will base a final budget vote on what comes out of the committees. I will fight in the Finance Committee to make sure that middle income taxpayers will not have their taxes increased while the wealthy get more tax breaks. This resolution raises no specific taxes. I will not hesitate to vote against a final bill that increases taxes on middle income taxpayers. I will also fight to protect senior citizens from dramatic increases in health care costs.

Finally, I still believe that the defense budget is too high and I will continue to push for deeper cuts in defense. We cannot ask senior citizens to reach ever deeper into their pockets for medical care while the Pentagon squanders scarce resources on obsolete missions and superfluous forces.

Mr. DURENBERGER. Mr. President, 4 nights ago, I said on this floor that the debate over this budget package had gotten very noisy and very complicated. In the aftermath of the vote of the House of Representatives, it has gotten noisier and more complex by several orders of magnitude. I hope the lessons of the last 5 days are not lost on all of us.

The budget summit was an unprecedented compromise among Democrats and Republicans, leaders of the House and Senate, and the President of the United States. And the rejection of that agreement by majorities in both parties in the House was likewise unprecedented. H.L. Mencken cynically observed that democracy is the art of running the zoo from the monkey cage. By abandoning our leadership, we have partially proved his observation. We should be thankful that we are close to restoring order tonight. The American people are understandably upset and frankly fed up with it. There is no need for further delay or posturing; let's do our duty tonight.

Mr. President, this all boils down to one simple, vital question. What is the most important obligation of this Government at this time? My answer is: reduce the fiscal deficit. Every other obligation, for once, has to take a back seat to that.

Our recent history, over the last dozen years, has been exactly the opposite. Everything, at one time or another has taken precedence to the deficit. Cutting taxes. The military buildup. Farm programs. AIDS. The drug wars. Foreign military aid. Child care. And so on. In the process, the American people have lost a war of attrition against Federal debt.

This package represents a day of reckoning for all of that. Finally, we have a chance to make a decision, as a united government, to be responsible. Having participated in 1985 in a failed attempt to do just that, and having seen the bitter consequence of inaction, I am praying the Congress will find the guts to do the right thing this week.

Mr. President, it is clear to me from the calls I have received this past week from my fellow Minnesotans that we have failed to convince people of the seriousness of the problem of the deficit. We have failed to communicate that a problem of this seriousness demands solutions of the magnitude contained in the budget summit agreement. We can not ever seem to agree on the nature and impact of the deficit, that it is not just a creation of Congress, or Washington's problem.

I say to the thousands of Minnesotans who have taken the time to write or call that I am grateful to each one of them. Many more of them called to oppose the summit agreement than to support it. Many of them expressed fear, and most were angry. Some indicated their intention to withhold their vote from me or anyone who supported this agreement.

So my vote tonight will not satisfy many. Possibly, my actions in the Finance Committee over the rest of this process may be seen more positively. Most of the details of this package will be settled there.

The biggest area of concern for Minnesotans and for me is the Medicare part of this budget. There has been great concern over proposed increases in premiums. That is not a problem unique to Medicare. People of all ages have expressed fear over the sharp rise in the cost of health care. Medicare has been insulated to a large degree from some of the pain all insurance holders have felt, and it will continue to be. We will work for the soundest, fairest financing package we can.

We will also deal with the proposed tax on home heating oil which has an adverse and disproportionate impact on Minnesotans. It is my hope that we can defeat it.

Edmund Burke said that a Representative owes his constituents both his industry and his judgment. As I exercise my best judgment tonight, in a way that many of you will disagree with, all I can say is I value your input but believe the greatest good is served in another way.

Mr. President, several years ago, I used to tell a joke that went like this: Question: Why were there so many heros at the Alamo? Answer: Because there was no back door. Since this agreement was announced on Sunday, many of our colleagues have been looking for a back door of some kind. My hope and my conclusion, Mr. President, is that there is none.

Mr. President, I was ready to vote for the package the House defeated last week. The package before us is only cosmetically different from what was defeated 4 days ago. It makes explicit what most of us must have assumed anyway: that some flexibility was necessary in the Finance and Ways and Means Committees to hit revenue and savings targets in the way that made the most policy sense. As a member of the Finance Cmmittee, I obviously welcome that flexibility. For those colleagues who fear putting that kind power in the committee's hands, you need only look at the recent history of our committee and our record of producing moderate. consensus bills. For House Members of the minority, who have not always seen such behavior from the Ways and Means Committee, I can assure them that we have no intention of bowing to the House.

Mr. President, before we label this a "bad" agreement, as many have done, we must ask compared to what?

Is the sequester the right policy for America?

Is it balanced? Is it fair? Of course not.

Gramm-Rudman-Hollings has done its job. It has raised the cost of inaction to an intolerable level. To put it another way, it has cut through the political fog to expose the true cost of inaction by providing a glimpse of the fiscal chaos we will reap if we don't make changes.

Well what about the other alternatives? It would probably be instructive to have members bring their own individual plans to the floor here and put them in a pile. It would be a kind of budgetary Tower of Babel. We don't lack for ideas. What we need are majorities to pass them and carry them out.

The deficit is not an abstraction or an illusion. It is an obligation incurred on behalf of American taxpayers present and future. It jeopardizes our economy and it compromises our sovereignty as a nation. Our inability to say no got us into this, and saying yes to every interest group with a problem with this package is not going to get us out of it.

Two of the finest speeches I have ever heard were made on the floor of the House last week just before the House vote. The first was by BILL ARCHER, ranking member of the Ways and Means Committee. He finished with these simple, eloquent words he described his days after he leaves the Congress: "I will not sit and tell my grandchildren that I failed to make the tough decision to lift this debt from their shoulders."

And my dear friend and colleague from Minnesota, BILL FRENZEL, who is one of the finest men to ever serve the Congress, said this:

> Our test is sterner than any we have faced since I have come to Congress. And for us "good news" people, who do not like to lay on taxes, and who hate to cut expenditures, it is going to be particularly difficult. But remember, we can begin down that path to fiscal sobriety. And for all those of you that I have importuned over the years, that I have harangued and pleaded and begged to reduced spending, for me personally, there could not be any finer monument than the passage of this budget resolution.

Their high ideals will be fulfilled in this vote tonight. I ask unanimous consent that their full statements appear at the end of my remarks.

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

(See exhibit 1.)

Mr. DURENBERGER. Mr. President, I have been around this city for 12 years now. I think the thing that disturbs me most about how we operate, and how I operate, is that we have the ability to do microscopic analysis of parts of a problem, and at the same time be totally blind to the whole.

Yes there is unfairness in elements of this package. I concede that. But how important are those concerns up against the catastrophic and wanton unfairness of the deficit itself? This generation spending hundreds of billions of dollars it does not have, and passing the bill to our children. Can anything be more unfair or more in need of our attention than that?

Mr. President, we do not have a range of options to choose from. We cannot go back to the drawing board and remake the compromise to make it more to our liking. There are only two real alternatives: the sequester or the summit agreement. A vote against this agreement is a vote for the sequester, or a decision to do nothing at all.

The deficit is either the most important thing, or it is not. My vote says it is.

EXHIBIT 1

[From the Congressional Record, Oct. 4, 1990]

Mr. ARCHER. Mr. Speaker, when I first saw this budget agreement on Monday, all of the objectionable features reached out to me, and, to say the least, I was disappointed.

But I learned many years ago, that before you make a hasty decision, it is far better to count to a legislative 10, and I went home and I counseled with my wife, and I shared my concerns. And as the night wore on, I realized that I could not get hung up on individual pieces in this agreement, but that it was far more important to look at the whole and what impact it would have on our country and on generations to come. By morning, I realized that this was the best we could do.

I cannot stand here and tell you that if you fail to vote for this package there will be a recession, or that if you do vote for this package there will be a recession. No economist knows, but I can tell the Members this country is in desperate need of a fiscal fix.

If Churchill were here today, he might possibly say that this is the worst possible budget agreement, until you consider all of the other realistic alternatives. Sequestration clearly is not a realistic alternative, perhaps for a few days, but those who accept that, and seem to wish it, will come quickly back to this body in a short time, demanding that may parts of it be lifted.

The Congress itself has never before in its history been able to produce this type of package. Individual Members working together through committees, through the budget process have been unable to do so, and after months of deliberation this year, I am convinced this is the best that we can do.

Neither Democrats by themselves nor Republicans with the President, can pass a budget package. It can only be done by bipartisan effort.

In all of the years that I have been on the Committee on Ways and Means, I have only voted for one tax bill. That was in 1981, which was a tax reduction. That was easy.

And it is now time to pay the bills. We have run up consecutive deficits for the last 19 years, and I say to my Democrat friends, not just during the last decade. The last balanced budget was in 1971. We are leaving these massive deficits as a legacy to our children and to our grandchildren, and I do not serve in Congress to be a party in bestowing such a burdensome legacy.

Socrates 400 years before Christ, said that when the masses of the people find they can vote themselves prosperity from the public treasury, democracy is no longer possible.

This is a historic test for our republic, our democracy. Democracies easily handle the easy decisions, but stumble on the tough ones.

Today is that watershed moment in our country's history where we will look back and say we did the right thing, as tough as it was, and as objectionable as some of the features of this package are, because, yes, our children and their children deserve it.

Could I have devised a better budget? Certainly. Give me 217 votes. But would it pass without giving me 217 votes? And the answer is no.

I feel that many Members on both sides want an easy package. There is no such thing as deficit reduction of $500 billion that is a happy package for anyone.

When I first ran for Congress, Barry Goldwater came to my district, and I must confess he was one of my ideals in politics. There was a rumor that he would not run again, and I asked him, "Are you going to run again?" He looked at me and said, "Bill, I have thought about it, and I want to retire. I feel that I have earned it. I want my privacy and my private life, but I will not one day sit with my grandchildren on my knee and tell them that I did not do everything that I could to make a better future for them." He ran Again.

And I will not sit and tell my grandchildren that I failed to make the tough decision when I had a chance to lift this debt from their shoulders.

Mr. FRENZEL. Mr. Speaker, tonight we have been treated to a rare display. I do not know if the forensics are better than that which we have enjoyed in the past, but certainly at least from the summiteers you have seen expressions of sincerity which I think are hard to match, at least in my career in the Congress.

We have heard the gentleman from California [Mr. PANETTA] and the gentleman from Illinois [Mr. ROSTENKOWSKI] and the gentleman from Illinois [Mr. MICHEL] and the gentleman from Missouri [Mr. GEPHARDT] tell you why they think this is what we need to do tonight.

Mr. Speaker, I want to stand here and agree with each of them, that they and we have done the best that we can do at this point, and what remains for the House is to push this matter through by passing this budget resolution, and letting the committees of jurisdiction begin work on reconciliation.

All of those speakers spoke a little bit about President Bush, too. I have heard many of you say it will be painful to vote for this bill. How painful was it for President Bush to accept the fact that there would be substantial new taxes? How painful was it for him to have come to ask each and every one of us personally if we could give him his vote? He, who has worked so hard and suffered so much for us. And I say this particularly to the Republicans, for we are the divided Government. We are the minority which can get rolled at any time by the majority, and our only defense is our President and our ability to sustain a veto every now and then.

Here is one time when he and we jointly are asking Members to stand up with us and give this country a chance to get its feet back on the path toward fiscal sobriety. Over the past two decades we, all of us, have managed to become the world's largest debtor nation. The U.S. Congress thankfully somehow has made us the world champs in one respect: We owe more money than anybody.

This may not be the best resolution in town, but I guarantee you, it is the only resolution in town.

And as BOB MICHEL correctly pointed out, each of us could do better. I think I could get maybe 80 votes for mine, which is much better than that. I doubt many of you could get that many.

This happens to be a good resolution because it saves $500 billion and places the country's feet on the path toward that desired fiscal sobriety.

It is enforceable. Will it all be enforced? No. Will we save all of the $500 billion? No.

We will have some slippage. We always do. But with the enforcement in this package and the 5-year reconciliation, we have the best chance that we have ever had to actually make the savings that we claim we are going to have.

We can change all of this bad record tonight, or we can at least begin changing it. This package will take us to a unified budget surplus before fiscal year 1994. By fiscal year 1995 it will have taken our spending back to only 18½ percent of GNP, our rough average for the past two decades, and 5 percent less than we expect to spend in fiscal year 1991, the fiscal year approaching.

That is a pretty good record, a monumental achievement, I believe. And Alan Greenspan says it passes the credit market test, and so does his predecessor, Paul Volcker, and so do Martin Feldstein, Ronald Reagan's CEA, and so does Jim Lynn, who was Jerry Ford's budget man, and Charles Schultz, who was Jimmy Carter's Director of the Budget, and Herb Stein, who was the Chairman of the Council of Economic Advisers for President Nixon. All these men say this fits the bill, that it passes the test.

Now the question is are we going to pass the test? Are we going to have the courage to stand back and to go against a few phone calls and a few letters we have got from people who want to keep getting the same benefits that they have been getting over the years?

I have often said to the Republicans that I see us all as a bunch of cake eaters. We are afraid to lay on new taxes. We think that is naughty. We do not want to cut any spending. We do not want to deny any of our constituents anything.

We will tonight pass what I call the cake eater test if we can pass this budget resolution. We will prove that we can eat a little bread and maybe some of us, certainly myself, will have to eat a little crow, because none of us is going to like this budget resolution. But as I said before, it's all we got.

Our test is sterner than any we have faced since I have come to Congress. And for us good news people who do not like to lay on taxes, and who hate to cut expenditures, it is going to be particularly difficult.

But remember, we can begin moving down that path to fiscal sobriety. And for all of those of you that I have importuned over the years, that I have harangued and pleaded and begged to reduce spending, for me personally there could not be any finer monument than the passage of this budget resolution.

Mr. PELL. Mr. President, I intend to vote against the budget resolution presented to the Senate today.

Five days ago, I announed that I opposed the budget summit agreement and would vote against the budget resolution needed to carry out that agreement. At that time, I said the budget agreement was unfair in placing the heaviest burden of deficit reduction on the elderly, and the heaviest burden of new taxes on middle and lower income families and individuals.

I objected strongly to taxing the necessities of life such as home heating oil, and to eliminating one of the few programs that help first-time home buyers of modest means to buy a home.

Fortunately that budget resolution was rejected—not only by me but by the American people and by the Congress.

We have now been presented with a revised budget resolution. And it is frankly an improvement over the original resolution. But the resolution still leaves open the possibility, and indeed the probability, that the final result will still be large cost increases for the elderly in the Medicare Program, and heavy increases in excise taxes that hit hardest at the middle and lower income families and individuals.

The resolution leaves open the possibility that a tax ultimately will be imposed on home heating oil.

In addition, the revised resolution contains inadequate reductions in defense spending, and actually requires smaller spending cuts in agricultural support programs than did the original budget resolution.

For all of these reasons I will vote against this budget resolution. I emphasize at the same time that I do not believe the Federal Government should be brought to a standstill while the Congress and the administration seek a better solution to the budget problems. I believe the President's veto on Saturday or the continuing resolution permitting the Government to continue its operations was an error and I regret that the House of Representatives failed by a narrow margin to override that veto.

Disruption of essential Government services contributes nothing to resolving budget disagreements. Such disruptions impose penalties on the American people for budget and political disagreements that are not their fault. Accordingly, I will vote in favor of a continuing resolution to permit continued operation of the government while the Congress and the administration work out a good budget agreement.

Mr. BIDEN. Mr. President, I will vote for the budget resolution because it moves the budget process forward. I did not support the previous plan, and I have reservations about this one, but it appears the negotiators moved much of the burden of deficit reduction off the elderly Medicare beneficiaries and on to those in very high income brackets.

This is not the final agreement—that will come in 2 weeks. But this vote will move the process forward. I will look for further improvement before voting for the final package.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I had intended to give my closing remarks and then Senator DOLE, but the distinguished Senator, Mr. THURMOND, wanted 2 minutes, so I will yield 2 minutes to him. The only remaining speakers on our side are Senator DOLE and myself.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise in support of the budget resolution. It is not what I want. It is probably not exactly what any person wants, but we must resolve this matter and bring the first step in the budget process to a close.

The American people are wondering what in the world is wrong with the Congress. We have been working on a budget for weeks and months. Now is the time for action. The American people want action. We must support this resolution.

Earlier, remarks were made about the senior Senator from Georgia, the able chairman of the Armed Services Committee, I want to commend him for the sound position he has taken with regard to defense spending. This position will protect the security of this Nation. We have turmoil all over the world. We cannot afford to cut defense any more than he is advocating. In his behalf, I want to say I stand with him, and I hope the Senate will.

Mr. President, I hope we will stand together on this budget resolution, I commend the able Republican leader, the Senator from New Mexico, the able ranking member on the Budget Committee, the other Members who have been involved, for their hard work. I ask my colleagues to support this resolution.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I yield myself 10 minutes, and then our only remaining speaker is Senator DOLE.

Mr. President, I see my friend the distinguished senior Senator from Georgia on the floor. He raised some issues about interest rates. I only have 10 minutes, so let me say to my friend I will not use my time to explain how I see the interest rates, but I believe the assumptions in the budget agreement are rational. In due course I will have printed in the RECORD why I believe they are not out of line with reality for a budget resolution.

Having said that, let me suggest that I want to break my remarks up in three parts. First, I want to talk about what we are doing and why we are doing it, and, second, I want to discuss what is going to happen if the committees who are supposed to put this together do not do their job.

Let me start by saying the issue before us is whether or not the U.S. Senate and the U.S. House in the next 15 or 20 days will have the courage to change programs of the Federal Government sufficient to make the savings that their respective committees have been directed to do in this budget resolution. That is hard work. I can just say to the chairman and ranking member of Governmental Affairs Committee, and to the chairman and ranking member of Finance, "You had better get ready. You have about 4 or 5 days, not 40 or 50 days, about 4 or 5 days to put in place in your committee the savings that are mandated in this budget resolution." I am going to give you a rule of thumb. If no one is complaining and you are not hearing from the American people and from lobbyists, you are not doing your job. Because what we have instructed in this budget resolution cannot be done without pain.

I am not going to bother to talk about who and how, but I tell you, there are not very many ways to achieve the savings that are better than those that the summit arrived at. You may find some other savings proposals. But if you really are going to do the job, you are going to come out pretty close to what the summiteers arrived at after weeks and weeks of discussion and meetings.

So I hope you will have in front of you what was agreed to by the budget summit. There are many who are saying they are upset, and we should never have a budget summit again.

Well, if we do this right, we will not need to do it again. But I tell you, I do not apologize for the summit agreement because I guarantee you, for all the pious remarks about doing it another way and all the demands that we should wait for our committees, I guarantee you if you did not have that summit, you would not be here tonight with a package that recommends a $500 billion reduction. I bet my life on it. I mean, who would do it? If you did not have Gramm-Rudman, which everyone criticizes, you would not even have had the budget meetings, and you would not have had this kind of deficit reduction until the United States of America went broke. That is about the time you would have it.

So why do we not forget about the budget summit? We went out to Andrews Air Force base and learned a lot. I heard House Members who were supposed to know so much about Government saying, "I never knew it was so tough to cut the deficit of the United States." It is nice and easy and pious to say "freeze." But, what about Social Security? What about Medicare? These Senators that run around and say, "Everything is growing too much, claiming it is Senator BYRD's Appropriations Committee." The entitlements are going up 14 to 15 percent. Some are going up 17. How come? Senator BYRD cannot change those. We have to change them. And some of those have to be changed through a budget reconciliation bill. If not, we are not going any-where. So that is my first point.

My second point is we would not be doing this if we were not worried about our country. And it just stands to reason that sooner or later, you have to cut the deficit. You might have gone on another year, but how many more? Borrowing the kind of money we are borrowing from all over the world raises interest rates for those who want to buy houses, and for Americans who want to build a business. With interest rates outlandishly high, we cannot grow.

We are pursuing this deficit reduction package so that we can grow, so that we can leave something for our children, and so that working men and women can have some hope that the private sector of America has a chance to continue to grow. We did not do it because it is neat and because it is nice to be on the summit. We did it because the country demands it. I do not mean demands it in the sense that the country is standing out there ready to whip us. A great country demands the best of its leaders. Anyone that does not want to vote for this resolution may have all kinds of legitimate reasons.

Let me tell you, the most important thing is my third point. This resolution is meaningless if the committees of this Senate do not comply with the reconciliation directives. And tonight the Senator from New Mexico is going to vote for this budget and recommends anyone that wants to get the deficit down to vote for it. Those who do not, I hope we get a good enough reconciliation bill to get your vote for it.

Let me say that this budget resolution is meaningless if the committees of this U.S. Senate find ways to use smoke and mirrors to get out of their responsibility. As one summiteer, I am going to recommend to our leader that if they do that, we are going to bring an amendment here to the floor and fix it.

So, I guess I am saying, Mr. Chairman and ranking members the good times are gone. The times when you can fool around with all those numbers in your reconciliation bills, when you call on those smart guys and say, "Hey, did you used to work on the Budget Committee?" "Yes." "Do you know how to fix this so I do not have to do anything hard?" They say, "Sure do." Well, that is not going to work. At least I hope it is not going to work.

The last part is, we must change the budget process to enforce what we have committed to here tonight. For those who say defense has not been cut, all of the discretionary savings in this proposal are from defense—$180 billion. For those who say discretionary is coming down, yes, it is, all because of defense. If we did not happen to have defense coming down at this particular moment in history, we could not do this. Where would we get $180 billion? We got it solely from defense.

We do have caps on the discretionary accounts for 3 years, defense, domestic and foreign. We have a new enforcement process that we agreed upon that will enforce the caps, provide for an extension of Gramm-Rudman-Hollings, and do some other things that will help the appropriation process not bear the full burden of Gramm-Rudman-Hollings. Those are all written up.

I, for one, want to say to those who asked the Senator from New Mexico yesterday and the day before to support this budget, that I am supporting it. But I guarantee you that I am not going to support a reconciliation bill that does not produce the savings in the budget summit agreement. I am not going to support a reconciliation bill that does not have the reforms in the budget process to show the American people, who are going to take some pain, that the savings are real.

For those who say this is unbalanced, I want to give you three numbers. I think it is balanced. Listen to how balanced it is. Thirty-six percent of the savings in this package come from discretionary accounts. For those who said before you tax, cut spending, well, there is 36 percent. Another 22 percent comes from mandatory and entitlements. That is domestic spending, not military. It is not just appropriations; it includes mandatory and entitlement spending. If my arithmetic is right, 36 and 22 is 58. Fifty-eight percent is from reducing expenditures, if you pass the reforms that make it happen. And 30 percent taxes.

I think that is a pretty fair package. To repeat, 36 percent cuts in discretionary; 22 percent from entitlements; 30 percent from taxes. I say tonight, I have done my job, and I enjoyed it. I am not embarrassed or abashed about having been a summiteer. You would not be here but for the summit, and I was pleased to be part of it.

Now let us see if the members of the committees, all of whom want deficit reduction, many of them came to the floor and told us how to do it; let us see if they get it in the next 5 or 6 days.

Mr. President, I ask unanimous consent that reasonableness of interest rates in the budget agreement be printed in the RECORD at this point.

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

INTEREST RATE ASSUMPTIONS IN THE BUDGET AGREEMENT

Real interest rates are what matter for financing the budget deficit.

The administration projects real interest rates to be approximately the same in 1991 as this year and slightly lower in 1992.

And real interest rates are projected to decline only modestly in later years, back to more normal historical levels.

These are modest improvements if we carry out real sustained deficit reduction.

Chairman Greenspan has confirmed that implementation of a budget agreement is a necessary condition for lower interest rates and continued economic growth.

Mr. DOMENICI. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. SASSER addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. SASSER. Mr. President, I see the distinguished Senator from West Virginia on the floor. Does he wish some time?

Mr. BYRD. I do not wish time, except to thank the distinguished Senator from Tennessee [Mr. SASSER] for the excellent work that he has done throughout the long and difficult days at the so-called summit.

Let me, for one, say that I do not intend to ever attend another summit. I have had my belly full of summits.

But I want to thank him. I attended the summit, and we summiteers have undergone and experienced a great deal of castigation, calumny, and opprobrium, but we did our best. I think we did a pretty good job.

I want to thank the Senator from Tennessee [Mr. SASSER]. I want to thank Mr. DOMENICI, the ranking member of the Budget Committee. I also wish to thank Mr. BENTSEN, the chairman of the Finance Committee, and Mr. ROSTENKOWSKI, his counterpart in Ways and Means. I want to express my gratitude to Mr. HATFIELD, my own counterpart on appropriations, and I also express appreciation to the majority leader and the minority leader for the work that they did at the summit.

Mr. DOLE, I think, attended all of the sessions there, and whatever success may have been achieved can be attributed to the dedication of the Members of the Senate and House who attended. But I have had enough of summits, as far as I am concerned. I think this resolution is imperative. I did not intend to speak, because I think everybody has their minds made up as to how they are going to vote.

I think it is imperative, however, that we adopt this resolution. It takes us to the next phase in the budget process. We could not bring out a reconciliation measure unless this resolution is passed instructing the committees as to what they must do in regard to raising revenues and reducing outlays and so on.

It is a far more serious matter than the American people believe. This country is operating right now under a $1.434 trillion budget. If anyone is interested in knowing how much a trillion dollars is, at $1 per second, it would take 32,000 years to count a trillion dollars. The national debt is $3.189 trillion. How much time is left? I might take it.

The PRESIDING OFFICER. The Senator from Tennessee has 3 minutes 25 seconds.

Mr. BYRD. It takes me that long to get warmed up.

In 1981, domestic discretionary spending was $157 billion.

The budget at that time was $678 billion. Domestic discretionary spending constituted 23 percent of the total budget. Today, fiscal year 1991, we are looking at that budget; domestic discretionary spending is $171 billion. It has increased $14 billion since 1981, from $157 to $171 billion, while the total budget has increased from $678 billion in 1981 to $1.434 trillion. In other words, the budget has increased $756 billion over what it was in 1981. Now domestic discretionary spending constitutes 11.9 percent of the total budget; whereas 10 years ago it constituted twice that much, 23 percent.

We do have a third deficit, the investment deficit, the infrastructure deficit in this country. Our roads are falling in. The bridges are crumbling and falling down. We need waste water treatment facilities and water quality facilities. We need to improve our rivers, our harbors, our airways, our railways, and our mass transit. And we are not doing it.

That is why I am fighting to increase domestic discretionary spending, and we are doing it. That is what we agreed on at the summit.

To those who wish to further cut domestic discretionary spending, I say we have had enough and it is time we invested in our country. Any company that does not invest in its plant, equipment, and its people is going to fail. We have not been investing in our plants and equipment. I have just described how our domestic discretionary spending has been going down in relation to the entire budget and in relation to GNP.

A country that does not invest in its people, that does not train them, that does not educate them, that does not invest in its plant and equipment, its roads, its bridges, its railways, its waterways, is going to fail. It is not going to be able to compete with other countries.

Mr. President, I will not belabor the Senate further. I urge the Senate to approve this resolution so that we can go on to the next step and develop a reconciliation bill and get on with our efforts to deal with this terrible budget deficit, $3 trillion. It is a terrible debt, $3.169 trillion.

I thank the Senate and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. KERRY. Mr. President, I understand that many in this chamber will vote for this second budget resolution as did many of our colleagues in the House. They will vote for this measure in order to let the congressional process work, in the hope of a final Reconciliation Bill that will reduce the deficit in a manner that reflects their values and priorities. They will also vote for it in the hope that the President will agree to sign a short-term continuing resolution to keep the Government in business. I support a short-term continuing resolution because it would be absurd to shut the Government down: It would produce chaos and be unfair to American taxpayers.

However, while I understand the thinking of those who will vote for this second budget resolution, I do not share that thinking and will vote against this second budget resolution.

Why? Because this budget resolution establishes parameters for tax increases, entitlement reductions, and defense spending that are inconsistent with my values and priorities and those of the people I represent. Operating within these constraints, I find it very hard to imagine that the committees can produce a budget I can support. I hope I am wrong if this measure passes, and that fair package that reflects my priorities will come before the Senate. If it does not, I will try to change it and if that fails, oppose the reconciliation bill as well. I am also highly skeptical of the basic economic assumptions on which this budget resolution is based. With this budget resolution, as with the last one, the key assumptions behind the budget projections are wildly optimistic. This budget assumes, for example, that interest rates will drop below 5 percent in just a few years. As a result of assumptions like this, the massive reductions that are projected in the out years are phoney. With most of the $500 billion savings coming in the out years and driven by inflated assumptions, the package as a whole is seriously flawed.

Some say we have no option other than to pass this budget resolution. They maintain that as much as they disagree with it that it is the best that we can achieve and develop a reconciliation bill the President will sign. I reject that argument. I believe Congress should pass the budget that best reflects the majority of this body. If this is it, I reject it. If we can do better, let's do so. If we pass a better budget and reflect that in a better budget resolution, and the President vetoes it, then we, and more importantly, the American people, will know why we are forced to enact a bad budget deal.

So, Mr. President, I believe it would be wiser to pursue another option.

And that is to reject this budget resolution and pass a short-term continuing resolution. This would keep the Government operating for a few days, while we develop and consider a budget resolution that more fairly distributes the unfortunate but necessary pain of deficit reduction. If we pass this budget resolution I fear we have stacked the deck in favor of more taxes, and probably unfair ones; more cuts in programs people need; excessive spending on unnecessary weapons systems; and agribusiness subsidies and tax giveaways to oil and gas companies and the superrich.

Mr. President, the original summit agreement produced a budget resolution which was unacceptable to a majority in both parties in the House. It was rejected because it did not reflect the wishes of the American people. It was not fair to the middle class and to lower income Americans. It was not fair to the elderly with excessive cuts in Medicare. It was not fair to Massachusetts people and would not have been helpful to an economy already in recession in my state and teetering on the brink of recession nationwide.

Today we are considering a budget resolution that in some ways is an improvement on the earlier proposal. As I understand it, this second agreement would reduce the cut in Medicare, very slightly increase the cut in defense, possibly eliminate the 2-cent tax on heating oil, and probably modify the business tax incentive package. It would also leave the committees of Congress with a great deal more latitude in developing a bipartisan legislative package to implement the broad policies outlined in the second Budget Agreement.

However, I am still gravely concerned with the parameters within which the development of specific policies will occur. I am concerned that the budget resolution could result in a reconciliation bill that remains regressive and unfair to working people. I am concerned that the Reconciliation measure may force too great a deficit reduction on the elderly, our veterans, and society's most vulnerable people. I am concerned that the defense spending figure is too high, particularly with the exclusion of the costs of Desert Shield. And, I am concerned that the reconciliation bill may not be fair to Massachusetts or consistent with restoring economic growth. I can understand the possibility of producing a better reconciliation bill under this agreement than under its predecessor. And I hope that would be the case. But I see insufficient evidence that that would be the case. And I must vote on the evidence and not on some vague hope, even if that hope is widely shared.

Mr. President, I believe that it is also necessary that some Democratic Senators remain uncommitted to this budget agreement in order that we act as a counter weight to Republican opponents of the budget resolution. It is important that Democratic Senators send a message to the committees working out the details of the reconciliation package. It is critical that they recognize that a passable bill must be one that responds to Democratic as well as Republican concerns. I do not want the lopsided vote in the House to suggest to the committees that they must lean to the rich and the right during their deliberations. Passage of a reconciliation bill is essential. But we must not lose track of the fact that this reconciliation bill is more important than any we have passed before.

This reconciliation bill will lock in the fiscal priorities for this nation for the next five years. It is imperative that committee members understand that they must not only overcome Republican objections if it is to pass, but also concerns shared by many Democratic members, including many of those who will vote for this resolution.

As I said before, I am not convinced that the budget agreement reflects adequate attention to savings that I believe can be made in many areas, particularly in wasteful and unnecessary weapons systems, excessive subsidies to wealthy farmers, and in closing tax loopholes to the oil and gas industry and to the wealthiest of Americans.

I am willing to make the tough choices because they must finally be made. But I am not willing to make the wrong choices for the people of Massachusetts. And I am not afraid that the tax and spending configuration on this budget resolution will produce that result. I am unwilling to start down this slippery slope. For once we begin to descend, reversing ourselves will be difficult if not impossible.

Therefore, I intend to vote against the revised budget agreement: First, in the hope that a better agreement can quickly be reached; second, to remind committee members that some Democratic Senators are watching their work carefully and will oppose a final reconciliation bill that is unfair to working people if the second budget resolution is enacted.

Whether we pass this budget resolution or not, I supported the short-term continuing resolution that delays sequestration for the duration of the continuing resolution. It is absurd that we would continue to strangle the operation of the Federal Government until our people turn blue. We must keep the critical functions of Government operating, while we work to forge a better budget, a budget and ultimately a reconciliation bill, that truly reflects the values, priorities, and sense of fundamental fairness of the American people.

Mr. SASSER. Mr. President, how much time do we have remaining on our side?

The PRESIDING OFFICER. All time allocated to the Senator from Tennessee has expired.

Mr. DOMENICI. How much time remains on our side?

The PRESIDING OFFICER. The Senator from New Mexico has 3 minutes and 22 seconds.

Mr. DOMENICI. Mr. President, I have one speaker remaining, the Republican leader. I ask unanimous consent that he have 10 minutes.

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

The Chair recognizes the Senate Republican leader.

Mr. DOLE. Mr. President, first of all, I want to thank President Bush for starting this process several months ago. It has been a bipartisan process. We have had our ups and downs. We have had our problems, and we had the summit and we have been out at Andrews Air Force Base. A lot of us were frustrated, and some of us are still frustrated. Some of us want to reduce the deficit but do not touch Social Security, do not raise taxes, do not touch Medicare, do not touch agriculture, but $500 billion is not enough, the same speaker will say.

I have heard all those speeches and they are great. But they do not reduce the deficit. And those who say no new taxes that is fine; that is your position, stick with it. Some of us who would not take pledges on taxes remember certain things that happened.

I certainly urge my colleagues on this side of the aisle to support this budget resolution. The American people want leadership not speeches. They may disagree with us. They may vote against us. But they have children and they have grandchildren. And if we do not act now, when? If we are not capable, who is going to act?

I have said for the past several years the biggest problem we have in America is the deficit. Boy, we hear great speeches on the Senate floor. I do not question anyone's motives but sooner or later we have to make tough choices. This is only a budget resolution. It is important, do not misunderstand me.

I thank the chairman, Senator SASSER, and Senator DOMENICI. They did a lot of hard work. I thank the other members of our team, Senator GRAMM, Senator HATFIELD, and Senator PACKWOOD on this side, and all others who were summiteers. I do not apologize for anything, except we spent a lot of time in the last 30 days. We have been night and day on the budget, 2 o'clock in the morning, 3 o'clock, 4 o'clock in the morning, midnight, all weekends.

We made an agreement and I hope we can stick by that agreement that we would each furnish at least half the votes, Republicans half of their votes, Democrats half of their votes.

I cannot help what happened in the House. I may not agree with it. I think they let the President down. I think they let the country down when they rejected the budget summit agreement because, as the distinguished Senator from New Mexico says, you can take a look, you can try everything else, and sooner or later you are going to come back to just about where we were. It is not easy to save $500 billion in a balanced package.

But this is the U.S. Senate. And we have a bit more flexibility. We have 6-year terms for a specific purpose so we can make harder choices. So I do not quarrel with the House of Representatives. I was there for 8 years and I understand the frustration, particularly if you are a Republican in the minority and have never had to govern, never been in the majority.

It is frustrating. But I believe we are on the right track. I want a majority on this side so that I can go to Senator MITCHELL and others on the other side and say, listen, we are players in this game, and if we do not follow the guidelines in the reconciliation process we will not deliver any votes if we can help it on this side of the aisle. That is what we all agreed to do.

Some of my friends say, oh, well, what about the gas tax? There is nothing about a gas tax in here. What about this—some who I heard argue before—there is no specificity in the budget resolution. If you put it in there, they argue take it out. I want my committee to make the judgments.

I remember when I was chairman of the Finance Committee I argued with the Budget Committee every year, "Do not tell me what to do with the budget deficit; we will tell you what to do." I learned that from ROBERT C. BYRD.

Mr. DOMENICI. The Republican leader did, too.

Mr. DOLE. He is a great teachers.

So in any event, we know pretty much what the agreement is going to be. It is going to be tough. It is going to be hard to vote for, and it is not going to pass the Senate unless Republicans and Democrats support it. So nobody is going to engage in fun and games and try to fool anybody. If so it is not going to pass. If it should pass on a party line vote, it will be vetoed. I understand when the President signs a CR he may issue certain guidelines on what he expects in the reconciliation.

They have a $13 billion cut for agriculture in this, if you look at the budget summit agreement. It is in here but I have an inkling, it is probably going to be somewhere. And I am from a farm State. It is an entitlement program. Thirteen billion dollars is a lot of money for agriculture, but so is paying additional interest for farmers, and so is inflation for farmers. You add up what 1 percent interest rate means to farmers, more than 3 percent in target price or 1 percent inflation. My farmers want to be part of the solution not part of the problem.

Gas tax—oh, that is a bad idea, but that is only why we are over in the Persian Gulf, or in the gulf; the gulf crisis is all about oil. So we do not want any good policy. Do not have a gas tax because people do not like a gas tax. They are for cigarette tax, business taxes, liquor taxes, beer taxes, and wine taxes, unless they smoke or drink.

But a lot of people drive. And you take a poll and say, do you want to contribute to the gulf crisis and help our boys over there? Oh, yes, 89 percent. Do you want to pay 1 penny more in gas tax? No, 73 percent.

I do not know what the answer is unless we have leadership. I have a feeling the American people are about 6 months or a year ahead of us and have been and continue to be and they are fed up with this whole process, because they do not understand it.

We were out at Andrews Air Force Base so long we could have been called up or retired. I went over to the Officer's Club one night and there were some civilians over there, retired officers. They said, "What are you guys still doing here? You have been here all week." That was only the 5th day. They were still eating over there on the 10th day. They like it there. The rates are good. And we were still there the 10th day. They did not understand it. They are only normal human beings.

And we were running this up and down the tree, the capital gains and the bubble. They had not heard of the bubble in the Officer's Club. The buddly they heard of, but not the bubble. [Laughter.]

So we have an opportunity tonight to take a step forward to keep the process moving.

We had a rather raucous caucus this morning on our side. I apologize to anybody I may have offended, probably everybody who was there. But we want to move the process forward. The President of the United States wants to move the process forward. One of my responsibilities is to represent the President of the United States. And I am proud to do that. We want a majority vote on this side. In fact, we want more than a majority vote on this side to demonstrate our commitment to deficit reduction.

I think a lot of people forgot what this is all about. It is about deficit reduction. It is not about the gas tax or the cigarette tax or Medicare. In the long run, it is about deficit reduction, and our children and our grandchildren.

So the easy vote is no. Just vote no. It is too much this or it did not do enough of this or I will not vote for this. And that is fine, as long as we have a majority.

And keep in mind the tough vote is coming—reconciliation. That is the law. The President does not sign the budget resolution. He stayed out of this process. He does not sign the budget resolution. But he is going to sign the reconciliation or he is going to veto the reconciliation. He is going to sign it if it is fair and if it meets his requirements and our requirements in the Congress and sort of lives up to the budget agreement. If not, he is going to a veto it.

Finally, I thank the majority leader and all of our colleagues on each side of the aisle. This has been a long, tough, tough process. Whatever happens, whatever the vote is, we thank you for your patience and yout tolerance, because this has not been an easy job.

And the distinguished Senators from New Mexico and Texas and the two Senators from Oregon who have been on the firing line day after day in the process, I particularly thank them; and also the members of our staff who have gone through this for the past several months.

I think we have done a pretty good job, not perfect. We could all do a better job. I think at one time we had at least, 46 plans on this side and we only have 45 members; DOMENICI had 2. [Laughter]. And that is the way it goes. But this is what we have. This is it.

I urge my colleagues to vote "aye" for the United States, vote "aye" for the senior citizens, the farmers, the business people, the workingmen, the workingwomen, the children, the grandchildren who want to have a future, too.

The PRESIDING OFFICER. All time has expired.

Mr. MITCHELL. Mr. President, I ask unanimous consent that I be permitted to address the Senate for 5 minutes.

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

Mr. MITCHELL. Mr. President, Members of the Senate, midnight is not ordinarily harvest time, but it is tonight. Tonight, we reap the bitter harvest of a decade of national indulgence. For 10 years, the American people have been told they can have it all—more for defense, more for Medicare, less in taxes. Way down deep, in our national heart of hearts, we all knew it was not true. But it was easy to believe, easy to ignore the truth, easy for a nation to indulge itself. And our Nation did.

That is why in the past few months we, the elected representatives of the American people, have been caught in a crossfire. From one side, we have been hit with the insistent demand that we reduce the deficit. The American people know and we know that we cannot go on each year spending hundreds of billions of dollars more than we take in. But from the other side has come with equal insistence fierce resistance to higher taxes or lower spending.

Oh, of course, everyone is for less spending in the abstract. Few are for it in the specific. That is why there have been many speeches in this Senate calling for deep cuts in something called entitlements. I have listened and I have yet to hear one speech calling for deep cuts in Medicare or Social Security. But we all know that Medicare and Social Security are entitlements and the largest. We all know the problem. We all know the solution. And it has to begin here tonight.

This is not a perfect resolution. Every Senator who wants to vote against it, who wants to find a reason to justify a no vote, can say it does not do this exactly the way I would like to see it done. We have 100 Senators and we have 100 perfect plans for reducing the deficit, if only the other 99 knew as much as each one did.

Well, this does not do everything every Senator would like, but it is a beginning. Its is a real beginning. It is a serious beginning.

The single most important contribution that we can make to America's economic future is to bring the deficit down so interest rates can come down. High interest rates are the greatest barrier to the expansion of our economy. The need to provide jobs for our people, jobs in a free market economy, the best social program ever devised, the best solution to our economic problems, the best way to have productive families, living in decent homes with their children going to good schools; in short, to give American families a chance to achieve the American dream. That is what we can help contribute to if we vote for this budget resolution.

Those who vote no, I respect their sincerity. I disagree with them and theirs is not the answer. But we simply must pass this resolution and we have committed ourselves on both sides of the leadership to have a majority of votes, a majority of Democrats and a majority of Republicans.

I want to say to my Democratic colleagues, we simply must meet our commitment. The American people do not think we are serious about the deficit. They do not think we are serious about managing the economy in a responsible way. We have got to begin here and now with this vote to prove that we are.

I urge my colleagues: vote yes for this resolution so we can begin the process of writing into law a fair and responsible and meaningful plan to reduce the deficit.

The budget resolution is not a law. It does not go to the President for signature. It is an internal mechanism by the Congress which enables us to proceed to write the law we can all then vote on in a couple of weeks. So there is not any excuse here to say "I did not vote for this because it cut this program" or "It raised that tax." It does not do that. That is going to be up to the committees to recommend and to bring back to us in the reconciliation bill. If you do not like it then, then you can try to change it or vote no then. But that is not an excuse for voting against this resolution.

I urge my colleagues: vote yes. Let us be serious and let us begin to harvest what we have sowed over this past decade. Let us try to begin now. and make sure that one decade of national self indulgence is enough. This Nation cannot stand two decades of national self indulgence. A yes vote ends one and begins a new decade.

I thank my colleagues.

The PRESIDING OFFICER. (Mr. PRYOR). All time has expired.

The Senator from Tennessee.

Mr. SASSER. I was just going to inquire of the Chair if all time had been yielded back?

The PRESIDING OFFICER. All time has expired.

The Chair will advise the managers that the yeas and nays have not been ordered.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

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

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from California [Mr. WILSON] is necessarily absent.

The PRESIDING OFFICER. Before the vote is announced, the Senate rules prohibit expressions of approval or disapproval from those in the gallery.

The result was announced, yeas 66, nays 33, as follows:

[Rollcall Vote No. 261 Leg.]

YEAS—66

Adams	Dodd	McClure
Akaka	Dole	Metzenbaum
Bentsen	Domenici	Mikulski
Biden	Durenberger	Mitchell
Bingaman	Ford	Moynihan
Bond	Fowler	Murkowski
Boren	Garn	Nunn
Boschwitz	Glenn	Packwood
Bradley	Gore	Pryor
Breaux	Graham	Reid
Bryan	Hatch	Riegle
Bumpers	Heinz	Robb
Burdick	Inouye	Rockefeller
Byrd	Jeffords	Rudman
Chafee	Kassebaum	Sarbanes
Cochran	Kennedy	Sasser
Cohen	Kerrey	Simpson
Conrad	Kohl	Specter
Cranston	Lautenberg	Stevens
Danforth	Leahy	Thurmond
Daschle	Lieberman	Warner
Dixon	Lugar	Wirth

NAYS—33

Armstrong	Hatfield	McCain
Baucus	Heflin	McConnell
Burns	Helms	Nickles
Coats	Hollings	Pell
D'Amato	Humphrey	Pressler
DeConcini	Johnston	Roth
Exon	Kasten	Sanford
Gorton	Kerry	Shelby
Gramm	Levin	Simon
Grassley	Lott	Symms
Harkin	Mack	Wallop

NOT VOTING—1

Wilson

So, the conference report was agreed to.

Mr. MITCHELL. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. MITCHELL. Mr. President, I thank my colleagues for their patience and effort on this matter. Many persons contributed much effort to this result. I thank all of them.

I especially want to thank my friend and colleague, the distinguished Republican leader, without whose efforts this result would not have been possible. I am very grateful for his continued cooperation and support, as we both recognize the difficult task lies ahead with respect to the reconciliation bill. I think this is a good beginning toward that objective.