

**BALANCED BUDGET ACT OF 1997**

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**H.R. 2015**

**PUBLIC LAW 105-33  
105TH CONGRESS**

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**REPORTS, BILLS,  
DEBATES, AND ACT**

**SOCIAL SECURITY ADMINISTRATION**

# **BALANCED BUDGET ACT OF 1997**

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**Volumes 1-2**

**H.R. 2015**

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DEBATES, AND ACT**

**Social Security Administration**

**Office of the Deputy Commissioner for  
Legislation and Congressional Affairs**

## **PREFACE**

This 2-volume compilation contains historical documents pertaining to P.L. 105-33, the "Balanced Budget Act of 1997." These books contain congressional debates and a chronological compilation of documents pertinent to the legislative history of the public law.

Pertinent documents include:

- o Differing versions of key bills
- o Committee Reports
- o Excerpts from the Congressional Record
- o The Public Law
- o Legislative Bulletins

The books are prepared by the Office of the Deputy Commissioner for 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.

# TABLE OF CONTENTS

## BALANCED BUDGET ACT OF 1997

### Volume 1

#### I. House Action on H.R. 2015

##### A. Reported to House

Committee on the Budget reported bill (without amendments) committed to the Whole House--June 24, 1997 (excerpts)

House Report No. 105-149 (to accompany H.R. 2015)--June 23, 1997 (excerpts)

##### B. H.Res. 174, Providing for Consideration of H.R. 2015

Committee on Rules Report on H.Res. 174--House Report No. 105-152--June 25, 1997

House Debate and Passage of H.Res. 174--Congressional Record--June 25, 1997 (excerpts)

##### C. House Debate on H.R. 2015--Congressional Record--June 25, 1997 (excerpts)

##### D. House-Passed Bill

H.R. 2015 as received in the Senate--June 25, 1997 (excerpts)

#### II. Senate Action on S. 947/H.R. 2015

##### A. S. 947 in the Senate of the United States (As Reported by the Senate Committee on the Budget With No Written Report)--June 20, 1997 (excerpts)

B. Senate Amendments to S. 947  
(Excerpts of SSI and Social Security-Related Provisions)

C. Senate debated and passed S. 947, with amendments

Senate debated and passed H.R. 2015, after striking all after the enacting clause and inserting the text of S. 947 (subsequently, S. 947 was indefinitely postponed)

Congressional Record--June 23, 24, and 25, 1997 (excerpts)

D. Senate-Passed Bill--June 25, 1997 (excerpts)

## Volume 2

### III. Conference Action

A. Senate insisted on its amendments, requested conference, and appointed conferees--Congressional Record--June 27, 1997

B. House disagreed to the Senate amendments, agreed to conference, and appointed conferees--Congressional Record--July 10, 1997

C. H.Res. 201, Waiving Same Day Consideration of Rule--Congressional Record--July 30, 1999

D. Conference Report Filed--July 29, 1997

House Report No. 105-217 (excerpts)

E. H.Res. 202 Approved, Rule Granted Allowing No Amendments to Conference Report--Congressional Record--July 30, 1997

F. House Agreed to Conference Report--Congressional Record--July 30, 1997 (excerpts)

- G. Senate Began Consideration of Conference Report--Congressional Record--July 30, 1997 (excerpts)  
  
Senate Agreed to Conference Report--Congressional Record--July 31, 1997 (excerpts)
- H. House Agreed to H.J.Res. 90, Waiving Enrollment Requirements With Respect to H.R. 2015--Congressional Record--July 31, 1997

#### **IV. Public Law**

- A. Public Law 105-33--105th Congress--August 5, 1997 (excerpts)
- B. President Clinton's Signing Statement--August 5, 1997
- C. President Clinton's Remarks and Special Message on Line Item Veto--August 11, 1997

#### **APPENDIX**

- A. H.R. 2037, Budget Enforcement Act of 1997  
(H.R. 2037 Was Incorporated into H.R. 2015)
- B. Comparison of Budget Reconciliation Human Resources Items--  
Conference Status--July 21, 1997 (excerpts)
- C. Legislative Bulletin 105-4--June 12, 1997
- D. Legislative Bulletin 105-6--August 1, 1997
- E. Report on the Enrolled Bill, H.R. 2015  
  
Letter to Franklin Raines, Director, Office of Management and Budget,  
from John J. Callahan, Acting Commissioner of Social Security--July 31, 1997



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UNANIMOUS-CONSENT  
AGREEMENT—H.R. 2015

Mr. LOTT. I now ask unanimous consent the Senate resume consideration of H.R. 2015, the Balanced Budget Act, and the Senate insist on its amendment and request a conference with the House on disagreeing votes, and the Chair be authorized to appoint conferees on the part of the Senate.

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

The Chair appointed, from the Committee on the Budget, Mr. DOMENICI, Mr. GRASSLEY, Mr. NICKLES, Mr. GRAMM, Mr. LAUTENBERG, Mr. CONRAD, and Mrs. BOXER; from the Committee on Agriculture, Nutrition, and Forestry, Mr. LUGAR, Mr. HELMS, and Mr. HARKIN; from the Committee on Banking, Housing, and Urban Affairs, Mr. D'AMATO, Mr. SHELBY, and Mr. SARBANES; from the Committee on Commerce, Science, and Transportation, Mr. MCCAIN, Mr. STEVENS, and Mr. HOLLINGS; from the Committee on Energy and Natural Resources, Mr. MURKOSWIKI, Mr. CRAIG, and Mr. BUMPERS; from the Committee on Finance, Mr. ROTH, Mr. LOTT, and Mr. MOYNIHAN; from the Committee on Governmental Affairs, Mr. THOMPSON, Ms.

June 27, 1997

CONGRESSIONAL RECORD — SENATE

S6787

COLLINS, and Mr. GLENN; from the Committee on Labor and Human Resources, Mr. JEFFORDS, Mr. COATS, and Mr. KENNEDY; and from the Committee on Veterans' Affairs, Mr. SPECTER, Mr. THURMOND, and Mr. ROCKEFELLER, conferees on the part of the Senate.

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The Chair recognizes the gentleman from South Carolina [Mr. SPRATT].

Mr. SPRATT. Mr. Speaker, I yield myself such time as I may consume.

Briefly, as a matter of introduction to what this motion to instruct pertains, it is a double-barrel motion. On the one hand we say the Senate provisions that would raise the age of eligibility for Medicare from 65 to 67 were not part of our bipartisan budget agreement, were not essential to achieving the objectives we set for ourselves. Indeed we were able to do the \$115 billion in Medicare cost reduction over a 5-year period of time with substantial consensus.

This particular portion of the bill was reported by the Committee on Ways and Means with a near unanimity, with as close to consensus as we can get in this House. It was unnecessary to do it and, furthermore, it raises more questions than it answers: What will this coverage cost for people from 65 to 67; will it be available; how much lead time should we give people to get ready for this unexpected adjustment?

So we would instruct the conferees to reject those Senate provisions.

Second, the House and the Senate both added other provisions outside the budget agreement unnecessary to it that would deny the basic protections of one of the fundamental laws of the land, the Federal Fair Labor Standards Act, to individuals coming off TANF, coming out of welfare into workfare, or participating in the welfare to work program. We think that is unwarranted and unnecessary, and we would say to the conferees excise, take out, those provisions as well and reject them as part of this bipartisan agreement so it can truly be called a bipartisan agreement.

Mr. Speaker, I reserve the balance of my time.

Mr. KASICH. Mr. Speaker, I yield myself such time as I may consume.

First of all, these motions to instruct are kind of gimmicky, to be truthful. They are just designed for somebody to come to the House floor, lay out difficult positions that are hard to win in a debate and, basically, they do not have the force of law.

Now, let me just speak to the three of them. First of all, the first one is we should not raise the age of eligibility for Medicare recipients from 65 to 67.

□ 1115

In the House bill we did not do that. We said it ought to be 65. But let me make it clear to everybody who is in this Chamber, that if they think that when their children must be put into the workplace to work day and night to pay for our benefits, and they think that there is not a fundamental restructuring of the system in need, then are we doing injustice to the young people of this country.

The fact is, in Medicare and Social Security and in Medicaid, we are going to find ourselves in a position where the number of young people will be few

in number and the number of people getting benefits, which will be us, are going to be great in number.

Mr. Speaker, our young children in this country deserve a chance, the same kind of chance our parents gave to us, and we know that there must be fundamental structural changes in the major entitlement programs because these programs are not sustainable. We put our children in a position that is untenable and unconscionable if we are not willing to meet the challenge of the baby boomer retirement and what it does to our children.

Now, I am not so sure that this House is capable, along with the Senate, of designing the real solutions that are going to be necessary, the structural changes that are going to be necessary in the area of Social Security, in the area of Medicare and in the area of Medicaid.

I will say this: I think this House has taken a large step forward in terms of designing changes in Medicare that are structural in nature, that are positive, that move us in the right direction. But I would hope that this House will reject in the future the rhetoric of 1995, where some of my colleagues on the other side of the aisle said that we were trying to damage the senior citizens in this country by our Medicare reforms, and they are the Medicare reforms that they are today accepting.

So for those people who want to stand and demagogue and scare the elderly, scare the children, we are going to stand against you, just like we did in 1995 and just like we did in 1996, and finally had you support our program on a bipartisan basis.

Now in the area of worker protection, the gentleman from Florida [Mr. SHAW] had a comment on that. In the area of worker protection, let me just make one other statement here to my colleagues on the other side. And I have some friends on the other side who understand my heart, and there are friends I have on the other side who risked a lot for things they believed in.

The bottom line on this is, the House is not prepared to move to changing the retirement date on Medicare this week, but we sure as heck better open our mind and open our heart to what we are going to need to do long-term for the future of the next generation. And we will not be stopped by demagoguery because the young people in this country will not permit the politicians in this House, who are going to be the beneficiaries of all the benefits, the young people are not going to stand for it; and there are going to be many of us who get the benefits who are not going to permit you to demagogue this on your own and be able to win the day.

In the area of worker protections, the third recommendation that my friend from South Carolina [Mr. SPRATT] recommends, which is that we do not prohibit or we do not discriminate in the area of sex or health or safety for our people who go to work, who are on welfare, the House intends to stand behind

#### APPOINTMENT OF CONFEREES ON H.R. 2015, BALANCED BUDGET ACT OF 1997

Mr. KASICH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore (Mr. GILLMOR). Is there objection to the request of the gentleman from Ohio?

There was no objection.

#### MOTION TO INSTRUCT OFFERED BY MR. SPRATT

Mr. SPRATT. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. SPRATT moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 2015 be instructed as follows:

(1) On the matters pertaining to increasing the age of eligibility for medicare, reject the provisions contained in section 5611 of the Senate amendment.

(2) On the matters pertaining to the minimum wage, worker protections, and civil rights—

(A) insist on paragraphs (2) and (3), and reject the remainder, of section 417(f) of the Social Security Act, as amended by sections 5006 and 9006 of the bill, as passed the House, and

(B) reject the provisions contained in sections 5004 and 9004 of the bill, as passed the House.

The SPEAKER pro tempore. The gentleman from South Carolina [Mr. SPRATT] is recognized for 30 minutes in support of his motion and the gentleman from Ohio [Mr. KASICH] is recognized for 30 minutes.

that position. We do not support discrimination in any form. We sign up to that.

In the other area regarding these workfare nonemployees, we obviously do not want to deny them their rights under antidiscrimination. But let me just suggest to all of my colleagues that we do not believe that all of the provisions like unemployment compensation ought to apply to workers who are on welfare, who are out there working to pay for the benefits they get from people who go to work every day.

Now we have had a struggle trying to define exactly how all these welfare workers should be treated, and I think we have made substantial progress in this House by guaranteeing that there would not be discrimination, that these workers would be in a safe environment, and the House intends to pursue that position in conference. At the end of the day I believe that we will guarantee the civil and human rights of every American. We are going to stand behind that.

So I am recommending to my side that we will accept the motion to instruct, but what I am troubled about is this idea that we should reject even the discussions about structural changes as they apply to the next generation.

Mr. STARK. Mr. Speaker, would the gentleman yield?

Mr. KASICH. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, I thank the distinguished chairman for yielding, and I want to agree with him, particularly as to the Medicare part. We are supporting the House position, and we have, and it has been a bipartisan exercise and has not been demagogued. I will talk more about it later.

And I agree that the long range program is what has not been addressed by either side, to our shame. We are getting to that. But for now, we have the high ground in the House and I am happy it hear that he is going to, because basically all we are asking is that we stick to the House position.

Mr. KASICH. Reclaiming my time, furthermore I want to compliment my friend from California for his work in the health subcommittee with the gentleman from California [Mr. THOMAS], the chairman, to try to fashion a bipartisan first step in Medicare. Maybe I should explain to the gentleman that he is very well aware of the beating that we took for our Medicare reforms which are now working their way into law.

Mr. STARK. If the gentleman would continue to yield, I think it was 25 short. But other than that, I am aware of it.

Mr. KASICH. But let me just suggest, though, that I am very pleased to hear the gentleman say that he recognizes that there is a next step. Because if we walk away from this problem of the baby boomers retiring, as the gentleman knows, we are not going to survive in America as we have known it.

I would like to say to the gentleman, and to the gentleman from South Carolina [Mr. SPRATT] and my friend from the State of Washington, that the Committee on the Budget intends to pursue a very aggressive examination of this big wave, the tidal wave that is coming. I expect to have Democrats participate in the settings that we create, the witnesses that we call in. Because the only way we are going to be able to deal with all this is to deal together, without having people standing in the well yelling and screaming and trying to scare the elderly in our country.

So we are going to vote for this motion to instruct, but I am very sensitive about the idea that we want to let people know everything is done, taken care of.

Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. THOMAS].

Mr. THOMAS. Mr. Speaker, I thank the gentleman for yielding.

The chairman of the Committee on the Budget is absolutely correct, this is frankly a theater. I am a little disappointed that the minority did not go after some really important stuff to try to protect in terms of a motion to instruct. Actually we do not need all the verbiage that is on the page.

The motion to instruct can be put in basically four words, that is, support the House positions. Now let us look at the irony. We are wasting time on the floor of the House of Representatives in talking about a motion to instruct which says "support the House positions."

I am here to tell my colleagues as chairman of the Subcommittee on Health, I did not work all those long hours to produce a 13 to zero vote, a unanimous support position in the Subcommittee on Health of the Committee on Ways and Means, to run over to the Senate and fold. I did not work hard to maintain the subcommittee's position on a 36 to 3 vote in the full Committee on Ways and Means to simply collapse in the face of the Senate. I do think it would be appropriate, since the Senate apparently feels fairly strongly on this issue, having voted on the floor of the Senate by better than two to one to include this, that we probably ought to listen to their arguments.

The gentleman from Ohio [Mr. KASICH], the chairman of the Committee on the Budget, I think makes the cogent point, we are going to have to engage. Is this the appropriate time? Is this the appropriate arena? Probably not.

But my colleagues should watch because this motion to instruct should be a voice vote. There is no reason whatsoever to have a recorded vote on a position "support the House positions." So if the Democrats call for a recorded vote, it is a feeble opportunity on their part to try to catch someone who believes that we should not engage in these kinds of tactics so that a campaign position, if there is a recorded vote and they do not support this posi-

tion, for them to put out a statement that the person who did not vote for this is in favor of increasing eligibility for Medicare from 65 to 67, shame on them.

Can they not come up with a real issue so that we can have a real discussion on substance, instead of putting together a package which is "support the House positions." The answer is, you bet we are going to support the House position. My challenge to them is to let it go on a voice vote and do not record the vote.

Mr. FAZIO of California. Mr. Speaker, would the gentleman yield?

Mr. THOMAS. I yield to the gentleman from California.

Mr. FAZIO of California. Mr. Speaker, I wonder why the gentleman is concerned about a recorded vote on something everyone has just agreed to.

Mr. THOMAS. Reclaiming my time, all I am saying is if the gentleman did not understand the point, let us see whether or not there is a recorded vote.

Mr. SPRATT. Mr. Speaker, I yield myself such time as I may consume.

Let me simply say there is nothing unreal, nothing gimmicky about the age eligibility for Medicare. It is a vital issue for millions of Americans. And there is nothing gimmicky, either, about whether or not those coming off welfare into the work force will have the protection of the Federal Fair Labor Standards Act which has been the fundamental law of the land for the better part of this century.

Mr. Speaker I yield 2 minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, I just wanted to agree with the gentleman from South Carolina [Mr. SPRATT]. I do not understand how the other side can say that we are wasting time or this is gimmicky. If they really believe that the age eligibility should not be raised from 65 to 67, let us vote on it.

We know that the other body has specifically said in their bill that they want to raise the age. American people, our seniors, are very concerned about that. We need to take a position on this. I have to say that I find it abhorrent that the Congress would even consider raising age eligibility for Medicare. At a time when we are trying to find solutions concerning our uninsured populations, raising the age eligibility to age 67 will only exacerbate the problem.

There are 4.5 million people between age 50 and 64 that are among the uninsured, for various reasons, and these numbers are growing every day. Some of these seniors lack access to employer-sponsored health benefits, while others are unable to afford expensive premiums and cost-sharing requirements.

Now we are telling them that they have to wait even longer before they become eligible for Medicare. We would be breaking our commitment to America's seniors by raising the age eligibility. It is not needed to balance the

budget, nor is it necessary to maintain Medicare short-term solvency.

Some may argue that Social Security is already raising its age eligibility and that raising Medicare's would be consistent. But I would remind my colleagues that in Social Security seniors have the option to retire early and receive some of their benefits, while no similar option exists for Medicare.

Raising the age eligibility has had little discussion, no congressional hearings. I personally see the increase in age eligibility as a back-door approach to letting Medicare wither on the vine. That is a phrase that the Speaker, the gentleman from Georgia [Mr. GINGRICH] has often used; and I strongly oppose that its inclusion be a part of any final budget package. I strongly urge my colleagues to support this motion to instruct.

□ 1130

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. FAZIO].

Mr. FAZIO of California. Mr. Speaker, far from wasting our time on the floor today, we have accomplished seemingly two major improvements in a bill that is seriously flawed in many ways.

I hear the gentleman from Ohio [Mr. KASICH] and the gentleman from California [Mr. THOMAS] saying that they are going to support this motion. I hope that means that when we go to conference on this package of spending cuts, we will not entertain the increase in the age to be eligible for Medicare to the age of 67. It is very clear that in this country we have a major problem with many people in their fifties who have been downsized, let out of their job, where their health benefits were real and decent, and suffer because there is no bridge to retirement. We only make the gap broader for those people if they are not given at least the age of 65 to look forward to.

In addition, Mr. Speaker, it is unconscionable to say that people who are transitioning from welfare to work will not be covered by the same statutes that protect workers. To have a sexual harassment claim not to be viable, not to be of legal standing simply because someone is transitioning from welfare is unbelievable. I am very pleased the Republicans have agreed.

Mr. KASICH. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. THOMAS].

Mr. THOMAS. The gentleman has argued the points. None of the points that the gentleman has argued are in the House package, so I guess the concern of the gentleman is that this conferee and other House conferees, having gone through the legislative process on this side, not putting any of that material in the bill would now somehow think that it makes sense. Is that the concern of the gentleman from California?

Mr. FAZIO of California. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from California.

Mr. FAZIO of California. I am particularly concerned about the version of this bill that will work a hardship on people coming off welfare into work.

Mr. THOMAS. Mr. Speaker, reclaiming my time, is he concerned about the conferees not holding the House position? Is that his concern?

Mr. FAZIO of California. I am concerned that this conference is going to engage in some fundamental changes not only in the Medicare law—

Mr. THOMAS. The question is, and I'll reclaim my time. If the gentleman wants to answer it, I'll give him another chance. If he chooses not to, that is fine. The question is, does the gentleman have confidence in the House conferees upholding the House position? Yes or no.

Mr. FAZIO of California. I am certainly hopeful that if we all vote to make sure that these onerous provisions are not included in the conference, that we will follow the position when we get to conference.

#### POINT OF ORDER

Mr. WAXMAN. Point of order, Mr. Speaker.

The SPEAKER pro tempore (Mr. GILLMOR). The gentleman will state his point.

Mr. WAXMAN. Mr. Speaker, I cannot understand how a gentleman can ask another gentleman a question and not give him a moment to answer it.

The SPEAKER pro tempore. The gentleman has not stated a point of order.

Mr. KASICH. Mr. Speaker, how much time is left on both sides?

The SPEAKER pro tempore. The gentleman from Ohio [Mr. KASICH] has 17½ minutes remaining. The gentleman from South Carolina [Mr. SPRATT] has 25 minutes remaining.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DeLAURO. Mr. Speaker, the fact is that we are not wasting time at all. There is a serious threat to seniors' health care in this country. There is a health care crisis in our country. Too many Americans do not have access to quality health care that they need.

Quite honestly, Democrats have fought to expand coverage for 10 million American children who do not have health care coverage. Yet Republicans backed away from their promise to insure just half of these children.

Now with the specter of moving the age limit from 65 to 67 for seniors with regard to Medicare, we are looking at no coverage of people zero to 67 in this country. We are moving backward in terms of providing health care for people in this country. Instead of trying to find ways to make sure that seniors have security of health care coverage in their retirement, it would appear that the Government is backing away from that promise that they would be there for them at age 65.

Seniors have worked hard all of their lives, they paid their dues, they

planned their retirement with the knowledge that they would be able to depend on Medicare when they turned 65 years of age to help to pay their medical bills.

Let us vote on the motion to instruct. Let us work to help expand health care coverage for seniors.

Mr. SPRATT. Mr. Speaker, I yield 11 minutes to the gentleman from California [Mr. STARK] and ask unanimous consent that he be allowed to yield portions of that time to other Members.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. STARK. Mr. Speaker, I thank the distinguished ranking member for yielding me this time, and I yield myself 2½ minutes.

Mr. Speaker, insofar as the Medicare provisions in this bill are concerned, it is a matter of record that we have had strong bipartisan cooperation and agreement in the House. My remarks today are designed to amplify the problems in the Senate bill and for whatever other effect we may have is to give us a stronger hand in dealing with the Senate in conference, which indeed has been a tradition of motions to instruct for many years.

A vote by this House representing the strong feelings that we have in support of our bill is an aid in negotiating and to show that we have the support of the American people. The Senate has basically taken a silk purse and turned it into a sow's ear. We find this morning a poll of the Washington Post that says 64 percent of the people oppose extending the wait for Medicare to age 67.

The AARP bulletin, which I now get, Mr. Speaker, says that the Medicare measure takes the wrong turn. That is in relationship to the Senate bill. The Senate also allows doctors to bill patients more, or extra. It allows doctors to force patients to give up Medicare if they want certain specialty care from these doctors. It cuts payments to the Nation's safety net hospitals by 20 percent. It increases home health care cost in the Nation's frailest and sickest by \$760 a year.

I hope that the conference committee will stand firm and fix these provisions, and I pledge to work with the gentleman from California [Mr. THOMAS] and the gentleman from Ohio [Mr. KASICH] to see that we do prevail over the Senate, for these provisions will do harm to the Medicare system. There are ways in which we can change Medicare and make it more solvent. I would like to work with them. I believe that raising the age limit without a plan to protect the people from 65 to 67 is the wrong way to go, and I think we can work to fix that in the years ahead.

Mr. THOMAS. Mr. Speaker, will the gentleman yield?

Mr. STARK. I yield to the gentleman from California.

Mr. THOMAS. I thank the gentleman for yielding. First of all, I want to thank him for the cooperative effort in

producing this House product and we will continue to make sure that the House product survives in conference. I will commit to the gentleman that we will do everything we can to deliver the product.

It is just a shame that we wind up with a political charade. If it is a voice vote, I understand the gentleman's and the others' concern. If it is a recorded vote, it is clear that these are political shenanigans.

Mr. STARK. Mr. Speaker, I yield 2½ minutes to the gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, the House has passed a bill, the Senate has passed a different bill. There will be a conference. The Republican leaders today have said to us that when they go into conference, they are going to try to hold the House position, but they are going to have to move toward the Senate to get an agreement. The chairman of the Committee on the Budget said we have got to be aware that structural changes are going to come down the line at some point, and he is not for this change this week.

The point is that we know what the House Republicans were for in Medicare in the last Congress. They wanted structural changes that would have ended the Medicare program as we know it and would have put a lot of elderly people into the lowest priced HMO that would survive profitably by denying them care.

I cannot understand why we are hearing that the gentleman from California [Mr. THOMAS] would object to a recorded vote. If he really thinks it is a bad idea to change the age limit, he ought to be willing to vote with us to reject that idea when they go into conference.

The Senate reconciliation bill contains a number of ill-conceived provisions relating to Medicare. They increase the burdens on beneficiaries with home health copayments. They have further balanced billing beyond what now exists in the law. They have premiums increase dramatically for higher income people in a very complicated and unworkable way. If you combine the income testing of the premium along with the MSA option, which is in the House bill, it raises the specter of fragmenting the risk pool of the program. That sounds technical, but the effect on moderate-income Medicare beneficiaries who are older and sicker is not going to be some theoretical one. It will be real and it will ultimately hurt many of them.

The issue before us and the focus is the Senate voted to change the Medicare age from 65 to 67. We want to say "no" to that provision. It is irresponsible. It is a proposal where there has been no examination of the effects it will have or who it will hurt, and we know already we have a problem with many people waiting for Medicare cov-

erage who have no health insurance coverage. Let us not widen this gap into which many people will fall. We are talking about people who are often downsized, which is the euphemism, out of jobs when they are older, but they are not old enough for Medicare. They are not old enough for Social Security. Under Social Security they at least can come in and get a reduced benefit rather than go without any income. But if we say to them, you have got to wait until you are 67 to get any health care coverage and they happen to be sick, disabled but not disabled enough to get covered as a disabled person, they are not going to find a health insurance coverage insurer that will cover them because of preexisting conditions. We must vote to reject the Senate provisions.

The Senate reconciliation bill contains a number of ill-conceived provisions relating to Medicare. Burdens on beneficiaries are increased with home health copayments, protections against balanced billing are removed in some cases, and premiums are increased dramatically for higher income people in a very complicated and unworkable way.

Combining income-testing the premium, along with the MSA option included in both the House and Senate bills, raises the specter of fragmenting the risk pool of the program. That sounds technical—but the effect on moderate-income Medicare beneficiaries who are older and sicker is not going to be some theoretical one—it will be real, and it will ultimately hurt them.

But I want to focus particularly on the provision in the Senate bill that raises the age of eligibility of Medicare from 65 to 67. This is a change that is totally irresponsible. It is being proposed with no examination of the effects it will have or who it will hurt.

It is flat out bad policy.

We already have a problem in this country with people who find themselves out of the work force at a time when they are getting older, but aren't yet eligible for Medicare. They face a truly terrible situation: frequently they simply cannot find any sort of affordable insurance coverage.

This problem is so serious that we have frequently recognized over the last several years that something needs to be done to extend medical benefits to this population.

Instead, this proposal goes in the opposite direction: It takes people at the very time they are most likely to begin to face health problems, at the very time that getting affordable private coverage is most difficult—and we delay their eligibility for Medicare.

A lot of people out of the work force in their early sixties aren't wealthy or healthy people: they are people in poorer health, or with some disability not quite serious enough to qualify them as disabled, or people that their employers have decided to downsize out and replace with younger workers. This would add to their problems by delaying their eligibility for health coverage.

Unlike Social Security, where people can at least elect a reduced benefit if they need it before the age when full coverage begins—there is no partial coverage for health benefits.

Medicare just won't be there.

This is a change that we should vigorously oppose. House conferees should not accept it.

People who need Medicare, who can't wait 2 more years until they are 67, deserve the support of every Member of this House in opposing this change.

Mr. KASICH. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. THOMAS], chairman of the Subcommittee on Health and the Environment of the Committee on Ways and Means.

Mr. THOMAS. I thank the gentleman for yielding me this time.

Mr. Speaker, I am really pleased that the gentleman from California [Mr. WAXMAN] pretty well laid out the game plan here. He talked about the structural changes that the Republicans made in the balanced budget amendment in terms of Medicare changes. Most of those frankly are in this bill. They were voted on unanimously in subcommittee. The point that the gentleman was making on the structural age change from 65 to 67 was not in our program. It was not in the plan.

If you are going to offer a motion to instruct which is not theater, the gentleman from California then went on to discuss the medical savings account provision and a number of other provisions. If you want a contest, you want to lock in positions that are important, that are of substance, that should have been your motion to instruct. Something of substance would have been worth this debate.

The gentleman says we should have a recorded vote on the motion to instruct. The gentleman well knows the motion to instruct carries exactly the same weight whether it is passed by a voice vote or by a recorded vote. It is obvious in the debate that they want to make points not included in the motion to instruct.

The motion to instruct is theater, and the recorded vote that will be insisted on by my colleagues on the other side of the aisle is theater as well. Welcome to the grand theater of the absurd.

Mr. STARK. Mr. Speaker, I yield 1½ minutes to the gentleman from Ohio [Mr. STRICKLAND].

Mr. STRICKLAND. Mr. Speaker, when the gentleman on the other side of the aisle says what we are doing as we try to speak for our constituents is a charade and that this is theater, I am reminded of Shakespeare who says "thou dost protest too much."

We have got a responsibility in this Chamber to speak up for our constituents and that is what we are going to do. We should be expanding health care opportunities for the most vulnerable among us, the old and the young, and not reducing those opportunities. How many millions of our mothers and fathers, grandparents, aunts and uncles will be without health insurance because of the Senate's action?

□ 1145

For many Americans who work with their hands in grueling jobs, I am talking about steel workers, carpenters, machinists, road builders, it is simply

not physically possible for many of these workers to work beyond 65 years of age. We cannot afford to let them languish without health insurance.

I think of my niece, Beverly, a mother who has four children and who works as a pipefitter. Beverly cannot work beyond 65 years of age, I think. I am worried about Beverly and all the other hard-working Americans who could face the age of 65 and know that they have no guarantee of health insurance. That is what we are talking about. That is why it is important.

My colleague can call it absurd, my colleague can call it theater, but it is important business that we are talking about today.

Mr. KASICH. Mr. Speaker, I yield myself 2½ minutes.

Let me just suggest that I do not have the Senate proposal in front of me, but I believe that the people who would be the most affected by the raise from 65 to 67 are us because it is phased in over a long period of time.

Now I am just going to suggest that if we think that in order to help the children we have to bankrupt mom, that is clearly, that view is clearly held by somebody who does not know much about the current system. At the same time, in order to help mom it does not mean we have to bankrupt her adult son.

Now if we want to hear emotional appeals about the struggle that people have as they become senior citizens, we have to be sensitive to it. I think we got a good bill to do that. But to only take into consideration us, the baby boomers who would be primarily affected by this, and for me to say that I got to eat and that my children should just go to work and work 80 hours a week to pay taxes to support me is unconscionable.

The simple fact of the matter is this country must avoid a generational war, and it is up to us to have the decency, it is up to us to have the restraint, it is up to us to be the leaders that will prevent a generational war in this country by putting the good of the country first and not pitting one age group against another. And if it is going to happen, we are going to go to war.

And I am going to tell my colleagues the young people in this country are going to win that war, and we do not need to have it, we need to avoid it. We have enough divisions in our country. We have enough anger and enough hatred and enough prejudice in our country without us to be creating it.

I believe it is possible in a sensitive way to be able to make the structural changes in this country that will not bankrupt mom while at the same time giving her adult children and grandchildren a chance, and in order to give the adult children and the grandchildren a chance does not mean that we got to dump it all out.

What has happened in our country is simple. The young people, working young people with kids in this country

have been put up against the wall, and mom and dad will be the first ones to say we ought to restore balance between the generations, and that is what Republicans and Democrats ought to strive for.

Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Missouri [Mr. TALENT].

Mr. TALENT. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I knew from the beginning of the session that there would be a series of attempts through the back door, if my colleagues will, to substantially revise, in fact to gut the work provisions in the welfare bill that we passed last year on a bipartisan basis, and that the President signed and that is working in the United States of America and reducing welfare caseloads around the country, getting people off dependency and to work. And there have been a series of attempts to do that in committee, on the Senate floor, and now unfortunately in this motion to instruct.

Now, Mr. Speaker, the motion to instruct contains, I think, a good provision telling us that we should not, at this time anyway, increase the retirement age for Medicare from 65 to 67. I support that, and I am going to support the motion to instruct for that reason. But attached to it is one of those backdoor attacks on the work provisions in the welfare bill.

The whole point of the work provisions that we passed last year was to require work in exchange for welfare benefits and therefore to make work attractive vis-a-vis welfare, so that we would encourage people to get work skills and to get off welfare and into work, and it is working. All around the country caseloads are going down, people are going off of dependency into sufficiency, into self-sufficiency, and it is working because we have decreased the attractiveness of welfare vis-a-vis work.

Now there are many people in this House who will not oppose that openly. They will all stand up and say "We are for welfare reform." But then they introduce measures which would have the effect of gutting that by in effect turning workfare into a vast expansion of the welfare bureaucracy without changing any of the incentives that lead people to dependency. That is the effect of the work provisions that were attached to the Senate bill. Here is what they would do, in a nutshell:

Let us suppose somebody goes on community service. They have to work under the new bill, they cannot get a job, so they go into community service, they are doing some kind of paperwork job in a clerk's office; OK.

If the Senate provision prevails, they will be getting at least a minimum wage plus food stamps, plus Medicaid, plus housing, plus access to 70 other Federal welfare programs; plus, if the Senate has its way, the right to get the earned income tax credit, the right to

file worker's compensation. FICA taxes will be deducted. It will be some kind of a super employee status, and they will be working right next to somebody who is just getting that same minimum wage and is not getting any of those other things, and the reason is they never went on welfare.

So we will take a provision, the purpose of which was to make welfare less attractive than work, and will turn it around and make it more attractive than work, exactly the kind of welfare reform, quote, unquote, that was attempted in the 1980's and did not work and will not work now.

Mr. Speaker, we are helping for the first time poor people and their children. We are getting them off of welfare checks and onto paychecks. It is working. Let us not turn the clock back on that.

I am going to vote for the motion to instruct. I like the provision on Medicare. I think my colleague is right. I think we ought to make a statement to the Senate. Let us work together in conference on these other provisions. The House has reasonable protections for people in community service. We do require the payment of the minimum wage. We have protections against sex discrimination. We have protections to make sure they work in a safe environment. But let us not load up the work requirements to the point that they are unaffordable to the State and that they make actual work unattractive vis-a-vis welfare.

I hope I can work with my colleagues in achieving that in conference. I think the motion to instruct in that respect is a step in the wrong direction. I am going to support it anyway, but let us talk about it in conference. Let us not gut the work provisions in a welfare bill that is working so well.

Mr. STARK. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Speaker, I want to thank the gentleman from California [Mr. STARK] for yielding me this time, and really thank the gentleman from South Carolina [Mr. SPRATT] and Mr. STARK for bringing forward this motion to instruct our conferees to support the House position.

I would like to talk primarily on the Medicare provisions because we worked long and hard in this House to bring out a bipartisan bill on Medicare. The other body, in raising the eligibility from 65 to 67, have brought forward a major change in policy in Medicare without any public hearings on this side, without really thinking out what that policy would mean. We have provisions in our bill that set up a commission to look at the long-term solvency of Medicare, but by increasing the age from 65 to 67 we have not thought out how these individuals are going to receive health benefits.

Are we expecting the employer-provided health benefits to cover? If so, then we have one of the largest new mandates on the private sector with no

idea how it is going to be funded. Do we expect our seniors 65 and 66 to pick up this cost, the extra five 5, 6, \$7,000 a year? Can they afford it recently retired? I doubt it. Do we expect our seniors to go without any insurance coverage, to increase the number of uninsured?

These are questions that must be answered first before we increase the eligibility age for Medicare.

I urge my colleagues to support this motion to make it clear to our conferees to maintain the 65-year-old eligibility for Medicare. Let us make sure that we protect the solvency of Medicare as we have in the House provisions. I urge my colleagues to support the motion.

Mr. STARK. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY of Connecticut. Mr. Speaker, I rise to urge the Members to support the motion to instruct the conferees to prevent us from prematurely raising the age from 65 to 67 to qualify for Medicare.

Mr. Speaker, a few years ago a young President came to Washington, DC. He wanted to make sure everybody had health care. We all know what happened. We could not agree on a plan, and so we got no plan.

Last year we began again to move in that direction. The Kennedy-Kassebaum, anyone with preexisting conditions could get health care.

This year all we talk about is how do we get more kids covered with health care.

Now I look and see, what are we doing? We only have one area, one group of people who have universal health care. When someone becomes 65, take a sigh of relief. They have got Medicare. Why on one hand are we trying to cover more people and then, lo and behold, on the other side saying, "You that have it, we're going to take away, you're going to have to wait 2 years longer."

I think this is folly. The bill before us provides for a study. We should wait for that study and not act prematurely.

Mr. STARK. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Ohio [Mr. KUCINICH].

Mr. KUCINICH. Mr. Speaker, I rise in opposition to the Senate's recent vote to raise Medicare's eligibility age from 65 to 67. Millions of seniors know they are being pushed toward an early retirement. If this provision were accepted today, 4 million seniors would no longer be eligible for Medicare and 200,000 would have no insurance at all. This ill-advised change will create gaps in health care coverage, gaps which could be covered only by expensive private insurance, which would further jeopardize seniors' retirement security or force seniors to forgo needed health care. The number of uninsured seniors would soon rise to almost 2 million.

Ultimately American families will be called upon to sacrifice the health of

their parents or grandparents. That is where the real intragenerational financial challenge will be faced, in family budgets. Such hasty changes in Medicare will reduce public confidence in a program which has provided solid health care and security for tens of millions of Americans. We should protect Medicare, not weaken it with a proposal to increase the Medicare eligible age.

Mr. STARK. Mr. Speaker, I yield myself the balance of my time.

The SPEAKER pro tempore (Mr. GILLMOR). The gentleman from California is recognized for 1 minute.

Mr. STARK. Mr. Speaker, I close by suggesting that I am pleased that my colleagues will be supporting this motion to instruct on a bipartisan basis. Send a strong message to the Senate about our feelings.

But I want to warn my colleagues about the future. Any attempt to make Medicare a two-income-level plan, indeed to make it a welfare plan, could put the seniors in the same fate as second class Americans that we will be debating in the next 10 or 20 minutes, because once we allow any Medicare beneficiaries to become in any way suggested that they are welfare beneficiaries, we will see by the attitude that this House directs toward them what that could be the sad fate of seniors.

□ 1200

So think about it. We must keep Medicare as a broad program in which all seniors participate, and as we change it, and we must do that, we must make sure that it does not become a two-class program, because Members will see the dangers in the future debate on this issue.

Mr. Speaker, I thank the distinguished chair of the Committee on the Budget and the ranking member and the chairman of the subcommittee for their courtesy.

Mr. SPRATT. Mr. Speaker, I ask unanimous consent to allocate 12 minutes, 6 minutes to the gentleman from Missouri [Mr. CLAY] and 6 minutes to the gentleman from Michigan [Mr. LEVIN], and ask that they be able to allocate and yield portions of their time to other Members.

The SPEAKER pro tempore (Mr. GILLMOR). Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. CLAY. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I rise in support of this motion. The Republican gentleman from California said that this motion is unnecessary because it is supporting the House position. That is untrue. The House-passed version of the budget reconciliation bill is destined to make second-class citizens out of those going from welfare to work. It establishes a class of workers who will be denied protections against age, sex, and racial discrimination.

The welfare workers will in fact be doing the same jobs as that performed

by other workers. The House bill denies these workers the enforcement and remedial protections of the Fair Labor Standards Act. What have poor people done to deserve such cynical treatment by the Republican majority?

The pending motion instructs the conferees to reject the outrageous attack on people trying to escape the ravages of poverty and welfare. It also instructs the conferees to recognize that workfare recipients are worthy of the same dignity and equal protection afforded other workers.

The motion instructs conferees to accept the House language concerning sexual harassment and occupational health provisions. It instructs them to reject the sham grievance procedure under which victims of sexual harassment can only seek redress from the very agencies that employ them. Mr. Speaker, this is contrary to what the gentleman from Missouri on the other side said. It is a sham procedure. There is no protection for them.

The House grievance procedure also fails to provide any means by which welfare workers may effectively refuse to work in dangerous and hazardous conditions. Under the House bill, these workers can be forced to work in toxic waste sites.

Mr. Speaker, the pending motion is very simple: Preserve the promise we have made regarding Medicare eligibility, protect workfare participants like we protect other workers, and make sure these protections are backed up by credible due process and effective remedies for redress.

Mr. Speaker, I reserve the balance of my time.

Mr. LEVIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from California asked why we wanted a recorded vote. The reason is because there are several parts of this motion to instruct. One of them relates to Medicare and the age parameters, but another part relates to whether people who move from welfare to work should be treated as first-class citizens and should be covered by FLSA.

When Members vote, whoever does, for this motion to instruct, they are essentially saying, we reject the House position that takes people who are moving from welfare to work out from under the minimum wage and other protections of FLSA. That is what Members are doing when they vote, if they do, for the motion to instruct.

We want everybody on record on this because it is very important. Contrary to what the other gentleman from Missouri said, this is an effort to implement the welfare bill. This is to make sure, as people move from welfare to work, who are workers, that they be treated as workers and not as second-class citizens.

The history of this is the following, quickly: The original Committee on Ways and Means proposal in the House would exempt all of the people who are under TANF from protection of minimum wage and other protections,

health and safety and others, under the Fair Labor Standards Act. We protested.

So then what was finally done was to say even if they would be classified as employees, they would still not be considered as protected under the Fair Labor Standards Act, but let us be sure they have minimum wage and, unlike the original House Republican proposal, we will not allow the State to deduct medical care, child care, or housing assistance. But they still do not have the protections under Federal law if they are not paid the minimum wage. They still do not have protections against sexual harassment.

Let me just ask, as someone moves from welfare to work, as they should, why should they not have protection against sexual harassment? No, this is not a question of making welfare less attractive. This is an issue of treating people who move from welfare to work as workers. It is carrying out the basic premise of welfare reform, and that is the dignity and integrity of work. That is what this is all about.

We won only part of this fight in the committee. We want to win the rest of this fight today on the floor of the House in the motion to instruct. Let there be no mistake about it, that is our purpose, to implement welfare reform. The excuse was States would not be able to implement the participation requirements if we put people under FLSA. But Members put them, the majority, under some form of minimum wage, which would be the main barrier to States, and everybody acknowledges they are going to be able to meet these participation requirements in the next several years.

Then the argument was, well, we are going to create bookwork. My answer to that is, Mr. Speaker, I do not want to create unnecessary bookwork, but I want to make sure that people who move from welfare to work, which I very much favor, are treated, as is the promise of welfare reform, as first-class citizens of the United States of America.

Mr. Speaker, I urge support for the motion to instruct on this record roll-call.

Mr. Speaker, I reserve the balance of my time.

Mr. HOBSON. Mr. Speaker, I yield 5 minutes to the gentleman from Florida [Mr. SHAW].

Mr. SHAW. I thank the gentleman for yielding me this time, Mr. Speaker.

Mr. Speaker, I guess we should start out the argument in this particular phase of where we are today as "been there, done that." As a minority party, we have been there, we have done that. Now I think it is a question of whether or not we are going to record a vote. Of course we are going to record a vote. We have been there, we have done that, too.

What do we do? We try to get this thing couched in a way that could cause some embarrassment to the majority. We have been there, we have

done that. So let us get rid of the question of whether or not they are acting unfairly, because we have been there and we have done that.

I would like to take a close look at the motion that is before us. The first item talks about, oh, we are not going to raise the retirement age as far as receiving Medicare until age 67. The first generation that is going to have to wait until the age of 67 are those born in 1960, so let us not talk about senior citizens, because we are not. They are totally unaffected. Even people in my age category are unaffected by what the Senate is going to do.

Are we going to support the House position? Of course we are. So we get by that one.

Then I want to go down to the third one. The third one reads that the motion insists on the House provisions that prohibits sex discrimination in all work activities and assures health and safety protection for all participants. Are we going to support the House position? Of course we are. We wrote it. We negotiated it.

I might tell my Democrat friends that they had input in it, and we received some of their input, and together we wrote some of these provisions. Are they going to support that? Of course they are. Are we going to support that? Of course we are, because we put it in the bill.

But let us take a look at the second provision in the motion to instruct. That says that the motion rejects language in the House bill that treats certain TANF participants as nonemployees, therefore denying them protection under the Federal antidiscrimination laws: the Fair Labor Standards Act, OSHA, and other workers' protection.

Let us take a close look at that. Let us look at existing law, the welfare bill that was signed into law by the President on August 22, 1996. That has a provision, a nondiscrimination provision, including, and I am reading directly from the legislation right now, "The following provisions of law shall apply to any program or activity which receives funds provided under this part."

Now what applies? We heard somebody talk about discrimination on race. We heard another Speaker say they can discriminate on age. Let us see what is in the law right now that we do not change, that we simply make this a part of.

The Age Discrimination Act of 1975, that applies to the people receiving these benefits. Section 504 of the Rehabilitation Act of 1973, that applies to people receiving benefits and having to work for their benefits under this bill. The Americans with Disabilities Act of 1990, it applies. We do not take that away. Title VI of the Civil Rights Act of 1964, that applies. It is in the bill. Read the law. Read the law for once and quit posturing.

Then what we do is that we go back and we add to those antidiscrimination provisions. We have a provision as to health and safety. We have another

provision as to sex discrimination. I am reading right from it. It says, "In addition to the protections provided under the provisions of law specified in section" so and so, "an individual may not be discriminated against with regard to participation in work activities by reason of gender." That is in here. Read it. That is in the House bill.

I think it is important that we look and see how far we have come. We have taken the provisions and the safety provisions that are presently in the existing welfare bill and we build upon them. We build upon them, to be sure that workers have more rights.

Now, the question is, is there a remedy? Yes, we provide in here that the States have to set up a remedy. Now, with regard to the Civil Rights Act and other Federal laws that I just made reference to, their remedy is just as it always has been and it is for any worker, whether it be through the courts or a complaint to the Federal Government. But we set up a provision that requires the States to set up a remedy with regard to some of these other provisions if people are discriminated against.

Mr. Speaker, these are important things to realize. I would like to point to one other provision that was something that was very, very heavily supported by the Democrats. That is a provision that could be, could be seen as discrimination. We cannot displace an existing worker with somebody who is on welfare. That is something that I think Members want in the bill. Is that discrimination? Yes, I would say that is discrimination. If we cannot fill that position and let somebody go because you are going to fill it with somebody coming off of welfare, that is, but I think my Democrat friends would insist upon that, and it makes sense. We went along with it. So I think what we have to do, and I would say here in closing that I have no problem with the motion to instruct. Is it a political document? Of course it is. Does it have any effect of law? Does it bind the negotiators? No, it does not. Does it do any harm? No, it does not. Am I going to vote for it? Of course I am going to vote for it. There is nothing in here that is inconsistent with my responsibility as a conferee, and I intend to support it.

□ 1215

Mr. CLAY. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. MILLER].

(Mr. MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, it is an interesting refutation we just heard. What we heard is that with respect to people who are struggling to get off of welfare, the Republicans are prepared to take care of old disabled people. We thought they would do that anyway.

But the fact of the matter is for the workers under this legislation that they have sent to conference, those

workers who are struggling to get off of welfare, who have taken the direction of this Congress, they are second-class citizens with respect to the protections that other workers receive. That is a matter of the law in the bill that we have sent to the conference committee.

That is true with respect to sexual harassment. That is true with respect to the minimum wage. That is true with respect to worker protections under OSHA. We have to ask ourselves, why is it the Republicans are so hell bent, so hell bent on punishing working people?

Earlier we saw that they wanted to deny them the minimum wage. Then they wrote a tax bill that showered the benefits onto the wealthy. Now we see, to balance the budget, they have decided that people who go on welfare should not be given the same benefits as other people they are working alongside of in the workplace.

It simply is not fair. It is inequity, and it is simply un-American with respect to the treatment of working people. Working people deserve better and that is why we are going to ask for a vote on the motion to instruct.

Mr. HOBSON. Mr. Speaker, I yield 30 seconds to the gentleman from Florida [Mr. SHAW].

Mr. SHAW. Mr. Speaker, I would like to read directly from the House bill. Health and safety standards, that is OSHA, established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of participants engaged in a work activity.

Mr. LEVIN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I say to my friend from Florida, look, there is a reference to health and safety that was put in after we protested. But there is no Federal protection of that right.

Why should people be treated as second class citizens as they move from welfare to work? Why should they not have the same protections as other people, the full dignity and integrity of work? In the list he read earlier, there is no protection against sexual harassment or against employment discrimination. So they are trying in a sense to finesse the issue on the majority side.

We have been able to move this along but not to the point where people who work are first class citizens whether they are on welfare or not.

Our basic premise is this: People who work, surely those who move from welfare to work, as I believe they should, and I supported the welfare bill, should have the same protections as all other employees. If they are employees under FLSA, they are employees. And you have been trying to cut this in pieces.

What we are saying is, let us keep it whole. That is what people in this country deserve. That is the intent of the law.

This motion to instruct says, follow FLSA as it applies to all employees.

Mr. CLAY. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR. Mr. Speaker, the Republican tax-and-spend bills that we are debating here this afternoon help the biggest and reward the richest and the biggest corporations, and they punish America's working families. My colleagues across the aisle know it, and the American people know it.

This Republican spending bill turns hardworking Americans into, as my colleagues have just said on the floor, second class citizens. This bill contains provisions that permit and even encourage employers to deny basic rights and protections to hardworking Americans doing an honest day's work, provisions that say that it is OK to deny some Americans safe working conditions, provisions that say that it is OK to deny some Americans their right under the Family and Medical Leave Act, denying them the right to choose their jobs, making sure that they do not have to deal with the choice between the job that they need and the family they love, provisions that say that it is OK to deny some Americans protection from sexual harassment.

This bill says that some Americans are less than equal, that they do not deserve the same rights as other Americans, that it is OK to create a subclass of citizens. That is not just a slippery slope, it is a jagged cliff.

If all Americans do not share the same rights, then none of us have them. Think about a mother who is working to support her children. This spending bill permits, it even encourages her boss to ignore the most basic safety rule. It allows him to sexually harass her without fear of punishment. Who would put their sister, their daughter, their mother in such a demeaning, compromising situation without any recourse? The Republicans want to write this into law.

This Republican spending bill does very little to protect children's health. Every day in America 3,300 children lose their health insurance. In the bipartisan budget agreement, Republicans promised to cover half of America's 10 million uninsured children. This bill abandons that promise. It abandons these children. Under this bill, only about 500,000 children will get health care, and even that figure is in dispute.

To make matters worse, this bill shortchanges funding for children's hospitals. This Republican spending bill is an attack against the American principles of fairness and opportunity. This Republican spending bill is an attack on our rights. This Republican spending bill is an attack against American working families, as is the bill that we will discuss in a little while that deals with the tax reconciliation, helping the rich at the expense of working Americans.

I urge my colleagues to vote for the motion to instruct so we do not have to have a subclass of American citizens

and so that we can ensure that our citizens are protected in health care.

Mr. HOBSON. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. LINDER].

Mr. LINDER. Mr. Speaker, I thank the gentleman for yielding me the time. This whole discussion has sort of an Alice in Wonderland quality about it. We are talking as though hard working American citizens are being denied basic rights of employment.

These are welfare recipients. These are people who have been on welfare for 2 years and did not get a job after 2 years, as the welfare reform requires. So they are doing 20 hours a week of public service. They are getting \$8.50 to \$9 an hour in cash and noncash welfare benefits without working for it, and they are providing 20 hours a week of public service because they did not get a job as the law requires.

Now they want to require, in addition, they get minimum wages on top of that. For that, they get all the protections of the Fair Labor Standards Act, so they could possibly maybe get unemployment benefits, too, when they quit the job, and all the other benefits that accrue to people who go out and work for a living, find a job and support their family the way the rest of America does.

It is dishonest, it seems to me, or at least misleading to try and convince America that these are hardworking people just trying to raise their families when in fact they are welfare recipients, getting \$8.50 to \$9 an hour in benefits from the taxpayers already, who now want to be paid for public service because they refuse to go to work.

Mr. SPRATT. Mr. Speaker, I reserve the balance of my time.

Mr. HOBSON. Mr. Speaker, I yield the balance of my time to the gentleman from Florida [Mr. SHAW].

Mr. SHAW. Mr. Speaker, as we come to the closure of the debate on this, I would like to not only compliment the chairman of the Committee on the Budget, the gentleman from Ohio [Mr. KASICH], but also the gentleman from South Carolina who, together with the Republicans and his Democrats, sought out a lot of middle ground in working this process through to bring the House bill to the floor.

The provisions complained of in the motion to instruct are harmless. It accepts the House provision in the first and the last provision within the motion to instruct. The second provision is written in such a way, I think, to mislead people that the House provision was blind to the protections that workers would have.

I would encourage all Members on this side of the aisle to go ahead and support the motion. It does no harm to the House position. I think, as a matter of fact, my interpretation of it is in very strong support of the House position, and that is where the conferees should start out and hopefully end up on a lot of these provisions.

I do want to make it very clear, however, to Members listening to the debate that what we are talking about when we talk about some of these things that might be missing such as unemployment compensation, FICA, some of these other provisions that are the only benefits that these people are not receiving, when they go into the private sector, they will receive full benefits.

There is no discrimination against people when they become employees when coming off of welfare. As a matter of fact, we do everything we can to get them out there in a permanent job in the private sector where they receive all the benefits.

This is not a question of class warfare, class distinction, or taking away the rights of the American workers. They are fully protected as they should be protected. We are talking only about the provision when they are doing public service jobs so that they do not lose their benefits. That is what is important.

Mr. SPRATT. Mr. Speaker, I yield myself the balance of my time.

We bring this motion to instruct conferees because we are in the minority. This is a way we have, one of the few devices we have to register our views on things that are important.

There is no question about it. Medicare age eligibility is fundamentally important. We want to register the House position on that.

Second, it is fundamentally important to us also to say that everybody, every American, because of his status as an American, is entitled to the fundamental protection of the laws of the land, which is what the Federal Labor Standards Act is.

The simple way to accomplish that is to say that you are a worker within the definition of the Federal Fair Labor Standards Act, except to the extent that this protection does not apply. That is what we are seeking here, to give them the broad protection of the law that has been the law of the land for more than 50 years. I was pleased to hear that my colleagues, the other side of the aisle, will be supporting this motion to instruct, and I assure the Chair that when the time comes we will be asking for a record vote because this is a matter of importance, both of these issues, on which we want to register the views of the House as we go into this conference.

Mr. STENHOLM. Mr. Speaker, I rise in support of this motion, but I bring a somewhat different perspective to this debate. I find myself in agreement with much of what has been said by my Republican colleagues about the need to deal with both of these issues. I agree with the substance of both proposals addressed in this motion.

A gradual increase in the eligibility age for Medicare must be part of a serious effort to reform entitlement programs to preserve them for future generations. I think most of us recognize that the budget agreement is a very humble first step in dealing with the long-term needs of the major entitlements. Bringing the

eligibility age of Medicare in line with Social Security is a fair and reasonable reform that would have a tremendous long-term benefit for the Medicare Program. However, I do agree that it is reasonable for this issue to be considered in the context of overall Medicare reform where we can consider the various ramifications of this change on retirees, employers, the health system, and so forth.

With regard to the second provision, I am concerned that a well-intentioned effort to protect welfare recipients will harm the very people that we are trying to protect. Many States have instituted community service and work experience programs as a safety net for welfare recipients who do not have the skills or experience to obtain private sector employment before they lose eligibility for cash assistance. Community service jobs often provide experience for these individuals then to be hired by private employers. If we apply all labor laws to community service programs, many States who sincerely want to help welfare recipients will find it too cumbersome and complex to operate a community service program, leaving welfare recipients with no source of income when they lose eligibility for cash assistance. States that rely on nonprofit organizations to provide community service jobs for welfare recipients will have a hard time continuing these programs because very few nonprofit organizations are willing to accept the legal obligations and liabilities associated with being classified as an employer. I don't believe that any of us want to eliminate this portion of the welfare safety net, but that will be the consequence if we do not take action on this issue.

However, I support this motion because I question the ability to adequately deal with these issues within budget reconciliation. These are very controversial and complex issues that should be reviewed and debated on their own merits. I believe that both of these issues would receive strong support in Congress if they were considered separately.

As someone who is very interested in taking constructive action on both of these matters, I am concerned that the politically charged context of the budget agreement will prevent a serious discussion of these issues. Allowing these matters to be consumed by the rhetoric in the budget debate will make it much more difficult to make any real progress on either issue. For this reason, I would encourage all Members who want to deal with these issues in a constructive manner instead of allowing them to be exploited for political purposes to vote for this motion.

The SPEAKER pro tempore (Mr. GILLMOR). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from South Carolina [Mr. SPRATT].

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SPRATT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 414, nays 14, not voting 6, as follows:

[Roll No. 257]

YEAS—414

Abercrombie	Dellums	Hyde
Ackerman	Deutsch	Inglis
Aderholt	Diaz-Balart	Istook
Allen	Dickey	Jackson (IL)
Andrews	Dicks	Jackson-Lee
Archer	Dingell	(TX)
Bachus	Dixon	Jefferson
Baessler	Doggett	Jenkins
Baker	Dooley	John
Baldacci	Doolittle	Johnson (CT)
Ballenger	Doyle	Johnson (WI)
Barcia	Dreier	Johnson, E. B.
Barrett (NE)	Duncan	Jones
Barrett (WI)	Dunn	Kanjorski
Bartlett	Edwards	Kaptur
Bass	Ehlers	Kasich
Bateman	Emerson	Kelly
Becerra	Engel	Kennedy (MA)
Bentsen	English	Kennedy (RI)
Bereuter	Ensign	Kennelly
Berman	Eshoo	Kildee
Berry	Etheridge	Killpatrick
Billbray	Evans	Kim
Billrakis	Everett	Kind (WI)
Bishop	Ewing	King (NY)
Blagojevich	Farr	Kingston
Bliley	Fattah	Kleczka
Blumenauer	Fawell	Klink
Blunt	Fazio	Klug
Boehlert	Filner	Knollenberg
Boehner	Flake	Kucinich
Bonilla	Foglietta	LaFalce
Bonior	Foley	LaHood
Bono	Forbes	Lampson
Borski	Ford	Lantos
Boswell	Fox	Largent
Boucher	Frank (MA)	Latham
Boyd	Franks (NJ)	LaTourrette
Brady	Frellinghuysen	Lazio
Brown (CA)	Frost	Leach
Brown (FL)	Furse	Levin
Brown (OH)	Galleghy	Lewis (CA)
Bryant	Ganske	Lewis (GA)
Bunning	Gejdenson	Lewis (KY)
Burr	Gekas	Linder
Buyer	Cephardt	Lipinski
Callahan	Gibbons	Livingston
Calvert	Gilchrest	LoBiondo
Camp	Gillmor	Lofgren
Canady	Gilman	Lowey
Cannon	Gonzalez	Lucas
Capps	Goode	Luther
Cardin	Goodlatte	Maloney (CT)
Carson	Goodling	Maloney (NY)
Castle	Gordon	Manton
Chabot	Goss	Manzullo
Chamberliss	Graham	Martinez
Chenoweth	Granger	Mascara
Christensen	Green	Matsul
Clay	Greenwood	McCarthy (MO)
Clayton	Gutierrez	McCarthy (NY)
Clement	Gutknecht	McCollum
Clyburn	Hall (OH)	McCrery
Coble	Hall (TX)	McDade
Coburn	Hammen	McDermott
Collins	Hansen	McGovern
Combest	Harman	McHale
Condit	Hastert	McHugh
Conyers	Hastings (FL)	McInnis
Cook	Hastings (WA)	McIntosh
Cooksey	Hayworth	McIntyre
Costello	Hefley	McKeon
Cox	Hefner	McKinney
Coyne	Herger	McNulty
Cramer	Hill	Meehan
Crane	Hillery	Meek
Crapo	Hillard	Menendez
Cubin	Hinchee	Metcalf
Cummings	Hinojosa	Mica
Cunningham	Hobson	Millender-
Danner	Hoekstra	McDonald
Davis (FL)	Holden	Miller (CA)
Davis (IL)	Hooley	Miller (FL)
Davis (VA)	Horn	Minge
Deal	Hostettler	Mink
DeFazio	Houghton	Moakley
DeGette	Hoyer	Mollinari
DeLaHunt	Hulshof	Mollohan
DeLauro	Hunter	Moran (KS)
DeLay	Hutchinson	Moran (VA)

Morella	Rivers	Stokes
Murtha	Rodriguez	Strickland
Myrick	Roemer	Stump
Nadler	Rogan	Stupak
Neal	Rogers	Sununu
Nethercutt	Ros-Lehtinen	Talent
Neumann	Rothman	Tanner
Ney	Roukema	Tauscher
Northup	Roybal-Allard	Tauzin
Norwood	Royce	Taylor (MS)
Nussle	Rush	Taylor (NC)
Oberstar	Ryun	Thomas
Obey	Sabo	Thompson
Olver	Salmon	Thornberry
Ortiz	Sanchez	Thune
Owens	Sanders	Thurman
Oxley	Sandlin	Tlahrt
Packard	Sawyer	Tierney
Pallone	Saxton	Torres
Pappas	Schaefer, Dan	Towns
Parker	Schaffer, Bob	Traficant
Pascrell	Schumer	Turner
Pastor	Scott	Upton
Paul	Sensenbrenner	Velazquez
Paxon	Serrano	Vento
Payne	Sessions	Visclosky
Pease	Shaw	Walsh
Pelosi	Sherman	Wamp
Peterson (MN)	Shlmkus	Waters
Peterson (PA)	Shuster	Watkins
Petri	Sisisky	Watt (NC)
Pickering	Skeen	Watts (OK)
Pickett	Skelton	Waxman
Pitts	Smith (MI)	Weldon (FL)
Pombo	Smith (NJ)	Weldon (PA)
Pomeroy	Smith (OR)	Weller
Portman	Smith (TX)	Wexler
Poshard	Smith, Adam	Weygand
Price (NC)	Smith, Linda	White
Pryce (OH)	Snowbarger	Whitfield
Quinn	Snyder	Wicker
Radanovich	Solomon	Wise
Rahall	Souder	Wolf
Ramstad	Spence	Woolsey
Rangel	Spratt	Wynn
Redmond	Stabenow	Yates
Regula	Stark	Young (AK)
Reyes	Stearns	Young (FL)
Riley	Stenholm	

## NAYS—14

Barr	Johnson, Sam	Sanford
Barton	Kolbe	Scarborough
Campbell	Porter	Shadegg
Ehrlich	Riggs	Shays
Fowler	Rohrabacher	

## NOT VOTING—6

Armev	Markey	Skaggs
Burton	Schiff	Slaughter

□ 1248

Messrs. ROHRBACHER, PORTER, SHAYS, RIGGS, BARR of Georgia, BARTON of Texas, and Mrs. FOWLER changed their vote from "yea" to "nay".

Ms. DEGETTE and Mr. BLUNT changed their vote from "nay" to "yea."

So the motion to instruct was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees:

For consideration of the House bill, and the Senate amendment, and modifications committed to conference: Messrs. KASICH, HOBSON, ARMEY, DELAY, HASTERT, SPRATT, BONIOR, and FAZIO of California.

As additional conferees from the Committee on Agriculture, for consideration of title I of the House bill, and title I of the Senate amendment, and modifications committed to conference: Messrs. SMITH of Oregon, GOODLATTE, and STENHOLM.

As additional conferees from the Committee on Banking and Financial Services, for consideration of title II of the House bill, and title II of the Senate amendment, and modifications committed to conference: Messrs. LEACH, LAZIO of New York, and GONZALEZ.

As additional conferees from the Committee on Commerce, for consideration of subtitles A-C of title III of the House bill, and title IV of the Senate amendment, and modifications committed to conference: Messrs. BLILEY, DAN SCHAEFER of Colorado, and DINGELL.

As additional conferees from the Committee on Commerce, for consideration of subtitle D of title III of the House bill, and subtitle A of title III of the Senate amendment, and modifications committed to conference: Messrs. BLILEY, TAUZIN, and DINGELL.

As additional conferees from the Committee on Commerce, for consideration of subtitles E and F of title III, titles IV and X of the House bill, and divisions 1 and 2 of title V of the Senate amendment, and modifications committed to conference: Messrs. BLILEY, BILIRAKIS, and DINGELL.

As additional conferees from the Committee on Education and the Workforce, for consideration of subtitle A of title V and subtitle A of title IX of the House bill, and chapter 2 of division 3 of title V of the Senate amendment, and modifications committed to conference: Messrs. GOODLING, TALENT, and CLAY.

As additional conferees from the Committee on Education and the Workforce, for consideration of subtitles B and C of title V of the House bill, and title VII of the Senate amendment, and modifications committed to conference: Messrs. GOODLING, MCKEON, and KILDEE.

As additional conferees from the Committee on Education and the Workforce, for consideration of subtitle D of title V of the House bill, and chapter 7 of division 4 of title V of the Senate amendment, and modifications committed to conference: Messrs. GOODLING, FAWELL, and PAYNE.

As additional conferees from the Committee on Government Reform and Oversight, for consideration of title VI of the House bill, and subtitle A of title VI of the Senate amendment, and modifications committed to conference: Messrs. BURTON of Indiana, MICA, and WAXMAN.

As additional conferees from the Committee on Transportation and Infrastructure, for consideration of title VII of the House bill, and subtitle B of title III and subtitle B of title VI of the Senate amendment, and modifications committed to conference: Messrs. SHUSTER, GILCHREST, OBERSTAR.

As additional conferees from the Committee on Veterans' Affairs, for consideration of title VIII of the House bill, and title VIII of the Senate amendment, and modifications committed to conference: Messrs. STUMP, SMITH of New Jersey, and EVANS.

As additional conferees from the Committee on Ways and Means, for consideration of subtitle A of title V and title IX of the House bill, and divisions 3 and 4 of title V of the Senate amendment, and modifications committed to conference: Messrs. ARCHER, SHAW, CAMP, RANGEL, and LEVIN.

As additional conferees from the Committee on Ways and Means, for consideration of titles IV and X of the House bill, and division 1 of title V of the Senate amendment, and modifications committed to conference: Messrs. ARCHER, THOMAS, and STARK.

There was no objection.



Mr. Speaker, House Resolution 201 waives clause 4(b) of rule XI, requiring a two-thirds vote to consider a rule on the same day as it is reported from the Committee on Rules, providing for consideration of specified measures.

Mr. Speaker, House Resolution 201 applies to rules for the conference report on H.R. 2015, the Balanced Budget Act of 1997, an amendment thereto, a conference report thereon, or an amendment reported in disagreement from a conference thereon reported before August 3, 1997.

□ 1030

In addition, the resolution also applies to rules for the conference report on H.R. 2014, the Taxpayer Relief Act of 1997, an amendment thereto, a conference report thereon, or an amendment reported in disagreement from a conference thereon reported after July 30, 1997, and before August 3, 1997.

As Members are aware, House rules require a two-thirds vote to consider a rule on the same day it is reported from the Committee on Rules. In order to expedite consideration of this historic spending and tax cut package that will balance the budget, the Committee on Rules granted a rule that will waive the two-thirds vote requirement for another rule on the spending cut portion of the budget agreement for Wednesday, Thursday, Friday, and Saturday. The rule would further waive the two-thirds vote requirement for a rule on the tax component for Thursday, Friday, and Saturday.

Mr. Speaker, the House wants to see the spending cuts conference report on the floor today and the tax cut conference report on the floor tomorrow. We have waited since 1969 for legislation that will bring our Federal budget into balance, and this resolution will help assure that we achieve this goal. The authority granted by this resolution will allow us the flexibility to get the important job done before the August district work period and respond to any changes the other body may make to the legislation through the Byrd rule.

Mr. Speaker, this rule allows us to consider a budget that is a victory for American families and smaller government. It is a budget that will provide this Nation with its first balanced budget in 30 years.

For decades, Congress proved that it could not restrain itself from spending more money than the Treasury collected in revenues. Past Congresses actually managed to spend all revenues and then some.

A new majority arrived in Congress in January 1995 that understand that the solution to our budget woes would be found in controlling spending. When the new Congress arrived, the deficit was \$164 billion. In fiscal year 1996, it dropped to \$107 billion. It will be approximately \$67 billion by the end of fiscal year 1997. There was a report recently that the revenue estimates coming in August may make it even less than that.

There was a chronic growth of Government for decades, but we have been reducing the size of Government constantly. We all know that these significant achievements would have been absolutely unthinkable only 3 years ago.

With the help of this rule, we will fulfill our promise to the American people to balance the budget by cutting wasteful Government spending, preserve, protect, and strengthen Medicare, and produce real tax relief for middle-class families.

House Resolution 202 was favorably reported out of the Committee on Rules yesterday. I urge my colleagues to support the resolution so that we may proceed with debate and consideration of a historic budget that has less Government, less taxes, and more freedom for Americans to spend their money how they see fit.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I thank my colleague, the gentleman from Georgia [Mr. LINDER], for yielding me the customary half hour; and I yield myself such time as I may consume.

Mr. Speaker, anyone who thought the bipartisanship on the budget was too good to be true was right. Despite agreements with the White House, despite compromises on the part of my Republican colleagues, despite some very hard work by Democrats and Republicans, the Republican leadership has decided to throw bipartisanship right out the window.

The Republican leadership has decided to ram the budget bills through the House with this martial law rule. The Republican leadership, Mr. Speaker, has decided that the many, many days of hard work that went into these bills are not worth giving Members enough time to read them.

The rule we are considering today gives Members hardly any time to read the budget before they vote on it. These bills contain some \$94 billion of tax cuts and \$115 billion in Medicare cuts, \$13 billion in Medicaid cuts, \$1.8 billion in housing cuts. Some people say they are great bills, and I for one want to be able to vote for them.

But, Mr. Speaker, I need to know what is in the bills. I want to vote for tax cuts, but I want to know which tax cuts are in the bill. I want to vote for some of these spending measures, but, again, I want to know what spending measures are in this bill, and this rule certainly does not give me or anyone else in the House that opportunity. If this rule passes, the Republican leadership can bring up the spending and tax parts of the reconciliation bills immediately.

Mr. Speaker, the ink is not even dry yet. Mr. Speaker, 1,000 pages were dropped at my door at 3:30 this morning to read. It is impossible. Members have not even had that opportunity to see this bill. There is nobody, nobody in this House that has read this bill.

This is one of the most important bills we are going to be asked to vote

#### WAIVING REQUIREMENT OF CLAUSE 4(b) OF RULE XI WITH RESPECT TO CONSIDERATION OF CERTAIN RESOLUTIONS REPORTED FROM COMMITTEE ON RULES

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 201 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

##### H. RES. 201

*Resolved*, That the requirement of clause 4(b) of rule XI for a two-thirds vote to consider a report from the Committee on Rules on the same day it is presented to the House is waived with respect to the following measures:

(1) Any resolution reported before August 3, 1997, providing for consideration or disposition of the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998, an amendment thereto, a conference report thereon, or an amendment reported in disagreement from a conference thereon.

(2) Any resolution reported after July 30, 1997, and before August 3, 1997, providing for consideration or disposition of the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998, an amendment thereto, a conference report thereon, or an amendment reported in disagreement from a conference thereon.

The SPEAKER pro tempore (Mr. GIBBONS). The gentleman from Georgia [Mr. LINDER] is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

on this year, and I think the membership should at least have 10 hours to look at this matter in order that they can arm themselves and find out exactly what is in this bill. I think that something this important, this big, should be read as completely as possible before any vote is cast.

So I ask that my colleagues join me in defeating the previous question so we can guarantee that Members have at least 10 hours to read this bill. Mr. Speaker, this is not a dilatory tactic. I want to get out of here as soon as anybody else, but I want to be sure that my vote on this bill is as a result of being well-informed.

Nobody is well-informed on this bill. The only information we in the Congress have, most of us in the Congress have, is what we read in the papers this morning and yesterday or watched on TV. Mr. Speaker, that is not enough. So I urge my colleagues to oppose this rule. And, as I say, Members should at least have the chance to read this bill before we vote on it.

Mr. Speaker, I reserve the balance of my time.

Mr. LINDER. Mr. Speaker, I am just shocked that this is the first time this has ever happened. I have been here 5 years, and it never happened before when the Democrats were in charge. We will try to make that better for the gentleman from Massachusetts [Mr. MOAKLEY].

Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa [Mr. GANSKE].

Mr. GANSKE. Mr. Speaker, I appreciate the comments made by my colleague from Massachusetts [Mr. MOAKLEY]. There is a pile of paper there. I am in support of this rule, and I think we should move on with the votes today. I will support the tax cutting bill and the balanced budget bill.

As a member of the Committee on Commerce, I have been heavily involved in the Medicare portions; and, so, I feel like I have a pretty firm grasp of what is in that bill. I also have made an extra effort to figure out what is in the tax cutting bill; and on the basis of that knowledge, I feel that I am well-informed and can make a good decision on whether to support these bills.

Let me explain to my colleagues why I am supporting these bills, because I am one of the Republicans who voted against the balanced budget bill earlier this month. The reason that I did that was because I am concerned about how well the economy is going to do. Just like everyone else in this body, I am praying that the economy continues to do well. I was also concerned that we should do a little bit more with reducing spending rather than having more spending in the bill.

However, these two bills that we are talking about have to do with keeping promises. On the tax cutting side of the bill, I made promises before I went to Congress to fulfill a \$500 per child tax credit. And we are doing that.

On the Medicare side, we are making some significant improvements in Med-

icare. For instance, in my home State of Iowa, a health care plan would get paid in some of my rural counties about \$250 per month to provide services for senior citizens; whereas in other parts of the country, we are looking at \$750 per month payment to a health plan. That means senior citizens in those areas can get pharmaceuticals and eyeglasses and hearing aids, even membership in health fitness clubs. Yet, we in Iowa who are paying the same taxes do not get those benefits. This bill will move toward an equalization of that funding formula. That is only fair, and it is very important.

The medical savings accounts. I am very much in favor of medical savings accounts as an option. I believe that senior citizens will take advantage of this. It is not more for the rich and the healthy. There are just as many incentives for those who have illnesses to pick medical savings account.

Fraud. We are tightening up the home health care area with the prospective payment system. In the current Medicare system, we have maybe 20 percent fraud in that program. In the current Medicare system of the bill, in the bill that we are going to be voting on, we are going to tighten up that and reduce that fraud in that component.

In patient protections, I have worked very hard working with the chairman of all of the committees on both sides of the aisle to get some important patient protections in there. I have written a bill, the Patient Right to Know Act, which would ban gag clauses, clauses that HMO's put into their contracts that prevent physicians from telling patients all of their treatment options. And guess what? In this bill, we have a ban on those gag clauses. That bill is cosponsored by 286 Members of this body in a bipartisan manner and is endorsed by over 200 organizations, and it is in the bill. And we have a lay person's definition of an emergency, so that if you have crushing chest pain and you go to the emergency room because you are worried about having a heart attack, you cannot have your coverage denied if they find out that you have an intestinal infection instead.

So there are many important things in this. So we have a funding formula fairness correction. We have medical savings accounts. We are addressing fraud. We have got good consumer and patient protection in the Medicare portion of this bill.

On the tax side, it is promises made, promises kept. We promised middle-class taxpayers a \$500 per child tax credit, and we are delivering on that. There are many things in this bill that will be important for small businesses, for farmers.

I represent a lot of farmers. We are going to have 3-year income averaging for farmers. That is important because some years the crops do not come in, you have bad weather, or whatever, so you have highs and lows. And a 3-year

income averaging will even that out for them.

We have capital gains tax reduction. People say, well, capital gains reduction is for the rich. I tell my colleagues, according to a 1993 IRS study, something like 70 percent of all capital gains that are filed with the IRS are filed by people who earn less than \$75,000. That is not the rich. Capital gains reductions will help those who are selling homes, et cetera.

We have in this bill a movement towards 100 percent deductibility for your health insurance. A bill we passed last year over a period of time would increase out to 80 percent. But in this bill, we are increasing that over a period of time to 100 percent deductibility for the self-employed. That puts them on an even par with people who are receiving their health insurance through a major employer, like General Motors. That is only fair, also.

Finally, we have in this a commission to look at the long term implications of what we need to do for Medicare reform. We, in this bill, are making Medicare solvent for about the next 10 years. But we have got my generation, the baby boomers, coming down the road; and in about 15 years, the baby boomers start to retire and we are going to need to look at pensions and health care entitlements.

So we are setting up a commission that is supposed to report back to Congress and the administration in about 18 months, and then Congress will look at those recommendations and will need to act on that. So I do not think that we are abrogating our responsibility in that area, also.

So, Mr. Speaker, I would just close by saying I support this rule. For all of my colleagues who voted against the balanced budget, I think that they should support the tax bill that we are going to be voting on in the next few days and the balanced budget bill.

There are lots and lots of good things in both of these bills. They have been worked on in a bipartisan fashion with the administration and with Members of the opposite aisle. They are good first steps toward financial solvency, balancing the budget, saving Medicare, and providing tax relief for working families.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. MORAN].

Mr. MORAN of Virginia. Mr. Speaker, I rise to oppose this rule, but I want to make it clear that I support this bill. I think we will find that many Members, at least on the Democratic side of the aisle, will vote against the rule even though they do support the bill itself.

Now why would we vote against the rule if we support the bill itself?

□ 1045

We have a responsibility to learn as much as we can about what we are voting on. There are a thousand pages in this bill. None of us will have read it.

What we have to do is to take on faith what is contained in the bill. None of us would read all of the bill, even if we went by regular order and had an entire day. But what we would do is to look at those components of the bill that we have worked on personally, that we understand fully, and that we can advise our colleagues on. We do not have that ability when a thousand-page bill is presented at 3:30 in the morning and then the next morning we have to vote on it. That is what is going to happen today. I think our constituents expect more from us. They expect us to be better informed.

Why are we going to support the bill? What are we taking on faith? Well, this bill would accomplish 10-year deficit savings of \$900 billion. Think of how important this bill is. Nine hundred billion dollars in reduced spending over the next 10 years. It would accomplish the first balanced budget since 1969.

It has \$24 billion in block grants for children's health covering 5 million currently uninsured children. This is the largest expansion of children's health we have done in more than 30 years since Medicaid was enacted in 1965.

It increases taxes on cigarettes in the spending part of this bill, a very controversial issue, although one which I happen to support.

It restores SSI and Medicaid benefits to legal immigrants. It spends \$3 billion in grants for welfare to work. It increases spending on food stamps by \$1.5 billion for people who otherwise would have fallen through the cracks.

It cuts Medicare by \$115 billion in 5 years, reducing payments to hospitals and doctors so that we can keep the Medicare trust fund solvent, but we need to know the particulars of that.

It cuts \$4.8 billion from Federal employees' retirement plans, a very controversial issue, particularly in an area such as I represent where we have many Federal employees that are going to be paying half a percent more for their retirement plan. I would like to see the full legislative language on that.

It cuts \$1.8 billion in student loans and \$1.8 billion in housing over 5 years.

These are very controversial, very important issues. As we understand them, the decisions that were made were understandable compromises in virtually every case. But again we are having to take this on faith. I do think that the country would have been better served had this rule given the Members of this body a customary full day, as we normally have. There is a reason for that rule, so that if one is interested in an issue, they can take 24 hours and make sure that they know what they are voting on. We could be staying in Friday, we could have a full day, and we would have the opportunity to be knowledgeably voting on as important a bill as this body has considered for a very long time. We would be able to be much more responsible with respect to our vote which is what our constituents expect of us.

We have gotten into a pattern of waiving these rules. We ought to understand there is a reason for these rules, there is a reason why they should be followed, and I think we need to oppose this rule, although from everything we can learn that we have been told by others that were in the negotiations, a handful of people that were actually part of the negotiations, this is a bill we can and we should support and I would urge support for the balanced budget agreement itself.

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume. I am entertained by the crocodile tears that I hear about the length of time not to read the bill when everybody knows they would not have read it anyway. I believe it was in 1984 when Speaker Wright brought a \$1.3 trillion budget to the floor with 1 hour notice and even the Committee on Rules did not see it.

Let me tell my colleagues what is in this bill. A significant part of the problem with large Government programs has been the Soviet-style administration of them, the central command economy that decides on high what a doctor should earn, what a hospital visit should pay for. And over time, these all become absolutely rife with fraud. We just learned 2 weeks ago that an audit of the Health Care Financing Administration shows that about \$23 billion a year is wasted in fraud, overpayment, and misuse. The records are in such disarray that we do not even know at the Federal level who is overpaid and how to recover it, and indeed we discovered in that audit that many people were writing checks or signing checks for the Health Care Financing Administration of the Federal Government without the legal authority to do so. This bill begins to crack down on that fraud. That \$23 billion per year over 5 years is exactly how much we are reducing the rate of growth in the increase in spending of Medicare and it is taken out by just fraud and abuse.

We heard last week that in administering home health care across this country, roughly 40 percent could be fraud. As much as 40 percent is going to people who are not in homes, being treated for home health care, not unable to leave their homes. Going to the prospective payment system is going to eliminate the incentive to do that. We are going to change the way we deliver these services so that we have less incentive to cheat and more incentive to save.

The ability to provide not the \$500 child tax credit to low-income working families, that only goes to people who have actual obligations to the Federal Government, but by changing the way in which we provide the formula for the earned income credit, after having learned that 21 percent of the money being spent in the earned income credit is fraudulent; by changing the formulas, the administration and the White House has decided that they can find ways to save \$4.5 billion in that

program and use that to enhance their earned income credit for low-income working people to replace what the \$500-per-child tax credit does for higher earning families. By changing the model, the structure of the delivery of these services from the large Federal command-style bureaucracies, so well known by the Soviet Union that we seem to have adopted here, and getting out the fraud and abuse, we are confident that we can save hundreds of billions of dollars over time and provide better services with the money we are spending.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. I thank the gentleman from Massachusetts for yielding me this time.

Mr. Speaker, I rise with hesitation and reservation about the rule, but with strong support for the underlying bill.

Mr. Speaker, this certainly is history in the making, and we do not use that term lightly when we bring both the tax cut and the spending bill before this body. This bill will receive my strong support both on the tax and the spending side because it helps small children, it helps small businesses and small farmers and it helps make Government smaller and smarter. It does that by structurally balancing the budget and balancing the budget with the right priorities. Structurally balancing the budget so we borrow \$900 billion less but we also create new programs for children, new programs for education, restructure Medicare to extend its solvency by a decade to help our senior citizens. It is the right values to balance the budget and the right values on people. So I will strongly support this.

What does the \$900 billion mean for us? That spending side of \$900 billion in less borrowing is almost a tax cut by itself. That helps the American people by hopefully lowering their payments on mortgages and interest rates and helps the economy.

The other part, what about the tax cut part? What about the spending part on children's initiatives? I have to say, Mr. Speaker, that this bill for kids' initiatives for health came out of this body with \$16 billion. It is now before this body with \$24 billion, the largest expenditure on children's health since 1965 with the creation of Medicaid; the largest program for uninsured children in 32 years. I strongly support that.

I strongly support what this does for Pell grants. The largest increase in Pell grants in the history of the Pell grant program. We will spend more in new innovative ways to reform and modify education than the Great Society in the 1960's. This is a bill that helps our small farmers and small businesses, balances the budget, borrows less money, creates smaller and smarter Government, and I hope it receives bipartisan support.

Mr. LINDER. Mr. Speaker, I want to thank the gentleman from Indiana for his comments with respect to his comments on the Pell grants and funding for education. We are going to, without reducing any of the amounts of the numbers of students available for them, save \$1.7 billion in improving the way they are administered, and that is a real savings that governments ought to look to.

Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota [Mr. RAMSTAD].

(Mr. RAMSTAD asked and was given permission to revise and extend his remarks.)

Mr. RAMSTAD. I thank my distinguished colleague for yielding me this time.

It is amazing, Mr. Speaker, what we can do, the President and the Congress, when we work together in a bipartisan, pragmatic way for this country. That is why we are here today on an historic threshold, and I rise in strong support of the legislation before us today, Mr. Speaker, which will balance the budget and expand health care choices for the seniors of our country while preserving and protecting Medicare.

Not only do we save Medicare from bankruptcy but we build a strong foundation so that Medicare can be preserved for the next generation. We give seniors the increased health care coverage where they need it most, Mr. Speaker, before they become ill, by increasing the amount of preventive care covered by Medicare.

There are a few specific reforms I would like to highlight. One is the reforms we make to the AAPCC reimbursement formula. That reform, very, very important to cost-effective States like Minnesota that have historically delivered health care in a cost effective way. What we do by changing the reimbursement formula is expand choices for seniors in States like Minnesota, those that have been efficient in their costs and in their quality. This is a major reform, Mr. Speaker, in the Medicare managed care reimbursement formula. It will mean more equity for States like Minnesota and more health care options for Medicare beneficiaries in our State and others like ours.

Incorporating a bill that I introduced earlier this year, this legislation before us today will establish a payment floor and will blend the formula to bring fairness and equity to beneficiaries living in rural and efficient provider States like Minnesota.

The bill also includes an important new study of ways to provide health care to seniors to let them stay in their homes longer, to let them live independently longer by extending for 2 years the community nursing organization demonstration project. I think, Mr. Speaker, this reform will prove to be one of the most important reforms ever in Medicare. These very important community nursing organizations allow seniors to stay in their homes, to make their choice of staying in their

homes as long as possible and at the same time saving Medicare dollars. This CNO, community nursing organization demonstration project, is vital to seniors in Minnesota and all over the country who have enrolled in this project.

I am also pleased that this bill includes a provision to help certain hospitals that have merged with nursing homes meet necessary requirements to maintain appropriate geographical classification. This means a great deal to a hospital in Hutchinson, Minnesota. I am glad we were able to make this necessary change in the bill.

Finally, Mr. Speaker, I thank the conferees for making all the necessary changes to Medicare to save this absolutely vital system for the seniors of our country.

From extending the life of the Medicare trust fund, to ensuring quality care as a major tenet of the centers of excellence program, I commend the conferees for their hard work on behalf of current and future Medicare beneficiaries.

Mr. Speaker, I strongly support this important legislation to preserve and protect Medicare and urge all my colleagues to support it as well and to continue working in a bipartisan, pragmatic way for the betterment of America.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, I rise in opposition to this rule, and I want to stress that it is not because of the underlying bill.

I feel very strongly that this spending bill does include a major program to cover uninsured children in this country and I am pleased with the fact that we have managed, I believe as Democrats, and particularly the President, in pushing the Republicans towards inclusion of a \$24 billion package that will insure the majority of the Nation's uninsured children.

□ 1100

But it is for that very reason, because this bill is so important, that I think it is very unfair and wrong to present this bill at this time without having the opportunity to review the specifics of the measure. The bill, as my colleagues can see, is about a foot thick. I understand it was filed at around 3 o'clock in the morning. I have not had the opportunity to review all of the provisions in the bill. We did receive a summary of the bill this morning, but I think it is fair to say that a summary is not adequate.

Let me just give my colleagues an example on the kids' health initiative, which is such an important initiative and which I support wholeheartedly, but there are a number of things that we still do not know.

For example, many of us, including myself, on our Democratic Health Care Task Force were concerned about the benefits package. We knew we wanted

to have the \$24 billion, and we wanted to insure the majority of the kids. But we were concerned about whether the benefits package would be adequate, and language was put in and was negotiated in the last 24 hours on that, which I hope provides an adequate benefits package, but without reviewing the specifics of the bill myself and my other colleagues, we will not know whether it is completely adequate.

Similarly, we were concerned to make sure that the money was going to be spent so that States had to actually insure kids and not whittle it away or use it for other purposes. I understand in the summary we received this morning that 15 percent of the funds can be used for purposes other than to insure kids. Well, I would like to know the details of that and how specifically that 15 percent is set aside. We do not know that, and until we analyze it we will not know it.

And in addition to that, again on the kids' health care initiative, we were concerned, many of us on the Democratic side, to make sure that States had to keep providing the same level of funds, if not more funds, than they had in the past for kids' health care. We wanted to make sure the maintenance of effort, if my colleagues will, was in there. And we are not actually clear about the language for that as well.

So I want to join my colleague, the ranking member of the Committee on Rules, in saying, "Yes, we think this is a good bill, and we probably will vote for it, but it's not fair not to have the details, and there is no reason why we couldn't wait in this Congress another 24 hours so that everyone, including our staff, had the opportunity to review the details in something that is so important to this Congress and to the American people."

Mr. MOAKLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. Mr. Speaker, I thank the gentleman for yielding this time to me.

This is not just an esoteric procedural debate. I was insulted when the gentleman on the other said, "Well, so what if we're bringing up this bill delivered, one copy, to the Democratic side at 3:30 in the morning. They wouldn't have read it any way." Well, I was here a few years ago, and I read the catastrophic care bill before it came to the floor of the House. I was one of the few Democrats to vote against it, and a whole heck of a lot of people had to change their votes a year later because they cast their vote for a bad bill.

This bill is a bad bill. I will not yield to the gentleman. This bill is a bad bill. But we are not going to be allowed time to read it. If we split this up among the 200 or so Democrats here, we would have a hard time getting through it in the time allotted.

We are going to vote on this bill within the next three hours. Do my colleagues know why? Because it is

going to make prime time news. That is why we are going to vote on it.

This is an Alice in Wonderland budget process. We are going to get to the balanced budget by first increasing the deficit with retroactive tax cuts. It is slanted very much toward the wealthy people and the largest corporations in America. Then maybe later, we have heard this before, these cuts will go in place.

Do my colleagues know what the cuts are? A one-third cut in Social Security Administration. If someone has to wait 3 months now to get their claim processed, under this bill they will be waiting 6 months, 9 months or a year to get their claim processed. A 20 percent cut in veterans and cuts in other vital programs.

This is not a good path to the balanced budget. In fact, it is no path whatsoever.

This is stranger and stranger. We have stepped through the looking glass, it is getting more and more bizarre. This is no kind of a legislative process. No one on the floor can come to the floor today and say they have read this bill, they understand it and they are voting for it in good faith. That would be a lie.

Mr. LINDER. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. RADANOVICH].

Mr. RADANOVICH. Mr. Speaker, what a difference 4 years makes. It was a mere 4 years ago that a Democratic Congress, led by a Democratic President, passed the largest tax increase in American history. Today a Republican Congress will pass a budget that will be balanced by the year 2002. This Republican-led balanced budget will provide tax relief for families. It provides \$24 billion to States for children's health, it provides \$3 billion for welfare to work programs, and it saves Medicare for 10 years.

Yes, what a difference 4 years makes. Tomorrow a Republican Congress will pass the first tax relief package for working Americans in 16 years. This Republican-led package provides \$94 billion in tax relief over the next 5 years. It allows for a \$500 per child tax credit, reduces the top rate of capital gains from 28 to 20 percent, and, most importantly, it provides immediate tax relief for the death tax for family farmers.

Mr. Chairman, this budget and this tax relief package is good for America. I am proud to join in support of this monumental agreement and support the rule and passage of this bill.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I just want to reiterate that my argument is not against the spending bill, it is against the process, just asking that Members have enough time to read the bill.

Mr. Speaker, I yield 4 minutes to the gentleman from Rhode Island [Mr. KENNEDY].

Mr. KENNEDY of Rhode Island. Mr. Speaker, I thank the gentleman from

Massachusetts [Mr. MOAKLEY], the ranking member, for yielding me this time, and I can tell my colleagues, having been chairman of the Committee on Rules in my State legislature in Rhode Island, I know martial law when I see it, I know a bad rule when I see it, and this is a terrible rule. When we consider the monumental bill that we have before us, that does so many huge things to this country, to think that we are going to have a debate about it for less than an hour and a half to me is just outrageous.

First of all, think about this budget. This budget is not going to be balanced when we consider that we are going to front-load the tax cuts to the tune of \$95 billion, and we are going to call on the spending cuts to be done in future congresses, spending cuts like the former gentleman from Oregon mentioned, up to one-third of the Social Security Administration spending cuts.

I can tell my colleagues now this Congress is not going to keep the promise to cut Social Security administrative costs by 23 percent. Veterans benefits and services; it is going to cut 19 percent. Justice Department; it is going to be cut 18 percent.

Now just tell me that the next Congress is going to make these cuts? I can guarantee that the tax cuts are not going to be tampered with. The tax cuts are going to be locked in, and we are not going to make the necessary cuts on the spending side because this Congress, because it will be listening to the people, will not make those cuts.

This is bad for Medicare. It cuts \$115 billion out of Medicare. Remember, we shut the Government down 2 years ago because of cuts that rivaled this for Medicare, yet no one is going to think twice about cutting \$115 billion out of Medicare. Furthermore, they put 190,000 senior citizens in medical savings accounts. Anybody who knows this knows this is the beginning of the end of Medicare because they are going to take the healthiest and wealthiest of our senior citizens and they are going to take them out of the Medicare system, thereby ruining the system because all they are going to leave are the people who cannot pay and who are sick.

So they are going to terrorize the Medicare System by not only cutting \$115 billion, but they are going to, through this Medicare select and privatization of Medicare, lead to its eventual undoing.

Remember the Speaker's dying on the vine that he attributed to Medicare? This is the beginning of it right now, and this is going to be in the bill that everyone is going to vote for this afternoon.

And, finally, this is bad not only for the budget, as I talked about, because it front-loads the taxes and does not allow for spending cuts to be made until future congresses, bad for Medicare, but it is also bad for fairness. Do my colleagues realize that the top 5 percent of the income earners in this

country are going to get four times; let me repeat this, the top 5 percent get four times what the bottom 60 percent get in this tax bill. Undisputed, my colleagues cannot deny me on that. That is fact. Get it, people? Top 5 percent in this country get 60 percent of the benefits, four times what the bottom 60 percent get. That is fact.

So whatever people talk about this being a fair bill is bogus. This is not a fair bill. And, my colleagues, know what? Finally this, the Republican side, and I might add many of my colleagues on the Democratic side, will not even bring out the income distribution charts. They will not want to tell us where this deal, so to speak, really who it benefits. The reason is because we are not going to have enough time on the floor today to debate this. What we are considering right now is called a martial law. What that means is we better be thankful we even have a right to vote.

Mr. Speaker, this is a dictatorship that what we are talking about here under martial law. It says, "OK, read the newspaper, everybody, because you're not going to be able to read the agreement, because it's not going to be available to the Members of this Congress." I want to know as a Member of Rhode Island's delegation whether I am going to be able to go home and ask my constituents what they feel about this agreement when they know what is in this agreement. They do not know what is in this agreement.

I say to my colleagues today they do not know what is in this agreement, they do not know how this is going to gut Medicare, they do not know this is going to destroy veterans and the like, and I can tell my colleagues they are leaving it to future congresses to do the dirty work. That is what this budget agreement is all about, it is promises that are not going to be kept in future congresses.

Mr. LINDER. Mr. Speaker, I am compelled to yield myself 1 minute to point out to the gentleman from Rhode Island that rules of the House require that he address his comments either to the Chair or the House, not to the gallery; and, No. 2, his argument that the top 4 percent gets 60 percent of the benefits, or whatever, only is true if we use phony numbers to define who is wealthy; and, No. 3, I am curious to know when he referred to the former member from Oregon, the former gentleman from Oregon, whether it was formerly a gentleman or formerly from Oregon.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. SOLOMON] the chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I was upstairs. We were just having a Committee on Rules meeting, and we bring down the rule which will bring this magnificent piece of legislation to the floor. But I just am really taken aback by some of the comments by the last 2 speakers on the Democrat side of the

aisle, and I would just point to the signers of this conference, and one of those is a gentleman by the name of CHARLES RANGEL from New York.

Mr. Speaker, if this bill in any way, either this bill or the tax bill to follow it tomorrow, did any of the things that the gentleman from Massachusetts or the gentleman from Oregon said it did, I can tell my colleagues that the gentleman from New York [Mr. RANGEL], who has stood up for the indigent and poor of this country, and I will yield to my colleague when I am done perhaps, CHARLES RANGEL would never, never in a million years, sign this conference report.

Let me just say that the gentleman protests that he has not had a chance to look at the bill. This bill here was in front of the Committee on Rules at 3:14 and a half this morning down in room 152. It was given to the minority in the Committee on the Budget much earlier than that so that there have been 15 hours for people to sit down and talk to; I am talking about people on that side of the aisle, talk to distinguished Members from their party that have signed this conference report and know everything that is in it. Those members are people like the gentleman from South Carolina [Mr. SPRATT], the gentleman from Michigan [Mr. BONIOR] of the liberal wing of the Democratic Party, and I will yield when I am finished, the gentleman from California [Mr. FAZIO], the gentleman from Texas [Mr. STENHOLM] from the more conservative wing of the Democratic Party, and my colleagues know I can just go on, and on, and on: The gentleman from Michigan [Mr. DINGELL], who would never ever sign a bill, a conference report, as described by the previous two Democratic speakers. And as my colleagues know, they can look on through these signatures: The gentleman from Michigan [Mr. KILDEE], who is a very liberal member of the Democratic Party, but one of the most respected Members because he is very sincere in his beliefs.

□ 1115

Incidentally, he has two great sons that serve in the military, in an honorable career in our military. There is the gentleman from New Jersey [Mr. PAYNE]. Again, we can go on and on. There is the gentleman from Illinois [Mr. LANE EVANS], a noted liberal from Illinois; the gentleman from Michigan [Mr. LEVIN].

My point is this, Mr. Speaker: Everyone has to compromise. I have offered legislation on this floor that would have balanced the budget in 1 year, not 2, 3, 4, 5 or 7. I can remember getting only 16 votes for it. I can remember another time bringing a budget to the floor when my conservative group only got 75 votes, and then 99 votes.

But this is truly a bipartisan effort from liberals, from conservatives. We ought to be here working together on this legislation. We should not be here trying to tear each other apart on it. I

think this matter is going to pass overwhelmingly with bipartisan, overwhelming support on the Democratic side, as well as almost every, if not every, Republican in this House. That is the way it should be.

Ronald Reagan once said to me that we cannot stick to our principles solely, because there is a House of Representatives, there is a Senate, and there is a White House. We all have to give a little. I think everybody has given a little.

I am going to give credit to the President of the United States of America, because he has given, too, as we Republicans have, to put together what is truly a great program that is going to mean that the future of my children and my grandchildren and all of the Members' are going to have a future in this country, and they are going to have a life as good as we have had when we were growing up. That is what we are here to do.

Mr. KENNEDY of Rhode Island. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Rhode Island.

Mr. KENNEDY of Rhode Island. Mr. Speaker, the point I am trying to make is this is a monumental agreement. The gentleman would agree with me on that?

Mr. SOLOMON. Yes, it is.

Mr. KENNEDY of Rhode Island. It effects \$95 billion in tax cuts, 395,000 seniors going into Medicare Select, MSA's, all the cuts that are going to ensue, 15 percent in goals cuts, veterans, Social Security Administration, all that is to come down the road.

All I am saying to the gentleman is under martial law, we have an hour and a half to debate that. The gentleman points out, rightfully so, that there are a lot of good Members on my side of the aisle who signed onto this. But that does not excuse the fact that we will not have adequate time to debate something that I might add, if the gentleman would yield further for a second, that I might add would consume months of debate in future Congresses. The decision we are going to make today and tomorrow is going to impact enormously on the future of this country. Yet we have an hour and a half to decide something so huge.

Yet we are going to dilly-dally and spend months and months debating appropriations bills in future Congresses over just finite parts of this budget deal in the future.

Mr. SOLOMON. Mr. Speaker, I just have to reclaim my time to say to the gentleman, it is not an hour and a half. Under normal rules of the House we are having 1½ hours of debate, but we are having an extra hour on the rule we are bringing up; we will have an extra hour, so the gentleman is talking about 3½ hours of time.

All of the Members on both sides of the aisle have been briefed. I have sat through 17 hours of briefing on what is in this legislation. The White House has done the same thing with Members

on the Democratic side of the aisle. So we have had ample time to discuss what is in this legislation.

Mr. DREIER. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from California.

Mr. DREIER. Mr. Speaker, I thank the gentleman for yielding.

I would simply like to respond to my good friend and neighbor, the gentleman from Rhode Island, that if we look at this debate that we are going to be having on this issue, it is really the culmination of what for many of us has been a decade or a decade and a half of debate on these issues.

My friend is relatively new to this body, and I think that he clearly should spend a lot of time discussing and looking at these questions. But the fact of the matter is, 90 minutes is not going to be the full debate time for this question.

In fact, we just had testimony upstairs, and let me just say that if we look at the fact that we 12 years ago introduced a resolution calling for the establishment of medical savings accounts, which my friend just raised, we have been debating that issue for well over 10 years.

So this really is the culmination of a very great, great accomplishment that has been done in a bipartisan way, and that is why I am strongly supportive of this rule.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I do not know if my chairman was on the floor when I spoke, and I know he was not, he was attending to his duties, but this debate this morning right now is not about the spending bill. It is about the process. I just feel, and he said, this bill was dropped at my doorstep at 3:15 this morning. It is not enough time, not only for me but for the rest of the Members. To quote one of his favorite men in public office, Ronald Reagan, he said, "Trust, but verify." All I want to do is verify.

Mr. Speaker, I yield 2½ minutes to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Speaker, today Speaker GINGRICH seeks our approval of a resolution on a subject that this Republican Congress has quite obviously developed considerable expertise in. That subject is ignorance. Normally ignorance is demonstrated here in this House in ignoring the needs of the ordinary hard-working American family. Today that ignorance is demonstrated in a much more obvious way.

We know that an agreement was put together in the dead of night and presented to a committee, that copies of the bill are not even out here, that no one has seen this bill. Perhaps that is a bit of an overstatement. We have seen the bill. This is it. If Members have a photographic memory, perhaps they can see it right now. It is about a foot high. It weighs several pounds. It has what the Washington Post and the

Washington Times, two papers of very differing views, both describe as significant increases in spending, in social spending. In fact, this bill represents billions, if not trillions, of dollars in spending that the American taxpayer will be asked to finance.

Mr. Speaker, I would submit that the Members on the Republican side who are speaking in favor of this martial law rule do not have the slightest idea what is in most of this several pounds, and that indeed few Members of this Congress, if any, know what is in that bill in terms of spending hundreds and hundreds of billions of dollars of the American taxpayers' money.

No, the ignorance resolution they ask us to approve this morning is based on that fundamental principle that got us into some of this mess in the first place; that is, that we should vote first and read later.

I am for the principle of a balanced budget, just do not confuse me with the details. I do not want to take the pep out of their pep rally, but those of us who tried to get a meaningful enforcement provision on this budget, both in the Committee on the Budget and on the floor of this Congress, do not want a budget that is balanced for a millisecond. We do not want to approve hundreds of billions of dollars of new spending without knowing what it is going to do and without actually reading the bill. Who knows what provisions for special interests are buried in these pounds of new spending?

We need the opportunity, not just for this House but for the American people, to have an opportunity to see what is in this bill, to understand it. If it is that great, it can stand the test of time, not a matter of a few minutes.

Mr. LINDER. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 2½ minutes to the gentleman from Minnesota [Mr. MINGE].

Mr. MINGE. Mr. Speaker, I thank the ranking member of the Committee on Rules for yielding time to me, and I would address my comments to my colleagues and to the Speaker.

Mr. Speaker, we certainly, as many speakers have already said this morning, have seen a historic agreement reached. It certainly is uncommon for us to see a major controversial piece of legislation drawing support from the White House, from the Republican leadership in both the House and Senate, and from most of the Democratic leadership in the House and Senate. It is a massive bill.

This morning we have been treated to repeated demonstrations of the size of the bill and the awkwardness of even trying to work one's way through it. I think it is fairly safe to say that nobody in this body will have a chance to review this bill in detail before it is voted on.

It has large provisions which most of us are familiar with and most of us probably agree with. It has small provisions that only a few of us know about

because they affect our areas. I would like to just mention one of them which I think is of significance to American agriculture, to point out that this is typical of small things that find their way into big bills.

We have labored in American agriculture with a very restrictive ruling from the Internal Revenue Service that prohibited farmers from taking advantage of deferred payment contracts. It is because of the alternative minimum tax. This legislation corrects that.

Many say the devil is in the details. If this is the type of detail, I think we have had an exorcist that has taken the devil out. But the question is, how many other details are there that we have not had a chance to examine, and do we need to give that exorcist more time?

On a larger scale, I would like to say in concluding that I think that there are some very significant omissions in this legislation:

Social Security. We are borrowing this year \$79 billion to balance the budget with Social Security. By the year 2002, it will be over \$110 billion.

Medicare. We have a temporary fix to Medicare. We do not have a long-term fix.

Finally, enforcement. Many of us on both sides of the aisle have struggled for enforcement provisions in this legislation. We have been rebuffed. I think it is absolutely critical that we move ahead with enforcement provisions before this session of Congress ends.

I anticipate supporting this legislation, but I am a reluctant supporter. I urge that we focus on these deficiencies.

Mr. LINDER. Mr. Speaker, I yield myself 15 seconds.

Mr. Speaker, I would point out that unlike 1984 when Speaker Wright brought a \$1.3 trillion budget to the floor with 1 hour's notice, not even letting the Committee on Rules see it, everybody in America could have read this. The full text of this budget is on the Internet, [Speakernews.house.gov](http://Speakernews.house.gov). Speakernews is one word. The Members can do it on the Democratic side even as we speak.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, this is the legislation that we received this morning. On principle, nobody in this House should vote for legislation which he does not understand, has not seen, and contains hundreds and hundreds of pages with many provisions that we know nothing about.

But Mr. Speaker, we do know some of the aspects that we are going to be asked to vote on. We do know that in a time when millions of elderly people are unable to pay for their prescription drugs, when they are paying more and more for private insurance to cover what Medicare does not cover, we do know that we are going to be asked to cut Medicare by \$115 billion. That is wrong. We also know there are signifi-

cant cuts in the Social Security Administration and in veterans programs. That is wrong.

Mr. Speaker, in order to pay for the cuts in Medicare, in the Social Security Administration, and in veterans programs, what the Congress is proposing is to provide huge tax breaks for the wealthiest people in this country, unfortunately; precisely the people who do not need it. The wealthiest 5 percent of Americans will receive almost half of the tax cuts. The upper 20 percent will receive over 70 percent of the benefits. The upper 1 percent, when this plan is full-blown, the upper 1 percent will receive more benefits from this package than the bottom 80 percent.

So the people who really need the help are not getting the help. The people who do not need the help are getting more help than they are entitled to. Under this plan, the average tax cut for middle-income families and individuals will be less than \$200. The wealthiest 1 percent, however, will receive over \$16,000 in tax breaks.

□ 1130

As the New York Times said today in an editorial, and I quote:

Even after last minute horse trading around the edges, the deal remains unfairly tilted in favor of the better off citizens of society. It drills scores of new loopholes into the tax code, mostly for the benefit of very wealthy families at the cost of opening up large deficits early next century conveniently beyond the 10-year period that the deal tracks.

In other words, what is going to happen is, 10 years from now, when we have all of these loopholes for the wealthy and for large corporations, we are going to be back here again with another huge deficit and we are going to have Members here saying, we have got to cut more into Medicare, more into Social Security, more into veterans programs, more into housing. So my friends, before we pass a budget like this, first of all, have the courage to look at it and, second of all, let us not balance the budget on the backs of the weak and the vulnerable in order to give huge tax breaks to the wealthy.

Mr. KENNEDY of Rhode Island. Mr. Speaker, will the gentleman yield?

Mr. SANDERS. I yield to the gentleman from Rhode Island.

Mr. KENNEDY of Rhode Island. Mr. Speaker, is the gentleman saying that the top 5 percent get four times the tax cut as the bottom 60 percent?

Mr. SANDERS. Yes, Mr. Speaker.

Mr. LINDER. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Speaker, there are some Members that would like to put off a decision on balancing the budget and having tax cuts. There are some Members that would hope that we could discuss this enough that they might discourage the President from going along with this tax cut and balanced budget for the American people. Regarding the questions whether

we have had time to review this legislation, we never have enough time for each Member to totally understand the text of this legislation without the help of specialists. Look at Medicare, which is the large portion of this bill.

It is essentially the same Medicare proposal that was offered by the Republicans over 2 years ago. It is the same Medicare bill that was demagogued last year in the election. Obviously Members have had 2 years to review that proposal. If we want to look at the other provisions of this bill, many are similar and we have talked about them since we voted on similar change in 1995.

This legislation, this agreement has been on the table since last April in terms of what Republicans and Democrats working together actually signed off on a detailed agreement. We are doing what the American people want us to do. That is balancing the budget and cutting taxes. There is a lot more to do but this is a good start.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute 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 want to say that I am not going to vote for this bill because I cannot even find the bill. I went down to the Clerk's office just now because I was told that is where the only copy of the bill was. In fact, I was told that it was filed at the Government Printing Office at 4:15 this morning. So then we call over to the Committee on Ways and Means. I said, I will run over to the Committee on Ways and Means and get the bill. I call over to the Committee on Ways and Means, and they said, we have only got the sections that deal with our committee. We have got Social Security, we have got Medicare, we have got Medicaid.

I said, let us take a look and see if it is up in the Committee on Rules. They said, no, the Committee on Rules does not have the bill. Maybe there is one copy down on the floor, maybe the gentleman from Massachusetts [Mr. MOAKLEY], maybe the gentleman from New York [Mr. SOLOMON] have that copy.

Then I said, well, let us go to the web site. So we went to Thomas.loc.gov. Guess what? The bill is not on the web site. I am not elected by the gentleman from New York [Mr. SOLOMON]. I am not elected by the gentleman from Massachusetts [Mr. MOAKLEY]. I am elected by the people of the Ninth Congressional District of Ohio. I cannot get a bill, and I do not want to listen to the gentleman from South Carolina [Mr. SPRATT] because he did not elect me. The people back in Ohio elected me.

To bring this kind of a bill to the floor today and tomorrow, what is the rush? Are we afraid the American people might actually know what is in this bill and would not want us to vote on this until September when we have had

a chance to study the bill? What is the rush? I can see a fast ball when it comes.

Mr. LINDER. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. DREIER], my colleague on the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank my friend for yielding me the time.

I would like to give this to my colleagues: Speakernews.House.gov.

The World Wide Web has it. It is there. It has been there since early this morning. Obviously my friend did not move to the appropriate site.

Ms. KAPTUR. Mr. Speaker, will the gentleman yield?

Mr. DREIER. I yield to the gentleman from Ohio.

Ms. KAPTUR. Mr. Speaker, I would love to know why the Clerk's office did not know what site it was at?

Mr. DREIER. Mr. Speaker, because I had not stood here yet to announce it: Speakernews.House.gov. That is maybe why the Clerk did not know it yet. The fact is, it is there. It can be found. At 3:14 this morning my very dear friend from Glens Falls pulled another all-nighter. He went right to the office of the gentleman from Massachusetts [Mr. MOAKLEY] and delivered this thing.

It was delivered at 3:14 this morning. The gentleman from New York [Mr. SOLOMON] wanted to take it to the house of the gentleman from Massachusetts [Mr. MOAKLEY], but his better judgment told him to simply take it to the office at 3:14 in the morning. This is in fact a very good package. We should move ahead with it as quickly as possible.

Mr. MOAKLEY. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, despite what we heard at the microphone from my very dear friend, if one calls up the Speaker's line, you will get a summary. This bill is not in print anywhere except the copies that I have and the gentleman from New York [Mr. SOLOMON] has. It will not even be in the Congressional RECORD until tomorrow. We are talking about the bill itself.

If the previous question is defeated, I will offer an amendment to the rule which would make certain that Members will have no less than 10 hours to read the bills before the House begins to consider them. I believe that is only fair for major bills such as these.

Mr. Speaker, I include for the RECORD the amendment to which I referred:

At the end of the resolution add the following:

"SEC. 2. The waiver prescribed in the first section of this resolution shall not apply to a resolution providing for consideration of any measure unless the measure has been available to Members for at least 10 hours before the consideration of such resolution."

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume.

Let me point out that the White House, the conferees have read every word, every summary, every piece of it. And every bill that comes through here

we have to trust the folks on the committee or on the conference report to give us the best advice. They have done that. We have got some of the most distinguished Democrats in this House who have signed onto this bill. They know what is in it. We have been debating some of these issues for 3 and 4 years. This is a specious argument to try and delay the action on a very good bill. Most of the arguments against the process have come from the most liberal Members who do not like the bill. I think that is curious.

Let me say, this is a rule that we have used in the past under Democrats and Republicans. It is a rule that should be supported as well as the bills.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore [Mr. GIBBONS]. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 5 of rule XV, the Chair will reduce to 5 minutes the minimum time for electronic voting if ordered on the question of adoption of the resolution.

The vote was taken by electronic device, and there were—yeas 226, nays 201, not voting 7, as follows:

[Roll No. 341]

YEAS—226

Aderholt	Coburn	Goode
Archer	Collins	Goodlatte
Armey	Combest	Goodling
Bachus	Condit	Goss
Baker	Cook	Graham
Ballenger	Cooksey	Granger
Barr	Cox	Greenwood
Barrett (NE)	Crane	Outknecht
Bartlett	Crapo	Hansen
Barton	Cubin	Hastert
Bass	Cunningham	Hastings (WA)
Bateman	Davis (VA)	Hayworth
Bereuter	Deal	Hefley
Bilbray	DeLay	Herger
Billrakis	Dickey	Hill
Bliley	Doolittle	Hilleary
Blunt	Dreier	Hobson
Boehert	Duncan	Hoekstra
Boehner	Dunn	Horn
Bonilla	Ehlers	Hostettler
Bono	Ehrlich	Houghton
Brady	Emerson	Hulshof
Bryant	English	Hunter
Bunning	Ensign	Hutchinson
Burr	Everett	Hyde
Burton	Ewing	Inglis
Buyer	Fawell	Istook
Callahan	Foley	Jenkins
Calvert	Fowler	Johnson (CT)
Camp	Fox	Johnson, Sam
Campbell	Franks (NJ)	Jones
Canady	Frellichhuysen	Kasich
Cannon	Galleghy	Kelly
Castle	Ganske	Klim
Chabot	Gekas	Kling (NY)
Chambliss	Gibbons	Klingston
Chenoweth	Gilchrest	Klug
Christensen	Gillmor	Knollenberg
Coble	Gilman	Kolbe

LaHood  
Largent  
Latham  
LaTourette  
Leach  
Lewis (CA)  
Lewis (KY)  
Linder  
Livingston  
LoBlondo  
Lucas  
Manzullo  
McCollum  
McCrery  
McDade  
McHugh  
McInnis  
McIntosh  
McKeon  
Metcalf  
Mica  
Miller (FL)  
Mollnari  
Moran (KS)  
Morella  
Myrick  
Nethercutt  
Neumann  
Ney  
Northup  
Norwood  
Nussle  
Oxley  
Packard  
Pappas  
Parker  
Paul

Shuster  
Skeen  
Smith (MI)  
Smith (NJ)  
Smith (OR)  
Smith (TX)  
Smith, Linda  
Snowbarger  
Solomon  
Souder  
Spence  
Stearns  
Stump  
Sununu  
Talent  
Tauzin  
Taylor (NC)  
Thomas  
Thornberry  
Thune  
Tlahrt  
Traficant  
Upton  
Walsh  
Wamp  
Watkins  
Watts (OK)  
Weldon (FL)  
Weldon (PA)  
Weller  
White  
Whitfield  
Wicker  
Wolf  
Young (FL)

Strickland  
Stupak  
Tanner  
Tauscher  
Taylor (MS)  
Thompson  
Thurman  
Tierney

Torres  
Towns  
Turner  
Velazquez  
Vento  
Visclosky  
Waters  
Watt (NC)

Waxman  
Wexler  
Weygand  
Wise  
Woolsey  
Wynn  
Yates  
Nussle  
Oxley  
Packard  
Pappas  
Parker  
Pascrell  
Paul  
Paxon  
Pease  
Peterson (MN)  
Peterson (PA)  
Petri  
Pickering  
Pitts  
Pombo  
Porter  
Portman  
Pryce (OH)  
Quinn  
Radanovich  
Ramstad  
Redmond  
Regula  
Riggs  
Roemer  
Rogan  
Rogers  
Rohrabacher

Ros-Lehtinen  
Roukema  
Royce  
Ryun  
Salmon  
Sanford  
Saxton  
Scarborough  
Schaefer, Dan  
Schaffer, Bob  
Sensenbrenner  
Sessions  
Shadegg  
Shays  
Shimkus  
Shuster  
Skeen  
Smith (MI)  
Smith (NJ)  
Smith (OR)  
Smith (TX)  
Smith, Adam  
Smith, Linda  
Snowbarger  
Solomon  
Souder  
Spence  
Stearns

Stenholm  
Stump  
Sununu  
Talent  
Tanner  
Tauscher  
Tauzin  
Taylor (NC)  
Thomas  
Thornberry  
Thune  
Tlahrt  
Torres  
Traficant  
Upton  
Walsh  
Wamp  
Watkins  
Watts (OK)  
Weldon (FL)  
Weldon (PA)  
Weller  
Wexler  
White  
Whitfield  
Wicker  
Wolf  
Young (FL)

NOT VOTING—7

Diaz-Balart  
Foglietta  
Forbes  
Gonzalez  
Lazlo  
Schiff  
Young (AK)

□ 1156

Mr. JACKSON of Illinois, Ms. SLAUGHTER, and Messrs. BOSWELL, JOHN, and GUTIERREZ changed their vote from "yea" to "nay."

Mr. ROYCE changed his vote from "nay" to "yea."

So the previous question was ordered. The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. GIBBONS). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered. The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were— yeas 237, nays 187, not voting 10, as follows:

[Roll No. 342]

YEAS—237

Abercrombie  
Ackerman  
Allen  
Andrews  
Baesler  
Baldacci  
Barcla  
Barrett (WI)  
Becerra  
Bentsen  
Berman  
Berry  
Bishop  
Blagojevich  
Blumenauer  
Bonior  
Borski  
Boswell  
Boucher  
Boyd  
Brown (CA)  
Brown (FL)  
Brown (OH)  
Capps  
Cardin  
Carson  
Clay  
Clayton  
Clement  
Clyburn  
Conyers  
Costello  
Coyne  
Cramer  
Cummings  
Danner  
Davis (FL)  
Davis (IL)  
DeFazio  
DeGette  
Delahunt  
DeLauro  
Dellums  
Deutsch  
Dicks  
Dingell  
Dixon  
Doggett  
Dooley  
Doyle  
Edwards  
Engel  
Eshoo  
Etheridge  
Evans  
Farr  
Fattah  
Fazio  
Filner  
Flake

Ford  
Frank (MA)  
Frost  
Furse  
Gejdenson  
Gephardt  
Gordon  
Green  
Gutierrez  
Hall (OH)  
Hall (TX)  
Hamilton  
Harman  
Hastings (FL)  
Hefner  
Hilliard  
Hinchev  
Hinojosa  
Holden  
Hooley  
Hoyer  
Jackson (IL)  
Jackson-Lee (TX)  
Jefferson  
John  
Johnson (WI)  
Johnson, E. B.  
Kanjorski  
Kaptur  
Kennedy (MA)  
Kennedy (RI)  
Kennelly  
Kildee  
Kilpatrick  
Kind (WI)  
Klecza  
Klink  
Kucinich  
LaFalce  
Lampson  
Lantos  
Levin  
Lewis (CA)  
Lipinski  
Lofgren  
Lowey  
Luther  
Maloney (CT)  
Maloney (NY)  
Manton  
Markey  
Martinez  
Mascara  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McDermott  
McGovern  
McHale

Aderholt  
Archer  
Armey  
Bachus  
Baker  
Ballenger  
Barr  
Barrett (NE)  
Bartlett  
Barton  
Bass  
Bateman  
Bereuter  
Billbray  
Billrakis  
Bliley  
Blunt  
Boehlert  
Boehner  
Bonilla  
Bono  
Boswell  
Brady  
Bryant  
Bunning  
Burr  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Campbell  
Canady  
Cannon  
Castle  
Chabot  
Chambliss  
Chenoweth  
Coble  
Coburn  
Collins  
Combest  
Condit  
Cook  
Cooksey  
Cox  
Cramer  
Crane  
Crapo  
Cubin  
Cunningham

Danner  
Davis (VA)  
Deal  
DeLay  
Diaz-Balart  
Dickey  
Dooley  
Dreier  
Duncan  
Dunn  
Ehlers  
Ehrlich  
Emerson  
English  
Everett  
Ewing  
Fawell  
Foley  
Fowler  
Fox  
Franks (NJ)  
Frelinghuysen  
Gallegly  
Ganske  
Gekas  
Gibbons  
Gilchrist  
Gillmor  
Gilman  
Goodlatte  
Goodling  
Gordon  
Goss  
Granger  
Greenwood  
Gutknecht  
Hansen  
Hastert  
Hastings (WA)  
Hayworth  
Hefley  
Heger  
Hill  
Hilleary  
Hobson  
Hoekstra  
Hooley  
Horn  
Hostettler  
Houghton  
Hulshof

Hunter  
Hutchinson  
Hyde  
Inglis  
Jenkins  
Johnson (CT)  
Johnson, Sam  
Jones  
Kasich  
Kelly  
Kim  
Kind (WI)  
King (NY)  
Kingston  
Klecza  
Klug  
Knollenberg  
Kolbe  
LaHood  
Largent  
Latham  
LaTourette  
Leach  
Lewis (CA)  
Lewis (KY)  
Linder  
Lipinski  
Livingston  
LoBlondo  
Lucas  
Manton  
Manzullo  
McCollum  
McCrery  
McDade  
McHugh  
McInnis  
McIntosh  
McKeon  
Metcalf  
Mica  
Miller (FL)  
Mollnari  
Moran (KS)  
Morella  
Myrick  
Nethercutt  
Neumann  
Ney  
Northup  
Norwood

Abercrombie  
Ackerman  
Allen  
Andrews  
Baesler  
Baldacci  
Barcla  
Barrett (WI)  
Becerra  
Bentsen  
Berman  
Berry  
Bishop  
Blagojevich  
Blumenauer  
Bonior  
Borski  
Boucher  
Boyd  
Brown (CA)  
Brown (FL)  
Brown (OH)  
Capps  
Cardin  
Carson  
Christensen  
Clay  
Clayton  
Clement  
Clyburn  
Conyers  
Costello  
Coyne  
Cummings  
Davis (FL)  
Davis (IL)  
DeFazio  
DeGette  
Delahunt  
DeLauro  
Dellums  
Deutsch  
Dicks  
Dingell  
Dixon  
Doggett  
Doolittle  
Doyle  
Edwards  
Engel  
Ensign  
Eshoo  
Etheridge  
Evans  
Farr  
Fattah  
Fazio  
Filner  
Flake  
Ford  
Frank (MA)  
Frost  
Furse

NAYS—187

Gejdenson  
Gephardt  
Goode  
Green  
Gutierrez  
Hall (OH)  
Hall (TX)  
Hamilton  
Harman  
Hastings (FL)  
Hefner  
Hilliard  
Hinchev  
Hinojosa  
Holden  
Hoyer  
Istook  
Jackson (IL)  
Jackson-Lee (TX)  
Jefferson  
John  
Johnson (WI)  
Johnson, E. B.  
Kanjorski  
Kaptur  
Kennedy (MA)  
Kennedy (RI)  
Kennelly  
Kildee  
Kilpatrick  
Klink  
Kucinich  
LaFalce  
Lampson  
Lantos  
Levin  
Lewis (GA)  
Lofgren  
Lowey  
Luther  
Maloney (CT)  
Maloney (NY)  
Markey  
Martinez  
Mascara  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McDermott  
McGovern  
McHale  
McIntyre  
McKinney  
McNulty  
Meehan  
Menendez  
Miller (CA)  
Minge  
Mink

Moakley  
Mollohan  
Moran (VA)  
Murtha  
Nadler  
Neal  
Oberstar  
Obey  
Olver  
Owens  
Pallone  
Pastor  
Payne  
Pelosi  
Pickett  
Pomeroy  
Poshard  
Price (NC)  
Rahall  
Rangel  
Reyes  
Rivers  
Rodriguez  
Rothman  
Roybal-Allard  
Rush  
Sabo  
Sanchez  
Sanders  
Sandlin  
Sawyer  
Schumer  
Scott  
Serrano  
Sherman  
Sisisky  
Skaggs  
Skelton  
Slaughter  
Snyder  
Spratt  
Stabenow  
Stark  
Stokes  
Strickland  
Stupak  
Taylor (MS)  
Thompson  
Thurman  
Tierney  
Towns  
Turner  
Velazquez  
Vento  
Visclosky  
Waters  
Watt (NC)  
Waxman  
Weygand  
Wise  
Woolsey  
Wynn  
Yates

NOT VOTING—10

Foglietta  
Forbes  
Gonzalez  
Graham  
Lazio  
Ortiz  
Riley  
Schiff  
Shaw  
Young (AK)

□ 1205

So the resolution was agreed to.

The result of the vote was announced  
as above recorded.

A motion to reconsider was laid upon  
the table.

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105TH CONGRESS }  
*1st Session*

HOUSE OF REPRESENTATIVES

{ REPORT  
105-217

**BALANCED BUDGET ACT OF 1997**

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**CONFERENCE REPORT**

TO ACCOMPANY

**H.R. 2015**



**JULY 30, (legislative day of JULY 29), 1997.—Ordered to be printed**

## BALANCED BUDGET ACT OF 1997

JULY 30 (legislative day, JULY 29), 1997.—Ordered to be printed

Mr. KASICH, from the committee of conference,  
submitted the following

### CONFERENCE REPORT

[To accompany H.R. 2015]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2015), to provide for reconciliation pursuant to section 104(a) of the concurrent resolution on the budget for fiscal year 1998, 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 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:

**SECTION 1. SHORT TITLE.**

*This Act may be cited as the "Balanced Budget Act of 1997".*

**SEC. 2. TABLE OF TITLES.**

*This Act is organized into titles as follows:*

*Title I—Food Stamp Provisions*

*Title II—Housing and Related Provisions*

*Title III—Communications and Spectrum Allocation Provisions*

*Title IV—Medicare, Medicaid, and Children's Health Provisions*

*Title V—Welfare and Related Provisions*

*Title VI—Education and Related Provisions*

*Title VII—Civil Service Retirement and Related Provisions*

*Title VIII—Veterans and Related Provisions*

*Title IX—Asset Sales, User Fees, and Miscellaneous Provisions*

*Title X—Budget Enforcement and Process Provisions*

*Title XI—District of Columbia Revitalization*

# TITLE I—FOOD STAMP PROVISIONS

## SEC. 1003. DENIAL OF FOOD STAMPS FOR PRISONERS.

### (a) STATE PLANS.—

(1) *IN GENERAL.*—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by striking paragraph (20) and inserting the following:

“(20) that the State agency shall establish a system and take action on a periodic basis—

“(A) to verify and otherwise ensure that an individual does not receive coupons in more than 1 jurisdiction within the State; and

“(B) to verify and otherwise ensure that an individual who is placed under detention in a Federal, State, or local penal, correctional, or other detention facility for more than 30 days shall not be eligible to participate in the food stamp program as a member of any household, except that—

“(i) the Secretary may determine that extraordinary circumstances make it impracticable for the State agency to obtain information necessary to discontinue inclusion of the individual; and

“(ii) a State agency that obtains information collected under section 1611(e)(1)(I)(i)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I)) pursuant to section 1611(e)(1)(I)(ii)(II) of that Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)), or under another program determined by the Secretary to be comparable to the program carried out under that section, shall be considered in compliance with this subparagraph.”

(2) *LIMITS ON DISCLOSURE AND USE OF INFORMATION.*—Section 11(e)(8)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(E)) is amended by striking “paragraph (16)” and inserting “paragraph (16) or (20)(B)”.

### (3) EFFECTIVE DATE.—

(A) *IN GENERAL.*—Except as provided in subparagraph (B), the amendments made by this subsection shall take effect on the date that is 1 year after the date of enactment of this Act.

(B) *EXTENSION.*—The Secretary of Agriculture may grant a State an extension of time to comply with the amendments made by this subsection, not to exceed beyond the date that is 2 years after the date of enactment of this Act, if the chief executive officer of the State submits a request for the extension to the Secretary—

(i) stating the reasons why the State is not able to comply with the amendments made by this subsection by the date that is 1 year after the date of enactment of this Act;

(ii) providing evidence that the State is making a good faith effort to comply with the amendments made by this subsection as soon as practicable; and

(iii) detailing a plan to bring the State into compliance with the amendments made by this subsection as soon as practicable but not later than the date of the requested extension.

(b) *INFORMATION SHARING.*—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

“(q) *DENIAL OF FOOD STAMPS FOR PRISONERS.*—The Secretary shall assist States, to the maximum extent practicable, in implementing a system to conduct computer matches or other systems to prevent prisoners described in section 11(e)(20)(B) from participating in the food stamp program as a member of any household.”

## TITLE IV—MEDICARE, MEDICAID, AND CHILDREN'S HEALTH PROVISIONS

### SEC. 4000. AMENDMENTS TO SOCIAL SECURITY ACT AND REFERENCES TO OBRA; TABLE OF CONTENTS OF TITLE.

(a) AMENDMENTS TO 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) REFERENCES TO OBRA.—In this title, the terms “OBRA-1986”, “OBRA-1987”, “OBRA-1989”, “OBRA-1990”, and “OBRA-1993” refer to the Omnibus Budget Reconciliation Act of 1986 (Public Law 99-509), the Omnibus Budget Reconciliation Act of 1987 (Public Law 100-203), the Omnibus Budget Reconciliation Act of 1989 (Public Law 101-239), the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508), and the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66), respectively.

(c) TABLE OF CONTENTS OF TITLE.—The table of contents of this title is as follows:

Sec. 4000. Amendments to Social Security Act and references to OBRA; table of contents of title.

#### Subtitle A—Medicare+Choice Program

#### CHAPTER 1—MEDICARE+CHOICE PROGRAM

#### SUBCHAPTER A—MEDICARE+CHOICE PROGRAM

Sec. 4001. Establishment of Medicare+Choice Program.

#### “PART C—MEDICARE+CHOICE PROGRAM

“Sec. 1851. Eligibility, election, and enrollment.

“Sec. 1852. Benefits and beneficiary protections.

“Sec. 1853. Payments to Medicare+Choice organizations.

“Sec. 1854. Premiums.

“Sec. 1855. Organizational and financial requirements for Medicare+Choice organizations; provider-sponsored organizations.

“Sec. 1856. Establishment of standards.

“Sec. 1857. Contracts with Medicare+Choice organizations.

“Sec. 1859. Definitions; miscellaneous provisions.

Sec. 4002. Transitional rules for current medicare HMO program.

Sec. 4003. Conforming changes in medigap program.

#### SUBCHAPTER B—SPECIAL RULES FOR MEDICARE+CHOICE MEDICAL SAVINGS ACCOUNTS

Sec. 4006. Medicare+Choice MSA.

#### CHAPTER 2—DEMONSTRATIONS

#### SUBCHAPTER A—MEDICARE+CHOICE COMPETITIVE PRICING DEMONSTRATION PROJECT

Sec. 4011. Medicare prepaid competitive pricing demonstration project.

Sec. 4012. Administration through the Office of Competition; advisory committee.

Sec. 4013. Project design based on FEHBP competitive bidding model.

#### SUBCHAPTER B—SOCIAL HEALTH MAINTENANCE ORGANIZATIONS

Sec. 4014. Social health maintenance organizations (SHMOs.)

#### SUBCHAPTER C—MEDICARE SUBDIVISION DEMONSTRATION PROJECT FOR MILITARY RETIREES

Sec. 4015. Medicare subvention demonstration project for military retirees.

## SUBCHAPTER D—OTHER PROJECTS

- Sec. 4016. Medicare coordinated care demonstration project.*
- Sec. 4017. Orderly transition of municipal health service demonstration projects.*
- Sec. 4018. Medicare enrollment demonstration project.*
- Sec. 4019. Extension of certain medicare community nursing organization demonstration projects.*

## CHAPTER 3—COMMISSIONS

- Sec. 4021. National Bipartisan Commission on the Future of Medicare.*
- Sec. 4022. Medicare Payment Advisory Commission.*

## CHAPTER 4—MEDIGAP PROTECTIONS

- Sec. 4031. Medigap protections.*
- Sec. 4032. Addition of high deductible medigap policies.*

## CHAPTER 5—TAX TREATMENT OF HOSPITALS PARTICIPATING IN PROVIDER-SPONSORED ORGANIZATIONS

- Sec. 4041. Tax treatment of hospitals which participate in provider-sponsored organizations.*

## Subtitle B—Prevention Initiatives

- Sec. 4101. Screening mammography.*
- Sec. 4102. Screening pap smear and pelvic exams.*
- Sec. 4103. Prostate cancer screening tests.*
- Sec. 4104. Coverage of colorectal screening.*
- Sec. 4105. Diabetes self-management benefits.*
- Sec. 4106. Standardization of medicare coverage of bone mass measurements.*
- Sec. 4107. Vaccines outreach expansion.*
- Sec. 4108. Study on preventive and enhanced benefits.*

## Subtitle C—Rural Initiatives

- Sec. 4201. Medicare rural hospital flexibility program.*
- Sec. 4202. Prohibiting denial of request by rural referral centers for reclassification on basis of comparability of wages.*
- Sec. 4203. Hospital geographic reclassification permitted for purposes of disproportionate share payment adjustments.*
- Sec. 4204. Medicare-dependent, small rural hospital payment extension.*
- Sec. 4205. Rural health clinic services.*
- Sec. 4206. Medicare reimbursement for telehealth services.*
- Sec. 4207. Informatics, telemedicine, and education demonstration project.*

## Subtitle D—Anti-Fraud and Abuse Provisions and Improvements in Protecting Program Integrity

## CHAPTER 1—REVISIONS TO SANCTIONS FOR FRAUD AND ABUSE

- Sec. 4301. Permanent exclusion for those convicted of 3 health care related crimes.*
- Sec. 4302. Authority to refuse to enter into medicare agreements with individuals or entities convicted of felonies.*
- Sec. 4303. Exclusion of entity controlled by family member of a sanctioned individual.*
- Sec. 4304. Imposition of civil money penalties.*

## CHAPTER 2—IMPROVEMENTS IN PROTECTING PROGRAM INTEGRITY

- Sec. 4311. Improving information to medicare beneficiaries.*
- Sec. 4312. Disclosure of information and surety bonds.*
- Sec. 4313. Provision of certain identification numbers.*
- Sec. 4314. Advisory opinions regarding certain physician self-referral provisions.*
- Sec. 4315. Replacement of reasonable charge methodology by fee schedules.*
- Sec. 4316. Application of inherent reasonableness to all part B services other than physicians' services.*
- Sec. 4317. Requirement to furnish diagnostic information.*
- Sec. 4318. Report by GAO on operation of fraud and abuse control program.*
- Sec. 4319. Competitive bidding demonstration projects.*
- Sec. 4320. Prohibiting unnecessary and wasteful medicare payments for certain items.*

*Sec. 4321. Nondiscrimination in post-hospital referral to home health agencies and other entities.*

**CHAPTER 3—CLARIFICATIONS AND TECHNICAL CHANGES**

*Sec. 4331. Other fraud and abuse related provisions.*

**Subtitle E—Provisions Relating to Part A Only**

**CHAPTER 1—PAYMENT OF PPS HOSPITALS**

- Sec. 4401. PPS hospital payment update.*
- Sec. 4402. Maintaining savings from temporary reduction in capital payments for PPS hospitals.*
- Sec. 4403. Disproportionate share.*
- Sec. 4404. Medicare capital asset sales price equal to book value.*
- Sec. 4405. Elimination of IME and DSH payments attributable to outlier payments.*
- Sec. 4406. Increase base payment rate to Puerto Rico hospitals.*
- Sec. 4407. Certain hospital discharges to post acute care.*
- Sec. 4408. Reclassification of certain counties as large urban areas under medicare program.*
- Sec. 4409. Geographic reclassification for certain disproportionately large hospitals.*
- Sec. 4410. Floor on area wage index.*

**CHAPTER 2—PAYMENT OF PPS-EXEMPT HOSPITALS**

**SUBCHAPTER A—GENERAL PAYMENT PROVISIONS**

- Sec. 4411. Payment update.*
- Sec. 4412. Reductions to capital payments for certain PPS-exempt hospitals and units.*
- Sec. 4413. Rebasing.*
- Sec. 4414. Cap on TEFRA limits.*
- Sec. 4415. Bonus and relief payments.*
- Sec. 4416. Change in payment and target amount for new providers.*
- Sec. 4417. Treatment of certain long-term care hospitals.*
- Sec. 4418. Treatment of certain cancer hospitals.*
- Sec. 4419. Elimination of exemptions for certain hospitals.*

**SUBCHAPTER B—PROSPECTIVE PAYMENT SYSTEM FOR PPS-EXEMPT HOSPITALS**

- Sec. 4421. Prospective payment for inpatient rehabilitation hospital services.*
- Sec. 4422. Development of proposal on payments for long-term care hospitals.*

**CHAPTER 3—PAYMENT FOR SKILLED NURSING FACILITIES**

- Sec. 4431. Extension of cost limits.*
- Sec. 4432. Prospective payment for skilled nursing facility services.*

**CHAPTER 4—PROVISIONS RELATED TO HOSPICE SERVICES**

- Sec. 4441. Payments for hospice services.*
- Sec. 4442. Payment for home hospice care based on location where care is furnished.*
- Sec. 4443. Hospice care benefits periods.*
- Sec. 4444. Other items and services included in hospice care.*
- Sec. 4445. Contracting with independent physicians or physician groups for hospice care services permitted.*
- Sec. 4446. Waiver of certain staffing requirements for hospice care programs in non-urbanized areas.*
- Sec. 4447. Limitation on liability of beneficiaries for certain hospice coverage denials.*
- Sec. 4448. Extending the period for physician certification of an individual's terminal illness.*
- Sec. 4449. Effective date.*

**CHAPTER 5—OTHER PAYMENT PROVISIONS**

- Sec. 4451. Reductions in payments for enrollee bad debt.*
- Sec. 4452. Permanent extension of hemophilia pass-through payment.*
- Sec. 4453. Reduction in part A medicare premium for certain public retirees.*
- Sec. 4454. Coverage of services in religious nonmedical health care institutions under the medicare and medicaid programs.*

*Subtitle F—Provisions Relating to Part B Only*

**CHAPTER 1—SERVICES OF HEALTH PROFESSIONALS**

**SUBCHAPTER A—PHYSICIANS' SERVICES**

- Sec. 4501. Establishment of single conversion factor for 1998.*  
*Sec. 4502. Establishing update to conversion factor to match spending under sustainable growth rate.*  
*Sec. 4503. Replacement of volume performance standard with sustainable growth rate.*  
*Sec. 4504. Payment rules for anesthesia services.*  
*Sec. 4505. Implementation of resource-based methodologies.*  
*Sec. 4506. Dissemination of information on high per discharge relative values for in-hospital physicians' services.*  
*Sec. 4507. Use of private contracts by medicare beneficiaries.*

**SUBCHAPTER B—OTHER HEALTH CARE PROFESSIONALS**

- Sec. 4511. Increased medicare reimbursement for nurse practitioners and clinical nurse specialists.*  
*Sec. 4512. Increased medicare reimbursement for physician assistants.*  
*Sec. 4513. No x-ray required for chiropractic services.*

**CHAPTER 2—PAYMENT FOR HOSPITAL OUTPATIENT DEPARTMENT SERVICES**

- Sec. 4521. Elimination of formula-driven overpayments (FDO) for certain outpatient hospital services.*  
*Sec. 4522. Extension of reductions in payments for costs of hospital outpatient services.*  
*Sec. 4523. Prospective payment system for hospital outpatient department services.*

**CHAPTER 3—AMBULANCE SERVICES**

- Sec. 4531. Payments for ambulance services.*  
*Sec. 4532. Demonstration of coverage of ambulance services under medicare through contracts with units of local government.*

**CHAPTER 4—PROSPECTIVE PAYMENT FOR OUTPATIENT REHABILITATION SERVICES**

- Sec. 4541. Prospective payment for outpatient rehabilitation services.*

**CHAPTER 5—OTHER PAYMENT PROVISIONS**

- Sec. 4551. Payments for durable medical equipment.*  
*Sec. 4552. Oxygen and oxygen equipment.*  
*Sec. 4553. Reduction in updates to payment amounts for clinical diagnostic laboratory tests; study on laboratory tests.*  
*Sec. 4554. Improvements in administration of laboratory tests benefit.*  
*Sec. 4555. Updates for ambulatory surgical services.*  
*Sec. 4556. Reimbursement for drugs and biologicals.*  
*Sec. 4557. Coverage of oral anti-nausea drugs under chemotherapeutic regimen.*  
*Sec. 4558. Renal dialysis-related services.*  
*Sec. 4559. Temporary coverage restoration for portable electrocardiogram transportation.*

**CHAPTER 6—PART B PREMIUM AND RELATED PROVISIONS**

**SUBCHAPTER A—DETERMINATION OF PART B PREMIUM AMOUNT**

- Sec. 4571. Part B premium.*

**SUBCHAPTER B—OTHER PROVISIONS RELATED TO PART B PREMIUM**

- Sec. 4581. Protections under the medicare program for disabled workers who lost benefits under a group health plan.*  
*Sec. 4582. Governmental entities eligible to elect to pay part B premiums for eligible individuals.*

*Subtitle G—Provisions Relating to Parts A and B*

**CHAPTER 1—HOME HEALTH SERVICES AND BENEFITS**

**SUBCHAPTER A—PAYMENTS FOR HOME HEALTH SERVICES**

- Sec. 4601. Recapturing savings resulting from temporary freeze on payment increases for home health services.*

- Sec. 4602. *Interim payments for home health services.*
- Sec. 4603. *Prospective payment for home health services.*
- Sec. 4604. *Payment based on location where home health service is furnished.*

SUBCHAPTER B—HOME HEALTH BENEFITS

- Sec. 4611. *Modification of part A home health benefit for individuals enrolled under part B.*
- Sec. 4612. *Clarification of part-time or intermittent nursing care.*
- Sec. 4613. *Study on definition of homebound.*
- Sec. 4614. *Normative standards for home health claims denials.*
- Sec. 4615. *No home health benefits based solely on drawing blood.*
- Sec. 4616. *Reports to Congress regarding home health cost containment.*

CHAPTER 2—GRADUATE MEDICAL EDUCATION

SUBCHAPTER A—INDIRECT MEDICAL EDUCATION

- Sec. 4621. *Indirect graduate medical education payments.*
- Sec. 4622. *Payment to hospitals of indirect medical education costs for Medicare+Choice enrollees.*

SUBCHAPTER B—DIRECT GRADUATE MEDICAL EDUCATION

- Sec. 4623. *Limitation on number of residents and rolling average FTE count.*
- Sec. 4624. *Payments to hospitals for direct costs of graduate medical education of Medicare+Choice enrollees.*
- Sec. 4625. *Permitting payment to nonhospital providers.*
- Sec. 4626. *Incentive payments under plans for voluntary reduction in number of residents.*
- Sec. 4627. *Medicare special reimbursement rule for primary care combined residency programs.*
- Sec. 4628. *Demonstration project on use of consortia.*
- Sec. 4629. *Recommendations on long-term policies regarding teaching hospitals and graduate medical education.*
- Sec. 4630. *Study of hospital overhead and supervisory physician components of direct medical education costs.*

CHAPTER 3—PROVISIONS RELATING TO MEDICARE SECONDARY PAYER

- Sec. 4631. *Permanent extension and revision of certain secondary payer provisions.*
- Sec. 4632. *Clarification of time and filing limitations.*
- Sec. 4633. *Permitting recovery against third party administrators.*

CHAPTER 4—OTHER PROVISIONS

- Sec. 4641. *Placement of advance directive in medical record.*
- Sec. 4642. *Increased certification period for certain organ procurement organizations.*
- Sec. 4643. *Office of the Chief Actuary in the Health Care Financing Administration.*
- Sec. 4644. *Conforming amendments to comply with congressional review of agency rulemaking.*

Subtitle H—Medicaid

CHAPTER 1—MANAGED CARE

- Sec. 4701. *State option of using managed care; change in terminology.*
- Sec. 4702. *Primary care case management services at State option without need for waiver.*
- Sec. 4703. *Elimination of 75:25 restriction on risk contracts.*
- Sec. 4704. *Increased beneficiary protections.*
- Sec. 4705. *Quality assurance standards.*
- Sec. 4706. *Solvency standards.*
- Sec. 4707. *Protections against fraud and abuse.*
- Sec. 4708. *Improved administration.*
- Sec. 4709. *6-month guaranteed eligibility for all individuals enrolled in managed care.*
- Sec. 4710. *Effective dates.*

CHAPTER 2—FLEXIBILITY IN PAYMENT OF PROVIDERS

- Sec. 4711. *Flexibility in payment methods for hospital, nursing facility, ICF/MR, and home health services.*

- Sec. 4712. *Payment for center and clinic services.*
- Sec. 4713. *Elimination of obstetrical and pediatric payment rate requirements.*
- Sec. 4714. *Medicaid payment rates for certain medicare cost-sharing.*
- Sec. 4715. *Treatment of veterans' pensions under medicaid.*

#### CHAPTER 3—FEDERAL PAYMENTS TO STATES

- Sec. 4721. *Reforming disproportionate share payments under State medicaid programs.*
- Sec. 4722. *Treatment of State taxes imposed on certain hospitals.*
- Sec. 4723. *Additional funding for State emergency health services furnished to undocumented aliens.*
- Sec. 4724. *Elimination of waste, fraud, and abuse.*
- Sec. 4725. *Increased FMAPs.*
- Sec. 4726. *Increase in payment limitation for territories.*

#### CHAPTER 4—ELIGIBILITY

- Sec. 4731. *State option of continuous eligibility for 12 months; clarification of State option to cover children.*
- Sec. 4732. *Payment of part B premiums.*
- Sec. 4733. *State option to permit workers with disabilities to buy into medicaid.*
- Sec. 4734. *Penalty for fraudulent eligibility.*
- Sec. 4735. *Treatment of certain settlement payments.*

#### CHAPTER 5—BENEFITS

- Sec. 4741. *Elimination of requirement to pay for private insurance.*
- Sec. 4742. *Physician qualification requirements.*
- Sec. 4743. *Elimination of requirement of prior institutionalization with respect to habilitation services furnished under a waiver for home or community-based services.*
- Sec. 4744. *Study and report on EPSDT benefit.*

#### CHAPTER 6—ADMINISTRATION AND MISCELLANEOUS

- Sec. 4751. *Elimination of duplicative inspection of care requirements for ICFS/MR and mental hospitals.*
- Sec. 4752. *Alternative sanctions for noncompliant ICFS/MR.*
- Sec. 4753. *Modification of MMIS requirements.*
- Sec. 4754. *Facilitating imposition of State alternative remedies on non-compliant nursing facilities.*
- Sec. 4755. *Removal of name from nurse aide registry.*
- Sec. 4756. *Medically accepted indication.*
- Sec. 4757. *Continuation of State-wide section 1115 medicaid waivers.*
- Sec. 4758. *Extension of moratorium.*
- Sec. 4759. *Extension of effective date for State law amendment.*

#### Subtitle I—Programs of All-Inclusive Care for the Elderly (PACE)

- Sec. 4801. *Coverage of PACE under the medicare program.*
- Sec. 4802. *Establishment of PACE program as medicaid State option.*
- Sec. 4803. *Effective date; transition.*
- Sec. 4804. *Study and reports.*

#### Subtitle J—State Children's Health Insurance Program

#### CHAPTER 1—STATE CHILDREN'S HEALTH INSURANCE PROGRAM

- Sec. 4901. *Establishment of program.*

#### "TITLE XXI—STATE CHILDREN'S HEALTH INSURANCE PROGRAM

- "Sec. 2101. *Purpose; State child health plans.*
- "Sec. 2102. *General contents of State child health plan; eligibility; outreach.*
- "Sec. 2103. *Coverage requirements for children's health insurance.*
- "Sec. 2104. *Allotments.*
- "Sec. 2105. *Payments to States.*
- "Sec. 2106. *Process for submission, approval, and amendment of State child health plans.*
- "Sec. 2107. *Strategic objectives and performance goals; plan administration.*
- "Sec. 2108. *Annual reports; evaluations.*
- "Sec. 2109. *Miscellaneous provisions.*
- "Sec. 2110. *Definitions.*

## CHAPTER 2—EXPANDED COVERAGE OF CHILDREN UNDER MEDICAID

- Sec. 4911. *Optional use of State child health assistance funds for enhanced medic-aid match for expanded medicaid eligibility.*  
 Sec. 4912. *Medicaid presumptive eligibility for low-income children.*  
 Sec. 4913. *Continuation of medicaid eligibility for disabled children who lose SSI benefits.*

## CHAPTER 3—DIABETES GRANT PROGRAMS

- Sec. 4921. *Special diabetes programs for children with Type I diabetes.*  
 Sec. 4922. *Special diabetes programs for Indians.*  
 Sec. 4923. *Report on diabetes grant programs.*

## **Subtitle D—Anti-Fraud and Abuse Provisions and Improvements in Protecting Program Integrity**

### **CHAPTER 2—IMPROVEMENTS IN PROTECTING PROGRAM INTEGRITY**

**SEC. 4313. PROVISION OF CERTAIN IDENTIFICATION NUMBERS.**

(a) **REQUIREMENTS TO DISCLOSE EMPLOYER IDENTIFICATION NUMBERS (EINS) AND SOCIAL SECURITY ACCOUNT NUMBERS (SSNs).**—Section 1124(a)(1) (42 U.S.C. 1320a-3(a)(1)) is amended by inserting before the period at the end the following: “and supply the Secretary with both the employer identification number (assigned pursuant to section 6109 of the Internal Revenue Code of 1986) and social security account number (assigned under section 205(c)(2)(B)) of the disclosing entity, each person with an ownership or control interest (as defined in subsection (a)(3)), and any subcontractor in which the entity directly or indirectly has a 5 percent or more ownership interest.”

(b) **OTHER MEDICARE PROVIDERS.**—Section 1124A (42 U.S.C. 1320a-3a) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking “and” at the end;

(B) in paragraph (2), by striking the period at the end and inserting “; and”; and

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

“(3) including the employer identification number (assigned pursuant to section 6109 of the Internal Revenue Code of 1986) and social security account number (assigned under section 205(c)(2)(B)) of the disclosing part B provider and any person, managing employee, or other entity identified or described under paragraph (1) or (2).”; and

(2) in subsection (c)(1), by inserting “(or, for purposes of subsection (a)(3), any entity receiving payment)” after “on an assignment-related basis”.

(c) **VERIFICATION BY SOCIAL SECURITY ADMINISTRATION (SSA).**—Section 1124A (42 U.S.C. 1320a-3a), as amended by subsection (b), is amended—

- (1) by redesignating subsection (c) as subsection (d); and
- (2) by inserting after subsection (b) the following new subsection:

section:

“(c) **VERIFICATION.**—

“(1) **TRANSMITTAL BY HHS.**—The Secretary shall transmit—

“(A) to the Commissioner of Social Security information concerning each social security account number (assigned under section 205(c)(2)(B)), and

“(B) to the Secretary of the Treasury information concerning each employer identification number (assigned pursuant to section 6109 of the Internal Revenue Code of 1986),

supplied to the Secretary pursuant to subsection (a)(3) or section 1124(c) to the extent necessary for verification of such information in accordance with paragraph (2).

“(2) **VERIFICATION.**—The Commissioner of Social Security and the Secretary of the Treasury shall verify the accuracy of, or correct, the information supplied by the Secretary to such official pursuant to paragraph (1), and shall report such verifications or corrections to the Secretary.

“(3) **FEES FOR VERIFICATION.**—The Secretary shall reimburse the Commissioner and Secretary of the Treasury, at a rate negotiated between the Secretary and such official, for the costs incurred by such official in performing the verification and correction services described in this subsection.”.

(d) **REPORT.**—Before the amendments made by this section may become effective, the Secretary of Health and Human Services shall submit to Congress a report on steps the Secretary has taken to assure the confidentiality of social security account numbers that will be provided to the Secretary under such amendments.

(e) **EFFECTIVE DATES.**—

(1) **DISCLOSURE REQUIREMENTS.**—The amendment made by subsection (a) shall apply to the application of conditions of participation, and entering into and renewal of contracts and agreements, occurring more than 90 days after the date of submission of the report under subsection (d).

(2) **OTHER PROVIDERS.**—The amendments made by subsection (b) shall apply to payment for items and services furnished more than 90 days after the date of submission of such report.

## **Subtitle H—Medicaid**

### **CHAPTER 4—ELIGIBILITY**

**SEC. 4731. STATE OPTION OF CONTINUOUS ELIGIBILITY FOR 12 MONTHS; CLARIFICATION OF STATE OPTION TO COVER CHILDREN.**

(a) **CONTINUOUS ELIGIBILITY OPTION.**—Section 1902(e) (42 U.S.C. 1396a(e)) is amended by adding at the end the following new paragraph:

*“(12) At the option of the State, the plan may provide that an individual who is under an age specified by the State (not to exceed 19 years of age) and who is determined to be eligible for benefits under a State plan approved under this title under subsection (a)(10)(A) shall remain eligible for those benefits until the earlier of—*

*“(A) the end of a period (not to exceed 12 months) following the determination; or*

*“(B) the time that the individual exceeds that age.”*

(b) **CLARIFICATION OF STATE OPTION TO COVER ALL CHILDREN UNDER 19 YEARS OF AGE.**—Section 1902(l)(1)(D) (42 U.S.C. 1396a(l)(1)(D)) is amended by inserting “(or, at the option of a State, after any earlier date)” after “children born after September 30, 1983”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to medical assistance for items and services furnished on or after October 1, 1997.

**SEC. 4732. PAYMENT OF PART B PREMIUMS.**

(a) **ELIGIBILITY.**—Section 1902(a)(10)(E) (42 U.S.C. 1396a(a)(10)(E)) is amended—

(1) by striking “and” at the end of clause (ii); and

(2) by inserting after clause (iii) the following:

*“(iv) subject to sections 1933 and 1905(p)(4), for making medical assistance available (but only for premiums payable with respect to months during the period beginning with January 1998, and ending with December 2002)—*

*“(I) for medicare cost-sharing described in section 1905(p)(3)(A)(ii) 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) and is at least 120 percent, but less than 135 percent, of the official poverty line (referred to in such section) for a family of the size involved and who are not otherwise eligible for medical assistance under the State plan, and*

*“(II) for the portion of medicare cost-sharing described in section 1905(p)(3)(A)(ii) that is attributable to the operation of the amendments made by (and subsection (e)(3) of) section 4611 of the Balanced Budget Act of 1997 for individuals who would be described in subclause (I) if ‘135 percent’ and ‘175 percent’ were sub-*

stituted for '120 percent' and '135 percent' respectively; and".

(b) **CONFORMING AMENDMENT.**—Section 1905(b) (42 U.S.C. 1396d(b)) is amended by striking "The term" and inserting "Subject to section 1933(d), the term".

(c) **TERMS AND CONDITIONS OF COVERAGE.**—Title XIX (42 U.S.C. 1395 *et seq.*), as amended by section 4701(a), is amended by redesignating section 1933 as section 1934 and by inserting after section 1932 the following new section:

**"STATE COVERAGE OF MEDICARE COST-SHARING FOR ADDITIONAL  
LOW-INCOME MEDICARE BENEFICIARIES**

**"SEC. 1933. (a) IN GENERAL.**—A State plan under this title shall provide, under section 1902(a)(10)(E)(iv) and subject to the succeeding provisions of this section and through a plan amendment, for medical assistance for payment of the cost of medicare cost-sharing described in such section on behalf of all individuals described in such section (in this section referred to as 'qualifying individuals') who are selected to receive such assistance under subsection (b).

**"(b) SELECTION OF QUALIFYING INDIVIDUALS.**—A State shall select qualifying individuals, and provide such individuals with assistance, under this section consistent with the following:

**"(1) ALL QUALIFYING INDIVIDUALS MAY APPLY.**—The State shall permit all qualifying individuals to apply for assistance during a calendar year.

**"(2) SELECTION ON FIRST-COME, FIRST-SERVED BASIS.**—

**"(A) IN GENERAL.**—For each calendar year (beginning with 1998), from (and to the extent of) the amount of the allocation under subsection (c) for the State for the fiscal year ending in such calendar year, the State shall select qualifying individuals who apply for the assistance in the order in which they apply.

**"(B) CARRYOVER.**—For calendar years after 1998, the State shall give preference to individuals who were provided such assistance (or other assistance described in section 1902(a)(10)(E)) in the last month of the previous year and who continue to be (or become) qualifying individuals.

**"(3) LIMIT ON NUMBER OF INDIVIDUALS BASED ON ALLOCATION.**—The State shall limit the number of qualifying individuals selected with respect to assistance in a calendar year so that the aggregate amount of such assistance provided to such individuals in such year is estimated to be equal to (but not exceed) the State's allocation under subsection (c) for the fiscal year ending in such calendar year.

**"(4) RECEIPT OF ASSISTANCE DURING DURATION OF YEAR.**—If a qualifying individual is selected to receive assistance under this section for a month in year, the individual is entitled to receive such assistance for the remainder of the year if the individual continues to be a qualifying individual. The fact that an individual is selected to receive assistance under this section at any time during a year does not entitle the individual to continued assistance for any succeeding year.

**"(c) ALLOCATION.**—

**"(1) TOTAL ALLOCATION.**—The total amount available for allocation under this section for—

**"(A)** fiscal year 1998 is \$200,000,000;

**"(B)** fiscal year 1999 is \$250,000,000;

**"(C)** fiscal year 2000 is \$300,000,000;

**"(D)** fiscal year 2001 is \$350,000,000; and

**"(E)** fiscal year 2002 is \$400,000,000.

**"(2) ALLOCATION TO STATES.**—The Secretary shall provide for the allocation of the total amount described in paragraph (1) for a fiscal year, among the States that executed a plan amendment in accordance with subsection (a), based upon the Secretary's estimate of the ratio of—

**"(A)** an amount equal to the sum of—

**"(i)** twice the total number of individuals described in section 1902(a)(10)(E)(iv)(I) in the State, and

**"(ii)** the total number of individuals described in section 1902(a)(10)(E)(iv)(II) in the State; to

**"(B)** the sum of the amounts computed under subparagraph (A) for all eligible States.

**"(d) APPLICABLE FMAP.**—With respect to assistance described in section 1902(a)(10)(E)(iv) furnished in a State for calendar quarters in a calendar year —

**"(1)** to the extent that such assistance does not exceed the State's allocation under subsection (c) for the fiscal year ending in the calendar year, the Federal medical assistance percentage shall be equal to 100 percent; and

**"(2)** to the extent that such assistance exceeds such allocation, the Federal medical assistance percentage is 0 percent.

**"(e) LIMITATION ON ENTITLEMENT.**—Except as specifically provided under this section, nothing in this title shall be construed as establishing any entitlement of individuals described in section 1902(a)(10)(E)(iv) to assistance described in such section.

**"(f) COVERAGE OF COSTS THROUGH PART B OF THE MEDICARE PROGRAM.**—For each fiscal year, the Secretary shall provide for the transfer from the Federal Supplementary Medical Insurance Trust Fund under section 1841 to the appropriate account in the Treasury that provides for payments under section 1903(a) with respect to medical assistance provided under this section, of an amount equivalent to the total of the amount of payments made under such section that is attributable to this section and such transfer shall be treated as an expenditure from such Trust Fund for purposes of section 1839."

**SEC. 4733. STATE OPTION TO PERMIT WORKERS WITH DISABILITIES TO BUY INTO MEDICAID.**

Section 1902(a)(10)(A)(ii) (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

(1) in subclause (XI), by striking "or" at the end;

(2) in subclause (XII), by adding "or" at the end; and

(3) by adding at the end the following:

**"(XIII)** who are in families whose income is less than 250 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconcili-

ation Act of 1981) applicable to a family of the size involved, and who but for earnings in excess of the limit established under section 1905(q)(2)(B), would be considered to be receiving supplemental security income (subject, notwithstanding section 1916, to payment of premiums or other cost-sharing charges (set on a sliding scale based on income) that the State may determine);”.

**SEC. 4734. PENALTY FOR FRAUDULENT ELIGIBILITY.**

Section 1128B(a) (42 U.S.C. 1320a-7b(a)), as amended by section 217 of the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191; 110 Stat. 2008), is amended—

(1) by striking paragraph (6) and inserting the following:

“(6) for a fee knowingly and willfully counsels or assists an individual to dispose of assets (including by any transfer in trust) in order for the individual to become eligible for medical assistance under a State plan under title XIX, if disposing of the assets results in the imposition of a period of ineligibility for such assistance under section 1917(c);” and

(2) in clause (ii) of the matter following such paragraph, by striking “failure, or conversion by any other person” and inserting “failure, conversion, or provision of counsel or assistance by any other person”.

**SEC. 4735. TREATMENT OF CERTAIN SETTLEMENT PAYMENTS.**

(a) *IN GENERAL.*—Notwithstanding any other provision of law, the payments described in subsection (b) shall not be considered income or resources in determining eligibility for, or the amount of benefits under, a State plan of medical assistance approved under title XIX of the Social Security Act.

(b) *PAYMENTS DESCRIBED.*—The payments described in this subsection are—

(1) payments made from any fund established pursuant to a class settlement in the case of *Susan Walker v. Bayer Corporation, et al.*, 96-C-5024 (N.D. Ill.); and

(2) payments made pursuant to a release of all claims in a case—

(A) that is entered into in lieu of the class settlement referred to in paragraph (1); and

(B) that is signed by all affected parties in such case on or before the later of—

(i) December 31, 1997, or

(ii) the date that is 270 days after the date on which such release is first sent to the persons (or the legal representative of such persons) to whom the payment is to be made.

## **TITLE V—WELFARE AND RELATED PROVISIONS**

### **SEC. 5000. TABLE OF CONTENTS; REFERENCES.**

(a) **TABLE OF CONTENTS.**—*The table of contents of this title is as follows:*

*Sec. 5000. Table of contents; references.*

#### *Subtitle A—TANF Block Grant*

*Sec. 5001. Welfare-to-work grants.*

*Sec. 5002. Limitation on amount of Federal funds transferable to title XX programs.*

*Sec. 5003. Limitation on number of persons who may be treated as engaged in work by reason of participation in educational activities.*

*Sec. 5004. Penalty for failure of State to reduce assistance for recipients refusing without good cause to work.*

#### *Subtitle B—Supplemental Security Income*

*Sec. 5101. Extension of deadline to perform childhood disability redeterminations.*

*Sec. 5102. Fees for Federal administration of State supplementary payments.*

#### *Subtitle C—Child Support Enforcement*

*Sec. 5201. Clarification of authority to permit certain redisclosures of wage and claim information.*

#### *Subtitle D—Restricting Welfare and Public Benefits for Aliens*

*Sec. 5301. SSI eligibility for aliens receiving SSI on August 22, 1996, and disabled aliens lawfully residing in the United States on August 22, 1996.*

*Sec. 5302. Extension of eligibility period for refugees and certain other qualified aliens from 5 to 7 years for SSI and medicaid; status of Cuban and Haitian entrants.*

*Sec. 5303. Exceptions for certain Indians from limitation on eligibility for supplemental security income and medicaid benefits.*

*Sec. 5304. Exemption from restriction on supplemental security income program participation by certain recipients eligible on the basis of very old applications.*

*Sec. 5305. Reinstatement of eligibility for benefits.*

*Sec. 5306. Treatment of certain Amerasian immigrants as refugees.*

*Sec. 5307. Verification of eligibility for State and local public benefits.*

*Sec. 5308. Effective date.*

#### *Subtitle E—Unemployment Compensation*

*Sec. 5401. Clarifying provision relating to base periods.*

*Sec. 5402. Increase in Federal unemployment account ceiling.*

*Sec. 5403. Special distribution to States from Unemployment Trust Fund.*

*Sec. 5404. Interest-free advances to State accounts in Unemployment Trust Fund restricted to States which meet funding goals.*

*Sec. 5405. Exemption of service performed by election workers from the Federal unemployment tax.*

*Sec. 5406. Treatment of certain services performed by inmates.*

*Sec. 5407. Exemption of service performed for an elementary or secondary school operated primarily for religious purposes from the Federal unemployment tax.*

*Sec. 5408. State program integrity activities for unemployment compensation.*

*Subtitle F—Welfare Reform Technical Corrections*

**CHAPTER 1—BLOCK GRANTS FOR TEMPORARY ASSISTANCE TO NEEDY FAMILIES**

- Sec. 5501. Eligible States; State plan.*
- Sec. 5502. Grants to States.*
- Sec. 5503. Use of grants.*
- Sec. 5504. Mandatory work requirements.*
- Sec. 5505. Prohibitions; requirements.*
- Sec. 5506. Penalties.*
- Sec. 5507. Data collection and reporting.*
- Sec. 5508. Direct funding and administration by Indian Tribes.*
- Sec. 5509. Research, evaluations, and national studies.*
- Sec. 5510. Report on data processing.*
- Sec. 5511. Study on alternative outcomes measures.*
- Sec. 5512. Limitation on payments to the territories.*
- Sec. 5513. Conforming amendments to the Social Security Act.*
- Sec. 5514. Other conforming amendments.*
- Sec. 5515. Modifications to the job opportunities for certain low-income individuals program.*
- Sec. 5516. Denial of assistance and benefits for drug-related convictions.*
- Sec. 5517. Transition rule.*
- Sec. 5518. Effective dates.*

**CHAPTER 2—SUPPLEMENTAL SECURITY INCOME**

- Sec. 5521. Conforming and technical amendments relating to eligibility restrictions.*
- Sec. 5522. Conforming and technical amendments relating to benefits for disabled children.*
- Sec. 5523. Additional technical amendments to title XVI.*
- Sec. 5524. Additional technical amendments relating to title XVI.*
- Sec. 5525. Technical amendments relating to drug addicts and alcoholics.*
- Sec. 5526. Advisory board personnel.*
- Sec. 5527. Timing of delivery of October 1, 2000, SSI benefit payments.*
- Sec. 5528. Effective dates.*

**CHAPTER 3—CHILD SUPPORT**

- Sec. 5531. State obligation to provide child support enforcement services.*
- Sec. 5532. Distribution of collected support.*
- Sec. 5533. Civil penalties relating to State Directory of New Hires.*
- Sec. 5534. Federal Parent Locator Service.*
- Sec. 5535. Access to registry data for research purposes.*
- Sec. 5536. Collection and use of social security numbers for use in child support enforcement.*
- Sec. 5537. Adoption of uniform State laws.*
- Sec. 5538. State laws providing expedited procedures.*
- Sec. 5539. Voluntary paternity acknowledgement.*
- Sec. 5540. Calculation of paternity establishment percentage.*
- Sec. 5541. Means available for provision of technical assistance and operation of Federal Parent Locator Service.*
- Sec. 5542. Authority to collect support from Federal employees.*
- Sec. 5543. Definition of support order.*
- Sec. 5544. State law authorizing suspension of licenses.*
- Sec. 5545. International support enforcement.*
- Sec. 5546. Child support enforcement for Indian tribes.*
- Sec. 5547. Continuation of rules for distribution of support in the case of a title IV-E child.*
- Sec. 5548. Good cause in foster care and food stamp cases.*
- Sec. 5549. Date of collection of support.*
- Sec. 5550. Administrative enforcement in interstate cases.*
- Sec. 5551. Work orders for arrearages.*
- Sec. 5552. Additional technical State plan amendments.*
- Sec. 5553. Federal Case Registry of Child Support Orders.*
- Sec. 5554. Full faith and credit for child support orders.*
- Sec. 5555. Development costs of automated systems.*
- Sec. 5556. Additional technical amendments.*
- Sec. 5557. Effective date.*

## CHAPTER 4—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

## SUBCHAPTER A—ELIGIBILITY FOR FEDERAL BENEFITS

- Sec. 5561. *Alien eligibility for Federal benefits: limited application to medicare and benefits under the Railroad Retirement Act.*
- Sec. 5562. *Exceptions to benefit limitations: corrections to reference concerning aliens whose deportation is withheld.*
- Sec. 5563. *Veterans exception: application of minimum active duty service requirement; extension to unremarried surviving spouse; expanded definition of veteran.*
- Sec. 5564. *Notification concerning aliens not lawfully present: correction of terminology.*
- Sec. 5565. *Freely associated States: contracts and licenses.*
- Sec. 5566. *Congressional statement regarding benefits for Hmong and other Highland Lao veterans.*

## SUBCHAPTER B—GENERAL PROVISIONS

- Sec. 5571. *Determination of treatment of battered aliens as qualified aliens; inclusion of alien child of battered parent as qualified alien.*
- Sec. 5572. *Verification of eligibility for benefits.*
- Sec. 5573. *Qualifying quarters: disclosure of quarters of coverage information; correction to assure that crediting applies to all quarters earned by parents before child is 18.*
- Sec. 5574. *Statutory construction: benefit eligibility limitations applicable only with respect to aliens present in the United States.*

## SUBCHAPTER C—MISCELLANEOUS CLERICAL AND TECHNICAL AMENDMENTS; EFFECTIVE DATE

- Sec. 5581. *Correcting miscellaneous clerical and technical errors.*
- Sec. 5582. *Effective date.*

## CHAPTER 5—CHILD PROTECTION

- Sec. 5591. *Conforming and technical amendments relating to child protection.*
- Sec. 5592. *Additional technical amendments relating to child protection.*
- Sec. 5593. *Effective date.*

## CHAPTER 6—CHILD CARE

- Sec. 5601. *Conforming and technical amendments relating to child care.*
- Sec. 5602. *Additional conforming and technical amendments.*
- Sec. 5603. *Effective dates.*

## CHAPTER 7—ERISA AMENDMENTS RELATING TO MEDICAL CHILD SUPPORT ORDERS

- Sec. 5611. *Amendments relating to section 303 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.*
- Sec. 5612. *Amendment relating to section 381 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.*
- Sec. 5613. *Amendments relating to section 382 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.*

## Subtitle G—Miscellaneous

- Sec. 5701. *Increase in public debt limit.*
- Sec. 5702. *Authorization of appropriations for enforcement initiatives related to the earned income tax credit.*

(b) *REFERENCES.—Except as otherwise expressly provided, wherever 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 Social Security Act.*

## **Subtitle B—Supplemental Security Income**

### **SEC. 5101. EXTENSION OF DEADLINE TO PERFORM CHILDHOOD DISABILITY REDETERMINATIONS.**

Section 211(d)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2190) is amended—

(1) in subparagraph (A)—

(A) in the 1st sentence, by striking “1 year” and inserting “18 months”; and

(B) by inserting after the 1st sentence the following: “Any redetermination required by the preceding sentence that is not performed before the end of the period described in the preceding sentence shall be performed as soon as is practicable thereafter.”; and

(2) in subparagraph (C), by adding at the end the following: “Before commencing a redetermination under the 2nd sentence of subparagraph (A), in any case in which the individual involved has not already been notified of the provisions of this paragraph, the Commissioner of Social Security shall notify the individual involved of the provisions of this paragraph.”.

### **SEC. 5102. FEES FOR FEDERAL ADMINISTRATION OF STATE SUPPLEMENTARY PAYMENTS.**

(a) **FEE SCHEDULE.**—

(1) **OPTIONAL STATE SUPPLEMENTARY PAYMENTS.**—

(A) **IN GENERAL.**—Section 1616(d)(2)(B) (42 U.S.C. 1382e(d)(2)(B)) is amended—

(i) by striking “and” at the end of clause (iii); and

(ii) by striking clause (iv) and inserting the following:

“(iv) for fiscal year 1997, \$5.00;

“(v) for fiscal year 1998, \$6.20;

“(vi) for fiscal year 1999, \$7.60;

“(vii) for fiscal year 2000, \$7.80;

“(viii) for fiscal year 2001, \$8.10;

“(ix) for fiscal year 2002, \$8.50; and

“(x) for fiscal year 2003 and each succeeding fiscal year—

“(I) the applicable rate in the preceding fiscal year, increased by the percentage, if any, by which the Consumer Price Index for the month of June of the calendar year of the increase exceeds the Consumer Price Index for the month of June of the calendar year preceding the calendar year of the increase, and rounded to the nearest whole cent; or

“(II) such different rate as the Commissioner determines is appropriate for the State.”.

(B) **CONFORMING AMENDMENT.**—Section 1616(d)(2)(C) of such Act (42 U.S.C. 1382e(d)(2)(C)) is amended by striking “(B)(iv)” and inserting “(B)(x)(II)”.

(2) **MANDATORY STATE SUPPLEMENTARY PAYMENTS.**—

(A) **IN GENERAL.**—Section 212(b)(3)(B)(ii) of Public Law 93-66 (42 U.S.C. 1382 note) is amended—

(i) by striking “and” at the end of subclause (III);  
and

(ii) by striking subclause (IV) and inserting the following:

“(IV) for fiscal year 1997, \$5.00;

“(V) for fiscal year 1998, \$6.20;

“(VI) for fiscal year 1999, \$7.60;

“(VII) for fiscal year 2000, \$7.80;

“(VIII) for fiscal year 2001, \$8.10;

“(IX) for fiscal year 2002, \$8.50; and

“(X) for fiscal year 2003 and each succeeding fiscal year—

“(aa) the applicable rate in the preceding fiscal year, increased by the percentage, if any, by which the Consumer Price Index for the month of June of the calendar year of the increase exceeds the Consumer Price Index for the month of June of the calendar year preceding the calendar year of the increase, and rounded to the nearest whole cent; or

“(bb) such different rate as the Commissioner determines is appropriate for the State.”.

(B) CONFORMING AMENDMENT.—Section 212(b)(3)(B)(iii) of such Act (42 U.S.C. 1382 note) is amended by striking “(i)(IV)” and inserting “(i)(X)(bb)”.

(b) USE OF NEW FEES TO DEFRAY THE SOCIAL SECURITY ADMINISTRATION’S ADMINISTRATIVE EXPENSES.—

(1) CREDIT TO SPECIAL FUND FOR FISCAL YEAR 1998 AND SUBSEQUENT YEARS.—

(A) OPTIONAL STATE SUPPLEMENTARY PAYMENT FEES.—

Section 1616(d)(4) (42 U.S.C. 1382e(d)(4)) is amended to read as follows:

“(4)(A) The first \$5 of each administration fee assessed pursuant to paragraph (2), upon collection, shall be deposited in the general fund of the Treasury of the United States as miscellaneous receipts.

“(B) That portion of each administration fee in excess of \$5, and 100 percent of each additional services fee charged pursuant to paragraph (3), upon collection for fiscal year 1998 and each subsequent fiscal year, shall be credited to a special fund established in the Treasury of the United States for State supplementary payment fees. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this title and related laws. The amounts so credited shall not be scored as receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, and the amounts so credited shall be credited as a discretionary offset to discretionary spending to the extent that the amounts so credited are made available for expenditure in appropriations Acts.”.

(B) MANDATORY STATE SUPPLEMENTARY PAYMENT FEES.—Section 212(b)(3)(D) of Public Law 93-66 (42 U.S.C. 1382 note) is amended to read as follows:

“(D)(i) The first \$5 of each administration fee assessed pursuant to subparagraph (B), upon collection, shall be deposited in the gen-

eral fund of the Treasury of the United States as miscellaneous receipts.

“(ii) The portion of each administration fee in excess of \$5, and 100 percent of each additional services fee charged pursuant to subparagraph (C), upon collection for fiscal year 1998 and each subsequent fiscal year, shall be credited to a special fund established in the Treasury of the United States for State supplementary payment fees. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this section and title XVI of the Social Security Act and related laws. The amounts so credited shall not be scored as receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, and the amounts so credited shall be credited as a discretionary offset to discretionary spending to the extent that the amounts so credited are made available for expenditure in appropriations Acts.”

(2) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.— From amounts credited pursuant to section 1616(d)(4)(B) of the Social Security Act and section 212(b)(3)(D)(ii) of Public Law 93-66 to the special fund established in the Treasury of the United States for State supplementary payment fees, there is authorized to be appropriated an amount not to exceed \$35,000,000 for fiscal year 1998, and such sums as may be necessary for each fiscal year thereafter.

### **Subtitle C—Child Support Enforcement**

#### **SEC. 5201. CLARIFICATION OF AUTHORITY TO PERMIT CERTAIN RE- DISCLOSURES OF WAGE AND CLAIM INFORMATION.**

Section 303(h)(1)(C) (42 U.S.C. 503(h)(1)(C)) is amended by striking “section 453(i)(1) in carrying out the child support enforcement program under title IV” and inserting “subsections (i)(1), (i)(3), and (j) of section 453”.

### **Subtitle D—Restricting Welfare and Public Benefits for Aliens**

#### **SEC. 5301. SSI ELIGIBILITY FOR ALIENS RECEIVING SSI ON AUGUST 22, 1996 AND DISABLED ALIENS LAWFULLY RESIDING IN THE UNITED STATES ON AUGUST 22, 1996.**

(a) SSI ELIGIBILITY FOR ALIENS RECEIVING SSI ON AUGUST 22, 1996.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding after subparagraph (D) the following new subparagraph:

“(E) ALIENS RECEIVING SSI ON AUGUST 22, 1996.—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to an alien who is lawfully residing in the United States and who was receiving such benefits on August 22, 1996.”

(b) SSI ELIGIBILITY FOR DISABLED ALIENS LAWFULLY RESIDING IN THE UNITED STATES ON AUGUST 22, 1996.—Section 402(a)(2) of

the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

**“(F) DISABLED ALIENS LAWFULLY RESIDING IN THE UNITED STATES ON AUGUST 22, 1996.**—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to an alien who—

“(i) was lawfully residing in the United States on August 22, 1996; and

“(ii) is blind or disabled, as defined in section 1614(a)(2) or 1614(a)(3) of the Social Security Act (42 U.S.C. 1382c(a)(3)).”.

**(c) EXTENSION OF GRANDFATHER PROVISION RELATING TO SSI ELIGIBILITY.**—Section 402(a)(2)(D)(i) of the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (8 U.S.C. 1612(a)(2)(D)(i)) is amended—

(1) in subclause (I), by striking “September 30, 1997,” and inserting “September 30, 1998,”; and

(2) in subclause (III), by striking “September 30, 1997,” and inserting “September 30, 1998”.

**SEC. 5302. EXTENSION OF ELIGIBILITY PERIOD FOR REFUGEES AND CERTAIN OTHER QUALIFIED ALIENS FROM 5 TO 7 YEARS FOR SSI AND MEDICAID; STATUS OF CUBAN AND HAITIAN ENTRANTS.**

**(a) SSI.**—Section 402(a)(2)(A) of the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (8 U.S.C. 1612(a)(2)(A)) is amended to read as follows:

**“(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.**—

“(i) SSI.—With respect to the specified Federal program described in paragraph (3)(A), paragraph (1) shall not apply to an alien until 7 years after the date—

“(I) an alien is admitted to the United States as a refugee under section 207 of the *Immigration and Nationality Act*;

“(II) an alien is granted asylum under section 208 of such Act;

“(III) an alien’s deportation is withheld under section 243(h) of such Act; or

“(IV) an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the *Refugee Education Assistance Act of 1980*).

“(ii) **FOOD STAMPS.**—With respect to the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to an alien until 5 years after the date—

“(I) an alien is admitted to the United States as a refugee under section 207 of the *Immigration and Nationality Act*;

“(II) an alien is granted asylum under section 208 of such Act;

“(III) an alien’s deportation is withheld under section 243(h) of such Act; or

“(IV) an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).”.

(b) **MEDICAID.**—Section 402(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)(A)) is amended to read as follows:

“(A) **TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.**—

“(i) **MEDICAID.**—With respect to the designated Federal program described in paragraph (3)(C), paragraph (1) shall not apply to an alien until 7 years after the date—

“(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

“(II) an alien is granted asylum under section 208 of such Act;

“(III) an alien’s deportation is withheld under section 243(h) of such Act; or

“(IV) an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).

“(ii) **OTHER DESIGNATED FEDERAL PROGRAMS.**—With respect to the designated Federal programs under paragraph (3) (other than subparagraph (C)), paragraph (1) shall not apply to an alien until 5 years after the date—

“(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

“(II) an alien is granted asylum under section 208 of such Act;

“(III) an alien’s deportation is withheld under section 243(h) of such Act; or

“(IV) an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).”.

(c) **STATUS OF CUBAN AND HAITIAN ENTRANTS.**—

(1) **FEDERAL MEANS-TESTED PUBLIC BENEFITS.**—

(A) Section 403(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(b)(1)) is amended by adding at the end the following new subparagraph:

“(D) An alien who is a Cuban and Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980.”.

(B) Section 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613) is amended by striking subsection (d).

(2) **STATE PUBLIC BENEFITS.**—Section 412(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act

of 1996 (8 U.S.C. 1622(b)(1)) is amended by adding at the end the following new subparagraph:

“(D) An alien who is a Cuban and Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980 until 5 years after the alien is granted such status.”.

(3) **QUALIFIED ALIEN DEFINED.**—Section 431(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(b)) is amended—

(A) in paragraph (5) by striking “or”;

(B) in paragraph (6) by striking the period and inserting “; or”; and

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

“(7) an alien who is a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).”.

**SEC. 5303. EXCEPTIONS FOR CERTAIN INDIANS FROM LIMITATION ON ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME AND MEDICAID BENEFITS.**

(a) **EXCEPTION FROM LIMITATION ON SSI ELIGIBILITY.**—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

“(G) **SSI EXCEPTION FOR CERTAIN INDIANS.**—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), section 401(a) and paragraph (1) shall not apply to any individual—

“(i) who is an American Indian born in Canada to whom the provisions of section 289 of the Immigration and Nationality Act (8 U.S.C. 1359) apply; or

“(ii) who is a member of an Indian tribe (as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e))).”.

(b) **EXCEPTION FROM LIMITATION ON MEDICAID ELIGIBILITY.**—Section 402(b)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)) is amended by inserting at the end the following:

“(E) **MEDICAID EXCEPTION FOR CERTAIN INDIANS.**—With respect to eligibility for benefits for the program defined in paragraph (3)(C) (relating to the medicaid program), section 401(a) and paragraph (1) shall not apply to any individual described in subsection (a)(2)(G).”.

(c) **SSI AND MEDICAID EXCEPTIONS FROM LIMITATION ON ELIGIBILITY OF NEW ENTRANTS.**—Section 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613) is amended by adding after subsection (c) the following new subsection:

“(d) **SSI AND MEDICAID BENEFITS FOR CERTAIN INDIANS.**—Notwithstanding any other provision of law, the limitations under section 401(a) and subsection (a) shall not apply to an individual described in section 402(a)(2)(G), but only with respect to the programs specified in subsections (a)(3)(A) and (b)(3)(C) of section 402.”.

**SEC. 5304. EXEMPTION FROM RESTRICTION ON SUPPLEMENTAL SECURITY INCOME PROGRAM PARTICIPATION BY CERTAIN RECIPIENTS ELIGIBLE ON THE BASIS OF VERY OLD APPLICATIONS.**

Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

“(H) SSI EXCEPTION FOR CERTAIN RECIPIENTS ON THE BASIS OF VERY OLD APPLICATIONS.—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to any individual—

“(i) who is receiving benefits under such program for months after July 1996 on the basis of an application filed before January 1, 1979; and

“(ii) with respect to whom the Commissioner of Social Security lacks clear and convincing evidence that such individual is an alien ineligible for such benefits as a result of the application of this section.”.

**SEC. 5305. REINSTATEMENT OF ELIGIBILITY FOR BENEFITS.**

(a) **FOOD STAMPS.**—The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after section 435 the following new section:

**“SEC. 436. DERIVATIVE ELIGIBILITY FOR BENEFITS.**

“Notwithstanding any other provision of law, an alien who under the provisions of this title is ineligible for benefits under the food stamp program (as defined in section 402(a)(3)(B)) shall not be eligible for such benefits because the alien receives benefits under the supplemental security income program (as defined in section 402(a)(3)(A)).”.

(b) **MEDICAID.**—Section 402(b)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)) is amended by adding at the end the following:

“(F) **MEDICAID EXCEPTION FOR ALIENS RECEIVING SSI.**—An alien who is receiving benefits under the program defined in subsection (a)(3)(A) (relating to the supplemental security income program) shall be eligible for medical assistance under a State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) under the same terms and conditions that apply to other recipients of benefits under the program defined in such subsection.”.

(c) **CLERICAL AMENDMENT.**—The table of sections as contained in section 2 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after the item relating to section 435 the following:

“Sec. 436. Derivative eligibility for benefits.”.

**SEC. 5306. TREATMENT OF CERTAIN AMERASIAN IMMIGRANTS AS REFUGEES.**

(a) **FOR PURPOSES OF SSI AND FOOD STAMPS.**—Section 402(a)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A)) as amended by section 5302 is amended—

(1) in clause (i)—

(A) by striking “or” at the end of subclause (III);

(B) by striking the period at the end of subclause (IV) and inserting “; or”; and

(C) by adding at the end the following:

“(V) an alien is admitted to the United States as an Amerasian immigrant pursuant to section 584 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988 (as contained in section 101(e) of Public Law 100-202 and amended by the 9th proviso under MIGRATION AND REFUGEE ASSISTANCE in title II of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989, Public Law 100-461, as amended).”; and

(2) in clause (ii)—

(A) by striking “or” at the end of subclause (III);

(B) by striking the period at the end of subclause (IV) and inserting “; or”; and

(C) by adding at the end the following:

“(V) an alien is admitted to the United States as an Amerasian immigrant as described in clause (i)(V).”

(b) **FOR PURPOSES OF TANF, SSBG, AND MEDICAID.**—Section 402(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)(A)) as amended by section 5302 is amended—

(1) in clause (i)—

(A) by striking “or” at the end of subclause (III);

(B) by striking the period at the end of subclause (IV) and inserting “; or”; and

(C) by adding at the end the following:

“(V) an alien admitted to the United States as an Amerasian immigrant as described in subsection (a)(2)(A)(i)(V) until 5 years after the date of such alien’s entry into the United States.”; and

(2) in clause (ii)—

(A) by striking “or” at the end of subclause (III);

(B) by striking the period at the end of subclause (IV) and inserting “; or”; and

(C) by adding at the end the following:

“(V) an alien admitted to the United States as an Amerasian immigrant as described in subsection (a)(2)(A)(i)(V) until 5 years after the date of such alien’s entry into the United States.”

(c) **FOR PURPOSES OF EXCEPTION FROM 5-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS.**—Section 403(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(b)(1)) is amended by adding at the end the following:

“(E) An alien admitted to the United States as an Amerasian immigrant as described in section 402(a)(2)(A)(i)(V).”

(d) **FOR PURPOSES OF CERTAIN STATE PROGRAMS.**—Section 412(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1622(b)(1)) is amended by adding at the end the following new subparagraph:

*“(E) An alien admitted to the United States as an Amerasian immigrant as described in section 402(a)(2)(A)(i)(V).”*

**SEC. 5307. VERIFICATION OF ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS.**

*(a) IN GENERAL.—The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after section 412 the following new section:*

**“SEC. 413. AUTHORIZATION FOR VERIFICATION OF ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS.**

*“A State or political subdivision of a State is authorized to require an applicant for State and local public benefits (as defined in section 411(c)) to provide proof of eligibility.”*

*(b) CLERICAL AMENDMENT.—The table of sections as contained in section 2 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after the item relating to section 412 the following:*

*“Sec. 413. Authorization for verification of eligibility for state and local public benefits.”*

**SEC. 5308. EFFECTIVE DATE.**

*\*ERR11\* Except as otherwise provided, the amendments made by this subtitle shall be effective as if included in the enactment of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.*

## **Subtitle F—Welfare Reform Technical Corrections**

### **CHAPTER 2—SUPPLEMENTAL SECURITY INCOME**

**SEC. 5521. CONFORMING AND TECHNICAL AMENDMENTS RELATING TO ELIGIBILITY RESTRICTIONS.**

*(a) DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—Section 1611(e)(6) (42 U.S.C. 1382(e)(6)) is amended by inserting “and section 1106(c) of this Act” after “of 1986”.*

(b) **TREATMENT OF PRISONERS.**—Section 1611(e)(1)(I)(i)(II) (42 U.S.C. 1382(e)(1)(I)(i)(II)) is amended by striking “inmate of the institution” and all that follows through “this subparagraph” and inserting “individual who receives in the month preceding the first month throughout which such individual is an inmate of the jail, prison, penal institution, or correctional facility that furnishes information respecting such individual pursuant to subclause (I), or is confined in the institution (that so furnishes such information) as described in section 202(x)(1)(A)(ii), a benefit under this title for such preceding month, and who is determined by the Commissioner to be ineligible for benefits under this title by reason of confinement based on the information provided by such institution”.

(c) **CORRECTION OF REFERENCE.**—Section 1611(e)(1)(I)(i)(I) (42 U.S.C. 1382(e)(1)(I)(i)(I)) is amended by striking “paragraph (1)” and inserting “this paragraph”.

**SEC. 5522. CONFORMING AND TECHNICAL AMENDMENTS RELATING TO BENEFITS FOR DISABLED CHILDREN.**

(a) **ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.**—

(1) **DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.**—Section 1614(a)(3)(H)(iii) (42 U.S.C. 1382c(a)(3)(H)(iii)) is amended by striking subclauses (I) and (II) and all that follows and inserting the following:

“(I) by applying the criteria used in determining initial eligibility for individuals who are age 18 or older; and

“(II) either during the 1-year period beginning on the individual’s 18th birthday or, in lieu of a continuing disability review, whenever the Commissioner determines that an individual’s case is subject to a redetermination under this clause.

With respect to any redetermination under this clause, paragraph (4) shall not apply.”

(2) **CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.**—Section 1614(a)(3)(H)(iv) (42 U.S.C. 1382c(a)(3)(H)(iv)) is amended—

(A) in subclause (I), by striking “Not” and inserting “Except as provided in subclause (VI), not”; and

(B) by adding at the end the following:

“(VI) Subclause (I) shall not apply in the case of an individual described in that subclause who, at the time of the individual’s initial disability determination, the Commissioner determines has an impairment that is not expected to improve within 12 months after the birth of that individual, and who the Commissioner schedules for a continuing disability review at a date that is after the individual attains 1 year of age.”

(b) **ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**—Section 1631(a)(2)(F) (42 U.S.C. 1383(a)(2)(F)) is amended—

(1) in clause (ii)(III)(bb), by striking “the total amount” and all that follows through “1613(c)” and inserting “in any case in which the individual knowingly misapplies benefits from such an account, the Commissioner shall reduce future benefits payable to such individual (or to such individual and his spouse) by an amount equal to the total amount of such benefits so misapplied”; and

(2) by striking clause (iii) and inserting the following:

*“(iii) The representative payee may deposit into the account established under clause (i) any other funds representing past due benefits under this title to the eligible individual, provided that the amount of such past due benefits is equal to or exceeds the maximum monthly benefit payable under this title to an eligible individual (including State supplementary payments made by the Commissioner pursuant to an agreement under section 1616 or section 212(b) of Public Law 93-66).”*

(c) **REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.**—Section 1611(e) (42 U.S.C. 1382(e)) is amended—

(1) in paragraph (1)(B)—

(A) in the matter preceding clause (i), by striking “hospital, extended care facility, nursing home, or intermediate care facility” and inserting “medical treatment facility”;

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by striking “hospital, home or”; and

(ii) in subclause (I), by striking “hospital, home, or”;

(C) in clause (iii), by striking “hospital, home, or”; and

(D) in the matter following clause (iii), by striking “hospital, extended care facility, nursing home, or intermediate care facility which is a ‘medical institution or nursing facility’ within the meaning of section 1917(c)” and inserting “medical treatment facility that provides services described in section 1917(c)(1)(C)”;

(2) in paragraph (1)(E)—

(A) in clause (i)(II), by striking “hospital, extended care facility, nursing home, or intermediate care facility” and inserting “medical treatment facility”; and

(B) in clause (iii), by striking “hospital, extended care facility, nursing home, or intermediate care facility” and inserting “medical treatment facility”;

(3) in paragraph (1)(G), in the matter preceding clause (i)—

(A) by striking “or which is a hospital, extended care facility, nursing home, or intermediate care” and inserting “or is in a medical treatment”; and

(B) by inserting “or, in the case of an individual who is a child under the age of 18, under any health insurance policy issued by a private provider of such insurance” after “title XIX”; and

(4) in paragraph (3)—

(A) by striking “same hospital, home, or facility” and inserting “same medical treatment facility”; and

(B) by striking “same such hospital, home, or facility” and inserting “same such facility”.

(d) **CORRECTION OF U.S.C. CITATION.**—Section 211(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2189) is amended by striking “1382(a)(4)” and inserting “1382c(a)(4)”.

**SEC. 5523. ADDITIONAL TECHNICAL AMENDMENTS TO TITLE XVI.**

Section 1615(d) (42 U.S.C. 1382d(d)) is amended—

(1) in the first sentence, by inserting a comma after “sub-section (a)(1)”; and

(2) in the last sentence, by striking “him” and inserting “the Commissioner”.

**SEC. 5524. ADDITIONAL TECHNICAL AMENDMENTS RELATING TO TITLE XVI.**

Section 1110(a)(3) (42 U.S.C. 1310(a)(3)) is amended—

(1) by inserting “(or the Commissioner, with respect to any jointly financed cooperative agreement or grant concerning title XVI)” after “Secretary” the first place it appears; and

(2) by inserting “(or the Commissioner, as applicable)” after “Secretary” the second place it appears.

**SEC. 5525. TECHNICAL AMENDMENTS RELATING TO DRUG ADDICTS AND ALCOHOLICS.**

(a) CLARIFICATION RELATING TO THE EFFECTIVE DATE OF THE DENIAL OF SSI DISABILITY BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Section 105(b)(5) of the Contract with America Advancement Act of 1996 (Public Law 104–121; 110 Stat. 853) is amended—

(1) in subparagraph (A), by striking “by the Commissioner of Social Security” and “by the Commissioner”; and

(2) by redesignating subparagraph (D) as subparagraph (F) and by inserting after subparagraph (C) the following new subparagraphs:

“(D) For purposes of this paragraph, an individual’s claim, with respect to supplemental security income benefits under title XVI of the Social Security Act based on disability, which has been denied in whole before the date of the enactment of this Act, may not be considered to be finally adjudicated before such date if, on or after such date—

“(i) there is pending a request for either administrative or judicial review with respect to such claim, or

“(ii) there is pending, with respect to such claim, a readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

“(E) Notwithstanding the provisions of this paragraph, with respect to any individual for whom the Commissioner does not perform the eligibility redetermination before the date prescribed in subparagraph (C), the Commissioner shall perform such eligibility redetermination in lieu of a continuing disability review whenever the Commissioner determines that the individual’s eligibility is subject to redetermination based on the preceding provisions of this paragraph, and the provisions of section 1614(a)(4) of the Social Security Act shall not apply to such redetermination.”.

(b) CORRECTIONS TO EFFECTIVE DATE OF PROVISIONS CONCERNING REPRESENTATIVE PAYEES AND TREATMENT REFERRALS OF SSI BENEFICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—Section 105(b)(5)(B) of such Act (Public Law 104–121; 110 Stat. 853) is amended to read as follows:

“(B) The amendments made by paragraphs (2) and (3) shall take effect on July 1, 1996, with respect to any individual—

“(i) whose claim for benefits is finally adjudicated on or after the date of the enactment of this Act, or

“(ii) whose eligibility for benefits is based upon an eligibility redetermination made pursuant to subparagraph (C).”

(c) **REPEAL OF OBSOLETE REPORTING REQUIREMENTS.**—Subsections (a)(3)(B) and (b)(3)(B)(ii) of section 201 of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296; 108 Stat. 1497, 1504) are repealed.

**SEC. 5526. ADVISORY BOARD PERSONNEL.**

Section 703(i) (42 U.S.C. 903(i)) is amended—

(1) in the first sentence, by striking “, and three” and all that follows through “Board,”; and

(2) in the last sentence, by striking “clerical”.

**SEC. 5527. TIMING OF DELIVERY OF OCTOBER 1, 2000, SSI BENEFIT PAYMENTS.**

Notwithstanding the provisions of section 708(a) of the Social Security Act (42 U.S.C. 908(a)), the day designated for delivery of benefit payments under title XVI of such Act for October 2000 shall be the second day of such month.

**SEC. 5528. EFFECTIVE DATES.**

(a) **IN GENERAL.**—Except as provided in this section, the amendments made by this chapter shall take effect as if included in the enactment of title II of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2185).

(b) **SECTION 5524 AMENDMENTS.**—The amendments made by section 5524 of this Act shall take effect as if included in the enactment of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296; 108 Stat. 1464).

(c) **SECTION 5525 AMENDMENTS.**—

(1) **IN GENERAL.**—The amendments made by subsections (a) and (b) of section 5525 of this Act shall take effect as if included in the enactment of section 105 of the Contract with America Advancement Act of 1996 (Public Law 104-121; 110 Stat. 852 et seq.).

(2) **REPEALS.**—The repeals made by section 5525(c) shall take effect on the date of the enactment of this Act.

(d) **SECTION 5526 AMENDMENTS.**—The amendments made by section 5526 of this Act shall take effect as if included in the enactment of section 108 of the Contract with America Advancement Act of 1996 (Public Law 104-121; 110 Stat. 857).

(e) **SECTION 5227.**—Section 5227 shall take effect on the date of the enactment of this Act.

**CHAPTER 3—CHILD SUPPORT**

**SEC. 5533. CIVIL PENALTIES RELATING TO STATE DIRECTORY OF NEW HIRES.**

Section 453A (42 U.S.C. 653a) is amended—

(1) in subsection (d)—

(A) in the matter preceding paragraph (1), by striking “shall be less than” and inserting “shall not exceed”; and

(B) in paragraph (1), by striking “\$25” and inserting “\$25 per failure to meet the requirements of this section with respect to a newly hired employee”; and

(2) in subsection (g)(2)(B), by striking “extracts” and all that follows through “Labor” and inserting “information”.

**SEC. 5534. FEDERAL PARENT LOCATOR SERVICE.**

(a) **IN GENERAL.**—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a)—

(A) by inserting “(1)” after “(a)”; and

(B) by striking “to obtain” and all that follows through the period and inserting “for the purposes specified in paragraphs (2) and (3).”

“(2) For the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obliga-

tions, the Federal Parent Locator Service shall obtain and transmit to any authorized person specified in subsection (c)—

“(A) information on, or facilitating the discovery of, the location of any individual—

“(i) who is under an obligation to pay child support;

“(ii) against whom such an obligation is sought; or

“(iii) to whom such an obligation is owed,

including the individual’s social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual’s employer;

“(B) information on the individual’s wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

“(C) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual.

“(3) For the purpose of enforcing any Federal or State law with respect to the unlawful taking or restraint of a child, or making or enforcing a child custody or visitation determination, as defined in section 463(d)(1), the Federal Parent Locator Service shall be used to obtain and transmit the information specified in section 463(c) to the authorized persons specified in section 463(d)(2).”;

(2) by striking subsection (b) and inserting the following:

“(b)(1) Upon request, filed in accordance with subsection (d), of any authorized person, as defined in subsection (c) for the information described in subsection (a)(2), or of any authorized person, as defined in section 463(d)(2) for the information described in section 463(c), the Secretary shall, notwithstanding any other provision of law, provide through the Federal Parent Locator Service such information to such person, if such information—

“(A) is contained in any files or records maintained by the Secretary or by the Department of Health and Human Services; or

“(B) is not contained in such files or records, but can be obtained by the Secretary, under the authority conferred by subsection (e), from any other department, agency, or instrumentality of the United States or of any State, and is not prohibited from disclosure under paragraph (2).

“(2) No information shall be disclosed to any person if the disclosure of such information would contravene the national policy or security interests of the United States or the confidentiality of census data. The Secretary shall give priority to requests made by any authorized person described in subsection (c)(1). No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent, provided that—

“(A) in response to a request from an authorized person (as defined in subsection (c) of this section and section 463(d)(2)), the Secretary shall advise the authorized person that the Secretary has been notified that there is reasonable evidence of domestic violence or child abuse and that information can only be disclosed to a court or an agent of a court pursuant to subparagraph (B); and

“(B) information may be disclosed to a court or an agent of a court described in subsection (c)(2) of this section or section 463(d)(2)(B), if—

“(i) upon receipt of information from the Secretary, the court determines whether disclosure to any other person of that information could be harmful to the parent or the child; and

“(ii) if the court determines that disclosure of such information to any other person could be harmful, the court and its agents shall not make any such disclosure.

“(3) Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).”; and

(3) in subsection (c)—

(A) in paragraph (1), by striking “or to seek to enforce orders providing child custody or visitation rights”; and

(B) in paragraph (2)—

(i) by inserting “or to serve as the initiating court in an action to seek an order” after “issue an order”; and

(ii) by striking “or to issue an order against a resident parent for child custody or visitation rights”.

(b) **USE OF THE FEDERAL PARENT LOCATOR SERVICE.**—Section 463 (42 U.S.C. 663) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by striking “any State which is able and willing to do so,” and inserting “every State”; and

(ii) by striking “such State” and inserting “each State”; and

(B) in paragraph (2), by inserting “or visitation” after “custody”;

(2) in subsection (b)(2), by inserting “or visitation” after “custody”;

(3) in subsection (d)—

(A) in paragraph (1), by inserting “or visitation” after “custody”; and

(B) in subparagraphs (A) and (B) of paragraph (2), by inserting “or visitation” after “custody” each place it appears;

(4) in subsection (f)(2), by inserting “or visitation” after “custody”; and

(5) by striking “noncustodial” each place it appears.

**SEC. 5535. ACCESS TO REGISTRY DATA FOR RESEARCH PURPOSES.**

(a) **IN GENERAL.**—Section 453(j)(5) (42 U.S.C. 653(j)(5)) is amended by inserting “data in each component of the Federal Parent Locator Service maintained under this section and to” before “information”.

(b) **CONFORMING AMENDMENTS.**—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (j)(3)(B), by striking “registries” and inserting “components”; and

(2) in subsection (k)(2), by striking “subsection (j)(3)” and inserting “section 453A(g)(2)”.

**SEC. 5536. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.**

Section 466(a)(13) (42 U.S.C. 666(a)(13)) is amended—

(1) in subparagraph (A)—

(A) by striking “commercial”; and

(B) by inserting “recreational license,” after “occupational license,”; and

(2) in the matter following subparagraph (C), by inserting “to be used on the face of the document while the social security number is kept on file at the agency” after “other than the social security number”.

**CHAPTER 4—RESTRICTING WELFARE AND PUBLIC  
BENEFITS FOR ALIENS**

**Subchapter A—Eligibility for Federal Benefits**

**SEC. 5561. ALIEN ELIGIBILITY FOR FEDERAL BENEFITS: LIMITED AP-  
PLICATION TO MEDICARE AND BENEFITS UNDER THE  
RAILROAD RETIREMENT ACT.**

(a) **LIMITED APPLICATION TO MEDICARE.**—Section 401(b) of the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (8 U.S.C. 1611(b)) is amended by adding at the end the following:

“(3) Subsection (a) shall not apply to any benefit payable under title XVIII of the *Social Security Act* (relating to the medicare program) to an alien who is lawfully present in the United States as determined by the Attorney General and, with respect to benefits payable under part A of such title, who was authorized to be employed with respect to any wages attributable to employment which are counted for purposes of eligibility for such benefits.”.

(b) **LIMITED APPLICATION TO BENEFITS UNDER THE RAILROAD RETIREMENT ACT.**—Section 401(b) of the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (8 U.S.C. 1611(b)) (as amended by subsection (a)) is amended by inserting at the end the following:

“(4) Subsection (a) shall not apply to any benefit payable under the Railroad Retirement Act of 1974 or the Railroad Unemployment Insurance Act to an alien who is lawfully present in the United States as determined by the Attorney General or to an alien residing outside the United States.”

**SEC. 5562. EXCEPTIONS TO BENEFIT LIMITATIONS: CORRECTIONS TO REFERENCE CONCERNING ALIENS WHOSE DEPORTATION IS WITHHELD.**

Sections 402(a)(2)(A), 402(b)(2)(A), 403(b)(1)(C), 412(b)(1)(C), and 431(b)(5) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A), 1612(b)(2)(A), 1613(b)(1)(C), 1622(b)(1)(C), and 1641(b)(5)) as amended by this Act are each amended by striking “section 243(h) of such Act” each place it appears and inserting “section 243(h) of such Act (as in effect immediately before the effective date of section 307 of division C of Public Law 104–208) or section 241(b)(3) of such Act (as amended by section 305(a) of division C of Public Law 104–208)”.

**SEC. 5563. VETERANS EXCEPTION: APPLICATION OF MINIMUM ACTIVE DUTY SERVICE REQUIREMENT; EXTENSION TO UNREMARIED SURVIVING SPOUSE; EXPANDED DEFINITION OF VETERAN.**

(a) **APPLICATION OF MINIMUM ACTIVE DUTY SERVICE REQUIREMENT.**—Sections 402(a)(2)(C)(i), 402(b)(2)(C)(i), 403(b)(2)(A), and 412(b)(3)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(C)(i), 1612(b)(2)(C)(i), 1613(b)(2)(A), and 1622(b)(3)(A)) are each amended by inserting “and who fulfills the minimum active-duty service requirements of section 5303A(d) of title 38, United States Code” after “alienage”.

(b) **EXCEPTION APPLICABLE TO UNREMARIED SURVIVING SPOUSE.**—Sections 402(a)(2)(C)(iii), 402(b)(2)(C)(iii), 403(b)(2)(C), and 412(b)(3)(C) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(C)(iii), 1612(b)(2)(C)(iii), 1613(b)(2)(C), and 1622(b)(3)(C)) are each amended by inserting before the period “or the unremarried surviving spouse of an individual described in clause (i) or (ii) who is deceased if the marriage fulfills the requirements of section 1304 of title 38, United States Code”.

(c) **EXPANDED DEFINITION OF VETERAN.**—Sections 402(a)(2)(C)(i), 402(b)(2)(C)(i), 403(b)(2)(A), and 412(b)(3)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(C)(i), 1612(b)(2)(C)(i), 1613(b)(2)(A), and 1622(b)(3)(A)) are each amended by inserting “, 1101, or 1301, or as described in section 107” after “section 101”.

**SEC. 5564. NOTIFICATION CONCERNING ALIENS NOT LAWFULLY PRESENT: CORRECTION OF TERMINOLOGY.**

Section 1631(e)(9) of the Social Security Act (42 U.S.C. 1383(e)(9)) and section 27 of the United States Housing Act of 1937, as added by section 404 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, are each amended by striking “unlawfully in the United States” each place it appears and inserting “not lawfully present in the United States”.

**SEC. 5565. FREELY ASSOCIATED STATES: CONTRACTS AND LICENSES.**

*Sections 401(c)(2)(A) and 411(c)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(c)(2)(A) and 1621(c)(2)(A)) are each amended by inserting before the semicolon at the end “, or to a citizen of a freely associated state, if section 141 of the applicable compact of free association approved in Public Law 99-239 or 99-658 (or a successor provision) is in effect”.*

**SEC. 5566. CONGRESSIONAL STATEMENT REGARDING BENEFITS FOR HMONG AND OTHER HIGHLAND LAO VETERANS.**

(a) *FINDINGS.—The Congress makes the following findings:*

(1) *Hmong and other Highland Lao tribal peoples were recruited, armed, trained, and funded for military operations by the United States Department of Defense, Central Intelligence Agency, Department of State, and Agency for International Development to further United States national security interests during the Vietnam conflict.*

(2) *Hmong and other Highland Lao tribal forces sacrificed their own lives and saved the lives of American military personnel by rescuing downed American pilots and aircrews and by engaging and successfully fighting North Vietnamese troops.*

(3) *Thousands of Hmong and other Highland Lao veterans who fought in special guerilla units on behalf of the United States during the Vietnam conflict, along with their families, have been lawfully admitted to the United States in recent years.*

(4) *The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), the new national welfare reform law, restricts certain welfare benefits for noncitizens of the United States and the exceptions for noncitizen veterans of the Armed Forces of the United States do not extend to Hmong veterans of the Vietnam conflict era, making Hmong veterans and their families receiving certain welfare benefits subject to restrictions despite their military service on behalf of the United States.*

(b) *CONGRESSIONAL STATEMENT.—It is the sense of the Congress that Hmong and other Highland Lao veterans who fought on behalf of the Armed Forces of the United States during the Vietnam conflict and have lawfully been admitted to the United States for permanent residence should be considered veterans for purposes of continuing certain welfare benefits consistent with the exceptions provided other noncitizen veterans under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.*

**Subchapter B—General Provisions****SEC. 5571. DETERMINATION OF TREATMENT OF BATTERED ALIENS AS QUALIFIED ALIENS; INCLUSION OF ALIEN CHILD OF BATTERED PARENT AS QUALIFIED ALIEN.**

(a) *DETERMINATION OF STATUS BY AGENCY PROVIDING BENEFITS.—Section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641) is amended in subsections (c)(1)(A) and (c)(2)(A) by striking “Attorney General, which opinion is not subject to review by any court)” each place it appears and inserting “agency providing such benefits)”.*

(b) **GUIDANCE ISSUED BY ATTORNEY GENERAL.**—Section 431(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(c)) is amended by adding at the end the following new undesignated paragraph:

“After consultation with the Secretaries of Health and Human Services, Agriculture, and Housing and Urban Development, the Commissioner of Social Security, and with the heads of such Federal agencies administering benefits as the Attorney General considers appropriate, the Attorney General shall issue guidance (in the Attorney General’s sole and unreviewable discretion) for purposes of this subsection and section 421(f), concerning the meaning of the terms ‘battery’ and ‘extreme cruelty’, and the standards and methods to be used for determining whether a substantial connection exists between battery or cruelty suffered and an individual’s need for benefits under a specific Federal, State, or local program.”.

(c) **INCLUSION OF ALIEN CHILD OF BATTERED PARENT AS QUALIFIED ALIEN.**—Section 431(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(c)) is amended—

- (1) at the end of paragraph (1)(B)(iv) by striking “or”;
- (2) at the end of paragraph (2)(B) by striking the period and inserting “; or”; and
- (3) by inserting after paragraph (2)(B) and before the last sentence of such subsection the following new paragraph:

“(3) an alien child who—

“(A) resides in the same household as a parent who has been battered or subjected to extreme cruelty in the United States by that parent’s spouse or by a member of the spouse’s family residing in the same household as the parent and the spouse consented or acquiesced to such battery or cruelty, but only if (in the opinion of the agency providing such benefits) there is a substantial connection between such battery or cruelty and the need for the benefits to be provided; and

“(B) who meets the requirement of subparagraph (B) of paragraph (1).”.

(d) **INCLUSION OF ALIEN CHILD OF BATTERED PARENT UNDER SPECIAL RULE FOR ATTRIBUTION OF INCOME.**—Section 421(f)(1)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(f)(1)(A)) is amended—

- (1) at the end of clause (i) by striking “or”; and
- (2) by striking “and the battery or cruelty described in clause (i) or (ii)” and inserting “or (iii) the alien is a child whose parent (who resides in the same household as the alien child) has been battered or subjected to extreme cruelty in the United States by that parent’s spouse, or by a member of the spouse’s family residing in the same household as the parent and the spouse consented to, or acquiesced in, such battery or cruelty, and the battery or cruelty described in clause (i), (ii), or (iii)”.

**SEC. 5572. VERIFICATION OF ELIGIBILITY FOR BENEFITS.**

(a) **REGULATIONS AND GUIDANCE.**—Section 432(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1642(a)) is amended—

(1) by inserting at the end of paragraph (1) the following: "Not later than 90 days after the date of the enactment of the Balanced Budget Act of 1997, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall issue interim verification guidance."; and

(2) by adding after paragraph (2) the following new paragraph:

"(3) Not later than 90 days after the date of the enactment of the Balanced Budget Act of 1997, the Attorney General shall promulgate regulations which set forth the procedures by which a State or local government can verify whether an alien applying for a State or local public benefit is a qualified alien, a nonimmigrant under the Immigration and Nationality Act, or an alien paroled into the United States under section 212(d)(5) of the Immigration and Nationality Act for less than 1 year, for purposes of determining whether the alien is ineligible for benefits under section 411 of this Act."

(b) **DISCLOSURE OF INFORMATION FOR VERIFICATION.**—Section 384(b) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (division C of Public Law 104-208) is amended by adding after paragraph (4) the following new paragraph:

"(5) The Attorney General is authorized to disclose information, to Federal, State, and local public and private agencies providing benefits, to be used solely in making determinations of eligibility for benefits pursuant to section 431(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996."

**SEC. 5573. QUALIFYING QUARTERS: DISCLOSURE OF QUARTERS OF COVERAGE INFORMATION; CORRECTION TO ASSURE THAT CREDITING APPLIES TO ALL QUARTERS EARNED BY PARENTS BEFORE CHILD IS 18.**

(a) **DISCLOSURE OF QUARTERS OF COVERAGE INFORMATION.**—Section 435 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1645) is amended by adding at the end the following: "Notwithstanding section 6103 of the Internal Revenue Code of 1986, the Commissioner of Social Security is authorized to disclose quarters of coverage information concerning an alien and an alien's spouse or parents to a government agency for the purposes of this title."

(b) **CORRECTION TO ASSURE THAT CREDITING APPLIES TO ALL QUARTERS EARNED BY PARENTS BEFORE CHILD IS 18.**—Section 435(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1645(1)) is amended by striking "while the alien was under age 18," and inserting "before the date on which the alien attains age 18,".

**SEC. 5574. STATUTORY CONSTRUCTION: BENEFIT ELIGIBILITY LIMITATIONS APPLICABLE ONLY WITH RESPECT TO ALIENS PRESENT IN THE UNITED STATES.**

Section 433 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1643) is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d); and

(2) by adding after subsection (a) the following new subsection:

**“(b) BENEFIT ELIGIBILITY LIMITATIONS APPLICABLE ONLY WITH RESPECT TO ALIENS PRESENT IN THE UNITED STATES.—**Notwithstanding any other provision of this title, the limitations on eligibility for benefits under this title shall not apply to eligibility for benefits of aliens who are not residing, or present, in the United States with respect to—

“(1) wages, pensions, annuities, and other earned payments to which an alien is entitled resulting from employment by, or on behalf of, a Federal, State, or local government agency which was not prohibited during the period of such employment or service under section 274A or other applicable provision of the Immigration and Nationality Act; or

“(2) benefits under laws administered by the Secretary of Veterans Affairs.”

### **Subchapter C—Miscellaneous Clerical and Technical Amendments; Effective Date**

#### **SEC. 5581. CORRECTING MISCELLANEOUS CLERICAL AND TECHNICAL ERRORS.**

**(a) INFORMATION REPORTING UNDER TITLE IV OF THE SOCIAL SECURITY ACT.—**Effective July 1, 1997, section 408 (42 U.S.C. 608), as amended by sections 5001(h)(1) and 5505(e) of this Act, is amended by adding at the end the following new subsection:

**“(g) STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.—**Each State to which a grant is made under section 403 shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is not lawfully present in the United States.”

**(b) MISCELLANEOUS CLERICAL AND TECHNICAL CORRECTIONS.—**

(1) Section 411(c)(3) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1621(c)(3)) is amended by striking “4001(c)” and inserting “401(c)”.

(2) Section 422(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1632(a)) is amended by striking “benefits (as defined in section 412(c))” and inserting “benefits”.

(3) Section 412(b)(1)(C) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1622(b)(1)(C)) is amended by striking “withholding” and inserting “withholding”.

(4) The subtitle heading for subtitle D of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended to read as follows:

### **“Subtitle D—General Provisions”.**

(5) The subtitle heading for subtitle F of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended to read as follows:

**“Subtitle F—Earned Income Credit Denied to Unauthorized Employees”.**

(6) Section 431(c)(2)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(c)(2)(B)) is amended by striking “clause (ii) of subparagraph (A)” and inserting “subparagraph (B) of paragraph (1)”.

(7) Section 431(c)(1)(B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(c)(1)(B)) is amended—

(A) in clause (iii) by striking “, or” and inserting “(as in effect prior to April 1, 1997),”; and

(B) by adding after clause (iv) the following new clause:

“(v) cancellation of removal pursuant to section 240A(b)(2) of such Act;”.

**SEC. 5582. EFFECTIVE DATE.**

*Except as otherwise provided, the amendments made by this chapter shall be effective as if included in the enactment of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.*

## **TITLE X—BUDGET ENFORCEMENT AND PROCESS PROVISIONS**

**SEC. 10001. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This title may be cited as the “Budget Enforcement Act of 1997”.

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

*Sec. 10001. Short title; table of contents.*

*Subtitle A—Amendments to the Congressional Budget and Impoundment Control Act of 1974*

*Sec. 10101. Amendment to section 3.*

*Sec. 10102. Amendments to section 201.*

*Sec. 10103. Amendments to section 202.*

*Sec. 10104. Amendment to section 300.*

*Sec. 10105. Amendments to section 301.*

*Sec. 10106. Amendments to section 302.*

*Sec. 10107. Amendments to section 303.*

*Sec. 10108. Amendment to section 304.*

*Sec. 10109. Amendment to section 305.*

*Sec. 10110. Amendments to section 308.*

*Sec. 10111. Amendments to section 310.*

*Sec. 10112. Amendments to section 311.*

*Sec. 10113. Amendment to section 312.*

*Sec. 10114. Adjustments.*

*Sec. 10115. Effect of adoption of a special order of business in the House of Representatives.*

*Sec. 10116. Amendment to section 401 and repeal of section 402.*

*Sec. 10117. Amendments to title V.*

*Sec. 10118. Repeal of title VI.*

*Sec. 10119. Amendments to section 904.*

*Sec. 10120. Repeal of sections 905 and 906.*

*Sec. 10121. Amendments to sections 1022 and 1024.*

Sec. 10122. Amendment to section 1026.

Sec. 10123. Senate task force on consideration of budget measures.

**Subtitle B—Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985**

Sec. 10201. Purpose.

Sec. 10202. General statement and definitions.

Sec. 10203. Enforcing discretionary spending limits.

Sec. 10204. Violent crime reduction spending.

Sec. 10205. Enforcing pay-as-you-go.

Sec. 10206. Reports and orders.

Sec. 10207. Exempt programs and activities.

Sec. 10208. General and special sequestration rules.

Sec. 10209. The baseline.

Sec. 10210. Technical correction.

Sec. 10211. Judicial review.

Sec. 10212. Effective date.

Sec. 10213. Reduction of preexisting balances and exclusion of effects of this Act from paygo scorecard.

**Subtitle A—Amendments to the Congressional Budget and Impoundment Control Act of 1974**

**SEC. 10101. AMENDMENT TO SECTION 3.**

Section 3(9) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

“(9) The term ‘entitlement authority’ means—

“(A) the authority to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing that authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by that law; and

“(B) the food stamp program.”.

**SEC. 10102. AMENDMENTS TO SECTION 201.**

(a) **TERM OF OFFICE.**—The first sentence of section 201(a)(3) of the Congressional Budget Act of 1974 is amended to read as follows: “The term of office of the Director shall be 4 years and shall expire on January 3 of the year preceding each Presidential election.”.

(b) **CONFORMING CHANGE.**—Section 201(e) of the Congressional Budget Act of 1974 is amended by inserting “and” before “the Library”, by striking “and the Office of Technology Assessment.”, by inserting “and” before “the Librarian”, and by striking “, and the Technology Assessment Board”.

(c) **REDESIGNATION OF EXECUTED PROVISION.**—Section 201 of the Congressional Budget Act of 1974 is amended by redesignating subsection (g) (relating to revenue estimates) as subsection (f).

**SEC. 10103. AMENDMENTS TO SECTION 202.**

(a) **ASSISTANCE TO BUDGET COMMITTEES.**—The first sentence of section 202(a) of the Congressional Budget Act of 1974 is amended by inserting “primary” before “duty”.

(b) **ELIMINATION OF EXECUTED PROVISION.**—Section 202 of the Congressional Budget Act of 1974 is amended by striking subsection

(e) and by redesignating subsections (f), (g), and (h) as subsections (e), (f), and (g), respectively.

(c) **REPORTING REQUIREMENT.**—The first sentence of section 202(e)(1) of the Congressional Budget Act of 1974 (as redesignated) is amended by—

(1) striking “and” before “(B)”; and

(2) inserting before the period the following: “, and (C) a statement of the levels of budget authority and outlays for each program assumed to be extended in the baseline, as provided in section 257(b)(2)(A) and for excise taxes assumed to be extended under section 257(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985”.

**SEC. 10104. AMENDMENT TO SECTION 300.**

(a) **TIMETABLE.**—The item relating to February 25 in the timetable set forth in section 300 of the Congressional Budget Act of 1974 is amended by striking “February 25” and inserting “Not later than 6 weeks after President submits budget”.

(b) **CONFORMING AMENDMENTS.**—(1) Clause 4(g) of rule X of the Rules of the House of Representatives is amended by striking “on or before February 25 of each year” and inserting “not later than 6 weeks after the President submits his budget”.

(2) Clause 3(c) of rule XLVIII of the Rules of the House of Representatives is amended by striking “On or before March 15 of each year” and inserting “Within 6 weeks after the President submits a budget under section 1105(a) of title 31, United States Code” and by striking “section 301(c)” and inserting “section 301(d)”.

**SEC. 10105. AMENDMENTS TO SECTION 301.**

(a) **TERMS OF BUDGET RESOLUTIONS.**—Section 301(a) of the Congressional Budget Act of 1974 is amended by striking “, and planning levels for each of the two ensuing fiscal years,” and inserting “and for at least each of the 4 ensuing fiscal years”.

(b) **CONTENTS OF BUDGET RESOLUTIONS.**—Paragraphs (1) and (4) of section 301(a) of the Congressional Budget Act of 1974 are amended by striking “, budget outlays, direct loan obligations, and primary loan guarantee commitments” each place it appears and inserting “and outlays”.

(c) **ADDITIONAL MATTERS.**—Section 301(b) of the Congressional Budget Act of 1974 is amended by—

(1) striking paragraph (7) and inserting the following:

“(7) set forth procedures in the Senate whereby committee allocations, aggregates, and other levels can be revised for legislation if that legislation would not increase the deficit, or would not increase the deficit when taken with other legislation enacted after the adoption of the resolution, for the first fiscal year or the total period of fiscal years covered by the resolution;”;

(2) in paragraph 8, striking the period and inserting “; and”; and

(3) adding the following new paragraph:

“(9) set forth direct loan obligation and primary loan guarantee commitment levels.”.

(d) **VIEWS AND ESTIMATES.**—The first sentence of section 301(d) of the Congressional Budget Act of 1974 is amended by inserting “or

at such time as may be requested by the Committee on the Budget," after "Code,".

(e) HEARINGS AND REPORT.—Section 301(e) of the Congressional Budget Act of 1974 is amended—

(1) by striking "In developing" and inserting the following:

"(1) IN GENERAL.—In developing"; and

(2) by striking the sentence beginning with "The report accompanying" and all that follows through the end of the subsection and inserting the following:

"(2) REQUIRED CONTENTS OF REPORT.—The report accompanying the resolution shall include—

"(A) a comparison of the levels of total new budget authority, total outlays, total revenues, and the surplus or deficit for each fiscal year set forth in the resolution with those requested in the budget submitted by the President;

"(B) with respect to each major functional category, an estimate of total new budget authority and total outlays, with the estimates divided between discretionary and mandatory amounts;

"(C) the economic assumptions that underlie each of the matters set forth in the resolution and any alternative economic assumptions and objectives the committee considered;

"(D) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the resolution;

"(E) the estimated levels of tax expenditures (the tax expenditures budget) by major items and functional categories for the President's budget and in the resolution; and

"(F) allocations described in section 302(a).

"(3) ADDITIONAL CONTENTS OF REPORT.—The report accompanying the resolution may include—

"(A) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments;

"(B) an allocation of the level of Federal revenues recommended in the resolution among the major sources of such revenues;

"(C) information, data, and comparisons on the share of total Federal budget outlays and of gross domestic product devoted to investment in the budget submitted by the President and in the resolution;

"(D) the assumed levels of budget authority and outlays for public buildings, with a division between amounts for construction and repair and for rental payments; and

"(E) other matters, relating to the budget and to fiscal policy, that the committee deems appropriate."

(f) SOCIAL SECURITY CORRECTIONS.—(1) Section 301(i) of the Congressional Budget Act of 1974 is amended by—

(A) inserting "SOCIAL SECURITY POINT OF ORDER.—" after "(i)"; and

(B) striking "as reported to the Senate" and inserting "(or amendment, motion, or conference report on the resolution)"; and

(2) Section 22 of House Concurrent Resolution 218 (103d Congress) is repealed.

**SEC. 10106. AMENDMENTS TO SECTION 302.**

(a) **ALLOCATIONS AND SUBALLOCATIONS.**—Section 302 of the Congressional Budget Act of 1974 is amended by striking subsections (a) and (b) and inserting the following:

“(a) **COMMITTEE SPENDING ALLOCATIONS.**—

“(1) **ALLOCATION AMONG COMMITTEES.**—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an allocation, consistent with the resolution recommended in the conference report, of the levels for the first fiscal year of the resolution, for at least each of the ensuing 4 fiscal years, and a total for that period of fiscal years (except in the case of the Committee on Appropriations only for the fiscal year of that resolution) of—

“(A) total new budget authority; and

“(B) total outlays;

among each committee of the House of Representatives or the Senate that has jurisdiction over legislation providing or creating such amounts.

“(2) **NO DOUBLE COUNTING.**—In the House of Representatives, any item allocated to one committee may not be allocated to another committee.

“(3) **FURTHER DIVISION OF AMOUNTS.**—

“(A) **IN THE SENATE.**—In the Senate, the amount allocated to the Committee on Appropriations shall be further divided among the categories specified in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 and shall not exceed the limits for each category set forth in section 251(c) of that Act.

“(B) **IN THE HOUSE.**—In the House of Representatives, 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 shall be further divided—

“(i) between discretionary and mandatory amounts or programs, as appropriate; and

“(ii) consistent with the categories specified in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985.

“(4) **AMOUNTS NOT ALLOCATED.**—In the House of Representatives or the Senate, if a committee receives no allocation of new budget authority or outlays, that committee shall be deemed to have received an allocation equal to zero for new budget authority or outlays.

“(5) **ADJUSTING ALLOCATION OF DISCRETIONARY SPENDING IN THE HOUSE OF REPRESENTATIVES.**—(A) 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, an allocation under paragraph (1) to the Committee on Appropriations con-

sistent with the discretionary spending levels in the most recently agreed to concurrent resolution on the budget for the appropriate fiscal year covered by that resolution.

“(B) As soon as practicable after an allocation under paragraph (1) is submitted under this section, the Committee on Appropriations shall make suballocations and report those suballocations to the House of Representatives.

“(b) **SUBALLOCATIONS BY APPROPRIATIONS COMMITTEES.**—As soon as practicable after a concurrent resolution on the budget 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) among its subcommittees. Each Committee on Appropriations shall promptly report to its House suballocations made or revised under this subsection. The Committee on Appropriations of the House of Representatives shall further divide among its subcommittees the divisions made under subsection (a)(3)(B) and promptly report those divisions to the House.”

(b) **POINT OF ORDER.**—Section 302(c) of the Congressional Budget Act of 1974 is amended to read as follows:

“(c) **POINT OF ORDER.**—After the Committee on Appropriations has received an allocation pursuant to subsection (a) for a fiscal year, it shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report within the jurisdiction of that committee providing new budget authority for that fiscal year, until that committee makes the suballocations required by subsection (b).”

(c) **ENFORCEMENT OF POINT OF ORDER.**—

(1) **IN THE HOUSE.**—Section 302(f)(1) of the Congressional Budget Act of 1974 is amended by—

(A) striking “providing new budget authority for such fiscal year or new entitlement authority effective during such fiscal year” and inserting “providing new budget authority for any fiscal year”; and

(B) striking “appropriate allocation made pursuant to subsection (b)” and all that follows through “exceeded.” and inserting “applicable allocation of new budget authority made under subsection (a) or (b) for the first fiscal year or the total of fiscal years to be exceeded.”

(2) **IN THE SENATE.**—Section 302(f)(2) of the Congressional Budget Act of 1974 is amended to read as follows:

“(2) **IN THE SENATE.**—After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause—

“(A) in the case of any committee except the Committee on Appropriations, the applicable allocation of new budget authority or outlays under subsection (a) for the first fiscal year or the total of fiscal years to be exceeded; or

“(B) in the case of the Committee on Appropriations, the applicable suballocation of new budget authority or outlays under subsection (b) to be exceeded.”

(d) **PAY-AS-YOU-GO EXCEPTION IN THE HOUSE.**—Section 302(g) of the Congressional Budget Act of 1974 is amended to read as follows:

“(g) **PAY-AS-YOU-GO EXCEPTION IN THE HOUSE.**—

“(1) **IN GENERAL.**—(A) Subsection (f)(1) and, after April 15, section 303(a) shall not apply to any bill or joint resolution, as reported, amendment thereto, or conference report thereon if, for each fiscal year covered by the most recently agreed to concurrent resolution on the budget—

“(i) the enactment of that bill or resolution as reported;

“(ii) the adoption and enactment of that amendment; or

“(iii) the enactment of that bill or resolution in the

form recommended in that conference report,

would not increase the deficit, 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.

“(B) Section 311(a), as that section applies to revenues, 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—

“(i) the enactment of that bill or resolution as reported;

“(ii) the adoption and enactment of that amendment; or

“(iii) the enactment of that bill or resolution in the

form recommended in that conference report,

would not increase the deficit, and, if the sum of any outlay reductions provided in legislation already enacted during the current session (when added to outlay reductions, if any, in excess of any revenue reduction 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 outlays should be reduced as required by that concurrent resolution and the amount, if any, by which outlays are to be reduced 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 subsection (f)(1) but for the exception provided in paragraph (1)(A) or would have been subject to a point of order under section 311(a) but for the exception provided in paragraph (1)(B), the chairman of the committee on the Budget of the House of Representatives shall 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. 10107. AMENDMENTS TO SECTION 303.**

(a) *IN GENERAL.*—Section 303 of the Congressional Budget Act of 1974 is amended to read as follows:

**“CONCURRENT RESOLUTION ON THE BUDGET MUST BE ADOPTED  
BEFORE BUDGET-RELATED LEGISLATION IS CONSIDERED**

**“SEC. 303. (a) IN GENERAL.**—Until the concurrent resolution on the budget for a fiscal year has been agreed to, it shall not be in order in the House of Representatives, with respect to the first fiscal year covered by that resolution, or the Senate, with respect to any fiscal year covered by that resolution, to consider any bill or joint resolution, amendment or motion thereto, or conference report thereon that—

“(1) first provides new budget authority for that fiscal year;

“(2) first provides an increase or decrease in revenues during that fiscal year;

“(3) provides an increase or decrease in the public debt limit to become effective during that fiscal year;

“(4) in the Senate only, first provides new entitlement authority for that fiscal year; or

“(5) in the Senate only, first provides for an increase or decrease in outlays for that fiscal year.

**(b) EXCEPTIONS IN THE HOUSE.**— In the House of Representatives, subsection (a) does not apply—

“(1)(A) to any bill or joint resolution, as reported, providing advance discretionary new budget authority that first becomes available for the first or second fiscal year after the budget year; or

“(B) to any bill or joint resolution, as reported, first increasing or decreasing revenues in a fiscal year following the fiscal year to which the concurrent resolution applies;

“(2) after May 15, to any general appropriation bill or amendment thereto; or

“(3) to any bill or joint resolution unless it is reported by a committee.

**(c) APPLICATION TO APPROPRIATION MEASURES IN THE SENATE.**—

“(1) *IN GENERAL.*—Until the concurrent resolution on the budget for a fiscal year has been agreed to and an allocation has been made to the Committee on Appropriations of the Senate under section 302(a) for that year, it shall not be in order in the Senate to consider any appropriation bill or joint resolution, amendment or motion thereto, or conference report thereon for that year or any subsequent year.

“(2) *EXCEPTION.*—Paragraph (1) does not apply to appropriations legislation making advance appropriations for the first or second fiscal year after the year the allocation referred to in that paragraph is made.”

**(b) CONFORMING AMENDMENT.**—The item relating to section 303 in the table of contents set forth in section 1(b) of the Congressional

*Budget and Impoundment Control Act of 1974 is amended to read as follows:*

*"Sec. 303. Concurrent resolution on the budget must be adopted before budget-related legislation is considered."*

**SEC. 10108. AMENDMENT TO SECTION 304.**

*Section 304 of the Congressional Budget Act of 1974 is amended by—*

- (1) striking "(a) IN GENERAL.—"; and*
- (2) striking subsection (b).*

**SEC. 10109. AMENDMENT TO SECTION 305.**

*(a) BUDGET ACT.—Section 305(a)(1) of the Congressional Budget Act of 1974 is amended to read as follows:*

*"(1) When a concurrent resolution on the budget has been reported by the Committee on the Budget of the House of Representatives and has been referred to the appropriate calendar of the House, it shall be in order on any day thereafter, subject to clause 2(l)(6) of rule XI of the Rules of the House of Representatives, to move to proceed to the consideration of the concurrent resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to."*

*(b) CONFORMING AMENDMENT IN THE HOUSE.—The first sentence of clause 2(l)(6) of rule XI of the Rules of the House of Representatives is amended by striking "; or as provided by section 305(a)(1)" and all that follows thereafter through "under that section)".*

**SEC. 10110. AMENDMENTS TO SECTION 308.**

*Section 308 of the Congressional Budget Act of 1974 is amended—*

*(1)(A) in the heading of subsection (a), by striking ", NEW SPENDING AUTHORITY, OR NEW CREDIT AUTHORITY,";*

*(B) in subsection (a)(1), by striking subparagraph (B) and by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;*

*(C) in subsection (a)(1)(B) (as redesignated), by striking "spending authority" through "commitments" and inserting "revenues, or tax expenditures"; and*

*(D) in paragraphs (1) and (2) of subsection (a), by striking ", new spending authority described in section 401(c)(2), or new credit authority," each place it appears;*

*(2) in subsection (b)(1), by striking ", new spending authority described in section 401(c)(2), or new credit authority,";*

*(3) in subsection (c), by inserting "and" after the semicolon at the end of paragraph (3), by striking "; and" at the end of paragraph (4) and inserting a period; and by striking paragraph (5); and*

*(4) by inserting "joint" before "resolution" each place it appears except when "concurrent", "such", or "reconciliation" precedes "resolution" and, in subsection (b)(1), by inserting "joint" before "resolutions" each place it appears.*

**SEC. 10111. AMENDMENTS TO SECTION 310.**

Section 310(c)(1)(A) of the Congressional Budget Act of 1974 is amended—

(1) by striking “20 percent” the first place it appears and all that follows thereafter through “, and” and inserting the following:

“(I) in the Senate, 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection; or

“(II) in the House of Representatives, 20 percent of the sum of the absolute value of the changes the committee was directed to make under paragraph (1) and the absolute value of the changes the committee was directed to make under paragraph (2); and”;

(2) by striking “20 percent” the second place it appears and all that follows thereafter through “, and” and inserting the following:

“(I) in the Senate, 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection; or

“(II) in the House of Representatives, 20 percent of the sum of the absolute value of the changes the committee was directed to make under paragraph (1) and the absolute value of the changes the committee was directed to make under paragraph (2); and”.

**SEC. 10112. AMENDMENTS TO SECTION 311.**

(a) *IN GENERAL.*—Section 311 of the Congressional Budget Act of 1974 is amended to read as follows:

**“BUDGET-RELATED LEGISLATION MUST BE WITHIN APPROPRIATE LEVELS**

**“SEC. 311. (a) ENFORCEMENT OF BUDGET AGGREGATES.—**

**“(1) IN THE HOUSE OF REPRESENTATIVES.—**Except as provided by subsection (c), after the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in the House of Representatives to consider any bill, joint resolution, amendment, motion, or conference report providing new budget authority or reducing revenues, if—

“(A) the enactment of that bill or resolution as reported;

“(B) the adoption and enactment of that amendment; or

“(C) the enactment of that bill or resolution in the form recommended in that conference report;

would cause the level of total new budget authority or total outlays set forth in the applicable concurrent resolution on the budget for the first fiscal year to be exceeded, or would cause revenues to be less than the level of total revenues set forth in that concurrent resolution for the first fiscal year or for the total of that first fiscal year and the ensuing fiscal years for which allocations are provided under section 302(a), except when a declaration of war by the Congress is in effect.

**“(2) IN THE SENATE.—**After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to con-

sider any bill, joint resolution, amendment, motion, or conference report that—

“(A) would cause the level of total new budget authority or total outlays set forth for the first fiscal year in the applicable resolution to be exceeded; or

“(B) would cause revenues to be less than the level of total revenues set forth for that first fiscal year or for the total of that first fiscal year and the ensuing fiscal years in the applicable resolution for which allocations are provided under section 302(a).

“(3) ENFORCEMENT OF SOCIAL SECURITY LEVELS IN THE SENATE.—After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause a decrease in social security surpluses or an increase in social security deficits relative to the levels set forth in the applicable resolution for the first fiscal year or for the total of that fiscal year and the ensuing fiscal years for which allocations are provided under section 302(a).

“(b) SOCIAL SECURITY LEVELS.—

“(1) IN GENERAL.—For purposes of subsection (a)(3), social security surpluses equal the excess of social security revenues over social security outlays in a fiscal year or years with such an excess and social security deficits equal the excess of social security outlays over social security revenues in a fiscal year or years with such an excess.

“(2) TAX TREATMENT.—For purposes of subsection (a)(3), no provision of any legislation involving a change in chapter 1 of the Internal Revenue Code of 1986 shall be treated as affecting the amount of social security revenues or outlays unless that provision changes the income tax treatment of social security benefits.

“(c) EXCEPTION IN THE HOUSE OF REPRESENTATIVES.—Subsection (a)(1) shall not apply in the House of Representatives to any bill, joint resolution, or amendment that provides new budget authority for a fiscal year or to any conference report on any such bill or resolution, if—

“(1) the enactment of that bill or resolution as reported;

“(2) the adoption and enactment of that amendment; or

“(3) the enactment of that bill or resolution in the form recommended in that conference report;

would not cause the appropriate allocation of new budget authority made pursuant to section 302(a) for that fiscal year to be exceeded.”.

(b) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking the item relating to section 311 and inserting the following:

“Sec. 311. Budget-related legislation must be within appropriate levels.”.

**SEC. 10113. AMENDMENT TO SECTION 312.**

(a) IN GENERAL.—Section 312 of the Congressional Budget Act of 1974 is amended to read as follows:

"DETERMINATIONS AND POINTS OF ORDER

"SEC. 312. (a) *BUDGET COMMITTEE DETERMINATIONS.*—For purposes of this title and title IV, the levels of new budget authority, outlays, direct spending, 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 House of Representatives or the Senate, as applicable.

"(b) *DISCRETIONARY SPENDING POINT OF ORDER IN THE SENATE.*—

"(1) *IN GENERAL.*—Except as otherwise provided in this subsection, it shall not be in order in the Senate to consider any bill or resolution (or amendment, motion, or conference report on that bill or resolution) that would exceed any of the discretionary spending limits in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985.

"(2) *EXCEPTIONS.*—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.

"(c) *MAXIMUM DEFICIT AMOUNT 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, or to consider any amendment to that concurrent resolution, or to consider a conference report on that concurrent resolution, if—

"(1) the level of total outlays for the first fiscal year set forth in that concurrent resolution or conference report exceeds; or

"(2) the adoption of that amendment would result in a level of total outlays for that fiscal year that exceeds;

the recommended level of Federal revenues for that fiscal year, by an amount that is greater than the maximum deficit amount, if any, specified in the Balanced Budget and Emergency Deficit Control Act of 1985 for that fiscal year.

"(d) *TIMING OF POINTS OF ORDER IN THE SENATE.*—A point of order under this Act may not be raised against a bill, resolution, amendment, motion, or conference report while an amendment or motion, the adoption of which would remedy the violation of this Act, is pending before the Senate.

"(e) *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 point of order is sustained, the effect shall be the same as if the Senate had disagreed to the amendment.

"(f) *EFFECT OF A POINT OF ORDER IN THE SENATE.*—In the Senate, if a point of order under this Act against a bill or resolution is sustained, the Presiding Officer shall then recommit the bill or resolution to the committee of appropriate jurisdiction for further consideration."

(b) *TECHNICAL AND CONFORMING AMENDMENTS.*—

(1) *IN GENERAL.*—Section 313 of the Congressional Budget Act of 1974 is amended—

(A) by striking “(c) When” and inserting “(d) CONFERENCE REPORTS.—When”; and

(B) by striking subsection (e) and redesignating subsection (d) as subsection (e).

(2) *TABLE OF CONTENTS.*—The item relating to section 312 in the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “Effect of points” and inserting “Determinations and points”.

**SEC. 10114. ADJUSTMENTS.**

(a) *IN GENERAL.*—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

“ADJUSTMENTS

“SEC. 314. (a) *ADJUSTMENTS.*—

“(1) *IN GENERAL.*—After the reporting of a bill or joint resolution, the offering of an amendment thereto, or the submission of a conference report thereon, the chairman of the Committee on the Budget of the House of Representatives or the Senate shall make the adjustments set forth in paragraph (2) for the amount of new budget authority in that measure (if that measure meets the requirements set forth in subsection (b)) and the outlays flowing from that budget authority.

“(2) *MATTERS TO BE ADJUSTED.*—The adjustments referred to in paragraph (1) are to be made to—

“(A) the discretionary spending limits, if any, set forth in the appropriate concurrent resolution on the budget;

“(B) the allocations made pursuant to the appropriate concurrent resolution on the budget pursuant to section 302(a); and

“(C) the budgetary aggregates as set forth in the appropriate concurrent resolution on the budget.

“(b) *AMOUNTS OF ADJUSTMENTS.*—The adjustment referred to in subsection (a) shall be—

“(1) an amount provided and designated as an emergency requirement pursuant to section 251(b)(2)(A) or 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985;

“(2) an amount provided for continuing disability reviews subject to the limitations in section 251(b)(2)(C) of that Act;

“(3) for any fiscal year through 2002, an amount provided that is the dollar equivalent of the Special Drawing Rights with respect to—

“(A) an increase in the United States quota as part of the International Monetary Fund Eleventh General Review of Quotas (United States Quota); or

“(B) any increase in the maximum amount available to the Secretary of the Treasury pursuant to section 17 of the Bretton Woods Agreements Act, as amended from time to time (New Arrangements to Borrow);

“(4) an amount provided not to exceed \$1,884,000,000 for the period of fiscal years 1998 through 2000 for arrearages for

international organizations, international peacekeeping, and multilateral development banks; or

“(5) an amount provided for an earned income tax credit compliance initiative but not to exceed—

“(A) with respect to fiscal year 1998, \$138,000,000 in new budget authority;

“(B) with respect to fiscal year 1999, \$143,000,000 in new budget authority;

“(C) with respect to fiscal year 2000, \$144,000,000 in new budget authority;

“(D) with respect to fiscal year 2001, \$145,000,000 in new budget authority; and

“(E) with respect to fiscal year 2002, \$146,000,000 in new budget authority.

“(c) APPLICATION OF ADJUSTMENTS.—The adjustments made pursuant to subsection (a) for legislation shall—

“(1) apply while that legislation is under consideration;

“(2) take effect upon the enactment of that legislation; and

“(3) be published in the Congressional Record as soon as practicable.

“(d) REPORTING REVISED SUBALLOCATIONS.—Following any adjustment made under subsection (a), the Committees on Appropriations of the Senate and the House of Representatives may report appropriately revised suballocations under section 302(b) to carry out this section.

“(e) DEFINITIONS FOR CDRs.—As used in subsection (b)(2)—

“(1) the term ‘continuing disability reviews’ shall have the same meaning as provided in section 251(b)(2)(C)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985; and

“(2) the term ‘new budget authority’ shall have the same meaning as the term ‘additional new budget authority’ and the term ‘outlays’ shall have the same meaning as ‘additional outlays’ in that section.”

(b) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 313 the following new item:

“Sec. 314. Adjustments.”

**SEC. 10115. EFFECT OF ADOPTION OF A SPECIAL ORDER OF BUSINESS IN THE HOUSE OF REPRESENTATIVES.**

(a) EFFECT OF POINTS OF ORDER.—Title III of the Congressional Budget Act of 1974 is amended by adding after section 314 the following new section:

**“EFFECT OF ADOPTION OF A SPECIAL ORDER OF BUSINESS IN THE HOUSE OF REPRESENTATIVES**

“SEC. 315. For purposes of a reported bill or joint resolution considered in the House of Representatives pursuant to a special order of business, the term ‘as reported’ in this title or title IV shall be considered to refer to the text made in order as an original bill or joint resolution for the purpose of amendment or to the text on which the previous question is ordered directly to passage, as the case may be.”

(b) **CONFORMING AMENDMENT.**—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 314 the following new item:

“Sec. 315. Effect of adoption of a special order of business in the House of Representatives.”

**SEC. 10116. AMENDMENT TO SECTION 401 AND REPEAL OF SECTION 402.**

(a) **SECTION 401.**—

(1) **CONTROLS.**—Section 401 of the Congressional Budget Act of 1974 is amended by—

(A) striking the heading and inserting the following:

“**BUDGET-RELATED LEGISLATION NOT SUBJECT TO APPROPRIATIONS**”;

and

(B) striking subsection (a) and inserting the following:

“(a) **CONTROLS ON CERTAIN BUDGET-RELATED LEGISLATION NOT SUBJECT TO APPROPRIATIONS.**—It shall not be in order in either the House of Representatives or the Senate to consider any bill or joint resolution (in the House of Representatives only, as reported), amendment, motion, or conference report that provides—

“(1) new authority to enter into contracts under which the United States is obligated to make outlays;

“(2) new authority to incur indebtedness (other than indebtedness incurred under chapter 31 of title 31 of the United States Code) for the repayment of which the United States is liable; or

“(3) new credit authority;

unless that bill, joint resolution, amendment, motion, or conference report also provides that the new authority is to be effective for any fiscal year only to the extent or in the amounts provided in advance in appropriation Acts.”

(2) **POINT OF ORDER.**—Section 401(b) of the Congressional Budget Act of 1974 is amended—

(A) by inserting “new” before “entitlement” in the heading;

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

“(1) **POINT OF ORDER.**—It shall not be in order in either the House of Representatives or the Senate to consider any bill or joint resolution (in the House of Representatives only, as reported), amendment, motion, or conference report that provides new entitlement authority that is to become effective during the current fiscal year.”; and

(C) in paragraph (2)—

(i) by striking “new spending authority described in subsection (c)(2)(C)” and inserting “new entitlement authority”; and

(ii) by striking “of that House” and inserting “of the Senate or may then be referred to the Committee on Appropriations of the House, as the case may be.”

(3) **DEFINITIONS.**—Section 401 of the Congressional Budget Act of 1974 is amended by striking subsection (c).

(4) **EXCEPTIONS.**—Section 401(d) of the Congressional Budget Act of 1974 is amended—

(A) in paragraph (1), by striking “new spending authority if the budget authority for outlays which result from such new spending authority is derived” and inserting “new authority described in those subsections if outlays from that new authority will flow”;

(B) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(C) in paragraph (2), as redesignated, by striking “new spending authority” and inserting “new authority described in those subsections”.

(5) **REDESIGNATION.**—Subsection (d) of section 401 of the Congressional Budget Act of 1974 is redesignated as subsection (c).

(6) **CONFORMING AMENDMENTS.**—(A) Clause 1(b)(4) of rule X of the Rules of the House of Representatives is amended to read as follows:

“(4) The amount of new authority to enter into contracts under which the United States is obligated to make outlays, the budget authority for which is not provided in advance by appropriation Acts; new authority to incur indebtedness (other than indebtedness incurred under chapter 31 of title 31 of the United States Code) for the repayment of which the United States is liable, the budget authority for which is not provided in advance by appropriation Acts; new entitlement authority as defined in section 3(9) of the Congressional Budget Act of 1974, including bills and resolutions (reported by other committees) which provide new entitlement authority as defined in section 3(9) of the Congressional Budget Act of 1974 and are referred to the committee under clause 4(a); authority to forego the collection by the United States of proprietary offsetting receipts, the budget authority for which is not provided in advance by appropriation Acts to offset such foregone receipts; and authority to make payments by the United States (including loans, grants, and payments from revolving funds) other than those covered by this subparagraph, the budget authority for which is not provided in advance by appropriation Acts.”

(B) Clause 4(a)(2) of rule X of the Rules of the House of Representatives is amended by striking “new spending authority described in section 401(c)(2)(C)” and inserting “new entitlement authority as defined in section 3(9)” and by striking “total amount of new spending authority” and inserting “total amount of new entitlement authority”.

(C) Clause 2(l)(3) of rule XI of the Rules of the House of Representatives is amended by striking “new spending authority as described in section 401(c)(2)” and by inserting “new entitlement authority as defined in section 3(9)”.

(b) **REPEALER OF SECTION 402.**—Section 402 of the Congressional Budget Act of 1974 is repealed.

(c) **CONFORMING AMENDMENTS.**—

(1) **REDESIGNATION.**—Sections 403 through 407 of the Congressional Budget Act of 1974 are redesignated as sections 402 through 406, respectively.

(2) **GAO ANALYSIS.**—Section 404 (as redesignated) of the Congressional Budget Act of 1974 is amended by striking “spending authority as described by section 401(c)(2) and which provide permanent appropriations,” and inserting “mandatory spending”.

(3) **TABLE OF CONTENTS.**—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by—

(A) striking the item for section 401 and inserting the following:

“Sec. 401. Budget-related legislation not subject to appropriations.”; and

(B) striking the item relating to section 402 and redesignating the items relating to sections 403 through 407 as the items relating to sections 402 through 406, respectively.

(4) **CONFORMING AMENDMENTS.**—(A) Clause 2(l)(3) of rule XI of the Rules of the House of Representatives is amended by striking “section 403” and inserting “section 402”.

(B) Clause 7(d) of rule XIII of the Rules of the House of Representatives is amended by striking “section 403” and inserting “section 402”.

**SEC. 10117. AMENDMENTS TO TITLE V.**

(a) **SECTION 502.**—Section 502 of the Federal Credit Reform Act of 1990 is amended as follows:

(1) In the second sentence of paragraph (1), insert “and financing arrangements that defer payment for more than 90 days, including the sale of a government asset on credit terms” before the period.

(2) In paragraph (5)(A), insert “or modification thereof” before the first comma.

(3) In paragraph (5), strike subparagraphs (B) and (C) and insert the following:

“(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 estimated 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; including the effects of changes in loan terms resulting from the exercise by the borrower of an option included in the loan contract.

“(C) The cost of a loan guarantee shall be the net present value, at the time when the guaranteed loan is disbursed, of the following estimated cash flows:

“(i) payments by the Government to cover defaults and delinquencies, interest subsidies, or other payments; and

“(ii) payments to the Government including origination and other fees, penalties and recoveries;

including the effects of changes in loan terms resulting from the exercise by the guaranteed lender of an option included in the loan guarantee contract, or by the borrower of an option included in the guaranteed loan contract.”.

(4) In paragraph (5), amend subparagraph (D) to read as follows:

*“(D) The cost of a modification is the difference between the current estimate of the net present value of the remaining cash flows under the terms of a direct loan or loan guarantee contract, and the current estimate of the net present value of the remaining cash flows under the terms of the contract, as modified.”*

(5) In paragraph (5)(E), insert *“the cash flows of”* after *“to”*.

(6) In paragraph (5), by adding at the end the following:

*“(F) When funds are obligated for a direct loan or loan guarantee, the estimated cost shall be based on the current assumptions, adjusted to incorporate the terms of the loan contract, for the fiscal year in which the funds are obligated.”*

(7) Redesignate paragraph (9) as paragraph (11) and after paragraph (8) add the following new paragraphs:

*“(9) The term ‘modification’ means any Government action that alters the estimated cost of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment) from the current estimate of cash flows. This includes the sale of loan assets, with or without recourse, and the purchase of guaranteed loans. This also includes any action resulting from new legislation, or from the exercise of administrative discretion under existing law, that directly or indirectly alters the estimated cost of outstanding direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments) such as a change in collection procedures.*

*“(10) The term ‘current’ has the same meaning as in section 250(c)(9) of the Balanced Budget and Emergency Deficit Control Act of 1985.”*

(b) SECTION 504.—Section 504 of the Federal Credit Reform Act of 1990 is amended as follows:

(1) Amend subsection (b)(1) to read as follows:

*“(1) new budget authority to cover their costs is provided in advance in an appropriations Act,”*

(2) In subsection (b)(2), strike *“is enacted”* and insert *“has been provided in advance in an appropriations Act”*.

(3) In subsection (c), strike *“Subsection (b)”* and insert *“Subsections (b) and (e)”*.

(4) In subsection (d)(1), strike *“directly or indirectly alter the costs of outstanding direct loans and loan guarantees”* and insert *“modify outstanding direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments)”*.

(5) Amend subsection (e) to read as follows:

*“(e) MODIFICATIONS.—An outstanding direct loan (or direct loan obligation) or loan guarantee (or loan guarantee commitment) shall not be modified in a manner that increases its costs unless budget authority for the additional cost has been provided in advance in an appropriations Act.”*

(c) SECTION 505.—Section 505 of the Federal Credit Reform Act of 1990 is amended as follows:

(1) In subsection (c), by inserting before the period at the end of the second sentence the following: *“, except that the rate*

of interest charged by the Secretary on lending to financing accounts (including amounts treated as lending to financing accounts by the Federal Financing Bank (hereinafter in this subsection referred to as the 'Bank') pursuant to section 406(b)) and the rate of interest paid to financing accounts on uninvested balances in financing accounts shall be the same as the rate determined pursuant to section 502(5)(E). For guaranteed loans financed by the Bank and treated as direct loans by a Federal agency pursuant to section 406(b), any fee or interest surcharge (the amount by which the interest rate charged exceeds the rate determined pursuant to section 502(5)(E)) that the Bank charges to a private borrower pursuant to section 6(c) of the Federal Financing Bank Act of 1973 shall be considered a cash flow to the Government for the purposes of determining the cost of the direct loan pursuant to section 502(5). All such amounts shall be credited to the appropriate financing account. The Bank is authorized to require reimbursement from a Federal agency to cover the administrative expenses of the Bank that are attributable to the direct loans financed for that agency. All such payments by an agency shall be considered administrative expenses subject to section 504(g). This subsection shall apply to transactions related to direct loan obligations or loan guarantee commitments made on or after October 1, 1991".

(2) In subsection (c), by striking "supersede" and inserting "supersede".

(3) By amending subsection (d) to read as follows:

"(d) AUTHORIZATION FOR LIQUIDATING ACCOUNTS.—(1) Amounts in liquidating accounts shall be available only for payments resulting from direct loan obligations or loan guarantee commitments made prior to October 1, 1991, for—

"(A) interest payments and principal repayments to the Treasury or the Federal Financing Bank for amounts borrowed;

"(B) disbursements of loans;

"(C) default and other guarantee claim payments;

"(D) interest supplement payments;

"(E) payments for the costs of foreclosing, managing, and selling collateral that are capitalized or routinely deducted from the proceeds of sales;

"(F) payments to financing accounts when required for modifications;

"(G) administrative expenses, if—

"(i) amounts credited to the liquidating account would have been available for administrative expenses under a provision of law in effect prior to October 1, 1991; and

"(ii) no direct loan obligation or loan guarantee commitment has been made, or any modification of a direct loan or loan guarantee has been made, since September 30, 1991; or

"(H) such other payments as are necessary for the liquidation of such direct loan obligations and loan guarantee commitments.

"(2) Amounts credited to liquidating accounts in any year shall be available only for payments required in that year. Any unobligated balances in liquidating accounts at the end of a fiscal year

shall be transferred to miscellaneous receipts as soon as practicable after the end of the fiscal year.

“(3) If funds in liquidating accounts are insufficient to satisfy obligations and commitments of such accounts, there is hereby provided permanent, indefinite authority to make any payments required to be made on such obligations and commitments.”

(d) SECTION 506.—Section 506 of the Federal Credit Reform Act of 1990 is amended—

(1) by striking “(a) IN GENERAL.—”;

(2) by striking “(1)” and inserting the following:

“(a) IN GENERAL.—”;

(3) by striking “(2) The” and inserting the following:

“(b) STUDY.—The”;

(4) by striking “(3)” and inserting the following:

“(c) ACCESS TO DATA.—”;

(5) in subsection (c) (as redesignated) by striking “paragraph (2)” and inserting “subsection (b)”.

**SEC. 10118. REPEAL OF TITLE VI.**

(a) REPEALER.—Title VI of the Congressional Budget Act of 1974 is repealed.

(b) CONFORMING AMENDMENTS.—(1) The items relating to title VI of the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 are repealed.

(2) Clause 4(h) of rule X of the Rules of the House of Representatives is amended by striking “section 302 or section 602 (in the case of fiscal years 1991 through 1995)” and inserting “section 302”.

**SEC. 10119. AMENDMENTS TO SECTION 904.**

(a) CONFORMING AMENDMENT.—Section 904(a) of the Congressional Budget Act of 1974 is amended by striking “(except section 905)” and by striking “V, and VI (except section 601(a))” and inserting “and V”.

(b) WAIVERS.—Section 904(c) of the Congressional Budget Act of 1974 is amended to read as follows:

“(c) WAIVERS.—

“(1) PERMANENT.—Sections 305(b)(2), 305(c)(4), 306, 310(d)(2), 313, 904(c), and 904(d) of this Act may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

“(2) TEMPORARY.—Sections 301(i), 302(c), 302(f), 310(g), 311(a), 312(b), and 312(c) of this Act and sections 258(a)(4)(C), 258A(b)(3)(C)(I), 258B(f)(1), 258B(h)(1), 258(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.”

(c) APPEALS.—Section 904(d) of the Congressional Budget Act of 1974 is amended to read as follows:

“(d) APPEALS.—

“(1) PROCEDURE.—Appeals in the Senate from the decisions of the Chair relating to any provision of title III or IV or section 1017 shall, except as otherwise provided therein, be limited to 1 hour, to be equally divided between, and controlled by, the

*mover and the manager of the resolution, concurrent resolution, reconciliation bill, or rescission bill, as the case may be.*

*"(2) PERMANENT.—An affirmative vote of three-fifths of the Members, 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, 310(d)(2), 313, 904(c), and 904(d) of this Act.*

*"(3) TEMPORARY.—An affirmative vote of three-fifths of the Members, 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(g), 311(a), 312(b), and 312(c) of this Act and sections 258(a)(4)(C), 258A(b)(3)(C)(I), 258B(f)(1), 258B(h)(1), 258(h)(3), 258C(a)(5), and 258C(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985."*

*(d) EXPIRATION OF SUPERMAJORITY VOTING REQUIREMENTS.—Section 904 of the Congressional Budget Act of 1974 is amended by adding at the end the following:*

*"(e) EXPIRATION OF CERTAIN SUPERMAJORITY VOTING REQUIREMENTS.—Subsections (c)(2) and (d)(3) shall expire on September 30, 2002."*

**SEC. 10120. REPEAL OF SECTIONS 905 AND 906.**

*(a) REPEALER.—Sections 905 and 906 of the Congressional Budget Act of 1974 are repealed.*

*(b) CONFORMING AMENDMENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking the items relating to sections 905 and 906.*

**SEC. 10121. AMENDMENTS TO SECTIONS 1022 AND 1024.**

*(a) SECTION 1022.—Section 1022(b)(1)(F) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking "section 601" and inserting "section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985".*

*(b) SECTION 1024.—Section 1024(a)(1)(B) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking "section 601(a)(2)" and inserting "section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985".*

**SEC. 10122. AMENDMENT TO SECTION 1026.**

*Section 1026(7)(A)(iv) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking "; and" and inserting "; or".*

**SEC. 10123. SENATE TASK FORCE ON CONSIDERATION OF BUDGET MEASURES.**

*(a) APPOINTMENT OF MEMBERS.—The Majority Leader and Minority Leader of the Senate shall each appoint 3 Senators to serve on a bipartisan task force to study the floor procedures for the consideration of budget resolutions and reconciliation bills in the Senate as provided in sections 305(b) and 310(e) of the Congressional Budget Act of 1974.*

*(b) REPORT OF THE TASK FORCE.—The task force shall submit its report to the Senate not later than October 8, 1997.*

## **Subtitle B—Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985**

### **SEC. 10201. PURPOSE.**

*The purpose of this subtitle is to extend discretionary spending limits and pay-as-you-go requirements.*

### **SEC. 10202. GENERAL STATEMENT AND DEFINITIONS.**

(a) **GENERAL STATEMENT.**—Section 250(b) of the *Balanced Budget and Emergency Deficit Control Act of 1985* is amended by striking the first 2 sentences and inserting the following: “This part provides for budget enforcement as called for in House Concurrent Resolution 84 (105th Congress, 1st session).”.

(b) **DEFINITIONS.**—Section 250(c) of the *Balanced Budget and Emergency Deficit Control Act of 1985* is amended—

(1) in paragraph (1)—

(A) by striking “(but including” through “amount” ;  
and

(B) by striking “section 601 of that Act as adjusted under sections 251 and 253” and inserting “section 251”;

(2) by striking paragraph (4) and inserting the following:

“(4) The term ‘category’ means the subsets of discretionary appropriations in section 251(c). Discretionary appropriations in each of the categories shall be those designated in the joint explanatory statement accompanying the conference report on the *Balanced Budget Act of 1997*. New accounts or activities shall be categorized only after consultation with the committees on Appropriations and the Budget of the House of Representatives and the Senate and that consultation shall, to the extent practicable, include written communication to such committees that affords such committees the opportunity to comment before official action is taken with respect to new accounts or activities.”;

(3) by striking paragraph (6) and inserting the following:

“(6) The term ‘budgetary resources’ means new budget authority, unobligated balances, direct spending authority, and obligation limitations.”;

(4) in paragraph (9), by striking “submission of the fiscal year 1992 budget that are not included with a budget submission” and inserting “that budget submission that are not included with it”;

(5) in paragraph (14), by inserting “first 4” before “fiscal years” and by striking “through fiscal year 1995”;

(6) by striking paragraphs (17) and (20) and by redesignating paragraphs (18), (19), and (21) as paragraphs (17), (18), and (19), respectively;

(7) in paragraph (17) (as redesignated), by striking “*Omnibus Budget Reconciliation Act of 1990*” and inserting “*Balanced Budget Act of 1997*”;

(8) in paragraph (18) (as redesignated), by striking all after “expenses” and inserting “the Federal deposit insurance agencies, and other Federal agencies supervising insured depository

“(C) for the violent crime reduction category: \$5,800,000,000 in new budget authority and \$4,953,000,000 in outlays;

“(4) with respect to fiscal year 2000—

“(A) for the discretionary category: \$532,693,000,000 in new budget authority and \$558,711,000,000 in outlays; and

“(B) for the violent crime reduction category: \$4,500,000,000 in new budget authority and \$5,554,000,000 in outlays;

“(5) with respect to fiscal year 2001, for the discretionary category: \$542,032,000,000 in new budget authority and \$564,396,000,000 in outlays; and

“(6) with respect to fiscal year 2002, for the discretionary category: \$551,074,000,000 in new budget authority and \$560,799,000,000 in outlays;

as adjusted in strict conformance with subsection (b).”.

(c) **REPEAL OF DUPLICATIVE PROVISIONS.**—Sections 201, 202, 204(b), 206, and 211 of House Concurrent Resolution 84 (105th Congress) are repealed.

**SEC. 10204. VIOLENT CRIME REDUCTION SPENDING.**

(a) **SEQUESTRATION REGARDING VIOLENT CRIME REDUCTION SPENDING.**—

(1) **REPEAL.**—Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

(2) **TABLE OF CONTENTS.**—The item relating to section 251A in the table contents set forth in section 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

(b) **CONFORMING AMENDMENT.**—Section 310002 of Public Law 103–322 (42 U.S.C. 14212) is repealed.

**SEC. 10205. ENFORCING PAY-AS-YOU-GO.**

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking subsections (a) and (b) and inserting the following:

“(a) **PURPOSE.**—The purpose of this section is to assure that any legislation enacted before October 1, 2002, affecting direct spending or receipts that increases the deficit will trigger an offsetting sequestration.

“(b) **SEQUESTRATION.**—

“(1) **TIMING.**—Not later than 15 calendar days after the date Congress adjourns to end a session and on the same day as a sequestration (if any) under section 251 or 253, there shall be a sequestration to offset the amount of any net deficit increase caused by all direct spending and receipts legislation enacted before October 1, 2002, as calculated under paragraph (2).

“(2) **CALCULATION OF DEFICIT INCREASE.**—OMB shall calculate the amount of deficit increase or decrease by adding—

“(A) all OMB estimates for the budget year of direct spending and receipts legislation transmitted under subsection (d);

“(B) the estimated amount of savings in direct spending programs applicable to budget year resulting from the

prior year's sequestration under this section or section 253, if any, as published in OMB's final sequestration report for that prior year; and

"(C) any net deficit increase or decrease in the current year resulting from all OMB estimates for the current year of direct spending and receipts legislation transmitted under subsection (d) that were not reflected in the final OMB sequestration report for the current year.";

(2) by amending subsection (c)(1)(B), by inserting "and direct" after "guaranteed";

(3) by amending subsection (d) to read as follows:

"(d) ESTIMATES.—

"(1) CBO ESTIMATES.—As soon as practicable after Congress completes action on any direct spending or receipts legislation, CBO shall provide an estimate to OMB of that legislation.

"(2) OMB ESTIMATES.—Not later than 7 calendar days (excluding Saturdays, Sundays, and legal holidays) after the date of enactment of any direct spending or receipts legislation, OMB shall transmit a report to the House of Representatives and to the Senate containing—

"(A) the CBO estimate of that legislation;

"(B) an OMB estimate of that legislation using current economic and technical assumptions; and

"(C) an explanation of any difference between the 2 estimates.

"(3) SIGNIFICANT DIFFERENCES.—If during the preparation of the report under paragraph (2) OMB determines that there is a significant difference between the OMB and CBO estimates, OMB shall consult with the Committees on the Budget of the House of Representatives and the Senate regarding that difference and that consultation, to the extent practicable, shall include written communication to such committees that affords such committees the opportunity to comment before the issuance of that report.

"(4) SCOPE OF ESTIMATES.—The estimates under this section shall include the amount of change in outlays or receipts for the current year (if applicable), the budget year, and each outyear excluding any amounts resulting from—

"(A) full funding of, and continuation of, the deposit insurance guarantee commitment in effect under current estimates; and

"(B) emergency provisions as designated under subsection (e).

"(5) SCOREKEEPING GUIDELINES.—OMB and CBO, after consultation with each other and the Committees on the Budget of the House of Representatives and the Senate, shall—

"(A) determine common scorekeeping guidelines; and

"(B) in conformance with such guidelines, prepare estimates under this section."; and

(4) in subsection (e), by striking "for any fiscal year from 1991 through 1998," and by striking "through 1995".

**SEC. 10206. REPORTS AND ORDERS.**

Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking subsection (c) and redesignating subsections (d) through (k) as (c) through (j), respectively;

(2) in subsection (c) (as redesignated), by striking “1998” and inserting “2002”;

(3) in subsection (d) (as redesignated), by striking “(h)” and inserting “(f)”;

(4)(A) in subsection (f)(2)(A) (as redesignated), by striking “1998” and inserting “2002”;

(B) in subsection (f)(3) (as redesignated), by striking “through 1998”; and

(C) by striking subsection (f)(4) (as redesignated) and by redesignating paragraphs (5) and (6) of that subsection as paragraphs (4) and (5), respectively; and

(5) in subsection (g) (as redesignated), by striking “(g)” each place it appears and inserting “(f)”.

**SEC. 10207. EXEMPT PROGRAMS AND ACTIVITIES.**

(a) **VETERANS PROGRAMS.**—Section 255(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In the item relating to Veterans Insurance and Indemnity, strike “Indemnity” and insert “Indemnities”.

(2) In the item relating to Veterans’ Canteen Service Revolving Fund, strike “Veterans’”.

(3) In the item relating to Benefits under chapter 21 of title 38, strike “(36-0137-0-1-702)” and insert “(36-0120-0-1-701)”.

(4) In the item relating to Veterans’ compensation, strike “Veterans’ compensation” and insert “Compensation”.

(5) In the item relating to Veterans’ pensions, strike “Veterans’ pensions” and insert “Pensions”.

(6) After the last item, insert the following new items:

“Benefits under chapter 35 of title 38, United States Code, related to educational assistance for survivors and dependents of certain veterans with service-connected disabilities (36-0137-0-1-702);

“Assistance and services under chapter 31 of title 38, United States Code, relating to training and rehabilitation for certain veterans with service-connected disabilities (36-0137-0-1-702);

“Benefits under subchapters I, II, and III of chapter 37 of title 38, United States Code, relating to housing loans for certain veterans and for the spouses and surviving spouses of certain veterans Guaranty and Indemnity Program Account (36-1119-0-1-704);

“Loan Guaranty Program Account (36-1025-0-1-704); and  
“Direct Loan Program Account (36-1024-0-1-704).”.

(b) **CERTAIN PROGRAM BASES.**—Section 255(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(f) **OPTIONAL EXEMPTION OF MILITARY PERSONNEL.**—

“(1) **IN GENERAL.**—The President may, with respect to any military personnel account, exempt that account from sequestra-

tion or provide for a lower uniform percentage reduction than would otherwise apply.

*"(2) LIMITATION.—The President may not use the authority provided by paragraph (1) unless the President notifies the Congress of the manner in which such authority will be exercised on or before the date specified in section 254(a) for the budget year."*

*(c) OTHER PROGRAMS AND ACTIVITIES.—(1) Section 255(g)(1)(A) of the Balanced Budget Emergency Deficit Control Act of 1985 is amended as follows:*

*(A) After the first item, insert the following new item:*

*"Activities financed by voluntary payments to the Government for goods or services to be provided for such payments;"*

*(B) Strike "Thrift Savings Fund (26-8141-0-7-602);"*

*(C) In the first item relating to the Bureau of Indian Affairs, insert "Indian land and water claims settlements and" after the comma.*

*(D) In the second item relating to the Bureau of Indian Affairs, strike "miscellaneous" and insert "Miscellaneous" and strike ", tribal trust funds".*

*(E) Strike "Claims, defense (97-0102-0-1-051);"*

*(F) In the item relating to Claims, judgments, and relief acts, strike "806" and insert "808".*

*(G) Strike "Coinage profit fund (20-5811-0-2-803);"*

*(H) Insert "Compact of Free Association (14-0415-0-1-808);" after the item relating to the Claims, judgments, and relief acts.*

*(I) Insert "Conservation Reserve Program (12-2319-0-1-302);" after the item relating to the Compensation of the President.*

*(J) In the item relating to the Customs Service, strike "852" and insert "806".*

*(K) In the item relating to the Comptroller of the Currency, insert ", Assessment funds (20-8413-0-8-373)" before the semicolon.*

*(L) Strike "Director of the Office of Thrift Supervision;"*

*(M) Strike "Eastern Indian land claims settlement fund (14-2202-0-1-806);"*

*(N) After the item relating to the Exchange stabilization fund, insert the following new items:*

*"Farm Credit Administration, Limitation on Administrative Expenses (78-4131-0-3-351);*

*"Farm Credit System Financial Assistance Corporation, interest payment (20-1850-0-1-908);"*

*(O) Strike "Federal Deposit Insurance Corporation;"*

*(P) In the first item relating to the Federal Deposit Insurance Corporation, insert "(51-4064-0-3-373)" before the semicolon.*

*(Q) In the second item relating to the Federal Deposit Insurance Corporation, insert "(51-4065-0-3-373)" before the semicolon.*

(R) In the third item relating to the Federal Deposit Insurance Corporation, insert "(51-4066-0-3-373)" before the semicolon.

(S) In the item relating to the Federal Housing Finance Board, insert "(95-4039-0-3-371)" before the semicolon.

(T) In the item relating to the Federal payment to the railroad retirement account, strike "account" and insert "accounts".

(U) In the item relating to the health professions graduate student loan insurance fund, insert "program account" after "fund" and strike "(Health Education Assistance Loan Program) (75-4305-0-3-553)" and insert "(75-0340-0-1-552)".

(V) In the item relating to Higher education facilities, strike "and insurance".

(W) In the item relating to Internal Revenue collections for Puerto Rico, strike "852" and insert "806".

(X) Amend the item relating to the Panama Canal Commission to read as follows:

"Panama Canal Commission, Panama Canal Revolving Fund (95-4061-0-3-403);".

(Y) In the item relating to the Medical facilities guarantee and loan fund, strike "(75-4430-0-3-551)" and insert "(75-9931-0-3-550)".

(Z) In the first item relating to the National Credit Union Administration, insert "operating fund (25-4056-0-3-373)" before the semicolon.

(AA) In the second item relating to the National Credit Union Administration, strike "central" and insert "Central" and insert "(25-4470-0-3-373)" before the semicolon.

(BB) In the third item relating to the National Credit Union Administration, strike "credit" and insert "Credit" and insert "(25-4468-0-3-373)" before the semicolon.

(CC) After the third item relating to the National Credit Union Administration, insert the following new item:

"Office of Thrift Supervision (20-4108-0-3-373);".

(DD) In the item relating to Payments to health care trust funds, strike "572" and insert "571".

(EE) Strike "Compact of Free Association, economic assistance pursuant to Public Law 99-658 (14-0415-0-1-806);".

(FF) In the item relating to Payments to social security trust funds, strike "571" and insert "651".

(GG) Strike "Payments to state and local government fiscal assistance trust fund (20-2111-0-1-851);".

(HH) In the item relating to Payments to the United States territories, strike "852" and insert "806".

(II) Strike "Resolution Funding Corporation;".

(JJ) In the item relating to the Resolution Trust Corporation, insert "Revolving Fund (22-4055-0-3-373)" before the semicolon.

(KK) After the item relating to the Tennessee Valley Authority funds, insert the following new items:

"Thrift Savings Fund;

"United States Enrichment Corporation (95-4054-0-3-271);

"Vaccine Injury Compensation (75-0320-0-1-551);

*"Vaccine Injury Compensation Program Trust Fund (20-8175-0-7-551);"*

(2) Section 255(g)(1)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(A) Strike *"The following budget"* and insert *"The following Federal retirement and disability"*.

(B) In the item relating to Black lung benefits, strike *"lung benefits"* and insert *"Lung Disability Trust Fund"*.

(C) In the item relating to the Court of Federal Claims Court Judges' Retirement Fund, strike *"Court of Federal"*.

(D) In the item relating to Longshoremen's compensation benefits, insert *"Special workers compensation expenses,"* before *"Longshoremen's"*.

(E) In the item relating to Railroad retirement tier II, strike *"retirement tier II"* and insert *"Industry Pension Fund"*.

(3) Section 255(g)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(A) Strike the following items:

*"Agency for International Development, Housing, and other credit guarantee programs (72-4340-0-3-151);"*

*"Agricultural credit insurance fund (12-4140-0-1-351);"*

(B) In the item relating to Check forgery, strike *"Check"* and insert *"United States Treasury check"*.

(C) Strike *"Community development grant loan guarantees (86-0162-0-1-451);"*

(D) After the item relating to the United States Treasury Check forgery insurance fund, insert the following new item:

*"Credit liquidating accounts;"*

(E) Strike the following items:

*"Credit union share insurance fund (25-4468-0-3-371);"*

*"Economic development revolving fund (13-4406-0-3-452);"*

*"Export-Import Bank of the United States, Limitation of program activity (83-4027-0-3-155);"*

*"Federal Deposit Insurance Corporation (51-8419-0-8-371);"*

*"Federal Housing Administration fund (86-4070-0-3-371);"*

*"Federal ship financing fund (69-4301-0-3-403);"*

*"Federal ship financing fund, fishing vessels (13-4417-0-3-376);"*

*"Government National Mortgage Association, Guarantees of mortgage-backed securities (86-4238-0-3-371);"*

*"Health education loans (75-4307-0-3-553);"*

*"Indian loan guarantee and insurance fund (14-4410-0-3-452);"*

*"Railroad rehabilitation and improvement financing fund (69-4411-0-3-401);"*

*"Rural development insurance fund (12-4155-0-3-452);"*

*"Rural electric and telephone revolving fund (12-4230-8-3-271);"*

*“Rural housing insurance fund (12-4141-0-3-371);”*

*“Small Business Administration, Business loan and investment fund (73-4154-0-3-376);”*

*“Small Business Administration, Lease guarantees revolving fund (73-4157-0-3-376);”*

*“Small Business Administration, Pollution control equipment contract guarantee revolving fund (73-4147-0-3-376);”*

*“Small Business Administration, Surety bond guarantees revolving fund (73-4156-0-3-376);”*

*“Department of Veterans Affairs Loan guaranty revolving fund (36-4025-0-3-704);”*

(d) **LOW-INCOME PROGRAMS.**—Section 255(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) Amend the item relating to Child nutrition to read as follows:

*“Child nutrition programs (with the exception of special milk programs) (12-3539-0-1-605);”*

(2) After the second item insert the following new items:

*“Temporary assistance for needy families (75-1552-0-1-609);”*

*“Contingency fund (75-1522-0-1-609);”*

*“Child care entitlement to States (75-1550-0-1-609);”*

(3) Amend the item relating to Women, infants, and children program to read as follows:

*“Special supplemental nutrition program for women, infants, and children (WIC) (12-3510-0-1-605);”*

(4) After the last item add the following new item:

*“Family support payments to States (75-1501-0-1-609);”*

(e) **IDENTIFICATION OF PROGRAMS.**—Section 255(i) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

*“(i) IDENTIFICATION OF PROGRAMS.—For purposes of subsections (b), (g), and (h), each account is identified by the designated budget account identification code number set forth in the Budget of the United States Government 1998-Appendix, and an activity within an account is designated by the name of the activity and the identification code number of the account.”*

(f) **OPTIONAL EXEMPTION OF MILITARY PERSONNEL.**—Section 255(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 (relating to optional exemption of military personnel) is repealed.

**SEC. 10208. GENERAL AND SPECIAL SEQUESTRATION RULES.**

(a) **HEADINGS.**—

(1) **SECTION.**—The section heading of section 256 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking “EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES” and inserting “GENERAL AND SPECIAL SEQUESTRATION RULES”.

(2) **TABLE OF CONTENTS.**—The item relating to section 256 in the table contents set forth in section 250(a) of the Balanced

*Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:*

*"SEC. 256. GENERAL AND SPECIAL SEQUESTRATION RULES."*

*(b) AUTOMATIC SPENDING INCREASES.—Section 256(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.*

*(c) GUARANTEED AND DIRECT STUDENT LOAN PROGRAMS.—Section 256(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:*

*"(b) STUDENT LOANS.—For all student loans under part B or D of title IV of the Higher Education Act of 1965 made during the period when a sequestration order under section 254 is in effect as required by section 252 or 253, origination fees under sections 438(c)(2) and 455(c) of that Act shall each be increased by 0.50 percentage point."*

*(d) HEALTH CENTERS.—Section 256(e)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking the dash and all that follows thereafter and inserting "2 percent."*

*(e) TREATMENT OF FEDERAL ADMINISTRATIVE EXPENSES.—Section 256(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—*

*(1) in paragraph (2), by striking "joint resolution" and inserting "part"; and*

*(2) in paragraph (4), by striking subparagraphs (D) and (H), by redesignating subparagraphs (E), (F), (G), and (I), as subparagraphs (D), (E), (F), and (G), respectively, and by adding at the end the following new subparagraph:*

*"(H) Farm Credit Administration."*

*(f) COMMODITY CREDIT CORPORATION.—Section 256(j) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking paragraphs (2) through (5) and inserting the following:*

*"(2) REDUCTION IN PAYMENTS MADE UNDER CONTRACTS.—*

*(A) Loan eligibility under any contract entered into with a person by the Commodity Credit Corporation prior to the time an order has been issued under section 254 shall not be reduced by an order subsequently issued. Subject to subparagraph (B), after an order is issued under such section for a fiscal year, any cash payments for loans or loan deficiencies made by the Commodity Credit Corporation shall be subject to reduction under the order.*

*"(B) Each loan contract entered into with producers or producer cooperatives with respect to a particular crop of a commodity and subject to reduction under subparagraph (A) shall be reduced in accordance with the same terms and conditions. If some, but not all, contracts applicable to a crop of a commodity have been entered into prior to the issuance of an order under section 254, the order shall provide that the necessary reduction in payments under contracts applicable to the commodity be uniformly applied to all contracts for the next succeeding crop of the commodity, under the authority provided in paragraph (3).*

“(3) **DELAYED REDUCTION IN OUTLAYS PERMISSIBLE.**—Notwithstanding any other provision of this title, if an order under section 254 is issued with respect to a fiscal year, any reduction under the order applicable to contracts described in paragraph (1) may provide for reductions in outlays for the account involved to occur in the fiscal year following the fiscal year to which the order applies.

“(4) **UNIFORM PERCENTAGE RATE OF REDUCTION AND OTHER LIMITATIONS.**—All reductions described in paragraph (2) which are required to be made in connection with an order issued under section 254 with respect to a fiscal year shall be made so as to ensure that outlays for each program, project, activity, or account involved are reduced by a percentage rate that is uniform for all such programs, projects, activities, and accounts, and may not be made so as to achieve a percentage rate of reduction in any such item exceeding the rate specified in the order.

“(5) **DAIRY PROGRAM.**—Notwithstanding any other provision of this subsection, as the sole means of achieving any reduction in outlays under the milk price support program, the Secretary of Agriculture shall provide for a reduction to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use. That price reduction (measured in cents per hundred weight of milk marketed) shall occur under section 201(d)(2)(A) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the day any sequestration order is issued under section 254, and shall not exceed the aggregate amount of the reduction in outlays under the milk price support program that otherwise would have been achieved by reducing payments for the purchase of milk or the products of milk under this subsection during the applicable fiscal year.”

(g) **EFFECTS OF SEQUESTRATION.**—Section 256(k) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In paragraph (1), strike “other than a trust or special fund account” and insert “, except as provided in paragraph (5)” before the period.

(2) Amend paragraph (6) to read as follows:

“(6) Budgetary resources sequestered in revolving, trust, and special fund accounts and offsetting collections sequestered in appropriation accounts shall not be available for obligation during the fiscal year in which the sequestration occurs, but shall be available in subsequent years to the extent otherwise provided in law.”

**SEC. 10209. THE BASELINE.**

(a) **IN GENERAL.**—Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subsection (b)(2) by amending subparagraph (A) to read as follows:

“(A)(i) No program established by a law enacted on or before the date of enactment of the Balanced Budget Act of 1997 with estimated current year outlays greater than \$50,000,000 shall be assumed to expire in the budget year or the outyears.

The scoring of new programs with estimated outlays greater than \$50,000,000 a year shall be based on scoring by the Committees on Budget or OMB, as applicable. OMB, CBO, and the Budget Committees shall consult on the scoring of such programs where there are differences between CBO and OMB.

"(ii) On the expiration of the suspension of a provision of law that is suspended under section 171 of Public Law 104-127 and that authorizes a program with estimated fiscal year outlays that are greater than \$50,000,000, for purposes of clause (i), the program shall be assumed to continue to operate in the same manner as the program operated immediately before the expiration of the suspension.";

(2) by adding the end of subsection (b)(2) the following new subparagraph:

"(D) If any law expires before the budget year or any out-year, then any program with estimated current year outlays greater than \$50,000,000 that operates under that law shall be assumed to continue to operate under that law as in effect immediately before its expiration.";

(3) in the second sentence of subsection (c)(5), by striking "national product fixed-weight price index" and inserting "domestic product chain-type price index"; and

(4) by striking subsection (e) and inserting the following:

"(e) ASSET SALES.—Amounts realized from the sale of an asset shall not be included in estimates under section 251, 252, or 253 if that sale would result in a financial cost to the Federal Government as determined pursuant to scorekeeping guidelines."

(b) PRESIDENT'S BUDGET.—Section 1105(a) of title 31, United States Code, is amended by adding at the end the following:

"(32) a statement of the levels of budget authority and outlays for each program assumed to be extended in the baseline as provided in section 257(b)(2)(A) and for excise taxes assumed to be extended under section 257(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985."

(c) BUDGETARY TREATMENT OF CERTAIN TRUST FUND OPERATIONS.—Section 710 of the Social Security Act (42 U.S.C. 911) is amended to read as follows:

**"BUDGETARY TREATMENT OF TRUST FUND OPERATIONS**

"SEC. 710. (a) The receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund and the taxes imposed under sections 1401 and 3101 of the Internal Revenue Code of 1986 shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government.

"(b) No provision of law enacted after the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriated funds authorized under the Social Security Act as in effect on the date of the enactment of the Balanced Budget and Emergency Deficit control Act of 1985) may provide for payments from the general

fund of the Treasury to any Trust Fund specified in subsection (a) or for payments from any such Trust Fund to the general fund of the Treasury.”.

**SEC. 10210. TECHNICAL CORRECTION.**

Section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985, entitled “Modification of Presidential Order”, is repealed.

**SEC. 10211. JUDICIAL REVIEW.**

Section 274 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) Strike “252” or “252(b)” each place it occurs and insert “254”.

(2) In subsection (d)(1)(A), strike “257(l) to the extent that” and insert “256(a) if” and at the end insert “or”.

(3) In subsection (d)(1)(B), strike “new budget” and all that follows through “spending authority” and insert “budgetary resources” and strike “or” after the comma.

(4) Strike subsection (d)(1)(C).

(5) Strike subsection (f) and redesignate subsections (g) and (h) as subsections (f) and (g), respectively.

(6) In subsection (g) (as redesignated), strike “base levels of total revenues and total budget outlays, as” and insert “figures”, and strike “251(a)(2)(B) or (c)(2),” and insert “254”.

**SEC. 10212. EFFECTIVE DATE.**

(a) **EXPIRATION.**—Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking “Part C of this title, section” and inserting “Sections 251, 253, 258B, and”;

(2) by striking “1995” and inserting “2002”; and

(3) by adding at the end the following new sentence: “The remaining sections of part C of this title shall expire September 30, 2006.”.

(b) **EXPIRATION.**—Section 14002(c)(3) of the Omnibus Budget Reconciliation Act of 1993 (2 U.S.C. 900 note) is repealed.

**SEC. 10213. REDUCTION OF PREEXISTING BALANCES AND EXCLUSION OF EFFECTS OF THIS ACT FROM PAYGO SCORECARD.**

Upon the enactment of this Act, the Director of the Office of Management and Budget shall—

(1) reduce any balances of direct spending and receipts legislation for any fiscal year under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 to zero; and

(2) not make any estimates of changes in direct spending outlays and receipts under subsection (d) of that section for any fiscal year resulting from the enactment of this Act or of the Taxpayer Relief Act of 1997.

*And the Senate agree to the same.*

For consideration of the House bill, and the Senate amendment, and modifications committed to conference:

JOHN R. KASICH,  
DAVID L. HOBSON,  
RICHARD K. ARMEY,  
TOM DELAY,  
J. DENNIS HASTERT,  
JOHN M. SPRATT, JR.,  
DAVID E. BONIOR,  
VIC FAZIO.

As additional conferees from the Committee on Agriculture, for consideration of title I of the House bill, and title I of the Senate amendment, and modifications committed to conference:

ROBERT SMITH,  
BOB GOODLATTE,

556

CHARLES W. STENHOLM.

As additional conferees from the Committee on Banking and Financial Services, for consideration of title II of the House bill, and title II of the Senate amendment, and modifications committed to conference:

JAMES A. LEACH,  
RICK LAZIO.

As additional conferees from the Committee on Commerce, for consideration of subtitles A–C of title III of the House bill, and title IV of the Senate amendment, and modifications committed to conference:

TOM BLILEY,  
DAN SCHAEFER,  
JOHN D. DINGELL.

As additional conferees from the Committee on Commerce, for consideration of subtitle D of title III of the House bill, and subtitle A of title III of the Senate amendment, and modifications committed to conference:

TOM BLILEY,  
BILLY TAUZIN.

As additional conferees from the Committee on Commerce, for consideration of subtitles E and F of title III, titles IV and X of the House bill, and divisions 1 and 2 of title V of the Senate amendment, and modifications committed to conference:

TOM BLILEY,  
MICHAEL BILIRAKIS.

As additional conferees from the Committee on Education and the Workforce, for consideration of subtitle A of title V and subtitle A of title IX of the House bill, and chapter 2 of division 3 of title V of the Senate amendment, and modifications committed to conference:

BILL GOODLING,  
JIM TALENT.

As additional conferees from the Committee on Education and the Workforce, for consideration of subtitles B and C of title V of the House bill, and title VII of the Senate amendment, and modifications committed to conference:

BILL GOODLING,  
HOWARD "BUCK" MCKEON,  
DALE E. KILDEE.

As additional conferees from the Committee on Education and the Workforce, for consideration of subtitle D of title V of the House bill, and chapter 7 of division 4 of title V of the Senate amendment, and modifications committed to conference:

DONALD M. PAYNE.

As additional conferees from the Committee on Government Reform and Oversight, for consideration of title VI of the House bill, and subtitle A of title VI of the Senate amendment, and modifications committed to conference:

DAN BURTON,  
JOHN L. MICA.

As additional conferees from the Committee on Transportation and Infrastructure, for consideration of title VII of the House bill, and subtitle B of title III and subtitle B of title VI of the Senate amendment, and modifications committed to conference:

BUD SHUSTER,  
WAYNE T. GILCHREST,  
JAMES L. OBERSTAR.

As additional conferees from the Committee on Veterans' Affairs, for consideration of title VIII of the House bill, and title VIII of the Senate amendment, and modifications committed to conference:

BOB STUMP,  
CHRISTOPHER H. SMITH,  
LANE EVANS.

As additional conferees from the Committee on Ways and Means, for consideration of subtitle A of title V and title IX of the House bill, and divisions 3 and 4 of title V of the Senate amendment, and modifications committed to conference:

BILL ARCHER,  
E. CLAY SHAW, JR.,  
DAVE CAMP,  
CHARLES B. RANGEL,  
SANDER M. LEVIN.

As additional conferees from the Committee on Ways and Means, for consideration of titles IV and X of the House bill, and division 1 of title V of the Senate amendment, and modifications committed to conference:

BILL ARCHER,  
WILLIAM THOMAS.

*Managers on the Part of the House.*

From the Committee on the Budget:

PETE DOMENICI,  
CHUCK GRASSLEY,  
DON NICKLES,  
PHIL GRAMM,  
FRANK LAUTENBERG.

From the Committee on Agriculture, Nutrition, and Forestry:

DICK LUGAR.

From the Committee on Banking, Housing, and Urban Affairs:

ALFONSE D'AMATO,  
RICHARD SHELBY,  
PAUL SARBANES.

From the Committee on Commerce, Science and Transportation:

JOHN MCCAIN,  
TED STEVENS,  
(Except for provisions in  
universal service fund).

From the Committee on Energy and Natural Resources:  
FRANK H. MURKOWSKI,

LARRY E. CRAIG.

From the Committee on Finance:

BILL ROTH,  
TRENT LOTT,  
DANIEL P. MOYNIHAN.

From the Committee on Governmental Affairs:

FRED THOMPSON,  
SUSAN COLLINS.

From the Committee on Veterans' Affairs:

ARLEN SPECTER,  
STROM THURMOND,  
JOHN ROCKEFELLER.

*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 amendment of the Senate to the bill (H.R. 2015) to provide for reconciliation pursuant to sections 104 to 105 of the concurrent resolution on the budget for fiscal year 1997, 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:

TITLE I—AGRICULTURE

567

DENIAL OF FOOD STAMPS FOR PRISONERS

CURRENT LAW

No provisions.

HOUSE BILL

[Note: The House Bill does not contain an amendment dealing with food stamps and prisoners. However, H.R. 1000 (approved by the House on April 8, 1997) requires state agencies to establish a system and take action on a periodic basis to verify and otherwise assure that an individual who is officially detained in a correctional, detention, or penal facility administered under federal or state law is not considered to be part of any food stamp household—except to the extent that the Secretary determines that extraordinary circumstances have made it impracticable for the state agency to obtain the necessary information.]

SENATE AMENDMENT

Requires state agencies to establish a system and take action on a periodic basis to verify and otherwise ensure that an individual placed under detention in a federal, state, or local penal, correctional, or other detention facility (for more than 30 days) is not eli-

568

gible to participate as a member of any food stamp household—except that (1) the Secretary may determine that extraordinary circumstances make it impracticable for a state agency to obtain the necessary information and (2) state agencies obtaining information collected under the Social Security Administration's system for identifying prisoner recipients (or a comparable system) will be judged to be in compliance.

Provides that this new requirement will take effect 1 year after enactment—except that the Secretary may grant an extension (not to exceed 2 years after enactment) if a request is submitted stating the reasons for noncompliance, providing evidence of a good faith effort, and detailing a plan for bringing the state into compliance.

Requires the Secretary to assist states—to the maximum extent practicable—in implementing systems to carry out the new requirement regarding prisoners.

[Sec. 1003.]

CONFERENCE AGREEMENT

House recedes.  
[Section 1003.]

## PROVISION OF CERTAIN IDENTIFICATION NUMBERS

Section 10308 and 4208 of House bill and Section 5212 of Senate amendment

## CURRENT LAW

Section 1124 of the Social Security Act requires that entities participating in Medicare, Medicaid and the Maternal and Child Health Block Grant programs (including providers, clinical laboratories, renal disease facilities, health maintenance organizations, carriers and fiscal intermediaries), provide certain information regarding the identity of each person with an ownership or control interest in the entity, or in any subcontractor in which the entity has a direct or indirect 5 percent or more ownership interest. Section 1124A of the Social Security Act requires that providers under part B of Medicare also provide information regarding persons with ownership or control interest in a provider or any subcontractor in which the provider has a direct or indirect 5 percent or more ownership interest.

## HOUSE BILL

Section 1308. Requires that all Medicare providers supply the Secretary with both the employer identification number and Social Security account number of each disclosing entity, each person with an ownership or control interest, and any subcontractor in which the entity has a direct or indirect 5 percent or more ownership interest. The Secretary of HHS is directed to transmit to the Commissioner of Social Security information concerning each social security account number and employer identification number supplied to the Secretary for verification of such information. The Secretary would reimburse the Commissioner for costs incurred in performing the verification services required by this provision. The Secretary of HHS would report to Congress on the steps taken to assure confidentiality of Social Security numbers to be provided to the Secretary of HHS under this section.

Section 4308. Similar, but specifies that Social Security numbers would not be disclosed to other persons or entities, and use of such numbers would be limited to verification and matching purposes only.

Effective Date. Effective 90 days after submission of Secretary's report to Congress on confidentiality of Social Security numbers.

## SENATE AMENDMENT

Identical to Ways and Means provision.

## CONFERENCE AGREEMENT

The conference agreement includes provisions that are similar in the House bill and the Senate amendment with modifications. Although the Conferees are aware of the widespread use of Social Security numbers as personal identifiers, the Conferees had concern about the confidentiality of such numbers under this new disclosure requirement. Therefore, this provision provides for a study by the Secretary before this requirement would become effective. In addition, the Conferees note that the disclosure of Social Security numbers and other personal identifiers to a Federal agency are protected by applicable provisions of the Privacy Act.

STATE OPTION TO PERMIT WORKERS WITH DISABILITIES TO BUY  
INTO MEDICAID

Section 5731 of Senate amendment

CURRENT LAW

States must continue Medicaid coverage for "qualified severely impaired individuals under the age of 65." These are disabled and blind individuals whose earnings reach or exceed the SSI benefit standard. (The current law threshold for earnings is \$1,053 per month.) This special eligibility status applies as long as the individual (1) continues to be blind or have a disabling impairment; (2) except for earnings, continues to meet all the other requirements for SSI eligibility; (3) would be seriously inhibited from continuing or obtaining employment if Medicaid eligibility were to end; and (4) has earnings that are not sufficient to provide a reasonable equivalent of benefits from SSI, state supplementary payments (if provided), Medicaid, and publicly funded attendant care that would have been available in the absence of those earnings. To implement the fourth criterion, the Social Security Administration compares the individual's gross earnings to a "threshold" amount that represents average expenditures for Medicaid benefits for disabled SSI cash recipients in the individual's state of residence.

HOUSE BILL

No provision.

SENATE AMENDMENT

Provides states the option of allowing disabled SSI beneficiaries with incomes up to 250% of poverty to "buy into" Medicaid by paying a premium. Premium levels are on a sliding scale, based on the individual's income as determined by the State.

Effective on and after October 1, 1997.

CONFERENCE AGREEMENT

The conference agreement includes the Senate amendment.

## II. SUPPLEMENTAL SECURITY INCOME

### *11. Requirement to Perform Childhood Disability Redeterminations in Missed Cases*

#### CURRENT LAW

By August 22, 1997 (one year after the date of enactment of P.L. 104-193), the Commissioner of the Social Security Administration (SSA) is expected to redetermine the eligibility of any child receiving SSI benefits on August 22, 1996, whose eligibility may be affected by changes in childhood disability eligibility criteria, including the new definition of childhood disability and the elimination of the individualized functional assessment. Benefits of current recipients will continue until the later of July 1, 1997 or a redetermination assessment. Should a child be found ineligible, benefits will end following redetermination. Within 1 year of attainment of age 18, SSA is expected to make a medical redetermination of current SSI childhood recipients using adult disability eligibility criteria. For low birth weight babies, a review must be conducted within 12 months after the birth of a child whose low birth weight is a contributing factor to his or her disability.

#### HOUSE BILL

This provision extends from 1 year after the date of enactment to 18 months after the date of enactment the period by which SSA must redetermine the eligibility of any child receiving benefits on August 22, 1996 whose eligibility may be affected by changes in childhood disability. The provision also specifies that any child subject to an SSI redetermination under the terms of the welfare reform law whose redetermination does not occur during the 18-month period following enactment (that is, by February 22, 1998) is to be assessed as soon as practicable thereafter using the new eligibility standards applied to other children under the welfare reform law.

#### SENATE AMENDMENT

No provision.

#### CONFERENCE AGREEMENT

The conference agreement follows the House bill.

*12. Repeal of Maintenance-of-Effort Requirement for Optional State Supplementation of SSI Benefits*

CURRENT LAW

States have an option to supplement the Federal SSI payment with their own funds. States that operate optional supplementation programs are required by Section 1618 of the Social Security Act to "pass along" the amount of any Federal SSI benefit increase to recipients. The law allows States to comply with this requirement by either maintaining their supplementary payment levels to recipients of a given type at or above 1983 levels or by maintaining their supplementary payments at a level that, when combined with Federal payments, at least equals combined payments to the same type of recipients during the previous 12 months. In effect, Section 1618 requires that once a State elects to provide supplementary payments, it must continue to do so.

HOUSE BILL

The House Bill repeals Section 1618, ending the requirement that States pass along any Federal benefit increase to recipients.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment (no provision).

*13. Fees for Federal Administration of State Supplementary Payments*

CURRENT LAW

The law requires the Commissioner of Social Security to assess an administration fee for making State supplementary SSI payments (optional or mandatory) on behalf of States. For Fiscal Year 1997 and each succeeding fiscal year, the fee is \$5.00 monthly or a different rate that the Commissioner determines to be appropriate for the State. The administration fees—along with any additional service fees that the Commissioner imposes to cover costs—are deposited in the general fund of the Treasury as miscellaneous receipts.

HOUSE BILL

The House Bill increases fees for administering State supplements (optional or mandatory) as follows:

For Fiscal Year 1998 .....	\$6.20
For Fiscal Year 1999 .....	\$7.60
For Fiscal Year 2000 .....	\$7.80
For Fiscal Year 2001 .....	\$8.10
For Fiscal Year 2002 .....	\$8.50

For Fiscal Year 2003 and each succeeding fiscal year, the rate in the preceding year, adjusted for price inflation (by use of the Consumer Price Index); or a different rate that the Commissioner determines to be appropriate for the State.

The first \$5 in monthly administration shall be deposited in the general fund of the Treasury as miscellaneous receipts. The remaining portion of administration fees (and 100 percent of additional services fees) shall, upon collection for Fiscal Year 1998 and later years, be credited to a special Treasury fund to be available to defray expenses in carrying out SSI and related laws.

The bill authorizes \$35 million to be appropriated from the new special Treasury fund for Fiscal Year 1998 and "such sums as are necessary" for later years.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with the modification that administration fees authorized by this section to be charged and credited to a special fund established in the Treasury for State supplementary payment fees shall not be scored as receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985; such amounts shall be credited as a discretionary offset to discretionary spending to the extent they are made available for expenditure in appropriations Acts.

#### IV. RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

##### 15. *Extension of SSI/Medicaid Eligibility Period for Refugees and Certain Other Qualified Aliens From 5 to 7 Years*

###### CURRENT LAW

Provides 5-year exemption from: (1) the bar against SSI and Food Stamps; and (2) the provision allowing States to deny "qualified aliens" access to Medicaid, TANF, and Social Services Block Grant for refugees, asylees, and aliens granted withholding of deportation for persecution.

###### HOUSE BILL

Lengthens from 5 years to 7 years the period during which SSI and Medicaid eligibility is guaranteed to refugees, asylees, and aliens whose deportation has been withheld.

###### SENATE AMENDMENT

Similar to House, except also clarifies that Cuban-Haitian entrants would be considered "refugees."

###### CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

##### 16. *Definition: "Qualified Aliens"*

###### CURRENT LAW

Defined by P.L. 104-193 (as amended by P.L. 104-208) as aliens admitted for legal permanent residence (i.e., immigrants), refugees, aliens paroled into the United States for at least 1 year, aliens granted asylum or related relief, and certain abused spouses and children. Most Cuban/Haitian entrants are paroled for 1 year and, as such, are "qualified aliens." Amerasians enter as immigrants and, as such, are qualified aliens.

###### HOUSE BILL

Specifies that Cuban and Haitian entrants and Amerasian permanent resident aliens are to be considered qualified aliens for purpose of continuing SSI and Medicaid eligibility of those who were receiving benefits on August 22, 1996.

###### SENATE AMENDMENT

Specifies Cuban and Haitian entrants are qualified aliens for purpose of continuing SSI and Medicaid eligibility of those who were receiving benefits on August 22, 1996 (see below regarding treatment of Amerasians).

###### CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

*17. SSI Eligibility for Noncitizens Receiving SSI on August 22, 1996*

CURRENT LAW

Most "qualified aliens" are barred from Supplemental Security Income (SSI) for the Aged, Blind, and Disabled. Current recipients must be screened for continuing eligibility by September 30, 1997.

HOUSE BILL

"Qualified aliens" receiving SSI benefits on August 22, 1996 would remain eligible for SSI. Applies to both the aged and disabled.

SENATE AMENDMENT

Similar to House, but clarifies that ban does not apply to an alien who is "lawfully residing in any State."

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with the modification that the ban does not apply to an alien who is "lawfully residing in the United States." The conference agreement clarifies that non-qualified aliens who are current SSI recipients would remain eligible for SSI and guaranteed Medicaid until October 1, 1998.

*18. SSI Eligibility for Noncitizens Here by August 22, 1996 and Subsequently Disabled*

CURRENT LAW

Not eligible under current law (unless otherwise exempt from ineligibility).

HOUSE BILL

No provision (thus eligibility continues beyond September 30, 1997 only for those receiving benefits as of August 22, 1996; see above).

SENATE AMENDMENT

Eligibility for SSI disability benefits provided for "qualified aliens" here by August 22, 1996 who subsequently become disabled.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with the modification that benefits are to be provided to aliens "lawfully residing in the United States" on August 22, 1996.

*19. SSI Eligibility for the Severely Disabled*

CURRENT LAW

No provision for eligibility of severely disabled "qualified aliens" beyond continued coverage through September 30, 1997 of those on rolls as of August 22, 1996.

## HOUSE BILL

No special provision for the severely disabled. Eligibility of those on the rolls as of August 22, 1996 would continue (see above).

## SENATE AMENDMENT

Provides for coverage of future severely disabled "qualified aliens" who are unable to naturalize solely because of their disability.

## CONFERENCE AGREEMENT

The conference agreement follows the House bill (no provision). However, qualified aliens present in the U.S. on August 22, 1996 who subsequently become disabled would be eligible for SSI (see item 18 above).

*20. SSI Eligibility for SSI Recipients with Applications Filed Before January 1, 1979*

## CURRENT LAW

Not eligible under current law beyond September 30, 1997 unless can prove citizenship (or are otherwise exempt because of work record or veteran status).

## HOUSE BILL

No provision.

## SENATE AMENDMENT

Individuals who have been receiving SSI on basis of an application filed before January 1, 1979 would continue to be eligible unless there is convincing evidence that they are non-qualified aliens.

## CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

*21. Medicaid eligibility for noncitizens receiving SSI on August 22, 1996*

## CURRENT LAW

States may exclude "qualified aliens" who entered the United States before enactment of the welfare law (August 22, 1996) from Medicaid beginning January 1, 1997. Additionally, to the extent that legal immigrants' receipt of Medicaid is based only on their eligibility for SSI, some will lose Medicaid because of their ineligibility for SSI.

## HOUSE BILL

"Qualified aliens" who were receiving derivative Medicaid benefits on August 22, 1996 as a result of receipt of SSI would remain eligible for Medicaid.

## SENATE AMENDMENT

Similar to House.

## CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

*22. Food stamp eligibility*

## CURRENT LAW

"Qualified aliens" here before August 22, 1996 are barred from food stamps by August 22, 1997; new arrivals are barred from date of entry.

## HOUSE BILL

No derivative eligibility from SSI eligibility; i.e., no change in existing law.

## SENATE AMENDMENT

No derivative eligibility from SSI eligibility; i.e., no change in existing law.

## CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

*23. Medicaid eligibility for children*

## CURRENT LAW

"Qualified aliens" entering after August 22, 1996 are barred from all but emergency Medicaid for their first 5 years after entry, at which point their participation is a State option; no special provision is made for children.

## HOUSE BILL

No change in existing law.

## SENATE AMENDMENT

Exempts "qualified alien" children under age 19 entering after August 22, 1996 from the 5-year bar on full Medicaid.

## CONFERENCE AGREEMENT

The conference agreement follows the House bill (no provision).

*24. SSI/Medicaid eligibility for permanent resident aliens who are members of an Indian Tribe*

## CURRENT LAW

Makes no exception for qualified aliens who are Native Americans. Section 289 of the Immigration and Nationality Act of 1952 (INA) preserves the right of free passage recognized in the Jay Treaty of 1794 by allowing "American Indians born in Canada"

unimpeded entry and residency rights if they "possess at least 50 per centum of blood of the American Indian race." By regulation, individuals who enter the U.S. and reside here under this provision are regarded as lawful permanent resident aliens.

## HOUSE BILL

Excepts members of federally recognized American Indian tribes who are lawfully admitted for permanent residence from the SSI (and derivative Medicaid if applicable) restrictions on qualified aliens.

## SENATE AMENDMENT

Excepts (1) members of federally recognized tribes and (2) American Indians who come under Sec. 289 of the INA from the SSI (and derivative Medicaid if applicable) restrictions on qualified aliens. Makes similar exceptions to the 5-year bar on benefits for newly arriving qualified aliens.

## CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with clarifying amendments.

25. *Amerasians*

## CURRENT LAW

Amerasians enter as immigrants and, as such, are qualified aliens.

## HOUSE BILL

Considered to be "qualified aliens" for purpose of continued eligibility for SSI for those here by August 22, 1996.

## SENATE AMENDMENT

Amerasians would be made eligible for benefits on same basis as refugees. Provides for funding through \$100 processing fees to be levied on unlawfully present aliens who are ordered removed after having been convicted in the U.S. of a felony.

## CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with the modification that the funding provision is dropped.

26. *Verification of eligibility for state and local public benefits*

## CURRENT LAW

Requires verification that applicants for federal benefits are eligible for the benefits, and that States administering such programs have a verification system.

## HOUSE BILL

Authorizes State and local governments to verify eligibility for State or local public benefits.

## SENATE AMENDMENT

No provision.

## CONFERENCE AGREEMENT

The conference agreement follows the House bill.

## VI. TECHNICAL CORRECTIONS

Note: Provisions of the House-passed Technical Corrections Act (H.R. 1048) are identical to those of the Senate-passed Technical Corrections Act (Subtitle M of Title V of S. 947) except the items noted below.

35. *Inadvertent references to Internal Revenue Code*

## CURRENT LAW

No provision.

953

## HOUSE BILL

Strikes one paragraph (number 7) of Sec. 110(l) of P.L. 104-193, which made an inadvertent change in the Internal Revenue Code.

## SENATE AMENDMENT

Strikes additional paragraphs (numbers 1, 4, and 5) which made inadvertent or obsolete changes in the Internal Revenue Code.

## CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

36. *Expenditures to be excluded from historic state expenditures*

## CURRENT LAW

No provision.

## HOUSE BILL

Clarifies that State funds spent as a condition of receiving other Federal funds may not count toward the State maintenance of effort requirement; also makes a minor wording change to ensure that State spending on JOBS is included in the maintenance-of-effort baseline (historic State expenditures).

## SENATE AMENDMENT

Makes this change in conforming amendments to the welfare-to-work block grant (see item 1 above). Language is the same as that in the Ways and Means welfare-to-work provision.

## CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

37. *Correction of references*

## CURRENT LAW

No provision.

## HOUSE BILL

No provision.

## SENATE AMENDMENT

Strikes "amendment made by section 2103 of the Personal Responsibility and Work Opportunity" and inserts "amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation."

## CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

*38. Technical correction pertaining to Social Security*

## CURRENT LAW

The two technical changes made in this section pertain to the definition of "qualified organization" that may serve as a representative payee, "final adjudication" as it applies to drug addicts and alcoholics, and cost-of-living increases as they apply to Social Security benefits.

## HOUSE BILL

Makes minor changes in wording to improve clarity.

## SENATE AMENDMENT

No provision.

## CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment with the modification that only the provisions of subtitle B of H.R. 1048 affecting title II of the Social Security Act are deleted.

The provisions of Public Law 104-121 denying Social Security and Supplemental Security Income disability benefits to drug addicts and alcoholics used identical language in pegging the effective dates to the "final adjudication" of an individual's claim. Those provisions warrant clarification, since at least one court has already reached conclusions regarding their meaning that are contrary to the intent of Congress. The conference agreement includes language clarifying the effective date of the Supplemental Security Income provision only; it does not include parallel language clarifying the effective date of the Social Security provision due only to procedural considerations in the Senate regarding reconciliation bills.

*39. Timing of delivery of October 2000 SSI benefit payments*

## CURRENT LAW

Section 708 of the Social Security Act provides that benefits for a month are paid in the preceding month if the regular pay date falls on a Saturday, Sunday, or Federal holiday. Since the regular pay date for October 2000 (October 1) falls on a Sunday, the check for that month, under current law, would be delivered on Friday, September 29, 2000. As a result, 13 months of SSI benefits would be paid in FY 1999.

## HOUSE BILL

No provision.

## SENATE AMENDMENT

No provision.

## CONFERENCE AGREEMENT

The conference agreement includes the technical modification that the date of delivery of SSI benefits in October 2000 will be October 2, 2000. It is the intention of conferees to return to this issue and work with the Social Security Administration to minimize any

possible difficulties recipients might experience as a result of this change.

#### 40. Clarification of the Contingency Fund

##### CURRENT LAW

States that have high unemployment (at least 6.5 percent and up 10 percent or more from the comparable period in at least one of the two preceding years) or a substantial increase in food stamp recipients (10 percent above same period of Fiscal Year 1994 or Fiscal Year 1995, assuming the new law had been in effect throughout Fiscal Year 1994) are entitled to matching grants out of a contingency fund, provided their State spending under the TANF program exceeds 100 percent of its 'historic' level. Historic spending level is Fiscal Year 1994 State spending on AFDC, JOBS, Emergency Assistance, and AFDC-related child care. Monthly payments from the contingency fund cannot exceed  $\frac{1}{12}$ th of 20 percent of the State TANF grant.

##### HOUSE BILL

The contingency fund operates in two stages: (1) States get an advance payment of  $\frac{1}{12}$ th of 20 percent of their block grant every month that they meet the trigger and then for 1 month after they no longer meet the trigger; and (2) an annual reconciliation is performed in which States are required to remit money they did not deserve, usually because either they did not achieve the 100 percent maintenance of effort requirement or they financed more of the extra spending from contingency fund advances than they should have. The primary change is how the annual reconciliation is conducted. Generally, countable expenditures are subtracted from historic State expenditures to compute a new measure called reimbursable expenditures. Countable expenditures are defined as qualified State expenditures (as defined in the Act) under the TANF program (minus spending on child care) plus expenditures made by States from contingency fund monthly advances. Historic State expenditures are the same as under the Act except that spending on AFDC-related child care is not counted. The amount to which States are entitled under the contingency fund equals reimbursable expenditures times the State Medicaid match rate times the number of months in the year during which States were eligible divided by 12. This formula provides States with a Federal match on the amount of money they spent under the TANF program out of State funds that exceed the State's historic State expenditures prorated for the number of months during the year the State was eligible for contingency payments. This section also contains a slight modification of language to clarify that the Medicaid matching rate formula itself, and not the values for each State produced by the formula, is maintained as it existed on September 30, 1995.

The amendment retains the policy of only counting State expenditures made under the TANF program toward meeting contingency fund spending requirements. It would permit States to count only the portion of qualified State expenditures made under the TANF program, and hence under the rules that apply to State ex-

penditures under TANF, toward meeting contingency fund maintenance of effort and matching requirements.

##### SENATE AMENDMENT

Same as House.

##### CONFERENCE AGREEMENT

The conference agreement follows the identical provisions in the House bill and the Senate amendment.

## TITLE X—BUDGET ENFORCEMENT ACT OF 1997

## BACKGROUND

## CURRENT LAW

Current budget enforcement mechanisms were put into place as a result of the Congressional Budget and Impoundment Control Act of 1974 and the Balanced Budget and Emergency Deficit Control Act of 1985 (GRH). While the Supreme Court's 1986 decision in *Bowsher v. Synar* (478 U.S. 714) invalidated the GRH sequester mechanism, Congress moved to correct the constitutional flaw in the law by enacting the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

In the spring of 1990 it was evident that the deficit would exceed the GRH maximum deficit amount by more than \$100 billion. Later that year, the Office of Management and Budget estimated that a sequester of \$85 billion would be required to eliminate the excess deficit amount. A key feature of the 1990 budget summit agreement was a major restructuring of budget enforcement provisions of GRH. The budget process provisions of the 1990 budget summit agreement were enacted as the Budget Enforcement Act of 1990 (BEA) (title XIII of the Omnibus Budget Reconciliation Act of 1990; H.R. 5835; Pub. L. 101-508). The BEA created a two-tiered budget enforcement regime by establishing caps on discretionary appropriations spending and a "pay-as-you-go" requirement for legislation affecting mandatory spending or revenues.

While the BEA also extended deficit limits through 1995, it relied exclusively on discretionary spending limits and the pay-as-you-go requirement for 1991 through 1993 to impose budgetary discipline. For 1991 through 1993, the BEA required the President to adjust the deficit limits each year to equal the deficit. This effectively made the deficit limits unenforceable for those years. The BEA, however, gave the President the choice of returning to fixed enforceable deficit limits in 1993. In 1993, President Clinton chose to continue to adjust the deficit limits and effectively discontinued enforceable deficit limits. Later that year, when the BEA was extended through 1998, Congress did not extend deficit limits.

The discretionary spending limits and the pay-as-you-go requirement are scheduled to sunset at the end of 1998. These mech-

anisms have been extremely useful tools for the Congress to control discretionary spending and to ensure legislation is not enacted that would increase the deficit.

#### *Congressional budget process*

Under the Congressional Budget Act of 1974, as amended, the Congress adopts its own budget in the form of a concurrent budget resolution. The budget resolution provides a budgetary framework within which it considers spending and tax legislation. The budget resolution establishes aggregate spending and revenue levels and distributes the spending levels across 20 functional categories.

The conference report accompanying the budget resolution allocates a lump sum of spending authority to all committees with jurisdiction over federal spending. The Appropriations Committee subdivides this allocation amount among each of its 13 subcommittees.

If the budget resolution envisions changes in revenue and mandatory spending, the budget resolution may provide reconciliation instructions directing the authorizing committees to report legislation that achieves the specified spending and revenue targets. The authorizing committees respond to these reconciliation directives by reporting their legislative recommendations to the Budget Committees. The Budget Committees compile these legislative recommendations into omnibus reconciliation bills that are considered under fast-track procedures in the Congress.

The spending and revenue levels in the budget resolution and the accompanying report are enforced through points of order that may be raised by members of Congress when the House or Senate considers spending and tax legislation.

#### *Statutory controls over the budget*

The Budget Enforcement Act of 1990 amended the Congressional Budget Act of 1974 and the Balanced Budget Act of 1985 to establish two new statutory controls over federal spending: (1) limits on general purpose discretionary budget authority and discretionary outlays, which apply to spending controlled through the annual appropriations process; and (2) a pay-as-you-go (PAYGO) requirement, which applies to direct spending and revenues. Initially, the two processes were to be effective for 1991 through 1995. The spending limits and PAYGO were extended through 1998 by Title XIV of P.L. 103-66, the Omnibus Budget Reconciliation Act of 1993. The Congress established separate discretionary spending limits through 1998 for crime prevention and certain law enforcement activities as part of the Violent Crime Control and Law Enforcement Act of 1994 (P.L. 103-322).

Breaches of the discretionary spending limits and PAYGO requirements are enforced by sequestration—automatic across-the-board spending reductions in non-exempt programs. A sequester is triggered under the discretionary spending limits if either the budget authority or outlay limit for the applicable fiscal year is exceeded. A sequester is triggered under PAYGO if the net effect of legislation affecting receipts or entitlement spending is to increase the deficit.

*Summary of this title*

The primary purpose of this title is to implement the budget process provisions of the Bipartisan Budget Agreement. The Bipartisan Budget Agreement called for the extension of the BEA through 2002 with some modifications (the text of the Bipartisan Budget Agreement appears on pages 75–92 of the Senate print accompanying S. Con. Res. 27, S.Rpt. 105–27). This title also makes a number of changes to consolidate provisions, repeal obsolete provisions, make technical and conforming changes, and to update the Budget Act and GRH. The Budget Act and GRH have been amended in a piecemeal fashion over the years. Consequently both of these laws contain redundant and obsolete provisions. Finally, this title calls for a task force in the Senate to review the floor procedures used during the considerations of budget resolutions and reconciliation bills.

*House procedures*

This title makes various changes in the application of certain budget procedures in the House. Many of these changes are applicable only in the House of Representatives. The title allows the Committee on Ways and Means to reduce revenue below the revenue floor if it is offset by reductions in spending (in excess of amounts required under reconciliation). In addition, this title discontinues the practice of providing an allocation of new entitlement authority separate from other forms of mandatory spending. Finally, this title provides that it is not necessary to waive the Budget Act where through rulemaking the Budget Act violation is removed in the text pending before the House.

*Senate procedures*

This title makes a number of changes to the Budget Act regarding the congressional budget process and its application to the Senate. During consideration of the revenue reconciliation bill, Senator Byrd offered an amendment to incorporate many aspects of Senate Rule XXII (cloture) to procedures governing the Senate's consideration of reconciliation bills. The Senate adopted the Byrd amendment (#572) by a vote of 92–8. After a great deal of consultation, the Senate leadership concluded that any change to floor procedures under fast-track requires further study. Consequently, the conference agreement includes the creation of a bipartisan Senate task force which is to report to the Senate by October 8, 1997.

*Structure of this title*

During the course of the past year, the House and Senate Committees on the Budget, with the assistance of the Congressional Budget Office and the Office of Management and Budget, developed legislation to extend the BEA, incorporate the budget process provisions of the Bipartisan Budget Agreement, and make technical and conforming changes to budget laws.

At the start of the legislative process, the House and Senate Committees on the Budget worked from the same basic draft. This draft was then modified to meet the specific concerns of the membership of each House. In the House of Representatives, the draft was incorporated into the language of H.R. 2015 (as title XI Budget

Enforcement) as part of a Manager's Amendment. During consideration in the Senate of the spending reconciliation bill, S. 947, (the text of which became the Senate amendment to H.R. 2015) no budget enforcement language was included. However, during consideration in the Senate of the revenue reconciliation bill, S. 949, (the text of which became the Senate amendment to H.R. 2014) the enforcement language was adopted by a vote of 98-2 in the form of an amendment offered by Senators Domenici and Lautenberg (amendment number 537) and became title XVI.

As a result of each House sending the enforcement language to conference on a different bill, this joint explanatory statement: (1) sets forth the language found in each bill (by identifying the section in the respective bill), (2) compares the two (by reference to the section of the Budget Act or GRH which is sought to be amended), and (3) indicates the agreement reached by the conferees. Where the position of the House and Senate are identical with respect to any particular language, for purposes of clarity, the Senate will recede to the language of the House bill. Any other results will be specifically explained below.

Subtitle A: Amendments to the Congressional Budget and Impoundment Control Act of 1974; Sections 10001-10123

*1. Table of Contents*

HOUSE BILL (SECTION 11001)

Sets forth a short title and table of contents for the Budget Enforcement Act of 1997.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT (10001)

The Senate recedes to the House with the appropriate renumbering.

*2. Amendments to section 3 of the Congressional Budget Act*

HOUSE BILL (SECTION 11101)

Amends Section 3 of the Congressional Budget and Impoundment Control Act of 1974 ("Budget Act") to include entitlement authority as defined under current law in section 401(c)(2)(C) of the Budget Act and the Food Stamp program (which is technically not an entitlement). This change is taken in concert with the discontinuation of separate allocations of new entitlement authority in section 11106. As a consequence of these changes, entitlement authority will be allocated as new budget authority and will be subject to the points under the Budget Act that apply to new budget authority.

SENATE AMENDMENT

No provision.

## CONFERENCE AGREEMENT (SECTION 10101)

The Conference agreement reflects the House bill with modifications. The Conference agreement defines the term "entitlement authority" in section 3 of the Budget Act and adds the food stamp program to that definition.

It is the intent of the conferees that legislation providing new entitlement authority as defined in section 401(c)(2)(C) is also a form of new budget authority as set forth in Section 3(2). In the House, legislation providing new entitlement authority will also be considered as new budget authority and subject to the same Budget Act requirements that apply to new budget authority. In the Senate, this provision merely conforms to current practice.

*3. Amendment to section 201 of the Congressional Budget Act*

## HOUSE BILL (SECTION 11102)

Provides a nonsubstantive change clarifying that the term of the Director of the Congressional Budget Office is one of four years that expires in the year preceding a Presidential election.

Corrects an error made by Section 13202 of the Budget Enforcement Act of 1990 that designated two different subsections as 201(g) by redesignating the first as Section 201(f).

## SENATE AMENDMENT (SECTION 1601)

Provides a technical correction to redesignate a subsection regarding revenue estimates which was not properly executed in prior amendments.

## CONFERENCE AGREEMENT (SECTION 10102)

The Conference agreement reflects the House bill with modifications to eliminate the references to the Office of Technology Assessment and the Technology Assessment Board from this section.

*4. Amendments to section 202 of the Congressional Budget Act*

## HOUSE BILL (SECTION 11103)

Amends Section 202(a) of the Budget Act to clarify that the "primary" duty of the Congressional Budget Office is to assist the House and Senate Budget Committees. This section also eliminates an obsolete provision relating to the transfer of the functions of the Joint Committee on Reductions of Federal Expenditures to the Congressional Budget Office.

## SENATE AMENDMENT (SECTION 1602)

The language in the Senate Amendment is identical to the House Bill.

## CONFERENCE AGREEMENT (SECTION 10103)

The Conference agreement reflects the House bill with a modification. The conferees recognize that CBO's responsibilities have expanded considerably, particularly with the enactment of the Unfunded Mandate Reform Act of 1995. In addition to scoring reported legislation and providing spending and revenue projections,

CBO also provides assistance to committees and individual members upon request. The intent of this language is to clarify that CBO's primary duty is to assist the Budget Committees in its duties to the Congress to develop, implement, and enforce the budget resolution and address other budgetary matters.

The Conference agreement also requires CBO to include in its report the estimated budgetary impact associated with assuming the extension of mandatory programs that exceed \$50 million and excise taxes dedicated to trust funds for the baseline as required by section 257 of GRH.

*5. Amendments to section 300 of the Congressional Budget Act*

HOUSE BILL (SECTION 11104)

Conforms the date in the table in Section 300 of the Budget Act for committee submission of views and estimates (six weeks after the submission of the President's budget) with the date in Section 301(d) of the Budget Act (which was in turn amended to allow the Budget Committee Chairman to set an alternative deadline for submission of committee views and estimates).

SENATE AMENDMENT (SECTION 1603)

The language in the Senate Amendment is identical to the House Bill.

CONFERENCE AGREEMENT (SECTION 10104)

The Conference agreement reflects House bill with a modification.

*6. Amendments to section 301 of the Congressional Budget Act*

HOUSE BILL (SECTION 11105)

This section makes various changes in the content and enforcement of the budget resolution through changes to Section 301 of the Budget Act. First, and most importantly, it permanently extends the requirement that the term of budget resolutions be for a period of at least 5 years. Under current law, the resolution must cover three fiscal years, but this window was temporarily extended to five years as part of the Omnibus Budget Reconciliation Acts of 1990 and 1993.

Second, it eliminates the requirement that budget resolutions set forth levels of direct loan obligations and primary loan guarantee commitment levels because under the Credit Reform Act of 1990 all loans are scored up front as new budget authority.

Third, it extends a provision, applicable only in the Senate, that provides for adjustments of committee allocations for deficit-neutral legislation as long as the legislation is deficit-neutral in the first year covered by the resolution and for the 5-year period covered by the resolution.

Fourth, it allows the Budget Committee Chairmen to set an alternative deadline for submission of committee views and estimates.

Finally, it extends the Social Security point of order in the Senate to include the concurrent budget resolution and any related amendments, motions, or conference reports.

SENATE AMENDMENT (SECTION 1604)

The Senate amendment is identical to the House bill with two exceptions. First, it adds a new paragraph (9) to include direct loan obligations and primary loan commitment guarantee levels as items that may be included in a budget resolution. Second, it also amends the listing of those items that must be included in a committee report accompanying a budget resolution and adds a listing of those items that may be included in such a report.

CONFERENCE AGREEMENT (SECTION 10105)

The Conference agreement reflects the House bill with an amendment.

The Conference agreement modifies the scope of budget resolutions to provide that a budget resolution must cover at least five years. The Congress has expanded the scope of budget enforcement activities in recent years. The 1990 BEA (section 606 of the Budget Act) expanded the scope of budget enforcement by requiring budget resolutions to set 5-year enforceable levels. The Senate adopted its pay-as-you-go rule in 1993 that established a 10-year time-frame with respect to direct spending and revenue legislation. The 1996 budget resolution covered 7 years. The Bipartisan Budget Agreement covers ten years. The conference agreement retains the requirement that budget resolutions cover at least five years and provides Congress with the discretion to set a longer time frame in a budget resolution.

The conference agreement eliminates the requirement that a budget resolution contain direct loan and loan guarantee levels. The Conference agreement allows a budget resolution to set credit levels. The Federal Credit Reform Act of 1990 ("Credit Reform") modified the budgetary treatment of credit programs to require a subsidy appropriation before a direct loan obligation or loan guarantee commitment is made. Under credit reform, budget authority and outlays are scored when the subsidy appropriation is made and these levels are enforced by the section 302 allocations and the section 311 aggregates established by the budget resolution. Since the subsidy appropriation controls credit activity levels, there is no reason to continue these credit levels.

Credit reform is largely dependent on estimates made by the Executive Branch about interest rates and default risk. The integrity of these subsidy estimates is entirely in the control of the Executive Branch. If the Executive Branch made gross errors with respect to subsidy estimates or intentionally manipulated these estimates, the subsidy appropriation becomes much less relevant for determining credit levels. The conferees have been satisfied with the implementation of the Federal Credit Reform Act. However, if there are significant errors in subsidy estimates, for whatever reason, the Congress may want to return to establishing credit levels in a budget resolution. While the conferees do not believe credit levels need to be established in a budget resolution, for the reasons

stated above, the conference agreement leaves this option to the discretion of the Congress.

*7. Amendments to section 302 of the Congressional Budget Act*

HOUSE BILL (SECTION 11106)

The House bill permanently extends the requirement that allocations to the authorizing committees cover at least a five-year period. In the process, it collapses the temporary allocations under section 602 into section 302, generally conforming to the structure set forth in section 602.

It also modifies the default allocation in which an interim allocation is provided to the Appropriations Committee in the House if the budget resolution is not agreed to by April 15. Under the modified default allocation, the Appropriations Committee would be allocated an amount based on the prior year's budget resolution (instead of the President's budget). It clarifies that the Appropriations Committee shall subdivide its allocation among its 13 subcommittees. It provides that the allocations and suballocations shall be divided between defense, non-defense, and the violent crime reduction category as long as separate spending limits are in effect.

SENATE AMENDMENT (SECTION 1605)

The Senate amendment is essentially identical to the House bill, though it does not contain the provision regarding temporary allocations to the House Appropriations Committee in section 302.

CONFERENCE AGREEMENT (SECTION 10106)

The Conference agreement reflects the House bill with modifications. As with section 301 regarding the scope of the timeframes in a budget resolution, the conference agreement also requires that section 302 allocations made to committees cover at least five years. Interim allocations only apply in the House.

The conference agreement also provides that the Budget Committee must make separate allocations of defense, nondefense, and violent crime reduction funding. Section 302(a)(3) requires that the allocation of budget authority and outlays to the Appropriations Committees will be further divided among the categories specified in section 250(c)(4) of GRH. Under section 302(b), the Appropriations Committees are required to allocate these separate categories among its 13 subcommittees. These separate divisions of the allocations are enforced in the Senate pursuant to section 302(f) of the Budget Act.

As modified, section 302(f) of the Budget Act refers to the "applicable" allocation. The word "applicable" is used in part to recognize the fact that two budget resolutions will often be in force at the same time.

*8. Amendments to section 303 of the Congressional Budget Act*

HOUSE BILL (SECTION 11107)

The House bill makes several technical changes to Section 303(a) of the Budget Act which prohibits the consideration of

spending legislation before Congress has agreed to a budget resolution. It eliminates references to new credit authority and new entitlement authority. In the future, legislation providing new entitlement authority will be scored as providing new budget authority which is also subject to section 303(a). Credit authority is already scored as new budget authority, in the amount of the subsidy.

SENATE AMENDMENT (SECTION 1606)

The Senate amendment repeals subsection (c) of section 303, which provides a process for the Senate to consider a resolution to waive this point of order. Since this point of order can be waived under section 904 of the Budget Act through a motion, the waiver resolution process is not needed.

CONFERENCE AGREEMENT (SECTION 10107)

The Conference agreement reflects the House bill with an amendment. The Conference agreement rewrites section 303 in its entirety to simplify this section, drop obsolete provisions, and make conforming changes to reflect changes made to other provisions in the Act. The Conference agreement retains the general objective of section 303: to discourage the Congress from considering budget-related legislation until the adoption of a budget resolution for a year.

The language of current section 303 is vague with respect to its application to appropriations measures in the Senate. Under section 302 of the Budget Act, allocations are made to the Senate Appropriations Committee for just the first year of a budget resolution (the budget year). The conference clarifies the application of this point of order to provide that it is out of order to consider an appropriations measure for a year until an allocation under section 302(a) has been made pursuant to the budget resolution for that year. The conference agreement retains the current law exception that allows appropriations measures to contain advance appropriations for the two years following that year. By "advance appropriations", the conferees mean an appropriation which is first available in a year beyond the year for which the appropriation bill applies.

The conferees intend to clarify that section 303(a) is a gross test which looks at whether any provision within the measure provides new budget authority, increases revenue, etc. It is not a net test that looks at the sum of changes in budget authority, increases in revenue, etc. as is the case with sections 302(f) and 311(a).

*9. Amendments to section 304 of the Congressional Budget Act*

HOUSE BILL

No provision

SENATE AMENDMENT

No provision

CONFERENCE AGREEMENT (SECTION 10108)

The Conference agreement repeals subsection (b) of section 304. Subsection 304(a) provides the authority for Congress to revise

a budget resolution at any time. Subsection (b) provides that section 301(g), regarding economic assumptions, applies to revisions to budget resolutions. This subsection is not needed and raises an ambiguity with respect to whether other provisions of the Budget Act apply to revisions of a budget resolution.

By repealing subsection 304(b), the conferees intend that all provisions of the Budget Act apply to revised budget resolutions unless there is a specific exception made for a revision to a budget resolution, such as section 305(b) which provides for only 10 hours of debate on a revision to a budget resolution.

*10. Amendments to section 305 of the Congressional Budget Act*

HOUSE BILL (SECTION 11108)

Clarifies that the five day layover requirement for budget resolutions includes Saturdays, Sundays and holidays when the House is in session. This is a conforming change to clause 2(1)(5) of House Rule XI, which was amended in the 104th Congress to count Saturdays, Sundays and holidays when the House is in session towards the layover requirement for bills and resolutions.

SENATE AMENDMENT (SECTION 1607)

The Senate amendment includes the same provision.

CONFERENCE AGREEMENT (SECTION 10109)

The Conference agreement reflects the House bill with a modification providing that the resolution can be considered the third calendar day (except Saturdays, Sundays and legal holidays when the House is not in session) after the report has been made available to Members.

*11. Amendments to section 308 of the Congressional Budget Act*

HOUSE BILL (SECTION 11109)

The House bill includes a technical change eliminating a reference to credit authority in legislation for which committees must include a statement essentially justifying changes in revenue or direct spending. It also clarifies that such statements are to be provided for joint resolutions rather than simple (one-House) resolutions.

SENATE AMENDMENT (SECTION 1608)

The Senate amendment is essentially identical to the House bill.

CONFERENCE AGREEMENT (SECTION 10110)

The Conference agreement reflects the House bill with modifications to make additional technical and conforming changes regarding section 308.

*12. Amendments to section 310 of the Congressional Budget Act*

## HOUSE BILL (SECTION 11110)

The House bill provides that reconciliation instructions may direct committees to achieve specified changes in direct spending. Under current law, the instructions are to be expressed as a change in new entitlement authority and new budget authority. This section essentially codifies the recent practice of reconciling committees to report legislation providing the necessary change in direct spending. Under current law, reconciliation instructions may be for new budget authority, outlays and new entitlement authority. Direct spending is defined under section 250(c)(8) of GRH.

It also codifies the interpretation of the House that the fungibility rule in section 310 of the Budget Act applies to legislation regardless of whether it increases or decreases revenues or spending. In order to preserve the original intent of section 310 to provide committees maximum flexibility in meeting their reconciliation targets, committees are allowed to substitute changes in revenue for changes in spending, or vice versa, by up to 20 percent of the sum of the reconciled changes in spending and revenue as long as the result does not increase the deficit relative to the reconciliation instructions.

Under one interpretation, the existing fungibility rule could not be invoked when a committee reduces revenues because the revenue change may cancel out reductions in spending. Accordingly, the rule now explicitly provides that the substitution factor is 20 percent of the sum of the absolute value of the reconciled change in revenue and the absolute value of the reconciled change in spending.

## SENATE AMENDMENT (SECTION 787)

The Senate amendment amends section 310(e)(2) of the Congressional Budget Act to provide 30 hours of Senate consideration of a Reconciliation Bill. The amendment requires consent to yield back time on the bill or to limit debate. It also provides 30 minutes of debate per first degree amendment, and 20 minutes of debate per second degree amendment until the 15th hour of debate after which all amendments are limited to 30 minutes of debate. And, it prohibits submitting first degree amendments after the 15th hour of consideration, and prohibits submitting second degree amendments after the 20th hour.

## CONFERENCE AGREEMENT (SECTION 10111)

The Conference agreement reflects the House bill with a modification. The conference agreement only amends section 310 to modify subsection 310(c)(1)(A) regarding the application of the fungibility rule in the House. While no language regarding Senate floor procedure is included, the conference agreement calls for a Senate bipartisan task force to study and report on budget resolution and reconciliation floor procedures.

*13. Amendments to section 311 of the Congressional Budget Act*

## HOUSE BILL (SECTION 11111)

This section modifies section 311, which enforces the budget resolution by prohibiting the consideration of legislation that exceeds its aggregate spending levels or reduces revenues below its revenue floor.

It eliminates references in section 311 to new entitlement authority. It clarifies that the exception under 303 for legislation providing new budget authority applies only to advanced discretionary budget authority—not mandatory spending.

This section also preserves the so-called Fazio exception in the House that allows appropriation measures to exceed the aggregate ceiling on new budget authority or outlays if they do not exceed the Appropriations Committee's applicable allocation.

Finally, this section eliminates a redundant point of order in the Senate and clarifies the Social Security "firewall" point of order, making its application more clear.

## SENATE AMENDMENT (SECTION 1609)

The Senate amendment is identical to the House bill.

## CONFERENCE AGREEMENT (SECTION 10112)

The Conference agreement reflects the House bill with modifications. The Conference agreement provides that the spending and revenue levels are enforced for the first year covered by the budget resolution. The Conference agreement also provides that the revenue level is also enforced for the same multiyear period covered by the allocations provided in a conference report accompanying a budget resolution, which is at least 5 years.

*14. Amendments to section 312 of the Congressional Budget Act*

## HOUSE BILL (SECTION 11112)

The House bill makes stylistic changes to the heading and consolidates existing provisions regarding points of order and adds some new provisions.

Subsection (a) provides generic authority clarifying that the Committees on the Budget are responsible for providing estimates (or "scoring" information) to the House and Senate for the purposes of evaluating the applicability of Budget Act points of order. Redundant language is repealed throughout the Act and replaced with this one statement that applies to all points of order under titles III and IV.

Subsection (b) moves the existing section 601(b) point of order in the Senate for the enforcement of discretionary spending limits to subsection 312(b).

Subsection (c) moves the existing section 605(b) point of order in the Senate for the enforcement of the maximum deficit amount to subsection 312(c). This point of order will not be enforced because the House bill does not provide "maximum deficit amounts" in GRH. The House bill retains both the point of order and the sequester procedures (section 253 of GRH) in the event the Congress wants to return to deficit limits.

Subsection (d) adds new language which places into law the current practice in the Senate with respect to the timing of points of order.

Subsection (e) retains current law (first paragraph of section 312) with respect to amendments between the Houses.

Subsection (f) retains current law (section 312(b)) with respect to the effect of a point of order against a bill in the Senate.

It repeals the now redundant (by virtue of new 312(a)) language from current law.

SENATE AMENDMENT (SECTION 1610)

The Senate amendment is identical to the House Bill.

CONFERENCE AGREEMENT (SECTION 10113)

The Conference agreement reflects the House bill with technical changes.

*15. Addition of a new section "314" of the Congressional Budget Act*

HOUSE BILL (SECTION 11113)

Adds a new section 314 to the Budget Act containing some of the elements in the now-eliminated title VI. Most importantly, section 314 provides a procedure for adjusting the appropriate budget resolution levels for certain legislation for which similar adjustments are provided in the statutory discretionary spending levels under section 11203 of this title. The adjustments are for continuing disability reviews, the IMF, arrearages and emergencies.

In a change from current law, the appropriate spending levels are adjusted for legislation designating funding for emergencies instead of the previous practice of simply not counting such spending against the budget resolution's levels.

In another change in allocation procedures for the House, the adjustments are made only for the consideration of the relevant legislation and do not become permanent until the legislation is actually enacted.

SENATE AMENDMENT (SECTION 1611)

The Senate amendment is the same as the House language with slight modifications.

CONFERENCE AGREEMENT (SECTION 10114)

The Conference agreement reflects the House bill with modifications. The conference agreement provides for a process for the Budget Committee Chairman to make adjustments to levels set forth in or pursuant to a budget resolution for emergency legislation, continuing disability reviews, an IMF allowance, an allowance for international arrearages, and earned income tax credit compliance. The purpose of these adjustments is to ensure that budgetary limits, are only adjusted for the legislation that meets the specific criteria spelled out in this section. This section sets out a process regarding discretionary spending limits that is similar to the process in section 251 of GRH.

Subsection (a)(1) provides the general authority for the Budget Committee Chairman to make adjustments for legislation. Subsection (a)(2) provides the Chairman with the authority to revise the levels set forth by or pursuant to a budget resolution. Subsection (b) provides the criteria for legislation that qualified for the adjustments. A bill, resolution, amendment or conference report must meet the specific terms spelled out in one of these paragraphs before the Chairman can make any adjustments pursuant to this section. Subsection (c) provides that the adjustments only apply while the legislation is under consideration and only take final effect upon the legislation's enactment. The conferees intend that the adjustments only apply while the legislation that meets the terms of one of the paragraphs of subsection (b) is under consideration. In subsection (c), the reference to "legislation" means a bill, joint resolution, amendment, motion or conference report. It is the Chairman's responsibility to ensure these adjustments are only available for legislation that meets the terms of subsection (b). This could necessitate that the Chairman reverse the adjustments, particularly the aggregates, after the pending legislation is disposed of.

*16. Addition of a new section 315 to the Congressional Budget Act*

HOUSE BILL (SECTION 11114)

The House bill provides that it is not necessary to waive the Budget Act as part of a House resolution to consider legislation in which the resolution eliminates the source of the Budget Act violation. Most points of order under the Budget Act lie against consideration of the bill as originally reported by a committee. If the reported version of the bill violates the Budget Act, then the Chairman of the Budget Committee often arranges to have the violation corrected as part of a rule that effectively amends the version of the bill pending before the House. However, it is still necessary to waive the point of order because the point of order lies against the bill as reported. As modified, it will no longer be necessary to waive the point of order in order to consider a bill in which the rule eliminates the source of the violation.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT (SECTION 10115)

The Conference agreement reflects the House bill with technical changes providing that it is not necessary to waive the Budget Act when the source of the Budget Act violation in the reported bill is eliminated through a special rule or unanimous consent request. This provision only applies in the House.

*17. Amendments to section 401 and repeal of section 402 of the Congressional Budget Act*

HOUSE BILL (SECTION 11115)

The House bill makes changes in section 401 (which defines and enforces various forms of spending authority that are not con-

trolled through the annual appropriations process). It repeals the definition of new entitlement authority (which is shifted into section 3 of the Budget Act). It repeals a seldom used process in the House for referring bills providing certain forms of mandatory appropriations to the Committee on Appropriations. Finally, it collapses a point of order against legislation providing credit authority not subject to appropriations into section 401, which also prohibits the consideration of legislation providing contract or borrowing authority.

#### SENATE AMENDMENT

No provision.

#### CONFERENCE AGREEMENT (SECTION 10116)

The Conference agreement reflects the House bill with modifications.

Sections 401 and 402 were enacted as a means of controlling "backdoor" spending. This is spending not under the annual control of the Congress through the appropriations process. The Conference agreement's changes to section 401 are not intended to weaken this section, but to update it.

The conference agreement provides that section 401(a) will apply, just as it does under current law, to contract authority and borrowing authority. The conference expands section 401(a) to apply to credit authority and repeals section 402. This change has no practical effect. It just consolidates the point of order against creating these types of spending authority in one section of the Budget Act.

The Conference agreement repeals the definition of "new spending authority". This definition is no longer needed and raises questions about what constitutes new spending authority. Since being defined in the original 1974 Budget Act, the Congress has expanded the definition of budget authority. Under the current definition, "new spending authority" as defined in section 401(c) and "budget authority" as defined in section 3 are essentially the same. As a result, the separate definition in section 401(c) of the Budget Act is unneeded.

The important provisions of section 401 of the Budget Act are to provide controls on backdoor spending and to provide a definition of "entitlement authority". The definition of the term "entitlement authority" has been moved to section 3 of the Budget Act. The conference agreement refers to "new entitlement authority." The conferees intend that this term applies to legislation that either expands an existing entitlement or creates a new entitlement. The existing controls on backdoor spending authority have been retained.

This Conference agreement generally makes technical and conforming changes to the Budget Act. The conferees note that there are major deficiencies in section 401 that have not been corrected in this section. It is the intent of the conferees that future legislation should address the purposes of section 401 and the definitions of "contract authority" and "borrowing authority", and should provide an up-to-date and more effective means of controlling backdoor spending.

18. *Amendments to Title V of the Congressional Budget Act (Credit Reform)*

HOUSE BILL

No provision.

SENATE AMENDMENT (SECTION 1612)

The Senate amendment contains technical corrections and conforming amendments to the Federal Credit Reform Act of 1990. All of the proposed changes to Credit Reform in this amendment are taken from suggestions made by OMB. In general they reflect the experience with implementing Credit Reform since 1990 and codify current working definitions used by the Congressional Budget Office and the Office of Management and Budget.

The amendments to section 502 clarify the definition of a direct loan by explicitly including the sale of assets on credit terms. These amendments also clarify the law to reflect current practice concerning the treatment of modifications of outstanding direct loans and loan guarantees that affect their cost, adding a definition of the term "modification."

The amendments to section 504 clarify that appropriation action is required before direct loans and loan guarantees can be made (subsidy costs must be appropriated in advance), except for mandatory programs that are exempt from this requirement. The existing language with respect to modifications is also made clearer.

The amendments to section 505 provide technical instructions concerning the interest rate charged to Government agencies by Treasury to finance credit programs, including the interest rate charged on loans financed by the Federal Financing Bank (FFB). The amendments require Treasury, including the FFB, to use the same rate as the one used to calculate the cost of a direct loan or loan guarantee. That is the current practice for Treasury financing other than financing by the FFB. The FFB is permitted to add a surcharge to the Treasury rate of interest, which is paid by the borrower and, in turn, by the agency. Current law does not provide instructions for dealing with the surcharge. The amendments specify that the surcharge will be credited to the credit program's financing account along with other interest paid to the Government. Currently, a fraction of the surcharge is used to finance the FFB's administrative expenses. The amendments allow the FFB to require reimbursement from an agency to cover the FFB's administrative expenses. The agency will pay for its administrative expenses out of appropriations for that purpose, as is required now for other administrative expenses of most credit programs.

CONFERENCE AGREEMENT (SECTION 10117)

The Conference agreement adopts the Senate Amendment with additional changes for clarification.

Amendments to section 502 clarify the definition of the term "cost," including a modification of the requirement concerning the "discount rate" used to determine cost so that it is based on the timing of the cash flows, as opposed to the term of the loan. Under

this approach, a claim payment that will occur in year 1 of a guaranteed loan is discounted using the rate on a 1-year Treasury security, while a claim payment that will occur in year 30 is discounted using the rate on a 30-year Treasury security. The total cost is the sum of the present values of each year's cash flows over the life of the direct loan or loan guarantee. This change increases accuracy and reduces bias. Accuracy is improved because each cash flow is discounted by the interest rate on a Treasury security having the same maturity as the period of that cash flow. Under the present practice, the rate on a Treasury security of similar maturity to the loan is based on the pattern of interest and principal payments for the security (semi-annual interest payments and full principal repayment on the last payment date). The estimated cash flows for credit programs almost never match this pattern. Bias is reduced because loans with the same cash flows but different maturities would be priced using the same basket of discount rates, and would therefore have the same cost.

Also under the definition of "cost," the amendments requires that, for purposes of an agency obligating funds for the cost of a credit program, the cost estimate will be based on the assumptions used in the President's budget for the fiscal year in which the direct loan or loan guarantee is obligated, adjusted for differences between the projected and actual terms of the contract. For example, assuming no difference between the projected and actual terms of the loan contract, the cost estimate for the obligation of a direct loan in 1998 would be based on the assumptions used in the President's 1998 budget. This incorporates by statute OMB's current guidelines for calculating the cost estimate when funds are obligated for a direct loan or loan guarantee. For one-year funds, it provides Congress with the assurance that loan volume will not be affected by changes in assumptions during the period of program execution. In effect, it means that Congress will get the volume it paid for when it appropriated funds for the credit program. For programs with multi-year funds, the cost estimate will reflect more recent assumptions.

Workouts are not assumed to be included in the definition of modifications. The conference agreement does not change the treatment of workouts as implemented under the Federal Credit Reform Act of 1990. OMB and CBO shall report recommendations for any changes in such treatment to the House and Senate Committees on the Budget not later than March 30, 1998. Such report shall include data on the extent of the use of workouts and the resulting costs or savings.

The amendments add a definition of the term "current," which is used in other credit definitions with regard to credit assumptions. By referring to GRH, the definition is the same as the one that is used for Budget Enforcement Act purposes.

*19. Repeal of title VI of the Congressional Budget Act (Budget Agreement Enforcement Provisions)*

HOUSE BILL (SECTION 11116)

The House bill repeals title VI, which provided changes in Congressional budget procedures that were expected to last only for the

duration of previous budget agreements. Title VI temporarily extended the coverage and enforcement of budget resolutions from three to five fiscal years. It also provided for adjustments in the budget resolution for such factors as emergencies, estimating differences, and tax compliance.

The five-year scope of the resolution is permanently extended in sections 11105 and 11106. The new adjustments are set forth in section 11113. The House bill repeals an unused provision in section 604 of the Budget Act, which provided the House Budget Committee with the authority to report a reconciliation directive providing for tax increases to offset legislation cutting taxes.

SENATE AMENDMENT (SECTION 1613)

The language in the Senate Amendment is identical to the House Bill.

CONFERENCE AGREEMENT (SECTION 10118)

The Senate recesses to the House.

*20. Amendments to section 904 of the Congressional Budget Act*

HOUSE BILL (SECTION 11117)

The House bill contains technical corrections regarding waivers and appeals. It redrafts the section so as to make it possible to differentiate between those points of order which are subject to supermajority discipline and those that are not. It adds a new subsection "(e)" to indicate which waiver and appeal provisions expire at the end of 2002. This has previously been applicable in the Senate by virtue of a provision of the 1996 Budget Resolution. This amendment thus codifies the current Senate rules regarding the sunset date for these points of order. Generally for those points of order which relate to budget levels, the supermajority requirements sunset in 2002. With respect to the other points of order which relate to the substantive effect of language (germaneness, the Byrd Rule, Budget Committee jurisdiction etc.), the supermajority requirements are permanent.

SENATE AMENDMENT (SECTION 1614)

The language in the Senate Amendment is identical to the House Bill.

CONFERENCE AGREEMENT (SECTION 10119)

The Conference agreement reflects the House bill with technical modifications.

*21. Repeal of sections 905 and 906 of the Congressional Budget Act*

HOUSE BILL (SECTION 11118)

The House bill repeals two obsolete sections in the Budget Act: the original effective dates for the Budget Act in section 905 and a special rule relating to the applicability of the Act for Fiscal Year 1976.

SENATE AMENDMENT (SECTION 1615)

The language in the Senate Amendment is identical to the House Bill.

CONFERENCE AGREEMENT (SECTION 10120)

The Senate recesses to the House.

22. *Amendments to sections 1022 and 1024 of the Congressional Budget Act*

HOUSE BILL (SECTION 11119)

The House bill makes conforming changes to sections 1022 and 1024 of the Line Item Veto Act reflecting the repeal of section 601 of the Budget Act and its incorporation into section 251(c) of GRH.

SENATE AMENDMENT (SECTION 1616)

The language in the Senate Amendment is identical to the House Bill.

CONFERENCE AGREEMENT (SECTION 10121)

The Senate recesses to the House.

23. *Amendments to section 1026 of the Congressional Budget Act*

HOUSE BILL (SECTION 11120)

The House bill makes conforming changes to section 1026 (definitions) to correct a drafting error in the definition of "dollar amount of discretionary budget authority" to reflect the repeal of section 601 of the Budget Act and its incorporation into section 251(c) of GRH.

SENATE AMENDMENT (SECTION 1617)

The language in the Senate Amendment is identical to the House Bill.

CONFERENCE AGREEMENT (SECTION 10122)

The Senate recesses to the House.

24. *Senate task force*

HOUSE BILL

No provision.

SENATE AMENDMENT (SECTION 787)

During consideration of S. 949 (spending reconciliation bill in the Senate) the Senate adopted by a vote of 92 to 8 an amendment offered by Senator Byrd (number 148) which provided new floor procedures for the consideration of reconciliation legislation in the Senate. The most significant aspect of the Byrd amendment was the proposal to adopt cloture like procedures at the conclusion of consideration. The amendment called for changing the current law's 20 hour limit on consideration to 30 hours of debate. In addition, it called for imposing a filing requirement for all amendments

to be considered after 15 hours. This is a significant departure from current law in that it would have the effect of closing off the amendment process once all time has expired.

Current law provides that an unlimited number of amendments and motions are in order, without debate, at the end of time. Although this is not explicitly set forth in section 305 of the Budget Act, it is the interpretation that has governed the Senate's consideration of budget resolutions and reconciliation legislation. At the insistence of a number of Senators, current Senate practice has permitted (by unanimous consent) a very brief time for debate (usually between 2 and 4 minutes, equally divided) prior to the vote on such amendments. This at least permits proponents and the managers to lay out for their colleagues the basic issue presented by the amendment. This has resulted in what many refer to as a "vote-a-ramma" at the end of time. In this situation Senators are forced to vote on scores of amendments with little or no debate.

In addition to ending the "vote-a-ramma", the Byrd amendment provides that the time for debate on individual amendments be reduced from 2 hours to 30 minutes for amendments in the first degree, from 1 hour to 20 minutes for amendments in the second degree or debatable motions and appeals, and after 15 hours debate on all debatable items would be limited to 20 minutes. The Byrd amendment also provides that the motion to reduce time be debatable for 30 minutes and that time may be yielded back only by unanimous consent. Current law permits this motion to be voted on without debate and time to be yielded back as a matter of right.

#### CONFERENCE AGREEMENT (SECTION 10123)

The conference agreement provides for a bipartisan task force in the Senate to review the floor procedures governing consideration of budget resolutions and reconciliation bills. The task force is to report to the Senate by October 8, 1997.

Subtitle B: Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985; Sections 10201-10213

#### *24. Purpose*

##### HOUSE BILL (SECTION 11201)

**Purpose.** States that the purpose of this subtitle is to extend discretionary spending limits and pay-as-you-go requirements.

##### SENATE AMENDMENT (SECTION 1651)

The language in the Senate Amendment is identical to the House bill.

#### CONFERENCE AGREEMENT (SECTION 10201)

The Senate recedes to the House.

*25 Amendments to section 250 of Gramm-Rudman-Hollings*

## HOUSE BILL (SECTION 11202)

Amends section 250(b) of GRH to state that it provides for the enforcement of a balanced budget by 2002 as called for in H. Con. Res. 84.

This section also defines the terms "category", "budgetary resources" and "consultation". "Consultation" means that the Budget Committee is consulted by CBO in manner timely enough to afford the committee an opportunity to comment on the matter; "category" means defense, non-defense, and violent crime reduction discretionary spending, and the definition of budgetary resources is amended to drop an obsolete reference to credit authority. The terms "current" and "outyear" are also modified and extended.

## SENATE AMENDMENT (SECTION 1652)

The Senate amendment is substantially similar to the House bill though it does not provide a definition of "consultation".

## CONFERENCE AGREEMENT (SECTION 10202)

The Conference agreement reflects the Senate amendment with modifications. The conference agreement also updates the definition of "budget authority" and other terms in section 250(c)(1).

*26. Amendments to section 251 of Gramm-Rudman-Hollings*

## HOUSE BILL (SECTION 11203)

The House bill provides for the extension of discretionary spending limits and enforcement procedures (sequestration) through 2002. Retains adjustments for emergencies, changes in concepts and definitions, and estimating differences in outlays. Adds automatic adjustments in these limits for legislation relating to the International Monetary Fund and arrearages. Eliminates adjustments for inflation, estimating differences in budget authority as well as expired adjustments for loan forgiveness and IRS compliance.

It imposes separate spending limits for defense and non defense discretionary spending for 1998 and 1999 and then collapses these limits under a general purpose discretionary spending limit for 2000, 2001 and 2002.

In conformance with the Bipartisan Budget Agreement, the House bill allows the separate limits on the violent crime reduction category to expire at the end of 1998. Funding for these programs will be subject to the non defense discretionary spending limit in 1999 and 2000 and the general purpose discretionary limits in 2001 and 2002.

## SENATE AMENDMENT (SECTION 1653)

The Senate amendment is substantially similar to the House bill except that it extends separate violent crime reduction spending limits through 2002.

## CONFERENCE AGREEMENT (SECTION 10203)

The Conference agreement reflects the House bill with some modifications. The violent crime reduction spending limits are extended through 2000.

27. *Amendments to section 251A of Gramm-Rudman-Hollings and to section 310002 of P.L. 103-322*

## HOUSE BILL (SECTION 11204)

The House bill shifts the separate spending limits on the Violent Crime Reduction Trust Fund spending into section 251 of GRH, which includes the limits for defense and nondefense discretionary spending. Under current law, section 251 provides sequester procedures for defense and nondefense discretionary spending and section 251A provides sequester procedures for violent crime reduction spending. Because this bill amends section 251 to provide for violent crime reduction as a separate category of discretionary spending, section 251A is not needed and is repealed. Also makes a conforming change by repealing section 310002 of the Violent Crime Control and Law Enforcement Act of 1994, which reduced the discretionary caps to provide a separate category for violent crime reduction funding. Since the section 251(c) caps reflect these reductions, section 310002 of the Crime Act is no longer necessary.

## SENATE AMENDMENT (SECTION 1654)

The Senate amendment is identical to the House bill.

## CONFERENCE AGREEMENT (SECTION 10204)

The Senate recedes to the House.

28. *Amendments to section 252 of Gramm-Rudman-Hollings*

## HOUSE BILL (SECTION 11205)

The House bill extends the pay-as-you-go requirements for legislation enacted through 2002. Under current law, PAYGO expires at the end of 1998.

In order to impede legislation that would exacerbate the deficit beyond 2002, the House bill provides a "rolling" PAYGO scorecard. Under a rolling five year scorecard, OMB will score legislation for the budget year and each of the ensuing four fiscal years through 2002. If this legislation causes a net deficit increase for any year through 2006, OMB will be required to implement a sequester in that year to eliminate any deficit increase. For example, a bill enacted in January 2002 would be scored for 2002 through 2006. Although the PAYGO requirements expire at the end of 2002, the estimates and enforcing sequestration process would extend as late as 2006 for legislation that is enacted prior to the end of 2002.

The House bill also corrects the "lookback" procedure in which size of a sequester can be offset by savings from the prior fiscal year. Current law provides a "lookback" procedure to ensure that legislation that is enacted after the beginning of a fiscal year is captured by the pay-as-you-go requirements. Under OMB's current interpretation of the existing lookback mechanism, OMB double-

counts pay-as-you-go surpluses or deficits in calculating whether a sequester would be necessary. OMB currently interprets the PAYGO lookback mechanism to require that the PAYGO balance for the current year be added to the budget year in determining if there will be a net deficit increase (this results in "double-counting").

The House bill amends the pay-as-you-go lookback procedures to require OMB to calculate the net deficit impact on the current year of all legislation enacted after the final deficit sequester report for that year. If this legislation would result in a net deficit increase, OMB is required to add the amount of this net deficit increase to the next year's sequester calculations. If legislation is not enacted to offset this deficit increase, a sequester will occur.

The House bill makes other technical and conforming changes to PAYGO.

#### SENATE AMENDMENT (SECTION 1655)

The Senate amendment is substantially similar to the House bill except that it would sunset pay-as-you-go sequester procedures in 2002.

#### CONFERENCE AGREEMENT (SECTION 10205)

The conference agreement reflects the House bill with modifications. The lookback procedure is modified to provide that any net deficit increase or decrease created during the current year that is enacted after the final sequester report for that year is added to the pay-as-you-go estimates for the budget year. The conference agreement makes other clarifying and conforming changes to section 252.

The conference agreement also modifies the manner in which deposit insurance and emergency spending estimates are covered under section 252. The conference agreement provides that estimates associated with either deposit insurance legislation or emergency legislation will not be recorded on the pay-as-you-go scorecard. The conferees intend that OMB and CBO include the estimated budgetary impact of deposit insurance and emergency legislation separately for informational purposes in their reports to Congress, but these estimates should not be recorded for the purposes of calculating pay-as-you-go.

For deposit insurance, the conference agreement provides that OMB and CBO should only score legislation that modifies the deposit insurance guarantee commitment under current estimates. "Current" is a defined term and the conferees intend that OMB use the technical and economic assumptions for deposit insurance contained in the President's most recent budget submission (CBO should use the economic and technical assumptions in the baseline). Section 252 presently requires OMB and CBO to measure the impact relative to the deposit insurance commitment in effect in 1990. To the extent legislation modifies the deposit insurance guarantee commitment, it should be scored by OMB and CBO. If this legislation becomes law, the cost will have been captured for the purposes of pay-as-you-go and should be reflected in the next baseline.

*29. Amendments to section 254 of Gramm-Rudman-Hollings*

## HOUSE BILL (SECTION 11206)

Amends section 254 of GRH by removing an expired provision relating to the optional adjustment of maximum deficit amounts and extending the requirements for sequestration reports through fiscal year 2006 (for legislation enacted prior to the end of 2002).

## SENATE AMENDMENT (SECTION 1656)

The Senate amendment is identical to the House bill except that it deletes the requirement for a General Accounting Office compliance report.

## CONFERENCE AGREEMENT (SECTION 10206)

The Senate recedes to the House.

*30. Amendments to section 255 of Gramm-Rudman-Hollings*

## HOUSE BILL (SECTION 11207)

Makes several conforming changes to the list of exempt programs to account for changes in the program code, changes in program names, and programs that are no longer in existence.

## SENATE AMENDMENT (SECTION 1657)

The Senate amendment is identical to the House bill with a few minor exceptions.

## CONFERENCE AGREEMENT (SECTION 10207)

The conference agreement reflects the Senate amendment with modifications, including a technical correction regarding the treatment of low-income programs.

The amendments to section 255(d) change the titles of three accounts to reflect actions by the Committees on Appropriation. Also, three accounts have been added to this section. The Personal Responsibility and Work Opportunities Act of 1996 eliminated the former Aid to Families with Dependent Children (AFDC) Program and created these three accounts in its place. As such, the exemption of these accounts is a continuation of the exemption of the former AFDC program.

*31. Amendments to section 256 of Gramm-Rudman-Hollings*

## HOUSE BILL (SECTION 11208)

The House bill makes technical corrections and conforming changes to special sequestration procedures to reflect changes since the Budget Enforcement Act of 1990. The only substantive change in this section is in the sequestration procedure for the student loan program, which provides that in the event of a PAYGO sequester, origination fees for both direct loans and guaranteed loans will be increased by 0.50 percent.

## SENATE AMENDMENT (SECTION 1658)

The Senate amendment makes similar technical corrections and conforming changes, but does not change the sequestration procedure for student loan programs.

## CONFERENCE AGREEMENT (SECTION 10208)

The conference agreement reflects the House bill with an additional technical change related to agriculture programs.

The amendments to section 256(b) update the special rule for guaranteed student loans to reflect recent changes in the Higher Education Act, including the introduction of the direct loan program, and for consistency with the Federal Credit Reform Act. The rule continues to allow a sequestration order to be carried out through a limited increase in loan origination fees.

The amendments to section 256(j) update the special rule for programs of the Commodity Credit Corporation to reflect recent changes in farm legislation. The rule allows for the application of a sequester order, if one is issued, to CCC programs on a crop-year basis, instead of a fiscal year basis, and for sequestration of the dairy program through reduction in price supports.

*32. Amendments to section 257 of Gramm-Rudman-Hollings*

## HOUSE BILL (SECTION 11209)

The House bill makes various changes in the definition of the baseline which is used to score legislation for the purpose of enforcing PAYGO requirements. It modifies the rule that programs with outlays greater than \$50 million are assumed to continue beyond their expiration date. As modified, the exception would apply only when the legislation explicitly designates that a provision is exempt from the baseline extension requirement.

It assumes that the baseline for expiring mandatory programs continues to operate under the law that was immediately in effect before the program's expiration.

It changes the index used for calculating the inflator from the "national product fixed-weight price index" to the "domestic product chain-type price index".

It changes the budgetary treatment of asset sales (which currently prohibits counting the proceeds of asset sales for PAYGO purposes). As modified, the proceeds will score only if the sale does not result in a net cost to the Federal government. The formula for making this determination is included in the scorekeeping guidelines.

## SENATE AMENDMENT (SECTION 1659)

The Senate amendment is similar to the House bill with two exceptions. First, the Senate amendment provides a different treatment of the baseline for mandatory programs that exceed \$50 million. Under current law, CBO and OMB will not score savings associated with terminating mandatory programs that exceed \$50 million or reflect the termination of such programs in their baselines. The Senate amendment would allow CBO and OMB to score savings associated with the termination of mandatory programs and

reflect the program's termination in the baseline if the legislation clearly eliminated the Federal government's financial obligation to continue to fund the program. Second, the Senate amendment conforms provisions of the Social Security Act regarding the budgetary treatment of the Hospital Insurance Fund with section 257 of GRH. The law is ambiguous regarding the budgetary treatment of the Hospital Insurance Fund. The amendment clarifies that this trust fund is not off-budget and modifies provisions regarding the budget resolution's display of health care budgetary levels.

CONFERENCE AGREEMENT (SECTION 10209)

The conference agreement reflects the Senate amendment with modifications. The conference agreement amends section 257 to provide that only those programs with current year outlays in excess of \$50 million and that were in existence on or before the date of enactment of the Balanced Budget Act of 1997 are assumed to continue for the purposes of the baseline. The conference agreement provides that the Budget Committees and OMB, as applicable, will determine the scoring of new programs in excess of \$50 million annually and CBO and OMB will consult on any differences on scoring of such new programs. The subsequent baseline treatment of such a new program should be consistent with the scoring of that program.

*33. Amendments to section 258 of Gramm-Rudman-Hollings*

HOUSE BILL (SECTION 11210)

This section removes a superseded provision (Section 258 of GRH) regarding modification of a presidential order.

SENATE AMENDMENT (SECTION 1660)

The Senate amendment is identical to the House bill.

CONFERENCE AGREEMENT (SECTION 10210)

The Senate recesses to the House.

*34. Amendments to section 274 of Gramm-Rudman-Hollings*

HOUSE BILL (SECTION 11211)

Makes conforming changes to Section 274 of GRH (providing standing for Members of Congress and other persons affected by sequestration orders to seek judicial review) to reflect changes in section numbers made by this Act.

SENATE AMENDMENT (SECTION 1661)

The Senate amendment is identical with one technical exception.

CONFERENCE AGREEMENT (SECTION 10211)

The conference agreement reflects the House bill with modifications.

*35. Amendments to section 275(b) of Gramm-Rudman-Hollings and section 14002(c)(3) of OBRA 1993*

HOUSE BILL (SECTION 11212)

Makes conforming changes to the effective dates of certain programs in Part C of GRH to indicate that the sequestration rules and the special reconciliation process expire in 2002, while the other programs in Part C of GRH (including five-year estimates) expire in 2006.

This section also repeals an expiring provision of OBRA 1993 (section 14002(c)(3)) which provided that Part C of GRH (sequestration procedures) and Title VI of the Budget Act were to expire on September 30, 1998.

SENATE AMENDMENT (SECTION 1662)

The Senate amendment is identical to the House bill except that it sunsets pay-as-you-go sequester procedures in 2002.

CONFERENCE AGREEMENT (SECTION 10212)

The Senate recedes to the House.

*36. Provisions related to the Paygo Scorecard*

HOUSE BILL (SECTION 11213)

The House bill provides that existing PAYGO balance is eliminated. It further provides that the net deficit reduction from reconciliation is not counted under PAYGO. Such net savings could not be used to offset future PAYGO legislation. This effectively locks in the net savings from reconciliation and previously enacted PAYGO legislation for deficit reduction. This language is similar to language enacted as part of the Omnibus Reconciliation Act of 1993.

SENATE AMENDMENT (SECTION 1663)

The language in the Senate Amendment has the same effect as the House bill.

CONFERENCE AGREEMENT (SECTION 10213)

The conference agreement reflects the House bill with a modification with respect to the references to the two reconciliation bills.

*Scorekeeping Guidelines*

These budget scorekeeping guidelines are to be used by the House and Senate Budget Committees, the Congressional Budget Office, and the Office of Management and Budget (the "scorekeepers") in measuring compliance with the Congressional Budget Act of 1974 (CBA), as amended, and GRH as amended. The purpose of the guidelines is to ensure that the scorekeepers measure the effects of legislation on the deficit consistent with established scorekeeping conventions and with the specific requirements in those Acts regarding discretionary spending, direct spending, and receipts. These rules shall be reviewed annually by the scorekeep-

ers and revised as necessary to adhere to the purpose. These rules shall not be changed unless all of the scorekeepers agree. New accounts or activities shall be classified only after consultation among the scorekeepers. Accounts and activities shall not be reclassified unless all of the scorekeepers agree.

### *1. Classification of appropriations*

Following is a list of appropriations that are normally enacted in appropriations acts. The list identifies appropriated entitlements and other mandatory spending in appropriations acts, and it identifies discretionary appropriations by category.

### *2. Outlays prior*

Outlays from prior-year appropriations will be classified consistent with the discretionary/mandatory classification of the account from which the outlays occur.

### *3. Direct spending programs*

Entitlements and other mandatory programs (including offsetting receipts) will be scored at current law levels as defined in section 257 of GRH, unless Congressional action modifies the authorizing legislation. Substantive changes to or restrictions on entitlement law or other mandatory spending law in appropriations laws will be scored against the Appropriations Committee's section 302(b) allocations in the House and the Senate. For the purpose of CBA scoring, direct spending savings that are included in both an appropriations bill and a reconciliation bill will be scored to the reconciliation bill and not to the appropriations bill. For scoring under sections 251 or 252 of GRH, such provisions will be scored to the first bill enacted.

### *4. Transfer of budget authority from a mandatory account to a discretionary account*

The transfer of budget authority to a discretionary account will be scored as an increase in discretionary budget authority and outlays in the gaining account. The losing account will not show an offsetting reduction if the account is an entitlement or mandatory program.

### *5. Permissive transfer authority*

Permissive transfers will be assumed to occur (in full or in part) unless sufficient evidence exists to the contrary. Outlays from such transfers will be estimated based on the best information available, primarily historical experience and, where applicable, indications of Executive or Congressional intent.

This guideline will apply both to specific transfers (transfers where the gaining and losing accounts and the amounts subject to transfer can be ascertained) and general transfer authority.

### *6. Reappropriations*

Reappropriations of expiring balances of budget authority will be scored as new budget authority in the fiscal year in which the balances become newly available.

### *7. Advance appropriations*

Advance appropriations of budget authority will be scored as new budget authority in the fiscal year in which the funds become newly available for obligation, not when the appropriations are enacted.

### *8. Rescissions and transfers of unobligated balances*

Rescissions of unobligated balances will be scored as reductions in current budget authority and outlays in the year the money is rescinded.

Transfers of unobligated balances will be scored as reductions in current budget authority and outlays in the account from which the funds are being transferred, and as increases in budget authority and outlays in the account to which these funds are being transferred.

In certain instances, these transactions will result in a net negative budget authority amount in the source accounts. For purposes of section 257 of GRH, such amounts of budget authority will be projected at zero. Outlay estimates for both the transferring and receiving accounts will be based on the spending patterns appropriate to the respective accounts.

### *9. Delay of obligations*

Appropriations acts specify a date when funds will become available for obligation. It is this date that determines the year for which new budget authority is scored. In the absence of such a date, the act is assumed to be effective upon enactment.

If a new appropriation provides that a portion of the budget authority shall not be available for obligation until a future fiscal year, that portion shall be treated as an advance appropriation of budget authority. If a law defers existing budget authority (or unobligated balances) from a year in which it was available for obligation to a year in which it was not available for obligation, that law shall be scored as a rescission in the current year and a reappropriation in the year in which obligational authority is extended.

### *10. Contingent legislation*

If the authority to obligate is contingent upon the enactment of a subsequent appropriation, new budget authority and outlays will be scored with the subsequent appropriation. If a discretionary appropriation is contingent on the enactment of a subsequent authorization, new budget authority and outlays will be scored with the appropriation. If a discretionary appropriation is contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority will be scored with the appropriation, and outlays will be estimated based on the best information about when (or if) the contingency will be met. If direct spending legislation is contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority and outlays will be scored based on the best information about when (or if) the contingency will be met. Non-lawmaking contingencies within the control of the Congress are not scoreable events.

*11. Scoring purchases, lease-purchases, capital leases, and operating leases*

When a law provides the authority for an agency to enter into a contract for the purchase, lease-purchase, capital lease, or operating lease of an asset, budget authority and outlays will be scored as follows:

For lease-purchases and capital leases, budget authority will be scored against the legislation in the year in which the budget authority is first made available in the amount of the estimated net present value of the government's total estimated legal obligations over the life of the contract, except for imputed interest costs calculated at Treasury rates for marketable debt instruments of similar maturity to the lease period and identifiable annual operating expenses that would be paid by the Government as owner (such as utilities, maintenance, and insurance). Property taxes will not be considered to be an operating cost. Imputed interest costs will be classified as mandatory and will not be scored against the legislation or for the current level but will count for other purposes.

For operating leases, budget authority will be scored against the legislation in the year in which the budget authority is first made available in the amount necessary to cover the government's legal obligations. The amount scored will include the estimated total payments expected to arise under the full term of a lease contract or, if the contract will include a cancellation clause, an amount sufficient to cover the lease payments for the first fiscal year during which the contract is in effect, plus an amount sufficient to cover the costs associated with cancellation of the contract. For funds that are self-insuring under existing authority, only budget authority to cover the annual lease payment is required to be scored.

Outlays for a lease-purchase in which the Federal government assumes substantial risk—for example, through an explicit government guarantee of third party financing—will be spread across the period during which the contractor constructs, manufactures, or purchases the asset. Outlays for an operating lease, a capital lease, or a lease-purchase in which the private sector retains substantial risk, will be spread across the lease period. In all cases, the total amount of outlays scored over time against legislation will equal the amount of budget authority scored against that legislation.

No special rules apply to scoring purchases of assets (whether the asset is existing or is to be manufactured or constructed). Budget authority is scored in the year in which the authority to purchase is first made available in the amount of the government's estimated legal obligations. Outlays scored will equal the estimated disbursements by the government based on the particular purchase arrangement, and over time will equal the amount of budget authority scored against that legislation.

Existing contracts will not be rescored.

To distinguish lease purchases and capital leases from operating leases, the following criteria will be used for defining an operating lease:

—Ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease period.

—The lease does not contain a bargain-price purchase option.

—The lease term does not exceed 75 percent of the estimated economic lifetime of the asset.

—The present value of the minimum lease payments over the life of the lease does not exceed 90 percent of the fair market value of the asset at the inception of the lease.

—The asset is a general purpose asset rather than being for a special purpose of the Government and is not built to unique specification for the Government as lessee.

—There is a private-sector market for the asset.

Risks of ownership of the asset should remain with the lessor.

Risk is defined in terms of how governmental in nature the project is. If a project is less governmental in nature, the private-sector risk is considered to be higher. To evaluate the level of private-sector risk associated with a lease-purchase, legislation and lease-purchase contracts will be considered against the following type of illustrative criteria, which indicate ways in which the project is less governmental:

—There should be no provision of Government financing and no explicit government guarantee of third party financing.

—Risks of ownership of the asset should remain with the lessor unless the government was at fault for such losses.

—The asset should be a general purpose asset rather than for a special purpose of the government and should not be built to unique specification for the government as lessee.

—There should be a private-sector market for the asset.

—The project should not be constructed on government land.

Language that attempts to waive the Anti-Deficiency Act, or to limit the amount or timing of obligations recorded, does not change the government's obligations or obligational authority, and so will not affect the scoring of budget authority or outlays.

Unless language that authorizes a project clearly states that no obligations are allowed unless budget authority is provided specifically for that project in an appropriations bill in advance of the obligation, the legislation will be interpreted as providing obligation authority, in an amount to be estimated by the scorekeepers.

#### *12. Write-offs of uncashed checks, unredeemed food stamps, and similar instruments*

Exceptional write-offs of uncashed checks, unredeemed food stamps, and similar instruments (i.e., write-offs of cumulative balances that have built up over several years or have been on the books for several years) shall be scored as an adjustment to the means of financing the deficit rather than as an offset. An estimate of write-offs or similar adjustments that are part of a continuing routine process shall be netted against outlays in the year in which the write-off will occur. Such write-offs shall be recorded in the account in which the outlay was originally recorded.

#### *13. Reclassification after an agreement*

Except to the extent assumed in a budget agreement, a law that has the effect of altering the classification or scoring of spending and revenues (e.g., from discretionary to mandatory, special fund to revolving fund, on-budget to off-budget, revenue to offset-

ting receipt), will not be scored as reclassified for the purpose of enforcing a budget agreement.

*14. Scoring of receipt increases or direct spending reductions for additional administrative or program management expenses*

No increase in receipts or decrease in direct spending will be scored as a result of provisions of a law that provides direct spending for administrative or program management activities.

*15. Asset sales*

If the net financial cost to the government of an asset sale is zero or negative (a savings), the amount scored shall be the estimated change in receipts and mandatory outlays in each fiscal year on a cash basis. If the cost to the government is positive (a loss), the proceeds from the sale shall not be scored for purposes of the CBA or GRH.

The net financial cost to the federal government of an asset sale shall be the net present value of the cash flows from:

- (1) estimated proceeds from the asset sale;
- (2) the net effect on federal revenues, if any, based on special tax treatments specified in the legislation;
- (3) the loss of future offsetting receipts that would otherwise be collected under continued government ownership (using baseline levels for the projection period and estimated levels thereafter); and
- (4) changes in future spending, both discretionary and mandatory, from levels that would otherwise occur under continued government ownership (using baseline levels for the projection period and at levels estimated to be necessary to operate and maintain the asset thereafter).

The discount rate used to estimate the net present value shall be the average interest rate on marketable Treasury securities of similar maturity to the expected remaining useful life of the asset for which the estimate is being made, plus 2 percentage points to reflect the economic effects of continued ownership by the government.

*Explanation of changes to the scorekeeping guidelines*

The Scorekeeping Guidelines above are based on the guidelines that accompanied the Budget Enforcement Act of 1990 and have been used for scoring legislation since that time. Some of the existing guidelines have been changed in order to clarify them. Some new guidelines were added to make certain current scoring conventions explicit. There are no substantive changes from current scorekeeping practices. The changes to the introductory paragraph make it clear that the scorekeepers—the Budget Committees, CBO, and OMB—are bound by established scorekeeping conventions and the specific requirements of the Congressional Budget Act and the Balanced Budget Act, as amended by the Budget Enforcement Act. They also make it clear that the guidelines will be reviewed and changed if all of the scorekeepers agree. The scorekeepers are required to consult on new account classifications and must agree to any reclassification. Following is a description of the significant changes to specific scorekeeping guidelines.

### 1. Classification of appropriations

There was no substantive change to this guideline. The title was changed to more accurately reflect the nature of the list of accounts to which the guideline refers. The list includes mandatory appropriations and discretionary accounts listed according to the new categories—defense, non-defense, and violent crime reduction.

### 2. *Outlays prior*

No significant change.

### 3. *Direct spending programs*

Language was added on scoring provisions that affect direct spending when similar provisions are included in both an appropriations bill and a reconciliation bill. This requirement applies to bills, not to enacted legislation.

### 4. *Transfer of budget authority from a mandatory to a discretionary account*—No change.

### 5. *Permissive transfer authority*—No significant change.

### 6. *Reappropriations*—No change.

### 7. *Advance appropriations*—No significant change.

### 8. *Rescissions and transfers of unobligated balances*—No significant change.

### 9. *Delay of obligations*

The existing guideline covers the scoring of legislation with provisions that delay obligations and contingencies. There are no significant changes to the part concerning delay of obligations. The part concerning contingencies has been broken out as a separate guideline—new guideline 10.

### 10. *Contingent legislation*

The existing language (formerly part of guideline 9) was changed to clarify the treatment of contingencies affecting discretionary spending versus those affecting direct spending.

The former guideline 10, concerning the absorption of pay raises, has been deleted because it was no longer necessary. Any pay raises are assumed to be within the caps.

### 11. *Scoring purchases, lease-purchases, and capital leases*

The changes in this guideline clarify existing conventions that were developed to implement the 1990 requirements. The requirements are generally consistent with commercial accounting practices. Matter formerly included in an addendum to the rule has been integrated into the rule itself.

12. *Write-offs of uncashed checks, unredeemed food stamps, and similar instruments—No change.*
13. *Reclassification after an agreement—No significant change.*
14. *Scoring of receipt increases or direct spending reductions for additional administrative or program management expenses*

This new rule would prohibit scoring direct spending, savings, or receipt increases to legislation providing mandatory spending for administrative or program management activities.

15. *Asset sales*

GRH formerly included a prohibition on the scoring of the proceeds from asset sales. That provision was amended to allow scoring on a cash basis if the sale does not result in a net cost to the government over the long term. This guideline specifies the method for determining the net financial cost to the government of an asset sale. It requires a calculation of the net present value of the estimated changes in cash flows resulting from the sale. It requires using a discount rate equal to the interest rate on Treasury securities plus 2 percentage points. The 2 percentage points addition is an arbitrary factor intended to take into account the economic effects of continued government ownership. This is believed to be a fairer test that handicaps for private sector risk and taxes.

**APPROPRIATED ENTITLEMENTS AND MANDATORIES FOR  
FISCAL YEAR 1997**

**AGRICULTURE, RURAL DEVELOPMENT AND RELATED AGENCIES**

**Agriculture Department:**

**Agricultural Marketing Service:**

12-5209 -0-2-605 Funds for strengthening markets, income, and supply (section 32) <sup>1</sup>

**Risk Management Agency:**

12-4085 -0-3-351 Federal Crop Insurance Corporation fund

**Farm Service Agency:**

12-3314 -0-1-351 Dairy indemnity program

12-4336 -0-3-351 Commodity Credit Corporation fund

**Food and Consumer Service:**

12-3505 -0-1-605 Food stamp program

12-3539 -0-1-605 Child nutrition programs

**Treasury Department:**

**Financial Management Service:**

20-1850 -0-1-351 Payments to the farm credit system financial assistance corp.

## COMMERCE, JUSTICE, STATE, THE JUDICIARY AND RELATED AGENCIES

## The Judiciary:

10-0100 -0-1-752 Supreme Court of the United States,  
Salaries and expenses<sup>2</sup>  
10-0400 -0-1-752 U.S. Court of International Trade, Sala-  
ries and expenses<sup>2</sup>  
10-0510 -0-1-752 U.S. Court of Appeals for the Federal  
Circuit, Salaries and expenses<sup>2</sup>  
10-0920 -0-1-752 Courts of Appeals, District Courts, etc.,  
Salaries and expenses<sup>2</sup>  
10-0941 -0-1-752 Judicial Retirement Funds, Payment to  
judiciary trust funds

## Commerce Department:

## National Oceanic and Atmospheric Administration:

13-4313 -0-3-306 Coastal zone management fund<sup>3</sup>

## Justice Department:

## Legal Activities:

15-0311 -0-1-752 Fees and expenses of witnesses  
15-0327 -0-1-752 Independent counsel  
15-0329 -0-1-808 Civil liberties public education fund

## Office of Justice Programs:

15-0403 -0-1-754 Public safety officers' benefits<sup>4</sup>

## State Department:

## Administration of Foreign Affairs:

19-0540 -0-1-153 Payment to the Foreign Service retire-  
ment and disability fund

## DEFENSE

## Central Intelligence Agency:

56-3400 -0-1-054 Payment to Central Intelligence  
Agency retirement and disability fund

## DISTRICT OF COLUMBIA

No mandatory accounts.

## ENERGY AND WATER DEVELOPMENT

No mandatory accounts.

## FOREIGN OPERATIONS

## Agency for International Development:

72-1036 -0-1-153 Payment to the Foreign Service retire-  
ment and disability fund

## INTERIOR AND RELATED AGENCIES

## Interior Department:

## Bureau of Land Management:

14-5132 -0-2-302 Range improvements  
 14-9971 -0-7-302 Miscellaneous trust funds

## Insular Affairs:

14-0412 -0-1-808 Assistance to territories<sup>5</sup>  
 14-0415 -0-1-808 Compact of free association<sup>6</sup>

## LABOR, HHS, EDUCATION AND RELATED AGENCIES

## Labor Department:

## Employment and Training Services:

16-0326 -0-1-504 Federal unemployment benefits and allowances (FUBA)  
 16-0326 -0-1-603 Federal unemployment benefits and allowances (FUBA)  
 16-0327 -0-1-601 Advances to the unemployment trust fund and other funds

## Employment Standards Administration:

16-1521 -0-1-601 Special benefits  
 16-1521 -0-1-602 Special benefits  
 20-8144 -0-7-601 Black lung disability trust fund

## Health and Human Services:

## Health Resources and Services Administration:

75-0350 -0-1-551 Health resources and services<sup>7</sup>  
 75-0320 -0-1-551 Vaccine injury compensation  
 75-9931 -0-3-551 Health loan funds  
 75-4430 -0-1-551 Medical facilities guarantee and loan fund  
 20-8175 -0-7-551 Vaccine injury compensation program trust fund<sup>8</sup>

## Health Care Financing Administration (HCFA):

75-0512 -0-1-551 Grants to States for Medicaid  
 75-0580 -0-1-571 Payments to health care trust funds  
 75-4420 -0-3-551 HMO loan and loan guarantee fund

## Administration for Children and Families:

75-1501 -0-1-609 Family support payments to States  
 75-1509 -0-1-504 Job opportunities and basic skills  
 75-1512 -0-1-506 Family preservation and support  
 75-1534 -0-1-506 Social services block grant  
 75-1545 -0-1-506 Payments to States for foster care and adoption assistance

## Program Support Center:

75-0379 -0-1-551 Retirement pay and medical benefits for commissioned officers

**Education Department:****Office of Special Education and Rehabilitative Services:**

91-0301 -0-1-506 Rehabilitative services and disability research

**Social Security Administration:**

28-0404 -0-1-651 Payments to social security trust funds  
 28-0409 -0-1-601 Special benefits for disabled coal miners  
 28-0406 -0-1-609 Supplemental security income program<sup>9</sup>

**Treasury Department:**

20-1702 -0-1-808 Payment to D.C. financial responsibility and management assistance authority

**LEGISLATIVE BRANCH****Legislative Branch:****Senate:**

00-0100 -0-1-801 Compensation of members, Senate  
 00-0115 -0-1-801 Payments to widows and heirs of deceased members of Congress—Senate

**House:**

00-0200 -0-1-801 Compensation of members, House and related administrative expenses  
 00-0215 -0-1-801 Payments to widows and heirs of deceased members of Congress—House

**MILITARY CONSTRUCTION**

No mandatory accounts.

**TRANSPORTATION****Transportation Department:****Coast Guard:**

69-0241 -0-1-403 Retired pay  
 69-8349 -0-7-304 Oil spill recovery

**TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT****Treasury Department:****Bureau of the Public Debt:**

20-1710 -0-1-803 Payment of government losses in shipment  
 20-0560 -0-1-803 Administering the public debt<sup>10</sup>

**Postal Service:**

18-1004 -0-1-372 Payment to the Postal Service fund for non-funded liabilities

**Office of Personnel Management:**

24-0206 -0-1-551 Government payment for annuitants,  
employees health benefits  
24-0500 -0-1-602 Government payment for annuitants,  
employee life insurance benefits  
24-0200 -0-1-805 Payment to civil service retirement and  
disability fund

**Executive Office of the President:****Compensation of the President and the White House Office:**

11-0001 -0-1-802 Compensation of the President

VETERANS, HOUSING AND URBAN, AND INDEPENDENT AGENCIES

**Housing and Urban Development:****Housing Programs:**

86-0183 -0-1-371 FHA-mutual mortgage insurance pro-  
gram account <sup>11</sup>

**Veterans Affairs:****Veterans Benefits Administration:**

36-0153 -0-1-701 Compensation  
36-0154 -0-1-701 Pensions  
36-0155 -0-1-701 Burial benefits and miscellaneous assist-  
ance  
36-0137 -0-1-702 Readjustment benefits  
36-0120 -0-1-701 Veterans insurance and indemnities  
36-0138 -0-1-704 Veterans housing benefit program fund  
program account <sup>9</sup>

**Other Agencies:**

51-4065 -0-3-373 FSLIC resolution fund

APPROPRIATED ENTITLEMENTS AND MANDATORIES FOR FISCAL YEAR  
1997—FOOTNOTES:

<sup>1</sup>The entire account shall be scored as mandatory except to the extent that discretionary set asides are specified in appropriations language.

<sup>2</sup>Account split—only salaries of judges are mandatory.

<sup>3</sup>Account split—loan repayments from the former Coastal Zone Emergency Impact Program are mandatory.

<sup>4</sup>Account split—the entire account shall be scored as mandatory except to the extent that discretionary activities are specified in appropriations language.

<sup>5</sup>Account split—the interest rate differential related to the Guam Power Authority refinancing and the Northern Marianas covenant will be scored as mandatory.

<sup>6</sup>Account split—the account shall be split between mandatory payments (required by treaty) and discretionary costs.

<sup>7</sup>Account split—the Welfare Reform bill provides \$50 million in mandatory funding for each fiscal year from 1998 through 2002.

<sup>8</sup>The administrative expenses associated with this account are discretionary within the jurisdiction of the Commerce, Justice, State subcommittee.

<sup>9</sup>Account split—administrative expenses shall be scored as discretionary budget authority and outlays.

<sup>10</sup>Account split—reimbursement to the Federal Reserve is mandatory.

<sup>11</sup>Portion of account is discretionary.

For consideration of the House bill, and the Senate amendment, and modifications committed to conference:

JOHN R. KASICH,  
DAVID L. HOBSON,  
RICHARD K. ARMEY,  
TOM DELAY,  
J. DENNIS HASTERT,  
JOHN M. SPRATT, JR.,  
DAVID E. BONIOR,  
VIC FAZIO.

As additional conferees from the Committee on Agriculture, for consideration of title I of the House bill, and title I of the Senate amendment, and modifications committed to conference:

ROBERT SMITH,  
BOB GOODLATTE,  
CHARLES W. STENHOLM.

As additional conferees from the Committee on Banking and Financial Services, for consideration of title II of the House bill, and title II of the Senate amendment, and modifications committed to conference:

JAMES A. LEACH,  
RICK LAZIO.

As additional conferees from the Committee on Commerce, for consideration of subtitles A-C of title III of the House bill, and title IV of the Senate amendment, and modifications committed to conference:

TOM BLILEY,  
DAN SCHAEFER,  
JOHN D. DINGELL.

As additional conferees from the Committee on Commerce, for consideration of subtitle D of title III of the House bill, and subtitle A of title III of the Senate amendment, and modifications committed to conference:

TOM BLILEY,  
BILLY TAUZIN.

As additional conferees from the Committee on Commerce, for consideration of subtitles E and F of title III, titles IV and X of the House bill, and divisions 1 and 2 of title V of the Senate amendment, and modifications committed to conference:

TOM BLILEY,  
MICHAEL BILIRAKIS.

As additional conferees from the Committee on Education and Workforce, for consideration of subtitle A of title V and subtitle A of title IX of the House bill, and chapter 2 of division 3 of title V of the Senate amendment, and modifications committed to conference:

BILL GOODLING,  
JIM TALENT.

As additional conferees from the Committee on Education and the Workforce, for consideration of subtitles B and C

of title V of the House bill, and title VII of the Senate amendment, and modifications committed to conference:

BILL GOODLING,  
HOWARD "BUCK" MCKEON,  
DALE E. KILDEE.

As additional conferees from the Committee on Education and Workforce, for consideration of subtitle D of title V of the House bill, and chapter 7 of division 4 of title V of the Senate amendment, and modifications committed to conference:

DONALD M. PAYNE.

As additional conferees from the Committee on Government Reform and Oversight, for consideration of title VI of the House bill, and subtitle A of title VI of the Senate amendment, and modification committed to conference:

DAN BURTON,  
JOHN L. MICA.

As additional conferees from the Committee on Transportation and Infrastructure, for consideration of title VII of the House bill, and subtitle B of title III and subtitle B of title VI of the Senate amendment, and modifications committed to conference:

BUD SHUSTER,  
WAYNE T. GILCREST,  
JAMES L. OBERSTAR.

As additional conferees from the Committee on Veterans' Affairs, for consideration of title VIII of the House bill, and title VIII of the Senate amendment, and modifications committed to conference:

BOB STUMP,  
CHRISTOPHER H. SMITH,  
LANE EVANS.

As additional conferees from the Committee on Ways and Means, for consideration of subtitle A of title V and title IX of the House bill, and divisions 3 and 4 of title V of the Senate amendment, and modifications committed to conference:

BILL ARCHER,  
E. CLAY SHAW, JR.,  
DAVE CAMP,  
CHARLES B. RANGEL,  
SANDER M. LEVIN.

As additional conferees from the Committee on Ways and Means, for consideration of titles IV and X of the House bill, and division 1 of title V of the Senate amendment, and modifications committed to conference:

BILL ARCHER,  
WILLIAM THOMAS.

*Managers on the part of the House.*

From the Committee on the Budget:

PETE DOMENICI,  
CHUCK GRASSLEY,  
DON NICKLES,

PHIL GRAMM,  
FRANK LAUTENBERG.

From the Committee on Agriculture, Nutrition, and Forestry:

DICK LUGAR.

From the Committee on Banking, Housing, and Urban Affairs:

ALFONSE D'AMATO,  
RICHARD SHELBY,  
PAUL SARBANES.

From the Committee on Commerce, Science and Transportation:

JOHN MCCAIN,  
TED STEVENS,  
(Except for provisions in  
universal service fund).

From the Committee on Energy and Natural Resources:

FRANK H. MURKOWSKI,  
LARRY E. CRAIG.

From the Committee on Finance:

BILL ROTH,  
TRENT LOTT,  
DANIEL P. MOYNIHAN.

From the Committee on Governmental Affairs:

FRED THOMPSON,  
SUSAN COLLINS.

From the Committee on Veterans' Affairs:

ARLEN SPECTER,  
STROM THURMOND,  
JOHN ROCKEFELLER.

*Managers on the part of the Senate.*





the House to debate this very historic agreement. And when I state "very historic agreement," Mr. Speaker, I want to heap praise on the gentleman from Ohio [Mr. KASICH], chairman of the Committee on the Budget, who has brought to this floor something that many of us have worked so hard for over all these years. And it could not have happened without the leadership of the gentleman from Ohio [Mr. KASICH], certainly his committee, and the staff of the Committee on the Budget.

Mr. Speaker, on July 20, 1969, Neil Armstrong and the crew of Apollo 11 made their famous leap for mankind onto the surface of the Moon. Later that same year, the Federal Government recorded its first balanced budget in a decade, an actual budget surplus of \$300 million. Both are milestones, Mr. Speaker, because the budget has not been balanced since that time back in 1969.

In fact, in 1997, the Government spent over \$6,000 for every man, woman, and child in America. And that is up from \$500 in 1960. Each person's share of that national debt is more than \$14,500, and that is up from \$1,300 in 1960. This goes to show us what has happened over the years.

And even worse, the Federal Government is three times larger than in 1960, and the tax burden is unconscionable on the American people, particularly middle-class American people, who make up the real backbone of this Nation.

Today, Mr. Speaker, this Republican Congress and President Clinton will stem the tide of this rising sea of red ink, and it will stop the growth of Government. Today, the Republican Congress will deliver America's working families the first balanced budget in a generation.

Mr. Speaker, as my colleagues recall, in 1994, when the American people gave Republicans control of the people's House, we pledged to balance the budget. Today, we deliver on that promise.

□ 1215

Mr. Speaker, this body has debated balanced budgets many times over the last few years, but today's debate is special. It represents a historic achievement for the future benefit of America's children, for their families and for the economy of this Nation. For today we do not just debate a balanced budget, we actually deliver one for the American people, what they have been asking of this body for so many years now.

This endeavor proves that Congress, working with the administration, can achieve common goals without compromising fundamental principles, showing the American people that we can work together to solve problems, and the American people are applauding this every day now since we came to this agreement.

Mr. Speaker, I am also proud to inform the American people that our democratic process, something that

has been maligned in recent years, is working. This democratic process, even with the Congress and with a President of opposing parties has produced a bipartisan balanced budget agreement that cuts taxes for the first time in 16 years, that preserves Medicare and protects it from bankruptcy into the 21st century, that slows the growth of total Federal spending to 3 percent a year. That is no easy task. And that shifts power, money and influence away from Washington and to the people in the States and communities.

Mr. Speaker, while this is a bipartisan agreement, it is useful to recognize just how far we have come. Just 4 years ago, this Congress under a Democrat majority passed the largest tax increase in the history of the United States of America. Today we cut the tax burden on American families for every single working American in this country.

Just 4 years ago, Mr. Speaker, this Congress expanded new entitlement programs and they increased spending by tens of billions of dollars. What is different today? Today we slow the growth of entitlement spending. Today we increase budget enforcement, and today we actually reduce Federal spending to 18.9 percent of the Gross Domestic Product by the year 2002. That will be the first time since 1974, 25 years ago, that spending has fallen below 20 percent of the GDP.

Mr. Speaker, just 4 years ago this Congress passed increased Government spending packages. Today we make the Federal Government smaller, allowing the free market to provide the stimulus for the economy to create long-term job growth. Mr. Speaker, what a difference a Republican Congress has made to the economy.

Since the 1994 election, the Dow Jones Industrial Average has more than doubled from 3,900 points to 8,100 points, interest rates have dropped from 8 percent to 6 percent, and 6.4 million new jobs have been created. The economy is growing because taxes, spending, and the Government are not growing.

But, Mr. Speaker, we are not here today to only look at the past or even the present but to the future of this great country. The balanced budget we debate here today is built on a solid foundation of programmatic and economic assumptions, a foundation that will generate benefits to American working families for years to come. This is a package that will keep on delivering financial relief to families and to businesses in the form of lower taxes, lower interest rates, higher job growth and a stronger economy, and we are locking it all into law so that it has to happen.

For example, Mr. Speaker, in my district in upstate New York, a balanced budget will significantly enhance the opportunities of working families to care for their children and to help their communities. Alan Greenspan, greatly respected by both sides of the aisle,

WAIVING POINTS OF ORDER  
AGAINST CONFERENCE REPORT  
ON H.R. 2015, BALANCED BUDGET  
ACT OF 1997

Mr. SOLOMON, from the Committee on Rules, submitted a privileged report (Rept. 105-218) on the resolution (H. Res. 202) waiving points of order against the conference report to accompany the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998, which was referred to the House Calendar and ordered printed.

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 202 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 202

*Resolved*, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read. The conference report shall be debatable for ninety minutes equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget.

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLOMON] is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY] pending which I yield myself such time as I might consume. Mr. Speaker, concerning the time just yielded to the minority, all time yielded is for debate purposes only.

Mr. Speaker, this rule is the standard rule for consideration of a conference report on reconciliation legislation. All points of order are waived against the bill and its consideration. The rule further provides that the conference report shall be considered as read.

Finally, the rule provides 90 minutes of general debate equally divided and controlled by the chairman and ranking minority members of the Committee on the Budget.

Mr. Speaker, I would also point out that we have extended the debate time from the customary 1 hour to 90 minutes in order to maximize the time for

Democrats and Republicans alike, and by the American people, he is the Chairman of the Federal Reserve, and he has testified that a balanced budget will lead to lower interest rates, as much as 2 percent lower on home mortgages, on family farms, on auto loans, on student loans. For the average homeowner in my district, before even calculating in the benefits of the cuts in the capital gains tax, a 2 percent lower interest rate on a home mortgage as a result of a balanced budget would save that family over \$130 a month. That is \$130 more a month to send a kid to college, to buy groceries or to pay for child care, which is so badly needed today in the pockets of the American people. It means more investment in the local community, a stronger local economy, and higher wages.

Under these circumstances, Mr. Speaker, these hardworking families will do more in 1 year to help the less fortunate, the young and the old, than this Congress could do under a banner of compassion in an entire decade. All these benefits result merely from Congress fulfilling its moral obligation to balance this budget year in and year out.

In closing, Mr. Speaker, I would like to make one final observation. During this debate today, many of my friends on the other side of the aisle will assert that Republicans are only interested in helping the so-called wealthy in America. Mr. Speaker, let me state for the record right now that I plead guilty to that charge. I believe that a growing economy helps all of America's families, for it was not a Republican President but it was President John F. Kennedy that said "a rising tide lifts all boats."

Furthermore, and this is so terribly important, a recent NASDAQ report summarized in a recent Los Angeles Times story found the following facts. These are facts, these are not Republican rhetoric, these are facts out of NASDAQ:

Fifty-five percent of the stocks in America today are held by household families. Fifty-five percent. That means middle class America holds 55 percent of the stock today.

Forty-seven percent of all investors are women. Fifty-five percent of all investors are under the age of 50. And 10 percent of all investors, and this is so terribly important, have started to invest within the last 10 years.

These numbers do not even include all of those who have their pensions invested in the stock market or in mutual funds, which is the case for many older Americans. These so-called wealthy people are middle class working families that know that a balanced budget, lower taxes, and a smaller Government mean higher wages, more jobs, and a stronger economy.

That is really what we are all here on this floor to try to do. That is why I urge all Members to join these American families in supporting the bal-

anced budget we have here before us today. It is good for families, it is good for America. The future will be better because of what we do here today.

And, Mr. Speaker, what we do here today is what the Republican Party stands for, and that is cutting taxes for all working Americans, every single one of them, cutting runaway entitlement spending, saving Medicare from bankruptcy. But most importantly, Mr. Speaker, we are here today balancing the budget and shrinking the size and the power of the Federal Government.

Mr. Speaker, I have never been so proud to be a Republican Member of Congress for what we are doing here today.

Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia [Mr. GINGRICH], the Speaker of the House.

Mr. GINGRICH. I thank the gentleman for yielding me this time.

Mr. Speaker, I just want to say to my good friend from Massachusetts, I was concerned by his earlier concerns. I went back and checked. The gentleman was correct. When we initially announced that the entire bill was available at <http://speakernews.house.gov> in fact it was not all fully uploaded. I waited to make sure the entire bill was totally loaded. It is now available not just to any Member of the House, not just to all the congressional staffs who I hope are watching this debate, all of whom can access it simultaneously without having to xerox it, but in addition it is available to every citizen in this country and anyone worldwide on the Internet.

As the gentleman knows, we are still having growing pains learning how to be in the information age, but we have now made this available to every citizen in the country. We are going to test this afternoon when we file the tax bill and see how long it takes to totally upload the tax bill for the same process. Sometime late this afternoon, every citizen in the country, without a lobbyist, without a trade association, without any payment, will have access to the tax bill in full. I do thank the gentleman for bringing it to our attention. We are still learning, but I did want to make that available.

By the way, if I might, this is the last page. We printed it out, because my good friend had pointed out earlier that he could not get them all printed out.

Mr. MOAKLEY. Mr. Speaker, I hope the Speaker will autograph it for me.

Mr. Speaker, I am very happy to hear that from the Speaker and I am glad that all the citizens of America have this now. If the Republican Party would just allow them a few hours to read it, I think the public service would really be done.

Mr. Speaker, I thank the gentleman from New York [Mr. SOLOMON], the chairman of my committee, my dear friend, for yielding me the customary half-hour, and I yield myself such time as I may consume.

Mr. Speaker, again I want to begin by registering my frustration at being expected to vote on this very enormous bill that was dropped outside my door at 3:30 this morning. It came the same time as the milkman. But I am not exactly sure if my Republican colleagues drafted the bill we expected them to draft, and I suspect that no one else is sure either. This bill has come to the floor with an unprecedented bipartisan compromise in cooperation. It is a shame that it ended today with the martial law rule. Members should have the chance to carefully consider this bill before voting on it.

Mr. Speaker, although this bill will balance our budget in the short term, I do not believe it gets us where we need to be in the long term. I know that quite a few of my colleagues will support this bill, and there are very good reasons to do so, but I at this present time cannot. It squeezes funding for education, training, health programs, and school construction, and I do not believe that it should.

One particular problem for me, Mr. Speaker, is the hit that the hospitals will have to take. We in Massachusetts are very fortunate to have some of the world's greatest hospitals and research facilities. They already bear an enormous share of the financial burden of our health care problems, but this bill will cut Medicare spending by \$115 billion by reducing payments to these very same hospitals and the doctors that serve in them. It also cuts Medicaid spending by \$13 billion by reducing payments to these same hospitals that serve large numbers of poor people, like our Boston City Hospital. Mr. Speaker, the hospitals in my district are already facing enormous budget crunches. They cannot stand it anymore.

This bill also cuts \$4.8 billion from Federal employees' retirement programs over the next 5 years. Federal employees work just as hard as those in the private sector, but because they work in public service rather than the private sector, they are going to be penalized.

Mr. Speaker, this bill also makes changes that will cut \$1.8 billion in student loans and \$1.8 billion from housing programs. It reduces section 8 adjustments and replaces the FHA foreclosure relief program. Another provision in this bill which many of my colleagues may not be aware of is an increase in the public debt limit to \$5.95 trillion.

Mr. Speaker, thanks to the Democrats in Congress and the Clinton administration, this bill is a lot better than it was. It expands health care for children, although not enough. It restores Supplemental Security Income and Medicare benefits to legal immigrants. It also contains funding for States to help welfare recipients find jobs. Again, Mr. Speaker, not enough.

There are good reasons to support this bill, and I understand why many of my colleagues will do so. But as I said,

because of those other matters, I just cannot at this time. For the sake of our hospitals, for the sake of our students, for the sake of our housing programs, I cannot support the bill.

I cannot support a bill that will hurt Massachusetts hospitals as much as this one will. I cannot support a bill that, although it provides much needed money to help poor children get health insurance, it provides the money in the form of block grants which may or may not be used for that purpose.

There are some very good provisions in this bill that I very much support, and I congratulate my colleagues for their hard work on this bill. I am relieved to see many of the education issues and the food stamp problem have been taken care of.

□ 1230

And although I strongly suspect that this bill will pass and that our President will sign it, I simply, as I said, cannot support it. So I urge my colleagues to defeat the previous question in order to increase debate time to 3 hours.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina [Mr. SPRATT], the ranking member on the Committee on the Budget.

Mr. SPRATT. Mr. Speaker, I thank the gentleman from Massachusetts for yielding this time to me.

Mr. Speaker, I intend to vote for this conference report, and I am satisfied, and even proud, of the outcome, but I cannot vote for the rule in this case, and I want to explain why.

I think it is being brought to the floor, this conference agreement, with unseemly haste for something so serious and so far-reaching.

I was here until midnight last night. The Democratic staff of the Committee on the Budget were here until after 2:30. Most of that time of our staff on the Committee on the Budget was spent trying to prepare reports so that we could tell Members on our side from our inside perspective as the Committee on the Budget just what is in this conference agreement and what is not, what compromises have been cut, what deals have been done that they need to know about before they make their decision to vote, and it was a frustrating, sometimes fruitless, effort to call different places on the Hill and try to find out what was in the conference report because we did not have a copy of the conference report.

The staff left at 2:30, the conference report was filed at 3:20 this morning, it was not until we got back to work this morning, just an hour before the House convened that we found the conference report on our doorstep. We finished posthaste the reports so that we could deliver it to Members on our side. They got it at 10 o'clock this morning, just before the House convened to take up this matter.

Now there are strong reasons for having a certain delay. The rules of the House, the rules of the House long-standing, call for a 3-day layover for conference reports, 24-hour layover for rules which have been waived, but 3 days for a conference report, and there are good reasons for that. Conference reports are the last station on the track. We are making law. There are no more opportunities on our part to correct mistakes, to add something, change something, to perfect a piece of legislation.

Furthermore, in the House we have what in the State legislature they call free conference powers virtually. As everybody knows, conference reports are hammered out behind closed doors. The conferees make deals, cut compromises, go out of scope all the time, and the rule waives any points of order for going out of scope. And my colleagues will find plenty of things in this conference report, I am sure, which are out of scope, one in the House bill and one in the Senate bill, that have been concocted by the conferees.

That is why the longstanding rules of this House have provided 3 days for Members to see what is in it, sauce and blow it, weigh it and come to a deliberate decision as to whether or not they would support it.

And then when the matter finally comes to the floor, there ought to be ample time to discuss something so far-reaching as this because this is not just an ordinary conference agreement, this is probably the single most important piece of legislation that this Congress will adopt in the 105th Congress. Yet we are going to take it up in an hour and a half. The Senate provides for 10 hours of debate, 10 hours on the tax reconciliation bill, 10 hours on the spending reconciliation bill. We have an hour and a half, and I have Members over here pulling at my coattails because they want to say something.

Mr. Speaker, they want to explain why they are voting for it or why they are voting against it; they want to say they are in favor of this. That is the way the House operates. They want to have a real debate, and we will not be able to have it with the truncated time that has been allowed for this particular bill.

This is too fast a track for legislation so serious. It should not be railroaded against this House. We should vote against the previous question.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY of Massachusetts. Mr. Speaker, I have heard the chairman of the Committee on Rules quote my uncle, President Kennedy, saying that a rising tide lifts all boats. I would say that in this tax bill what we have is a tax cut that will raise the yachts in places like the Ocean Reef Club and other Republican strongholds of this country, but the people that own the little bass boats of America, the only

rise they are going to get is when they go up on the rocks as a result of the cuts that are going to be created in order to pay for the wonderful tax cuts that are contained in this bill.

Look, the Republicans shut down the Congress of the United States last year because of our protests about the level of budget cuts contained in terms of the Medicare budget. This bill, make no mistake, my colleagues, this bill contains the exact same level of Medicare cuts as last year's bill did. That is the hidden truth that we are not seeing everybody who is walking around, giving each other high fives and whooping and hooping down at the White House or on the floor or off in the Halls of the Congress saying what a wonderful thing this is. Everybody is all talking about how we are going to balance the budget of this country.

Mr. Speaker, we are balancing the budget in the most unbalanced fashion one can possibly imagine, lining the pockets of the wealthiest Americans, pretending to working people that they are going to get a tax cut. They get a tax cut. Seventy-five percent of these tax benefits go to the top 20 percent of the American people. It is a sham.

In order to pay for it what are we going to do? We have cut the housing budget by 25 percent, we are cutting the homeless budget by 25 percent, we come back, we are going to get rid of the fuel assistance program. They say they are going to do so much to help out education, but we come back, they are going to cut almost 20 percent of the entire research and development accounts of the Government. They say before the American people this year we are going to put 6 percent more into the National Institutes of Health budget in order to look after women's health and breast cancer research, but then we are going to come back somehow, according to these numbers, we are going to come back and cut 20 percent out of that same budget over the course of the next 5 years.

This budget is a sham, and we ought to have the truth about the budget come out before we are forced to vote on it.

This rule that we are going to be forced to vote on gives us 15 minutes, 15 minutes to discuss what is in fact in this bill, and I say, "Take your 15 minutes and stuff it, stuff it the same place you ought to stuff this tax bill, stuff it the same place you ought to stuff these spending cuts. It's not right to force spending cuts on the working families in order to provide a tax cut to the rich."

Get rid of this tax bill.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am somewhat surprised by the gentleman from Massachusetts in his delivery.

As my colleagues know, I was very proud to have been a John F. Kennedy Democrat, I was very proud of it, and I was for many years until the Democratic Party drifted away from the

principles of John F. Kennedy and JERRY SOLOMON, in my eyes, and that is why Ronald Reagan and I switched parties and became Republicans, because we really believe that the people back home know better than the people here in Washington.

Let me just take one more second to say I cannot believe the gentleman would tell these people to stuff it. The gentleman from South Carolina [Mr. SPRATT] a very, very distinguished Member from the gentleman's side, the gentleman from Michigan [Mr. BONIOR], a liberal Member from the gentleman's side, the gentleman from California [Mr. FAZIO], the gentleman from Texas [Mr. STENHOLM], the gentleman from Michigan [Mr. DINGELL], the gentleman from Michigan [Mr. KILDEE]; this reads like Who's Who in the Democratic Party, the gentleman from New Jersey [Mr. PAYNE], the gentleman from Minnesota [Mr. OBERSTAR], the gentleman from Illinois [Mr. EVANS], the gentleman from New York [Mr. RANGEL]; Mr. Speaker, CHARLIE RANGEL signing this conference report and voting for this conference report. I do not think they are going to stuff it, the gentleman from Michigan [Mr. LEVIN], and on the other side of the aisle Senators LAUTENBERG, SARBANES, Senator MOYNIHAN from my State, very, very respected Democrat, and Senator ROCKEFELLER are going to vote for this conference report that the gentleman says, "Stuff it."

Mr. KENNEDY of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield 30 seconds to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Speaker, I thank the gentleman from New York for yielding briefly.

I would just point out that the gentleman probably had a long list of Democrats that voted for the 1981 budget cuts that in 1982 wished they had not, and probably a lot of Republicans felt the same way.

The truth of the matter is that for the gentleman from New York to use President Kennedy on this House floor indicating that he would support the kind of cuts in terms of the programs that are necessary to fund a tax cut that is largely going to the wealthy is, I think, reshaping the history of what President Kennedy stood for when he cut taxes in 1960.

Mr. SOLOMON. Reclaiming my time, Mr. Speaker, I not only think John F. Kennedy would be voting, and supporting and bringing this bill to the floor, I think TED KENNEDY, whose picture is here with the President yesterday in the New York Times applauding this legislation, would also be voting for it.

Mr. Speaker, I yield 3 minutes to the gentleman from Florida [Mr. GOSS], a very distinguished member of the Committee on Rules and someone who has led the fight for balanced budget and fiscal responsibility in this House for many years.

(Mr. GOSS asked and was given permission to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, I thank my friend from Glens Falls, NY [Mr. SOLOMON] for yielding me the time and I share his enthusiasm. I rise in strong support of this appropriate rule, and I believe his observation about the tide is correct.

Mr. Speaker, it has been nearly 30 years since Congress has balanced the Nation's books, a generation and a half that is, of spending money we do not have, running up the tab on our children and our grandchildren, avoiding tough decisions, and Americans are tired of that. So today and tomorrow and the day after we are going to be putting in place the final details of the first real achievable balanced budget in 30 years. The magnitude of the change in the direction this legislative accomplishment represents is very, very great indeed. Consider that just 4 years ago the White House and Democratic majority here pushed through the largest tax increase, the largest tax increase in American history, just 4 years ago. What a difference 4 years and a new majority can make.

I know some will be skeptical that may be just another promise that we cannot keep here, and I do not blame people who wish to withhold their full exuberance about this until the ink is dry and the effects of this historic agreement are felt across the land. But the bills we vote on in the coming hours and days hold more than a promise to balance the budget and bring about tax relief for American families. These bills are the implementation of the promises, and there is accountability built in for all of us. We cannot run, we cannot hide, we will be here, and we will be judged.

As chairman of a legislative and budget process subcommittee, I want to take a second to point out to Members that this bill includes a series of clean up provisions in our budget enforcement rules, including extending the pay as you go and spending limit procedures. Of course we know additional work is needed to beef up budget enforcement, and budget process reform will take place in this Congress as has been promised.

Mr. Speaker, for too long Americans have had to get by with less while the folks in Washington rolled merrily along taxing and spending to support the ever growing Federal Government. Look around, my colleagues will see it. This agreement means tax relief for individuals, for families with children, for students, for small businesses, for homeowners, for those with family farms. It brings a measure of fairness to the system, and it is predicated on the fundamental belief that Government taxes too much, not too little. We are getting control over spending under the discretionary side, and we are shrinking the size and scope of the reach of Government and, man, is that good news for America.

This legislation takes the first steps toward solving the long term problems with Medicare, laying the groundwork

for us to come together on a comprehensive plan to rescue the problem for coming generations. We are expanding choice and benefits for seniors, clamping down on waste, fraud and abuse, a problem whose vast proportions have made news in recent days; in fact are in the headlines today. And we are modernizing the program's payment and care delivery systems. This is a long overdue down payment on Medicare, and America's current and future seniors come out the winners.

Mr. Speaker, there are many, many details in this plan, and I am sure it is still not perfect. I fully expect that the coming days will bring efforts by those who prefer the status quo of big government, to pick it apart provision by provision, and indeed we have already started to hear some of the clamor on the floor today. But we have done the unthinkable by Washington standards. We have kept our promise to the American taxpayers, and that is what this is about. We pledge to balance the budget. We are doing it. We pledge to save Medicare. We are doing it. And we pledge to cut taxes, and we are doing it.

I cannot think of a single reason to delay this process. It is all long overdue, it is wanted by the people we represent and work for in this country. The time is now. Any deviation to go to motions to commit or other dilatory tactics are just delaying the inevitable. We are going to give this country the relief this country deserves and wants, and we are going to do it this week.

Mr. Speaker, I urge support for this rule and for the wonderful agreement that has been worked out.

□ 1245

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. I thank the chairman in exile for yielding time to me, Mr. Speaker.

Mr. Speaker, we promised and we delivered. In August 1981, President Reagan, when he signed the tax bill of 1981, said that we will balance the budget as a result of this bill by October 1, 1983. That was the promise. What was delivered? Four and one-half trillion dollars of new debt.

Two courageous Presidents looked that debt in the eye and acted. One was a Republican, George Bush. In 1990, he said the deficit is a problem, and we must act. He was savaged, savaged by his own party and by the Speaker of this House.

In 1993, a courageous President with vision said we must confront this deficit, for this generation and for generations yet to come. Almost to a person, Republicans rose and said the economy is going to go into the dumpster, unemployment will rise, inflation will rise, and deficits will rise.

Mr. Speaker, exactly the opposite happened. Not one Republican had the courage or the vision to vote for the 1993 bill. But for that bill, we would not be here this day.

Mr. Speaker, I intend to support both of these bills. They are not what I would have written, and perhaps what no Member individually would have written, but we have collectively come together and we are going to act. In my opinion, it will be good for people and it will be good for the economy, which is good for our country and for our people.

But let there be no mistake about what the history of this fight has been. Bill Clinton said we needed to confront this deficit, but we needed to do so while investing in our people, in making sure that average working families were advantaged by this particular piece of legislation.

We came to grips with that issue, realizing full well that there would be a political cost, and indeed there was in 1994. There was a cost, because across this land our candidates were attacked as taxers and spenders. But in fact, what they did was bring the deficit down for 5 years in a row, and people say the last time it was done was 1969. That was, of course, following 8 years of Democratic Presidencies through January of 1969, Mr. Speaker; Democratic leadership, we had a balanced budget. And again, we are going to have a balanced budget because of Democratic leadership that has brought the deficit down 5 years in a row, the first time that has happened since before the Civil War.

I stand to say that I am proud of the fact that I voted for that 1993 bill. We would not be here today but for that. I am proud of the fact that my President, your President, has led us to a point where we can balance the budget while investing in America's future and our people.

Mr. MOAKLEY. Mr. Speaker, I yield 2½ minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, I rise in opposition to the rule because of the time constraints on debate, but I support the underlying budget spending bill. The reason is because today Congress is taking a major step in cutting the number of uninsured children.

Over a year ago Democrats had made this a top priority, while Republicans were balking at finding a solution. Earlier this year, while Democrats were leading the charge to reduce the ranks of the 10 million uninsured children, Republicans were questioning the need to help working families provide for their uninsured children.

It was not until the President's inclusion, after Democrats' urging, of funding for children's health care in his initial budget that Republicans realized that resistance would be hopeless. Even then, though, they had to be dragged to the table. House Republicans pushed a children's health care block grant program that did not guarantee one penny to actually insure kids. The Congressional Budget Office estimated 500,000 kids would be covered and most of the \$16 billion in funding could be drained away by the States for

other purposes. Democrats protested the Republican plan and voted unanimously for a motion to recommit that would implement the proposal of our health care task force.

The idea was to attach requirements that States actually use the money to insure kids through Medicaid or an alternative State health insurance plan. We insisted as Democrats that the direct services option, which allowed certain exemptions from using money to insure kids, be eliminated or severely curtailed. In addition, Democrats demanded an adequate benefits package for kids.

As the negotiations over the budget continued, Democrats joined in the series of letters to the budget negotiators urging inclusion of an additional \$8 billion through a cigarette tax, and provisions intended to insure that all the new funds for kids' health care would supplement and not supplant current State efforts to provide children with health coverage.

In the end, Mr. Speaker, the Republicans relented and the bill before us today includes \$24 billion, requires that kids actually be insured with the money, and caps the direct services option to 15 percent of the funds.

The benefits package is adequate, in my opinion, and language is included so States have to spend at least what they do now on kids' health care.

Mr. Speaker, the kids' health care plan in this bill, in my opinion, is a major victory for the President and congressional Democrats. Thanks to Democratic values and perseverance, America's children will be the winners of this budget agreement.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. CAPP].

Mr. CAPP. Mr. Speaker, I rise today in support of the balanced budget legislation. When I ran for Congress, I pledged to the voters of my district that I would work to make the House more bipartisan and solution-oriented. This bill and my support of it is a reflection of that pledge. It is good for the residents of the central coast of California, it is good for our country.

I am very happy that we have increased the amount of funding for children's health care to \$24 billion. It is unconscionable that millions of American children have no health insurance. I also strongly support the restoration of benefits for millions of legal immigrants who were callously cut off from disability benefits under last year's welfare reform bill. Today we are finally treating these individuals with the dignity they deserve. I urge my colleagues to vote for this historic and important bill.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. TIERNEY].

(Mr. TIERNEY asked and was given permission to revise and extend his remarks.)

Mr. TIERNEY. Mr. Speaker, I rise to discuss not the bill but the rule before us in this particular case.

Since I came here some 6 months ago or 7 months ago, it seems that all I hear from the party that said over and over again while it was in the minority is how it was going to do things better when it became the majority; in fact, all we hear now is, when they do something that is totally unconscionable, well, you did it, too, or you did another version of it.

In fact, that is not a good enough answer for people in this country, and I do not think people are going to be satisfied that this deliberative body or this body that is supposed to be deliberative spent virtually no time debating one of the more important bills that is going to come out of legislation this year.

The real issue is not whether we have this particular tax cut or this spending bill this year. There are larger issues in this country, not the least of which is what is happening to working families and why we have companies reporting 15 percent profits and 1 percent additional revenues, and we know the difference is because they are squeezing that out of American workers.

Those American workers have less health care benefits and they have less pension contributions, and they are told by employers that they are going to have the company move to Mexico or they are going to have replacement workers in if they try too hard to get a raise.

The real question is what does this tax package, what does this spending bill do for those American workers. And just a few minutes ago they said, we put it on the Internet, go read 20 inches of material and find the answer out for the voters. That is not appropriate. The American people say they want this body to deliberate. They want this body to know what is in that bill.

It is a darned good thing that I am a nocturnal sort of person, because since I have gotten here very little that is put on the floor by the majority is ever put on in the light of day, and very often that is because I suspect most of what they are putting forward will not suffer well the light of day.

In fact, this particular bill was delivered at 3:45 in the morning, and we have the audacity for the chairman of the Committee on Rules to say, like that is a great thing, like at 3:45 in the morning it was delivered to the minority member, ranking minority member, which gave us all plenty of time between 3:45 this morning and now to read 20 inches of documents and debate it and deliver it for the American people.

That is not conscionable. That is not right. This is not a good rule.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I suggest to the previous speaker that he follow the rules of the House, and be a little careful about how he might reflect on the integrity or character of another Member.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Columbus, OH [Ms. DEBORAH PRYCE], who is a very valued member of the Committee on Rules, and someone who has been a true advocate of families and children in this Congress.

Ms. PRYCE of Ohio. Mr. Speaker, I thank the distinguished chairman of the Committee on Rules for yielding me this time.

Mr. Speaker, I rise to express my enthusiastic support for this rule and for the Balanced Budget Act, and to point out to the last speaker, and to all the body, that we are already 50 percent fairer than the other party was in their rules in the last time they had control of this House.

What is exciting this day, Mr. Speaker, is that today Americans in this country, the earners, the savers, and the taxpayers, the people who play hard, work hard, take a few risks, strive every day to build a better future for their families and communities, are about to realize something for it.

For years, their message to us has been crystal clear. They wanted Congress to cut the tax burden on Americans. They wanted us to reduce Government spending and Government size. They wanted us to create new jobs and opportunities. They wanted us to shift power and influence to the States and local communities, where creative local solutions could take the place of broad Federal mandates. Most of all, they wanted us to balance the budget.

Finally, the message has sunk in. We are relearning the lessons of the 1980's, when we did cut taxes, when we did restrain Federal regulation and lower Government spending, because when we did those things prosperity made a huge comeback. Jobs were created, income started to rise, and people felt more secure about their economic futures.

Today we are about to kickstart that economic revolution again. Imagine that, Mr. Speaker, we will actually balance the budget by the year 2002, the first time since 1969. That was the year I graduated from high school. That was the year Neal Armstrong walked on the Moon. That was a long time ago, Mr. Speaker.

Not only that, we are extending the life of Medicare for 10 years. We are saving it from bankruptcy, and giving seniors expanded options in meeting their health care needs.

At the same time, the Balanced Budget Act makes important investments in people, like the children's health initiative, preventive health programs, and the new welfare to work program to move welfare recipients off the public assistance rolls and into the payrolls.

Mr. Speaker, these are just a few of the provisions in this historic legislation, and I commend the bipartisan negotiators who worked hard through many long days and nights to bring us to this conference agreement today.

I especially want to recognize my colleague, the gentleman from Columbus, OH, Mr. JOHN KASICH for his steadfast leadership in the fight to achieve a balanced budget over the years. Back in Ohio, we are so doggedly proud of Chairman KASICH that we could bust. Not only him, but all the negotiators that came up with this agreement are national heroes.

Mr. Speaker, we have the opportunity today to begin a new chapter in our Nation's history. Let us seize it. Let us grasp this once-in-a-lifetime opportunity. Vote for this rule. Support the conference report.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. Mr. Speaker, let us make no mistake on what we are about here today; the cuts we are about to adopt today, with precious little debate, are to finance the tax cuts of tomorrow. There is a direct and irrefutable relationship. So the cuts in Medicare, the cuts in veterans' benefits, the cuts in Social Security Administration costs, are to finance tax cuts tomorrow. Tomorrow perhaps we will get the debate on the merits of the tax cut.

The point is, earlier the esteemed chairman of the Committee on Rules responded to my earlier statement saying, well, so the gentleman has not had time to read the bill. So there is only one copy. Now it is on the Internet. That is great. But he said earlier, he said, he should just rely on the judgment of some of his colleagues. Can he not follow them?

□ 1300

First off, I doubt that they have had an opportunity to read the entire bill. And secondly, no, I did not check my brain at the door when I got elected to Congress. I do not hand my voting card to anybody else. And to say that, well, the Democrats were abusive so we should not give them adequate time to read and review the bill, so we are going to do the same thing, I voted against those reconciliation bills when we had a Republican President and a Democratic Congress, and they kept shoving them through here and we did not have to read them.

I even signed a pledge never to vote for another one unless we were given a minimum of 24 hours to read it. No one has been given 24 hours to read however many thousand pages there are, and I do not know, because there is no index and it is not numbered. But it is probably a couple of thousand pages. Makes amazing changes.

I would ask the gentleman if he is particularly familiar with the cuts in veterans. We have an aging veterans population, and by the year 2002 we are going to see a reduction of \$4.1 billion in veterans benefits in the year 2002 to achieve this theoretically balanced budget or, if one wanted to be more cynical, to finance tax cuts for the wealthy, a 19-percent cut.

How is it we are going to reduce veterans benefits with a dramatically aging veterans population, not just the World War II people and the Korean war vets, my own generation, the Vietnam generation, is beginning to develop aging problems. We cannot do it. It will not work.

We are not going to debate those veterans provisions here on the floor. We are not going to debate the merits of them. We are not going to be given time to even examine them. It took me a while to find them in this pile.

Let us talk about the Social Security administrative costs. Social Security is underfunded for administration, and it is paid for out of the trust fund. It is paid for out of the trust fund, yet we are going to cut Social Security administrative costs by 25 percent. So the next time that your mom or dad or your grandparents or the gentleman from New York [Mr. SOLOMON] in a few years tries to find out what has happened to their Social Security check, they are going to be put on indefinite hold. Right now it takes 3 months on the average to process a claim.

Under this legislation, it is going to take 6 months or 9 months, and with an aging population, who knows how bad it will get?

These are not the places to cut the budget. They are not fair cuts. In fact, I do not believe these cuts will ever be made. In fact, under this bill the deficit gets larger next year for the first time in 5 years. Is that not ironic? We are going to balance the Federal budget, but the deficit has been going down since 1992. Under this for the first time since 1992, the deficit goes on.

Mr. SOLOMON. Mr. Speaker, I do not know whether the gentleman is a veteran or not, but I am a veteran. I am a member of the AARP. Half of the AARP are made up of veterans and their families and they support this bill, as I do very, very strongly.

Second, if you read the bill, spending on veterans programs will rise each year with outlays increasing from 39.4 billion in fiscal year 1997 to 42.4 billion in fiscal year 2002.

Mr. Speaker, I yield 1½ minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], a very respected member of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of the rule and of this budget. Together the budget and tax package we will pass this week demonstrate that hard work and able, commonsense leadership can balance the budget, cut taxes, and address critical unmet needs of our people responsibly and effectively.

With this budget we have won a great victory for our children. Three months ago people said Congress would not take action on children's health insurance this year and we are proving them wrong today. In this budget agreement we set aside \$24 billion for a children's health insurance program under a law that allows States to structure their

program to effectively reach the uninsured children of working parents. Six million kids from working families, families who need and deserve our help, will get that help to ensure that their children will have the health care that they need. We have worked long and hard, and millions of children will lead healthy lives as a result of our bipartisan efforts today. This Congress should be proud of its accomplishments. There is no higher priority than protecting the health of our children.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. GUTIERREZ].

Mr. GUTIERREZ. Mr. Speaker, it is interesting to see so many of my colleagues so eager to vote on this spending bill. They are excited. They cannot wait. And I know what it feels like. I know what it is like to vote for a deficit reduction package, to vote for a bill that puts our fiscal house in order.

I already cast my vote that makes a balanced budget a reality. None of my colleagues on the other side of the aisle have ever done so. But I already did it. Did I sneak onto the floor last night to cast that vote? Or is it true what they say about Chicagoans, that we vote early and often?

Mr. Speaker, I cast that vote 4 years ago in 1993. I passed and voted for the largest deficit reduction package in U.S. history. It was a package that represented fairness, demanded shared sacrifice in the name of common good asked those of us who were doing well to share in the burden. Unfortunately those principles that just 4 short years ago appeared to be antiquated, out of style, and politically unpopular today, it was a package that passed without the vote of a single solitary member of the Republican Party. In fact, rather than standing with us in 1993, they stood and they jeered and they taunted us who voted for it. And yet look at the facts.

It is only thanks to what we did in 1993 that we can even consider this package today. You see, I hear a lot of my colleagues slapping each other on the back congratulating each other for doing something historic. Let me tell my colleagues about historic deeds and the people who were responsible for them, our veterans, men and women who fought for our country. And what does today's historic agreement mean to them? It means \$2.7 billion in cuts to the VA medical services, \$4.1 billion in cuts in total.

It means under this bill a low-income veteran who took a bullet or two at Iwo Jima or in Vietnam has to make another sacrifice to help an investor who wants to take a profit on Wall Street. It tells a veteran: You saved us from fascism in World War II; I hope you saved up some money, too, to pay for your health care; you are going to need it, now in your seventies and eighties.

Vote against this rule and these spending cuts.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Wis-

consin [Mr. OBEY], ranking member on the Committee on Appropriations.

Mr. OBEY. Mr. Speaker, I very badly wanted to vote for this budget deal. I had expected I would be able to because I thought that the White House would hold out long enough to have a package that would truly be fair to average working Americans, and I am sorry that they did not do that.

I support three-quarters of this deal. I support the child tax credit. I was one of the original four sponsors of that proposal with Vice President GORE when he was then in the U.S. Senate. I am a sponsor of the education tax breaks because I believe in them deeply. I support the children's health care package. There is much that is going to be good in this deal. But there are certain standards that must be met when we are talking about distributing almost \$600 billion of the people's money.

First of all, most of that relief should go to middle-income working families, not the economic elite of this country. Second, this bill should be used to close rather than widen the gap in income between the wealthiest 2 percent of the people in this society and everybody else.

Third, this should prevent the unraveling of Medicare and, last, it should not cripple the long-term investments necessary for our country to grow in the future.

These bills fail those tests. The most well off 5 percent of people in the country, as demonstrated by this chart, the most well off 5 percent of the people in this country, those who make \$112,000 a year or more will gain six times as much tax relief in these bills as the 60 percent of the American people, well over a majority, who make less than \$37,000 a year. That is not fair.

The wealthiest 1 percent of people in this society who make more than \$250,000 a year will get a \$16,000 tax cut under this proposal. But if you make under \$19,000 a year, on average you will have a tax increase. That is not fair.

This package is also based on the assumptions, as have been indicated in the past, that we will cut the Social Security administration by 25 percent over the next 5 years. We already have a 3-month backlog now in handling Social Security cases.

Do we really believe Congress is going to vote for a package that will extend that waiting period for a year? We are told that we are supposed to cut health care by 16 percent over the next 5 years. The bill which will come to the floor later today for this year is going to raise National Institutes of Health spending by 6 percent. Are we really going to vote to raise it this year and then to cut it by 16 percent in future years? Come on. I cannot believe this House would be that dishonest.

Are we really going to vote to cut veterans benefits by 19 percent over the next 5 years? I cannot believe we would be that ungrateful.

Are we really going to vote to cut community development programs by 30 percent? Seventy percent of the funding to the community development block grant program or to FEMA for emergencies? We just raised the budget for FEMA. Are we really going to cut it 30 percent? Come on. Get real.

Are we really going to cut agriculture programs 23 percent over the next 5 years? Not if you come from agricultural districts, I will bet my colleagues. But those are the promises upon which this deficit reduction package is based. Those are false promises. I do not believe a majority of Members of either party will vote for those kinds of reductions when the time comes. That means the reality of this package in terms of the deficit is that we will be causing upward pressure, not downward pressure on the Federal deficit.

I am sorry about this today. I am sorry that we do not even have the chance to further examine this package. It is a national disgrace to make decisions over the future content of the Tax Code, to make decisions which will determine for 5 years or more what happens to people's pocketbooks, what happens to their education, what happens to their veterans benefits, it is unconscionable that that is going to be made without having at least 5 hours to review what is in this package. Who knows what other special gimmicks are wrapped into this package. Vote against this rule. Vote against these bills tomorrow. You do not know what is in them and you will come to regret what is hidden from the public in all of these packages.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the gentleman from Iowa [Mr. GANSKE].

Mr. GANSKE. Mr. Speaker, in 1 minute I do not have time to answer all of the charges by the last speaker.

I would point out that we are dealing with a tax cut of about \$90 billion. About \$70 billion of that \$90 billion over the next 5 or 6 years goes to a \$500-per-child tax credit for families that earn less than \$110,000.

But I want to answer the charge that people have not had time to look through this bill. Here is the Medicare bill. It is not like this was just dumped on people's doorsteps last night. It is 95 to 98 percent of this bill that has been out there for weeks. This was what the House and the Senate passed. The great majority of this bill was agreed to weeks ago by the administration, and the House and the Senate.

Yes, there were some differences and in the last couple weeks there has been ample newspaper and news coverage of how we have come to a resolution on some of those contentious issues. I am very interested in this issue. So for those last final remaining items that were in dispute, all we have to do is look in those sections and know what is in the bill. For those who are interested in housing or veterans, the same thing applies.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the gentleman from Arizona [Mr. HAYWORTH].

Mr. HAYWORTH. Mr. Speaker, I thank the chairman of the Committee on Rules for this time.

I again rejoice for this debate on the House floor because once again it points up some very important differences. I listened with great interest to the ranking member of the Committee on Appropriations essentially call this exercise, and I believe I am using his words accurately, "a national disgrace."

□ 1315

Mr. Speaker, I do not believe it is a national disgrace to allow hard working people to hang onto more of their own money and send less here to Washington. I do not believe it is a national disgrace to allow for the reduction in the overall growth of spending, to make sure we save and preserve programs for Americans.

That is what we are doing with this Balanced Budget Act, as we work to preserve Medicare into the next generation, as we preserve veterans' benefits, as we work to make sure that this Government takes less money out of the pockets of working Americans, to allow them to keep more of their money to save, spend and invest as they see fit.

The fact that over 70 percent of these tax cuts go to families making under \$75,000 is not disgraceful, it is the truth, and it is good for the American people.

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the gentleman from Claremont, CA [Mr. DREIER], the vice chairman of the Committee on Rules, one of the most distinguished and respected Members of this body.

Mr. DREIER. Mr. Speaker, I thank my friend, the gentleman from New York [Mr. SOLOMON] for yielding me this time.

It is very clear Bill Clinton will, by virtue of supporting this measure, be leaving one of the greatest Republican legacies in recent history, and we are very proud to be able to play a strong role in bringing that opportunity about.

This debate that has been going on has to do with whether or not Members have utilized Speakernews.House.Gov. When I last stood here, I said that it was on line. Obviously, I was a real visionary. It was about to be on line, and it now is there and available.

I did speak a little too soon, but the fact of the matter is virtually everyone has been following this debate. The Democratic Caucus and the Republican Conference have been discussing this measure for a long period of time. We have had hearings, we have had debates on these issues for years in some cases.

I am particularly proud of several of the provisions that are included in this balanced budget agreement. One of them includes 390,000 demonstration cases for medical savings accounts. As

we were discussing this up in the Committee on Rules earlier this morning, I mentioned the fact our former colleague French Slaughter and I, 12 years ago, introduced legislation called the health care savings account.

It was modeled after a package put together by the Center for Policy Analysis in Dallas, TX, and it actually was designed to be a successor to Medicare, because even more than a decade ago we were looking at the problems of Medicare and pursuing the idea of health care savings accounts. So I am hoping that these 390,000 demonstration cases will be a real plus and a benefit as we look at baby boomers moving toward retirement and the health care costs for retirees.

One of the other provisions that I think is very important is what is called the Disproportionate Share Hospital funding formula, known as DSH. It is not perfect from the perspective of a Californian, but I believe it goes a long way toward addressing a number of the very important concerns.

Mr. Speaker, I also want to point to this issue, which a number of us have been very sensitive to, specifically on our side of the aisle the gentleman from Florida [Mr. DIAZ-BALART], the gentlewoman from Florida [Ms. ILEANA ROS-LEHTINEN], and a number of us from California, and that has to do with legal immigrants who could conceivably be thrown off of SSI. I believe as we look at the fact that a legal immigrant clearly is to have a sponsor, we did not want to see those who were elderly or infirm in any way jeopardized. This agreement addresses that.

Most important, it gets us right on to that glidepath toward a balanced budget, and I believe we have a very, very good opportunity to do that. That is why this is a great day for both the Republican and the Democratic Parties and all of the American people, and I urge strong support of the rule and then support for this package, and tomorrow the greatest tax cut that we have had in 16 years. I anxiously look forward to supporting that.

Mr. MOAKLEY. Mr. Speaker, I yield myself the balance of my time.

If the previous question is defeated, Mr. Speaker, I will offer an amendment to increase the debate time to 3 hours. Everybody is calling this measure an historic agreement. With only 90 minutes of debate, Mr. Speaker, there will not be much of an historical record.

Republicans refuse to give us sufficient time to read it; they should at least give us time to discuss it. So I ask that my amendment be printed in the RECORD immediately before the vote on the previous question, and I urge my colleagues to vote "no" on the previous question so that I may offer that amendment.

Mr. Speaker, I yield back the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield myself the balance of my time.

Earlier in the debate I mentioned that Ronald Reagan and this Member

of Congress used to be John F. Kennedy Democrats until the Democrat Party abandoned Kennedy's principles and moved so far to the left.

I vividly recall back in 1962 that President John F. Kennedy, in introducing his tax cut plan to the American people, he, President Kennedy, stated, and this is a quote, "Prosperity is the real way to balance the budget. By lowering tax rates, by increasing jobs and incomes, we can expand tax revenues and finally bring our budget into balance."

President Kennedy was right then and the bills before us today are right also. Members should come to this floor, cast their vote to cut taxes, to cut spending, to balance the budget, to save Medicare and, most of all, to shrink the size and the power of this Federal Government.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore [Mr. BOEHNER]. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to the provisions of clause 5 of rule XV, 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 question of agreeing to the resolution.

The vote was taken by electronic device, and there were—yeas 226, nays 197, not voting 11, as follows:

[Roll No. 343]  
YEAS—226

Aderholt	Castle	Fawell
Archer	Chabot	Foley
Armey	Chambliss	Fowler
Bachus	Chenoweth	Fox
Baker	Christensen	Franks (NJ)
Ballenger	Coble	Frelinghuysen
Barr	Coburn	Gallely
Barrett (NE)	Collins	Ganske
Bartlett	Combest	Gekas
Barton	Cook	Gibbons
Bass	Cooksey	Gilchrest
Bateman	Cox	Gillmor
Bereuter	Crane	Gilman
Billbray	Crapo	Goode
Blirakis	Cubin	Goodlatte
Bliley	Cunningham	Goodling
Blunt	Davis (VA)	Goss
Boehlert	Deal	Graham
Boehner	DeLay	Granger
Bonilla	Diaz-Balart	Greenwood
Bono	Dickey	Gutknecht
Brady	Doolittle	Hansen
Bunning	Dreier	Harman
Burr	Duncan	Hastert
Burton	Dunn	Hastings (WA)
Buyer	Ehlers	Hayworth
Callahan	Ehrlich	Hefley
Calvert	Emerson	Hegger
Camp	English	Hill
Campbell	Ensign	Hilleary
Canady	Everett	Hobson
Cannon	Ewing	Hoekstra



Horn	Morella	Sensenbrenner	Sanders	Stabenow	Velazquez
Hostettler	Myrick	Sessions	Sandlin	Stark	Vento
Hulshof	Nethercutt	Shadegg	Sawyer	Stenholm	Visclosky
Hunter	Neumann	Shaw	Schumer	Stokes	Waters
Hutchinson	Ney	Shays	Scott	Strickland	Watt (NC)
Hyde	Northup	Shimkus	Serrano	Stupak	Waxman
Inglis	Norwood	Shuster	Sherman	Tanner	Wexler
Istook	Nussle	Skeen	Sisisky	Taylor (MS)	Weygand
Jenkins	Oxley	Smith (MI)	Skaggs	Thompson	Wise
Johnson (CT)	Packard	Smith (NJ)	Skelton	Thurman	Woolsey
Johnson, Sam	Pappas	Smith (OR)	Slaughter	Tierney	Wynn
Jones	Parker	Smith (TX)	Smith, Adam	Torres	Yates
Kasich	Paul	Smith, Linda	Snyder	Towns	
Kelly	Paxon	Snowbarger	Spratt	Turner	
Kim	Pease	Solomon			
King (NY)	Peterson (MN)	Souder			
Kingston	Peterson (PA)	Spence	Blagojevich	Forbes	McIntosh
Klug	Petri	Stearns	Bryant	Gonzalez	Schiff
Knollenberg	Pickering	Stump	Fattah	Houghton	Young (AK)
Kolbe	Pitts	Sununu	Foglietta	McCollum	
LaHood	Pombo	Talent			
Largent	Porter	Tauscher			
Latham	Portman	Tauzin			
LaTourette	Pryce (OH)	Taylor (NC)			
Lazio	Quinn	Thomas			
Leach	Radanovich	Thornberry			
Lewis (CA)	Ramstad	Thune			
Lewis (KY)	Redmond	Tiahrt			
Linder	Regula	Traficant			
Livingston	Riggs	Upton			
LoBiondo	Riley	Walsh			
Lucas	Rogan	Wamp			
Manzullo	Rogers	Watkins			
McCarthy (NY)	Rohrabacher	Watts (OK)			
McCrery	Ros-Lehtinen	Weldon (FL)			
McDade	Roukema	Weldon (PA)			
McHugh	Royce	Weller			
McInnis	Ryun	White			
McKeon	Salmon	Whitfield			
Metcalf	Sanford	Wicker			
Mica	Saxton	Wolf			
Miller (FL)	Scarborough	Young (FL)			
Molinar	Schaefer, Dan				
Moran (KS)	Schaffer, Bob				

## NOT VOTING—11

Blagojevich	Forbes	McIntosh
Bryant	Gonzalez	Schiff
Fattah	Houghton	Young (AK)
Foglietta	McCollum	

□ 1339

Mrs. KENNELLY of Connecticut changed her vote from "yea" to "nay." So the previous question was ordered. The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. BOEHNER). The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## NAYS—197

Abercrombie	Etheridge	Maloney (CT)
Ackerman	Evans	Maloney (NY)
Allen	Farr	Manton
Andrews	Fazio	Markey
Baesler	Filner	Martinez
Baldacci	Flake	Mascara
Barcia	Ford	Matsui
Barrett (WI)	Frank (MA)	McCarthy (MO)
Becerra	Frost	McDermott
Bentsen	Furse	McGovern
Berman	Gejdenson	McHale
Berry	Gephardt	McIntyre
Bishop	Gordon	McKinney
Blumenauer	Green	McNulty
Bonior	Gutierrez	Meehan
Borski	Hall (OH)	Meek
Boswell	Hall (TX)	Menendez
Boucher	Hamilton	Millender-
Boyd	Hastings (FL)	McDonald
Brown (CA)	Hefner	Miller (CA)
Brown (FL)	Hilliard	Minge
Brown (OH)	Hinchey	Mink
Capps	Hinojosa	Moakley
Cardin	Holden	Mollohan
Carson	Hookey	Moran (VA)
Clay	Hoyer	Murtha
Clayton	Jackson (IL)	Nadler
Clement	Jackson-Lee	Neal
Clyburn	(TX)	Oberstar
Condit	Jefferson	Obey
Conyers	John	Olver
Costello	Johnson (WI)	Ortiz
Coyne	Johnson, E.B.	Owens
Cramer	Kanjorski	Pallone
Cummings	Kaptur	Pascrell
Danner	Kennedy (MA)	Pastor
Davis (FL)	Kennedy (RI)	Payne
Davis (IL)	Kennelly	Pelosi
DeFazio	Kildee	Pickett
DeGette	Kilpatrick	Pomeroy
Delahunt	Kind (WI)	Poshard
DeLauro	Klecicka	Price (NC)
Dellums	Klink	Rahall
Deutsch	Kucinich	Rangel
Dicks	LaFalce	Reyes
Dingell	Lampson	Rivers
Dixon	Lantos	Rodriguez
Doggett	Levin	Roemer
Dooley	Lewis (GA)	Rothman
Doyle	Lipinski	Roybal-Allard
Edwards	Lofgren	Rush
Engel	Lowey	Sabo
Eshoo	Luther	Sanchez

(For conference report and statement, see proceedings of the House of July 29, 1997, Volume II.)

The SPEAKER pro tempore. The gentleman from Ohio [Mr. KASICH] and the gentleman from South Carolina [Mr. SPRATT] each will control 45 minutes.

Mr. SPRATT. Mr. Speaker, I yield 15 minutes to the gentleman from Washington [Mr. MCDERMOTT] and ask unanimous consent that he be permitted to yield that time to Members on my side in opposition.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Speaker, I yield myself 1 minute. This obviously is the beginning of a very important debate and the beginning of a very exciting 2 days. We bring before the House today and tomorrow the first real budget in real terms with real savings starting immediately, for the first time adding up to a balanced budget for the first time since Neil Armstrong, a great American and fellow Ohioan, walked on the Moon. It will also be the first tax cuts to provide jobs and to help families for the first time in 16 years.

Mr. Speaker, I know there are a lot of people out there that still think that this is all being done with disappearing ink, but at the end of these 2 days and upon the signing of the President of the United States, we should have a deal that commences the era that recognizes the limits of Government and begins to transfer power, money, and influence from this city.

Mr. Speaker, I yield 3 minutes to my young protege the gentleman from Wisconsin [Mr. NEUMANN], a member of the Committee on the Budget.

Mr. NEUMANN. I thank the gentleman for yielding me the time.

Mr. Speaker, this truly is a great day for America. What an exciting thing to be a part of out here. The first time since 1969. I was a sophomore in high school, the first time since I was a sophomore in high school, 1969, that we are actually going to balance the Federal budget. It is about more than words. It is about the hopes and dreams of the children in America today and the restoration of their opportunity to live the American dream. That is what this is all about today.

In 1995 the American people. And they should get credit for this, too, the American people had a mandate. The mandate was get us a balanced budget, get the tax burden off our back and restore Medicare for our senior citizens. Between today and tomorrow, we are going to make good on all three of those points.

To the gentleman from Ohio [Mr. KASICH], the chairman of the committee on the budget, to the gentleman from Georgia [Mr. GINGRICH], the Speaker, to the folks on the other side of the aisle that were so actively involved and

□ 1345

CONFERENCE REPORT ON H.R. 2015,  
BALANCED BUDGET ACT OF 1997

Mr. KASICH. Mr. Speaker, pursuant to House Resolution 202, I call up the conference report on the bill (H.R. 2015) to provide for reconciliation pursuant to section 104(a) of the concurrent resolution on the budget for fiscal year 1998.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. SOLOMON). Pursuant to House Resolution 202, the conference report is considered as having been read.

the rest of the Republican leadership team, and all the Members and my colleagues here, this truly is a tribute to what can be done if we work in a bipartisan way for the good of the future of this great Nation that we live in.

I think we need to look at why this is happening. It is equally important as the fact that it is happening. When we came here in 1995, we had a vision for a different America. We had just gone through the tax increases of 1993, and the American people rejected those tax increases. In 1995, we came here with a new mission. The mission was to curtail the growth of Washington spending. Spending had been growing by 5.2 percent a year before we got here. It has been curtailed to 3.2, a 40 percent lowering of the growth of Washington spending. That means Washington spends less, so they borrow less. When they borrow less, there is more money in the private sector, so the interest rates stay down and this is where it gets out of Washington and back to America. When the interest rates stayed down, people could afford to buy houses and cars, and when they bought houses and cars, somebody had to build them. So that meant job opportunities. And all of a sudden, the opportunity to work hard and live the American dream is back available to the American people. It is the right way to go about doing this.

What a great opportunity we have here today. For our senior citizens, they can go to bed tonight resting assured that Medicare has been restored for them for at least a decade. That job is done. For the people in the work force, tomorrow we will pass the first tax reduction in 16 years, 16 long years, and for the first time that tax burden on American families, on American workers, it is about to come down. What a great 2 days this is going to be.

Most important of all, for the children in America today, for our children and for our grandchildren, for the first time since 1969, the people in this Congress are going to do the right thing for the future of this country. We are no longer going to continue the practice of spending more money than we have. We are going to fulfill the mandate of 1995 and balance the budget. For seniors, Medicare has been restored. For workers, taxes are coming down, and for their children the future is once again secure in this great Nation that we live in.

The SPEAKER pro tempore. Without objection, the gentleman from Connecticut [Mr. SHAYS] controls the time on the majority side.

There was no objection.

Mr. SPRATT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is the last station on the track. The train leaving here will take us to a balanced budget. But I would never let the occasion to open up pass without recalling exactly why we are here, what brings us to this point where we can say credibly that we are within reach of a balanced budget.

I have to take us back to 1993. George Bush was about to leave office. January 13. He filed his Economic Report of the President, and in it he predicted that the deficit for that fiscal year would be \$332 billion. That was the deficit that President Clinton found on the doorstep awaiting him when he arrived at the White House 1 week later. On February 17, he laid on the doorstep of the Congress a plan for dealing with that deficit.

I would take exception with the gentleman from Wisconsin who said this is the first time we will begin to stand up to this problem. We stood up to it in 1993. We passed that deficit reduction bill by the skin of its teeth, and the deficit went down in 1994 to \$203 billion, in 1995 to \$164 billion, last September 30 when we closed the books on fiscal year 1996, the deficit was \$107.8 billion. Five fiscal years in a row, because of that legislation, the deficit has come down.

This year, according to today's predictions, this year when the books are closed on fiscal year 1997, the deficit should be less than \$50 billion; almost certainly it will be. It will probably be less than \$40 billion. We have come from a projected deficit of \$332 billion in 1993 to an actual deficit in 1997 of about \$40 billion. That is phenomenal progress. It is the reason we are here, the reason we are about to claim victory, because of the foundation that has been laid since 1993. The deficit has been brought down by 80 percent.

Nevertheless, when we started this session of Congress with a divided government, the House and the Senate held by Republicans, the White House held by a Democrat, it was not clear at all that in a divided government we could mount this effort to finish the job, balance the budget and say we had finally achieved victory. We did it. We are here today because the President leaned into the problem, he called the Republicans to negotiate, and they responded earnestly, in good faith. We sat down to talk, then to negotiate, and finally to hammer out the elements of an agreement which took months and months to accomplish.

That agreement, when it came to the floor in the form of our budget resolution, drew big support on this side of the aisle. One hundred thirty-three Democrats, if I recall correctly, voted for it. That is a margin of nearly 2 to 1.

But when the budget resolution was put out to the committees of jurisdiction, it picked up all kinds of unwanted baggage, controversial, contentious things from medical malpractice to multiple employer welfare arrangements, things that we not only did not support, we had resisted and fought for years. As a consequence, we lost traction on this side. A number of Members simply said they would not vote for the bill with those things in it.

I stood here in the well of the House and said I am going to bet on the come. I am going to bet we can go back to

conference and recapture that bipartisan agreement that built the agreement in the first place and bring both parties back together behind an agreement, a genuine budget agreement that deserves the moniker, deserves to be called a bipartisan budget agreement. I can say to my colleagues on this side of the aisle today, I think we have succeeded to an extent that I was not sure at all when I cast that vote we would succeed.

There are more successes by far than setbacks as a result of this conference. We call this a deficit reduction act but we need to remind ourselves that what we have here is more than just a deficit reduction bill. What we have hammered out in this bill is a plan to balance the budget over 5 years, yes, but it is really more than that. We have not been so caught up, so fixated on balancing the budget that we forgot that the country has got other problems, too. We are wiping out the deficit but we are also doing more than has been done in years to see that all Americans have the opportunity to obtain higher education. We are taking down the deficit but we are also taking steps to see that children in working families have medical insurance. We hope to reach at least 5 million of them as a result of this bill. We can all be proud of that.

We are lowering the cost of Medicare and Medicaid because Medicare is the biggest spike in the budget, the fastest rise. Yet not only are we protecting beneficiaries, we are actually making the program solvent so that they do not have to worry about its solvency for 10 years; but we are adding \$4 billion in preventive care benefits for things like annual mammograms, and in time I think they will more than pay for themselves.

There are still provisions in this conference agreement that I do not like. I wish they were not there. They will be hard to swallow. No doubt there are many on my side who will find many other things in this agreement to which to object. But on the whole, I think what we have achieved here accomplishes far more than we on our side as Democrats could ever have achieved without a bipartisan compromise. I am satisfied with the outcome, and I plan to vote for the conference agreement today, and I encourage my colleagues, particularly those on this side of the aisle, to do the same.

□ 1400

Mr. MCDERMOTT. Mr. Speaker, I reserve the balance of my time.

Mr. SHAYS. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. THOMAS], the chairman of the Committee on House Oversight, a senior member of the Committee on Ways and Means and chairman of its Subcommittee on Health.

(Mr. THOMAS asked and was given permission to revise and extend his remarks.)

Mr. THOMAS. Mr. Speaker, I want to start off by complimenting everyone.

We have a portion of the balanced budget bill in front of us, and it is amazing what has occurred in a relatively short period of time in terms of everyone's reaction to making changes in the Medicare portion of the package.

One of my favorite old songs is a song by Dinah Washington: What a Difference a Day Makes. What a difference a year makes, what a difference a willingness to sit down and fundamentally address the problem makes as well.

I am very pleased to say that my ranking member, friend, and colleague from California [Mr. STARK], and his chief of staff Bill Vaughan have been with us on this journey from the beginning, through subcommittee, full committee and during conference to make sure that although at times they may not have been in agreement with what we were talking about doing, they were at least informed. And I cannot help that the gentleman's President did not do what he believes he should have done during the conference.

I want to thank not only the gentleman from Ohio [Mr. KASICH], the chairman of the Committee on the Budget, and the gentleman from Texas [Mr. ARCHER], the chairman of the Committee on Ways and Means, but the members of the subcommittee on Health of the Ways and Means Committee who worked long hours to make sure on a bipartisan basis they understood not only what needed to be done, but just as importantly what could be done, and I think the package we have in front of us today, with the able help of the staff headed by Chip Kahn, is the most fundamental reform in the history of Medicare.

I know we have some friends on the other side of the Capitol who are disappointed that we did not go farther, but we have to appreciate how far we have gone. Oftentimes we judge ourselves by our failures rather than our successes.

Before we started this process we had a Medicare system which was a fee for service when someone who was sick. When this measure is signed by the President, we will have a Medicare which is a preventive and wellness structured Medicare. It will provide choices for seniors that are available in the general health area. It provides, as was indicated, a preventive package which will be expanded, when science tells us to expand it and not politics. It provides opportunities for choice over a broad spectrum so that people do not have just one other option, they have a number of options, and to help them in those choices we have a handsome educational package long overdue.

So I am here basically not to talk about what is in the bill, but to thank all those people who worked with us to put together a Medicare package in which no one will be afraid to run on in the next election. We will all embrace it and say this is a handsome first step, obviously we need to do more, we have

a commission built in to do more, but before that commission even triggers we are going to sit down and continue to build a Medicare Program which is based upon prevention and wellness. The seniors deserve nothing less.

Mr. MCDERMOTT. Mr. Speaker, I yield myself as much time as I may consume.

The gentleman from South Carolina has said that the budget deficit has been reducing, begun by the Democrats in 1993, and it would be balanced within a year or so without this whole exercise. So make no mistake, what we are doing here is making cuts in this bill in entitlements in order to give tax breaks tomorrow. Today, if today did not happen, tomorrow would not and could not happen.

Now as I see it, this issue of Medicare is the reason I will vote against the bill because it is a sugar-coated poison pill, it will taste good going down, everybody will say, well, we are saving Medicare, but there is no question in my mind that the social insurance principles on which Medicare was created are being eroded in this bill. Rather than strengthen the program, which everyone says they are doing here today, the bill creates a multitiered Medicare Program, one for the super rich, one for the rich, and one for the rest of the folks.

Now in Germany when they did that in their health care program, if someone wants to opt out of the system, as this bill will now allow seniors to do, they can never come back. But our wisdom in this body did not say we will not let people back. We will let them go out, take advantage of the system, game it in every way possible, and then when the problem comes they can jump back into our system. It creates incentives for for-profit health care plans to siphon off America's healthy and wealthy seniors and leave the rest of the problem for the Federal Government. In my view, that is in the long term not good for the country.

Now also in the area of health care is the reduction in the DISH payments. For those listening who do not understand, DISH means disproportionate share. It is those hospitals that take care of a disproportionate share of people who do not have health care insurance. We have 44 million Americans. Not one single one of them is better off because of this bill, because they are not getting insurance in it. We are taking away the money that the hospitals use to cover those people when they show up at the emergency room in a crisis. And my view is that the city hospitals and the rural hospitals of this country within 2 years will all be in serious problems because of the reductions we have made in the disproportionate share payments.

For that reason I think we should not be passing this bill, we do not need to make tax breaks tomorrow, the American public is not clamoring for tax breaks, especially tax breaks where 50 percent of them go to people making

\$109,000 or more, and yet we rush forward here today to make these cuts in Medicare and the service that we provide through the disproportionate share payments.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Texas [Ms. GRANGER], the former mayor of Fort Worth and a member of the Committee on the Budget.

Ms. GRANGER. Mr. Speaker, I am pleased to rise in strong support of this historic bipartisan agreement to balance the budget.

This proposal we consider today is more than a blueprint to balancing the budget. It is a blueprint to building the future. This budget is not about numbers or theories. It is about people, real people with real dreams for themselves and for their children, for their parents. We owe them, we owe our constituents a budget that balances just like they have to balance themselves. We owe our children a nation that is debt free, and this balanced budget cuts off the flow of red ink for the first time since 1969; that will be 30 years ago.

We owe our working young parents access to the American dream of more jobs and home ownership. This balanced budget will create more than 4 million new jobs and reduce the cost of a typical new home by more than \$30,000. We owe our parents and our grandparents a Medicare system that takes care of them if they become ill, and this balanced budget will protect Medicare and let us keep our commitment to our seniors. And finally, we owe the American people something more important and much more profound. We owe them our word.

The balanced budget agreement ends 28 years of promised balanced budgets and broken promises. Twenty-seven years, 5 Presidents and 14 Congresses have not balanced our budget. If we pass this budget today, the 105th Congress will be different. Today we can say to the American people, promises made, promises kept.

I urge my colleagues to support this historic agreement to balance the budget for our children, our working parents and our seniors. We now have a blueprint, so let the building begin.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Speaker, first I want to concur in the comments that the gentleman from South Carolina [Mr. SPRATT] made a little earlier, and that is we need to look first to 1993, to the Deficit Reduction Act that was passed under the leadership of President Clinton and the Democrats in Congress, for why we are able to reach this point today. I am very pleased that the final chapter we are doing in a bipartisan manner, the passage of these two bills.

There are many reasons to support it. We are at last going to have a balanced budget, and we are going to protect the priorities that are important for the future growth of this Nation.

Let me just mention some of the specifics that are in this bill for why the Members should support it:

First, the Medicare, we are providing for 10-year solvency, additional solvency of the Medicare system, improving benefits to our seniors in preventive health care and access to emergency care. Our academic centers will be getting some badly needed relief to make sure that we have excellence in health care in this country. Twenty-four billion dollars to expand health care for our children.

This bill acknowledges the special needs of Amtrak and capital involvement, and the welfare bill from last year has changed to provide more resources for welfare to work and to remove some of the punitive aspects against legal immigrants.

It is a good bill. I urge my colleagues to support it.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Washington [Ms. DUNN], an elected member of the Republican leadership and a member of the Committee on Ways and Means.

Ms. DUNN. Mr. Speaker, today we take a historic step in reducing the size of Federal Government and providing for a balanced budget in 5 years. We are building a path to the future that restores both hope and opportunity for all Americans. Today and for the future we are dramatically changing the fiscal direction of our country from a path of out of control growth of Government to a path of sustained expansion of the economy and job creation.

Achieving a balanced budget will provide lower interest rates, higher productivity, improved purchasing power for all Americans, more exports and accelerated long term-growth. It will also, we believe, revive the possibility once again for the American dream. Americans can once again look toward their children having the chance to do better than they.

Our balanced budget is about more than just accounting and tidy book-keeping. Budget deficits sap private investment, they drive up interest rates and they provide that the service on the national debt is a cost to the average taxpayer of \$800 in 1 year in taxes.

Mr. McDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, with this bill we can embark on a new and responsible course by balancing our Nation's budget by restoring hope, confidence and opportunity. This balanced budget agreement is the first in a generation. It represents GOP ideals, and it shows that a Republican majority at the helm in Congress can and will deliver on its promises.

Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. BENTSEN].

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I believe this is a good blueprint to get us into

balance by 2002. We have to remember of course this is a blueprint, there are no guarantees, but we certainly all hope that that is the case if it does become law. It is also far better than what we saw in the 104th Congress.

Just for instance, if we look at Medicare and Medicaid, we are looking at reductions of \$130 billion versus \$450 billion that we saw in 1995 and 1996 that led to Government shutdowns. So we have come a long way; the largest increase in education since the Eisenhower administration and starting to address children's health care.

Now, let me address just a couple of issues very quickly in specifics. With respect to disproportionate share for Medicaid, I want to thank the gentleman from South Carolina [Mr. SPRATT] the chairman, the gentleman from Ohio [Mr. KASICH], my colleague from Texas [Mr. ARCHER], and the administration for fixing that program, ensuring that States like mine of Texas and 12 other so-called high DISH States are treated more fairly under this bill than they were when the bill left the House of the other body.

In addition, as the other gentleman from Maryland just spoke, we are finally addressing the needs of the academic medical centers, such as those in my district, by carving out and requiring the managed care companies to pay into medical education through medical education. This is a good compromise. I hope my colleagues will support it.

Mr. Speaker, I rise in support of this legislation to balance the Federal budget for the first time since 1969. What a difference 2 years makes. In 1995 and 1996, Congress was in stalemate over budgets that would gut Medicare, education, and environmental protection. Now after the American people rejected that approach, we have before us a bipartisan compromise that not only balances the budget, but improves and strengthens Medicare and makes necessary investments in the health and education of our children. This is the commonsense approach we should have been taking all along.

I especially want to thank the conferees and the administration for addressing one issue of special significance to my State of Texas, and that issue is fairness in the way cuts are made to the Medicaid Disproportionate Share Hospital [DSH] program. When I voted for this legislation on June 25, I did so with the commitment of Budget Committee Chairman KASICH, Budget Ranking Member SPRATT, and the administration that they would address this issue in conference. They have made good on their word, and I want to thank Mr. KASICH, Mr. SPRATT, the administration, Ways and Means Chairman ARCHER, my colleagues in the Texas Delegation, and the many others who have worked to return some equity to the way Medicaid cuts are carried out.

Under this agreement, no State will have its total Medicaid funding cut by more than 3.5 percent in any 1 year. I want to emphasize that no State will lose more money than it would have lost under the original House bill. This agreement is much more fair to Texas and the other 12 so-called high-DSH States that would have had their Medicaid dispropor-

tionate share funding cut by twice as much as other States, while some States had no cuts at all. High-DSH States would have had their Medicaid DSH funding cut by 40 percent in the year 2002, and Texas would have lost \$920 million under the House bill and \$1.15 billion in the even worse Senate bill.

While not perfect, this agreement is much more equitable. It restores Medicaid funds that Texas hospitals desperately need to provide basic health care to the poorest patients. This funding is especially critical to our public and children's hospitals, which have high Medicaid and indigent caseloads.

I also want to call attention to two provisions in the Medicare reform section of this legislation that I and other Members have advocated and that would greatly benefit our Nation's health care system. These provisions, which are similar to legislation I have introduced, will help ensure that senior citizens have real choice under Medicare and our Nation continues to invest properly in medical education at teaching hospitals.

The first provision would give senior citizens who choose a managed care plan the right to buy supplemental insurance, or Medigap, to pay for prescriptions, copayments, and other uncovered services if they return to traditional fee-for-service Medicare. Many seniors now fear that if they choose managed care they may be locked in forever. That is because, if they choose later to return to traditional Medicare, they may not be able to purchase Medigap. Current law requires insurers to sell Medigap policies to seniors only when they first enroll in Medicare. The agreement requires insurers to also sell Medigap to seniors who, within the first year of enrolling in Medicare managed care, decide to switch back to traditional Medicare, ensuring real choice in health care for seniors.

This agreement will also ensure that Medicare managed care plans help fund medical education in the same way as fee-for-service Medicare. Under current law, the Medicare Program provides extra payments to teaching hospitals based on the number of fee-for-service Medicare patients served at these hospitals. However, Medicare managed care plans are not required to make such a contribution, causing a funding shortfall as more senior citizens join managed care plans. This agreement includes a provision to carve out graduate medical education [GME] amounts from the Average Adjusted Per Capita Cost [AAPCC] payment to Medicare managed care plans and direct this funding, approximately \$5 billion over the next 5 years, to teaching hospitals. This plan does not increase Federal spending; rather, it recaptures funds from the current Medicare managed care reimbursement formula so that all Medicare plans help pay for the cost of graduate medical education.

This agreement is an important step toward ensuring that our Nation continues to support its teaching hospitals in this era of managed health care. It will ensure stable, guaranteed funding to train future doctors and other health care professionals and conduct vital clinical research. This is an essential step toward ensuring that the United States continues to have the best health care system in the world.

Altogether, the Medicare provisions of this legislation will extend the solvency of the Medicare Hospital Insurance Trust Fund for 10 years, while providing more health care

choices, consumer protections, and preventive benefits for our Nation's senior citizens. This agreement includes \$4 billion to provide a package of preventive benefits for Medicare beneficiaries, including new or expanded coverage for mammography, pap smears, screening for prostate and colorectal cancer, diabetes self-management, and the diagnosis of osteoporosis. It increases the health insurance options available to Medicare beneficiaries beyond the traditional fee-for-service program to include the various managed care options generally available from private plans. And it includes important consumer protections for Medicare beneficiaries, including the Medigap protection I have already discussed. Other protections include provisions banning gag rules that restrict what Medicare managed care doctors can tell their patients; requiring managed care plans to have a grievance and appeal process to protect patient rights; and establishing a "prudent layperson" definition of an emergency to ensure patients are covered by Medicare when they seek care from emergency rooms.

Mr. Speaker, I also strongly support the important investments included in this agreement, especially in the areas of children's health and education.

This agreement makes a \$24 billion investment in children's health, which will help end the national shame that 10 million children lack health insurance and access to basic health services such as immunizations and regular checkups. My State of Texas leads the Nation in the number of uninsured children—2.6 million Texas children lacked health insurance for at least a month over the past 2 years. This agreement will go a long way toward helping these children and their families. It will help more children get cost-effective preventive health care rather than more expensive care when they get sick.

I also applaud this agreement's investment in education, which is absolutely the right priority in our global, information-age economy. We must expand access to college because more and better education is needed to get ahead and earn a good wage in this economy. Together with the tuition tax credits in the tax reconciliation bill, this legislation makes the largest investment in higher education since the G.I. Bill in 1945. It includes the largest Pell grant increase in two decades; boosting the maximum Pell grant from \$2,700 to \$3,000 and expanding the program to more poor independent students.

This legislation is a bipartisan compromise that, like all compromises, requires each of us to accept provisions we may not support. But on balance, it is a good bill, a fair and fiscally responsible bill that makes necessary investments in our future. I urge my colleagues to support the Balanced Budget Act of 1997.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentleman from Oklahoma [Mr. WATTS].

Mr. WATTS of Oklahoma. Mr. Speaker, I am delighted to stand today in support of H.R. 2015, the Balanced Budget Act of 1997, because my wife and I have five wonderful, healthy, vibrant children, and this bill is all about them and all about their future.

□ 1415

After almost three decades of deficit spending, finally we see an end to this

generation spending the resources that belong to future generations, to our children and to our grandchildren. Finally, we have taken the first step toward reducing our Nation's terrible debt.

Am I 100 percent in agreement with every provision in this bill? Of course not. No, not one Member of this body, Democrat or Republican, is in 100 percent agreement with every provision of this bill. But I am in 100 percent agreement with the fact that we have scored a major victory for our kids and for our grandkids.

We have gone from increasing taxes in 1993 \$265 billion to reducing taxes by over \$90 billion in this legislation. We have scored a major victory for the next generation of Americans. We have taken the first step toward passing on to them an America that is not crippled by debt or deficits, but liberated by a responsible government that lives within its means.

Vote today for America's kids. Vote today for America's future. Vote "yes." I encourage a yes vote, in favor of the Balanced Budget Act.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Virginia [Mr. MORAN].

Mr. MORAN of Virginia. Mr. President, nice going; White House staff, nice going; the gentleman from South Carolina [Mr. SPRATT], well done; the gentleman from Ohio [Mr. KASICH], we have a good balanced budget agreement here.

The most important thing is that it is balanced not just in terms of dollars and cents, but in terms of priorities: A \$900 billion reduction in deficit spending over the next 10 years, but the highest increase in higher education since the GI bill of 1945, the largest increase in children's health protection since Medicaid in 1965, more than 30 years ago.

We have got a \$500-per-child tax credit for 27 million families. We have got entitlement reform. We have got a lot of the brownfields and empowerment zones tax initiatives, \$3 billion for welfare to work initiatives. The fact is that speaking as a Democrat, the White House got what it wanted, which is our priorities—better education and health care for our children, tax fairness for middle class families, and an end to the legacy of debt we have been deferring to our children.

This bill deserves to be supported. It is a fiscally responsible bill, it is a bill that emphasizes our priorities. It is a bill that on both sides of the aisle we should vote for.

Mr. MCDERMOTT. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. STARK].

(Mr. STARK asked and was given permission to revise and extend his remarks.)

Mr. STARK. Mr. Speaker, I am having a little trouble. I guess I am the only person here who does not have both arms broken from patting myself on the back. I am having a little trouble understanding this bill.

Before I explain it, I want to take this opportunity to thank the chairman of the Subcommittee on Health of the Committee on Ways and Means, the gentleman from California [Mr. BILL THOMAS] for his open and fair manner in handling the Medicare portion of this bill, which, as the House originally wrote it, was quite good; but the Senate gooped it up and the White House caved to the Senate, so we do not have a very good Medicare bill.

But the fact is we have a lousy bill. We would have been better if we had stayed home. Look, the budget is going to balance next year without a bill. In this bill, it takes 5 years to balance. After it balances, we get deficits again. If we had no budget bill, we would balance and get surpluses. So I say to the Members, great job. They just stretch out the time and then give us more deficits.

Medicare, it is going to go to 2007. Hot dog. If we did not have a tax bill, we would have the money to take Medicare to 2022. So these geniuses have just cut 15 years off the salvation of Medicare. Good job again.

What about children's insurance? Super job. They are going to spend \$2,500 bucks a kid to insure 2 million more kids, and if Members had let it alone and used that same money to put them into Medicaid, they would have had 5 million kids insured, so I thank the geniuses for the 3 million kids who are going to walk around without any health insurance due to this budget.

Here is the perfect example of government run amok. They have fixed everything. The Senate bill adds the Kyl amendment and others, which will, for the first time, allow doctors to charge Medicare beneficiaries an unlimited amount of money and basically kick them out of Medicare.

My heavens, how awful, to suddenly find that we are going to have Medicare live up to the Speaker's intention of withering on the vine because it is going to be a two-class system. Medicare beneficiaries will be able to be charged unlimited amounts for the rich. This is the country club health care relief act to end them all. Medicare costs are going to go up \$1.5 billion to try out a medical savings account, which will only, again, help the wealthy and the healthy.

So as we go along, we have the right-to-life group who wanted to have this Medicare amendment that Senator KYL put in there, and it is useless. We were going to cut \$100 million out of poor inner-city hospitals; save it, as we like to say. Where are we now? We are going to save \$600 million out of inner-city hospitals, \$500 million bucks more out of the poorest hospitals in every one of the Members' districts, those hospitals that help the needy and the indigent.

Mr. Speaker, this is a lousy bill. Vote "no." Go home and know you are going to be better off for not having a bill.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Kentucky [Mrs. NORTHUP], a new Member

to Congress and a very important member to the Committee on Appropriations.

Mrs. NORTHUP. Mr. Speaker, it is a privilege to be here today. Before I comment on this balanced budget, I want to thank all of the people who have come before me that have kept the hope alive and the belief alive that it was possible to balance the budget, to cut taxes, to save Medicare, and to meet the emerging needs of our communities.

They were often ridiculed. They sat through years of where we raised taxes, where we spent more money, and they kept the hope alive for Americans that it was possible to change that course. They inspired me, and they inspired my community that this was a possibility. So for them, I thank them for the leadership and the lonely days they spent in this Congress.

Mr. Speaker, this bill says I love you to our children. For me, it is my six children: David, Katie, Joshua, Kevin, Erin, and Mark. For all the other parents who have children that believe that we should restrain our spending and pass on better opportunities to our children, that is what we are doing today when we vote for this bill.

It is a pleasure to be here. It is an honor to be a part of this. I think more than the numbers, more than what it does to interest rates, more than what it does to stop the bleed of red ink, it also helps to reestablish the faith and the trust that the American people have that this system of Government can address its needs, can come to an agreement, and can reflect what they have believed in so long. That is that we should balance our budget.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, the basic principle of the Democratic Party has been economic growth with equity. The 1993 Deficit Reduction Act was instrumental in promoting economic growth. Despite the overall growth, there were pressures on middle-income families, so this bill includes a child credit and also an educational tax credit and deduction. I support both bills.

Let me say a word about the piece that I worked most on, the human resource piece. I supported the Welfare Reform Act. People on welfare should move from welfare to work. But when the President signed the bill he pointed out several inequities. One related to legal immigrants. He promised to work to provide benefits to elderly and disabled legal immigrants who should not have been penalized in the first place. I joined in that promise. Today we are keeping that promise. It is a much better bill in that respect than when it left the House.

The President also promised to work for a welfare to work provision. We have kept that promise. There was an

effort, though, in this House to penalize people who move from welfare to work, to treat them as second-class citizens, to withdraw them from the protections of Federal law in terms of wages, in terms of safety on the job.

We have today, in this bill, repelled that effort. People who work are to be treated as first-class citizens, without discrimination. We have also repelled the effort to withdraw from mostly elderly women the protections of maintenance of effort under SSI in terms of payments from the State. This is a bill that is a step in the right direction. I urge broad support for it.

Mr. SHAYS. Mr. Speaker, I yield 30 seconds to the gentleman from Washington [Mr. NETHERCUTT], a new member of the Committee on Appropriations and the Committee on Science.

Mr. NETHERCUTT. I thank the gentleman for yielding time to me, Mr. Speaker.

One of the many good reasons to vote for this bill, this legislation, is its impact on diabetes. This particular bill has a component, a prevention component relative to diabetes that will improve the health of all Americans with diabetes. There is also a special section entitled "Special diabetes programs for children with Type 1 diabetes." There is a funding for special diabetes program for Indians.

Diabetes is a very serious disease. The gentleman from Oregon (Ms. Furse) and I are chairmen of the Diabetes Caucus. We have had great support in this body for the cause of diabetes and curing it. I am delighted to be involved in supporting this bill along with my colleague, the gentlewoman from Oregon.

Mr. SPRATT. Mr. Speaker, in order to complete the colloquy, I yield 30 seconds to the gentlewoman from Oregon [Ms. FURSE].

Ms. FURSE. Mr. Speaker, like my co-chair, the gentleman from Washington [Mr. NETHERCUTT], I want to see that this budget contains good news for 16 million Americans, 16 million Americans who suffer from diabetes, including my own beloved daughter, Amanda. Thanks to my good friends, the gentleman from Florida, [Mr. BILIRAKIS], Mr. BROWN, and the 87 members of the Diabetes Caucus, we have put together a strong, bipartisan effort that will truly make a difference to the lives of people with diabetes.

I want to thank the gentleman from Florida [Mr. BILIRAKIS], who is the chairman of our committee, and all the diabetes organizations who worked so hard on this.

Mr. SHAYS. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. BILIRAKIS], a senior Member of Congress and the chairman of the Subcommittee on Health and Environment of the Committee on Commerce.

Mr. BILIRAKIS. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, it has been an honor for me to work with the gentleman, mem-

bers of the budget conference and Committee on Commerce and Committee on Ways and Means members on historic legislation which will balance our Nation's budget for the first time, the first time since Neil Armstrong walked on the Moon, and at the same time reduce taxes, save Medicare and Medicaid, provide education and other family incentives and opportunities, and guarantee \$24 billion to provide better health care for children.

In recent years many have said that we could not balance the budget and also reduce taxes. We have done that and more.

Regarding Medicare, we have saved the program for the next 10 years without hurting beneficiaries in any way. In fact, this legislation contains many worthwhile changes which greatly benefit the elderly. Our legislation gives seniors a choice of coverage through the new Medicare Plus Program, provides consumer protections, addresses fraud and abuse, and adds additional preventive health benefits. It also creates a commission to make recommendations on how Medicare could be preserved for future generations.

Regarding Medicaid, this legislation allows States to provide better and more cost-effective medical coverage for low-income people by giving States more flexibility. Under the children's grants, States will receive funds to initiate and expand health coverage and services to uninsured low-income children.

This bill, Mr. Speaker, must be judged on its merits, must be judged on its benefits to our constituents today, and to their future, and to the Nation and its future.

This legislation would not have been possible, Mr. Speaker, without the great work of staffers Howard Cohen, Eric Berger, Patti DeLoache, Ed Grossman, and others, many others, that put in many hours over the past several months, and I want them to know how much I and all Americans appreciate their efforts.

□ 1430

Mr. McDERMOTT. Mr. Speaker, I yield 1 minute to the gentleman from Chicago, IL [Mr. GUTIERREZ].

Mr. GUTIERREZ. Mr. Speaker, we are hearing the word "balance" a lot today. We applaud ourselves as we balance the budget. It is an important accomplishment, a difficult accomplishment to balance our budget. But I am afraid our Nation is losing its balance in a lot of other areas, like keeping our promises to our veterans who are facing cuts in this budget, like protecting our seniors who face an uncertain future because of this budget, like acknowledging the contribution of immigrants who are still targets of blame and discrimination in this budget, and like the simple idea of tax fairness that the wealthiest in our Nation should contribute a little more to our Treasury.

Our budget might be balanced, at least until the tax cuts explode again

in the future. But we are creating a lot of new deficits. Deficits of keeping our promises. Deficits of fairness. Deficits of equity. Deficits of caring. These are the deficits I cannot support today, and that is why I will cast my vote against this budget.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentlewoman from North Carolina [Mrs. CLAYTON].

(Mrs. CLAYTON asked and was given permission to revise and extend her remarks.)

Mrs. CLAYTON. Mr. Speaker, I intend to vote for this bill, not because it is a perfect bill. Not because I agree with all that is in it. There is much that I do not agree with, but there is much more I do agree with. I think balancing our budget is important for our country. Some of the things I do agree is that we have made more provisions for education. We have made scholarships for those families who are going to college. We have made provisions to give tax relief for families with children. Also importantly, we have made provisions not to take away the working rights for mothers and those who are on welfare to make sure that they have the same opportunities as others in there.

Yes, there are things in this bill you wish were not in there. But there is also tax relief for farmers and small businesses which they critically need in my area and also tax relief for education. On balance it may not be perfect, but I think it is good for America. I intend to vote for it and I urge my colleagues to do the same.

Mr. SHAYS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. ARCHER], chairman of the Committee on Ways and Means and the chief architect of this historic budget agreement between the White House and Congress.

Mr. ARCHER. Mr. Speaker, I thank the gentleman for yielding me the time.

The conference agreement that we vote on today is a bridge, a bridge that reaches across to unite generations today and tomorrow. It saves Medicare for this generation of seniors, and it balances the budget so that we can save the next generation from the crushing burden of debt. It says that Washington has to change its ways so the American people will not have to change theirs. It tells the American people that Congress does not live by special rules. We will no longer spend more than we take in. The American people understand this.

They know they have to balance their family budgets each month. And so should we. Last year my 12th grandchild was born. When I went to visit him as a little premature baby, and I am happy to say he survived and he is home with his parents and doing well, I could not help but think that his pro rata share of the interest on the national debt during his lifetime would be \$189,000, if he was an average income earner. That is unconscionable for our

generation to leave to the coming generations. Today we do something about it. I say to Archer Hadley, my little grandson, this is for you.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. DAVIS].

Mr. DAVIS of Florida. Mr. Speaker, I would like to highlight two portions of this conference report that lead me to support it today. The first is getting us to a balanced budget. The amount of interest that we are paying annually right now on the Federal deficit more than exceeds the total amount of income tax payments paid by every individual west of the Mississippi.

We need to get the budget balanced and then attack the deficit. This spending plan is accompanied by tax cuts that are paid for while we will still balance the budget. The White House succeeded in keeping those tax cuts affordable. That is terribly important.

Second, this budget agreement constitutes a massive reallocation of our resources into education. To encourage more of our high school seniors, more community college students, more university students to be the best they can be in school and to succeed in obtaining well-paying jobs for themselves and their families. Most importantly it will send another strong message to adults throughout our country to engage in a lifetime of learning, to go back to school supported by their employers or supporting themselves, to further their job skills, to broaden their job skills, to sharpen their job skills to prepare for the 21st century.

Mr. Speaker, I rise in strong support of H.R. 2015, the Balanced Budget Act, which will balance the budget within 5 years while at the same time protecting our Nation's commitment to our seniors, investing in health care coverage for children, expanding educational opportunities for students, and restoring fairness for thousands of legal immigrants.

Mr. Speaker, as a member of the Budget Committee I want to first commend my ranking member, the gentleman from South Carolina [Mr. SPRATT] for his hard work and dedication throughout these long negotiations. Without his leadership and his commitment to working with both the administration and the Republican negotiators, this agreement would not have been possible. Our Nation owes a debt of gratitude for all that he has done over the past 6 months.

H.R. 2015, the spending portion of the reconciliation package, is truly a historic bill—historic not only for what it does, but also for what it represents. This bill demonstrates a commitment by both parties to the principle that we should not be spending beyond our means; that we must not saddle our children and grandchildren with debt; and that we should balance the budget while protecting our Nation's spending priorities. Furthermore, this bill is an example of what bipartisan cooperation can accomplish. If we set aside the rhetoric and work together toward a common goal, we can find areas of agreement and compromises on those areas of disagreement. The result is truly a win for the American people. I hope the spirit of cooperation, embodied in this Balanced Budget Act, will continue when

we return from our August recess and as we sit down to tackle other critical issues such as campaign finance reform.

Specifically, H.R. 2015 includes much needed entitlement reforms which would balance the budget in the near term and lay the groundwork for long-term reforms as the baby-boomers approach retirement.

The majority of the savings in this package are designed to preserve and strengthen the Medicare Program by extending the solvency of the trust fund for at least 10 years. The bill will expand choices for Medicare beneficiaries and protect low-income beneficiaries from premium increases. The Balanced Budget Act also invests \$4 billion in preventive benefits to fight breast cancer, diabetes, and colon cancer through annual tests and screenings.

Additionally, the bill implements tough new antifraud provisions, many of which are identical to those I introduced earlier this year in the Medicare Anti-Fraud Act, H.R. 1761. With recent revelations over the amount of fraud and abuse in the current system, I believe these initiatives, such as requiring certain providers to post a surety bond, are essential to restoring the integrity of the program.

Furthermore, with respect to Medicare, this bill will establish a bipartisan commission to make recommendations on a comprehensive approach to preserve Medicare as the baby-boomers approach retirement. Clearly, we must take steps to address the pending demographic changes in the program and I hope Congress will approach the recommendations of the commission, due in March 1999, with the same bipartisan cooperation that has prevailed throughout these budget negotiations.

In addition to protecting Medicare for our Nation's seniors, this agreement will expand health coverage to as many as 5 million of our Nation's uninsured children. This unprecedented investment in children's health care, the largest expansion of coverage since the enactment of Medicaid in 1965, will give States flexibility in determining how best to accomplish this important goal while guaranteeing that these moneys will be spent solely for this purpose.

On many issues, this conference agreement represents a great improvement over the House-passed version, which I supported but with numerous reservations. For example, I believe this final agreement offers adequate protections to workfare participants, guaranteeing that they will be treated fairly as workers. This conference agreement also restores protections for both disability and health benefits to 350,000 legal immigrants who would be denied these benefits as result of the welfare reform law of last year. All of these provisions ensure that as we move forward with our plan to balance the budget we are guaranteeing an element of basic fairness for all Americans.

Finally, amid all of the celebrations over what this bill will do, I would raise one word of caution. Just last week, this House rejected an attempt to include tough budget enforcement provisions which I supported that would ensure that we meet our deficit targets and reach the goal of balancing the budget by the year 2002. If we are not willing to enact such enforcement provisions, then we must be even more diligent in future years to ensure that the projections in this bill translate into reality. Only when the budget is certifiably balanced will we truly be able to celebrate.

Mr. Speaker, I again commend my colleagues on both sides of the aisle for their

hard work throughout this process and urge all of my colleagues to support this historic legislation.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentleman from Ohio [Mr. PORTMAN], a member of the Committee on Ways and Means.

Mr. PORTMAN. Mr. Speaker, I think we need to step back a moment and think about what a victory this is for the American people. For the first time in more than a generation we are actually going to balance the budget. We are going to stop spending more than we take in every year, an immoral practice that leaves the bill for the next generation.

There has been a lot of discussion about how we got here. I think it really is a tribute to the persistence, to the energy of a lot of Members. One is the gentleman from Ohio [Mr. KASICH]. He brought his first balanced budget bill to the floor in 1989, before I got here. He got about 30 votes. The next year he got about 64 votes. The next year he got about 80 votes, then about 100 votes and so on. Today, this afternoon on this floor, I think we will have a bipartisan majority of about 250 votes.

I want to commend him and commend all the Members who have worked long and hard to get us to where we are today. It is not legislation that every Member here supports, and all of us would like to see it a little different. But it is a significant step because we are, in fact, doing what we have just talked about for the past couple of decades and that is actually balancing the budget for the next generation. I want to pay tribute to them and to this House this afternoon.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Mr. Speaker, Justice Brandeis once said that the best disinfectant was sunshine. I guess my litmus test is how does this several-hundred-page bill treat children. Is it fair to children? As I go through the bill and read through how it treats children, I come out with a resounding yes, it shines on children.

We have moved from a \$15 billion children's health initiative to now, finally, a \$24 billion health initiative for 5 million children that were not previously covered. We have education spending at the highest level in 30 years since the Great Society. We now have disability SSI payments for children that were not eligible before, the most vulnerable children in our society. And we have the largest increase in the history of the Pell grant program to get parents who cannot afford to send their children to college into college and come out without a huge debt.

This is positive for small children, positive for small businesses and small farmers and positive for smaller, smarter government.

Mr. McDERMOTT. Mr. Speaker, I yield 4 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, I wanted to vote for this bill, as I indicated earlier. There is much in it that I would like to support. I was one of the original sponsors of the child tax credit, for instance, with Vice President Gore some 5 years ago. I certainly supported the education tax credits. I support what we are trying to do for health care for kids. But there are a number of fundamental tests which this bill fails.

The most important test to me is whether or not it provides most of the tax relief to middle-income families. The fact is it does not. As this chart will show, the wealthiest 5 percent of people in this country, those who make over \$112,000 a year, will get six times as much tax relief as the 60 percent of all Americans who make less than \$36,000 a year. I do not describe that as being fair.

In fact, the wealthiest 1 percent, who make more than \$250,000 a year, will get more in tax relief than the 80 percent of American people who make less than \$60,000. That is simply not fair.

Secondly, if we take a look at what happens with the wealthiest 1 percent, the wealthiest 1 percent will get \$16,000 on average for a tax cut. The poorest 20 percent who make on average \$8,000 will actually have a tax increase of \$39. That does not shrink the gap between the wealthy and the poor in this country. It makes it worse. I do not think this Congress should do that. I think it can do better.

Third, I do not think that we ought to fail the test of whether or not this package provides the needed investments that we need to make the economy grow over the next 10 or 15 years. The fact is, when Members of this House say that this is going to balance the budget, that promise is built upon the promise that we are going to cut Social Security Administration by some 25 percent. Does anybody really believe that we are going to extend the waiting time for getting the Social Security check from 3 months to a year? Is this Congress really going to do that?

This chart will demonstrate that it is built on the promise that we are going to cut health appropriations by 16 percent over the next 5 years. The bill which is scheduled to come to the floor next will raise the spending for the National Institutes of Health by 6 percent. Yet this Congress is going to pretend that we are going to cut that spending by 16 percent over the next 5 years. I do not think this Congress will and I do not think the American people would want us to.

Are we really going to cut veterans? Are we really going to cut veterans health care by 20 percent over the next 5 years? Just last week this House voted to restore money to the veterans health care budget. Are we really going to tell people we are going to balance the budget by cutting veterans health care 20 percent? Come on. We ought to know better than that. Are we really going to see a Congress cut agriculture

programs by another 23 percent? Agriculture programs have already been cut more than any other part of the budget. I would like to see the Members from rural districts who vote for this budget today, who are going to vote to cut agriculture budgets by 23 percent over the next 5 years. It simply is not going to happen.

Last week on the House floor this House refused to cut the science budget by 3 percent, and yet it is promising in the budget before us today that we are going to cut science by 18 percent over the next 5 years. Who is kidding whom? Do Members really believe these are anything but false promises? I do not. I have seen this Congress since 1982 break its promises on deficit reduction. I do not want to see them break more. That is what we will be doing if we vote for this bill. I urge Members to vote "no."

Mr. SHAYS. Mr. Speaker, I yield 1¾ minutes to the gentleman from Ohio [Mr. HOBSON], a member of the Committee on the Budget and Committee on Appropriations and also a major participant in this historic agreement between the White House and Congress.

Mr. HOBSON. Mr. Speaker, today the House takes another step toward making budget history. As we consider the conference report on the Balanced Budget Act, we are closing in on the most significant legislative accomplishment this body has enacted in a generation and its benefits are going to be felt for many generations to come.

The Balanced Budget Act is an expression of the responsibility of this Congress feels to the American people, not only to those who are living today but to those Americans who will inherit our country tomorrow such as my grandchildren. This budget slows all the growth of Federal Government spending to just 3 percent for the next 5 years. That is a savings of \$289 billion. In doing this, we are controlling the runaway growth that threatens to put our country further in debt.

The Balanced Budget Act also saves Medicare from bankruptcy and expands health care options for seniors. Millions of seniors have been spared crushing poverty with Medicare and I want this program to be there for my children and grandchildren as well. Out-of-control entitlement programs are being reined in and States are being given more freedom from Federal bureaucrats so they can generate their own innovative solutions to solving their citizens' problems.

□ 1445

In a separate bill that is part of the overall budget agreement, we are providing the first tax relief American families have seen since the mid 1980's. Families will get tax relief to help with the cost of raising kids and sending them to college; and small business owners, especially farmers like those in Ohio's 7th District, will get estate tax and capital gains relief.

This budget has been assembled by working together across the aisles.

This spirit of cooperation demonstrates that Congress and the administration can work together, as they should, to solve the problems. That same spirit of agreement, of putting the American people first, will be seen again in this conference committee and I am proud to be a part of it.

I urge all Members to join me in balancing the budget, saving Medicare and continuing the extraordinary spirit of cooperation. Support the conference report, and congratulations to the gentleman from Connecticut [Mr. SHAYS] and all the members of the committee, and especially our chairman, the gentleman from Ohio [Mr. KASICH].

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Maine [Mr. BALDACC].

Mr. BALDACC. Mr. Speaker, I thank the ranking member from South Carolina for yielding me this time.

This balanced budget agreement is an historic opportunity and the first time since 1969 that we will have an opportunity to do this. I would like to commend the administration, President Clinton and Vice President GORE, and those in Congress that supported the agreement that enabled us to be at this particular point, that voted for a document in 1993 which took a deficit at \$290 billion and brought it down to less than \$10 billion today.

It was the work that was done by the Members of Congress and the administration that got us to this point. And the point that we are at today is an opportunity to make an investment. The document we are voting on today allows us to make an investment in education. Young people, 36,000 families in Maine, do not have the opportunity to go on to higher education because of the cost, the financial burden. That education presents the future to them. That is that bridge to the 21st century.

The 100,000 families that are on the earned income tax credits will get a tax break because we will reward work. We will not reward not working. And with small businesses, family businesses and agriculture, they are going to get a break, and this is what this represents today.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentleman from Minnesota [Mr. GUTKNECHT], who is a very important member of the Committee on the Budget and also on the Committee on Science.

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman for yielding me this time.

We talk about the balanced budget and this agreement and what it means in terms of dollars and cents and percentages and so forth, but in many respects this agreement is about generational fairness.

I represent an awful lot of farmers, and some of the greatest wisdom I have ever heard has come from some of my farm families. Back in farm country they know one of the great parts of the American dream is to pay off the mortgage and leave our kids the farm. But

what we have been doing here in this government for the past 40 years is, in effect, we have been selling off the farm and leaving our kids the mortgage. We all know deep down in our bones that there is something morally wrong with that.

An old farmer told me a couple of years ago, and perhaps the best way I have ever heard it put, he said the problem is not that we are not sending enough money into Washington. He said the problem is that Congress spends it faster than we can send it in, and that has really been true. And every time we have raised taxes the deficit has actually gone up.

Balancing the budget, saving Medicare and allowing families to keep more of what they earn is not just some accounting exercise. Balancing the budget is about preserving the American dream for our kids. Saving Medicare is about keeping our commitment to our parents. And tax relief for families is about making it easier for those families to pay for their kids' education and save for their future.

This is a glorious day for America. It is an historic day, and I am glad to be a part of this Congress and this Committee on the Budget.

Mr. McDERMOTT. Mr. Speaker, I yield 15 seconds to myself to point out to the last gentleman that every time we raise taxes the deficit does not go up. In 1993 we raised taxes and the deficit came down.

Mr. Speaker, I yield 2 minutes to the gentleman from California, [Mr. WAXMAN].

Mr. WAXMAN. Mr. Speaker, there are some very good things in this bill. The restoration of benefits for immigrants and the child health provisions are two of the most important.

But let us not forget we essentially are talking about a flawed bill that the administration tried to make better. Making a bad bill better doesn't make it good.

In the area of Medicare, and I want to talk about some points that I find most troubling. We have raised the premium as a result of this legislation. But we have not guaranteed help for low-income people. We have made some changes in the Medicare Programs, such as MSAs and a fee-for-service option and private contracts with doctors, which I think may undermine the Medicare program, which has a broad-based risk pool. We may well see healthier and wealthier seniors leave that risk pool and opt for private insurance coverage.

In Medicaid, we repeal the requirement to pay nursing homes and hospitals an amount adequate to meet their costs for decent quality care. Let me underscore that. We do not have to pay them what is adequate to provide decent quality care. And we have made cuts in the support for hospitals and health care centers which serve as the safety net for the poor.

Now, why are we making all of these cuts in areas where it really does not

make sense from a policy point of view? We cannot divorce this bill from the tax bill. We are doing it so we can give tax breaks to many people in the upper income bracket. What I am afraid we will see, and I expect we will see as a result of these tax cuts, will be greater pressure on domestic social spending. Particularly greater pressure on the Medicare Program as the baby boom generation ages. I think that we are going to run the risk of going right back into the huge deficits we have seen in the past.

I congratulate the administration on doing as good a job as they could under the circumstances. For me, it is just not good enough.

Mr. SHAYS. Mr. Speaker, I yield 3½ minutes to the gentleman from Florida [Mr. SHAW], a senior member of the Committee on Ways and Means, the chairman of the Subcommittee on Human Resources, and the architect of the most important legislation to pass this Congress, the welfare reform bill.

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise to engage the gentleman from Missouri in a colloquy. Members may be aware of the ongoing debate in this budget legislation over whether workfare participants are employees, but they might benefit by some background on this issue, including a clarification of the intent of last year's welfare reform law.

Mr. TALENT. Mr. Speaker, will the gentleman yield?

Mr. SHAW. I yield to the gentleman from Missouri.

Mr. TALENT. Mr. Chairman, last year's welfare reform bill was about, in part, getting welfare recipients into work. One of the most effective ways to do that is through community service and community work experience programs which we generally know as workfare.

Since the 1960's Federal welfare laws have allowed States to place recipients in workfare which requires recipients to work in exchange for their welfare benefits. The workfare program created under the 1988 Family Support Act specified public and private sector workfare recipients' hours and compensation, and included specific health and safety, nondiscrimination and other protections for workfare participants, but did not treat the workfare participants as employees.

I would ask the chairman if that is his understanding, the chairman of the Subcommittee on Human Resources with jurisdiction over welfare reform.

Mr. SHAW. Mr. Speaker, reclaiming my time, the gentleman is absolutely correct. That is my understanding.

The 1996 welfare reform law specified that States can continue to operate effective workfare programs, and community service and work experience workfare are among the work activities States may count as work. Unlike prior law, that act did not spell out the compensation or other rules for workfare positions, because it was assumed that previous distinction in

statutes and case law between workfare and employment would continue to be recognized.

However, in May of this year the Department of Labor issued an outrageous guide to "How Workplace Laws Affect Welfare Recipients" in which it indirectly claimed that most if not all participants in workfare programs under the welfare law would be considered employees under the law.

Mr. TALENT. Mr. Speaker, if the gentleman will continue to yield, I would ask the gentleman if it was the intention of the authors of the 1996 welfare reform law that workfare participants be considered employees, and thus covered under at least 25 labor laws, including prevailing wages, unemployment compensation, and social security taxes and benefits, none of which previously applied to workfare?

Mr. SHAW. I say to the gentleman, absolutely not. In fact, section 417 of the 1996 welfare reform law specifically provides that, and I quote, "No officer or employee of the Federal Government may regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part." So the Department of Labor is usurping congressional authority.

Further, when proposals were put forth in Congress which attempted to treat workfare participants as employees, they were defeated. For example, an amendment offered by the gentleman from California [Mr. BECERRA] requiring that workfare participants be covered by labor laws was defeated right here in this Chamber.

The bottom line is that the legislative history is very clear. Congress did not intend for the Department of Labor to ruin the welfare reform law by outlawing work. The Clinton Administration has thrown down the gauntlet, first by issuing an outrageous ruling and then by refusing to go along with our efforts to correct this unwarranted attack on welfare reform. Congress will react in an appropriate fashion before this session is over to make sure that families can receive the training and experience they need to leave welfare for work and to support themselves.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. FAZIO].

Mr. FAZIO of California. Mr. Speaker, the same Republicans who said the only way this Congress could balance the budget was by amending the Constitution stand here today to take credit for something that they said could never be done without that.

The same Republicans who spent 5 years attacking our President as a taxer and spender have embraced his plan to balance the budget. That is the truth of the matter.

Democrats took this balanced budget bill and made it ours; and now, as the long-distance race to a balanced budget plan passes the grandstand, the Republicans want to join us for the last victory lap.

The President and congressional Democrats said their top priority was to put college within the grasp of working families, and here is what we got: A \$1,500-a-year grant for the first 2 years of college, a lifelong learning tax credit, an increase in scholarships for low-income and middle-class families.

The President and congressional Democrats said that every kid in America deserves health care when they need it, not just when they can afford it. This bill does that.

The President and congressional Democrats said that Medicare should cover preventive health services, such as screening for prostate cancer and mammography. This bill does that.

The President and congressional Democrats said that a balanced budget and tax legislation should help those who need it most, not the richest of the rich. This bill does that.

We have scored a major victory for a balanced budget, for fair tax cuts, for our kids, for our future. The winners? Not Republicans and not Democrats. This time, the American people.

I urge my colleagues to put aside their concerns, both sides have many, and to follow through on the work we began in 1993, to honor our colleagues whose courage made it possible for the rest of us to be here today to take credit for finishing the job.

Mr. SHAYS. Mr. Speaker, I yield 2½ minutes to the gentleman from Virginia [Mr. BLILEY], one of the senior Members of Congress, the chairman of the very powerful Committee on Commerce.

Mr. BLILEY. Mr. Speaker, I thank the gentleman for yielding me this time.

Thirty years ago the Federal Government's budget was in balance. Thirty years ago families kept more of their hard-earned money. Thirty years ago Government programs were by and large helpful, not hopeless. How far we have fallen in three decades.

We now face nearly \$6 trillion in debt, crushing tax burdens and uncontrolled spending. The programs we throw taxpayer dollars at often do not help the people they were supposed to help, and every day there are more rules and regulations to limit our freedom as Americans.

□ 1500

But today is different, because today we are saying enough is enough. Although we may not like certain parts of this package, it is the whole that counts. And the whole is the first balanced Federal budget in nearly three decades.

But this budget does more than achieve balance in 2002. Among the budget's many provisions are a number of notable achievements crafted by the Committee on Commerce. We preserve Medicare for the next generation of beneficiaries and give seniors more choices than ever before. We make long overdue reforms to the Medicaid program, making it more flexible for

States and more effective for recipients.

We chart a new course in American health care away from Washington-knows-best control and toward greater innovation by establishing a block grant to provide coverage and services for poor, uninsured children. And we strengthen America's prohibition on the use of Federal funds for abortions, making clear that our efforts today are on behalf of all children, born and unborn. Most of all, this budget is an important step in our quest to make the Federal Government serve the American people and not the other way around.

After this budget is passed and signed into law, our work will not be finished. We have a duty to remain vigilant against wasteful Government spending. We need to reallocate existing resources to make sure the taxpayers get a dollar's worth of value for every dollar spent. And we need to prepare now for the budgetary needs of the baby-boom generation.

I am proud of the first steps we have taken in this balanced budget plan, and I look forward to building on this achievement in the months and years to come.

Mr. SPRATT. Mr. Speaker, I yield 2 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, I am very pleased to rise in support of this budget agreement. The very first year I ran for Congress, I talked about the need to abolish our Federal deficits. Putting our Nation's fiscal house in order has been my highest priority throughout my career. At long last, it appears we are going to accomplish that goal.

The efforts of President Clinton and Congress have resulted in 5 consecutive years of declining deficits and the lowest deficit this year since the Carter administration. The agreement builds on this tremendous achievement and continues this glidepath to a balanced budget. While I will personally wait until the budget is balanced, in fact, instead of projections before I pop the champagne cork, this is a tremendous step for the future of our country.

Two years ago, those of us in the coalition set out to prove it is possible to balance the budget while protecting education, health care and other important priorities. This agreement is a vindication of that effort. This reconciliation bill reflects the influence of Blue Dog budgets in many areas. The savings levels and the policies for Medicare and Medicaid and other programs are quite close to the savings levels and policies proposed in our budget that have bipartisan support.

There are many important features of this reconciliation bill in addition to the promise of a balanced budget. The changes to payments to health care plans in underserved areas and the provisions allowing health care providers

to form provider sponsored organizations will expand access to health care for seniors, particularly in rural areas. The formula for DSH payments to States is improved substantially over the bill originally passed by the House.

The education and children's health initiatives are important investments in our future. The funding for local programs to move welfare recipients to work will help make welfare reform a success. Although the budget enforcement provisions fall far short of what I believe is necessary, there are some important improvements in the area of budget enforcement that closes some of the loopholes in the current budget process.

Mr. Speaker, I urge everyone to support this agreement.

Mr. SHAYS. Mr. Speaker, at this time, it is our pleasure to yield 2 minutes to the gentleman from Texas [Mr. DELAY], the House majority whip and a senior member of the Committee on Appropriations.

Mr. DELAY. Mr. Speaker, I thank the gentleman from Connecticut [Mr. SHAYS] for yielding me the time.

Mr. Speaker, I rise in support of this legislation that finally balances our Federal budget. It is about time. I have waited my entire adult life for it. Some Members of the Democrat minority just still do not get it. Indeed, if they were in charge, we would not be cutting taxes or cutting spending at all. If the Democrats still ran Congress, this deal would have contained more Government spending and tax increases instead of tax cuts.

We need to look at the big picture, and the big picture shows how we are moving toward smaller, smarter government and greater freedom for our citizens. We have to give President Clinton some credit. He has rejected the left wing of his own party and publicly embraced conservative common-sense values of lower taxes and smaller government.

But this budget is only a first step. We still have a lot of work to do. We need to come up with a long-term plan to fix entitlements. If we do not, our children's future might be miserable.

We still need to reform spending. The Federal Government today is not as small or as smart as it could be. We still have too many stupid, harmful, and counterproductive Federal regulations. The Federal bureaucracy is still too big and still spends too much money.

But this legislation is a very, very good start. It will balance the budget by the year 2002 or even sooner. It will slow the growth of spending for some entitlements and for some discretionary programs. But this is a compromise with the President, who wants to spend more money. He has consistently and persistently fought for more Federal spending programs.

This legislation reflects the President's desire to spend more money. We have tried our best, and for the moment our best is only good enough. But

this budget is not the end of the line. It is simply another landmark on the road to fiscal responsibility. Next year is another budget and more tax cuts.

I urge my colleagues to vote for this legislation.

Mr. SPRATT. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. SISISKY]. (Mr. SISISKY asked and was given permission to revise and extend his remarks.)

Mr. SISISKY. Mr. Speaker, this legislation is an important step toward improving the health of our Nation's senior citizens by providing Medicare coverage for colorectal cancer screening. For the first time, America's seniors will have access through Medicare to preventive screening for colorectal cancer, the second most deadly cancer disease next to lung cancer. Preventive screening has been proven to reduce mortality from colorectal cancer, yet, a large majority of America's senior population has never been screened.

I am very glad to see that this legislation establishes an expedited process to assure Medicare coverage for all colorectal cancer screening procedures that are currently available and can help reduce the incidence and mortality rate of this disease. The fecal occult blood test, sigmoidoscopy, and colonoscopy are covered by Medicare upon enactment of the legislation, and the barium examination will undergo an expedited review by the Department of Health and Human Services [HHS]. A determination regarding Medicare coverage for the barium examination will be made within 90 days.

Mr. Speaker, I strongly urge the HHS in conducting this review and determination to adopt the same approach to evaluating colorectal cancer screening procedures as the American Cancer Society [ACS]. The objective of the ACS was to maximize the number of people who get screened for colorectal cancer. In explaining its colorectal cancer screening guidelines, the ACS emphasized that four currently used colorectal cancer screening procedures are cost-effective alternatives for colorectal cancer screening, whose widespread use will result in fewer deaths from colorectal cancer. The barium examination was among the screening options recommended by the ACS.

The approach taken by the ACS clearly reflects the ultimate goal of colorectal cancer screening legislation—to provide a basis for as many Medicare patients as possible to be screened. It is appropriate, therefore, for HHS to adopt the same approach in evaluating Medicare coverage of the barium examination. I am confident that, on the basis of this review, HHS will determine that the barium examination is a highly effective colorectal cancer screening procedure, and that the addition of the barium examination to colorectal cancer screening under Medicare would increase screening, save lives, and save money.

Mr. SPRATT. Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore (Mr. SOLOMON). The Chair will make note of the time remaining. The gentleman from Connecticut [Mr. SHAYS] has 16 minutes remaining, the gentleman from South Carolina [Mr. SPRATT] has 11 minutes remaining, and the gentleman from Washington (MCDERMOTT) has 1¼ minutes remaining.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA], a 9-year member of the Committee on Banking and Financial Services and chairman of the Subcommittee on Financial Institutions.

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I thank the gentleman from Connecticut [Mr. SHAYS] for yielding me the time.

Mr. Speaker, when I first heard of this Balanced Budget Act, I kind of drew a breath and said, this sounds too good to be true. But, in fact, it was true. Apparently, we can work together here in the Congress for the good of the people, without a lot of partisan bickering. And I am very grateful for that. I support it.

We must understand that, on the whole, this is a very good package. Not to say that we agree with everything, but we must understand that the Balanced Budget Act and the Tax Relief Act are joint efforts to put our fiscal house in order, and they must be linked together. We must remain mindful not to cut spending to the extent that we may endanger programs that are vital to our elderly and to children in order to provide for tax cuts. I do not believe we have done that here.

For years, I have been advocating a save-and-invest-in-America program, and I will vote on this bill today and the taxpayers bill tomorrow. However, we cannot ask American people to save and invest unless we force the Government to live within its own means.

However, I must say that this is a good bill, but some of the savings do concern me. The impact of these decisions on New Jersey and the outyears is particularly worrisome in connection with the Medicare payments. But I have been assured by the responsible members of the committee that we will continue to monitor the changes in the disproportionate share hospital payments on transfer payments to hospitals.

New Jersey is in a unique position, and I have been assured that we will be treated equitably in making those transfer payment arrangements.

Mr. Speaker, I rise today in support in H.R. 2015, the Balanced Budget Act of 1997. In fact, this sounds too good to be true. Apparently, we can work together for the good of the people without all the partisan sniping and bickering.

For the first time in a generation, we are on the verge of crafting a balanced budget. The Congress and the President have come together to agree on this long held goal to put our children's future on a strong fiscal footing.

On the whole, it is a good package. That is not to say that I agree with everything. We must understand that both the Balanced Budget Act and the Taxpayers Relief Act are joint efforts to put our fiscal house in order. Both must be linked together. We must remain mindful not to cut spending to the extent that we may endanger programs that are vital to our elderly and children in order to provide tax cuts.

For years, I have been advocating a save and invest in America program and the Taxpayers Relief Act, which I will vote for tomorrow, includes many key provisions. However, we cannot ask the American people to save and invest until we force this government to live within its own means.

We have a responsibility to our children and the future. Perpetual deficits threaten to straddle our children with crushing debt that could lead to low paying jobs, economic stagnation, and possibly a lower standard of living.

The need for a balanced budget has never been greater. The national debt is increasing by close to \$9,500 per second. In 1996, Americans paid \$900 in taxes per person to service interest on the debt. In fiscal year 1997 we will have spent \$248 billion on interest on the debt, that is 15 percent of all Federal spending. That is money not spent on our children, on education, or health care. It is money that goes into the fiscal black hole created by our continued indebtedness.

Our Nation is on the verge of tremendous generational change. The baby-boom generation will, in the next decades, begin to retire. With this great influx, the next generation will be asked to carry on the responsibility of ensuring that their parents are cared for by a system that is fair and equitable. It is our responsibility, in this Congress, to ensure the viability of worthy Federal programs and to create a strong and vibrant economy in which our children and grandchildren can thrive, succeed, and enjoy the promise of what America has to offer. The Balanced Budget Act of 1997 is the first step in this process.

In order to avoid this calamity, the Balanced Budget Act will require everyone in the United States to share some of the sacrifice associated with reducing the size of the Federal Government and reforming spending. This act attempts to reduce spending in the most equitable manner possible.

Significant savings will come from Medicare and Medicaid. The Federal health care programs for the elderly and low-income respectively will be asked to spend over \$128 billion less than current CBO projections.

Without question, this area of savings raises the most concern, and I must state my healthy skepticism about how much can, or should, be accomplished in the near-term.

Some of the aspects of this act will receive criticism for concerned groups. Clearly, strong action must be taken to ensure that our elderly will be able to receive necessary medical treatment through the Medicare Program, and that Medicare will be there for many hard-working families who will become eligible in the next 10 or 20 years.

The Balanced Budget Act will keep the Medicare trust fund solvent for at least the next 6 years. Most of these savings come from reducing payments to hospitals and health care providers. I applaud the establishment of a special commission to study how to make Medicare solvent well into the future and secure for when the baby-boom generation begins to retire. I have long supported a commission and believe that it will offer Congress intelligent and balanced information.

The provision in this act that greatly concerns me is the issue of medical savings accounts. The bill allows for a pilot program of 390,000 accounts to be set up. Mr. Chairman, medical savings accounts are a bad idea for America.

We must not let our drive to make Medicare solvent lead to us to destroy the best elements of that program by moving elderly Americans into dubious health plans like MSA's. We can not lose sight of the quality of care that Medicare provides. MSA's are riddled with problems. There exists the danger of fraud and abuse of poorly informed seniors. MSA's could result in a lowering of the quality of care of our elderly, an increase in Medicare premiums for the elderly, and an undermining of the system as a whole, because the healthy seniors will be removed from the system along with the more financially secure thereby eroding Medicare as an universal system.

I would like to highlight some of my concerns in this budget dealing with the hospitals of New Jersey. I have been concerned about the changes in the disproportionate share hospital [DSH] payments to hospitals in New Jersey.

I have been assured that no one State will take a much greater hit than any other State—that a formula has been worked out that takes an even approach in this formula calculation. We must work to ensure that New Jersey and other States do not shoulder an unfair amount of burden.

Also, I have been concerned over changes in the different hospital payments for a transfer versus a discharge. While I understand that a compromise has been reached where the new definition change will only apply in a limited capacity, I am further heartened that this will not be implemented until after October 1998, and that the Commerce Committee is open to holding hearings and looking further into this definition change. I pledge to work with the Commerce Committee to deal equitably with New Jersey's unique status.

One last issue of concern I had affecting our hospitals is over Medicare. I am glad we were able to work out a compromise which would phase in adjustments to the prospective payment system for the first 2 years. By allowing a phase in, the various hospitals affected would be able to adjust accordingly. We must continue to work with this Nation's hospitals so that all people receive the care they need.

In reforming the health care system, we must make sure that we maintain the quality of care to those who need it, maintain access to care, and that all changes are fair and equitable. We must ensure that those who have the least do not give up the most. As I have said, "let's not be a penny wise and a pound foolish."

The Balanced Budget Act should be applauded for other important reasons. This act expands health care coverage to millions of children across the Nation. This is possibly the best investment we have made in a generation.

I am very pleased about the increase in the cigarette tax and the use of that money to provide for the expansion of children's health care. This was one of my top legislative priorities this year and demonstrates the best in public policy.

I must compliment the conferees for including parity treatment of mental health coverage. Mental and physical health care for our children are inseparable. Healthy bodies means healthy minds and vice versa. Parity treatment of mental health coverage demonstrates our wisdom and compassion. Our children are the most important resource we have.

Indeed, if the truest judgment of a society is the way they treat their children, then we have

taken a major step to secure that our generation believes that our children should be cared for in the most comprehensive and compassionate manner.

The Balanced Budget Act is the strongest statement this Congress can make on the direction we intend to take in the future. We must remember that this is the first time we will have balanced the budget in over a generation. It is important for us to stay focused on maintaining a balance and running surpluses.

We must avoid the temptation of declaring victory and leaving. We must continue to balance budgets in the future. We must reform the entitlement programs to prepare them for the retirement of the baby boom generation. We must be prepared to enforce our agreement in the future. There is much hard work and many tough decisions to make in the future.

The Balanced Budget Act sets forth our priorities. We still protect the programs that provide care for the elderly, the poor, and the young. We will create a new program to protect our children who currently have no health coverage. And we will balance the Federal budget and put our fiscal house in order for the future. It also demonstrates what this body can do when it agrees on a goal and is determined to reach an agreement. This Act shows us the result of bipartisan action. Let us use this as a lesson for future action.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina [Mr. PRICE].

Mr. PRICE of North Carolina. Mr. Speaker, this bill before us today is a truly bipartisan achievement, a vast improvement on the budget bill approved in this Chamber a month ago, one that we can vote for with great confidence. I want to applaud colleagues on both sides of the aisle who have brought us to this day.

This agreement includes \$24 billion for our Nation's children. Five million American children who are not now covered will have health insurance protection because of this agreement.

The agreement also protects our veterans, ensuring that any shortfalls in medical care collections do not translate into less health care for those who have fought for our country.

Finally, this agreement protects the elderly of this country. It expands Medicare coverage for diagnostic and preventive health care services. It extends the life of the Medicare trust fund for another 10 years. And it establishes a commission to ensure the long-term solvency of the trust fund so our Nation's senior citizens are not continually put at the mercy of budget negotiators.

I want to thank my colleagues, whose tenacity enabled us to reach a solid bipartisan budget agreement, and I urge all my colleagues to support it.

Mr. SHAYS. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona [Mr. HAYWORTH], a new Member in the class of 1994, a sophomore now, and a member of the House Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Connecticut,

Mr. SHAYS, for yielding to me and thank my colleague from North Carolina, Mr. PRICE, for his thoughts on this bill.

Mr. Speaker, it is difficult at times for a career politician to go do this, but I would ask all of us to leave the spin cycle in the laundry room. The fact is historians and the American people will judge us on how we arrived at this important date with this important piece of legislation.

What we can truly say today, Mr. Speaker, is that this is not a victory of party. Quite the contrary, it is a victory for our country. Because we put aside some partisan differences, we tried to reach accommodation on some deeply held beliefs, and such is the essence of our Democratic lifestyle and the principles we embrace.

It is interesting for me personally, Mr. Speaker, as I reflect back to the summer of 1969, to the year of the miracle Mets and man on the Moon, the summer before the sixth grade for me, and the last time the American people had a balanced budget. How important it is that, in waiting a quarter century or more, an entire generation, in effect, we now have the chance to embrace a balanced budget. How important it is, too, that we have taken a new look at how we administer the different rules in Washington, DC, how we are now willing to transfer money, power, and influence out of the hands of Washington bureaucrats and back closer to home so that people on the front lines can make decisions, so that parents are free to save, spend, and invest for their children as they see fit.

And how pleased I am, Mr. Speaker, that we join in a bipartisan fashion to preserve and strengthen Medicare through the next decade. For my parents, who, so youthful in 1969, turned 65 this year; we owe it to my parents and other parents to make sure that Medicare is preserved. This budget agreement does just that. We can do no less and also establishing a framework for the future as the baby boomers begin to retire.

I thank my colleagues for joining together. I urge passage of this important legislation.

Mr. SHAYS. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. GUTKNECHT], a member of the Committee on Ways and Means.

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman from Connecticut [Mr. SHAYS] for yielding me the time. I also thank him for appointing me to the Committee on Ways and Means. I am actually on the Committee on the Budget and delighted to be so.

Let me talk just for a minute about some things because I know that, among the general public and amongst some of our colleagues, there is a certain amount of cynicism in terms of whether this budget agreement is real, whether we will actually balance the budget, whether we really will have the discipline to follow through to make the tough choices as we go forward.

I think those are legitimate questions. But I think Benjamin Franklin may have said it best when he said, "I know no lamp by which to see the future than that of the past."

I would like to remind Members of what we said just 2 years ago when we passed our budget resolution, the blueprint, our 7-year plan to balance the budget. We said in fiscal year 1997 we would spend no more than \$1,624 billion in fiscal year 1997. That is the year we are in. Two years ago we said we would spend \$1,624 billion. This year we actually are going to spend in fiscal year 1997 \$1,621 billion.

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At a time revenues have increased by over \$100 billion, we are spending less than we said we were going to spend just 2 years ago.

Mr. SPRATT. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan [Mr. BONIOR], the minority whip.

Mr. BONIOR. I thank the gentleman from South Carolina for yielding me this time.

Mr. Speaker, this budget deal helps America's working families. It cuts their taxes, it gives health insurance to millions of children, it offers scholarships to students, and extends the life of the Medicare trust fund for another decade. So it is for these and other good provisions in this bill that I thank my colleagues, the gentleman from South Carolina [Mr. SPRATT] and the gentleman from New York [Mr. RANGEL], and my colleagues on this side of the aisle who worked on this bill.

This deal also promises to keep the budget in balance. I say keep the budget in balance because we already balanced it with our 1993 deficit reduction package. That plan dropped the deficit from nearly \$300 billion then to roughly \$40 billion deficit this year, and it is still falling.

So we made tough choices in 1993. Some of my Republican colleagues have criticized that plan as a tax increase. What they do not say is that the people whose taxes went up in 1993 were the richest 1 percent in America. What they do not say is that we cut spending. And what they do not say is that we gave a tax cut to 20 million working families. I think what galls them the most is that our plan back in 1993 has worked. The economy has boomed, the deficit has disappeared.

Today's budget deal builds on the great success of that plan. The Children's Defense Fund told the Washington Post that \$24 billion for children's health insurance is an initiative that will do extraordinary good for millions of children. Families USA called it the most significant advance in health care coverage since Medicaid and Medicare programs were enacted 32 years ago.

This budget deal does other good things, too. It provides a \$500-per-child tax credit to working families. It provides thousands of dollars in tax credits for students to pursue their edu-

cation after high school. It protects wages, pensions, health care, and it gives tax relief to millions of American homeowners.

But let me caution here. While I support these measures for working families, my Republican colleagues have exacted a heavy, heavy price for them. In addition to rewarding the richest Americans with a huge cut in the capital gains tax rate, they are rolling back the corporate minimum tax. That is a \$19 billion giveaway to America's richest corporations. It is an outrage, it has no place in this deal, and I and others will be fighting it in the future. Because we will be watching to make sure that the tax breaks now going to the wealthy do not end up costing working families in the future.

But as I vote for this budget deal, I think of its immediate impact on the lives of those working families. I think of that young police officer's family not scrimping so much thanks to the new child tax credit. I think of all the children who are going to get health insurance for the first time, 5 million of them, with the \$24 billion program. I think of all the young students who will now be able to afford community college, acquiring the skills to land them jobs where they can support their families. And I think of those people who have lost their jobs, who will be able to go back to their community colleges to learn the skills to support their families.

When I vote yes on this budget deal, I am going to vote for them and I am going to vote for America's working families.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, I heard the colloquy between the gentleman from Florida and the gentleman from Missouri, and I just want the record to be clear. They are attempting to write a bill through a colloquy and you cannot do that. The reference to 1988 is very mistaken. It was a very different bill. It was not a broad welfare-to-work bill as we are now implementing.

I worked hard on the 1993 legislation, and no one can get up here and simply give their gloss on it and expect that to become law. But most importantly, the effort in this House by the majority to exclude people who would be classified as employees under FLSA and other Federal laws from those protections was specifically rejected in the conference committee. It is not in this bill. No colloquy can erase that. People who move from welfare to work have the dignity of the protection of Federal law if they are employees.

Mr. SHAYS. Mr. Speaker, I yield 1 minute to the gentleman from Arizona [Mr. HAYWORTH].

Mr. HAYWORTH. I thank the gentleman from Connecticut for yielding me this time.

Mr. Speaker, again we see where there are genuine differences honestly held and where there may be other measures that have yet to be taken to address problems that people on both sides of the aisle have. But again I come down to speak on behalf of this legislation because of the many positive effects we will see, not only, although goodness knows it is important enough to balance the budget for the first time in a generation, not only because we preserve and protect Medicare for the next decade and set up the framework with a bipartisan commission to look at the very serious questions that confront us when the baby boomers start to retire, but also because of the second part of this agreement which we will come to tomorrow, the first meaningful tax cuts for working Americans in 16 long years.

Again, it is part of the difference in philosophy, where we honestly believe that working Americans deserve the chance to hold onto more of their hard earned money and send less of it here to Washington, and these two measures fit together like hand in glove. Today we deal with spending, tomorrow with tax cuts. The bottom line is a better future for the American Nation.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. MINGE].

Mr. MINGE. Mr. Speaker, as many of us have recognized, this agreement and this legislation have multifaceted advantages, and of course there is always a downside. I would like to emphasize one of what I think is the most positive attributes of the legislation, and that is its recognition of health care needs of Americans.

First and foremost, we are now attempting to assist States in providing coverage to children who do not have health care insurance. Second, we are addressing the imbalance that exists between rural health care financing and urban. Altogether too long, Mr. Speaker, the rural portions of our country have been denied the chance to participate in managed care because of highly discriminatory regional reimbursement rate structures.

Third, tomorrow we will take up legislation that addresses the tax deductibility of premiums for health insurance by self-employed individuals. These features together, I submit, are important reasons for supporting this legislation.

Mr. MCDERMOTT. Mr. Speaker, I yield myself such time as I may consume. I include for the RECORD an editorial from the Washington Post yesterday entitled "Budget Week," as follows:

#### BUDGET WEEK

As a country, we seem about to enter a week of self-congratulatory rhetoric in which the president and congressional Republicans will celebrate the balanced-budget agreement they appear to have reached and that Congress may finally pass as it leaves town for its summer vacation.

The president will say, not without cause, that he was successful in taking some of the

rougher edges off the initial Republican proposal. He will argue that the final product balances the budget without doing violence to the values of the Democratic Party, finishes the job of deficit eradication that he began in drawing up in his first budget in 1993, provides a steady platform from which to head into the future and proves that, when there's a willingness to compromise, the political system can work.

The Republicans, for their part, will say that while they've had some tough times lately, and while they lost some battles to the president, they basically won the war. Glossing over the history of the 1980s, they will claim it is they who have always wanted a balanced budget. With greater cause, they will say it is they who have been the party of tax cuts and smaller government. If those are now both parties' goals, they win, even if the president, in coming their way on the issues, has partly shouldered them off center stage.

But in our view those are the wrong standards by which to judge this deal. They are mostly short-term and political, as is the deal itself. It will be no surprise to readers of this page that we apply a different lens.

(1) The balanced budget, assuming one is achieved, will owe as much to the continuing strength of the economy as to any policy changes Congress will vote this week. You could argue—we would—that the strong economy derives in part from some of the policy changes for which the president successfully fought in 1993. The fact is that this budget would actually undo some of the most important of those changes. In terms of fiscal discipline, it is less the advance its sponsors claim that a retreat from high ground that the president himself once occupied over Republican objections.

(2) The distinctive element in the deal remains the tax cut, for which the rest is mostly cover and a gloss. The long-term effect of the tax cut will be to add, regressively, to a deficit that the deal will at best only temporarily erase. The president played a double role in this, first agreeing to the cut, then working to make it a little more palatable around the edges. But the basic structure is still wrong. The children's credit, which will be the costliest provision in the early years, is mostly a political sop for which neither party has been able to think up a convincing economic justification. In the later years this will be overtaken by large, late-blooming tax cuts mainly for the highest-income households in the country. They will begin to drain the Treasury in earnest about the time the baby boomers retire. There is no economic or social justification for most of them either.

(3) Meanwhile, even though these are the most propitious of economic times and possibly political times as well in that the next president election is three years off, the plan, by mutual agreement, does next to nothing about the real fiscal problem—the one that will come with the boomers' retirement—that everyone acknowledges but wants to defer. Let the next folks do it. The tax cuts would compound this problem. The Senate proposed some first steps to cut longer-term Medicare costs, like asking higher-income beneficiaries to pay a slightly higher share of program costs. They dropped it from the final bill. This is a bill that, in the name of solving the nation's fiscal problem, systematically avoids and in some respects worsens that problem. The wrapping is great; the gift is dross.

The bill has some good features. Medicare will be a tidier program as a result of its passage. The number of children in the country lacking health insurance could be reduced (though that could end up an empty initiative, also). But most of the things that are

good about the bill are good only in that the alternatives were worse. The legislation reverses some of the worst features of last year's welfare bill and of the original budget bill that the Republicans put forward this year. But the welfare bill should never have been signed, and likewise the first draft of this year's budget bill is a pretty poor standard on the strength of which to measure victories.

We assume that Congress will pass this package; the president and the Republican leadership are both invested in it. By now a lot of other people have larger or small investments in it as well. But this is a lost opportunity that, on balance and in the long run, will likely do a fairly large amount of harm—the tax cuts—for relatively little good.

Mr. Speaker, we hear people here talking about this whole issue as though it was a long-term fix, but in fact if my colleagues read this editorial, it says the strong economy derives in part from the policy changes which were made in 1993 by the Democrats, by the Budget Deficit Reduction Act that we passed.

But more important this editorial has a warning in it. It says the distinctive element in this deal remains the tax cut, for which the rest is mostly cover and a gloss. The long-term effect of the tax cut will be to add regressively to a deficit that the deal will at best only temporarily erase. The late-blooming tax cuts, mainly for the highest income households in the country, will begin to drain the Treasury in earnest about the time the baby boomers retire. There are no economic or social justifications for most of these cuts.

My concern is we are going to touch down with a balanced budget in 2002 like a 747 doing a touch-and-go landing in learning to fly the plane. The budget deficits will take off at precisely the time the budget will have to face the problems of baby boomers. People will be caught between their kids going to college and their parents in nursing homes, and there will be no money in the Treasury to deal with their problems because we are taking away the essence of the social safety net in this country.

That is why people ought to vote against this. It is making a long-term problem for ourselves for short-term political gains.

The SPEAKER pro tempore (Mr. SOLOMON). The time of the gentleman from Washington [Mr. MCDERMOTT] has expired.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentleman from Wisconsin [Mr. NEUMANN].

Mr. NEUMANN. Mr. Speaker, I rise to address some of the things that we have heard from our side of the aisle today and from both sides of the aisle, some of the concerns that somehow this is not real. I would like to just bring some of the facts to light here. I have heard, for example, that discretionary spending, the part of spending that we actually control out here, is going up under this plan. Let me give my colleagues the facts. Nondefense discretionary spending is going from

\$281 billion a year to \$288 billion a year 5 years later. That is less than a one-half of 1 percent increase each year. If we take inflation into account, that is a decrease in nondefense discretionary spending by about 1.5 percent per year. Yes, this is real, yes, it does what it is supposed to do, putting our financial house back in order, yes, it restores this Nation so our children can have hope of living the American dream.

I want to give another number. Total discretionary spending, again the part of the budget that we have the most control over. Total discretionary spending is going from \$549 billion this year to \$561 billion 5 years later, again less than one-half of 1 percent spending increase.

How about the overall spending increase? Overall spending increase is going from \$1,621 billion to \$1,889 billion. That is an increase of about 3 percent a year, roughly the rate of inflation. Yes, this is real, yes, it does what it is supposed to do. Our seniors can count on Medicare, our working families can count on additional tax reductions, and our children can count on us for a change, the first time since 1969, to do the right thing for this great Nation that we live in.

Mr. SHAYS. Mr. Speaker, I yield 1 minute to the gentleman from Iowa [Mr. LATHAM], a member of the Committee on Appropriations.

(Mr. LATHAM asked and was given permission to revise and extend his remarks.)

Mr. LATHAM. Mr. Speaker, I wanted to obviously stand here in support of the Balanced Budget Act and the provisions as far as the taxes. But one thing that is very, very important to the State of Iowa and all rural parts of this country is the reimbursement changes that are made in Medicare. In my congressional district, our reimbursement averages about \$311 per person per month. In some of the urban parts of the country, it is \$750 per person per month. In those areas, seniors have the option in their health care for eyeglasses, hearing aids, prescription drugs, even memberships at health clubs. We have none of that available. In this act we finally address the inequity between rural and urban parts of this country with the base now going to \$367. It is extremely positive. I want to thank the committee and all the people who worked so very hard on this to address this real problem.

Mr. Speaker, I am proud to support the Balanced Budget Act as it comes before this body for a vote. Although this bill includes some items that I support and others that I would have preferred to have been left out, we should all recognize the bill as a product of bipartisan compromise and achievement. I am especially proud of the work this House and the Senate have done to increase Medicare choices for seniors.

Bring equity to seniors from rural areas, like northwest Iowa, has been a priority of mine since I've been in Congress. I want to ensure that seniors in rural northwest Iowa are going to enjoy Medicare benefits not just in the next

couple of years, but for the next generation and beyond.

The majority party of this Congress has repeatedly vowed to bring choices to seniors as part of Medicare reform. One of those choices that has been denied up until now has been managed care for rural seniors. However, fulfilling a commitment made in the budget resolution earlier this spring, this Balanced Budget Act makes substantial reforms of the way the Medicare Program pays managed care plans.

Iowa seniors have paid into the Medicare System and have every right to expect efficient health care coverage. Unfortunately, the current Medicare System has always comparatively overcompensated urban areas in regard to the Medicare reimbursement rate at the expense of rural States like Iowa. By efficiently utilizing our health services in the past, the current Medicare law punishes Iowa seniors through low reimbursement rates. Some urban areas receive 2½ times the reimbursement rate per person than rural areas like northwest Iowa do.

The budget agreement will immediately establish a payment floor of \$367 per month per beneficiary, which represents a tremendous increase for some Iowa seniors who are currently allowed \$250 per month. The Balanced Budget Act also includes a 50/50 local/national blended payment rate for health plans beyond 1998. This blend will gradually bring the reimbursement rate for rural areas more in line with the rate of increase in urban areas, a goal of fundamental fairness.

Bringing fairness and equity to the Medicare System has always been my agenda, along with Members from both sides of the aisle from rural parts of the country. Iowa Medicare beneficiaries deserve the same options and benefits as any other seniors in the country. I am proud to say that the Balanced Budget Act increases choices for Iowa seniors, and brings equity to the Medicare Reimbursement System.

Mr. SPRATT. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise to support this Balanced Budget Act because this bill does good things for children's health, welfare mothers, and for rebuilding our schools.

Mr. Speaker, I rise to express my wholehearted support for the bipartisan balanced budget agreement that the President and the Congress have agreed on implementing.

This historic agreement will result in the first balanced budget agreement in a generation, with a net savings of \$900 billion over 10 years.

The President's economic plan has cut the deficit more than 75 percent from \$290 billion in 1992 to \$67 billion or lower by the close of this year. This agreement will finish the job by balancing the budget in 2002 and puts the budget in surplus at least through 2007.

This agreement will mean an unprecedented \$24 billion for children's health care, a \$500 per child tax credit for approximately 27 million families, a \$1,500 HOPE Scholarship for the first 2 years of college and a 20 percent tuition tax credit for college juniors, seniors, graduate

students, and working Americans pursuing lifelong learning.

As first balance budget since 1969, I know that the American public has waited long for a recognition that a budget that is not in balance hurts the economy, and robs our children of their future. More important than the agreement are the incentives to ensure that regardless of who has political control the agreement will be adhered to by both parties.

The important domestic priorities that we have agreed should be met are accomplished under this agreement. It allows people to move from welfare to work and treats legal immigrants fairly. There will be \$3 billion to help States and local communities move people from welfare to work, along with \$12 billion to restore both disability and health benefits for 350,000 legal immigrants in 2002 who are currently receiving assistance or become disabled.

This balanced budget agreement is a victory for middle-class parents trying to pay for their children's college and for working people trying to upgrade their skills.

We know the level of computer literacy and skills currently held by 20 percent of American workers, which is well below the 60 percent that will be required by the year 2000. Our Nation's workers will need opportunities to train for and acquire new skills to adapt to the new economic realities of the next century.

By crafting this agreement we will allow workers and their families to find greater freedom through job mobility and higher wages through acquisition of skills that are marketable.

Along with creating opportunity for current workers we must also maintain our support for youth summer jobs programs for future workers.

In 1997, Houston Works Summer Youth Program plans to serve 6,500 young people between the ages of 14 and 21, with a projected budget of \$8.9 million. This funding would only allow 3 percent of those who would qualify to be included in the program. The potential number of applications for this important jobs program is 43,000 young people which reflects the total number of disadvantaged youth in the area served by Houston Works. Nationwide, there are 4 million youths who would qualify for this summer jobs program if funds were available.

Last year Houston Works provided 5,177 jobs to youth ages 14 through 21 years, with a budget of \$6.5 million.

This program has made a significant difference in the lives and fortunes of Houston's young people who were fortunate enough to have their application accepted.

This balanced budget agreement will also aid the environment through a new tax cut plan to clean up and redevelop Brownfields. The 3-year Brownfield tax incentive will reduce the cost of cleaning up thousands of contaminated abandoned sites in economically distressed areas by permitting clean-up costs to be deducted immediately for tax purposes.

I along with many of my colleagues have worked hard to find solutions to this country's budget deficit and are pleased to see this type of bipartisan progress.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY of Connecticut. Mr. Speaker, may I take this opportunity

to thank the gentleman from South Carolina [Mr. SPRATT], my leader, for his good work in the conference, the conference report that as a Democrat I am proud to stand here today and support, although I agree with many of my colleagues that we should have had more time to study the language as written. But this legislation really contains many Democratic priorities. To begin with, it balances the budget without a constitutional amendment and continues the direction made and begun in 1993 by that very, very difficult budget vote.

□ 1530

But that is only the beginning. The bill also includes the largest investment in our Nation's history since Medicaid, \$24 billion. This funding will help States provide health coverage for millions of uninsured children, and I really hope I can believe what I heard, that this coverage will be as good as State and Federal workers have.

Furthermore, the legislation restores Federal aid for thousands of legal immigrants and provides \$3 billion to help people make that transition so important from welfare to work.

These and other changes make good on the pledge that many of us made, led by the President, to fix the problems in the recent welfare bill, and I thank the gentleman from Florida [Mr. SHAW] for his hard work in this area.

And, finally, the bill will enhance Medicare's coverage for preventive care including, annual mammograms. The legislation also does spend \$1.5 billion to help more low income Medicare beneficiaries pay for that all important part B premium.

I also want to applaud the majority for agreeing with Democrats to drop earlier provisions on reducing employment protections for welfare workers and on reducing State supplemented SSI payments for 2.8 million elderly.

Mr. Speaker, the bill balances the budget while protecting democratic principles. This is a goal that many of us have been fighting for for a long time. I urge support for this conference report.

Mr. SHAYS. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, a long battle began in 1989 when a fairly young Member of this House, the gentleman from Ohio [Mr. KASICH], offered an amendment to balance the Federal budget to get our country's financial house in order. There were 30 Members who supported him in that long march. In 1990, 106 Members supported him. In 1991, 114 Members supported him. He did not offer an amendment in 1992, but in 1993, 135 Members supported JOHN KASICH in his effort to get our country's financial house in order. In 1994, 165 Members supported him in his effort to get our country's financial house in order, and then with the election of 1994 we had the dynamic class of 73 Republican freshmen who came in and helped this man and helped this Congress get our

country's financial house in order. In 1995, 235 Members voted to get our country's financial house in order, and the President vetoed that effort. In 1996, 216 voted for that, and the President vetoed it.

Today we are at a historic point. We are at a point where this Democrat President and this Republican Congress have come together to get our country's financial house in order and balance the Federal budget.

The President wanted more spending in certain areas, and this Republican Congress wanted tax cuts and changes to entitlements to slow the runaway costs of entitlements. This has been an effort of both sides, and this is an effort that needs to be supported.

CALL OF THE HOUSE

Mr. SHAYS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 344]

- Abercrombie
- Ackerman
- Aderholt
- Allen
- Andrews
- Armye
- Bachus
- Baesler
- Baker
- Baldacci
- Balenger
- Barcia
- Barr
- Barrett (NE)
- Barrett (WI)
- Bartlett
- Barton
- Bass
- Bateman
- Becerra
- Bentsen
- Bereuter
- Berman
- Berry
- Billbray
- Billirakis
- Bishop
- Blagojevich
- Blumenthal
- Blumauer
- Blunt
- Boehlert
- Boehner
- Bonilla
- Borski
- Boswell
- Boyd
- Brady
- Brown (CA)
- Brown (FL)
- Brown (OH)
- Bryant
- Bunning
- Burr
- Burton
- Buyer
- Callahan
- Calvert
- Camp
- Campbell
- Canady
- Cannon
- Capps
- Cardin
- Carson
- Castle
- Chabot
- Chambless
- Chenoweth
- Christensen
- Clay
- Clement
- Clyburn
- Coble
- Coburn
- Collins
- Combust
- Condit
- Conyers
- Cook
- Cooksey
- Costello
- Cox
- Coyne
- Cramer
- Crane
- Crapo
- Cubin
- Cummings
- Cunningham
- Danner
- Davis (FL)
- Davis (IL)
- Davis (VA)
- Deal
- DeFazio
- DeGette
- Delahunt
- DeLauro
- DeLay
- Dellums
- Deutsch
- Dickey
- Dicks
- Dingell
- Dixon
- Doggett
- Doollittle
- Doyle
- Dreier
- Duncan
- Dunn
- Edwards
- Ehlers
- Ehrlich
- Emerson
- Engel
- English
- Ensign
- Eshoo
- Etheridge
- Evans
- Everett
- Ewing
- Farr
- Fattah
- Fazio
- Filner
- Flake
- Foglietta
- Foley
- Ford
- Fowler
- Fox
- Franks (NJ)
- Frelinghuysen
- Furse
- Galleghy
- Ganske
- Gejdenson
- Gibbons
- Gilchrest
- Gillmor
- Gilman
- Goode
- Goodlatte
- Goodling
- Gordon
- Goss
- Graham
- Granger
- Green
- Greenwood
- Gutierrez
- Gutknecht
- Hall (OH)
- Hall (TX)
- Hamilton
- Hansen
- Harman
- Hastert
- Hastings (FL)
- Hastings (WA)
- Hayworth
- Hefley
- Hefner
- Herger
- Hill
- Hilleary
- Hilliard
- Hinches
- Hinojosa
- Hobson
- Hoekstra
- Holden
- Hooley
- Horn
- Hostettler
- Houghton
- Hoyer
- Hulshof
- Hunter
- Hutchinson
- Hyde
- Inglis
- Istook
- Jackson (IL)
- Jackson-Lee
- Jefferson
- Jenkins
- John
- Johnson (CT)
- Johnson (WI)
- Johnson, E. B.
- Jones
- Kanjorski
- Kaptur
- Kasich
- Kelly
- Kennedy (MA)
- Kennedy (RI)
- Kennelly
- Kildee
- Kilpatrick
- Kim
- Kind (WI)
- King (NY)
- Kingston
- Klecza
- Klink
- Klug
- Knollenberg
- Kolbe
- Kucinich
- LaFalce
- LaHood
- Lampson
- Lantos
- Largent
- Latham
- LaTourrette
- Lazlo
- Leach
- Levin
- Lewis (CA)
- Lewis (GA)
- Lewis (KY)
- Linder
- Lipinski
- Livingston
- LoBlondo
- Lofgren
- Lowe
- Lucas
- Luther
- Maloney (CT)
- Maloney (NY)
- Manton
- Markey
- Martinez
- Mascara
- Matsui
- McCarthy (MO)
- McCarthy (NY)
- McCollum
- McCrary
- McDade
- McDermott
- McGovern
- McHale
- McHugh
- McInnis
- McIntosh
- McIntyre
- McKeon
- McKinney
- McNulty
- Meehan
- Meek
- Menendez
- Metcalfe
- Mica
- Millender
- McDonald
- Miller (CA)
- Miller (FL)
- Minge
- Mink
- Moakley
- Molinar
- Mollohan
- Moran (KS)
- Moran (VA)
- Morella
- Murtha
- Myrick
- Nadler
- Neal
- Nethercutt
- Neumann
- Ney
- Northup
- Norwood
- Nussle
- Oberstar
- Obey
- Oliver
- Ortiz
- Oxley
- Packard
- Pallone
- Pappas
- Parker
- Pascarella
- Pastor
- Paul
- Paxon
- Payne
- Pease
- Pelosi
- Peterson (MN)
- Peterson (PA)
- Petri
- Pickering
- Pickett
- Pitts
- Pombo
- Pomeroy
- Porter
- Portman
- Poshard
- Price (NC)
- Pryce (OH)
- Quinn
- Radanovich
- Rahall
- Ramstad
- Rangel
- Redmond
- Regula
- Reyes
- Riggs
- Riley
- Rivers
- Rodriguez
- Roemer
- Rogan
- Rogers
- Rohrabacher
- Ros-Lehtinen
- Rothman
- Roukema
- Roybal-Allard
- Royce
- Rush
- Ryan
- Sabo
- Salmon
- Sanchez
- Sanders
- Sandlin
- Sanford
- Sawyer
- Saxton
- Scarborough
- Schaefer, Dan
- Schaffer, Bob
- Schumer
- Scott
- Sensenbrenner
- Serrano
- Sessions
- Shadegg
- Shaw
- Shays
- Sherman
- Shimkus
- Sisisky
- Skaggs
- Skeen
- Skelton
- Slaughter
- Smith (MI)
- Smith (NJ)
- Smith (OR)
- Smith (TX)
- Smith, Adam
- Smith, Linda
- Snowbarger
- Snyder
- Solomon
- Spence
- Spratt
- Stabenow
- Stearns
- Stenholm
- Stokes
- Strickland
- Stump
- Stupak
- Sununu
- Talent
- Tanner
- Tauscher
- Tauzin
- Taylor (MS)
- Taylor (NC)
- Thomas
- Thompson
- Thornberry
- Thune
- Thurman
- Tiahrt
- Torres
- Towns
- Trafficant
- Turner
- Upton
- Velazquez
- Vento
- Visclosky
- Walsh
- Wamp
- Waters
- Watkins
- Watt (NC)
- Watts (OK)
- Weldon (FL)
- Weldon (PA)
- Weller
- Wexler
- Weygand
- White
- Whitfield
- Wicker
- Wise
- Wolf
- Woolsey
- Wynn
- Yates
- Young (FL)

□ 1555

THE SPEAKER. On this rollcall, 410 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with.

CONFERENCE REPORT ON H.R. 2015, BALANCED BUDGET ACT OF 1997

THE SPEAKER. The Chair recognizes the gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. STEARNS], a member of the Committee on Veterans' Affairs, for the

purposes of a bipartisan colloquy with the gentlewoman from Michigan [Ms. RIVERS].

Mr. STEARNS. I thank my colleague for yielding time to me, Mr. Speaker.

Ms. RIVERS. Mr. Speaker, will the gentleman yield?

Mr. STEARNS. I yield to the gentlewoman from Michigan.

Ms. RIVERS. Mr. Speaker, in today's House Action Report analysis of the bill before us relative to the Veterans Administration, that publication says that there is going to be a \$2.7 billion cut in veterans' programs over the next 5 years.

Unfortunately, this analysis makes no reference to third-party insurers or to this body's agreement to keep the Veterans Administration whole relative to third-party insurer dollars. This has caused a lot of concern here in the House, as well as out in the community.

Can the gentleman speak to this?

Mr. STEARNS. Mr. Speaker, I want to thank my colleague from Michigan for this question. I think it is very important.

As a member of the Committee on Veterans' Affairs and chairman of the House Subcommittee on Health, let me answer by saying we in the Committee on Veterans' Affairs have agreed with the proposal to allow the VA to retain \$600 million per year, or over a 5-year period it is \$3 billion, in collections from third parties.

But we are also aware of the uncertainty among veterans this policy creates. We in the Committee on Veterans' Affairs have addressed these fears by developing language in the bill that would authorize an automatic supplemental appropriations if collections fall short by more than \$25 million.

Ms. RIVERS. Mr. Speaker, I thank the gentleman from Florida.

Mr. SPRATT. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, today for the first time in the 15 years that I have served in the House, we stand within reach of a balanced budget. The question before us is will we finish the job. We stand here within reach of a balanced budget because we stand on the shoulders of those who went before us, Democrats in 1993, who leaned into this problem at great political cost. We paid for it at the ballot box. The deficit was ratcheted then at \$190 billion and rising. We voted to do something about it.

To frame the context of what we are doing, I pulled from my office shelf this afternoon the Economic Report of the President filed by George Bush on January 13, 1993, 1 week before Bill Clinton came to office. If Members turn to page 69 of that economic report, they will see that the Bush administration projected that the deficit for fiscal 1993 would be \$332 billion. The next year, 1994, they said it would be \$297, the next year \$265, the next year \$241, and this year, \$266 billion.

□ 1600

They had another track. They assumed that possibly we could rise to a

better result if we had higher growth in the economy. And in that case they assumed the deficit this year would be \$207 billion. Members know the results. As Yogi Berra says, you can look it up. It is a matter of record.

We passed that bill with one vote in the House and the skin of its teeth in the Senate. Guess what? The deficit came down in fiscal year 1993 to \$255 billion. The next year when we closed the books on fiscal 1994, it was \$203 billion. In 1995, when we closed the books on that year, it was \$164 billion. And last September 30, 1996, the deficit was \$107.8 billion. Phenomenal. We cannot deny it.

We are now looking and confidently expecting a deficit which will be this year below \$50 billion, probably below \$40 billion.

The question is, will we complete the job? Will we finish what we started in 1993 and claim the victory to which we are entitled?

I address now my side of the aisle. This is our legacy, and today we should lay claim to it by voting this bill up and by finishing the job.

When we started this year, it was not clear at all that we would be able to muster the effort, mount the bipartisan kind of cooperation that would be necessary to bring together a bipartisan agreement and finish the job.

I want to give credit again to President Clinton because as in 1993, again this year he leaned into the problem. He issued a call for us to come together, those of us who are on the Committee on the Budget, to sit and talk, then to negotiate and finally to hammer out the terms of a bipartisan budget agreement.

And I give full credit to the Republican leadership of the committee and of the House, because they responded in earnest and in good faith to that call for talks and for negotiations, and they stood firmly with the process to the very end. The talks were hard fought, no doubt about it. We can sit here and believe that the product that lies before us was hammered out, hard wrought. But throughout those negotiations, there was civility and cordiality from the beginning to the very end. That is why we come here with an agreement that I think we can call a bipartisan agreement.

I noted earlier that when we brought that bipartisan agreement to the floor of the House in the form of a budget resolution, in the form that we had negotiated it, 133 Democrats, nearly two-to-one, voted in favor of it. When the Committee on the Budget then put the resolution out to the committees of jurisdiction, nine all together, it picked up a lot of extra baggage. From my side that baggage contained some bitter pills. It was hard to swallow. We lost more than half of our support for this bill.

I voted for the reconciliation bill, notwithstanding all of those contentious provisions that were bitter to swallow for my side of the aisle. And

when I did it, I said, I am betting on the come. I have seen the bipartisan cooperation that we have had in the negotiations so far. If it prevails in the conference, I think we can clean out the bitterness in this bill and bring back to the House a reconciliation bill that a large majority on my side can and should support, because a large majority of the things in this will be things that were our ideas, our initiatives, things for working families who are our constituents and our supporters.

I stand before my colleagues today to say I think we have reached that result. I am not completely pleased with this legislation, of course not. But I have rarely had the occasion to vote for the perfect bill in the 15 years that I have been in the House. And I think that this conference, in this conference we have had far more successes than setbacks. We have a bill that is as close to the budget resolution as we could possibly make it.

This is called a deficit reduction bill. Most of the focus has been on balancing the budget. But in truth, this is more than just a balanced budget, more than just a deficit reduction plan. As I have said before and I think it bears saying again, we did not get so fixated on the deficit that we forgot that other problems exist in this country. Working families need relief. They need help, and we have tried to reach out and help them provide health insurance, ensure that they have got an educational opportunity, an opportunity for higher education.

We have taken Medicare and dealt with Medicare because it is the biggest spike in the budget, fast growing, high spending, we have to deal with it. We cannot ignore it. We have reduced the cost by a net of \$115 billion.

But we protected the beneficiaries, and Democrats can be proud of that because we fought hard for that. We saw that that had to be in this final package. We have not only protected beneficiaries, we have added \$4 billion in preventive care coverage to this final package, which is something, too, that we can be proud of.

There are lots of victories in here. I say to my colleagues on my side of the aisle in particular, count the victories. Count the wins that we have got in this package. Count the ideas that are our ideas, that we should lay ownership to and take credit for in the passage of this package.

I think this bill achieves far more than we as Democrats in the minority could ever have hoped to achieve acting by ourselves alone, even with the help of the administration. I am pleased with the outcome. I am going to vote for it. I urge all of my colleagues to do the same.

Mr. SHAYS. Mr. Speaker, on behalf of the Republican Conference, I very proudly yield the balance of my time to the gentleman from Ohio [Mr. KASICH], chairman of the House Committee on the Budget.

Mr. KASICH. Mr. Speaker, you wonder about Ronald Reagan and his wife Nancy in California. This is his legacy, to balance the budget and cut taxes.

The effort to do this, to shake us out of the status quo, has been driven by the energy of a great Republican President like Teddy Roosevelt.

Let me say that there are many, many Members here who are winners. It could not have been done without the gentleman from South Carolina [Mr. SPRATT], working very hard, in a bipartisan way, to sell this package. The Blue Dogs and my great friend, the gentleman from California [Mr. CONDIT], who came to the floor on a very tough amendment and gave us the votes we needed to keep the package together.

The Republican leadership, I look over at the gentleman from Illinois [Mr. HASTERT] and the gentleman from Texas [Mr. DELAY] and the gentleman from Texas [Mr. ARMEY] who came to this Congress to get this done, to balance the budget and cut taxes. Our Speaker, NEWT GINGRICH, who had the will at times to lead when it was difficult. The gentleman from Texas [Mr. ARCHER] who has been here for almost all of his adult life trying to balance the budget and cut taxes and cut capital gains. And there are just so many Members, the members of the Committee on the Budget, starting in 1993, Rick May, my staff director, who worked day and night, along with the rest of the Committee on the Budget staff. They all deserve credit.

But let me, in a nutshell say to everyone here, starting in the period of the Great Depression, my dad was on the WPA. Roosevelt decided we needed a lot of solutions. And the American people said, we are willing to send some of our power and some of our money and some of our influence to the central government. Over the course of the last 40 or 50 years, when we add up Medicare and Medicaid and civil rights and education, so many wonderful things happened over the course of that time.

But let me tell my colleagues where we are today, because everything in life really is a balance. Everything in life is really a pendulum. What this bill represents today, a balanced budget that is real, the savings start today, what this really represents, along with tax cuts that give people power, it really represents the dawning of a new era. It is an era where we recognize the limits of government, and we begin to one more time count on the strength, the innovation, the creativity and the pure energy of the American people, all of us, every single boy and girl, mom and dad, grandma and grandfather, to begin to heal our country. Because what Americans have been saying is, government did a good job to get us over a lot of the hurdles and government still has a job, but what Americans are saying today is, let me get up to the plate, put the bat in my hand, let me heal my family, let me heal my neighborhood,

let me heal my schoolhouse, let me heal my community and let me, working with my neighbors, begin to heal my country on the basis of my individual strength, innovation and ingenuity.

This is not the end of the day, obviously. We face a generational war that must be avoided. It is the passing of the baton in a great relay race from one generation to another. We, as the baby boomers, and we, as those who are nearing the time when we will retire, have a responsibility to our children and our grandchildren.

We have to make sure that we can pass that baton and that is work that lies ahead of us. But what is clear in this bill is that we are now committing to limiting the power of government and enhancing the power of the individual.

It is a start. It started by giving our senior citizens more choice. It is happening by giving our Governors more flexibility to design programs to help people that fit their model and their communities. It is a program that enhances the power of individuals through medical savings accounts. It is a program that puts power in people's pockets by reducing the size of Government and letting people keep more of what they earn so they can help their family and their community. That is what this bill represents.

The fact is, Mr. Speaker, I say this to Members on both sides of the aisle, the third millennium will not be a time period where we will talk about the power of regulators or regulations or lawmakers. The third millennium is going to be about the power of the individual, the spirit that created this country and drives this country.

I want to make one final observation to my colleagues. There are many of you on both sides of the aisle that have a burning coal deep inside of your souls, whether it is in regard to children or whether it is in regard to national security or whether it is in regard to helping our senior citizens to prosper or standing up for the best education for a tool for everybody that breathes inside this country or for America to continue to be a bright shining light to the world.

I have one message for you: Do not ever let your colleagues tell you you cannot get there. Do not ever let your staff say, it cannot be done, the mountain is too high. If you will maintain integrity, if you will build a team, if you will be inclusive, if you will stay honest to yourself, I do not care what your dream is, you can get it done through this House. The message here today is that people working together with a great goal in mind, they can be successful and that this House works.

Let us support this bill and let us send a strong message across this country that we are going to win the future and ignite our country to do even better.

God bless you.

Mr. BLUMENAUER. Mr. Speaker, it would be easy to join the administration and friends

on both sides of the aisle in their acclaim for their tax and budget agreements, unfortunately, I don't believe a "yes" vote is in the best long term interest of our country.

To be sure, the proposals are better than when the process started. They are more fair and do less long term damage. In fact, there are some elements I strongly favor: the adjustment of capital gains on the sale of residential property, certain adjustment inheritance tax on farms and small business, spending more money for education and the repair of obvious flaws in the welfare legislation passed last year. These are all worthy goals that I support.

In the final analysis there are still three basic problems.

First, the tax changes are premature. We have not done any of the hard work on balancing the budget. The tax changes are scattered and political rather than focused and economically driven.

Second, people most in need, students and working families, don't get enough and that which they do receive is not efficiently delivered. For example, students around America are clear that there are far better ways to provide assistance to make sure that young people get the college education they need. The tuition credit for tax deduction is an expensive indirect way to help them.

Third and most fundamentally, the long term structural problems remain unaddressed. Our challenges may be harder because we lose several years of potential progress while the long term problem gets worse. It continues the illusion that budget cuts and entitlement reform can be done effortlessly and without pain.

While acknowledging the good intentions of the crafters of these proposals and the progress they have made, they are still at their core a short term political adjustment when we need long term fundamental change. I will continue my efforts in supporting any reasonable efforts to achieve that basic goal.

Ms. FURSE. Mr. Speaker and my colleagues, I rise today in support of H.R. 2015, the Balanced Budget Act. I am pleased that the conference report before the House includes important expanded preventive benefits in the Medicare Program, including improved coverage of diabetes education and supplies. This is a long-overdue change, one that I have worked on for 4 years.

My daughter Amanda has diabetes. As a family, we know that diabetes is the only disease that is managed on a daily basis by the patient. If a person with diabetes lacks the education and/or the proper supplies to manage their disease, they'll do a poor job. When people do a poor job of managing diabetes they end up in the hospital, go blind, suffer heart attacks and strokes. Currently, Medicare won't pay for adequate coverage of self-management training and the necessary tools to manage diabetes, but it will pay for all the avoidable, preventable, costly complications of this disease. This legislation makes these important changes in Medicare and will improve the quality of life for people with diabetes. It is a remarkable achievement.

My colleague, Mr. NETHERCUTT of Washington State, also has a daughter with diabetes. Earlier this year, Mr. NETHERCUTT and I introduced H.R. 58 to improve Medicare coverage of self-management training and blood testing strips. H.R. 58, which has the support of over 282 members of the House, corrects two critical gaps in Medicare coverage which result in

thousands more emergency room visits, increased hospitalizations, and cases of blindness, amputation and stroke. I am pleased to report that the conference report includes improved coverage of self-management training and blood-testing strips, as well as blood glucose monitors. This is a dramatic achievement that will save billions of dollars and improve the quality of life for the 16 million Americans with diabetes.

Numerous studies have clearly demonstrated how improving coverage of diabetes education and supplies saves money, and many private sector companies are implementing diabetes programs to save precious health care dollars. In many ways, the bill before the House today modernizes the Medicare Program and brings it in line with changes occurring in the private sector.

I want to thank my colleague on the Commerce Committee, Mr. BILIRAKIS, as well as Mr. BROWN and Mr. THOMAS for their support of making this change. I also want to again thank my colleague from the Pacific Northwest, Mr. NETHERCUTT, who cofounded the Congressional Diabetes Caucus with me. Together, as parents of children with diabetes, we have proven that there is no place for partisanship in tackling this devastating disease. This is a landmark achievement in the Medicare Program and I urge all my colleagues to support passage of this conference report today.

Mr. VENTO. Mr. Speaker, I rise today in support of the spending reconciliation bill, which builds upon the past success of deficit reduction agreements made by Congress, and outlines a plan to lead to a balanced budget by the year 2002. Each of us could and would change the priorities and adjust the way we arrange the tax expenditures which we will be considering tomorrow, but this agreement includes many compromises needed to find common ground.

Mr. Speaker, it's been a long hard path back from President Reagan's 1981 river boat gamble, slashing revenues and lavish Pentagon spending. Those dark years of annual deficits punctuated by rhetoric and finger pointing and constitutional amendments are no substitute for a good congressional constitution for the membership. This year the deficit is estimated to be less than \$40 billion through September 30, 1997, the lowest annual deficit since the late 1960's. While a strong economy has helped budget numbers, the lower deficit is in large part finally the result of major work done by the Democratic majority in Congress in 1993 working with President Clinton. Ironically, that year we passed a deficit reduction package with close to \$500 billion in deficit reduction, more than double the amount we are talking about today. Not one Republican voted for that package, but the improved budget numbers we are working with now in 1997 are principally a result of those tough choices some made in 1993. The current budget resolution builds upon solid framework and stands on the shoulders of the 1993 budget action. Most importantly, none of the 1993 measure is being repealed or greatly modified in the agreement being offered as a solution today. That speaks volumes concerning the validity of that 1993 budget achievement.

We have made positive progress in the annual deficit, and we must continue to make progress without extreme actions. Today's budget agreement, hammered out by Presi-

dent Clinton and the Congress, demonstrates that we can pursue fiscal balance without creating social imbalance. It extends the Medicare trust fund, even while adding several preventative benefits such as annual mammograms; protects the Medicaid Program; enacts the most significant expansion of health care in three decades, and reinstates fair benefits for legal immigrants lost in the name of reform in 1996. Without the need of a majority vote, each of us no doubt would change this budget. But we must examine and judge this budget based on what is possible politically and practically today, against the backdrop of 1995-96, when polarization and the shutdown of the Federal Government were employed to achieve the ends that the Republican majority in Congress sought, those goals were wrong. The public, the President, and political system rejected the Republican agenda. Today we are acting on an agenda that the public, President, and political system will accept, good for our economy and a sound fiscal policy path to a balanced budget.

Certainly one of the most important achievements of this budget agreement is the significant expansion of health care coverage for children. I have been a longtime advocate of efforts to expand access to health insurance for American families. This measure takes a step forward by expanding coverage for 5 million of the 10 million uninsured children in this Nation. This is the largest expansion of health care for children since the enactment of Medicaid in 1965. In fact, the bill before us today actually goes beyond the original budget agreement by providing an additional \$8 billion over a 5-year period from a new tobacco tax to assure that the child health care insurance is accomplished.

However, while I am pleased that Congress is acting to secure health insurance for children nationwide, I do not believe that the bill includes an equitable formula for distributing the funds to States. Minnesota has made pioneering efforts in providing health care coverage for children, so that it currently has the lowest rate of uninsured children in the Nation. However, because the bill's formula is based on the number of uninsured children in each State, Minnesota is being penalized because it has already worked to expand children's health care. Several of my colleagues and I attempted to change the bill so that the formula would be based on the number of children in poverty, but the budget agreement only allows for partial consideration of the poverty rate beginning in the year 2001.

While the Republicans did not sufficiently change the children's health formula, they have withdrawn several other negative policy proposals which were included in this bill when it originally passed the House. The pea and shell game that was put forth concerning protections for legal immigrants has been corrected; they are now conforming to the important commitment of the original budget agreement to assist low-income seniors with the Medicare part B premiums; they have dropped their proposal to exempt some health plans from State solvency requirements and consumer protections; they have deleted changes to medical liability laws to cap malpractice damages; and they have backtracked on several antiworker provisions, including a provision which would have undermined basic employment protections for people on welfare.

The devil of any budget is in the details and President Clinton working with our Democrat

budget leaders excised most of the devils which would have derailed this agreement. The numbers and policy recommendations in today's reconciliation bill reflect the fact that our country does not need to renege on basic commitments to the American family and our constituents in order to reduce the deficit and balance the annual budgets. We do not need to create a human deficit in the name of deficit reduction. We can invest in our nation's future through health care, education, infrastructure, and the environment, and still achieve a sound budget. In fact my view is that a human deficit would soon lead to a fiscal deficit especially in today's global economy.

This budget agreement serves as a fair outline for an economic agenda over the next five years while not perfect. Overall, this budget agreement is a very positive step, the product of compromise, which is necessary in today's political climate and tomorrow's. The budget builds on our past successes in deficit reduction, finishing the job in a reasonable, if not an ideal manner. No doubt some adjustments and modification will be made as we correct for economic realities and attempt to reprioritize in the years ahead. It will be important for us to protect an re-examine the priorities important to the American people as we work to craft the bills to implement the budget agreement over the long term, but I believe this is a worthy product putting in place. The public policy knowledge at our disposal with the political symmetry of our national government into positive action for today, for the benefit of the American families we represent.

Mrs. FOWLER. Mr. Speaker, 3 years ago, when we gained control of the House of Representatives, Republicans made a commitment to cut taxes, balance the budget, and save Medicare.

The spending and tax relief bills we take up this week represent the fulfillment of those promises. The Balanced Budget Act we are considering today is essential to balancing the Federal budget for the first time since 1969.

Of special interest to my constituents who are senior citizens are the provisions relating to Medicare. The Balanced Budget Act will restore solvency to Medicare by saving \$115 billion over the next 5 years and implementing structural reforms. These reforms include giving new health care choices to seniors, including provider-sponsored networks; a demonstration program for medical savings accounts, which would permit 390,000 MSA plans; and new benefits, including mammograms and Pap smears, screening for prostate and colorectal cancer, and a program to help with diabetes management.

Mr. Chairman, this is the kind of news that really means something to people. I am pleased and proud that I can go home during the August recess and tell my constituents that their elected Representatives have taken responsibility for the fiscal health of this Nation—and for the future of their children and grandchildren—by preserving Medicare, giving them back more of the hard-earned money, and balancing the budget.

Mr. DINGELL. Mr. Speaker, the spending reconciliation bill before us has a number of important and commendable provisions. At the same time, like many compromises, it includes some provisions which I consider quite objectionable.

On the positive side, the bill represents the first major expansion of health care in many

years by establishing a \$24 billion program to insure our Nation's children. Extending health care to as many as 10 million uninsured children has been one of my most important goals, and this bill takes the first step in that direction.

The bill also makes useful and important reforms of the Medicare Program that will extend solvency of the Medicare trust fund, while expanding new preventative services and adding consumer protections. Similarly, new consumer protections have been added to the Medicaid Program.

Unfortunately, despite these commendable provisions, we should not delude ourselves that this bill will likely provide a balanced budget, in part because it uses \$24 billion in phony revenues from sale of the public spectrum. These telecommunications provisions will give away the public spectrum for pennies on the dollar, and tamper with the public's Universal Service Fund that provides affordable telephone service to all areas of the country.

In addition, I have serious problems with some of the Medicare provisions, such as medical savings accounts and private fee-for-service plans, that threaten the long-term viability of Medicare.

I also have strong objections to the provisions in this bill that make unnecessary cuts in our veterans' health programs by as much as 20 percent. This is undoubtedly the worst place we could choose to balance the budget.

Any bill that is so comprehensive and filled with compromise is bound to have both very good and very bad provisions, but as a Member of Congress we must choose either yes or no. In this case, Mr. Speaker, I believe there are too many important provisions in this bill, particularly in improved health care, to turn it down.

Therefore, I intend to vote yes to this conference report.

#### CHILDREN'S HEALTH

The most significant achievement in this budget, which I have fought hard to achieve, is a \$24 billion in new spending for a new health insurance program for at least half of the 10 million uninsured children in this country.

These children in the families of working Americans will now have a real chance at access to vital health services, such as the prescriptions they need when they have an earache or a sore throat, and eyeglasses so they can read the blackboard in school.

There is no better investment that this Congress can make than helping children get a jump start on life by giving them access to health insurance to give them the opportunity to grow strong and happy.

#### SPECTRUM

The telecommunications provisions contained in this conference report have merely two flaws: They will gut vital telecommunications policy goals that have enjoyed bipartisan support for decades. And they will do nothing to achieve a balanced budget.

The Budget Committee and the leadership of this body have made it clear that getting a good score from CBO is more important than good policy. But this is not the congressional baseball game. That was played last night.

Today we are not playing a game where good score is the only objective—we are trying to do what is best for the American people.

One only needs to examine a few of the telecommunications provisions to answer that

question: The bill forces the Government to liquidate a valuable natural resource—the public radio spectrum—for pennies on the dollar. It requires the auction of frequencies used by the Government that experts say will put our country's military operations at risk.

It takes the unprecedented step of tampering with the Nation's universal service fund—a dangerous move that will hold affordable telephone service hostage to the budget process from this day forward.

#### MEDICARE

This bill includes many positive changes for Medicare—tough new fraud and abuse provisions; substantial consumer protections for Medicare-managed care; and excellent changes in Medigap.

I also noted that, thanks to efforts by Chairman BILEY and BILIRAKIS, the bill includes a number of proposals offered by my Democratic colleagues during Commerce Committee markup. However, the bill unfortunately includes several proposals that I fear will prove dangerous to Medicare.

Specifically, medical savings accounts and private contracts between physicians and certain Medicare beneficiaries, for health services outside of Medicare, are dangerous proposals. While this bill includes commendable limits on both approaches, I continue to believe they are inherent menaces to Medicare.

Also, the conference report includes a remnant of a very misguided Senate proposal for so-called private fee-for-service health plans. Even with the limits on beneficiary copayments and balance billing wisely included in the conference report, this is a perilous idea which chips into the foundation of Medicare and could lead to the crumbling of that critical foundation, brick by brick.

#### MEDICAID

The conference report includes several vital improvements in the Medicaid Program: It provides individuals with a choice of managed care programs; it establishes a prudent layperson definition of medical emergencies, so that people experiencing chest pains cannot be denied payment for emergency room services; it requires Medicaid plans to have grievance procedures for people who have been denied services; and it provides consumer information on managed care plans.

I am pleased that payments to community health centers have been preserved over the next 6 years. I intend to keep a close watch over these payments, so that we do not put these important health centers at risk.

I am concerned, however, by the repeal of the requirement of adequate payment to nursing homes, which I believe will threaten important protections of seniors.

Finally, while there was much in this reconciliation process which precluded a careful debate on these issues, I do want to express appreciation to my colleague and chairman of the committee, TOM BLILEY and his excellent and hard-working staff for their willingness to work with members of the minority and our staff, to hear our concerns, and include our staff in important drafting sessions. I commend the committee staff for their professionalism and their cooperation. I also want to thank the hard efforts of our Democratic staff on this bill, and for their many hours of work on this bill.

Mr. THORNBERRY. Mr. Speaker, I rise today in support of the Balanced Budget Act of 1997. Achieving a balanced budget has been a major priority of mine since I first ran

for Congress. I am very pleased that today we will vote on a measure that will balance the budget for the first time in 28 years.

In addition to balancing the budget, important headway is made with this legislation in several areas. The Medicare Trust Fund is preserved to the year 2007. The package contains structural reforms and expands choices for seniors. The bill includes preventive care benefits for mammographies, pap smears, diabetes, prostate, and colorectal cancer screening, vaccines and others. Tough, new anti-fraud measures will increase accountability through stiff penalties for those in violation of the law. Medical Savings Accounts [MSA's] will allow tax-free annual contributions to an individually controlled account and can be used to pay for qualified medical expenses. The project will cover 390,000 seniors and would be combined with a high-deductible insurance policy to provide protection against catastrophic injuries or illnesses.

This bill also increases the freedom and options available to beneficiaries. Patients will finally be allowed to privately pay for services not offered by Medicare. Additionally, Medicare can no longer restrict providers' advice to beneficiaries about medical care or treatment. Beneficiaries will also be given a voice via a new toll-free number to report fraud and billing irregularities directly to the inspector general of Health and Human Services.

While I am in support of the provisions that will preserve Medicare to the year 2007, I also understand the need for continued reform. With this legislation, a National Bipartisan Commission on the Future of Medicare will address Medicare's long-term solvency crisis and make recommendations to Congress on how to preserve the Medicare Program.

In addition to the Medicare provisions, the Medicaid portion of the bill projects savings of \$13 billion over 5 years and increases State flexibility, allowing States to provide more cost-effective medical coverage for low-income persons. The legislation also reforms the disproportionate share hospital [DSH] payments through a revised formula designed to protect States from excessive reductions.

There are many positive provisions in this bill in addition to the ones I have mentioned. However, there are also a variety of provisions that I do not support. For example, I do not support increasing taxes and do not believe this increase is the appropriate forum to deal with the question of tobacco. I also have concerns about the children's health provisions. While I definitely want to see every child receive necessary medical attention, I do not believe that the Federal Government can or should replace parents in caring for children. I am also disappointed States like Texas will not be permitted to use nongovernmental personnel in the determination of eligibility for certain benefits. As this Congress strives to achieve a fiscally responsible government, programs like the Texas Integrated Enrollment System need to be given every opportunity to run as efficiently and effectively as possible.

In this bill, there is good and bad legislation. Ultimately, the good outweighs the bad. For the first time in 28 years, Congress will bring some fiscal responsibility to the Federal budget. Additionally, preserving the Medicare Trust Fund is critical to seniors and action is necessary immediately. For these primary reasons, I support the Balanced Budget Act of 1997.

Mr. RUSH. Mr. Speaker, I rise today to oppose the balanced budget agreement. This deal is praised as a bipartisan victory—that we have balanced the budget and increased spending for some social programs. Nothing is further from the truth.

This balanced budget deal was achieved primarily by drastic cuts—\$115 billion from Medicare—the major health program for the elderly, and \$13 billion in savings from Medicaid—the major Federal program providing health care for poor people. The budget gets balanced by cutting Medicare payments to doctors, hospitals, and other health care providers. The budget deal freezes Medicare payments to hospitals at the fiscal year 1997 level—even though we all know that the demand and costs are rising. And this deal reduces Medicare and Medicaid payments for hospitals that serve a disproportionate number of low-income patients—the very poor—the uninsured. These include public hospitals like Cook County Hospital in Chicago and the University of Chicago Hospital in the First Congressional District. And the cuts also hurt those whose very breath depends on home oxygen. The budget cuts payments for oxygen and oxygen equipment. This budget deal was paid for with another deal—generous tax cuts that favor those who are better off. Only a quarter of these cuts go to people making less than \$100,000 a year. Thirty-six percent of these cuts go to the top 1 percent of income earners.

With due respect to the President, and my colleagues on both sides of the aisle—this budget does contain some hard-won provisions—but let's not forget they were fought for and won—by poor people, working people, and advocates for children and immigrants. This bill does include expanded health insurance for poor children. The bill restores benefits to legal immigrants who become disabled and it guarantees minimum wage and workplace protections to workfare participants. But 5 million children who need health insurance will not be covered. Legal immigrants will not receive food stamps. And our Nation's schools that need serious rebuilding so they can move our children into the 21st century and get connected to the information superhighway do not have the funds they need.

Last spring, I cast my vote for the Congressional Black Caucus [CBC] Budget. I was proud to vote for that budget. That budget both balanced and fully funded vital safety net programs like WIC and Head Start. The CBC budget protected the constituents of the First Congressional District. I represent a district where 20 percent of my constituents live in poverty. Thirty-six percent of the children under 18 in my district live in poverty. How could I vote for a budget deal like this when mothers in my district like Grand Boulevard watch their babies die at three times the national average?

My decision to vote "no" on this budget agreement is not a close call. I believe it is a disgrace. It is a betrayal of our basic democratic ideals.

Mr. DOYLE. I rise today to support this spending package, H.R. 2015. This proposal, combined with the tax package we will consider tomorrow, establishes a framework where, for the first time since 1969, our Nation will achieve a balanced budget by the year 2002.

Past efforts in Washington to achieve this type of fiscal balance have been met by par-

tisan gridlock and an unwillingness to compromise. This left the American people with a budget problem and no solutions, with a budget deficit growing larger each year.

During this most recent effort, however, Members of Congress and the President not only listened to our constituents and other affected parties, we also listened to each other. The result of this effort is the balanced budget proposal we are considering this week.

H.R. 2015 represents the spending portion of this bipartisan budget package, which outlines an intelligent solution to not only bring the budget into financial balance, but also to implement other initiatives that improve the lives and health of our most vulnerable citizens.

It is never easy reforming a program, such as Medicare, that so many people depend on for essential services. However, if left untouched, by the year 2001, the Medicare Program would no longer be able to pay for the services it provides to eligible beneficiaries. It is because of this financial instability that Congress took action to develop a proposal that extends the solvency of the Medicare Program.

The majority of the reforms included in the bill primarily affect health care providers by making changes to reimbursement rates or the method Medicare uses to reimburse these providers. This bill also expands coverage of preventive care for senior citizens, including services related to diabetes, osteoporosis, and certain types of cancer, and it includes provisions to further reduce fraud and abuse in the program. Additionally, to respond to an increasing use of managed care entities in the health care system, the bill institutes important consumer protections for Medicare beneficiaries, ensuring that seniors who enroll in managed care plans are provided adequate medical services.

This legislation will not only ensure continued access to health care services for Pennsylvania's seniors, but it also protects the Commonwealth's youngest residents by setting aside \$24 billion over 5 years to provide health coverage for uninsured children. This important initiative would provide essential health coverage to as many as 5 million children who are currently living without health benefits.

These initiatives will help secure a healthier future for our Nation, and, at the same time, ensure that our Nation's financial health improves as well. I am pleased to support H.R. 2015, which will balance the Federal budget in a manner that is fair and equitable to all Americans.

Mr. SNOWBARGER. Mr. Speaker, I strongly support the main intent of this bill, namely to restrain entitlement growth and balance the Federal budget. That is why I voted for the budget resolution in May as well as for this bill when it was approved by the House earlier this month. Since that time, however, so much has been added in the form of increased spending and increased taxes that I cannot vote for passage of the conference committee report.

As I have said many times, I did not come to Washington to raise taxes, whatever the source may be. I know that tobacco companies are an inviting target for those who are constantly seeking additional sources for governmental revenue. But the issue is not where the money comes from. I am no fan of the to-

bacco industry. In fact, I have voted in the Kansas Legislature for increases in the State tobacco tax and, since coming to Congress, I have voted against subsidies for the tobacco industry. Moreover, I have never accepted a dime of tobacco money in my seven campaigns for public office. The issue here is whether the Congress should raise taxes with one hand even while it reduces them with the other.

To put it simply, the Federal Government already has too much money. It does not need more. Although this tax is ostensibly to fund increased health care availability for kids, the House earlier this month passed, with my support, a far more responsible version of this bill, fully funding the program at the level requested by the President without a tax increase.

Furthermore, the increase in the tobacco tax runs the risk of robbing States of Medicaid reimbursement from the tobacco industry. I am told that this tax on the tobacco companies is credited against the obligations under their agreement with the States' attorneys general. I have repeatedly inquired whether the tobacco companies may be able to avoid some portion of their obligations under the agreement to compensate the States for Medicaid payments. Because no one has been able to assure me this is not the case, I am reluctant to risk taking this hard-won money away from State Medicaid programs.

This bill also contains unacceptable increases in Federal spending. While purporting to reduce and reform entitlements, it actually creates a new entitlement for children's health care, costing \$24 billion over 5 years, a full \$8 billion more than even President Clinton requested.

Finally, the bill reverses the welfare reform approved by Congress just 2 years ago. It significantly increases food stamps and other welfare spending, sets up yet another Federal jobs program costing \$3 billion over 4 years, and extends SSI and Medicaid eligibility to non-citizens even while benefits for American citizens are being curtailed.

There are, of course, many laudable provisions in this bill. Reforming of some entitlements and slowing the growth of government spending are crucial elements to balancing the budget. But my support for these positive elements does not require that I accept every destructive provision inserted at the demand of the other body or the White House. Unfortunately, what was a good bill when it left the House has simply been loaded up with unnecessary taxes and spending. It stands in stark contrast to the conference report on the tax portion of this balanced budget, which to a great extent remained faithful to our pledge of less government and lower taxes. When the House considers the conference committee report on the tax bill, I will proudly support it.

Mr. POSHARD. Mr. Speaker, I rise today in support of the conference report on the balanced budget agreement. I would also like to offer my praise and congratulations to all of the House and Senate members, as well as President Clinton and his administration, who worked so hard to reach this momentous agreement. Throughout my tenure in the House of Representatives, I have championed balancing the federal budget, and I am proud that this often elusive goal has finally been achieved. Although this agreement is not exactly as I would have drafted it, nor is it likely

to precisely mirror the priorities of any one member of Congress, it is nonetheless a good budget which will provide significant benefits to every American. In addition, I applaud the remarkable spirit of bipartisanship which has generally characterized the long and complicated path that led us to this point.

Of particular importance to myself and my constituents are the provisions of this budget regarding health care and education. I am pleased that more meaningful education tax credits than ever before will be available to American parents struggling to send their children to college. In addition, the increase in Pell Grant funding will enable more students to receive critical financial assistance as they pursue their education. Congress has demonstrated through this agreement its dedication to educating the youth of this nation, and I hope this will prove to be the beginning of a lasting bipartisan effort to help families of every income level afford higher education for their children.

I also believe that this budget agreement represents a victory for rural health care. As a member of the Rural Health Care Coalition and its co-chair for the last three years, one of my foremost priorities has been to restore equity to the AAPCC, which determines how Medicare reimburses health plans. This bill enacts an adequate minimum floor and, most importantly, a 50/50 blend over six years, which will provide rural seniors with increased health care options. In addition, this agreement establishes a limited-service hospital model that will allow rural hospitals to remain financially viable. We have also taken steps in regard to rural referral centers, including permitting them to be reclassified for the purposes of disproportionate share hospital payments. All of these provisions were included in H.R. 1189, the Rural Health Care Improvement Act of 1997, which I co-authored. These, combined with numerous other valuable provisions, represent a significant step forward for our rural residents.

Again, Mr. Speaker, I am proud that this Congress will have the honor of reaching an agreement to balance the federal budget for the first time in decades, and I urge my colleagues to vote in support of it. It is a victory for our children and grandchildren and a monumental achievement for us all.

Mr. BORSKI. Mr. Speaker, I rise today in opposition to H.R. 2015, the Budget Reconciliation Spending Act Conference Report.

I am no stranger to the tough, courageous decisions that must be made to balance our budget. In 1993, when faced with a record \$290 billion deficit, Democrats, including myself, stood tall and—without a single Republican vote—passed the original “Balanced Budget Plan,” which has reduced the deficit almost 90 percent. As a result of the 1993 budget, the deficit has been reduced every year for five years in a row for the first time since Harry Truman was in the White House. In fact, many economists project that the 1993 Budget Plan will balance the budget next year if no other plan is passed.

While the Majority Leader prefers to credit the free-spending economic policy of President Reagan, the Congressional Budget Office projects that—without the 1993 Budget Plan—we would be facing a deficit of \$319 billion right now, and a whopping \$519 billion by the year 2002.

Instead, today our deficit stands at \$30 billion—it's lowest point in three decades, and

we are on the threshold of balancing the budget. All that remains is to take the final step. Unfortunately, this plan is a step in the wrong direction.

Mr. Speaker, this spending plan would achieve most of its saving through deep cuts to two programs—Medicare and Medicaid. In fact, the \$115 billion being stripped from Medicare is, by far, the single largest cut in the plan.

Unlike many, I am not consoled by the fact that other, more devastating provisions have been eliminated from the plan. Until recently, this budget included proposals to means-test Medicare, raise the eligibility age, and set a dangerous precedent by requiring copayments from seniors for benefits that have always been fully paid for by Medicare. While these plans may have been tabled for now, H.R. 2015 would create a commission that will undoubtedly revisit these issues again in the coming years.

Dropping a few irresponsible, misguided attacks on the Medicare Program has not blinded me to the fact that this budget raises seniors Part B premiums \$275 a year by 2002. Abandoning plans to raise the Medicare eligibility age does not hide the fact that this scheme attempts to privatize Medicare.

It is ironic that on the 32d anniversary of the creation of Medicare, we are considering legislation that would dismantle the program. Simply put, Medicare works. It is one of the most successful programs in American history, guaranteeing health care coverage for every American in their golden years. And it works for one very simple reason—everyone pays into Medicare, and everyone enjoys the benefits, regardless of income.

Instead, provisions in this budget will destroy the universality of Medicare by allowing some Americans to opt out of the program. These provisions create Medical Savings Accounts (MSAs) and private fee-for-service plans that will give the healthiest and wealthiest beneficiaries the option to abandon the traditional Medicare system, leaving behind low-income and chronically ill seniors. Once the healthy and wealthy seniors have left the system, health care costs will skyrocket, quality of care will deteriorate, and Medicare will—as Speaker Gingrich predicted—“wither on the vine.”

Other spending cuts that will undermine Social Security and Medicare are much more direct. This budget cuts 61 percent of the total administrative funding from Social Security, Veterans Benefits, and Medicare, crippling their ability to run these vital and important programs. I am told it currently takes between six months to a year to process a Social Security claim. These cuts would bring that already slow pace to a virtual stand-still, inconveniencing thousands of beneficiaries who rely on these services for their sole source of income, and emergency health care needs. Clearly, this budget is not concerned about the health and welfare of America's veterans and senior citizens.

But seniors and vets aren't the only ones who bear the brunt of these spending cuts—hospitals that serve the neediest children and families will also take an enormous hit. The \$13.6 billion in Medicaid cuts that this budget calls for would come primarily from disproportionate share hospital payments (DSH). These cuts would hurt only those hospitals that serve the sickest and neediest among us. In addition,

the multi-level cuts contained in this bill make it impossible for struggling, nonprofit hospitals to shift the burden of the cuts and will eventually force them to close their doors. Those hospitals that are able to remain open would face the same burdensome cuts in funding, while being expected to absorb the patients formerly served by the closed hospitals.

The obvious result of this plan would be a sharp decline in the quality of care, inevitable job losses, and the closing of many hospitals in my district. Since nearly 15 percent of my region's economy depends directly on providing health care, these cuts would have a ripple effect that would be felt in every sector of the local economy.

Mr. Speaker, the Third District of Pennsylvania is home to over 101,000 senior citizens, making it the 20th oldest district in America. Well over half of all hospital admissions in my district are dependent entirely on either Medicare or Medicaid. Clearly, substantial cuts to these important programs would have a profound impact on the hospitals' ability to provide quality care to my constituents.

Few, if any, districts in the nation will be hit as hard as mine by these devastating cuts to Medicare and Medicaid. The absence of ill-considered provisions into Medicare that would completely gut these important programs does nothing to soften the crushing blow this budget will deliver to the sick, the needy, and the elderly in my district.

Mr. Speaker, I cannot, in good conscience, vote for a budget that takes money from the pockets of senior citizens, turns its back on the uninsured, and threatens to undermine the integrity of the Medicare Program. For that reason, I must oppose this budget.

Mr. BALLENGER. Mr. Speaker, I rise in opposition to the conference report on this legislation to balance the federal budget by 2002. Let me stress that I am committed to balancing the federal budget, but I cannot vote for this compromise budget package.

I believe my ten-year voting record speaks to my commitment to balance the budget. In fact, last week I was one of 81 members who voted for the Budget Enforcement Act. Clearly, this was not a very popular vote, but it demonstrated my dedication to balancing the budget. Similarly, I have cosponsored and voted for Constitutional amendments designed to impose a balanced federal budget. I understand the benefits to the economy, my constituents and their families' futures of a balanced federal budget and debt reduction. I believe we need to balance the budget as soon as possible, and I disagree with too many elements of this compromise to be able to support it today.

In my opinion, there are several major shortcomings in the budget deal just finalized by Congressional leaders and the White House. Specifically the deal allows spending increases for existing non-defense discretionary programs—and the creation of new programs—which were required to ensure President Clinton's support and signature. These spending increases will lead to an expansion of the federal bureaucracy and an expected increase in the deficit until 2001, when it finally will begin to drop. While the spending increases are promised in the short run, the spending cuts that are required to bring the budget into balance are what we call “back loaded,” meaning that they will not be made until near the final years of the agreement.

Finally, the new tobacco taxes are unacceptable to the overwhelming majority of my constituents. Under this agreement, tobacco will be hit with a complicated new tax scheme which among other things will mandate an additional 10 cents per pack tax in 2000 and another 5 cent one in 2002. As you can see, an additional 15 cents a pack will be levied by this budget deal. I believe that this is an unfair attack on a legal product, one that would hurt nearly 45,000 tobacco farmers in North Carolina (including over 4,000 in the 10th district alone), and more than 31,000 workers in related industries in my district and the state. Moreover, this excise tax is regressive, hitting hardest those who can least afford this tax increase.

In sum, although I could not vote for the compromise balanced budget package, I will continue to work to balance the federal budget. However, we can and must do so without all the unnecessary spending, unfair taxes and budget tricks included in this particular package. In fact, estimates show that we could balance the federal budget in just a few short years if we hold down spending. Why wait until 2002, if we don't have to?

□ 1615

The SPEAKER. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SHAYS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 346, noes 85, not voting 4, as follows:

[Roll No. 345]

AYES—346

Abercrombie	Buyer	DeLay
Ackerman	Callahan	Deutsch
Aderholt	Calvert	Diaz-Balart
Allen	Camp	Dicks
Andrews	Campbell	Dingell
Archer	Canady	Dixon
Army	Cannon	Doggett
Bachus	Capps	Dooley
Baker	Cardin	Doyle
Baldacci	Carson	Dreier
Barcia	Castle	Duncan
Barr	Chabot	Dunn
Barrett (NE)	Chambliss	Edwards
Barrett (WI)	Chenoweth	Ehlers
Bartlett	Christensen	Ehrlich
Bass	Clayton	Emerson
Bateman	Clement	English
Becerra	Clyburn	Ensign
Bentsen	Collins	Eshoo
Bereuter	Combest	Evans
Berman	Condit	Everett
Bilbray	Cook	Ewing
Billirakis	Cooksey	Farr
Bishop	Costello	Fattah
Blagojevich	Cox	Fawell
Bliley	Coyne	Fazio
Boehlert	Cramer	Flake
Boehner	Crane	Foglietta
Bonior	Crapo	Foley
Bono	Cubin	Ford
Boswell	Cummings	Fowler
Boyd	Cunningham	Fox
Brady	Danner	Franks (NJ)
Brown (CA)	Davis (FL)	FrelInghuysen
Brown (FL)	Davis (VA)	Frost
Brown (OH)	Deal	Furse
Bunning	DeCette	Gallegly
Burton	DeLauro	Ganske

Cejdenson	Livingston	Roemer
Gekas	LoBlundo	Rogan
Gibbons	Lofgren	Rogers
Gilchrest	Lowey	Ros-Lehtinen
Gillmor	Lucas	Rothman
Gilman	Luther	Roukema
Gingrich	Maloney (CT)	Royal-Allard
Goodlatte	Maloney (NY)	Sabo
Goodling	Manton	Sanchez
Gordon	Manzullo	Sandlin
Goss	Martinez	Sawyer
Granger	Mascara	Saxton
Green	Matsui	Schaefer, Dan
Greenwood	McCarthy (MO)	Schaffer, Bob
Gutknecht	McCarthy (NY)	Schumer
Hall (OH)	McCollum	Scott
Hall (TX)	McCrery	Sensenbrenner
Hamilton	McDade	Sessions
Hansen	McHale	Shaw
Harman	McHugh	Shays
Hastert	McInnis	Sherman
Hastings (WA)	McKeon	Shimkus
Hayworth	McKinney	Shuster
Hefley	Meehan	Sisisky
Hefner	Meek	Skaggs
Herger	Menendez	Skeen
Hill	Metcalfe	Skelton
Hinchee	Millender	Slaughter
Hinojosa	McDonald	Smith (MI)
Hobson	Miller (CA)	Smith (NJ)
Hoekstra	Miller (FL)	Smith (OR)
Holden	Minge	Smith (TX)
Hooley	Mollinari	Smith, Adam
Horn	Moran (VA)	Snyder
Hostettler	Morella	Solomon
Houghton	Murtha	Souder
Hoyer	Myrick	Spence
Hulshof	Neal	Spratt
Hunter	Nethercutt	Stabenow
Hutchinson	Neumann	Stearns
Hyde	Ney	Stenholm
Inglis	Northup	Strickland
Jackson-Lee	Norwood	Stump
(TX)	Nussle	Stupak
Jefferson	Olver	Sununu
Jenkins	Ortiz	Talent
John	Oxley	Tanner
Johnson (CT)	Packard	Tauscher
Johnson (WI)	Pallone	Tauzin
Johnson, E. B.	Pappas	Taylor (NC)
Johnson, Sam	Parker	Thomas
Kanjorski	Pascrell	Thompson
Kasich	Pastor	Thornberry
Kelly	Paxon	Thune
Kennelly	Pease	Thurman
Kildee	Pelosi	Tierney
Kim	Peterson (MN)	Torres
Kind (WI)	Peterson (PA)	Traficant
King (NY)	Petri	Turner
Kleczka	Pickering	Upton
Klink	Pickett	Vento
Klug	Pitts	Visclosky
Knollenberg	Pomeroy	Walsh
Kolbe	Porter	Wamp
LaFalce	Portman	Watkins
LaHood	Poshard	Watts (OK)
Lampson	Price (NC)	Weldon (PA)
Lantos	Pryce (OH)	Weller
Latham	Quinn	Wexler
LaTourette	Radanovich	Weygand
Lazio	Ramstad	White
Leach	Redmond	Whitfield
Levin	Regula	Wicker
Lewis (CA)	Reyes	Wise
Lewis (GA)	Riggs	Wolf
Lewis (KY)	Riley	Woolsey
Linder	Rivers	Wynn
Lipinski	Rodriguez	Young (FL)

NOES—85

Baessler	Dickey	Kilpatrick
Ballenger	Doolittle	Kingston
Barton	Engel	Kucinich
Berry	Etheridge	Largent
Blumenauer	Filner	Markey
Blunt	Frank (MA)	McDermott
Bonilla	Gephardt	McGovern
Borski	Goode	McIntosh
Boucher	Graham	McIntyre
Bryant	Gutierrez	McNulty
Burr	Hastings (FL)	Mica
Clay	Hilleary	Mink
Coble	Hilliard	Moakley
Coburn	Istook	Mollohan
Conyers	Jackson (IL)	Moran (KS)
Davis (IL)	Jones	Nadler
DeFazio	Kaptur	Oberstar
Delahunt	Kennedy (MA)	Obey
Dellums	Kennedy (RI)	Owens

Paul	Sanders	Tiahrt
Payne	Sanford	Towns
Pombo	Scarborough	Velazquez
Rahall	Serrano	Waters
Rangel	Shadegg	Watt (NC)
Rohrabacher	Smith, Linda	Waxman
Royce	Snowbarger	Weldon (FL)
Rush	Stark	Yates
Ryun	Stokes	
Salmon	Taylor (MS)	

NOT VOTING—4

Forbes	Schiff
Gonzalez	Young (AK)

□ 1643

Mr. CUMMINGS changed his vote from "no" to "aye."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SHAYS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.



**SENATE DEBATE**  
**OF CONFERENCE REPORT**  
**JULY 30, 1997**

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BALANCED BUDGET ACT OF 1997—  
CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum and ask unanimous consent that it be charged equally.

The PRESIDING OFFICER (Mr. COATS). Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. 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. DOMENICI. Mr. President, I understand Senator GRAMS would like to speak for up to 10 minutes. I yield him that time off the bill from our side of the 10 hours.

The PRESIDING OFFICER. The Senator from Minnesota is recognized to speak for up to 10 minutes.

Mr. GRAMS. Mr. President, I want to give my congratulations to the chairman of the Budget Committee and all the others who have worked so hard over the last couple of weeks to work out an especially very important tax package, which I believe is going to be a step in the right direction of relieving some of the tax burden placed on American families over the last several years.

So with that, Mr. President, I rise to express my strong support for the tax relief package that will be coming before the Senate tomorrow. I want to take this opportunity, again, to commend and thank the majority leader,

Chairman DOMENICI, Chairman ROTH, and the negotiators for the administration for all of their efforts to bring us to this historic point here today.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, thank you for recognizing me.

I want to make an announcement for Senators. The bill—the very large bill that you have seen kind of appear on the desk—is available to those who have access to the Internet. You can view the bill through a link in the Budget Committee office. You can do it in your own offices on the Budget Committee home page, and the bill will be here no longer than a half-hour from now in sufficient numbers for those who want to view it in its entirety.

As you know, the House is voting on the bill now—debating and voting on it. Then it will officially be transmitted to us. We have decided to start debating this so that we could all use this time during the day and not have to be here all night to get this done in a timely manner.

Mr. President, I want to make a few observations. Obviously, Senator LAUTENBERG will have his, and then I would like very much to say to Senators that we are using time out of the 10 hours allowed.

I understand from our majority leader that we intend to get this bill done, if possible, tonight; if not, clearly tomorrow morning. So that means we are going to spend a lot of time here on the floor between now and the time we quit tonight.

So, if Senators have comments they would like to make, or if they have questions, I would particularly suggest if you have questions with reference to the Byrd rule—one of the rules that apply to these bills that do not apply anywhere else because it has to do with a special test for extraneousness—I wish they would talk with us, or talk with Senator LAUTENBERG's staff or our respective leadership offices about the Byrd rule violations that we are aware of and kind of documented now. We would all like to have a chance to work together on them. When it comes to that issue, I would like to make the following statement so that everybody understands. I am sure my friend, Senator LAUTENBERG, will concur.

The White House has been involved from the very beginning in the prepara-

tion of this legislation. And from time to time both the Republicans and the White House have been involved with Democratic legislators. But let me make it very clear. This is a historic document in another procedural context because last evening the White House staff stayed until late in the evening—in fact, until the early morning hours—before they would sign off on this. They read every single word of legislative language. And, indeed, they read every word in the accompanying report language. Frankly, I have been around here a long time and working with administrations and the White House with legislation up here, and I think this may be the first time that has ever happened.

I only say that because, obviously, it was hard to put this package together. In the process there are many wordsmiths, and there are many things that have to be put together in terms of language. But every bit of it, including those few instances where there are Byrd rule violations—and that sounds rather ominous, but it really means that we have a technical rule that says you ought not be legislating in this bill. You ought to be doing deficit reduction. And on some occasions it is hard to keep that altogether and not fall into something that is legislative in a 1,000-page document.

So let me stop the process part, and just remind Senators who would like to speak today if you have some thoughts and things that you want the public to hear from the floor of the Senate, as soon as you can start calling us for time, we would be very, very glad to accommodate. And I think we can accommodate most people on a rather short notice because from my standpoint I have said an awful lot. I don't intend to be here on the floor saying a lot more. I am just trying to get this bill completed.

But let me start by saying this morning that the headline in the Washington Post, which has not been very supportive of this, used five very nice words. They said, "This is a Big Deal." Maybe they don't like the "big deal," but it is nice that they recognize what all of us know—that this is a big deal for the American people. It carries out a bipartisan budget agreement that in itself was historic between the President and the leadership of Congress back in May. It is a big deal in this town when we could do what the American people asked us to do, and that is to work together to live by our commitments, to reduce spending and reduce taxes, and get our work done.

So it is pretty obvious that this is a big deal. It balances the budget for the first time in 30 years. And I know there are many who will continue to be skeptical until that day arrives. Frankly, I am here saying I am a pretty good budgeteer. I understand all of these nuances about budgeting, and how the economy impacts on it—how inflation impacts, how the growth in the economy impacts. But absent a real major

catastrophe, which nobody can plan for, this budget will be balanced. Frankly, it is because of a number of things. The economy is doing splendidly. That could change. But it looks like things are in place like they haven't been for a long, long time in terms of those things that make an economy go into recession or into an inflationary cycle. And we are not growing out of control. It is kind of a measure of good solid growth.

So I think we are entitled to use conservative estimates for the next 5 years, which we have done, Mr. President. The economics in this bill's projections for the future are not overly optimistic. So when you add it up, for those who say we have some new programs and we spend some money, that is correct. For some there isn't enough by way of cutting the budget in this—cutting the expenditures. But I will get to that in a minute.

Just remember, it is a Democratic President elected by the people and a Republican-controlled Congress with Democrats in the minority who had to put a package together that did something significant, or spend the next 3½ years, in my opinion, doing nothing. We would have been around here fighting. We would have at every juncture on every bill have had stalemates. We might have even closed down Government again.

So from my standpoint, if you look at 10 years—and I am not saying everything in these 10 years is locked in stone, but 5 years of it is—we reduce what we would have otherwise spent by about \$1 trillion. This time we have not included in that estimate the savings that will come from debt service because as you reduce the amount that you borrow you take off of that baseline that had calculated in it interest.

Yes, this balanced budget is a bipartisan budget agreement. We followed it as well as any differing groups could follow it. We put it together with a different group than had to implement it. So that is not easy, for they always second-guess us and claim they should have been in. I wish everybody in the Senate could have been in on the negotiating. I wish every chairman could have been. I guess as I wish it I speak the truth—that had they we wouldn't be here. That is the reality of trying to do this kind of thing.

But we said in that agreement that we were going to spend \$24 billion. We did agree to provide \$24 billion in new spending for children's health programs for insurance. We also agreed to make changes in last year's welfare reform, which results in some additional national spending.

I want to correct myself. The bipartisan agreement said \$16 billion in new spending for child health care coverage. The U.S. Senate voted in \$24 billion, and the Senate version prevailed in the final outcome of negotiations.

I note on the floor of the Senate now, along with Senator LAUTENBERG, is the distinguished Senator from Delaware, Senator BILL ROTH.

Let me make sure that everybody understands that his chairmanship and his committee made this the big deal that it is. I say to the Senator, I just commented that finally the Washington Post, after being against this budget, at least recognized one thing. They said, "It Is a Big Deal." And I am saying there would have been no big deal without the Senator from Delaware and the marvelous bipartisan committee that he has. I thank him right here publicly for that.

Let me just go on through. After Senator LAUTENBERG speaks, our distinguished chairman of the Finance Committee, which had jurisdiction over about 85 percent of this bill, wants to speak. I want to yield quickly.

I want to say, however, that Republicans for a long time said we ought to balance the budget. It has now become everybody's cry. The President wants it. Many Democrats want it. But I take a great deal of pride in behalf of Republicans in my capacity as chairman and ranking member of this Budget Committee.

I have been trying to get there for a long time. And I think we have done a great job as Republican leaders in pushing this. That is not trying to detract from those who have joined us, including the President of late. We also wanted some tax cuts.

Many of us thought American families were in desperate need of some help—especially middle-income American families with kids. We have done that. Again, even though most of that originally started on our side of the aisle, I don't tend to, nor do I want to, denigrate the fact that it has broad support on the other side, and the President of the United States is supportive of it.

The capital gains differential has been part of what Republicans thought we should have in this Tax Code for decades. As a matter of fact, it is very interesting that we got a capital gains differential in this bill. We joined the industrial nations of the world with capitalistic societies that have moved that way already, and I think that bodes well for the future.

Everybody knows the other provisions that my friend, the chairman, will speak to. But I just wanted to make the point, for those who seem from time to time to give up on causes and to be for them for a few years and say we can't get them done, I believe Republicans ought to be proud of the fact that we have stood pretty fast for those issues, the ones I just described, and some others, and most of them are coming true here.

That is not to say some issues that the Democratic Party and this President have pushed very hard for are not in this bill, also. I am sure, knowing my friend, Senator LAUTENBERG, he will remind us—and that is what he ought to do. And those are some things I want, too. I am not running around apologetic about trying to cover children that do not have health insurance.

I am not sure we know how to do it quite right yet, I say to the occupant of the chair, who shares that concern with me, but I think we have to get started, and we have done that.

One last thing is we all know the Medicare Program for the seniors of America—39 million of them almost right now—we know that program is, for many of them, something they build their confidence on as they get older and as some of them get sick, and as they get sick, they know they have this great hospitalization program. Now, there is no one who ought to be anything but proud of the fact that we have taken a system that is falling apart financially, and we fixed it for 10 years. It probably would have gone bankrupt in 2, maybe 2½ years, so we fixed it for 10 years.

Now, I am kind of tempted to say that is a big deal. But I think it is. Now, it is not fixed permanently. It still continues to have big problems out there in 15 years, 20 years, but, frankly, I am not apologizing that a budget resolution and essentially this plan did not solve that. Actually, I do not believe it could have. I believe it is such a big issue in and of itself that it will be solved only when a bipartisan national commission, which is provided for in this bill, goes out into America and tells everybody the problems and comes up with some solutions that are bipartisan that Presidents and Congress will support. We started that here.

But I believe in the meantime we had to make that program more efficient. We have done that. In fact, we made it \$115 billion more efficient by changing the rules of the game. In the meantime, we are trying to give seniors the best of health care at the most reasonable prices, putting some competition into the program, and that is there, alive and kicking and strongly voicing itself in this bill—competition.

So there are HMO's, there are professional provider organizations, there are private fee-for-service programs, and there are PSO's. It also has a demonstration program, a medical savings account of 390,000 beneficiaries.

Now, when you put all that together, along with a new \$4 billion preventive program that I am not going to discuss in detail, we have done fairly well by the people who pay for Medicare, the working people, and pretty well by the seniors. You package this all together—a balanced budget, which means we are not going to have our children paying our bills too much longer. That is what a deficit and a debt are. It is asking our kids and our grandkids to pay our bills. A balance says we are not going to do that anymore.

Now, it is a long time coming, and we owe a lot of money, so we cannot stand up and say to our kids they are not going to pay some of our bills, because the debt is so big we cannot get rid of it. But at least we can stop it. So that was No. 1.

No. 2 was fix Medicare, and I have described it.

No. 3 was to make sure that we had a tax bill that was fair to the American people. Frankly, after all the bickering on the edges—and that is what it all was, on the edges. All this argument about how many children are covered and how far down do you go were really on the edges, small, small things, small numbers. The people that need tax cuts and tax breaks are the American people earning between \$25,000 and \$30,000 and \$110,000. They are the middle-income Americans, two jobholders, two professionals, two people working, and they are paying the taxes, they are following the rules, and they haven't had anything from their Government saying we would like to make it a little easier for you—until this bill.

Now, they have three very significant new things they can look to. It isn't like we are giving them a present. It is saying to them, keep some of your own money and let Government grow less and let you make your decisions on what you do for your children rather than have us build a bigger and bigger Department of Education. Those are the kinds of tradeoffs that are going to occur and are starting to occur, although, when it comes to education, this bill is strong on college education, strong as anything you can have. When it comes to the new programs appropriations, we have been very generous. We have been very generous to the education programs that our country has.

I am not sure before we vote on this that I will have another chance to thank everyone, so I just wish to thank Senator LAUTENBERG, and I thank our distinguished Republican leader—he did a great job—Senator ROTH, and all the other chairmen, our House counterparts, including Representative KASICH.

But I want to make one statement on the floor. It might seem it ought to be done on the House floor, but I want to make it here, and I think my friend, Senator ROTH, would concur. The Speaker of the House, NEWT GINGRICH, in negotiations from the beginning until the end, was absolutely a fantastic leader. I have to say to those who doubt, because he was under a lot of pressures, I did not notice for a minute that had anything to do with his single-mindedness, his tremendous intellect and the way he could put things back together and get us moving in the direction of getting things done. So my compliments to the Republican leadership in both Houses from my side, and obviously we had great support from Democrats.

At this point I am going to yield the floor.

Mr. ROTH. Could I ask the distinguished chairman to yield just for a minute?

Mr. DOMENICI. Of course, yes.

Mr. ROTH. There are many people who are responsible for bringing together this important piece of legislation, and I strongly agree with what

the distinguished Senator from New Mexico said about the Speaker and the majority leader. They provided not only strong leadership but ideas, were able to move ahead, and I have to say I could not agree more that the Speaker showed every ability of providing the kind of leadership we needed from the House in order to get this complex piece of legislation through.

I would just like to say to my distinguished friend and colleague, Senator DOMENICI, that the legislation would have gotten nowhere if it had not been for him. I know no one in the Senate, or House for that matter, that has a better understanding of the budgetary process, knows the issues with which we are dealing and who has devoted, what is it, 7 or 8 months' time to getting this job accomplished.

I would also like to say in the same context I think Bill Hoagland has been a tremendous strength for this whole process.

I, too, join the Senator in congratulating the ranking member, my colleague and friend from New Jersey, for his outstanding work.

Mr. DOMENICI. I thank the Senator very much.

Mr. LAUTENBERG. I thank the Senator.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I am pleased to join the chairman of the Budget Committee, Senator DOMENICI, in supporting the conference report on this budget reconciliation bill, which, along with the conference report on the tax bill, will finally implement a bipartisan plan to balance the budget.

I have to ask Senator DOMENICI, because he talked about the five words that appeared in the Washington Post, I wonder whether it read like this. I heard him say, "This is a big deal." Or did it say, "This Is A Big Deal?" I wasn't sure quite where the emphasis was. But I assume it was the way it was intended.

Mr. DOMENICI. The way I said it.

Mr. LAUTENBERG. The way the Senator read it himself as opposed to, "This is a Big Deal?"

I want to say to Senator ROTH, who was pulled from so many directions, I was amazed to see him arrive in one piece each day. He listened with great patience—great patience and great interest. Everybody is pleased. I will speak about it from the Democratic side. People don't realize, when there is a majority and a minority, the minority doesn't always get a chance to present their views. But BILL ROTH, Senator BILL ROTH of Delaware, is known as someone who is a fair-minded person, and while he would not always agree, he would almost always listen. I have never found him to say "no," and I appreciated that. I think it produced a very good product. It is, under the circumstances, I think, perhaps the best that could have been gotten. All of us wish there were other things in there—everybody. If you ask any Mem-

ber of the Senate whether they did not think there was another thing that should have been in or another thing that should have been out, they would have, I guarantee, a menu of things they would like to select from.

I am so pleased that we are joined in the Chamber by the ranking member of the Finance Committee, my good friend and colleague from New York, Mr. MOYNIHAN. Senator MOYNIHAN is a man with vast knowledge about so many things that I often say I would enjoy, even with all my white hair, going to college with Professor MOYNIHAN and hearing his views on things. But there is always a background of information that adds so much to the dialog and the debate, and I congratulate him for his role and for his willingness to hear the arguments and to work to try to get a consensus in the legislation which we now have in front of us.

Mr. DOMENICI. Will the Senator yield without losing his right to the floor?

Mr. LAUTENBERG. Be happy to.

Mr. DOMENICI. I note the presence of Senator MOYNIHAN, and I had not said anything about him in his absence. I would like now to say there are many points, as you look at the last 7½ months, when you would say this is critical, this is where it might end. And I believe the thing that gave us momentum to get it done was the Finance Committee's bipartisan addressing of most of the issues in this bill.

Now, I am sure the Senator from New York didn't get everything he wants, but I believe it was one of the big turning points when the Senator joined with Senator ROTH and between the two of them had such a large cadre of Senators from both sides supporting some very, very powerful things, and I thank the Senator personally for that.

Mr. MOYNIHAN. Mr. President, might I thank with great gratitude the senior Senator from New Jersey and my friend from the day I entered this Chamber, the chairman of the committee. They speak to what I think is an important fact. But, of course, the person who made it possible was Senator ROTH, the chairman of the committee. I was with him in this regard and proud to have been. I thank Senators.

Mr. DOMENICI. Mr. President, could I say that under the rule under the Budget Act somebody is designated to manage, and I am it for today, but I can give that to someone else. I am giving that to Senator ROTH until I return, and he will be our floor leader now. I thank the Senator.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I will continue to extend congratulations to some who are not here. I have to take my time to salute the efforts of Senator DASCHLE, who was ever present in his encouragement to get this job done—let's see what we can negotiate together, let's see if we can make this adjustment or that adjustment, or talked to his counterpart on the other

side. And I want to say for Senator LOTT, the majority leader, he, too, was someone who wanted to get this bill behind us, get this job done, and he has shown his interest in doing that as he runs the Senate from the majority leader's position that we do move things along. There were Members on both sides of the aisle who also helped, too numerous to mention, but I think it is fair to say that those whom we have talked about had a significant role.

PETE DOMENICI and I were among the four elected representatives to be negotiating, and we were often closeted days at a time. Though the atmosphere got stuffy, I think neither one of us did, and we were able to continue talking in a civilized fashion.

The bill before us is the culmination of those many months of intense effort and people of both parties deserve to be proud of this accomplishment. This budget proves that when leaders with good will come together, we can overcome partisan divisions and find common ground. That is good news for all Americans.

I will say this. We have gotten a lot of salutations, a lot of compliments about getting this job done. Threaded through those comments were the kinds of remarks that might surprise, like: Finally, the bickering has stopped, there is no partisanship involved; hurrah, the Senate and the House are working to get our interests put up front. I think that was kind of a noteworthy thing. It's not that we spend all of our time in the boxing ring here. But sometimes, when people's positions on legislation get too entrenched, they lose sight of the fact that we have to stop the argument and get on with producing a product. So, I think the Nation is going to be better off because of this.

The budget agreement is not perfect. It is not drafted exactly as I, as I said, nor any other Senator would have written it. But it is an honorable compromise that, on balance, is an enormous step forward. It will lead to the first balanced budget in this country since 1969. It invests in education and helps ordinary Americans afford college. It provides health coverage for many of America's uninsured children. And it provides tax relief for middle-class families. It provides important protections for kids and legal immigrants, people who were invited to come here and who later became disabled. And it helps accomplish something that President Clinton has had on the agenda for a long time—to move people from welfare to work, and to provide the means with which to make that transition.

More generally, it shows we can both be fiscally responsible and true to our highest values as a nation. This budget agreement will produce roughly \$900 billion in net deficit savings over the next 10 years. It will give us the first balanced budget in a generation. It will build on President Clinton's tremen-

dous success in reducing the deficit. And one cannot ignore—and Senator DOMENICI knew this was coming—one could not ignore the incredible accomplishments, economic accomplishments that have been made since President Clinton has been in office—with a budget deficit that was at \$290 billion when he took over in 1993, and at the moment looking like it is going to be something less than \$50 billion for the year 1997. It will build on President Clinton's tremendous success in reducing that deficit. It will build on the success that we have had in getting new jobs for people in our country—12 million new jobs created. And the stock market—one can't help but notice that indicator. I noticed today, after hearing the news and yesterday after hearing the news, the market continued to move upward. Inflation is in check. People feel very good about the strength of the United States, leading the world's most developed countries in competing in the marketplace. That is a terrific record upon which to build.

This balanced budget amendment is an extension of all of those good things. But I think the President is due a lot of credit for having brought that deficit down to where it was, based on his hard work and, yes, a turn of very good events at the same time. But it was his foresight and his planning that helped enable us to get to this point.

The budget agreement, also, will move our Nation into the 21st century by providing the largest investment in education in 50 years. I, as a recipient of the benefits of the GI bill—I served in the war. I don't always like discussing which one. Sometimes people ask me if it was the Spanish American? It was not. It was World War II. But, without the GI bill, my widowed mother, age 36 when my father died, and the poor circumstances in which our family found ourselves when I was discharged from the Army—never, never would have enabled me to get a college education and get a start on a career that has been very satisfying for me and, I hope, worthwhile for the country. So I saw the value of helping someone get a head start in life, someone getting an education and being able to contribute to our society. That is what I want to see us do and the President certainly led us to that point.

The tax bill we are going to be considering also will include a \$1,500 tax credit to make the first 2 years of college universally available. There will be a tuition tax credit for all working Americans who want to pursue lifelong learning, continue to learn. That enriches the mind, enriches the body, and enriches the quality of life. That is what we have seen in so many cases. If you look in the universities and research laboratories and so forth, you see the people who continue to learn and who gain vitality and youth, even as they do that. These provisions are critically important to the future of our economy.

In addition, the budget agreement also includes \$24 billion for children's health care, the largest increase in children's health care since the enactment of Medicaid in 1965. This will help provide health insurance to millions of uninsured children and it is a tremendous achievement.

The budget agreement also protects Medicare and extends the solvency of the Medicare trust fund by roughly another 7 years. Unlike earlier proposals, it does not ask senior citizens to bear unfair burdens and it doesn't threaten the quality of their health care. Instead, it reforms and modernizes the program and includes significant new preventive benefits.

We all know there is going to be a more thorough review of Medicare in the years ahead, to see whether we can comprehensively make changes that will guarantee that solvency for as long as one can imagine.

In addition, the agreement provides tax relief for the middle class. As we will discuss when we turn to the tax bill, the agreement provides a \$500 tax credit for children under the age of 17, to help families to be able to bring up their children in the fashion that would provide them with sustenance and direction, and perhaps help them get started on their education. Importantly, that credit will be available to working families with lower incomes. This sounds a little mysterious but there are people whose incomes are supported by assistance from the Government, earned-income tax credit, in which a family that is below a certain level of income gets a stipend or a tax refund from the Government. It often makes their lives livable. But there was a huge debate about whether or not this credit would be available for people who do not pay taxes in the first place. But we know they are working families and they do pay payroll taxes and we decided, jointly, that it would be appropriate to give some credit on those payroll taxes that they pay.

We, the Democrats, made that a priority. With support from our Republican friends we won an important victory for millions of ordinary Americans.

The conference report also restores a basic level of fairness for people who have come into this country legally, who have obeyed the law, paid their taxes, and then fate delivers them a disability whether through accident or just sickness. Last year the Congress pulled the rug out from under these people and eliminated their disability benefits; for some, the only provision that they have that enables them to get along. But today we are restoring that basic safety net. It is the right thing to do. As the Senate sponsor of this amendment I am particularly pleased that it will be enacted into law.

Another important section of the conference report will protect 30,000 disabled children who otherwise would lose Medicaid coverage. This corrects a serious defect in last year's welfare

legislation and will make a huge difference for these children and their families. I am also pleased that the budget agreement includes a renewed commitment to environmental protection. We will be enacting new incentives to clean up thousands of contaminated, abandoned sites in economically distressed areas. That not only will improve the environment, but it will help encourage redevelopment of these areas, known as brownfields.

I have seen it in towns in New Jersey, industrial cities that had a glorious past but now suffer from the delinquency that often results from industrial pollution. Some of these communities have had these sites, dormant sites, small sites that were unused, yet with people begging for work not blocks away, able to get there; people begging for retail facilities—they are not used. We have seen, in New Jersey, where we have cleaned up a few of these sites, good retail activity—in one site in Hackensack, NJ, with a couple of hundred people working in a discount store, a marketplace that people can go to, to get their goods, buy their food. It has been a miracle, almost, to see these things. And it is, often, for very small sums of money.

So we now have brownfields that I worked very hard on. It's now in place. It's a win-win approach that will make a difference for communities around the Nation.

Additionally, the conference report includes important provisions to move people from welfare to work as I mentioned. One million long-term welfare recipients stand to benefit from this initiative. And the Nation as a whole will benefit, as more Americans leave welfare and become productive members of our economy, lift their heads high, lift their spirits, provide some vision for themselves and their families. It is a wonderful vision and I am pleased to see we are putting the resources there to make it happen.

Mr. President, I am going to leave to others the discussion on some of the other details of this legislation. But I once again take the opportunity to congratulate the President, President Clinton, for his outstanding leadership in this effort. We are here today on a bipartisan basis only because the President decided it could happen and he wanted to make it happen. His people were all over the place, working alike with Democrats who occasionally disagreed and Republicans who occasionally disagreed. He brought us all together and we are grateful for that. I think his commitment will be acknowledged for many years to come.

Mr. President, I don't think, as I said earlier, there is anyone who would say they are 100 percent happy with this agreement. But, while no one sees it as perfect, everyone should see it as good. It is fair, it is balanced, and it will serve our country well. It will balance the budget. It will invest in education and training. It will provide tax relief to the middle class. It will protect

Medicare. It will provide health care coverage to millions of children. It will throw a life vest to disabled legal immigrants. It will invest in environmental protection, move people from welfare to work, and will make life better for millions of ordinary working Americans.

So I urge my colleagues to put aside as much challenge as they can. Yes, everybody in this place is free to make their statements, to say what they want. But I hope in the final analysis they are going to support this budget agreement enthusiastically, because it sends a message to the American people. It will say yes, this wasn't something that was nurtured through an inch at a time. This is something that was supported by people across the room from different States and from different parties. That is the way it ought to be. It is the right thing for America and I am proud to have been a part of it.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. GREGG). Who seeks recognition?

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

#### PRIVILEGE OF THE FLOOR

Mr. ROTH. Mr. President, I ask unanimous consent that Rick Werner, a detailee to the Finance Committee from the Department of Health and Human Services, be granted the privilege of the floor for the duration of the debate on this conference report.

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

Mr. ROTH. Mr. President, the budget reconciliation conference between the Senate and House has come to an end. All sides have weighed in. The process has been long and involved, around the clock, through the weekends. But I must say the result is well worth the exercise.

What we have achieved is a balance, a carefully crafted compromise between the Senate and the House, between Republicans and Democrats, between Congress and the White House. I can say with certainty that no Senator, no Congressman, not even the President got everything he or she would have liked. Undoubtedly there are specifics in this final package that I would prefer to have seen written differently. But I can say that, while there were necessary compromises to achieve balance and to deliver the budget reconciliation to the American people, there was no compromise on principle. Differences? Certainly, but I cannot remember the last time I saw such a positive, bipartisan willingness to work together in a budget effort.

This, I believe, is because there has been a profound change in the nature and character of Washington. Two recent proclamations demonstrate this change. The first was President Clinton's declaration in his State of the Union Address that the era of big Government is over. And the second came

from our distinguished colleague, Senator DASCHLE, when, during this debate, he agreed that the question in Congress is no longer whether or not taxes should be cut, rather a question of how much they should be cut.

Cutting taxes and achieving a balanced budget have long been Republican objectives. For years now, we have advocated the need to change the way Washington does business. Now President Clinton and the distinguished minority leader demonstrate the growing bipartisan consensus on these objectives, objectives that underscore this reconciliation package.

It is a strong first step. It signals that the era of big government is over. Certainly government has its place. There are moral and contractual obligations that the Federal Government must maintain with the American people. Many are enumerated in the Constitution. Others, like Medicare and Medicaid, are more recent and have become critically important to those who depend on them now and to those who rely on them for the future.

Having said this, I believe a clear and growing majority realizes that the Federal Government is not the answer to all that challenges us. In fact, in some cases, the Government is shown to be the problem, particularly when it comes to waste, fraud, abuse, inefficiency, and a top-heavy, unresponsive bureaucracy. The ability of both sides to compromise on this bill demonstrates that Washington acknowledges this reality and that Washington is responding to the attendant frustration and legitimate concerns felt by Americans everywhere.

Beyond signaling an end to big and inefficient government, this package meets several other shared criteria. It places us squarely and honestly on the road to a balanced budget by the year 2002. We all know how important this is. The United States has not balanced a Federal budget since 1969. This, despite the fact that our Founders made it clear that saddling future generations with debt is immoral. According to Thomas Jefferson, the question of whether one generation has a right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. Jefferson said that we should consider ourselves unauthorized to saddle posterity with our debts; we are morally bound to pay those debts ourselves.

This budget reconciliation package is the first in years that puts us back where we must be. It is balanced. It begins to address the dilemma of big government's licentious legacy, a legacy that burdens every man, woman, and child with almost \$20,000 in public debt. I am happy to say that our majority leader, Senator LOTT, made it clear at the beginning of the 105th Congress that balancing the budget in 5 years would be one of our top priorities. Mr. President, we have delivered on that promise.

Our third objective has been to strengthen the programs that would be influenced by our actions. The reforms to entitlement that are contained in this package are, indeed, historic. We make significant and important changes to Medicare and Medicaid. We strengthen assistance to children. We return authority and means to our States so they can better meet the needs of their citizens. It was not enough to simply change entitlement programs to reduce their rate of growth. We sought in the process to improve, to strengthen them, to preserve them, and, again, we succeeded.

Let me give you the specifics. But before I do that, let me reiterate that we were able to accomplish these significant objectives because of a growing consensus on both sides of the political aisle, and because of our willingness to compromise, compromise not on principles but for principles.

In our effort to control spending, the largest program we addressed was Medicare. Our objective here was not just to control its spending, but to strengthen the Medicare Program for the long term, and we did this. We did this by increasing choice and competition within the program. Choice within the Medicare Program will give beneficiaries myriad options. It will allow them to participate in HMO's, PPO's, PSO's and private fee-for-service programs. We have based our expansion of choice in the Medicare Program on the successful Federal Employees Health Benefits Program. Through these options, seniors will be able to obtain important benefits, like prescription drugs, that are not covered by traditional Medicare.

These changes and the money they will save also allow us to expand Medicare coverage for certain important preventive services, including mammography, prostate colorectal screening, bone mass measurement, and diabetes management. Beyond increasing choice and competition within Medicare, we strengthen and preserve the program by slowing its rate of spending growth. Our measures save Medicare for another 10 years, while still increasing program spending per beneficiary from \$5,500 this year to \$6,800 in the year 2002.

Beyond encouraging choice and competition, this bill introduces important innovations into the Medicare Program, innovations that could go a long way toward strengthening the program for future generations.

One very important innovation is the creation of a demonstration project that will explore the advantages of having medical savings accounts available within the Medicare Program. This demonstration project will allow up to 390,000 Medicare beneficiaries to opt into an MSA program, a program that will allow them to choose a high-deductible Medicare choice plan.

I believe medical savings accounts will be an important component of Medicare's long-term viability, and to

study and recommend other innovations, our legislation creates a national bipartisan commission on the future of Medicare. Senator MOYNIHAN and I called for this commission back in February as we realized that to realize long-term solutions for the program, we needed a commission that would be above politics. This will be a 17-member commission established for a little more than a year. Its task will be to make recommendations to Congress on actions necessary to ensure the long-term fiscal health of the Medicare Program. It will report back to Congress on March 1, 1999, and these changes to Medicare will result in a net savings of \$115 billion over 5 years, savings that will not only help us balance the budget, but savings and reforms that will preserve the Medicare Program while ensuring that it continues to serve those who depend on it now.

Concerning Medicaid, we were able to achieve a total savings of \$13 billion. This savings will come largely from a reduction in disproportionate share, or DSH payments, and by giving our States more flexibility in how they run the program.

For more than a decade, there has been a tug of war between the Federal Government and the States over Medicaid. Each side has tried to assert its will over the other. From the mid-1980's and through the early 1990's, the Federal Government imposed mandates on the States and, in turn, the States shifted costs to the Federal Government. The result was devastating to all of our budgets as Medicaid routinely grew at a double-digit pace, reaching as high as a 29-percent increase in 1992.

This legislative package marks a new beginning, a new trend. It marks a change in the Washington mindset that has sought, since the days of the New Deal over 60 years ago, to centralize power in this city. With this substantive change in the Medicaid Program, we are offering our Governors the tools they need to control this program. This, I believe, is the way things should be done.

With this bill, they will be able to move more individuals into managed care without waiting years for waivers from the Federal Government. They will be able to contract with selected provider for services. The States will be able to ask families to take some responsibility for the decisions they make when seeking health care services. This power at the State level will go a long way toward stretching Government health care dollars.

As I said, beyond making significant and important changes to Medicare and Medicaid, we have strengthened assistance to our children to meet the health care needs of the most vulnerable among us. It became clear through the conference that both sides of the aisle are equally committed to increasing access to health care for as many children as we can. Both sides of the aisle are committed to finding an answer to the problem of uninsured children in

this country, and this legislation represents an important agreement in this area. It creates a new program, a program that covers low-income, uninsured children. The process of providing insurance and health care coverage to vulnerable American children is complex. As I have said before, of the 71 million children in the United States, more than 86 percent are already covered by some type of health insurance. Two-thirds of our children are covered by insurance through the private sector. Twenty-three percent of all children in the United States under age 18 are covered by Medicaid, and another 3 percent are covered by other public insurance programs.

Our plan provides \$24 billion over the next 5 years to be used by States in a manner that provides them flexibility in how they will expand health care coverage to our children.

Our States will have two mechanisms of establishing programs. They can expand their Medicaid coverage or they can create their own program to address the particular needs of the children in their States. And while the Governors are given certain flexibility in the way they can use this money, our bill requires that they meet specific standards regarding health care coverage for children.

Expanding Medicaid is certainly a choice States have made. Thirty-nine have expanded Medicaid eligibility for pregnant women and children beyond the Federal requirements. But States are also developing other strategies for increasing coverage of children as well. There are already public-private partnerships in more than half of our States. There are successful programs such as New York's Child Health Plus and Florida's Healthy Kids. These innovative programs and programs like them can grow with these additional resources provided by this legislation.

These, Mr. President, are the major provisions of this legislation. They signal a new beginning in Washington—real reforms to make programs more cost-effective, more efficient, more responsive to the needs of our people and our States. Great care has been taken to assure that the most vulnerable among us are protected, and this includes our provision to restore benefits to all legal noncitizens who were receiving Social Security when last year's welfare bill was signed into law.

With this legislation, we also restore the ability to receive benefits to legal noncitizens who were residing in the United States as of that date should they become disabled in the future. These protections, however, are handled appropriately and in keeping with our overarching goal of restoring fiscal responsibility to Government.

With this reconciliation package, we have established the first balanced budget since 1969. We have met the criterion given us in the May 2d budget compromise, and we will give Americans the first real tax relief package that they have had in 16 years.

Did we accomplish everything I would have liked to accomplish? No. I would have preferred to see some deeper, more significant fiscal restraint. I would have preferred to see a few other major reforms to Medicare, reforms that would have gone a long way toward strengthening the program, and these include the provisions that were in the original Senate package.

But recall, Mr. President, the history of the balanced budget debate; recall Congress' effort in November 1995 to balance the budget by the year 2002; recall the consequent Government shutdown and Bill Clinton's veto; recall the President's 10-year balanced budget plan and Congress insisting that balance could be achieved 5 years earlier.

Keep the history in mind, and the success of this legislation becomes clear. We have a balanced budget. That balanced budget will be achieved in 5 years, not 10. And we have achieved it without acrimony, without Government shutdowns, and without vetoes.

This is a bipartisan effort. It is an excellent beginning. And I am grateful to my colleagues on both sides of the aisle for their work, for the spirit of cooperation that existed on the Finance Committee, on the floor of the Senate, and throughout the conference.

I am especially grateful to my friend, PAT MOYNIHAN, for his wise counsel, his leadership, and cooperation in helping to bring about the success of this package. I am also grateful to the professional staff members on the Senate Finance Committee, as well as the Senate Budget Committee.

Likewise, I want to thank the staffs of the Congressional Research Service and the Congressional Budget Office, the Office of Legislative Council in the Senate, the Prospective Payment Assessment Commission, the Physician Payment Review Commission, the General Accounting Office, and all others who have worked long and hard for this package. The list of names is too long to read here, but I ask unanimous consent that these names be printed in the RECORD.

There being no objection, the names were ordered to be printed in the RECORD, as follows:

#### FINANCE COMMITTEE

Lindy Paull, Julie James, Alexander Vachon, Gioia Bonmartini, Dede Spitznagel, Dennis Smith, Donna Ridenour, Alexis Martin, Mark Patterson, David Podoff, Faye Drummond, Rick Werner, Kristen Testa, and Doug Steiger.

#### SENATE LEGISLATIVE COUNSEL

Jim Fransen, Mark Mathiesen, Ruth Ernst, John Goetcheus, Janell Bentz, and the rest of the Legislative Counsel's Office.

#### CONGRESSIONAL BUDGET OFFICE

Murray Ross, Tom Bradley, Cyndi Dudzinski, Jeanne De Sa, Anne Hunt, Jennifer Jenson, Jeff Lemieux, Robin Rudowitz, Kathy Ruffing, Paul Cullinan, Sheila Dacy, Joe Antos, and Pete Welch.

#### CONGRESSIONAL RESEARCH SERVICE

Celinda Franco, Beth Fuchs, Tom Gabe, Jennifer O'Sullivan, Richard Price, Richard Rimkunas, Kathy Swendiman, Madeleine Smith, Melvina Ford, Jean Hearne, Jennifer

Neisner, Pat Purcell, Vee Burke, Christine Devere, Larry Eig, Gene Falk, Carmen Solomon-Fears, and Joyce Vialet.

#### PHYSICIAN PAYMENT REVIEW COMMISSION

Lauren B. LeRoy, David C. Colby, Anne L. Schwartz, John F. Hoadley, Christopher Hogan, Kevin Hayes, Katie Merrell, Michael J. O'Grady, David W. Shapiro, Sally Trude, and Christine M. Cushman.

#### PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Donald A. Young, Laura A. Dummit, and Stuart Guterman.

Mr. ROTH. Mr. President, it is my hope that the spirit of bipartisanship that carried us through this effort continues as we now consider the final package and send the bill to President Clinton for his signature.

I yield the floor.

The PRESIDING OFFICER. Who seeks time?

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. KERREY. I yield myself such time from the Democratic side.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. KERREY. Mr. President, I come to the floor and offer what I would call my reluctant support for this budget agreement.

Today, the subject at hand is the spending portion of this bill. And I wish it was completely different. I must say, than what is in here.

Yesterday, I spent most of the day in mourning for the loss of the provisions relating to structural changes in Medicare that would have added \$8 billion to the HI hospitalization trust fund by imposing very reasonable and progressive change in the premium—it would have added \$40 billion a year in spending relief in the year 2030 by accommodating this tremendous change in the baby-boom generation between 2010 and 2030—and other provisions. I spent the day grieving those. I have overcome my grief, and I am prepared to support this because I believe it does balance the budget by the year 2002. I believe it finishes the job that we started in 1990 and 1993. I voted for both of those bills, and I find myself compelled once again to come and vote for a bill that I am not altogether pleased with.

In this morning's New York Times there was an op-ed piece written by William Safire talking about an age-old problem in the West where cattlemen, because they had an interest in keeping the range open, and sheepherders, because they had an interest in keeping the range fenced in, were at constant odds and warring with one another. Their animals had different needs. They, as the guardians of those animals, went to war in order to protect the needs of those animals.

It was not until just recently that the people who manage these range animals have come together. They came together as a consequence of a common enemy, in this case, a rather pesky weed called leafy spurge that has roots that can go down as deep as 150

feet, impossible to, by any reasonable estimate, get rid of once it is in the grassland. It will spread and take over the entire prairie.

So the cattlemen are out there saying the leafy spurge will eliminate the grass. "I'll have nothing for my cattle to graze on. What am I going to do? No herbicide is effective. No burning is effective. Nothing seems to work." Until one day they discover that what works is to put a few hundred sheep out on the grassland. As a consequence of the sheep's appetite for the leafy spurge, the sheep eliminates the weed, and thus is joined a battle between the cattlemen and the sheepherders. Suddenly they come together as a consequence of the common enemy.

I am impressed that Republicans and Democrats have come together with this bill to address a common enemy—the deficit. I wish that the 1993 bill had been bipartisan. I believe that if we had a few more spending cuts in 1993, that might have been possible. We missed an opportunity. It was bipartisan in 1990. It was not in 1993. And it is today. I am impressed with it.

I believe the Nation wants us to be bipartisan. I believe the Nation makes our greatest progress when we set aside not only our partisan differences, but we are able to find a common opponent, in this case, the deficit, a common objective, and we say that we are willing to risk a bit—in some cases, risk it all—for the larger goal.

I must say, after having made that observation, and to be specific, praising the distinguished chairman of the Budget Committee, Senator DOMENICI, the ranking Democrat, Senator LAUTENBERG, and on our Finance Committee, Senator ROTH of Delaware, Senator MOYNIHAN of New York, they have worked hard to say we have a common enemy—in this case, the deficit.

We see the connection between deficit reduction and jobs. We believe that jobs, and good jobs, can solve almost any problem that we have. And thus, we are willing to join forces against a common enemy.

I am reluctant to become enormously enthusiastic about this, as I say, because I do not believe it is asking of Americans the sort of tough decisions and choices that would enable us to say that we are tasking the American people to do something that is truly great.

We will balance the budget. It is true, we are reforming Medicare to give seniors more choice. I think the Federal Employee Health Benefit provisions in this bill will have long-lasting impact, give seniors more comfort as they make a choice to buy alternative care. The provisions for increased coverage for children, the provisions having to do with welfare reform, all these are good provisions and deserve attention.

We have, in addition, a lot of provisions—and I thank all four of the Members who have been involved with this for their assistance in making sure that rural America has an adequate reimbursement rate under managed care,

that we are able to take advantage of managed care and see increased penetration in rural America. I appreciate, as well, the change to increase budget enforcement to tighten some of the loopholes that were in law.

There are a lot of things in this bill, in short, that are good. It does, it seems to me, represent a successful compromise between Republicans and Democrats, and we have produced a piece of legislation that all of us, or most of us, anyway, are going to be able to come down and be enthusiastic about.

There are four things, Mr. President, that I would like to discuss which I would put in the category of unfinished business. First is entitlements. I appreciate that there is a commission in this bill. I believe it is 20 months that they have. I can save them a lot of time. We had a bipartisan entitlement commission, Senator Danforth and I. The distinguished occupant of the chair was on that commission as well.

There are a limited number of choices that one can make. There are roughly 10 or 15 choices you can make. They are all ugly. They are all difficult. And they all accommodate a demographic problem, not a problem caused by secular humanists or by Phyllis Schlafly or Ronald Reagan or George McGovern. This is not an ideological problem. It is a problem of birthrates during the period of time 1945 to 1965, and the birthrates following that. It is called the baby-boom generation.

Seventy-seven million Americans will begin to retire in 2010. And what we attempted to do, with what I consider to be a relatively modest change in the law with eligibility age and means testing and a copayment on home health care, was to accommodate that large generation of people. The sooner you do it, the better. You do not do them any favors by saying, we will do a commission for 2 years and perhaps do something in 1999. Then you have a Presidential campaign going. You will probably have to wait until 2001. The longer you wait, the harder the choices are.

As I said, the choices are fairly limited. If you do not like moving the eligibility age, if you do not like doing some means testing, the only thing you can hope to do is get some increases in the revenue stream, proposing to increase taxes or increase the premium. If that is your choice, make it now, because the longer you wait, the more likely it is that the people you are trying to help are going to pay a lot more. They are going to pay a bigger price. They have not been warned.

We missed an opportunity, and I am hopeful that by surfacing this in the debate and getting strong support, bipartisan support here in the Senate, we can keep these issues alive.

In addition to the long-term problem of entitlements is another problem with entitlements inside of our budget. Yes, it is true, we will have taken the

final step to balance the budget with this bill, although I note parenthetically that one of the curious things about this particular proposal is we are going to balance the budget by rather substantially increasing spending in some areas and lowering taxes in others. It is an exciting proposition. We are going to balance the budget, it is true, but the budget has another big problem, and that is the growing percent of that budget that goes for mandatory programs.

Many of my colleagues have come down to give great, impassioned speeches about why we should not do all of these things. But the question that needs to be asked in a very calm environment is, what are you going to do about these numbers?

In this budget agreement, the amount of money we allocate for mandatory, plus interest, will go from entitlements, plus interest, the mandatory portion from about 66 percent, as I understand it—I haven't seen the final numbers—to about 70 percent in 2002. The Senator from New Mexico is shaking his head, but it does unquestionably increase. I do not know if it goes to 70 percent, but it increases, and it continues to increase. And it will increase even more when the baby boomers retire. It is not a flat number.

The head of the Congressional Budget Office, June O'Neill, prepared a report some time ago that shows how the cost of these programs continues to go up as a percent of our overall budget, and they are squeezing out our capacity to keep our defenses strong, our capacity to invest in education or infrastructure, or research, and all the other sorts of things that are being done in the other part of the budget. One of the reasons it was made easier to do our appropriation this year is, we put a little more money in the appropriated accounts in this fiscal year than you are going to see in the outyears.

So I alert Members that see the appropriations bills sailing through this year and are wondering why, there is more money this year than there will be next year and the year after that and the year after that. In years 4 and 5, we will have very tough decisions to make in discretionary spending—far tougher than I believe people realize. Thus, there is the second problem of the growing cost of entitlements inside of the budget. It sets up tough choices. It doesn't set up easy choices. It sets up very difficult choices that we have to make.

The second big area for me is, I must say, with the economy growing the way it is—and one of the great pieces of news for me in this budget debate is that as a result of the growth in the economy, I think there are very few people left that don't understand that, in addition to defending the Nation as the first order of business, whatever we do with our taxes, regulatory policy, and spending policy, we do need to ask ourselves: will this create jobs? Because if the economy is growing, it is

producing jobs, and there is a demand for labor as a consequence of a growing economy. Lots of things get solved in a hurry. Not only does the Treasury have lots of revenue that makes our job easier, but the gap between rich and poor narrows, the number of people on welfare is reduced. A lot of problems we have get solved quickly if our economy is growing. If we recall from the recession of 1991, the problems are made a lot worse if you have the opposite in place.

So this growth we have out there in the economy is exciting. My view is that this is the time when we need to be investing in that public infrastructure—research, the transportation base, education, and all those things that will produce increased productivity and increased economic growth sometime out in the future. We may not get an immediate benefit from it, but we will benefit somewhere out in the future. It connects with this entitlement problem. For my friends on this side of the aisle who love to get up and get fired up and tell me why we can't do anything about entitlements, the question occurs: If you don't want to do that, Senator, where are you going to get the money to make these public investments?

I haven't heard many people that are enthusiastic about a tax increase. I have heard them being enthusiastic about going in the other direction. The only way you can find the resources to invest in the long-term growth of this country is by containing and controlling the pace of growth of entitlements. It is a question of whether or not we are going to endow the future, or are we going to convert the Federal Government into an ATM machine, entitling the present solving of the problems of me, me, me, now, now, now, but not solving the problems of future generations.

The third issue I speak of today is health coverage. I am of the opinion that the additional \$24 billion that is in this particular budget is going to cover a lot fewer people than leading advocates predict. I don't believe that it is going to be a terribly efficient way to increase coverage. Again, I don't think you are going to be able to get the kind of increased coverage that is necessary, unless you come to grips with the rising costs of these mandated programs. For all the terrible things that were forecast and said about the proposal to add a \$5 fee for home health, to add a means-tested and an income-related premium on Part B and increase the eligibility age, you thought we were not spending any money at all on Medicare.

No account in our budget grows as fast as Medicare. It will go up, on average, \$24.5 billion per year for 10 years. Nothing grows that fast. We are allocating more and more of our gross domestic product into Medicare and other entitlements. Now, I am prepared to do more for low-income seniors, and help people who are in serious trouble out

there, having a tough time paying the bills. But the choice that we have to make, not only when it comes to investing in our future, but also being able to provide additional coverage, is between one group of Americans and another, or allocating \$24.5 billion of additional money for children over 5 years and \$24.5 billion per year for 37 million people over the age of 65.

Now, I think that is the kind of debate we need to have on this floor. It is a tough debate, and it involves telling the American people and, very often, giving them the facts. And the facts may be painful and difficult for us to face, but they are the facts. I, for one, as I said, am skeptical that \$24 billion over 5 years is going to result in the kind of increased coverage projected for children. I must say again that I think the only way we are honestly going to be able to increase the coverage for Americans is to get after entitlements. There is a question of the legitimacy not only of the means test, but we must ask ourselves fundamental questions about requiring an eligibility test on age, another program based upon poverty, the veterans' programs, saying if you get blown up in a war, we have a good program for you. The final one, of course, is the income tax deduction.

The fourth problem that I think this country faces, which is not in this bill, but it will be taken up in the tax bill and I will talk about it later, but I think it's a big problem. We have a window into the problem of looking at the estate tax issue, and that is the difficulty Americans are having generating wealth. I will talk about it at greater length when we get on the tax bill. But income and wealth are not the same thing. It is not uncommon to pick up a newspaper and hear a story talking about this tax bill does this or that for the wealthy, and what they are talking about is income. They are not the same thing. I can have a half a million dollars a year in income and have no wealth, just as I can have \$20,000 in income a year and if I save a little bit, I can get wealth. The estate tax debate is focused on about 2 percent of Americans who have estates at \$600,000 or over. I believe estate tax relief is reasonable. I support doing that in the tax bill. But there are 98 percent of the American people that do not have wealth in excess of \$600,000. It would not take much of a change in the Social Security program to enable somebody in the work force, indeed from the moment they were born, to have a savings account that enables them to say that when it comes time for me to retire, as I look forward to growing old, I know that in addition to some kind of an income transfer I am also going to have the opportunity to have security as a result of wealth. I think wealth distribution, identified as a problem repeatedly, cannot be solved by simply transferring income. It can only be solved by establishing that we are going to try to help working Ameri-

cans acquire the wealth and use the principal retirement program, Social Security, that we have in place to get that done.

Mr. President, I close by saying that I intend to vote "yes" on this bill, and I intend to vote "yes" on the tax relief bill that follows. I wish it had done considerably more. I have great praise and great appreciation for the work done by the chairman of the Budget Committee, by the ranking Democrat, the chairman of the Finance Committee and the ranking Democrat on that committee as well. They set the tone of bipartisanship, which must be set if you are going to deal with these controversial issues, if we are going to be able to go after the common enemy, not just of deficit spending but other tempting, irresponsible things that might produce a round of applause, but might not be good for the United States of America.

Mr. DOMENICI. Will the Senator yield?

Mr. KERREY. I am pleased to yield.

Mr. DOMENICI. Senator, first let me make an observation, perhaps not as eloquently. I believe the Senator from New Mexico could, someplace or another in the United States, make a very similar speech. I think most of what you talked about I agree with. But I would like to make sure that everybody knows just how much you can do in a budget resolution and in a bill that is forced by a budget resolution and how difficult it is to try to do more than fits the bill. I want to say to the American people that while I agree with your statement wholeheartedly that we have to do much more with the entitlements—and let's be very precise, the one that is really, really in need of a long-term fix is Medicare—not because anybody wants to deny anyone anything, but the stark fact is that it, by itself, can break this country in another 15, 20 years all by itself.

Frankly, I never believed that we could fix Medicare in its totality in a budget resolution and a bill that was thrust by a budget resolution. Senator GRAMM is chairman of the Subcommittee on Health. I think he would agree with me that, while we probably could have done better, and should have, on the three items that would have helped, we can't force the total change of Medicare in a bill like this under a budget resolution format. First of all, a budget resolution is only applicable for 5 years. You are permitted to project for 10. I assume when Senator GRAMM starts that reform, he is going to start beyond 10 in terms of the real dollar impact, because that is when it is in trouble. It is not in trouble in the next 5 years. One might have a different mix as to how you get it to a state of solvency.

Senator, I would like you to know I never thought that we could do much more in Medicare. But I think the three changes you made in the Finance Committee, with your support, if we could have held them, it would have

been a good first step. I still believe the spirit of getting this done may get us, within the next 2 or 3 years, to facing the issues for major, permanent reform of the entitlement programs. I am hopeful you are not giving up because we can't do it in this budget bill, because it is a very, very big issue that requires much debate in the Senate. I don't know exactly how that debate is going to be framed, but I don't think it is going to be framed in a reconciliation bill with no debate to speak of and no amendments to speak of. That is just the U.S. Senate's way of doing things. I thank you for yielding. Maybe you can comment on that.

Mr. KERREY. Mr. President, first of all, I say that the man who taught me about entitlements is the distinguished Senator from New Mexico. I recall coming to the floor, I believe it was on a budget resolution that the distinguished Senator from New Mexico and the now-departed Senator from Georgia, Senator Nunn, when they had the famous Nunn-Domenici amendment that controlled the growth of entitlements. The first time he proposed it, I voted against it. I listened to the opponents of it and said, "That makes sense to me; this is not a good amendment, so I will vote no."

Then I started looking at the facts, and I was very uncomfortable to have to conclude that I voted wrong. The next time the Senator brought it up, I voted for it and I became interested in this issue as a result of both you and Senator Nunn and your elaborations and your education that you did 3 or 4 years ago.

The point that I am trying to make, which I am afraid is sometimes lost, is that the longer you wait, the harder the choice is. This is not a problem that you can avoid forever. The more time you let expire, the more difficult the choice is—that is, on Medicare. The same is true on the budget item when it comes to Social Security. We have people under the age of 40 who will be beneficiaries out in the future, 26 and 27 years from now, under current law, for whom we have to say, are we going to be able to keep the promise that's on the table? We have to say no. Social Security Commissioner designate Shirley Chater, in 1996, when asked about it, said, "You can expect Social Security to have to be reduced by 30 or 40 percent in benefits, unless some change occurs."

Well, there is a presumption that those of us who proposed altering these programs today are proposing cuts. But the truth is, if you do nothing, that is what is going to happen; only the cut isn't going to occur to a future beneficiary, it will occur to a current beneficiary. Long after the time has passed when you can plan and make adjustments, suddenly the Congress is going to pop up and say, "Sorry, folks, we have to cut the programs big time," in order to be able, as the Senator said, to save either the fiscal health or the program itself.

So my fear is that we missed an opportunity when the distinguished Senators from New Mexico and Georgia were down here. I recall people coming in the one year and pulling off veterans first, and once the floodgates were open, it was "Katie bar the door," everybody got down here and got exempt and there was nothing left. There was no group that is entitled to payment left, and they were all exempted and there was no real reform that occurred.

So I am not going to give up on the issue. I am not going to stop talking about the need for these long-term changes. But I am just saying to the American people, especially those who understand the importance of Medicare and these entitlement programs, who consider it a victory that the conferees were unable—and I know the Senator from New Mexico fought for these things, but the conferees were unable to hold these provisions. There are many people who are advocates of these programs that consider that a victory. It is not a victory. It weakens the program long term. And some beneficiary out in the future is not going to thank us for this action. Maybe it gains a few votes in elections. I doubt it. I believe the American people once they hear the facts of the matter will be persuaded.

Anyway, it is a much longer answer. I know the Senator from Texas is not very appreciative of the fact that the Senator caused me to talk longer than I intended to.

But I want to underscore in closing that I do appreciate the fact that the Senator from New Mexico, Senator Nunn, and others led on this thing. It probably torments the Senator now to see his student come back here speaking in this fashion.

I just close by saying that I am prepared to vote for this agreement on the balanced budget. I believe that is good for the economy. I wish and hope that we are able in a bipartisan spirit to do much more, if not this year sometime relatively soon.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield to Senator GRAMM as much time as he may desire.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, let me first thank our chairman for yielding.

I would like to begin by congratulating some people and thanking them for their leadership.

First of all, I want to thank Senator DOMENICI for his leadership. I have had the opportunity to serve with Senator DOMENICI now for 13 years. I have been on the same side as Senator DOMENICI. I have been on the opposite side of Senator DOMENICI. I have noticed that when we are together we generally win. I wish Senator DOMENICI could be right more often.

But I want to congratulate him for his leadership. I don't have any doubt in my mind that Senator DOMENICI will

go down as one of the great legislators of this era, and that I will always be proud to tell my grandchildren that I served with him. I want to congratulate him for his great work on this bill.

I also want to congratulate Chairman ROTH. This is the first full term that Senator ROTH has been chairman. He became chairman in the middle of the last Congress. And I think he has done a terrific job in chairing the Finance Committee and in building bipartisanship to a level that I would not have thought beginning this process that we could have ever had on the tax bill. I want to congratulate Chairman ROTH for his leadership, which I really think has been outstanding, having had the opportunity to be in committee, to be actively participating in the debate on the tax bill on the floor, and having had a chance to be in much of the conference.

I think our colleagues ought to know, or at least hear someone say what a great job that Chairman ROTH did.

I also believe that our Democratic colleagues, especially Senator MOYNIHAN, have made a great contribution to this bill. Whether you like the product, or whether you do not like anything else we do—it is as thick as this package that many like and many dislike—I think you have to clearly say that a tremendous amount of work has gone into the process.

Let me begin by talking about what I believe in this bill is unambiguously positive, and what is clearly going to be greatly appreciated by the American people—some of it immediately, and some of it over time—as people come to understand it.

I would like then to talk about the disappointments I have about some parts of the bill—opportunities lost, things done. And then I would like to conclude by simply talking about the future in the next 5 years as we try to implement what the Congress is clearly going to adopt, and then say a little bit about balancing the Federal budget. So I will try to do those things.

Mr. DOMENICI. Will the Senator yield?

Mr. GRAMM. I am happy to.

Mr. DOMENICI. I must leave the floor. I will tell the Senator that I look forward to reading the Senator's remarks. I think the Senator knows that I mean that. I believe what he has outlined is so typical. I mean the Senator is going to state the good things, things that are not as good as they could be, and he is going to lay them out with clarity. I say thank you for the generous remarks which the Senator made about me. But I also want to say I reciprocate.

It doesn't matter in the U.S. Senate whether you agree with another Senator half the time, all the time, or none of the time. What is important is that you respect them. That is all we can get in this place—is that somebody respects what we are doing. I want to tell the Senator from Texas, whether it

is his way and I am not right enough, or whether it is my way and he is wrong too often, it doesn't matter. You can't be in the Senate and serve with PHIL GRAMM of Texas without respecting him. The Senator has a great mind, and he has learned to apply it to our problems in a way that really means something to a lot of us. It strikes our minds, and makes us think. I don't think the Senator from Texas can expect to do more, and he wins plenty of them because of the clarity and the philosophy, and the way he digs into the issues.

There are many things that we are experimenting with in this bill that may not work, and the Senator is going to certainly find them and tell us why. And they have an awful lot to do with the child health care package. The Senator is going to say something about that. And I am not trying to preempt him because I know there are problems there. I don't believe the people who say if it had gone straight under Medicaid that it would have covered many, many more. I don't believe that at all. The Medicaid Program that has not worked well in the past that we have been struggling to fix ought not be mimicked. It ought to be changed. And if you can, you ought to do the same thing in a different way. That is the theory of the Senator from Texas, and he has said that from the beginning. We are trying. But we are not there yet, and many other things.

I want to tell you, we struggled mightily on the welfare side, on the Fair Employment Labor Standards Act, and whether the myriad of laws should apply to trainees. And the Senator is going to speak about that. But I want to tell him, I couldn't win. I couldn't get it done. That is all there is to it. Everyone now knows, including the White House—and they will admit it—that the welfare program will not work in terms of the people that most need the training without some relief from some of the laws that apply across the board to people permanently employed in companies that make enough money to get by and have to pay them. And there is no doubt that the issue has been framed in a false way.

It is not a minimum wage issue. We have already agreed to the minimum wage. I heard the President yesterday speak of minimum wage again. That is not the issue. The issue is the rules that are going to govern a nonprofit organization that we asked to train 10 people. Isn't that right? They are going to say, "Why should we do that?" Every law on the books governs these trainees, and we didn't even pick them. You picked them for us.

So I am aware of those and many others. But I think the Senator is going to also say that there are some good things in this bill.

I thank the Senator very much for yielding.

Mr. GRAMM. I thank the Senator from New Mexico.

Mr. President, let me begin with the tax cut.

First of all, I think if you are going to judge what has been done, you have to first begin by looking at the fact that we are cutting taxes by approximately 1 percent. The tax cut on average over the next 5 years will lower the tax burden on the American people by slightly less than 1 percent.

So for all of those who are saying, "Well, the Tax Code becomes more complicated, the changes that are made are piecemeal," all of that was driven by the fact that with the bipartisan nature of this bill and the fact that we have a President who was adamantly opposed to cutting taxes until 3 years ago, who only endorsed the concept of trying to balance the budget 2 years ago, that we had a very limited amount of resources. Obviously, for people who have listened to much of this debate and have gotten the idea that we are talking about a huge tax cut, they are going to be disappointed. But there are some people who are going to be directly affected, and in a very positive way. Right at the top of the list will be people who have families and who have children. Nearly all of the \$85 billion net tax cut we have in this bill goes directly to families with children.

Why single them out? I am sure there are people who say, "Well, children are important. Families are important. But why such a focus of this tax bill on children?" Let me explain why.

In 1950, the dependent exemption—the amount you got to deduct from your income because you had a dependent—was \$500. As a result of that \$500 dependent exemption for children in 1950, 65 percent of all income of the average income working family was not subject to income taxes in the average family of four in America. Today the dependent exemption is \$2,500. But to cover the same expenses and to protect the same level of income that it did in 1950, it would have to be twice that big, or \$5,000 per child.

So what has happened since 1950 is that the real dependent exemption in terms of letting working families keep their money to invest in their own children has effectively been cut in half.

If you look at the Tax Code, what has happened is this: In 1950, rich people paid a lot of taxes. And today rich people pay a lot of taxes. In 1950, poor people didn't pay any income taxes to speak of. And today poor people do not pay any income taxes to speak of. But the explosion of Government between 1950 and today has been almost totally funded by a massive growing tax burden on working families with children. And we have literally starved the one institution in America that really works—the family.

So our primary focus—first, in the Contract with America, then the budget 2 years ago, then the budget a year ago, and now the budget this year—has been to give a \$500 tax credit per child

and to let working families invest in their own children, their own family, their own future, recognizing that the best housing program, nutrition program, and education program is to let working families keep their own money and invest in their own children, their own family, and their own future.

Second, in this tax cut bill we begin the long process of eliminating the death tax. People work a lifetime to build up a farm, or a small business, or to build up assets. And they do it for their children and their future. And they make the country rich in the process. But when they die, even though they pay taxes on every penny they earned along the way, when they try to pass these assets on to their children, the Government comes in and takes up to 55 cents out of every dollar.

So it routinely happens in America every day that parents die, and then their children have to sell the fruits of their lifetime labors—their business, their farm, their home, their assets—in order to give Government 55 cents out of every dollar of its value.

Republicans believe that is wrong. We believe you ought to tax income once, and not twice. And I think the changes we made in this area, especially for small businesses and family farms, is very, very important.

I believe that people who are trying to educate their children will be beneficiaries of this program.

Quite frankly, my favorite part of the tax bill in the area of education is not the President's initiative. It is instead an initiative that came from Senator ROTH. That is the initiative that lets people when they get out of school treat student loan interest payments as a business expense. Think about it for a minute. If you go out and buy a tractor, you can depreciate that tractor—write its value off against your income. But if you invest in going to college, or graduate school or medical school by borrowing a bunch of money on a guaranteed student loan, when you get out of college and you start to work with that big heavy burden of debt, none of the expenses you incurred in getting the education that economists call "human capital" can be written off as a business expense.

So our society's Tax Code has historically discriminated against investing in our own people.

One of the provisions of this bill that is critically important is the provision that for the first time will let a young wage earner who has gotten out of school, who has a big guaranteed student loan, to write off that interest against the income they are earning as a result of the earning power they got from going to college, or graduate school, or professional school. And I believe this is going to encourage people to go to school longer and to accumulate greater human capital.

There are a lot of provisions in the tax bill. I believe the tax bill is basically a good bill, and the American

people are going to benefit from it. Not everybody is going to benefit. The top 5 percent of income earners pay 50 percent of the taxes. They are going to benefit from none of the general tax provisions. They will benefit marginally from the death tax change. They will benefit from the capital gains tax. But the focus of our benefit, quite frankly, with simply a 1-percent cut in taxes, is where it ought to be—on working middle-income families.

We have had a long debate with the President, and the President has won the debate in this bill. But what is the old saying? He, convinced against his will, is unconvinced still. And let me say I think it is a fundamental error, even though I am going to vote for the tax package, it is a fundamental mistake in a tax bill that only provides \$17 billion of tax cuts a year, it is fundamentally unfair to take part of that tax cut away from working two-income families in order to give a tax cut to people who do not pay income taxes. I believe that tax cut bills should be aimed at cutting taxes for people who pay them. In any case, that is where we are in the tax bill.

Let me turn now to the spending bill. The best provision in the spending bill, from my point of view, is expanded choice on Medicare. Medicare has grown by 12 percent a year in cost in the last 20 years. No major program has ever grown that fast before, and, as a result, even with the reforms we have instituted, even under the best of circumstances, Medicare is destined to become the largest and most expensive program in the history of the American Government. But by letting our senior citizens have more choices, by encouraging competition, by allowing a broad range of choices between the traditional HMO and fee-for-service medicine, we are going to for the first time bring the forces of competition to bear on controlling the cost of Medicare.

Since 1965, we have tried to use Government regulation to control Medicare costs, and it has been a total and absolute failure. We are now going to try the forces of competition. I believe that they are going to be successful, and I believe that the most remembered part of the spending bill that is before us will be the expanded choices that we provide under Medicare. If we allow each of these choices to develop, if we continue to refine them and promote competition, I believe we can and will over time drive the cost of Medicare growth down to roughly the cost of medical care in the market system.

Last year, the cost of medical care in the private sector of the economy actually grew less than the Consumer Price Index. Medicare continues to outpace inflation by a wide margin. I believe that by bringing the forces of competition to bear, we have made a fundamental change in at least part of the Medicare problem. Our failure to deal with the long-term Medicare problem is my greatest disappointment with the bill before us.

Someone said in the newspaper this morning that the subtitle of this bill ought to be "Opportunity Lost." I agree with that. I believe that we have missed a golden opportunity to begin the reform that will be required to keep Medicare solvent. I am proud of the Senate. I am proud of the three votes we cast to keep provisions in our bill that would have raised the eligibility age on Medicare to conform to Social Security, that would have asked very high-income retirees to pay their full part B premiums, that being the voluntary part of Medicare that you don't pay a penny for during your working life, and finally to have a simple \$5 copayment for home health care.

Home health care is the fastest growing part of Medicare. The President had a 10-percent copayment in his national health insurance bill. The Democratic leader, Senator MITCHELL, when he offered the final version of the President's plan 3 years ago, proposed a 20-percent copayment. Prior to 1972, we had a 20-percent copayment. And the rejection of a simple \$5 copayment to try to induce people to be cost conscious was, I believe, a sad commentary on the lack of leadership both at the White House and in the Congress. I believe we missed a real opportunity to reform Medicare, and I believe that each and every one of these things will be done.

Going back to a point that our colleague, Senator KERREY from Nebraska, made earlier, the longer we wait to institute these reforms, the more difficult it is going to become to make these reforms work because the problem is going to get bigger.

Some people are encouraged by the fact that we have set up a commission in this bill. Forgive me for being underwhelmed at setting up yet another commission. We have already had an entitlement commission. It has already reported. We know what the situation is.

Let me just summarize it. Under the best of circumstances, if everything goes right, if the economy stays strong, if we have the best possible circumstances that we could expect over the next 25 years, our current policy on Medicare and Social Security will require the payroll tax to double from 15 percent to 30 percent on every working person in America. Under the best of circumstances, if we do not change policy, we are going to have a doubling of the payroll tax in 25 years, and nobody disputes it. Under the pessimistic scenario of lower growth, we are going to have to triple payroll taxes.

Let me remind you what that means. It means that a low-income worker who is paying 15 percent of his income in taxes and 15 percent in payroll taxes will go from a 30-percent marginal tax rate to a 45-percent marginal tax rate. What it will mean, if we do not do something to reform Medicare and Social Security, is that, with absolute certainty, 25 years from today the average working American will be paying

over 50 cents out of every dollar they earn in payroll taxes and income taxes.

For those people who said, do not make these hard choices in Medicare, they are the people who are going to have to explain why we are doubling payroll taxes over the next 25 years.

I believe we have a crisis in this area, and let me say the first week we are back, as chairman of the Medicare subcommittee, we are going to hold a series of hearings on Medicare. Senator KERREY and I are going to reintroduce our reforms as a freestanding bill, and we are not going to let this issue die. I am also going to expand our hearings to begin to look at private investments and ownership of assets especially by young workers as a way to guarantee that they have Social Security benefits when they retire and as a way of guaranteeing that they have Medicare benefits.

If we do not change this program, with the baby-boom generation retiring in 14 years, we are going to have a generation of Americans that will be paying 30 percent payroll taxes to pay benefits to retirees who will never get benefits out of these programs that are in any way related to what they paid in. Only if we begin to reform these programs now and only if we begin to restructure the system so when a young person is setting aside money for their retirement, it is not going to some phantom account with the Social Security Administration but where it is going in a real investment in something they own and can depend on and trust, until we collateralize or securitize the Social Security and the Medicare contributions of our young people, their retirement is not going to be secure.

Senator DOMENICI said that I was going to talk about the welfare reform, and I am. One of my biggest disappointments in this bill is that, as it is currently structured, we have gone a long way toward killing welfare reform, and let me explain why. First of all, we made some tough decisions about denying benefits, setting higher standards and saying, especially to immigrants, you come to America. You have to come with your sleeves rolled up ready to go to work. You cannot come to America with your hand held out ready to go on welfare. We have partially reversed that in this bill, and we are going to spend tens of billions of dollars providing benefits to people who are denied benefits under our welfare bill, but that is the smallest part of the problem.

As a result of the administration responding to special interest groups, especially organized labor, we now have provisions that will make it virtually impossible for States to require welfare recipients to work, and let me explain why.

If a State has a mandatory work requirement, and let us say they want to require welfare recipients who are young mothers who have one skill, and that skill is taking care of children,

and let us say they set up in Government housing projects a day care center, and they ask some welfare recipients to do part of the baby-sitting under supervision, under the provisions of this bill and under the new requirements that have been set by the administration, we would have to pay minimum wage. We would have to provide fringe benefits. We could not count all the welfare benefits they are getting like Medicaid and housing subsidies as part of those wages. And so it is going to cost States substantial amounts of money to put welfare recipients to work where they would acquire skills that would let them go out in the marketplace and work.

The net result is going to be that we are in reality coming very close to killing the very welfare reform bill that was the greatest achievement of the last Congress.

These are trainees. They are people who are receiving public benefits, and to ask them, in return for those benefits, to do productive work is the most reasonable thing imaginable. It was something that a large percentage of Senators and Congressmen on a bipartisan basis agreed to last year, and yet 1 year later, with administrative action by the President and through this bill, we are going to make it virtually impossible for the States to have a work program for welfare recipients.

Now, I am hopeful that we can in the future come out with a bill that will at least let the States count all the benefits that are received by people who are receiving welfare in calculating what their effective wage is by working. But this is a very, very serious matter.

I am also very concerned about this massive new program to give health insurance to children. Who can be opposed to health insurance for children? Nobody. Bismarck once said, never does a socialist stand on firmer ground than when he argues for the best principles of health. And I would just paraphrase Bismarck by saying, never does a socialist stand on firmer ground or higher ground than when he argues for the best principles of health for children.

But here is the problem. We started off with a bill that had a broad consensus and it was a bill where we were going to spend \$16 billion to try to help the States get access for health coverage for children from very low-income families. What happened in the process is that the piling on of the tobacco industry got caught up in this, so, whereas the President started out with \$16 billion, it has now already grown to \$24 billion before we adopt the bill, and does anybody believe that this program is not going to explode in the future?

Here is the problem. Once you get up to roughly 200 percent of poverty, 82 percent of the children are covered by private health insurance. So, unless we are very fortunate, what is going to happen to us in this bill is that we are going to end up having four children

who will give up, through their families, private health insurance, for every one new child we get covered. So 80 percent of our money will simply displace private health insurance. And how can you blame them? If you have a moderate-income family, having trouble making ends meet, and we are going to give their children private health insurance, what rational parents are going to continue to pay for it themselves?

So, we have the very real specter, here, of spending a tremendous amount of money and covering almost no additional children. Let me say, I totally agree with Senator DOMENICI. I think the worst choice we could have made was simply going through Medicaid, when all 50 Governors, 2 years ago, told the Congress that they could do what Medicaid was doing for 30 percent less if we would let them do it. But I think we have to be very concerned about this program. I hope we are as committed to monitoring what we are doing as we are to doing it. If it becomes clear that all we are doing is displacing private health insurance, I hope we will be willing to go back and try to adjust this program to try to prevent that from happening.

I am also very concerned about all of these new benefits. Again, they are not benefits anybody can be against. We are cutting the copayment for outpatient care under Medicare. We are adding a whole bunch of new benefits to Medicare. The problem is, Medicare is going broke as quickly as it can go broke. The only reason we can claim we have saved it for 10 years is we, in the process, were forced to give in to the administration's demand that we take the fastest growing part of Medicare and take it out of the trust fund and put it into general revenue. As I said when we first debated this, I can make Medicare solvent for 100 years by simply taking hospital care out of the trust fund. But have we changed anything by doing it? The answer is no.

I am concerned that, by creating these new benefits, all of which are popular, that we have to look and see whether, in fact, we made the problem better or worse. I am very skeptical that cutting reimbursements to doctors and hospitals will really save money. The reason I am skeptical is that, as we have gone back and looked at our reforms in the past, that has not been a very effective way to save money. Because what tends to happen is that doctors and hospitals—basically, doctors are smart people or they wouldn't be doctors; hospitals tend to be run by smart people—what they do is they figure out how they can change the billing so they end up billing for more and getting the same amount of money.

So, I am concerned about these additional benefits. I am worried that these new programs are like little baby elephants, they are little and pretty now, but if we are not careful they are going to all grow, each one, into a big ele-

phant. And, as we talk about balancing the budget, the final subject I wanted to talk about, this could be a problem for us.

Finally, let me talk about balancing the budget. I have been involved in budget debates since I first came to the House of Representatives. We have, on many occasions, claimed to have balanced the budget. Many of us on various occasions have thought we had really done it. And I think, on balancing the budget, it is important to remember an adage that ABRAHAM LINCOLN used to be fond of. ABRAHAM LINCOLN once said, "The hen is the wisest of all birds. She never cackles until the egg is laid."

I believe that a lot of work is going to be required to make this budget ultimately produce a balanced budget. Much of this budget is based on assumptions about a strong economy—which today is very strong. Obviously, we all want it to stay strong and we are going to try to make it stronger. It is also based on the premise that these programs are not going to grow beyond the levels we have set out in our budgets, even the new programs, and that we are going to live up to these discretionary spending caps. Obviously, it is hard to live up to them. As everybody knows, we pass emergency appropriations bills for \$8 billion, and we end up breaking the budget, not only in the year we are in but for the next 3 or 4 years. We don't write money for emergencies into the bill, knowing we will have an emergency bill. It is going to take a tremendous amount of concerted, bipartisan effort to live up to the commitments we made on discretionary spending. I hope our colleagues are as committed to living up to this budget as they are to adopting it. I think, if they are, we might have a fighting chance. But clearly, balancing the budget is not something you buy on a one-time payment. You buy it on the installment plan.

And the weakness of the program is it is based on the assumption that this very strong economy is going to continue into the future. It may and it may not. We are in the second-longest peacetime expansion in American history. I think it is highly improbable that we would go 5 years without an adjustment. But we could still balance the budget with a minor recession if we could control the growth of these programs. I wish, as I said numerous times during the budget debate, we could have done more to control spending. I wish we could have bought more insurance.

But, in conclusion, let me say that the reforms in Medicare, the expanded choices, represent a fundamental change in policy. And I believe we will all benefit from them. I think we did about as good a job, given that we had a Democrat President who had very strong goals in the tax bill, especially a belief that you can't cut taxes for people who pay taxes unless you give money to people who don't pay income

taxes. I think, given that we had 1 percent of taxes to deal with and we had a President who didn't share our fundamental goal, I think overall we did a pretty good job on the tax bill and I think we have reason to be proud of that.

I think the reforms and choice on Medicare are good reforms. But I think there is really reason to be concerned about what we have allowed to happen on welfare reform, and much of our budget is assuming that the progress we have made on reducing the welfare rolls is going to continue. I think we have to be concerned about growth, especially in these new programs. We have to enforce the discretionary spending caps to have any chance of balancing the Federal budget.

So my message today is that there is a lot of work to be done. I look forward to participating with Senator DOMENICI and with our colleagues to try to get that work done.

I yield the floor.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, Senator KENNEDY has been waiting. I am only going to take a minute, Senator.

I did not get to hear Senator GRAMM's entire remarks. I pledged to him before that I would read them in their entirety, and I will. But let me make just a couple of quick observations.

I think everybody knows—my good friend from Texas said—you can't get a balanced budget overnight. You do buy it on the installment plan. When you buy it on an installment plan that is 3 years, 5 years, or 10 years, you have to make some assumptions. I think, distinguished economist that he is, he would know that.

The Senate should know we did not use optimistic economic assumptions. In fact, we used CBO's very modest economic assumptions. There is no way we could provide an assumption, outright, that, if we have a serious recession, that we provided for it. But CBO's economic assumptions versus others, more optimistic, at least build into their model that, indeed, there could be a slowdown and, thus, they take something off the growth edge. So I don't think we have an unduly high one.

Senator, I am agreeing with you that unless we seek to look at the new programs we created, in terms of are they performing as we expected, we won't make it. And, second, I am not terribly interested in being the enforcer on appropriations caps—which are very strenuous after 1998. In fact, I will give you the number. The baseline for discretionary, if we did nothing, is \$2.943 trillion. Under this bill it is \$139 billion less, which means for a period of time it is going to grow very little, in fact five-tenths of 1 percent.

But I am not going to run around being the enforcer if entitlements are going wild again. You might, and I would respect you for it. But, essentially, we cannot balance the budget on

the appropriations accounts. We have to make sure we control the entitlements and I think you agree with that. You are not agreeing with me that we should not worry about appropriations. I would worry less than you about correct appropriations. But what the Senator has said about making sure we get there, and making sure we do some things to assure that this commitment and this path is, indeed, realized—which is what you are saying, I believe—I think that's correct.

I think—so long as everybody leaves knowing that, in terms of making sure we don't let things within this slip and say, "Oh, well, \$10 billion didn't matter, we thought it was that but we are wrong," and just pass those tens of billions by—we will get there. And that's not an exceptional thing to expect of a group which is out claiming a balancing budget. Would you agree? We are out there claiming it. We ought to be willing to say we will do what's necessary. And I think if we do what's here that's enough. We don't have to do a lot more over the next 5 years, but if we are going to do less, it is not going to be enough and we are all going to be ashamed.

I thank the Senator for those observations which prompted me to say this because I believe that's absolutely true. I yield the floor and I yield to Senator KENNEDY.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself such time as I require.

The PRESIDING OFFICER. The Senator is recognized.

Mr. KENNEDY. Mr. President, this is a great day for America's children. With this agreement, we have taken a giant step toward giving all American children the healthy start in life they deserve.

The establishment of a new, \$24 billion program to provide low and moderate income families the help they need to purchase health insurance for their children is a landmark achievement. It represents the most far-reaching step that Congress has ever taken to help the Nation's children and the most far-reaching advance in health care since the enactment of Medicare and Medicaid a generation ago.

The funds provided under this bill are sufficient to assure that every American family has access to affordable insurance for its children.

President Clinton deserves tremendous credit for his leadership in achieving this milestone. His fight for health security for all Americans in the first 2 years of his administration laid the foundation for the progress we made in the last Congress and for today's agreement.

The Kassebaum-Kennedy legislation enacted in the last Congress guarantees that workers can change jobs without losing their health insurance coverage, or being denied coverage because of a pre-existing condition. The vast majority of Americans obtain

health insurance for themselves and their families through their jobs, and ending insurance discrimination against those in poor health was a significant step toward greater health security for all families.

Today's expansion of health insurance coverage for children could not have happened without President Clinton's strong support. The President fought hard to include a \$16 billion commitment for children in the budget agreement. And it was his unwavering support that assured the additional \$8 billion added by the Senate was included in the final bill.

I also commend several others who contributed to this victory for children. Mrs. Clinton has made the issue of good health care for children a lifetime of commitment, and I thank her for her strong support. Senator HATCH's courageous leadership in the battle for health insurance coverage financed by a cigarette tax was absolutely critical. Senator ROCKEFELLER, Senator CHAFEE, Senator JEFFORDS, Senator KERRY, Representatives NANCY JOHNSON, BOB MATSUI, and MARGE ROUKEMA and others were effective leaders in reaching this bipartisan goal.

Among many outside groups that worked to make this day possible, the Campaign for CHILD Health Now, co-chaired by the Children's Defense Fund and the American Cancer Society, was indispensable in its tireless efforts to inform and mobilize the public in support of children's health insurance. Marian Wright Edelman, as always, was outstanding in these efforts.

When Senator HATCH and I introduced our children's health insurance proposal in March, we said that it would help guarantee good health care for millions of children who have been left out and left behind. These children come from hard-working families. Their parents work 40 hours a week, 52 weeks a year—but they still cannot afford the health care their children need. Whether the issue is eyeglasses, or hearing aids, or asthma, or prescription drugs, too many children do not get the care they need for the healthy start in life they deserve.

The agreement today brings new hope to these children and their families. It means that they will have a better opportunity to achieve a long and healthy life. It means that our country has at last given children's health the high priority it deserves.

I am also pleased that there will be an increase in the cigarette tax, but I am disappointed that the cigarette companies still wield sufficient power in the back rooms of Congress to roll back the tax below the 20-cent increase approved by an overwhelming bipartisan vote in the Senate. A higher tobacco tax is an effective means to discourage children from smoking. This issue will not go away, and I expect the Senate to return to it later this year, either in the context of legislation on the tobacco settlement or as part of other bills.

Finally, it is gratifying that the agreement drops the harsh and ill-thought-out proposals on Medicare, such as raising the eligibility age, imposing a means test on premiums, and requiring copayments for home health care that would have penalized the oldest, sickest, and poorest senior citizens. Long-run reforms are needed to keep Medicare strong, but any reform worth the name deserves careful deliberation by Congress, not the short-circuited consideration imposed by the strict rules on budget bills.

Finally, I express my very personal appreciation for the strong leadership that was provided by Senator DASCHLE, on our side, and for his strong commitment on health care. Senator DASCHLE had indicated that health care for children was going to be one of our Democratic strong priorities in this Congress. His unflinching strength and commitment and support for this program was invaluable in seeing its achievement.

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

Mr. DOMENICI. Mr. President, I ask unanimous consent that the time be charged equally to both sides.

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

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. 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. DASCHLE. Mr. President, I want to take a few moments to talk about the budget agreement, and this reconciliation bill in particular.

Let me begin by complimenting the distinguished majority chairman, Senator DOMENICI, and the ranking member, Senator LAUTENBERG, for their outstanding work in this whole effort. As has been said now by many Members, this would not have been possible were it not for their effort and the leadership they have demonstrated.

Let me commend the administration's negotiators—Secretary Rubin, Chief of Staff Erskine Bowles, John Hilley, and others—for the extraordinary effort they have made in working with us on the President's behalf.

The majority leader deserves a great deal of credit. This would not have been possible without his direct participation. He ought to take great pride in this agreement's accomplishments.

Many others on both sides of the aisle have worked diligently over the last several weeks to bring us to this point, and they too deserve credit. I am very appreciative of their efforts. This agreement is one of the most extraordinary accomplishments achieved, at least since I have been leader and perhaps since I have been in the Senate.

I think the message in the last election on the part of the American people all over the country was very simple:

We want Republicans and Democrats to cooperate, to work on major problems together, to address the major problems in a way that gives them and gives us hope that there is a better future, a stronger future. They recognize, as we do, that the deficit is a major problem and has been a major problem. I think this agreement—as spelled out in both the spending and tax reduction bills—is clear evidence that we understood that message and have responded as consequentially and as sincerely as we possibly can.

This agreement is the final downpayment on a budget process that has now been underway for several years. In fact, it goes back to the vote of 1993, as some of my colleagues have already articulated.

This chart, Mr. President, very clearly illustrates from where we have come and what we have left to do. The projected deficits prior to the enactment of the 1993 economic package are represented in the top line.

In 1993, we made the tough choices, the very critical decisions in 1993. As a result, we have been able to reduce the actual and projected deficits by \$2.4 trillion over the period from 1993 to 2002. Were we to stop at this point and do nothing, annual deficits for the next 5 years are currently projected to remain in the range of \$100 billion. If, as I expect, we pass this bill by week's end, we will have completely eliminated the deficit no later than the year 2002. In other words, the net savings over the next 5 years that will be generated by enacting this budget agreement will total over \$200 billion.

So we will achieve our goal of a balanced Federal budget by the year 2002, if not sooner, as a result, first, of adoption of the 1993 budget agreement, and, second, enactment of the 1997 budget agreement. Passage of these two pieces of legislation will bring us to a balanced Federal budget for the first time since 1969.

There were many fears expressed about what would happen to our economy and the deficit if we were to enact the spending and tax policies contained in the budget agreement of 1993. I will not belabor the point or go over those fears at this time. Instead, I will simply concentrate on what has been said about the economy since the passage of the 1993 package by people outside of the Senate, in particular the Chairman of the Federal Reserve Board, Alan Greenspan.

Here's what he says about the state of our economy since the adoption of our 1993 budget plan: we are "now in the 7th consecutive year of expansion, making it the third longest post-World War II cyclical upswing to date."

In addition, he said:

This strong expansion has produced a remarkable increase in work opportunities for Americans. . . . Our whole economy will benefit from their greater productivity.

Finally, he said:

Consumers are also enjoying low inflation . . . financial markets have been buoyant

. . . in a relatively stable, low-inflation environment.

That is about as optimistic a series of statements as I have ever heard the Chairman of the Federal Reserve make. He has a reason for making them—the economy is strong, we have been able to reduce the deficit, and we have an optimistic outlook about our future. And it is universally held. Whether we turn to the Chairman of the Federal Reserve Board, or Members of Congress, or the business community, or members of labor, the response is the same: Our country is stronger today.

There can be no doubt that we are strong.

Unemployment and inflation right now are at a combined rate of 8.7 percent. That is the best since Lyndon Johnson was President of the United States.

Inflation is at a 2.8 annual percentage rate. That is the best since John Kennedy was President.

The employment picture, with 12 million new jobs, is the best employment situation our country has faced in its history. Construction jobs are stronger now than at any time since I was born, since Harry Truman was President.

Consumer confidence has increased 14 percent in the last 4 years, which is the best we have seen since President Eisenhower.

Deficit reduction has been reduced to under 1 percent of gross domestic product in 1997. That is the best we have seen in all the years that I have lived. One would have to go back to Harry Truman's Presidency to find a time when it was this good.

Home ownership has increased from 63 percent to 65 percent, the best ever. Never in our Nation's history have two-thirds of all Americans lived in their own homes.

The stock market has gone from 3,500 to more than 8,000, a growth record that has been matched only once, and that was during World War II.

Median family income is up \$1,600 since 1993, the best since Lyndon JOHNSON was President of the United States.

So, Mr. President, we feel very good about the circumstances and about the economic progress and performance of the last 4 years.

At the same time, we have said repeatedly over the last several months that there are four categories by which we would judge any agreement that would attempt to make further progress on the deficit: fairness, fiscal responsibility, education, and how we target the investments that we will make as a result of this legislation. Those are the four criteria. How fair is it? How responsible is it fiscally? How good an educational program can we achieve? And how well are we going to be able to target our investments?

Let us take the first category. How do Americans do under this agreement on the issue of fairness? Many of us talked for some time about how important it was that we benefit all income

categories, not just the top income category, but those working families in the \$20,000 to \$30,000 income categories, people who pay a portion of their income to income taxes but an even greater portion to payroll taxes. Are we going to be able to provide tax relief to families such as those?

We will provide a child tax credit to 27 million working families. Families who pay thousands of dollars in payroll taxes, families who pay income taxes, families who try to make ends meet, each and every week, each and every month, those families are going to benefit very directly as a result of what we were able to do with the child tax credit.

And \$24 billion has been committed in the first 5 years for a children's health program, which is the largest single investment in health care since the passage of Medicaid in 1965. That is just the beginning, because we have also committed another \$24 billion in the second 5 years. For the first time in history, thousands of South Dakotans and millions of Americans are going to benefit from a Federal health program that for the first time will provide meaningful health care to children who are not getting it today.

And \$1.5 billion is going to be committed to low-income seniors to help pay for Medicare premiums.

So, Mr. President, from a fairness point of view, there can be no doubt, when it comes to health, when it comes to the array of opportunities that we present working families, this bill deserves our support.

Mr. President, we also, as I indicated, made a very important point of arguing the need for targeted investment. Indeed, this legislation provides opportunities for targeted investment in environmental cleanup, in enterprise communities, and targeted job tax credits, ensuring that family farms and family businesses are going to be protected as one generation transfers its property to the next.

Employer tax deductions are going to be made available for employee education and training.

In a number of ways, we say we are going to take the resources available to us and target them to where they can be used to the greatest advantage—on environment, on communities, on jobs, on farms and small businesses. We provide an array of opportunities in that regard to do what Democrats said was very critical: provide the kind of targeted investment that is so essential to ensuring that all aspects and all elements of our American society benefit from what we are doing today.

The third criteria we spelled out was fiscal responsibility. How well do we do in that regard? We said at the very beginning, we do not want to see an explosion of deficit in the outyears. We wanted to be absolutely certain that, regardless of what else we do, we did not want to pass a tax cut we cannot afford and place ourselves back in the same box we created for this country in

the 1980's. We did not want to relive the bad old days of those extraordinarily high deficits. Instead, we now recognize that achieving a balanced budget in 2002 is only the first step in maintaining a balanced budget in the years beyond 2002.

So we do not index capital gains. We put income limits on individual retirement accounts. We do not index the estate tax exemptions, simply because we were afraid of the extraordinary explosion in outyear deficits that these changes would trigger.

I recognize the fact that we did not go as far as some of us would have liked to ensure fiscal responsibility, to ensure with a high degree of confidence that we will be able to maintain a balanced budget. However, I also believe we took a number of steps that allow for some confidence that once we have balance the Federal budget, it will stay balanced in the years 2003, 2004, 2005, and beyond.

Mr. President, the last category is one that is probably of greatest importance to many working families because they are trying to make ends meet and still send their children to college. In this information age, it is important that we do all we can to make available to working families the tools and the resources necessary to allow every child who graduates from high school the opportunity to get more education. So this bill provides the single largest investment in higher education since Harry Truman passed the GI bill almost 50 years ago.

We provide a \$1,500 HOPE credit in the first 2 years of college and a 20 percent tuition credit for college juniors and seniors and lifelong learning opportunities. There are families of all ages with many different sets of circumstances involving children who want to go to college, involving a spouse who may want to get additional education. An array of different challenges confront all working families as they attempt to cope with the circumstances we are facing in this information age. We provide that mechanism and those tools to working families in ways that we have not done in more than four decades.

So, Mr. President, as a result of this President's advocacy, we are committing resources to education that we have not done in the period I have served in the Congress.

There are no Pell grant reductions. There are opportunities for people to use other tools as well and not be penalized for using the credits that we now make available.

In the end, Mr. President, it all comes down to real names and real families, people that are truly going to be affected. While there are many families who have come before us over the course of the last several weeks to describe their situation, and talk about their circumstances, I think the Richards family in Sioux Falls, SD, who talked to us via television camera just a couple of days ago, is a clear example

of what this legislation means for a typical American family.

Charlie Richards is a teacher. He is not only a teacher; he has two extra part-time jobs. There are many people in South Dakota who work not just one job, but two and three jobs in order to make ends meet. Charlie Richards is that kind of an individual, hard working. He believes that his family must have the very best that he can provide them, and he is willing to commit the extra time and effort and hours to see that provides his family with a quality of life that he now only dreams of.

His wife Karen is pregnant with their second child. Their income is about \$24,000 a year. As a result of what we are doing this afternoon and what we will do this week, Charlie and Karen will get a \$975 child tax credit. This figure was zero under the legislation originally drafted and passed by the House. Both children, once the second child is born, will get health care coverage, perhaps for the first time. Both children will be eligible for HOPE credits when they are ready for college. Both children will be eligible for KidSave and other individual retirement accounts when savings increase.

For the first time, Charlie and Karen will be able to perhaps set a little money aside for savings, maybe to buy a home, maybe to improve the home they are living in now, maybe to give their family just a little bit more hope that they are going to be able to make ends meet and do the kinds of things that every family dreams of doing, not just with the one child they have now, but with two.

So to Charlie and Karen, and to families just like them across the country, let us say today that we give them hope of a better future, a brighter and more realistic opportunity of achieving their goals.

We heard our constituents last year when they told us we have got to work together to solve problems, when they told us it is important that they have the kind of economic strength and security that they want so badly, when they told us we have got to continue to work and put our best effort forward to reduce the debt. We heard them on all these fronts. As a result of the extraordinary leadership and work done on both sides of the aisle, we are responding today in a way that makes me very proud.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. STEVENS). Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, this conference report comes before the

Senate in an atmosphere of near euphoria. While I have signed the conference report—I was a Democratic conferee from the Finance Committee on these matters—and while I will vote for each of the bills, I cannot share the elation. I say this with the greatest respect for the Senators who managed this through the Budget Committee and, of course, for our own revered chairman of the Finance Committee—Senator ROTH—and others who have worked so very hard on the legislation. Surely, there is much to applaud in both bills. But the agreement does little to address, in a serious way, either short run or long-run budget problems.

In the short-run, the Federal budget is already on the verge of balance. This is due to a strong 7-year economic expansion. The expansion is attributable, in part—very probably in large part—to the budget decisions made by the President and this side of the aisle in the Senate in 1993. Indeed, my respected colleague, BOB KERREY, suggests that the Omnibus Budget Reconciliation Act of 1993 be renamed the Balanced Budget Act of 1993. The deficit reduction brought about by OBRA 93, as our usage has it, is expected to reduce the deficit by a cumulative \$924 billion through 1998. That is almost a trillion dollars.

I stood on the floor at this desk, with my great and good friend, Senator Sasser, as the chairman of the Budget Committee at that desk. I was chairman of the Finance Committee. In the end, we enacted that measure by one vote, which has brought us to where we are today. I don't know that the Nation, having heard so much for so long about deficits, had been properly concerned about them so much and for so long. It is not easy to grasp the possibility that the deficit for this fiscal year, which will end September 30, will come in under \$30 billion. That is about one-third of 1 percent of gross domestic product—an insignificant number. If the present trends continue, we could well be in a surplus in a year's time—the first such surplus, if I rightly recall, since 1969.

And then having reached the point where we have free resources, we would be in a very proper position to turn to questions of, do we want to cut taxes, which clearly we might do? I would much prefer to see tax rates reduced—and I will talk about that tomorrow—or to provide new benefit programs of the kind that we are providing, but not before we have done what we said we would do first, which was to balance the budget.

Over the long run, too, this legislation does less than many of us on the Finance Committee would have liked. Indeed, I can say, sir, that all of us on the Finance Committee would have liked, as the measure I am referring to, passed unanimously in the Finance Committee, 20 to 0, on June 18. In particular, we chose to confront the long-run issues in Medicare. We are told that our two major retirement programs—Social Security and Medicare—

are in grave difficulties. That is not so clear in the case of Social Security.

Four rather simple steps would bring us into actuarial balance for a full 75 years—the usual way solvency is measured for the Social Security program. It could be done by four simple measures.

Construct an accurate cost of living index—rather than a consumer price index—in the manner that has been proposed by the chairman of the Federal Reserve Board, the previous director of the Office of Management and Budget, Dr. Rivlin, and the Boskin Commission established by the Finance Committee when Senator Packwood was chairman—he and I jointly did that.

Tax Social Security retirement benefits in the way that all other pensions are now taxed.

Include all workers in the Social Security system. To this day, in a kind of exasperating holdover from the 1930's, there are several million State and local government employees who are not in the Social Security system as government employees, but who acquire the benefits, in any event, through part-time work outside.

Increase the computation period from 35 to 38 years.

Just take those four measures, and a few other odd things, and we put Social Security in fine fiscal condition into the second half of the next century.

This is not the case with Medicare. Medicare is a health program, and it provides health care to a population that grows older and does so in the setting where medical science grows ever more successful in the treatment of the diseases associated with aging. But those treatments are, of necessity, ever more expensive. There is a true problem in Medicare. We have made many changes in the present program, so as to provide another 10 years of trust fund solvency. But in fact, sir, since 1992, the revenues from the Medicare payroll taxes have not equaled the outlays. And we have used general revenues to fund the shortfall, and since the Federal budget has been in a deficit situation, we have had to borrow money to do it. We can say, if you like, that we have 10 years of solvency. There is not now and there won't be until we do very important things.

We began that effort in the Finance Committee on June 18. We took the decision to increase the age of eligibility for Medicare from 65 years to 67, in very gradual steps over the next quarter century, and bringing it into line with the increased age of eligibility for Social Security benefits, provisions adopted in 1983 in the aftermath of a commission, headed by Dr. Greenspan, on which Senator Dole and I served, among others. That measure just responds to the age profile, the demographic profile of the American people. We are living longer. And I would say, Mr. President, also, while we are living longer, we are retiring earlier. The majority of Americans now retire at age

62, when a reduced benefit on Social Security is available, and some 70 percent have retired by age 65. It is not entirely clear why. Some have sufficient resources and they simply want to stop working, and others have not gotten work, or others find the work no longer possible for them. But the fact is that most people now are retired before age 65, and on actuarially reduced benefits, so the trust funds are left unaffected. We proposed to do that with Medicare.

If there is a problem of interim insurance from the time you leave employment to the time you are retired, well, we can resolve that problem. We could be thinking about it right now, in terms of those who retire early on Social Security. The problem of health care insurance does not deter, so far as we can tell, persons from doing that. It is not an admirable fact; it is a distressful fact that the last time the Social Security Administration did a survey asking persons the reasons why they retired early was about 15 years ago. The Social Security Administration is very slow in providing the kind of information we would like to have to make these decisions.

We also, in the Finance Committee, unanimously agreed to increase the part B premiums for upper-income beneficiaries. That is to say, to reduce the part of the Medicare Program paid for by general revenues. When the program was begun—and I was involved if not peripherally, but with some measure of consequence as an Assistant Secretary of Labor for Policy Planning and Research in the Johnson administration—we provided that this program, Part B, should be paid for half by premiums paid by beneficiaries and half by general revenues. Over the years, as a technical result of having constrained the increase in premiums to the same percentage increase in Social Security benefits, while the cost of medical care increased faster than the consumer price index—which itself was an inadequate measure of the cost of living—that 50/50 share dropped to 25 percent for beneficiaries and 75 percent for the Government.

We would simply provide that persons with higher incomes would pay more than the simple 25 percent that the great majority of persons would pay. We are talking about a very small number of people—about 6 percent of all beneficiaries—but the principle is that if you have the income, you don't need the subsidy. Indeed, the overall subsidy would still be much greater than it was originally envisaged in 1965—with the Federal Government financing 72 percent of program costs out of general revenues. The time has come to do that.

Equally, the time has come to provide some measure of copayment for home health care, which has been growing at extraordinary rates, and which is evidently subject to serious abuse. This was widely reported in the press just this week. These items have

come to be known as the big three Medicare changes. They were adopted on June 25 here on the Senate floor by a vote of 73 to 27. However, they are not included in the conference agreement. The House was not willing to do this, and I can only regret that we have not done so. I stand here and say, however, that the Senate has led the way and has shown you can do it. The response in public opinion has been quite moderate. The comment in the press has been almost unvaryingly supportive.

These are necessary, sensible things to do. And it is time we set about doing them. There is an opportunity that we will not miss, particularly if the Finance Committee—under the leadership of Chairman ROTH—continues to work in a bipartisan manner.

About 80 percent of the savings in mandatory programs in this bill before us, this extraordinary large bill—I would hate to see it dropped on anyone's foot—about 80 percent of those savings came from actions by the Finance Committee. The 5-year savings for Medicare are \$115 billion. That is a decrease in the increase, in a manner we have come to be familiar with, and, as I have said, the trust fund will be in technical balance for about 10 years.

This does buy us time for an important provision in the bill, the provision for the creation of a national bipartisan commission on the future of Medicare—time for such commission to do its work. The statute provides that it issue its report by March 1, 1999, a year and a half from now.

The commission is required, in the first instance, to review and analyze the long-term financial condition of the Medicare Program, which is not an easy matter because we are talking about the long-term progress of medicine in an age of discovery that has proved extraordinarily creative and fruitful but equally and not unsurprisingly costly, and to identify the problems that threaten the financial integrity of Medicare, including the extent to which Medicare update indexes do not accurately reflect inflation.

If I could say parenthetically, Mr. President, we have had a great deal of talk about the accuracy, or inaccuracy, or sufficiency, or insufficiency of the Consumer Price Index. The fact is, we have at least four distinct price indexes in our present statutes and in our practices. They are spread all over the Government. One of them indexes Medicare expenses in ways that it seems to me probably overstate inflation.

Next the commission is asked to make recommendations regarding the financing of graduate medical education, including consideration of alternative broad-based sources of funding for medical education. This could not be a more important matter. The question of medical schools and medical education is absolutely essential as we begin the process of economic rationalization in the provision of health

care, as we do in this measure making a wide range of HMO's available to Medicare beneficiaries and Medicaid recipients.

In this regard, Mr. President, might I just go back to 1994 when the Finance Committee was taking up the health care proposal sent to us by the administration in the last days of the first session of the 103d Congress. I was in New York City and asked the distinguished head of the Memorial Sloan-Kettering Cancer Center in New York—Dr. Paul Marks—if he would arrange a seminar to bring me up to date on the thinking of medical deans and medical academic researchers in the area of health care generally. We met one morning in a conference room in January at 10 o'clock. And at about 10:20, one of the deans, who comes from another part of the country, said, "You know, the University of Minnesota may have to close its medical school." That was said to me and I knew I had heard something important. Minnesota is the kind of State where they open medical schools. They don't close them. I asked, "How could that be?" They said, "Well, managed care is making its way from the west coast to the east coast. It has reached the high plains, and is now widely used in Minnesota."

Persons enrolled in managed care plans are not sent to teaching hospitals because they are, by definition, more expensive. If you do not have a teaching hospital, you can't have a medical school. And, indeed, the teaching hospital at the University of Minnesota has since merged with another health care institution.

We are dealing with something profoundly important. An ancient practice of medicine goes all the way back to the Greeks. The establishment of medicine doesn't go back just to the Greeks, but the idea of a profession of medicine with a code of ethics, a Hippocratic oath, certain responsibilities, certain immutabilities in medicine—something of a mystery, something of a guide. In my youth, doctors would prescribe medicines taken from drugstores in a handwriting that was illegible to the laymen. Only the pharmacist could read it. All of that is disappearing.

In our hearings in the Finance Committee, Msgr. Charles J. Fahey, a professor at Fordham University said to us, "What you are seeing is a 'commodification' of medicine." There is a striking image here on the Senate floor. For generations, we have argued the issue of whether labor is a commodity. Finally, in the Clayton Antitrust Act of 1914, we said labor is not a commodity. Well, medicine is becoming one.

The next week, Dr. Raymond G. Schultze, at the time the head of the UCLA Medical Center volunteered, and said, "Can I give you an example of that?" We were discussing it with our witnesses, saying that is a new idea. He said, "In southern California, we now have a spot market of bone marrow

transplants." Well, when you get into that, that is good. It keeps control on prices. It brings rational decisionmaking into this market. But it doesn't provide for the public good. Markets won't provide for the public good that a teaching hospital and a medical school constitute.

So our commission must pay special attention to these institutions.

Finally, we ask the commission to make recommendations on modifying the age of eligibility for Medicare so that it corresponds to the changes in the age of eligibility for Social Security. I would simply suggest that this provision—the instruction to the forthcoming commission to deal with this matter of age of eligibility—obviously reflects the decision in the Finance Committee and the Senate that it ought to be increased to be in harmony with that of Social Security.

The Medicaid changes in this legislation will save about \$10 billion over 5 years by providing greater flexibility to the States, and at the same time, as I have remarked earlier, the Medicaid recipients will be encouraged to participate in HMO's just as Medicare recipients do. When we began Medicaid and Medicare, there were very few arrangements which we now call health maintenance organizations. Fee-for-service medicine was almost the universal experience. So, naturally, when people retired, they continued it, and Medicaid recipients took it up. That has changed with the general population and ought to change with this population as well.

To the one bit of really strikingly good news in this measure, we have taken action to provide health coverage for uninsured children, \$24 billion over 5 years. This will be the largest expansion in Government health insurance since the enactment of Medicare and Medicaid in 1965. We have done something that has not been done in a generation, and something that is needed. It will be financed by an increase in the cigarette tax that will eventually reach 15 cents per pack. Both of these measures were also an initiative of the Senate Finance Committee.

I would also note that the conference committee, even prior to our commission, includes provisions to ensure an adequate stream of Federal funding for teaching hospitals. Financing of health care continues to undergo dramatic change. We will have a more comprehensive proposal from our commission. But we have done some things in this bill.

Medicare payments to HMO's now reflect the higher cost of providing care in teaching hospitals. Under the legislation before us, these payments will be carved out, as we say, and sent directly to the teaching hospitals, thereby ensuring that the money will go where it is intended.

In addition, while payments for medical education have been reduced as part of the overall reduction in pay-

ments to hospitals and physicians that are inevitable in a deficit reduction bill, the conference report includes the Senate language which limits the cuts to about \$5.5 billion rather than \$6.5 billion recommended by the House.

Again, sir, I would say that had we not decided to go for a large tax increase, which we will talk about tomorrow, we wouldn't have had to make some of these reductions which I think we will find difficult, if not indeed painful.

Finally, it should be noted that this bill sensibly increases the statutory debt limit from \$5.5 trillion to \$5.95 trillion, which will be sufficient to take us through December 1999—a much smaller increase would be required if we decided simply to stay the course that we set in 1993.

So, Mr. President, I will support this conference report. It is the product of a long and difficult effort to reach compromise between the Congress and the President. It was characterized by extraordinary unanimity in the Finance Committee, where 80 percent of the mandatory program reductions are to be found, and by very large majorities here on the Senate floor.

I think that speaks to the sincerity of the participants and, I hope, to our knowledge. If I consult my hopes in this matter, there is no real alternative. And, in the meantime, we have done some things that we surely can be proud of.

I see my friend, the Senator from West Virginia, is on the floor. I know what particular pleasure he will take in the provision of \$24 billion in health insurance for children, the largest such increase in health care in a generation since the enactment of Medicare and Medicaid was done.

With that, Mr. President, and seeing that there are other Senators present, I yield the floor.

I thank the Chair.

## S8340

Mr. DOMENICI. I would like to ask the Senators, we have now been on this bill since 12 o'clock, which has been for 5 hours, 25 minutes, all of which I believe is counted against the 10 hours. I very much wonder what Senators would like to do with reference to the bill.

Are there more Senators who would like to speak? The bill is not subject to amendment. There is a list of BYRD rule violations that is around. It is not hidden. I just am wondering what the pleasure of the Members is. I think that most of the Byrd rule violations have been clearly worked by Democrats and Republicans and are consistent with the bill and should be waived. But we cannot do that without conferring with a number of Senators, including the distinguished Senator BYRD, in due course.

There is a conference going on, so 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. DORGAN. 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. DORGAN. Mr. President, I appreciate the indulgence of the chairman of the Budget Committee. I was prepared to make a point of order, a Byrd rule point of order, on this universal service provision. I am persuaded that making a point of order, in which the Parliamentarian would likely rule that this provision is not violative of the Byrd rule, would put us in the position of having a ruling by the Chair blessing an approach that I think deserves not a blessing but condemnation. So I am not going to proceed to make the point of order.

I am persuaded to decide that by the fact that the Senator from Arizona, the

Mr. DOMENICI. Staff for the minority is approaching. I will ask him the question.

Could I get a quorum call?

Mr. BYRD. Absolutely.

Mr. DOMENICI. 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. DOMENICI. 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. DOMENICI. Mr. President, I yield to the other side.

Mr. REED addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I request such time as I may consume from the Senator from New Jersey.

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

Mr. DOMENICI. Could the Senator kind of guess? How much; 15 minutes?

Mr. REED. No. Close to 5 minutes.

Mr. DOMENICI. Why doesn't the Senator ask for up to 10?

Mr. REED. I ask for 10 minutes.

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

Mr. REED. Thank you, Mr. President.

Mr. President, I rise to speak in favor of this bill. As one who voted against the Senate version of this legislation, I am especially pleased today to be able to support this initiative—an initiative that, among other things, provides 10 years of solvency to the Medicare Program, and makes a substantial investment in the health care of our children. I would like to remind my colleagues that we were able to craft this agreement because of the tough vote that I and others cast in 1993 for President Clinton's deficit reduction plan—a plan that has reduced the deficit from almost \$300 billion to approximately \$40 billion or perhaps lower.

I am particularly pleased that this bill makes a remarkable investment in the health care of our children by providing \$24 billion to States to spend for children's health care. This new program represents the most significant and far-reaching expansion in our social programs since the passage of Medicaid and Medicare in the mid-1960's. These children's health provisions will give our children the healthy start that they deserve, and the healthy start that is necessary to help young people become effective students and help these students become effective workers, and help all of us raise a generation of American citizens who will serve this country and lead the world.

Congress is committing significant resources to children's needs. And now we must turn our attention to the days ahead to ensure that these resources are used wisely. I remain cautious about this new initiative. As with any investment of our taxpayer's dollars,

Mr. BYRD. Mr. President, I thank the distinguished Senator. I have a question. Under the rule with respect to extraneous material, I read an excerpt therefrom:

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 the committee as provided in this section.

Is that list available?

Mr. DOMENICI. Senator BYRD, that list is not only available, it has been sent to the desk in accordance with the statute.

Mr. BYRD. May I see a copy of it?

Mr. DOMENICI. Yes, indeed. This is the list that we submitted.

Mr. BYRD. I thank the distinguished Senator. Now, I have been supplied by the minority with a list of extraneous provisions, and it appears that, on a cursory examination, they are not the same; the two lists are not in agreement on all fours.

Mr. DOMENICI. Senator, we don't know what might be different, but we are certainly willing to look and see what is different. We have been in contact with them and working together, as you might suspect.

Mr. BYRD. Mr. President, I think if there is going to be a list, it should be a complete list, and I am only raising the question because I have been supplied with two different lists—one list by the minority and one by the majority—and there may be some of the same things on both lists, but I am not sure. It appears to me that some of the items on the minority list are not on the majority and perhaps vice versa.

Could we have a clarification of this matter?

the Federal Government needs to ensure that the investment is well spent. The plan which is being offered today provides a wide array of options and benefit plans with a high degree of flexibility. And it is crafted in a such a way that it could perhaps be gamed—not for the benefit of the children but for the benefit of those who will be enriching themselves from the system. As this program is implemented, we need to provide adequate oversight to ensure that the children are the beneficiaries of this program, and that they receive the benefits they need, that their health care is protected, and that we as a Nation can prosper. The Secretary of the Department of Health and Human Services, along with the Congress, has her work cut out for her. And together we must ensure that this program is implemented wisely and benefits the children that we so desperately and appropriately want to serve.

In addition, this conference agreement makes significant changes in the Medicare Program. Most importantly, this bill brings 10 years of solvency to the Medicare Program—a program that more than 30 million Americans depend upon, and that more than 170,000 Rhode Islanders depend upon.

Like the amendment I offered during the debate on the Senate version of this bill, this legislation does not include the provisions which I believe take the wrong approach to solving our Medicare problems—provisions like raising the eligibility age, means testing for the part B premiums, and a home health copayment for home health services. This legislation strikes those provisions, as my previous amendment struck those provisions.

A home health care copayment would have negatively impacted the sickest and poorest of Medicare beneficiaries. And an increase in Medicare's eligibility age is a step in the wrong direction. Simply put, raising the eligibility age for Medicare increases the ranks of the uninsured. Already, 13 percent of the 21 million people age 55 to 64 lack health insurance. It makes no sense at all for Congress to eliminate Medicare as an option for seniors who have nowhere else to turn. These and other issues will be debated in the context of long-term Medicare reform as we address the problems faced by Medicare for the next generation.

During the Senate debate on this bill, as I indicated, I offered an amendment to strike these provisions. My amendment failed. But I am glad to see that today we have reached an agreement which protects Medicare, extends the life of the program for at least 10 years and does not attempt an ad hoc approach to structural reform.

This bill includes many improvements to Medicare. For example, it has expanded preventive health care benefits for mammography, pap smears, diabetes, prostate, and colorectal cancer screening, bone density measurements, and vaccines. This bill also requires the Medicare Program and managed care

plans to give more information to beneficiaries about their choices and their coverage, and the quality of that coverage. All of these are welcome developments.

I am also pleased that this bill contains \$1.5 billion for protecting low-income Medicare beneficiaries against an increase in Medicare premiums. However, I am disappointed that this comes in the form of a block grant to the States that ends after 2002. This approach has the potential to fall short of providing real protection for low-income Medicare beneficiaries. Any increase in Medicare premiums can result in significant hardships for low-income seniors, and these individuals deserve a permanent guarantee of protection.

This bill also includes numerous changes in Medicare reimbursement policies—changes that will have a great impact on those individuals and institutions that provide health care to Medicare beneficiaries. I will keep a vigilant eye on the implementation of these changes, paying particular attention to their impact on the access to and quality of care provided to Medicare beneficiaries.

This legislation also establishes a bipartisan national commission to examine the long-term solvency of the Medicare Program. The creation of this commission lays an important foundation to work on long-term reforms and solutions, and to tackle those issues that are not suitable for the narrow confines of a budget debate. Such reform is needed to address the challenges that the Medicare Program will face as members of the baby-boom generation become recipients of Medicare. This commission provides that framework, and I am encouraged that the commission is established by this legislation.

I am prepared to vote in favor of this bill. As with any piece of legislation, it is not perfect. Indeed, many individuals will benefit from various provisions of the bill. Medicare beneficiaries will have the security of an additional 10 years of solvency in the program. The families of uninsured children will now have new State programs to turn to. Medicare beneficiaries will have new choices and increased preventive health care benefits.

But this is no time to rest on our laurels. To ensure that Medicare beneficiaries continue to have access to high-quality care in the face of constrained payments to providers, to ensure that the \$24 billion for children's health care is well spent, and to ensure the long-term viability of the Medicare Program, we will need continued vigilance on the part of many, including the Congress, the Secretary of Health and Human Services, and those persons served by the Medicare and Medicaid Programs.

We also must recognize that within this budget, as we continue to draw down discretionary spending over the next several years, harder and harder

choices will ensue. We have to ensure that we make the right choices. We have to ensure that the spirit today—a spirit that reaches out to help our children, a spirit that reaches out to help and maintain our seniors—will be the spirit that dominates our future budget deliberations as it has ennobled our past efforts to strengthen America.

I yield the remainder of my time.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, on behalf of Senator DOMENICI, I yield myself up to 15 minutes. I don't believe I will take that long.

But I also ask that the Senator from Montana be allowed to take a minute to introduce legislation.

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

Mr. BURNS. I thank my friend from Indiana.

(The remarks of Mr. BURNS pertaining to the introduction of S. 1090 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER (Ms. COLLINS). The Senator from Indiana.

Mr. COATS. Madam President, I don't believe I will take all 15 minutes.

I want to express, however, the reason I am voting against this budget agreement. When the budget resolution came before the floor of the Senate initially, I voted against it because it did not contain the entitlement reforms—the structural reforms that I felt were absolutely necessary if we are ever going to have a sustained, consistent effort at balancing our budget. Clearly, we all know that the entitlements—the mandatory spending—have not been structurally reformed for a long, long time, and we are on a collision course with their ability to meet the demands on those funds in the future. Some changes were made in this bill. I want to talk about those in a minute. But they were not the structural reforms.

Then when the budget reconciliation bill came before the Senate, I supported the budget reconciliation bill because the Senate had the courage to stand up to the plate and address the need for entitlement reforms. I doubt that there is a Member of this Congress, House or Senate, or anyone else who has paid attention to this issue, that doesn't recognize that this is something that we have to do. We are on a collision course with bankruptcy for Medicare.

We hear all of this wonderful talk about preserving Medicare for the benefit of our elderly. Yet, the quality of Medicare services continue to decline because we continue to impose restraints and restrictions on the providers, and it squeezes the quality of care. And we fail to have the will to step up to the plate and deliver any kind of structural reform in the program—even reform that takes place well into the next century. The Senate addressed that issue. The Senate by a fairly substantial vote passed legislation which

would begin that process of structural reform. So I supported the bill on that basis, hoping that it would survive conference. Due to a number of factors which I will talk about, it didn't survive. And it is back here now without those reforms.

All the wonderful promises and rhetoric about addressing the Medicare problem is more of the same that we have been promising for the last several budget resolutions, most of which has not come to fruition.

So I approach this conference spending bill with a sense of sadness and feeling of resignation—a sense of sadness because I know that the Senator from New Mexico and others who have been involved in this process have worked very, very hard to put together a bill which moves us toward a balanced budget. They have incorporated a number of provisions in here which I believe are important provisions, and provisions which I support; but a sense of sadness because we have dropped in the negotiations what I think were the most important parts of this budget reconciliation bill—the structural reforms and entitlements.

It is entitlements that are eating up our revenues. It is the entitlements, were it not for a booming economy which is pouring revenues into our coffers for the present time—it is the entitlements which would be squeezing other aspects of the budget, whether you are for education, or roads or safe water, or environmental issues, or a whole number of other things. Those are being squeezed because we don't have the political will and courage to address the entitlements.

It is resignation that I feel because lasting structural reform of Government spending seems to be beyond the ability of the Congress and the executive branch.

The measure before us today is significant not for what it contains but for what it does not contain—commitment to fundamental institutional change. And that failure is most obvious, as I have said, when we look at the entitlement parts of this bill.

Here, for whatever reason—probably a lack of political will—we have dropped the three measures which maybe signaled the best hope of future ability to contain entitlement growth. Instead, we have what is estimated as a \$115 billion reduction in Medicare spending, but this is an evasion, not a reform, because these projected savings are achieved by the typical way we have done this: decreasing payments to providers. It has been tried over and over again, and it has failed. Costs have continued to rise under reduced payment schemes while the quality of care has decreased.

The plan also shifts the home health care program, the fastest growing part of Medicare, from Medicare part A to part B. That is a shift, at taxpayer expense, by the way, that simply delays the overall failure of this program by not reforming its faults but simply

making it sustainable. In addition, the measure drops the Senate provisions that would have set the stage for future reforms, measures that, as I said, were adopted as a result of the leadership of Senator GRAMM, who offered the amendment, and support on a bipartisan basis—Senator KERREY of Nebraska and others—for these reforms. The Senate bit the bullet. The Senate exercised the political will. The Senate put itself out on a limb only to see all of these reforms dropped in these negotiations.

Means testing provision dropped, the increase, very gradual increase in eligibility from 65 to 67 that would not affect anybody 46 years of age and older, and the increase in copayments for home health care service dropped, all killed, and along with that any hope for meaningful reform.

The President bears some of this responsibility, a lot of this responsibility, because we all know that we cannot accomplish this without Presidential leadership, and that leadership was tepid at best. There was no sustained active involvement on the part of the executive branch and the President to bring about these reforms. And support from the House, not this body, but support from the House was weak, and I regret that. It falls on the shoulders of both parties.

Left unchecked, CBO projects that Medicare spending will explode to \$470 billion a year by the year 2007, representing an average annual increase of 8 percent over the next 10 years. This is a growth rate of nearly double the estimated growth of the overall economy for the same period. In the period from 2010 to 2030, when 80 million baby boomers move into retirement, Medicare's expenses are expected to surge to 14 percent of our gross domestic product as compared with 2.5 today. This cannot be sustained. This is a train coming down the track headed for a wreck, and yet time after time after time, as we are faced with the prospect of that train wreck, we blink. We pass it off to the next Congress and the next Congress, and we defer and pass that debt off to future generations.

The \$115 billion in promised reduced payments does nothing to avert this long-term disaster. By dropping the reforms passed by the Senate, budget negotiators have brought the looming crisis one step closer to reality. And just yesterday in the Washington Post, there was an article entitled, in fact, "Billions Wasted, Medicare Audit Says." The article opens by stating that nearly 40 percent of the home health care services provided to frail elderly Americans under the Medicare Program are unjustified either because the service is not necessary or the agency administering the care is not sanctioned to do so or the person is not covered—40 percent. I think the figure was \$23 billion a year in fraud and waste and abuse of one part of the Medicare system.

We had a provision in the bill that began to address the problem, and we

passed on it. We could not even turn to seniors and say that the program which benefits you, home health care—and I used that for my father when he was home in need of that health care—the program that benefits you is so fraught with waste and abuse it is jeopardizing the entire Medicare system. And yet, the Congress refuses to even impose the most minimal of corrections to try to address that problem.

So what do we offer our seniors? A so-called bipartisan commission to study the problem. Madam President, there is nothing left to study. We have studied this thing to death. The problem is not a lack of knowledge. It is a lack of political will. Confronting the Medicare crisis will take political courage and it will take sacrifice. But these values, which should come easier in a time of economic growth and prosperity, are absent in the spending plan. That is to say nothing about Social Security. That is another problem that we don't even touch here and we also need to address.

All of this, as I said, is deeply disturbing, but then when you add to that a new entitlement program, a \$24 billion health care entitlement, paid for with a tax hike on cigarettes and tobacco, you compound the problem—not because we do not need a health care program for children; we do, but because this one was designed with no rational basis. It was created without an assessment of the need. The level of funding was arbitrary. We were throwing figures around here—how much can we add? How much can we subtract? Pulling figures out of thin air in a mindless bidding war rather than having an adult policy debate.

We are creating in this measure future entitlement problems that we cannot even imagine because we have not taken the pains to consider those problems.

I am not speaking against the need for health care for children. I am saying let us determine what the need is and tailor a program that addresses the specific need without just throwing a new entitlement program in place that will probably go the way of all other entitlement programs and that will grow beyond our means to check it, and we will not be able to put reforms in that either.

What is absent from this agreement is any type of fundamental, lasting structural reform in our Government and its spending. That reform is now possible because of the strength of our economy. This is when we ought to be putting these reforms in place.

We always hear that we cannot make structural reforms during times of economic slowdown, because that would have too much negative impact on our economy. And now we hear the argument that we cannot make reforms during economic prosperity because it is too difficult, because a strong economy signals to us that we do not need to make reforms. We will just reap the benefits of the new revenues that are

coming in. And so when the economy is down, we cannot do it because it hurts the economy, and when the economy is doing well, we say we do not need to do it; there is no sense of urgency anymore.

Our entitlement crisis is lurking around the corner, just below the surface of this strong economy. The same irrational and bloated bureaucracies that choke our economy in hard times hide in the shadows of economic boom because this legislation does nothing to reform and limit the Federal Government.

Sooner or later the economy is going to slow. I wish it would not, but it will. And when it does, the reckoning will be even more severe. We have squandered a unique opportunity—a President who is not running again, a Congress led by Republicans who are willing to walk out on a limb again for entitlement reform, who will support a President if he would just provide leadership on entitlement reform, a prosperous economy where people are at work, revenues coming in.

Is there ever going to be a better time to bring entitlement reform to our budget process? I doubt it. And yet we are squandering this marvelous opportunity to make changes now that will be incremental and small in nature but will provide great dividends and great benefits for the future. Instead, in the interest of political expediency, we postpone those tough decisions to a future Congress, to future generations, and we look myopically at the immediate election consequences, what we perceive them to be. I do not believe they are there. I think people are looking for politicians who will exercise political will, make the tough decision, step up and do what is right, and I think they will be rewarded in the polls. Instead, we say let us pass on this one more time.

We will never have a better moment. We will never have a better opportunity. We will never be in a position where we are 3 years out from a general election, more than a year out from the next off-term election, with an Executive who does not ever have to stand for election again in his life, with a Senate that has already made the decision to go out on the limb. We will never be in a better position, and yet we have squandered this moment.

For that reason, for all of the hard work that the Senator from New Mexico and others have put in this agreement, for all of the benefits in this agreement and the positive things in this agreement, I cannot support this resolution, because my litmus test, as I stated when I voted against the budget resolution and for the budget reconciliation, included entitlement reforms. But now, because they have been drawn out, that litmus test was not met.

That is a minimal litmus test. I was willing to accept minimal reforms,

anything, anything that moved us in a path of structural reform, addressing a problem that we know is going to impact negatively on the people of this country and the economy of this country. We know it passes on debt to future generations. We know it places our elderly people in a precarious position for the future of Medicare. And yet at this golden time, which may not come again, for political expediency or whatever reason—I wasn't in the budget negotiations—we once again pass, we once again take a powder on this and say we will do it another time; let's form a commission; let's study it some more; let's have some more recommendations.

How many studies, recommendations and conditions do we have to put in place to keep telling us what we already know?

So, Madam President, I know I am a skunk at the party here, the celebration for the passage of this so-called balanced budget agreement, and I hope it does balance the budget, and it may, mostly, I think, not because of new spending we put in place but because the economy is roaring along and pouring money into the coffers of the Government. I wish we could get more of that money back to the people who have earned that money. Instead, we are creating new entitlements. We passed on the opportunity to reform existing entitlements, and I just regret that very much.

So I may be a lonely voice in this vote, but I cannot for the reasons I have stated support this resolution.

I yield back whatever time I have remaining.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. HOLLINGS. Madam President, I have spoken with the distinguished chairman of our Budget Committee. He has allocated 20 minutes. I think I will take far less.

Madam President, when Alice in Wonderland asked the cat where they were headed, the cat replied, "before you decide where you are going, you must first decide where you are."

And as we look at this so-called Balanced Budget Act of 1997, we should look to see, before anything is enacted, exactly where we are. At this very minute, we have a pretty good estimate from the Congressional Budget Office.

We know, Madam President, that as of May 19, CBO estimated the deficit for this year, 1997, to be \$180 billion. We also know that both the CBO and the Office of Management and Budget have agreed that this year's revenues are now exceeding their original estimates by as much as \$40 billion. So, the August estimate for 1997 will be revised to show a deficit of about \$140 billion.

The idea is to balance the budget and remove the deficit. If you are going to

remove your deficit, you have to do it one of two ways—or both ways; namely, you have to cut back on your spending and you have to increase your revenues or do both. The present Balanced Budget Act of 1997 proposed increases in spending, rather than cuts in spending. And, instead of increasing the revenues, it reduces revenues by some \$90 billion.

So, Madam President, I have studied this document, and I have to stand here as a matter of conscience, because I have been the chairman of the Budget Committee. I have been in the committee itself since its institution in 1974. I cannot mislead the people with a vote that would approve what this budget resolution is all about. I could go at length as to the various smoke and mirrors, backloading, excessive spectrum auctions and other deceptions contained in this bill, but let me go to one that is not just a simple smoke or a simple mirror. The fact of the matter is, it is an illegal smoke and an illegal mirror. Why do I say that? We had some struggle during the original enactment of the Greenspan Commission report in 1983. Social Security was about to go broke, but its bankruptcy was avoided by the National Commission on Social Security Reform. I hold a section of the report, dated January 1983, in my hand.

Section 21 of the Greenspan Commission report recommended taking Social Security off budget. That is the core of the misunderstanding—or the understanding. We stated categorically, in accordance with the Greenspan Commission, that when we were calculating deficits, whether or not we were in the red or in the black, that we would not include Social Security trust funds.

I ask unanimous consent at this point to have printed in the RECORD a table of the various pension fund moneys that have been expended and, so there will be no misunderstanding, I would also like to include the "Budget Reality" table that I referred to earlier which contains the CBO figure of a \$180 billion actual deficit this year.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TRUST FUNDS LOOTED TO BALANCE BUDGET  
(By fiscal year, in billions of dollars)

	1996	1997	2002
Social Security .....	550	629	1,095
Medicare:			
HI .....	126	116	-58
SMI .....	27	22	34
Military Retirement .....	117	126	173
Civilian Retirement .....	394	422	561
Unemployment .....	54	61	77
Highway .....	21	23	40
Airport .....	8	5	-28
Railroad Retirement .....	17	18	20
Other .....	60	62	78
Total .....	1,374	1,484	1,992

HOLLINGS' BUDGET REALITIES

[In billions of dollars]

President and year	U.S. Budget	Borrowed trust funds	Unified deficit with trust funds	Actual deficit without trust funds	National debt	Annual increases in spending for interest
<b>Truman:</b>						
1945	92.7	5.4	-47.6	260.1		
1946	55.2	-5.0	-15.9	271.0		
1947	34.5	-9.9	4.0	257.1		
1948	29.8	6.7	11.8	252.0		
1949	38.8	1.2	0.6	252.6		
1950	42.6	1.2	-3.1	256.9		
1951	45.5	4.5	6.1	255.3		
1952	67.7	2.3	-1.5	259.1		
1953	76.1	0.4	-6.5	266.0		
<b>Eisenhower:</b>						
1954	70.9	3.6	-1.2	270.8		
1955	68.4	0.6	-3.0	274.4		
1956	70.6	2.2	3.9	272.7		
1957	76.6	3.0	3.4	272.3		
1958	82.4	4.6	-2.8	279.7		
1959	92.1	-5.0	-12.8	287.5		
1960	92.2	3.3	0.3	290.5		
1961	97.7	-1.2	-3.3	292.6		
<b>Kennedy:</b>						
1962	106.8	3.2	-7.1	302.9	9.1	
1963	111.3	2.6	-4.8	310.3	9.9	
<b>Johnson:</b>						
1964	118.5	-0.1	-5.9	316.1	10.7	
1965	118.2	4.8	-1.4	322.3	11.3	
1966	134.5	2.5	-3.7	328.5	12.0	
1967	157.5	3.3	-8.6	340.4	13.4	
1968	178.1	3.1	-25.2	368.7	14.6	
1969	183.6	0.3	3.2	365.8	16.6	
<b>Nixon:</b>						
1970	195.6	12.3	-2.8	380.9	19.3	
1971	210.2	4.3	-23.0	408.2	21.0	
1972	230.7	4.3	-23.4	435.9	21.8	
1973	245.7	15.5	-14.9	466.3	24.2	
1974	269.4	11.5	-6.1	483.9	29.3	
<b>Ford:</b>						
1975	332.2	4.8	-53.2	541.9	32.7	
1976	371.8	13.4	-73.7	629.0	37.1	
<b>Carter:</b>						
1977	409.2	23.7	-53.7	706.4	41.9	
1978	458.7	11.0	-59.2	776.6	48.7	
1979	503.5	12.2	-40.7	829.5	59.9	
1980	590.9	5.8	-73.8	909.1	74.8	
<b>Reagan:</b>						
1981	678.2	6.7	-79.0	994.8	95.5	
1982	745.8	14.5	-128.0	1,137.3	117.2	
1983	808.4	26.6	-207.8	1,371.7	128.7	
1984	851.8	7.6	-185.4	1,564.7	153.9	
1985	946.4	40.5	-212.3	1,817.5	178.9	
1986	990.3	81.9	-221.2	2,120.6	190.3	
1987	1,003.9	75.7	-149.8	2,346.1	195.3	
1988	1,064.1	100.0	-155.2	2,601.3	214.1	
<b>Bush:</b>						
1989	1,143.2	114.2	-152.5	2,868.3	240.9	
1990	1,252.7	117.4	-221.2	3,206.6	264.7	
1991	1,323.8	122.5	-269.4	3,598.5	285.5	
1992	1,380.9	113.2	-290.4	4,002.1	292.3	
<b>Clinton:</b>						
1993	1,408.2	94.3	-255.0	4,351.4	292.5	
1994	1,460.6	89.2	-203.1	4,643.7	296.3	
1995	1,514.6	113.4	-163.9	4,921.0	332.4	
1996	1,560.0	154.0	-107.0	5,182.0	344.0	
1997	1,622.0	110.0	-70.0	5,362.0	359.0	

Historical Tables, Budget of the US Government FY 1998; Beginning in 1962 CBO's 1997 Economic and Budget Outlook, May 19, 1997.

Mr. HOLLINGS. Fortunately—and we are all enthused about it—the deficit is going to come down to about \$140 billion this year. It may come down to \$135 billion, but I doubt that. I have talked to the authorities. But we know we are spending over \$100 billion more than we are taking in. We cannot, under the law, use Social Security trust fund surpluses to mask this deficit. The Senate voted on October 18, 1990, by a vote of 98-2, to take Social Security off budget. It took us quite a while in the Budget Committee, but we finally got it done. That is a law, section 13301, signed by President Bush, to take Social Security off budget.

So, this was a very deliberate act. I am not just trying to impassion senior citizens or any of that nonsense. I am trying to inflame the intellects and the consciences of the Senators. Because every Senator present here today who was here in 1990, voted and said, I believe in that particular policy. No Senator since 1990 has tried to change that; there has been no amendment or bill or

otherwise. We had the policy itself reaffirmed in the Retirement Protection Act of 1994 which barred businesses from using the pension moneys to pay the debt.

Then, the Senate passed an amendment in the budget bill, barring corporations from pension misuse, known as the Pension Reform Act of 1994.

Madam President, when I look at this particular budget, I say how in the world, if you are spending over \$100 billion more than you are taking in, can you remove the deficit by increasing spending and decreasing revenues? It is quite obvious it cannot be done, except under subterfuge, misuse, misappropriation or other fraudulent acts. Because the Balanced Budget Act of 1997—and we have examined the document now—uses \$465 billion of Social Security trust funds to make it appear balanced.

There is no gimmickry here about Government moneys and buying bonds. When you spend the money out of the fund—and that is what we are doing be-

cause we don't have it—then it has to be replaced. Under the chart I included earlier, you can see that over \$600 billion from the Social Security trust fund has already been expended, and now they will spend an additional \$465 billion in this bill. This means that by the year 2002 we will owe Social Security over \$1 trillion.

They say, "Oh, it's the baby boomers in the next generation that are going to bankrupt Social Security." No, not at all, my colleagues. It is the senior citizens, the adults on the floor of the U.S. Congress that are decimating Social Security. It is going on. It continues to go on. It is absolutely fraudulent. It is absolutely illegal.

I ask unanimous consent to have section 13301 printed in the RECORD.

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

**SEC. 13301. OFF-BUDGET STATUS OASDI TRUST FUNDS.**

(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.

(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."

Mr. HOLLINGS. Then, Madam President, I refer to the document itself. They do not have to list in this reconciliation bill the annual deficits, the outlays, budget authority, and the debt itself. But the document of last month, the conference report, does—and I refer to Mr. KASICH's bill: "From the committee of conference submitted on the conference report on the concurrent resolution on the budget for fiscal year 1998."

If you turn to page 4—and I am going to ask the first 15 lines, just those 15 lines, be printed in the RECORD at this particular point. I ask unanimous consent to have that printed.

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

(4) DEFICITS.—For purposes of the enforcement of this resolution, the amounts of the deficits are as follows:

Fiscal year 1998: \$—173,000,000,000.

Fiscal year 1999: \$—182,200,000,000.

Fiscal year 2000: \$—183,200,000,000.

Fiscal year 2001: \$—157,100,000,000.

Fiscal year 2002: \$—108,300,000,000.

(5) PUBLIC DEBT.—The appropriate levels of the public debt are as follows:

Fiscal year 1998: \$5,593,500,000,000.

Fiscal year 1999: \$5,841,000,000,000.

Fiscal year 2000: \$6,088,600,000,000.

Fiscal year 2001: \$6,307,300,000,000.

Fiscal year 2002: \$6,481,200,000,000.

Mr. HOLLINGS. Madam President, on line 1 it says, "fiscal year 2002"; line 2, subsection 4, it says "deficit."

Then you look down on line 8 at "fiscal year 2002," and you will not see a balance, but a deficit of \$108,300,000,000.

The reason it shows this deficit is because of section 13301, which says you cannot include Social Security trust fund surpluses.

But, if you go down to line 15 and see that the fiscal year debt, from year 2001 to 2002, goes up, not into balance. The debt doesn't go into balance from the year 2001 to 2002. Instead, the debt increases \$173.9 billion. This is not a balanced budget.

It's a tragic thing that you can't get this reported. It is a matter of fact. It is a matter of law. It is a matter of conscience. We should all come together and say we won't use pension

funds to pay off our debt. We passed a formal rule here some time ago for all corporate America which made this illegal. Denny McLain, the Cy Young Award winning pitcher for the Detroit Tigers, when he got out of baseball, became the head of a corporation, and, unfortunately, used the corporate pension fund to pay off the debt. He was sentenced to 8 years in prison. Tell our friend Denny, if you can catch him in whatever prison, to please run for the U.S. Senate because, rather than sending us off to prison here when we use the pension funds to make the debt look smaller, we get the Good Government Award. Everybody is standing up with the President and the Speaker and the majority leader and saying, "How wonderful, boys. It is Christmas in July." It is a total fraud, absolute farce, and everybody ought to know it. Because what we are doing is breaking into the airport trust fund, the highway trust fund, the military retirees' pensions, the Civil Service retirees' pensions, and everything else I have included in the record. There it is. I have had it typed up.

As a matter of conscience I cannot engage in this deception. I was always taught, some 50 years ago when I got into public service, in 1948—that public office was a public trust. I believe Social Security is a public trust. I think the consummate 98 Senators said we ought to make it a public trust. They said, not only for us but for corporate America, we ought to make certain that some fast-moving merger artist can't come in on a takeover and abscond with the pension funds to pay the debt and pay himself a good bonus and leave everybody else hanging.

So we have it in formal law, we have it in formal policy. But, when it comes to us, we run around and say "unified, unified." There is nothing unified. It is expended moneys in violation of the formal statutory law of the United States of America, section 13301 of the Budget Act.

I can't vote to violate that law and, therefore, will have to oppose the bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. CHAFEE. Mr. President, I would like to offer my congratulations to the leaders on both sides of the aisle, the chairmen and ranking minority members of the Finance and Budget Committees, for all of their hard work in consummating this very significant, bipartisan budget agreement. While this bill is not everything I had hoped for, it is an important step toward getting our fiscal house in order.

Moreover, it is grounded in a philosophy that I strongly believe in—that bipartisanship is the key to making government work. On difficult national problems, such as balancing the budget, neither party alone can get the job done, nor garner the public consensus needed for such action.

Indeed, this was the genesis behind establishing the so-called Chafee-

Breaux centrist budget coalition, which I believe deserves considerable credit for advancing the terms of debate on the issue of long-term Medicare reform. Regrettably means-testing of the part B premium, increasing the age of eligibility from 65 to 67, and the \$5 home health copayment were dropped from the final package. However, the credit for getting them into the Senate version of this bill belongs to the centrist budget coalition. Each of these provisions was added to the Senate bill with a big, courageous bipartisan vote—something which would have been unthinkable just a few years ago.

As a result of these pioneering Senate votes and the growing national consensus on the need for long-term reform, President Clinton has now pledged to stand with those Members of Congress who vote for means-testing of the part B premium, an important step toward creating the political environment which will be needed to secure this program for future generations of retirees.

I would further urge the President, as well as Democratic party leaders, to disavow and distance themselves from candidates who resort to mediscare demagoguery in their future political campaigns. The American people deserve a responsible debate on this difficult subject, and the centrist coalition will be working to see that this happens.

This bill does include a number of helpful changes for Medicare beneficiaries, low-income children, and legal immigrants which I would like to briefly highlight.

Medigap provisions included in this bill, which I was pleased to author earlier this year, will do for Medicare beneficiaries much of what the Kassebaum-Kennedy health insurance bill did for working Americans: It vastly improves portability and bans preexisting condition limitations for Medigap policy holders.

This bill also improves access to emergency services for Medicare beneficiaries enrolled in managed care plans, which is derived from legislation Senator GRAHAM authored and I was glad to cosponsor earlier this year. This provision establishes a prudent layperson definition of emergency medical conditions to ensure that emergency services are properly covered.

This legislation also includes expanded preventive health care benefits for Medicare enrollees, including mammography, colorectal and prostate cancer screening; testing for osteoporosis; and improved coverage for diabetes and other important prevention measures. These enhanced services will be helpful to the more than 174,000 Medicare beneficiaries in Rhode Island.

One of my most important priorities, that of expanding access to health insurance for low-income children, is also addressed in this bill. I am especially pleased that we are providing \$24 billion for this purpose. This is a critical step forward for Rhode Island's

children, 19 percent of whom live in poverty. Many of these poor children—38 percent—live in families where at least one parent is working, yet they are still poor. These funds are targeted to help these families especially.

While I would have preferred greater specificity in terms of the benefits to be provided to children under this program, the final package is a significant improvement over some of the earlier proposals. I want to thank and acknowledge Senator ROCKEFELLER for his leadership and expertise in working to advance the cause for children's health insurance. He was a strong partner in helping to make this a stronger and better program than it otherwise would have been.

I also want to thank Senator ROTH for helping me to ensure that Rhode Island can take full advantage of the funding provided under this program to continue its children's health initiatives. The Finance Committee chairman was very responsive to the problems this legislation posed for States, like Rhode Island, that have already expanded coverage. We were able to work together to ensure that Rhode Island will not be penalized for choosing to expand coverage on its own.

This bill also gives States critical new flexibility by allowing them to enroll Medicaid beneficiaries into managed care without obtaining a waiver from the Department of Health and Human Services. At the same time, the legislation includes important safeguards for these beneficiaries, many of which were contained in legislation I introduced earlier this year. For example, disabled children, children in foster care and special needs children who have been adopted are protected from mandatory enrollment in managed care. Women enrolled in Medicaid managed care programs will continue to have the freedom to choose their family planning provider, even if that provider is not part of their managed care plan.

This bill also restores Medicaid coverage to thousands of children who were removed from the SSI rolls as a result of eligibility changes made in the 1996 welfare reform law. This will be enormously helpful to many low-income families whose children may no longer be considered statutorily disabled but who nevertheless have significant special health care needs.

Let me take a moment to describe the provisions of this bill dealing with legal immigrants. As my colleagues know, the 1996 welfare reform law placed severe restrictions on the Federal benefits that legal immigrants may receive. Among these restrictions was a complete and immediate cut-off of supplemental security income [SSI] and food stamp benefits, not only for future immigrants but for those already in this country legally.

For the elderly and disabled legal immigrants who last August were in the United States—including nearly 4,000 in my own State of Rhode Island—the

new SSI ban represented nothing short of a crisis. For many, the loss of this critical Federal aid would mean losing the ability to live independently. In turn, this would present a serious community and fiscal challenge to State and local governments, as immigrants who had lost benefits and faced destitution turned to nursing homes or other costly facilities for support.

I was sorely troubled by these restrictions on immigrants, and pledged to do what I could to mitigate the most harsh of these during this Congress. I am delighted to say that in this regard, we have been successful. The conference report before us now is identical to the Senate-passed bill on which I and others of my colleagues worked very hard.

It restores benefits to those legal immigrants who were receiving SSI as of last August. It also allows immigrants who were in the United States last August and who may become disabled in the future to receive SSI. For my State, this means that 3,753 currently elderly and disabled Rhode Island residents—and many others who may become disabled in the future—will be able to receive basic SSI assistance to allow them to live with dignity.

Now, the immigrant provisions of this bill are not perfect. And I am disappointed that it does not contain the Chafee-Graham amendment on legal immigrant children and Medicaid, or the provision dealing with SSI for those too disabled to naturalize. But the bill before us goes a long way toward restoring fair treatment for the thousands of legal, tax-paying immigrants who were in the country and playing by the rules when welfare reform was enacted.

I want to commend Senators D'AMATO, FEINSTEIN, DEWINE, and GRAHAM for all of their hard work in helping to solve this problem. Since the introduction of our Fairness for Legal Immigrants Act in April, we have been working as a united team toward fair treatment for legal immigrants. With passage of this bill, our efforts will have met with success.

In closing, I am hopeful that we can build upon the bipartisanship that was necessary to make this bill a reality when we turn to the more challenging task of advancing long-term budget and entitlement reforms in the future.

I particularly want to address the entitlement reforms I strongly believe are necessary for Medicare. Although the provisions we worked hard on—means testing the part B premium, increasing the age of eligibility from 65 to 67, the \$5 home health care copayment—were dropped in the final package, nonetheless, I think it behooves all of us to continue our work on each of these measures, and certainly I will do everything I can to advance them. I thank the Chair.

Mr. GRASSLEY addressed the Chair. The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. GRASSLEY. I yield myself such time as I might consume.

The PRESIDING OFFICER. The Senator is recognized.

Mr. GRASSLEY. Madam President, I rise to address the Balanced Budget Act of 1997.

This is an important moment. This bill represents the triumph of the idea that we must get our national accounts in order. This is an idea that Republicans, with the help of many Democrats, have labored for years to put at the top of the national agenda.

Finally, it is close to being done.

As a member of the Finance and Budget Committees, and as a Budget Committee delegate to the conference, I have been deeply involved in the consideration of this bill. And I have been in a position to witness the dedication Senator ROTH, Senator DOMENICI, and Senator LOTT have brought to the difficult task of giving birth to this balanced budget legislation. I want to congratulate them on the success of their efforts.

I would particularly like to thank Chairman DOMENICI, Chairman ROTH, Senator LOTT and the other Senate conferees for protecting a number of excellent Senate provisions in the conference committee. Believe me, Madam President, it wasn't easy.

The Medicare portions of the bill will bring about very positive changes in the program.

The bill calls for necessary savings in Medicare, and thereby will help put Medicare, and particularly the Medicare hospital trust fund, on a sounder financial footing. The bill also contains a number of innovations that I think will improve the Medicare Program.

First and foremost is the new Medicare Plus Choice Program, reforming Medicare managed care.

From my perspective, representing the State of Iowa, the inclusion in this bill of a 50-50 local/national blended rate for Medicare managed care reimbursement is extremely important. Also critical is the bill's inclusion of a minimum payment of \$367 in 1998, with annual updates thereafter.

The opportunity for additional types of health plans, other than HMO's, to participate in the Medicare Choice Program will open additional opportunities to Medicare beneficiaries. Based upon what I have been hearing from Iowa, I think the reformed payment system and the additional types of plans should truly broaden choice for Medicare beneficiaries in Iowa.

These provisions together should go a long way toward giving Iowans the same kinds of choices Medicare beneficiaries in other parts of the country have.

I also want to thank the chairman and my colleagues on the Senate Finance Committee and the House and Senate conference committees for including many provisions contained in S. 701, legislation I introduced earlier this year regarding Medicare managed care standards. I am especially pleased to see that, beginning in 1998 and annually thereafter, beneficiaries will receive comparative user-friendly charts

listing health plan options in their area. The only way to foster consumer choice and competition is by informing Medicare beneficiaries of their options and their rights under the Medicare Choice Program. The lack of information currently distributed to Medicare beneficiaries is astonishing.

The Medicare conference agreement will ensure that beneficiaries have the information they require to make the right health plan choice for their individual health care needs.

Another important protection for Medicare beneficiaries is a fair appeals process. I have been advocating for an objective review of health plans' decisions to deny care.

I am pleased that the Medicare conference agreement adopted my provisions to provide Medicare beneficiaries increased protections during the appeals process. Now, all Medicare beneficiaries will have the assurance that the Medicare program will provide an independent review of all denials of care by health plans prior to beneficiaries appealing to the Department of Health and Human Services.

This increased protection will hold health plans more accountable in their decision making process regarding medically necessary care and will give beneficiaries greater confidence in Medicare managed care, if they choose this option.

Madam President, I am also very pleased that we have preserved in the conference agreement rural health provisions that I have been working on for several years.

These provisions include:

My Medicare dependent hospitals bill, which will help a large number of rural hospitals in Iowa suffering from negative Medicare margins;

Senator BAUCUS' bill on critical access rural hospitals, on which Senator ROCKEFELLER and I have been close collaborators;

Reform of the Medicare disproportionate share hospital program, so that deserving hospitals will be treated fairly whether they are located in urban or rural areas—

Mr. DOMENICI. Would the Senator yield on that point?

Mr. GRASSLEY. Yes.

Mr. DOMENICI. I say to the Senator, I have been listening to your remarks and analysis.

I want to tell the Senate, and anybody interested, if not for CHARLES GRASSLEY, the Senator who has been speaking, we would not have gotten that provision. That is a fair provision because those parts of America—your State, my State, and others—that have done a good job of keeping costs way down, can't make it if we build the program on keeping them down while the very expensive States do not come down. And this is a formula we did not get exactly what we wanted, but thanks to your efforts we came very close to something that you can say is fair and much better for your people.

Mr. GRASSLEY. Yes. I thank the Senator from New Mexico for his kind

remarks. And he has spoken better than I can on that issue. But basically what his constituents do not realize and my constituents do not realize, is that we have a very cost-effective delivery of medicine in rural America, very high quality by the way, but because of the historical basis for the reimbursement of Medicare, based upon that cost-effective medicine, we are at a very low level, and the options that metropolitan areas have will not come to rural America; but the provisions of the legislation he just described will make that possible now.

And so I can say this, that in 1995, it would not have been included in the legislation without the intervention of the Senator from New Mexico, even though it was my basic legislation. And he helped us this time at a very, very critical time in the negotiations between the House and the Senate. So I may have authored this legislation, but the fact that it is in the final package is a tribute to the leadership of Senator DOMENICI.

I will continue on and say that we have also for rural areas the provisions for:

Expanding the existing telemedicine demonstration project, in order to improve the delivery of health care to underserved areas;

Reform of the eligibility requirements for rural health clinics, enabling this vital program to operate as originally intended; and

My legislation assisting rural referral centers.

I am also pleased to finally see my legislation to provide direct reimbursement at 85 percent of the physician fee schedule to nurse practitioners, clinical nurse specialists, any physician assistants is finally going to become law. Similar measures were included in the President's Medicare proposal and in the House Ways and Means Medicare bill and were part of the Balanced Budget Act of 1995.

Senator CONRAD and I introduced these bills in the last three Congresses. We reintroduced them again in this Congress and were successful in getting them included in the Senate Finance Committee bill. This legislation will reform Medicare policies which, under certain circumstances, restrict reimbursement for services delivered by these providers.

Direct reimbursement to these non-physician providers will improve access to primary care services for Medicare beneficiaries, particularly in rural and under served areas.

There has been much deliberation in this Congress over proposals to address the problem of uninsured children in our Nation.

I am very pleased that the bill before us today includes a strong bipartisan package addressing this matter. This bill includes a total of \$24 billion to be spent on children's health insurance initiatives for those who are not currently enrolled in Medicaid or who do not have access to adequate and afford-

able health care coverage. This is \$10 billion more than the President's original proposal.

We should view this achievement not only as an important piece of health care policy, but also as a giant step toward improving the quality of life for our Nation's children. I commend the Senate leadership, particularly Chairman ROTH and Chairman DOMENICI, for their leadership and commitment to this important matter.

These funds will be provided to States in the form of block grants. States are allowed considerable flexibility in designing health insurance programs, yet States must meet important Federal guidelines in their efforts to provide quality health care coverage.

I am confident that this proposal will be successful in meeting our goals to cover our Nation's uninsured children.

Yet, it is important that Congress remain committed to this goal and we must closely monitor the developments of the proposal set forth in this legislation.

This budget bill includes a number of improvements to the Medicaid Program to ensure that high-quality of care is provided to our Nation's most vulnerable population. And, this bill reforms Medicaid to give States much more flexibility in managing their programs.

In recent years, States have undertaken numerous initiatives to control spending in Medicaid. As a result, Medicaid spending has slowed significantly. This budget saves a total of \$13.6 billion in the Medicaid Program over 5 years. Most savings are achieved through new policies for payments to disproportionate share hospitals. Funds have been retargeted to hospitals that serve large numbers of Medicaid and low-income patients.

Other improvements made to the Medicaid Program include changes to last year's welfare reform law so that benefits are restored to legal immigrants needing long-term care services. Also, a number of important reforms were made to managed care policies for Medicaid programs serving children, people with disabilities, and other Americans.

Of course, I do have a number of concerns, Madam President. Does this bill represent a long-term solution to the problems facing the entitlement programs? No, it most certainly does not. But I note that the proposal of Senators ROTH and MOYNIHAN to establish a Medicare Reform Commission is included in the conference agreement. We will look to the work of this commission to make proposals for reform and to help us produce the consensus we need to act to put the Medicare Program on a sound footing for the retirement of the baby-boom generation. Make no mistake: we will need to do more. But on balance, I believe that we have made a good start.

I want to conclude by again thanking Senators ROTH and DOMENICI and their

hard-working staffs for the efforts they have made, for several years now, to bring us to this point.

RESTORING BENEFITS FOR LEGAL IMMIGRANTS

Mr. KENNEDY. Mr. President, the balanced budget agreement represents major progress in restoring benefits to legal immigrants. The harsh welfare law passed last year wrongfully denied access by legal immigrants to most Federal assistance programs. It permanently banned them from SSI benefits and food stamps. It banned them for 5 years from AFDC, Medicaid, and other programs. And it gave the States the option of permanently banning them from these programs.

Americans across the country were rightly concerned about these unfair provisions, and Congress soon agreed that the legislation had gone too far.

If the provisions of last year's welfare law remain in effect, many elderly legal immigrants would be forced out of nursing homes. Legal immigrants injured on the job and those with disabled children would lose assistance. Some 500,000 legal immigrants who were already living in the United States would have been affected. In Massachusetts, 15,000 elderly and disabled legal immigrants would have lost their SSI benefits.

Some said in last year's welfare debate, "Let the immigrant's sponsor support them." But, Congress now realizes that legal immigrants often do not have sponsors. Refugees, for example, do not have sponsors. In cases of many older immigrants, their sponsor has died or is no longer able to provide support.

Immigrants affected by last year's harsh cuts are individuals who came to this country legally. Many are close family members of American citizens. They play by the rules, pay their taxes, and serve in our Armed Forces. They are future citizens trying to make their way in this country.

The \$12 billion restored for legal immigrant assistance over the next 5 years in this bill is urgently needed. It will allow most legal immigrants who currently receive SSI benefits to stay on the rolls. In addition, legal immigrants who were in the United States at this time last year's welfare bill was enacted in August 1996 can receive SSI in the future if they become disabled. These changes will help a very large number of people hurt by the welfare law.

Unfortunately, those who are too disabled to go through the process of naturalization to become citizens are left out of the final bill. I proposed an amendment, which was accepted by the Senate, to receive SSI benefits after their first 5 years in the United States, and I hope we can revisit this important issue in the near future.

I had also hoped the final budget agreement would allow legal immigrant children to continue to receive Medicaid. Currently, they are banned from Medicaid for 5 years. Some States may even act to ban legal immigrant

children from Medicaid forever. The Senate bill included a Chafee-Graham amendment to enable these children to receive Medicaid benefits, and I regret that it was dropped from the first bill.

There is still much more to be done to correct the problems created for legal immigrants by last year's welfare bill. The Senate version of this bill restored less than 50 percent of the cuts made last year in their benefits. We are making worthwhile progress in this legislation, and I intend to do all I can to see that additional progress is made in future legislation.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. DOMENICI. How much time does the Senator desire? Fifteen minutes?

Mr. CRAIG. Yes.

Mr. DOMENICI. I yield 15 minutes to the Senator.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Madam President, let me thank the chairman of the Budget Committee for yielding, and let me also recognize him this evening and the chairman of the Finance Committee, Senator ROTH, for the work that both Senators have done with their ranking members over the last good many months to craft the legislation that is before us today, tomorrow, and through the balance of the week dealing both with the budget and with tax cuts.

I rise in support of H.R. 2015, the Balanced Budget Act of 1997.

Madam President, in 1993 and 1994, we had a President who said balancing the budget probably was a bad thing to do. We had a high administration official who actually had written a book that said it was a loophole whenever children could inherit some of their parents' money. Congress had increased spending and joined with the President in the passing of the biggest tax increase in the history of our country. That was not a decade ago. That was just a few years ago.

Then came November 1994. And what a difference an election makes. What a great transformation of the mind and the political thought can occur when the American people have spoken and said, "We've had enough."

We asked the Congress to change their thinking. And we changed the Congress to think differently. And the first Republican Congress in 40 years began in 1995, with promises to do several very important, necessary things—to reform welfare, to cut back bureaucracy, to balance the budget, and to provide some tax relief for American taxpayers who work hard, have families, and create jobs.

In 1996, the voters rewarded a Congress and President who accomplished the first two of these items and who promised to bring about the rest.

This week, the Republican majority in Congress, joined by now many re-

form Democrats in a bipartisan majority, will deliver on those promises.

Madam President, this week, as we consider the Balanced Budget Act, and especially the Tax Relief Act of 1997, we are talking about more freedom for more of America's people.

Freedom is not something that the Government gives the people. Our Nation's founders knew that the people's freedom is, in the words of the Declaration of Independence, "self-evident," "unalienable," and "endowed by their Creator."

Freedom comes from limiting Government to its necessary functions. Freedom is what remains when Government is not excessively burdensome or coercive.

This week, we take modest but very significant steps toward restoring freedom to the American people—freedom from the most severe tax burden on families in our Nation's history, freedom from an oppressive national debt, freedom from the growth of an ever-larger, ever-more intrusive Federal Government.

A couple from Idaho and their four daughters visited my office just this week and we discussed taxes, and particularly death and inheritance taxes. They told me they run a small farm in Idaho that their great-grandparents had established in 1882. And they reminded me that people turned to Government to take care of them when the Government, usually through taxes, takes away their ability to take care of themselves.

And as Ronald Reagan said: A Government big enough to promise you everything you need is a Government big enough to take away everything you have.

The Tax Relief Act that we will begin debating tomorrow, combined with balancing the budget, will help more families take care of themselves the way they want, by keeping more of their own hard-earned money; by bringing about the ability to save more for their retirement, their children's education, and other priorities they have; by making it easier to own your own family farm or small business or home; by making it easier to do the kinds of things that Americans like to do, without having to think twice or three times whether they can afford to, or worry whether the Government will take more of their money; by creating, in other words, the economic atmosphere that will allow Americans to invest in creating more and better jobs for themselves, their children, and the future of our country.

The bills we will pass this week mark the triumph of the principle that the Federal budget should be balanced and should stay balanced.

In 1994, when the American people spoke so clearly about changing the political thought in this country and the political attitudes, the Dow Jones was hovering at about 3000. Today, it is at 8000. We have, by these efforts to balance the budget and provide tax relief,

unleashed a dynamic of this economy that is, without question, historic.

We are now seeing the reverse of what happened about 40 years ago, when an elite group of liberal economists sold liberal politicians on the idea that you could promise your voters a free lunch. Their intellectual justification was the so-called enlightened discovery that unlimited borrowing could pay for unlimited social spending without much consequence.

It's easy to understand the political appeal of this proposition. What is incredible is that anyone really believed it, or that they would follow it for nearly 40 years and create a \$5 trillion borrowed debt—almost beyond understanding.

But that is where we are today. That is clearly why the American people have spoken, and that is why this Congress and this Senate finally said we have to change the way we do business.

You can't borrow your way to prosperity over the long term. We tried and we saw our economy grow even more sluggish. We saw people become even more dependent on Government largess. Thank goodness, Americans, enlightened as they always are, recognizing that they are the Government, took charge and said, "No more."

A huge national debt means our Government has spent the last generation mortgaging the future for the next generation.

That is not a matter of green-eye-shades accounting; it really is an immoral assault on the well-being of our children and their ability to produce for themselves and their prodigies.

Balancing the budget is not about numbers, it is about people. Balancing the budget means more and better jobs, making it more affordable to buy a home, and more families affording a good education for their children without having to come to the Government and say, please help me. They can do more of it for themselves. Balancing the budget means that essential Federal programs like Social Security and Medicare will be there for those who need it and not become a liability and a burden on future generations.

There will be more freedom because of a balanced budget, because people will get no more Government than they are willing to pay for. Balancing the budget means Americans—all Americans—win. And we have the actions of the last 3 years now—an economy responding to spending restraint and real efforts to balance the budget and cut taxes—to demonstrate that what I am talking about tonight has a very strong foundation of truth.

I want to pause for a moment and review one critical reason why we are here this week passing legislation that promises to balance the budget by fiscal year 2002. This die was cast when Congress, by the narrowest of margins, defeated the balanced budget amendment to the Constitution.

Only the threat of the ultimate legal sanction—a constitutional amend-

ment—and the overwhelming public support for that amendment finally convinced Congress, most important, some of my colleagues and some in the administration, that we had to quit talking the talk and start walking the walk.

In other words, I have heard so many on the other side throw up their hands and say, we do not need a constitutional amendment to make us balance the budget; all we have to do is do it; all we have to do is exert fiscal responsibility. But we also have to have this program and we have to have that program, and we have to spend here and there. And 2 years running, by one vote, the people almost began to take control of their Government again. It frightened the Congress.

A President who once said a balanced budget is a bad idea is now out strutting around talking about his balanced budget and all of the wonderful things that will be reaped by it. Well, it is always surprising to me that people like our President think the American public has such a short memory. They don't. His record suggests he doesn't believe it is a good idea. He also knows politically that he has to do it. And there are some in Congress who sometimes choose to do something differently than we otherwise may like to do, but who know what they have to do because the American people expect it. Balancing the budget has always been the right thing to do. We are here tonight because it is now also, at last, the politically correct thing to do, and I suggest that that vote occur.

Mr. LAUTENBERG. Will the Senator yield?

Mr. CRAIG. No, not at this time. I'd like to finish my thoughts. I know that 2 years running, with the House having passed a balanced budget amendment and this Senate missing by just one vote—finally, it is recognized by all in a bipartisan gesture that, the closer the people come to changing their Constitution and exerting that control over Congress, the more motivated Congress becomes in doing it, doing it ourselves, and that is exactly what is occurring here. I believe that, without the constitutional discipline, we will always risk the return to more spending and more borrowing. Ultimately, to safeguard the future, the balanced budget amendment to the Constitution must come into place.

Some may suggest that passage of this year's balanced budget agreement means we no longer need the constitutional amendment. I suggest that is not true. One balanced budget in 30 years hardly means that we have fixed the system or that we have systematically changed the attitude of some who serve here. It will never be easier than it is right now to balance the budget.

In the past, the temptation always was to put off the hard choices; Members have thought, it will be easier in the future than it is now. But in fact, it will never again be as easy as it is

right now to begin that long march to arrest the growth of a \$5 trillion national debt.

That is what the long-term economic and demographic trends tell us. This year's budget discipline and hard choices are nothing compared to what Congress must wrestle with in just the next few years.

For what we have committed ourselves to tonight and for the balance of this decade will not be easy choices. It was difficult enough to arrive at the agreement that we now have, and I will say, even though I differ sometimes with the President and others, that this is now a bipartisan effort, and I accept that and I honor them in their recognition that, finally, they are willing to offer to the American people what the American people have asked for.

When we finally pass this balanced budget and then the balanced budget amendment and send it out to the States for ratification—and I believe that will occur in my lifetime and probably within the decade—we will show we understand, as the American people clearly understand, that a nation so indebted ultimately cannot survive, and that to clean up our debt, to balance our budget was ultimately the necessary thing to do.

The Balanced Budget Act of 1997 is a mixed bag. I don't support every portion of it. I have reservations about some of it.

It creates new social spending; it locks in, in the form of entitlements, that social spending. It could use stronger enforcement provisions. For example, I continue to support the idea that caps on spending should extend to spending overall and not only to annual appropriations. It does not address the long-term economic and demographic trends that drive entitlement spending and cry out for reform.

The chairmen of our committees and some Senators tried hard to get those reforms. That was bipartisan. Some partisans on my side, too, could not accept that. But, ultimately, we will get there. We have to get there. I don't want my grandchildren turning to me and saying, Grandpa, we love you dearly, but we can't afford you and afford to provide for ourselves. We want to buy our own home, educate our children, and we cannot afford the amount of money that would come from our paycheck to go to the Federal Government because that government promised to provide for everyone's future. I don't want that to happen, and the chairman doesn't want that to happen. The future demands that we address it, that we help people prepare themselves for it, and that we will try to do.

Today, annual discretionary appropriations make up only one-third of the total budget, and that share will continue to shrink. The Kerrey-Danforth entitlement commission of a couple of years ago estimated that in just 14 years, 2011, entitlement spending and interest payments will consume all

available tax revenue. That means we will either have to borrow incredible amounts for deficit spending; or go without defense, highways, law enforcement, parks, forestry, education, science, and medical research; or raise taxes to ruinous levels.

We are not going to do that. We are smarter than that. More important, we wouldn't be here to do it if we tried, because the American people won't tolerate it. They will demand reform before we get to that point, and if we can't give it to them, they will find the candidate willing to do so.

While this bill before us today does establish another commission to address the need for long-term entitlement reforms, we have already had that kind of commission, chaired by Senator KERREY of Nebraska. We already know what the current trends are and have some idea of what needs to be done.

But there is also considerable good in this bill. It does accomplish more in the way of spending control and entitlement reform than many thought possible even a year ago. There are significant repairs to the Medicare System. Medicare will be solvent for at least another decade and will continue to be there for seniors who need it.

Last, we will begin the process of injecting consumer choice into the system. Why should our seniors not have some of that? The Medicare System, based on market principles, means better care and more economic care. I am always amazed when the bureaucracy thinks it can outperform the marketplace. We know it can't, we know it never has, and, in this instance, we finally recognize that by putting some market principles in.

The fundamental reforms in last year's historic welfare reform bill will remain in place. We continue to move toward a system that rewards work and allows the States the freedom to develop new and better approaches.

Enforceable caps on discretionary appropriations spending—virtually the only thing out of the 1990 budget agreement that worked—will continue through the year 2002.

Overall, the growth in spending will slow by \$270 billion over the next 5 years and \$1 trillion over the next 10 years, a saving that will be locked in by permanent law and not be subject to year-to-year political whims.

New spending will be accomplished with a minimum of bureaucracy and a maximum of State flexibility.

This is far from the ideal balanced budget bill. But it takes the first major step away from demagoguery and toward genuine entitlement reform. It delivers on and locks in the promise of a balanced budget, something I have demanded and worked for my entire time here serving the State of Idaho.

Why do I demand that? Because the citizens of my State know that a government that continually spends beyond its means, a government that mounts a \$5 trillion debt, a government

that allows interest on debt to rapidly move toward becoming the largest single item in its budget, is a government that cannot sustain itself. That we recognize. The chairman of our Budget Committee and the chairman of our Finance Committee recognize that. We all recognize that. That is what our party has stood for. That is what the majority here in Congress has demanded because the citizens of our country have said it is a requirement of government.

I must say that the Balanced Budget Act of this year and the Taxpayers' Relief Act of this year are responses to demands of the American people. I am proud to have been a part of helping craft them. I look forward to the opportunity to vote for them, to cause them to become law, and to see this economy remain dynamic, create jobs, and provide opportunities for this generation and generations to come.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. AL-LARD). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me say to my friend, Senator CRAIG, perhaps if we had adopted what he has been recommending for many years—a constitutional amendment to balance the budget—we wouldn't be here with the kind of circumstances that confront us.

I don't think the Senator from Idaho has to stand up here, or with his people, and talk about where he stands in terms of overspending by our National Government because his record is excellent in that regard. I think his remarks today indicate that, when you have a Democrat President, a Republican Congress, and a strong Democratic minority in both Houses, you can't get everything that you want. As a matter of fact, the Democrats differ from their President, and the President differs from us.

What we have done, I think, is borderline on being a miracle. The only thing that keeps me from saying that is that I don't know whether the product deserves being labeled a miracle. But in terms of getting it put together, coming here today and getting it finished and voted on tomorrow—I am sure we are going to get in excess of 75 votes tomorrow—that is pretty good.

As I said this morning when I opened up, even the Washington Post finally said, "That Is a Big Deal." I think it is.

I am very glad that the Senator from Idaho is going to support it and that he has been helping us as much as he has. I thank him for that.

Mr. CRAIG. Mr. President, I thank the Senator from New Mexico. I recognize the bipartisan nature in which this was created, and I support that. I hope that we can sustain that in years to come to truly get our budget in balance and to do so in a way that remains or creates or participates in a vibrant economy.

There is no question that this effort was accomplished not by us alone but

in a bipartisan effort. Certainly the ranking member, who stands here this evening, was a major contributor. And I recognize that.

I am always a bit surprised when for the 17 years that I have been here I have always heard, "Oh, we don't need to worry about that. We can balance the budget. We have the will to do it." Well, we didn't have the will until the American people demanded it of us. Now we do have that will. It will only come by a bipartisan effort. I recognize that this evening. I appreciate it. I think it is a great accomplishment, and the Senator from New Mexico is to be congratulated for it.

I thank both Senators.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I mentioned that this was a "big deal." Every time I say that I want to make sure that I say, "and a good deal for all Americans" because that is what is important—not that it is big, not that people think it is a big deal, but that it is good for our people. And that it is.

I yield the floor. Senator LAUTENBERG wants to speak.

Mr. LAUTENBERG. Just for a few minutes, Mr. President.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, in the almost afterglow of feeling pretty good about things, we worked hard, everybody together. There were no fingers pointed.

I chided the chairman of the committee this morning when he excerpted from the headline of the Washington Post. He said that the headline in five words said, "This is a Big Deal." I asked a question. Was the intonation properly affixed, or did it say, "This is a good deal?" It is quite a different meaning.

Mr. DOMENICI. We read the story. They were saying it is a "big deal."

Mr. LAUTENBERG. It is a big deal; a giant deal. I think, without breaking our arms or patting ourselves on the back, there was a lot of goodwill that was injected into the discussion and into the debate.

My colleague from Idaho, who is a man who has a way with words, kind of laid it on us and included the President in there as someone who did buy into the balanced budget notion but was dragged kicking and screaming.

Mr. President, I wish it was 1 o'clock in the afternoon and we were all energized and we had a chance to talk a little bit. But I will not prolong the process except for a minute or two to say, since it took what I thought was a slight partisan turn—it makes me unhappy when things have gone this well this way to say that I have been here long enough to remember Presidents Reagan and Bush. I like them both. They are nice people. But people on their watch, as we say, who managed to have this deficit of ours skyrocket

right up into the air—turn up the tax cuts and let the deficits run. That is what they did.

When our President and the Democratic Party took over in 1992, 1993, he inherited a deficit that year of \$290 billion without a balanced budget amendment but with the interest that was generated. Yes, we were profligates, and we spent too much money, and perhaps we did a few things wrong. But it was an honest try all the way. And the assertion or the insinuation that these guys didn't care or those guys didn't care, it is not a way to do business. I don't care if we never get a balanced budget amendment. I want to tell you right now. As a matter of fact, I hope you don't. I love the Constitution, and the Constitution loves America, and it is the best document ever written. The fact that we have altered it so few times is a testimony to the strength and the wisdom of the Founders and those who have written amendments.

The only time we wrote an amendment that kind of restricted our activity was prohibition, and it was soon canceled. It is a wonderful prescription for how a society should function, preserving individual rights and making sure that the freedoms as much as possible are extended to every citizen in our country.

So I just felt like I had to respond. No one worked harder than the man on my right, the distinguished chairman of the Budget Committee, Senator DOMENICI. I didn't always agree with him, but nobody worked harder, and no one assembled a more honest attempt to do it in a bipartisan fashion. There were things that he wanted that we on my side of the aisle didn't want. But he was willing to explain them and willing to take a deep breath when necessary not to fight them. I have gained great respect for him, as well as personal affection, honestly.

Mr. President, I just want to change the tone for a minute, and let off a little steam and say that I hope we will move on to pass this document into law and make sure that everybody understands there was a good attempt by everybody working in this place to get it done with, to get on with the task that we have a very good start on because of the shape of the deficit that we see now.

So, Mr. President, I yield the floor. I know the Senator from New Mexico has a UC that he would like to propose. I hope that we will have a chance to hear that.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I note the presence on the floor of the junior Senator from Oregon. Might I ask, did he desire to speak on the budget?

Mr. WYDEN. On the budget.

Mr. DOMENICI. I wonder if I could propose a UC regarding the budget. When I am finished I will try to work in an exception for him.

How long does the Senator desire to speak?

Mr. WYDEN. Fifteen or twenty or minutes would be plenty.

UNANIMOUS-CONSENT AGREEMENT

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Senate resume the pending conference report at 9:15 a.m., Thursday, and that the remaining hour be equally divided between the chairman and the ranking minority member of the Budget Committee; and that, at 10:15 a.m., the Senate proceed to vote on adoption of the conference report without any intervening action. I further ask consent that this evening Senator WYDEN of the State of Oregon be allowed 15 or 20 minutes on the bill after which we will be finished for the evening.

Is that satisfactory with the Senator?

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

Mr. DOMENICI. Mr. President, there will be no further votes tonight.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. WYDEN. Thank you, Mr. President.

Mr. President, first, let me say to my good friend, Senator DOMENICI, the chairman of the Budget Committee, I just want him to know how much I have appreciated the chance to be a member of his committee. I think this is a historic occasion and a chance to work very closely with him on a variety of issues. Coming to the Senate has been a special pleasure.

I also want to commend our good friend, Senator LAUTENBERG of New Jersey, who in my view has done yeoman work in terms of keeping this whole effort together and keeping it bipartisan.

Mr. President, the balanced budget agreement that will be passed this week has been a long time in coming. I think our challenge is to now make sure that actually getting a balanced budget takes a shorter period of time.

I do believe that we are finally on the right track because this budget provides an opportunity for the Federal Government to get its fiscal house in order while still making a handful of extremely needed investments in the people of our country and in U.S. productivity.

Most importantly, I am of the view that this is a historic moment because it has been achieved by working together. If ever there was an issue that required bipartisan cooperation, this is it. It seems to me that this is an example of what can happen when you put down for just a few moments the political cudgel and focus on the needs of our country first.

Let me also say that I would like to make a special effort in the days ahead to address the Medicare provision of this legislation. In my view, in the 21st century, Medicare is not just going to be a part of the Federal budget; it is going to be the Federal budget. There is no program in America growing at

the rate of Medicare. I think it is well understood that in the 21st century our country will be faced with a demographic tsunami. We are going to have upwards of 50 million baby boomers retiring, and it is quite clear that efforts must be made now to modernize Medicare and get this program ready for the 21st century.

I sought to begin those efforts by introducing S. 386, the Medicare Modernization and Patient Protection Act, in the spring. And the fundamental principle of that legislation was to make sure that Medicare began to introduce the kind of competition and choice and emphasis on quality for older people that is available in private sector health care.

What we are seeing in our country today is that Medicare has essentially been engaging in purchasing practices and management practices that the private sector threw in the attic years and years ago. In much of the United States, Medicare has been rewarding waste and penalizing efficiency, and we all saw that emphasized again this week when the Inspector General of the United States indicated that more than \$20 billion is lost each year in the Medicare Program due to fraud and waste.

The issue of inefficiency and the rewards for waste that you see in the Medicare Program are particularly important to those I represent at home in Oregon. We have gone a long way to reinventing the health care system in our State, particularly in the metropolitan areas. We have competition. We have extensive choice for older people. We do not have the gag clauses in the managed care plans where physicians are restricted from telling older people about their options. We have done a lot to come up with a health plan for seniors that will be good for older people and taxpayers in the 21st century.

The reward to Oregon for doing the heavy lifting to reform Medicare over the last few years has been lower reimbursement collection. In effect, what the Federal Government told the people of Oregon over the last 10 years is you would have gotten higher reimbursement, you would have received higher payments, if you had gone about the process of offering wasteful, inefficient health care. And so what happens in much of my State, an older person, say, in the Klamath Valley will call their cousin or their sister in another part of the United States and ask them about their Medicare. And a senior in another part of the country where health care isn't provided so efficiently will say to the Oregonian, you know, my Medicare is great; I get prescription drugs for free; I get eyeglasses at a discount; I get all these extras that are not covered by Medicare.

Seniors in Oregon and other States where health services have been efficient say, I pay the same into Medicare as seniors in those States. Why don't I get the same benefits?

Medicare is a national program. Why shouldn't the senior in Oregon get the

same benefits as the senior in another State, which on top of everything else is offering care that is more costly and inefficient?

The reason for this bizarre situation is a very technical reimbursement system, an eye-glazing concept known as the average adjusted per capita cost. And the long and short of it is that it rewards waste, penalizes efficiency and in parts of the country like mine has meant that many of the health programs have difficulty even providing the basic benefits to older people let alone some of the additional benefits such as prescription drugs.

Under this legislation, because of exceptional bipartisan work—and here I want to particularly commend Senator GRASSLEY of Iowa, the chairman of our Aging Committee, who has worked very closely with me, for his perseverance in correcting this inequity. As a result of the work of our bipartisan coalition, this reimbursement system is going to change. We will see all counties in our country get a minimum payment for these health care plans that are holding costs down while giving good quality, and over a period of time there will be a blending of reimbursement rates to consider both local reimbursement patterns and national patterns.

What this means is that areas like Oregon that have held costs down while giving good quality will get higher reimbursement, and my constituents, older people, are pleased because they will be in a position to get better benefits. But what is especially important is this is the kind of reimbursement change that is essential to save this program in the 21st century.

I would submit that what will happen as a result of the bipartisan work to change the Medicare reimbursement process—Senator GRASSLEY, myself, and others have spent so much time—is we will start seeing competition and choice come to health care programs in parts of the country where there is no competition and there is no choice. So we are talking about a change that, in my view, is going to really pay off for our country and pay off greatly in the years ahead.

Mr. President, I want to turn very briefly to the question of the other changes in Medicare that the Senate has debated and we are going to have to tackle in the days ahead. Particularly now I turn to the question of raising the age of eligibility for the Medicare Program and the question of a means test or some sort of ability-to-pay test being incorporated into Medicare.

I have long felt that Lee Iacocca ought to be paying more for his Medicare than should an older woman who is 75 and has Alzheimer's and has an income of \$10,000 a year. So I think it is clear there is going to have to be an ability-to-pay feature added to the Medicare Program. But it is extraordinarily important that this be done right and that this be done carefully. I

and other Members of the Senate felt that to try to do this over just a few months with so many questions about how this would be administered was precipitous action. But it must be done. Let us make no mistake about it. That change is going to have to be a part of 21st century Medicare. It has to be done fairly. My constituents were concerned that at a time when already they did not get a fair shake under the Medicare reimbursement formula, they were going to be asked to pay more immediately under Medicare.

So there are some real questions about how to do this and do it fairly. But I want it understood I am of the view that there will have to be an essential change, and I am very hopeful the Senate will not wait for a bipartisan commission to make recommendations but with the completion of this legislation will start on that issue as well.

With respect to the question of the age of eligibility for the program, here, too, there are very important technical questions of how it is done and how it is done fairly. There have been a number of analyses of late that have shown there is a significant increase in the number of uninsured Americans between the age of 55 to 64. So if that group of uninsured individuals is growing, to then add more, those between the ages of 65 and 67, would cause a hardship. So what I and others hope will be done as this effort to examine the age of eligibility is addressed is that there will be a buy-in opportunity, an opportunity for those individuals without insurance in that age group to be able to buy into the Medicare Program on a sliding scale.

Again, I think this is an opportunity the Senate ought to examine carefully, ought to look at in a bipartisan way, and not wait for a commission to make recommendations as to how it ought to be done.

Finally, Mr. President, let me say that as these significant changes in Medicare are made, beginning with the reimbursement formula changes that are being made now, changes that will bring fairness and competition and choice to the program, at every step of the way we have to keep the focus on protecting the rights of the patient. In this body Senators AKAKA, KENNEDY, and myself have led the push to ban gag clauses from managed care health plans. Health care is a complicated issue, we could all agree. But one issue we all should agree on is that patients have a right to know all the information about the kind of medical services and options that would be made available to them.

Under this legislation, that significant protection for patients is in place and I think it is just the beginning of the kind of new focus that should be placed on patients' rights and the protection of quality health care which older people deserve. At a time when the health care system and Medicare specifically are in transition, protec-

tion for the rights of the patients is even more important than ever. At a time when there is a focus on more competition and choice, it ought to be met with an equal emphasis of protecting the rights of the patients, and that has begun in this legislation as well.

Mr. President, I come from a part of the country that is proud to have led the Nation in the cause of health care reform and efficiency. Under the leadership of our Governor, Gov. John Kitzhaber, we have reinvented the Medicaid Program with the Oregon Health Plan.

For more than a decade, as a result of work done by Democrats and Republicans and older people and health care professionals, we have reinvented the Medicare Program in much of our State. So there is a new emphasis on choice and quality. What this legislation does is it removes the penalties against those programs that have been creative, those programs that have led the Nation in reforming Medicare and Medicaid. It is high time that those changes are made.

Mr. President, I think those changes lay the foundation for the other critical changes that are going to be needed to strengthen health care services in the days ahead. I look forward to working with our colleagues on a bipartisan basis to achieve those changes.

Mr. President, I yield the floor.

Mr. SANTORUM addressed the Chair. The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I ask unanimous consent I may speak for 10 minutes.

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

Mr. SANTORUM. I thank the Chair.

Mr. President, I wanted to make a couple of comments also on the budget bill that we have before us here this evening and that we will be voting on, I guess, tomorrow morning.

I come here excited in a sense that we are finally doing something that when I first ran for office back in 1990 I pledged to do, which was to come here and try to balance the Federal budget. Not to put schemes out there that say, well, we will target this and we will adjust to this number when we get there, but actually pass a law that will get us there without Congress having to do one more thing.

I think that is what we have accomplished here in this legislation. We will pass the changes, the needed reforms, in the entitlement programs that will get us to a balanced budget, that will save an estimated \$270 billion over the next 5 years, will require no further Federal action other than just passing our appropriations bills under the limits we have set, and we do a pretty good job at that. If there is anything I can say Congress has done in the past few years it is that we have kept to the budget caps. I do not anticipate that being a problem. In fact, I think many of us would advocate trying to come in below those caps. So I think this bill

will accomplish what we set out to do, balance the budget by 2002. And hopefully, if we do not have any kind of major recession, we will be able to balance it sooner than 2002.

So, I am very excited about that. We have been able to face that problem, and we have been able to deal with it in a responsible fashion.

I must admit, though, that I am somewhat disappointed at some of the things we did not accomplish here that we, in fact, passed in the Senate bill. We took, I think, some courageous political stances here in the U.S. Senate in dealing with the issue of Medicare. The Senator from Oregon was talking about that just a few minutes ago, some of the changes that were not made that he believed in. In fact, some of them, even though I notice he didn't support them, need to be made.

Senator GRAMM, during the debate here on the budget last month, talked about the demographic cliff that we are going to fall off in the year 2011. I share that with you again this evening. In the year 1995, in fact for the years pretty much throughout the 1990's, roughly 200,000 people will turn 65 per year—200,000 people. In the year 2011, 1.6 million people will turn 65. That is just a cliff. That is 1.6 million people going into a system, no longer paying into that system, into a system that today cannot absorb 200,000 a year. It is going bankrupt absorbing 200,000. We are asking that same system, that same program, to now absorb eight times the number, and that is not just a blip. It is not 1.6 million in the year 2011 and then back down to 200,000. No; it's 1.6 million and then it levels off to about 1.5 million a year throughout the years of the baby boom generation and their retirement.

It has been estimated that if we don't change Medicare and Social Security in the next few years, the payroll tax will double within a generation. That is from 15 percent of every dollar that is earned in America up to \$60,000 for Social Security tax and 1.45—actually 3 percent if you take the employee and employer share for every other dollar, irrespective of income. We are going to have to double that payroll tax. That's an optimistic projection. Pessimistically, we will have to triple the tax if we keep Medicare and Social Security just the way they are.

So, to the people who run around and say, "We don't need to fix Medicare now, we don't need to fix Social Security now, everything is fine; those people who want to change Medicare and Social Security are just out to get the elderly," I would just suggest this: Anybody who is not talking about long-term structural changes to those two programs is out to get the elderly who are yet to be elderly, who are waiting to be elderly, because those are the folks who are going to pay—and big. I think it is only fair that we spread this out a little bit and we begin to make changes now.

The two major things I wanted to see done that were not done were, No. 1, as

the Senator from Oregon talked about, means testing part B benefits. This is a chip shot. I mean, this is a layup. I can't think of any other term. This is an easy one. This affected about 4 percent of the population of seniors in this country who were the highest income-earning seniors. What were we going to do? For Medicare, part A, part B—there are two parts to Medicare. Part A is hospitalization, major medical; part B covers some of the other things. It is a voluntary program. It covers some outpatient, labs, doctors, things like that. It's a voluntary insurance program. You don't pay one penny into Medicare part B over the course of your earnings before you turn 65. But when you turn 65 you can opt into this, in a sense, public insurance program. It is voluntary. If you choose to get into part B, you pay a premium. It is about \$45 a month.

That \$45 only covers 25 percent of the cost of the program. Who picks up the other 75 percent? Mr. and Mrs. Taxpayer. That's fine if you are a senior who needs subsidies from the Federal Government to be able to afford insurance, but in my mind it's not fine to give a subsidy to people who don't need a subsidy. I am not someone who comes to the floor on many occasions and talks about class warfare. I don't believe in that. I don't believe in a lot of the arguments that the rich don't pay their fair share. I think a lot of it is just hokey, and in fact class warfare.

What we are talking about here is we are talking about subsidizing people at a higher income. I am not for that. I am not for taxing them more, but I am not for subsidizing them, either. So, to the extent that we subsidize, we said, "Look, if you are earning over \$70,000 as a couple, you are going to pay a little bit more for your Medicare part B premium." It's still a good deal. It's a pretty big group, and you get a nice group rate.

We should have done that in this bill. I can tell you, I have been to senior center after senior center after senior center, and I have gotten up and I talked about this. I have never heard an objection. No one has ever objected to this. They thought that's pretty reasonable. We should not be subsidizing Ross Perot in his Medicare part B premium. It's crazy. He doesn't need it. Most of these people don't need it, and they probably wouldn't want it if they realized what it was costing the Federal Government to do it and what it was costing their children and grandchildren. So that's one of the things we missed, in my opinion. It's unfortunate.

The second—I know this is a tougher issue—and that is raising the eligibility age for Social Security. I know this is not a very popular issue, but I can tell you we got 62 votes here in the U.S. Senate, I will say very proudly, in a bipartisan vote. The eligibility age for Social Security, to be able to qualify for full Social Security benefits, is going up. Most people in this country

don't know that, but it is. It is going up. In 1983, when they passed the Social Security reform, they did a couple of things. They raised taxes and they raised the eligibility age from 65 to 67. They didn't start doing it, though, for 20 years. The first people who turn 65 who are going to be affected by this raise in the eligibility age are people who retire in the year 2003, 20 years after the bill passed.

You will hear the people who were here in the Congress who said, "We waited 20 years to enact this so people could prepare for this time." It is funny, because I talked to a lot of people who are planning to retire who are about that age, in their fifties right now, who are going to be retiring, late fifties, retiring in 2003. Most of them don't know the retirement age is being moved back. I talked to most younger people, and they have no idea the retirement age is being moved back. These people, as far as I am concerned, who passed this thing in 1983 and put it off 20 years, put it off 20 years because they will be gone in 20 years, most of them, and so they won't have to take the wrath of the American public, if there is going to be some. I hope there will not be, once they understand the problem of having to deal with the issue. I think we should deal with the issue now.

We should tie the Medicare eligibility age to Social Security, which phases up over a 20-year period. It doesn't hit 67 as a retirement age until the year 2025. We should tie the two together, because most people, most lower and middle income people, are not going to be able to retire prior to being eligible for Social Security, so there should not be much of a problem with tying in Medicare because they are going to retire when they hit the retirement age for Social Security. That will also be the retirement age, in a sense eligibility age, for Medicare.

For those who can afford to retire sooner, they probably are more well off, by and large, or they may have a disability. But in that case they qualify for Government benefits through disability. But, for those who are more well off, then we should create an option for them to buy in at age 65, they can buy into Medicare if they can't continue their private insurance.

There was a way to work this out that I think would have been, again, the right thing to do for the long term for Medicare. If you really care about providing a health safety net for the future, those were two things that were really missed opportunities. It is unfortunate we missed them.

I will say, overall, we have taken a positive step here. I think we missed an opportunity to do something really lasting, really significant. We stood up and made a courageous vote, a vote that, frankly—if Members would go out and take the time to talk to people and explain the demographic problems that we have, the fact that people are living substantially longer and they are substantially healthier, that these kinds

of changes only make sense to make sure that future generations have these retirement security programs like Medicare and Social Security to rely on for the future.

So, I am disappointed that we blinked, the White House was not supportive, and frankly our colleagues in the House were not supportive. I think that is unfortunate for both of those entities. I stand with particular pride at the U.S. Senate, that it had the courage to look ahead, to not make decisions just based on short-term fixes. Frankly, the Medicare provision here is a short-term fix. We had long-term fixes in the Senate bill and we didn't follow through, and I think that is unfortunate.

We did do a lot of other positive things in this bill, and I will support it as a result of that. But I think this piece of legislation, given what the Senate did in their courageous action by going out on Medicare and setting the course, missed a tremendous opportunity.

One final comment. There is an additional concern I have about a provision in the welfare bill. There is welfare reform—or, in my opinion some of it is a backtracking on reform from the last bill. We have some positive things in this bill with respect to work, but we also have a provision in there that is very worrisome for me, as far as the ability for work programs, workfare, to work in the States. This gives the President and the Department of Labor the opportunity to designate people on workfare in an employment setting as workers covered by the Fair Labor Standards Act, the minimum wage laws, and all the other laws that apply to all other employees. The problem with that is that you get into a whole host of complex things that drive up significantly the cost of providing a work slot for someone on welfare.

If you believe, as I do, that the most important thing for most of the people on welfare today is to get them into the workplace, to teach them the value of work, to give them the sense of pride which so many millions of Americans for the first time are feeling now, to get off the welfare rolls and get them into the workplace where they are doing positive works, where they are getting positive reinforcement for the things that they are accomplishing, where they are learning the ability to get up, get their children off to school or to day care or to a relative and get to work, keep those hours, work hard and come back home and manage their life—those are important life skills. If we put the barrier too high for the States, we are going to limit the number of work spots available for, really, millions of people and, I think, destroy a lot of the tremendous progress that we have made in creating an environment under this welfare reform bill that we passed last year for people to rise out of poverty, to get the kind of experience necessary to get the sense of accomplishment and self-pride that is necessary to rise out of poverty.

I am very concerned about that. I hope the administration does not pull the trigger. They are getting immense pressure from the unions to do so because the unions want to protect their piece of the pie when it comes, particularly to the public sector spots that will be filled in some cases by welfare recipients.

So, I hope the President does not bow to the unions at the expense of millions of people who want to get out of welfare and who need these work opportunities to be able to do so.

## S8383

ORDERS FOR THURSDAY, JULY 31,  
1997

Mr. SANTORUM. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9:15 a.m. on Thursday, July 31. I further ask unanimous consent that on Thursday, immediately following the prayer, the routine requests through the morning hour be granted, and the Senate immediately proceed to the conference report accompanying H.R. 2015, the Balanced Budget Act, as under the previous order.

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

### PROGRAM

Mr. SANTORUM. Mr. President, tomorrow morning, from 9:15 a.m. to 10:15 a.m., the Senate will conclude debate on the conference report to the Balanced Budget Act. Under a previous order, at 10:15 a.m., the Senate will proceed to vote on the conference report. Following that vote, it is the intention of the majority leader that the Senate will begin debate on the conference report to the Taxpayer Fairness Act. As Members are aware, there are 10 hours of statutory debate time in order to this conference report. Therefore, Members can anticipate additional rollcall votes following the 10:15 a.m. vote. As always, Members will be notified as to when rollcall votes are required.

**SENATE DEBATE**  
**OF CONFERENCE REPORT**  
**JULY 31, 1997**

## SCHEDULE

Mr. DOMENICI. Mr. President, on behalf of the leader, I will make the following statement.

This morning the Senate will immediately resume consideration of the conference report to accompany the Balanced Budget Act, with 1 hour equally divided between the chairman and the ranking member of the Budget Committee. Following the conclusion of debate on the conference report, at approximately 10:15 a.m., the Senate will proceed to vote on the adoption of the conference report.

Following that vote, it is the intention of the majority leader that the Senate begin debate on the conference report to the Taxpayer Fairness Act. As Members are aware, there are also 10 hours of statutory debate time in order for this conference report. Therefore, Members can anticipate additional rollcall votes following the 10:15 a.m. vote. As always, Members will be notified as to when those rollcall votes will be ordered.

Mr. President, I yield the floor.

#### THE BALANCED BUDGET ACT OF 1997—CONFERENCE REPORT

The PRESIDING OFFICER (Mr. BROWNBACK). Under the previous order, the Senate will now resume consideration of the conference report accompanying H.R. 2015, which the clerk will report.

The assistant legislative clerk read as follows:

Conference report to accompany H.R. 2015, an act to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

The Senate resumed consideration of the conference report.

The PRESIDING OFFICER. There will now be 1 hour remaining equally divided between the chairman and the ranking minority member of the Budget Committee.

Who seeks recognition?

Mr. DOMENICI. Mr. President, if my friend from New Jersey has no objection, why don't we just agree that time will expire promptly at 10:15 so everybody will know the vote will start at 10:15.

Mr. LAUTENBERG. No objection.

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

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. I will speak for a couple minutes.

There is a sense of the historical significance of what it is that we are about to do. It is not simply the accomplishment of having put in place a balanced budget. It goes further than that; that is, to note that this agreement has been developed, if I might use the word "hammered" out, by bipartisan cooperation. My friend and colleague, the chairman of the Budget

Committee, Senator DOMENICI, and I and others, of course, labored long and hard to help present the views of all of our colleagues into an understanding and a package that would be acceptable as a consensus product.

So we are here at this moment, and within 1 hour it is believed that we will have passed this reconciliation bill and will embark upon the work of passing the second reconciliation bill which will complete the task.

I think we have set some records here this year, not only because we will have achieved a balanced budget, which is the best belief of all Members here who will be supporting this, but I took a moment, I say to Senator DOMENICI, to check on where we stand with our appropriations bills. There were 9, I believe, that have been completed, and perhaps a 10th one ready. That is quite fantastic, not yet August and having done these.

I want to say to all of my colleagues, I am proud that we were able to get this job done under fairly stringent conditions. We do not have as much money as we were accustomed to having in the past, but with what we had we made it do very well. We have covered lots of things that needed attention, child health care, assurance of the solvency of Medicare, an opportunity for kids to get an education, to be investing in research in our society, a number of things that are very positive outcomes, again, within the context of the resources we had available.

All Members of both parties deserve to be proud of our accomplishment. We have shown America something, that we can work together for the common good, and at the same time we can be fiscally responsible and we can help prepare for the next century, which is around the corner.

This agreement will lead us, I think, to a positive path as we prepare to enter the 21st century, investing in all kinds of good things, as I have said, and education, particularly, I think as the cornerstone for the development of our society.

The agreement shows that it is not inconsistent to be both fiscally responsible and progressive. There is now broad consensus that we simply have to live within our means, but there is also appreciation that the future will not simply take care of itself. It takes work. We have to prepare for it, investing to make sure that our people are ready for it.

That is what we are doing in this legislation: getting our fiscal house in order. We are investing in our children. We are extending the educational opportunities for millions of Americans. In short, we are getting ready, and our children and grandchildren will reap the rewards in decades ahead.

So, Mr. President, I am proud to be here as this balanced budget legislation is approved. We want to see it get to the White House. It is a moment in history, and I hope it will be regarded as a very positive moment in the record

books years from now. I am grateful and proud to have been a part of the process.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, the distinguished Senator, Senator THURMOND, has asked me if he might speak as in morning business for 3 minutes. I ask unanimous consent that he be permitted to do that and it come out of my time on the bill.

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

(The remarks of Mr. THURMOND pertaining to the submission of S. Res. 111 are located in today's RECORD under "Submission of Concurrent and Senate Resolutions.")

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I will save a few remarks until just before the vote. Certainly, if anybody else on our side wants to speak, they are welcome. Nobody is bound to speak, but if they would like to, we have 15, 20 minutes on our side.

I would like to make just a few comments about some of the processes we have been involved in and thank a few people.

Mr. President, I do not believe 15 years ago that anybody assumed the Budget Act could be used to balance a budget as we are doing it here today. The reconciliation instruction and then the reconciliation bill are strange-sounding words and a strange-sounding name for a bill. But essentially we have, by evolution and development and some changes in the law, permitted a budget resolution which does not involve the President; it involves just a majority vote in both Houses. We permitted it to be used to force the passage of reform legislation or tax bills such as the one we have before us.

I think everybody should recognize a couple of very interesting historic evolutions as this process developed. One is the adoption of the Byrd rule by the U.S. Congress as part of the law that applies to the Senate of the United States. And, obviously, one need not search as to where that came from. It came from Senator ROBERT BYRD.

Essentially, one of the Parliamentarians has praised it this way, that the Byrd rule limits our ability to ride the budget horse into passing all kinds of legislation that have little to do with the budget.

I am very pleased to say, and I was able to say to the distinguished Senator BYRD yesterday, that when you put a bill together as large as this, with as many committees and as many innovative minds, you cannot help but try to ride the budget horse beyond what it ought to be used for. There were many, many, I would say scores of legislative language that violated this rule as this process was evolving and

these bills were getting developed, because the rule is a tough rule and it has great, great impact in that those provisions are stripped from the bill if they are subject to a Byrd rule. Then we were able to bring down the scope and numbers to a very, very small number that remained as of yesterday, and I am very pleased, working together, everybody has come up with the conclusion, from what I can tell, that whatever Byrd rule language or violation of Byrd rule language is in this bill has been thought by almost everyone to be necessary and something that we can leave in the bill. I am very pleased with that. I must make sure everybody knows that there were many, many more before we exerted the power and pressure of the Byrd rule. And I think that bodes well in terms of not abusing the process.

Having said that, Mr. President, again, I yield the floor. If anyone else on our side would like to speak, time is available to them. I suggest that if no one is speaking, the time be charged equally, and 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. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### LIMITED TAX BENEFITS IN RECONCILIATION

Mr. DOMENICI. Mr. President, as required by the Line-Item Veto Act, the Joint Committee on Taxation has informed the conferees that the conference report on H.R. 2015, the Balanced Budget Act of 1997, contains one limited tax benefit. It can be found in section 5406 and concerns the treatment of services performed by certain inmates. As required by the Line-Item Veto Act, section 9304 of the conference report specifically designates section 5406 as a limited tax benefit and as such, it is therefore subject to the President's cancellation authority under the Line-Item Veto Act.

Mr. FRIST. Mr. President, today represents an enormous accomplishment for me and for the Republican Party. The budget agreement now before us is the culmination of years of hard work and concerted effort. I want to especially commend Chairmen DOMENICI and ROTH for their hard work and diligence. I have thoroughly enjoyed working with Chairman DOMENICI on the Senate Budget Committee and commend him for his extraordinary efforts to broker this agreement. My staff affectionately calls him "the legislative warrior" and I agree. He has fought a major battle for the Republican Party and the American people this year—a battle to balance our Federal budget and to eliminate our Federal deficit.

Three years ago, as I campaigned across the State of Tennessee, I listened to the concerns of the people that I met and I made some promises

to them. These men and women were concerned about the amount of money they were able to bring home after Uncle Sam had taken his share. They were outraged by a government that was unable to live within its means. They were worried about their retirement and the continued existence of Medicare and Social Security.

I promised the people of Tennessee that we would do something about these concerns. I promised them that we would give them tax relief, so that they would be able to keep more of what they make and decide for themselves how to spend, save, or invest their hard-earned money. I promised them that we would pass a balanced budget—the first since 1969—and eliminate our Federal deficit. And I promised them that we would protect, preserve, and strengthen Medicare and Social Security to ensure that these programs would still be around for their children and their children's children.

I am proud to be able to return to Tennessee and tell my friends, relatives, and neighbors that we have made good on two of these promises and have taken the first steps toward fulfilling the third. The bills that we will pass over the next couple of days will give hard-working Americans the largest tax cut that they have seen in 16 years—over \$90 billion. This tax relief will benefit Americans of all ages and in all tax brackets. We have included tax credits for children and for education and capital gains and estate relief. Almost 80 percent of these benefits go to families earning less than \$75,000 a year.

Over 43 million parents will owe \$500 per child less in taxes. Taxpaying students and nearly 5 million parents of kids in college will owe \$1,500 less per student in taxes as a result of the college tuition credit.

Last year, 2.4 million Tennesseans filed tax returns with the Internal Revenue Service. Over the last 16 years, these taxpayers have not seen one tax reduction—only increases. As the cost of raising a family and sending kids to college has become increasingly expensive, the value of the personal exemption has dropped dramatically. In 1948, the average American family paid about 3 percent of its total income to the Federal Government in taxes. Today, that family is paying closer to 25 percent.

The Federal Government claims approximately 19 percent of every paycheck that an employee in Knoxville, TN who makes \$22,000 a year takes home. That \$22,000 figure doesn't mean much to her—she sees only \$17,820—and that's before State and local taxes take their bite. The time has certainly come to give these hard-working people some much-needed tax relief.

In addition to the \$500 per child tax credit and the \$1,500 college tuition tax credit, the tax package will cut the capital gains tax rate from 28 to 20 percent for the highest bracket and from 15 to 10 for the lowest. It will raise the

exemption for taxable estates and family-owned businesses and farms. And it will expand the options for individual retirement accounts.

Despite the belief that a capital gains tax cut is only for the rich, in 1995, more than 226,000 Tennesseans paid capital gains taxes to the tune of \$2.65 million. More than half of these—160,786 to be exact—had incomes of \$75,000 or less. And 40,000 of those who paid tax on capital gains actually had an income of less than \$15,000.

This budget package will also balance the budget by 2002 and restore fiscal responsibility to our Federal Government. For years, Republicans have called for a balanced budget and an end to the reckless spending for which Washington to famous—or rather infamous. A balanced budget will lower interest rates, and generate higher economic growth—including more jobs and lower inflation. An article in this week's Washington Post touted that the "Deficit Effort Really is 'a Big Deal'." Benjamin Friedman, a Harvard University economist, noted:

For every dollar that the government doesn't have to borrow, there's an extra 50 cents invested in new plant and equipment by American businesses. And experience shows that investment eventually raises profits, wages and the U.S. standard of living.

The challenge before us now is to keep the Federal budget in balance—and I am committed to ensuring that we do that.

The third promise was one to protect Medicare and Social Security. We have made a first step toward strengthening Medicare by cutting \$115 billion to health care providers and extending the life of the Medicare trust fund for 10 years. But I remain deeply disappointed that the Senate-passed provisions that would have enacted structural changes in the Medicare Program were excluded from this conference agreement. I have spoken many times about the need for entitlement reform. And unfortunately, this budget does nothing to address it. If we do nothing, entitlement spending and interest on the national debt will consume all Federal revenues by 2012—leaving not a single dollar for important Government priorities like roads, education, national defense, and medical research.

The Medicare trust fund will become insolvent in 10 years. Real, structural reforms are absolutely necessary to preserve Medicare for our children and our children's children. In 2010, the cash flow of the Social Security trust fund turns negative and by 2029, the Social Security trust fund will be bankrupt. This must be the next priority of the U.S. Senate.

For years, our focus has been to balance the budget. Today, we have achieved that goal. I join with my colleagues to congratulate the Congress and the White House on working together, in a bipartisan fashion, to bring real fiscal responsibility back to Washington.

But we must look ahead to tomorrow and pay close attention to the impending fiscal disaster that lies ahead if we do not make some hard choices to reform our entitlement spending. Today, 200,000 Americans turn 65 every year. By 2011, 1.5 million Americans will turn 65 every year. Today, 3.3 workers pay for the benefits that every retiree receives from Medicare and Social Security. By 2025, there will be only two workers to pay for each beneficiary. It is clear that something must be done.

Mr. President, I am delighted that we have made a considerable downpayment on our promises to the American people with this budget package and I look forward to the challenges ahead.

CLARIFICATION OF TWO PROVISIONS IN THE  
BUDGET AGREEMENT

MR. KENNEDY. Mr. President, I would like to clarify two items of concern in the budget agreement.

Last year, when Congress passed the welfare reform bill, it granted States the authority to deny State and local public benefits to certain immigrants. Included in that bill was a provision that exempts nonprofit charitable organizations from verifying immigration status.

The conference report on the budget bill explicitly grants the States authority to require immigrants to provide proof of eligibility for State and local public benefits. This new provision allows States to "require an applicant for State and local public benefits (as defined in section 411(c)) to provide proof of eligibility". Section 411(c) refers to the definition of State and local benefits in title IV of the welfare bill.

It is my understanding that this provision does not grant the States authority to require charities to conduct immigration verification for State and local public benefits. The nonprofit exemption in section 432 of the welfare bill explains that a nonprofit charity, in providing "any State or local public benefit (as defined in Section 411(c)) \* \* \* is not required under this title to determine, verify, or otherwise require proof of eligibility \* \* \*." As Congress has plenary power in the immigration arena, it seems that States may not add a requirement for charities to verify immigration status without express authority from Congress. States were not granted that authority in last year's welfare bill, and States are not granted that authority in this budget bill.

Since the clarification of State verification authority is being inserted into title IV of the welfare reform law, the nonprofit exemption applies. Authority, if any, to require charities to conduct immigration verification would have to be found in a distinct, express grant of Federal authority outside title IV of the welfare bill.

I would also like to clarify that under the conference report on the budget bill, refugees, asylees, and certain other immigrants currently receiving SSI will not lose their eligibility for SSI.

Section 402 of last year's welfare law instituted a bar on SSI for certain qualified aliens. Section 402(a)(2)(A) created an exception to this bar for refugees. Refugees can receive SSI benefits for five years from the date they are admitted into the United States.

The conference report on the budget bill modifies these provisions in two ways. First, the conference report extends the refugee exception from 5 years to 7 years. An additional, separate provision of the conference report, section 402(a)(2)(E), creates a new exception to the bar on SSI benefits which reinstates SSI benefits for qualified aliens receiving benefits on August 22, 1996.

For refugees, these are two independent sources of SSI eligibility. It is my understanding that refugees not receiving SSI benefits on August 22, 1996 will qualify for SSI through section 402(a)(2)(A) for a period of 7 years. Refugees already receiving SSI benefits on August 22, 1996 will be eligible to keep those benefits, even after their 7 years has expired, under section 402(a)(2)(E) without regard to the 7 year cutoff.

Thank you for letting me briefly clarify those two points, Mr. President.

year. This bill weakens the work requirements. It builds in more flexibility to the work program. In Washington, flexibility is a code word for weakening, and that is what we have done to the work requirements for food stamp recipients.

Not only have we weakened the welfare law, but we have restored \$11 billion in welfare benefits for noncitizens. We seemed to have forgotten that welfare was and is a failure. Putting more people on welfare doesn't help society. But that is what we have done in this bill. We have increased the welfare roles, and we have added people who are not even American citizens. The very fact that non-citizens are receiving welfare is testimony to a system that has gotten out of control. Welfare is also prone to great fraud. Why else would we have to clarify that a non-citizen who is receiving welfare from the U.S. Government must actually be residing in the United States. Can you imagine that we would be paying welfare to people who are not even living in the United States.

Mr. President, we have also created a new program regarding welfare. We are spending \$3 billion to put welfare recipients to work. Welfare reform was supposed to save money and now we are spending money to reform welfare. Again, this kind of backward logic only seems to work in Washington. I am supportive of helping move welfare recipients to work—but another Government jobs program is not what we need.

Mr. President, as I said, there are many good aspects to the bill, but it violates the fundamental promises I made to the people of North Carolina when I ran for the Senate regarding welfare and taxes. I will not break my word to the people that supported me in 1992, and I will not vote for this bill.

Ms. MIKULSKI. Mr. President, I am pleased to be able to support the conference reports on the Balanced Budget Act and the Taxpayer Relief Act. Together, these bills will bring us to a balanced budget by the year 2002, while providing vitally important investments in education, in children's health, and in economic development.

I believe that my job as the Senator from Maryland and the Senator for Maryland is to save jobs, save lives, and save communities. I believe these bills will help us to do all three.

These bills address the day-to-day needs of America's families, and they keep faith with America's seniors. They open the doors to opportunity and give help to those who practice self help.

Mr. President, I am particularly pleased that the conferees rejected the unnecessary and harmful structural changes in the Medicare Program. As my colleagues know, I adamantly opposed the means testing of the Medicare program, and the change in the age of eligibility for Medicare from 65 to 67. Such major changes should not be considered without Presidential

leadership and a national discussion. I am pleased that these changes were not included in the final budget package. I believe the commission established by this agreement is a better way of addressing the long-term solvency concerns of Medicare.

There is much good news for senior citizens in the Medicare portions of this budget. We have ensured the solvency of the Medicare Program for at least the next 10 years. We have provided funds for critical new preventive care benefits, by expanding coverage for mammography and colorectal screening, and by improving self-management of diseases like diabetes. These are investments that will pay off, improving the health of Medicare beneficiaries and saving lives.

Having said that, however, I am disappointed with other cuts that these bills make in the Medicare Program. It is disturbing that the Federal guarantee of adequate reimbursement rates to nursing homes has been abandoned. I believe this will put nursing homes in a budget squeeze and will have a negative effect on the quality of care that we provide to our most fragile elderly. I am also disappointed with the excessive cuts in the reimbursement rates for such key services as home oxygen therapy. I believe seniors will be hurt by this change. I hope that we will have an opportunity to revisit these issues in the future.

This legislation also will provide a tremendous investment in the health of America's children. The \$24 billion provided for health care for uninsured children in this bill is the single largest increase for children's health efforts in over 30 years.

Mr. President, there are 10 million uninsured children in this country; 1 in 8 of the children in my own State of Maryland have no health insurance coverage. It is really shameful that we have allowed so many children to be at risk.

I believe we have to do all we can to ensure that no child goes without adequate health care. I wish we could have reached every uninsured child with this bill. I pledge to do all I can to work toward that goal. While it does not reach 100 percent coverage for our children, I do believe that this bill makes tremendous strides in the right direction.

Over 5 million children who currently have no health care will now get their immunizations, early screening, and other health care services. We have taken a great step in ensuring healthy children who are ready to learn and ready to succeed.

I like this budget package because it also opens the doors to education for young people and to people seeking to further their education. The \$1,500 HOPE scholarship contained in this bill will help to make available to every student the first two years of college. The tuition tax credit the bill provides for juniors, seniors, and graduate students will enable thousands more young people and returning students to

get the education and skills they'll need to succeed in the 21st century.

The tax provisions of this package will provide much needed tax relief for working families, for family-owned businesses and farms, and for those who have invested in their homes and communities. This bill is good for those who work hard, play by the rules, and pay their taxes.

The child tax credit will provide relief to some 27 million families. When the credit is fully phased in, families with children under 17 years of age will be able to claim a \$500 per child credit. We ensure that working families who qualify for the earned income tax credit—who may not pay income taxes but who do pay payroll taxes—will also benefit from the child tax credit. That means we will provide help to families with incomes below \$30,000—from the firefighters in Baltimore County to the watermen on the Chesapeake Bay. They work hard, they contribute to our economy and our communities, and they deserve our help.

This bill rewards investment and thrift. It will allow Americans who have invested in their communities by the purchase of a home to be able to recoup their investment when they sell that home, without being subject to onerous capital gains taxes. It ensures that people who have built a family farm or a small business with a lifetime of hard work can pass that enterprise on to the next generation.

It encourages savings. The bill's new IRA provisions will reward those who practice self help, by increasing access to IRA's, and by allowing withdrawals from IRA's for the first-time home buyers and for educational purposes.

Mr. President, this budget package does not provide everything I would like, and I do not like every provision of this package. But I believe overall, this is an agreement well worth supporting.

These conference reports finish the job the Congress began in 1993, when the President and congressional Democrats passed the deficit reduction bill. In 1992, our deficit was \$290 billion. This year, it will be less than \$45 billion. This historic economic plan started us on the road to elimination of our deficit. The bills we are passing this week will finish the job we began in 1993.

This is a victory for fiscal responsibility. It is a victory for America's families. It keeps faith with our seniors, opens the doors of opportunity to those seeking an education, protects children's healthy and rewards those who save and who invest. I am proud to support it.

for our nation. This legislation represents a real victory for all Americans. Children, students, families and senior citizens will all benefit from our actions today. This budget not only puts us on a financially responsible path but also protects the Federal social safety net.

This legislation is built on consensus, and no plan built on compromise can make everyone happy. There are certain provisions that I wish were in this bill and there are other provisions that I feel could have been changed. Overall, though this budget package provides benefits that will strengthen our economy, reduce the tax burden on individuals and families, and eliminate spiraling deficits.

The measure provides tax relief to families and children, with a permanent \$500 per child tax credit under the age of 17. The bill creates incentives for savings and investment with expanded individual retirement accounts, reducing capital gains and increased deductions for small business. But most importantly, this legislation furthers our efforts to provide health care and education for all children.

This conference report will establish a new \$24 billion health care coverage program for as many as 5 million uninsured children. I would like to express my special appreciation to Senator ROTH and Senator LOTT for including in the children's health initiative a provision that will allow States, like Vermont, whose Medicaid coverage for children already extends beyond 200 percent of poverty, to cover children with incomes 50 percentage points higher than their Medicaid cutoff. I feel this section will give these pioneering States the necessary flexibility and resources to continue moving forward toward the goal of ensuring that all children have access to quality health care.

With \$35 billion in education tax incentives, the bill will ease the burden on students and families paying for higher education. These tax incentives will help families save for college, pay tuition costs while students are in college, and repay funds borrowed to pay for college. The bill's education tax incentives are not limited to college expenses. The bill has a life-long education tax credit to help workers who want to brush-up on their job skills or learn new employment skills.

In addition, the children's tax credit in this bill will result in meaningful savings for families. For a family with two children, this bill will result in a 1999 tax bill that's \$1,000 less than they would have otherwise owed.

This agreement also recognizes the critical relationship between education and our national economic well-being. In a day and age beset by downsizing, when job skills are constantly becoming outmoded by technological advances and break-throughs in learning, education will be a lifetime endeavor. I am happy that the bill recognizes this, and makes lifetime learning more easily affordable. Aid to education is not

Mr. JEFFORDS. Mr. President, the impending passage of this balanced budget agreement is a historic moment

limited to tax incentives; the tax incentives are supplemented by meaningful spending increases for scholarship grants and literacy programs. Throughout my years in the Congress, first on the Education and Labor Committee in the House, and now as chairman of the Senate Labor and Human Resources Committee, I have worked to make education more readily affordable and more easily accessible. This bill represents an important step in that direction.

During my tenure in Congress I have tried hard to put our fiscal house in order while protecting programs that are important to the nation. I am pleased to cast my vote in favor of this agreement, which I believe does just that. Today, this body is taking a giant step closer to insure the future economic security of our children and the next generation.

Mr. SPECTER. Mr. President, I have sought recognition to comment on the historic legislation we are considering today, which will have profound effects throughout our Nation as we near the first balanced Federal budget since 1969. As a longtime supporter of the balanced budget constitutional amendment and the line-item veto, I am particularly pleased to have this opportunity to reflect on the significance of this occasion.

I think the 5-year glide path to a balanced budget is very important for America. I think the two big priorities for America today are education and health care. I like what is being done here and in the tax reconciliation bill we will be considering, but I remain a little worried about our seniors. We might have to make some modifications for their benefit in the future after we see how some of these changes are implemented. I will be keeping a close eye on this issue as I travel in Pennsylvania's 67 counties, where we have more than 2 million senior citizens.

From the beginning, I have said that a balanced budget could only become reality with support from the center. There is now a feeling around Congress that the American people are sick of all the bickering and they have asked us for action on the issues that mean the most to them, chief among them balancing our Nation's budget. Since 1995, I have worked with the Chafee-Breaux centrist coalition to try to reconcile the differences between the two parties on the major entitlement and tax issues which we needed to address if we were going to achieve a balanced budget. I was proud of my association with this group of 22 Senators, which got 46 votes for its substitute budget resolution in 1996 and showed that there was bipartisan support for a centrist-oriented plan.

The Balanced Budget Act of 1997 represents what I have been saying for several years, that the budget can be balanced without leaving a bad taste in the minds of the public toward Republicans. It can be done without appear-

ing insensitive toward the poor, elderly, children, and without appearing unconcerned with education, health care, and the environment. The budget agreement reflected in this legislation represents the traditional Republican objective of balancing spending and revenues and reflects my approach of moderation within fiscal conservatism, or what has been termed compassionate conservatism.

I would not further that this legislation reflects my preference for cutting with a scalpel, not a meat ax. As chairman and ranking member of the Labor, Health and Human Services and Education Appropriations Subcommittee, in the past 2 years Senator HARKIN and I have succeeded in terminating 126 programs totaling \$1.4 billion using this scalpel approach. The patience that has been demonstrated by our Budget Committee chairman, Senator PETE DOMENICI and the other key budget negotiators reflects their action to achieve the level of savings needed to bring the budget into balance.

Throughout the budget process, I have sought to work with my colleagues to protect programs and funding which was particularly important to groups of Americans least able to fend for themselves. In particular, I am pleased to note that the Conference Report includes the \$1.5 billion in Medicare premium subsidies which are essential for the estimated 3.2 million American seniors who earn in the area of \$9,000 to \$12,000 annually. I initiated an effort with several of my Republican colleagues to restore these funds when they were initially left out of this bill as reported out of the Finance Committee. After five of us wrote Majority Leader TRENT LOTT to urge that the funds be restored to the bill, the leadership accepted our request and added the \$1.5 billion. Once the funds were restored, however, I still had some concerns about the allocation of these funds and whether the subsidies would continue as long as the premium increases. During Senate floor consideration of the bill, I was pleased to offer an amendment cosponsored by Senator ROCKEFELLER, SANTORUM, SNOWE, COLLINS, and CAMPBELL to make the premium subsidies permanent as is the premium increase. Although a majority of Senators voted with us, the amendment only received 52 of the 60 votes needed to meet certain Budget Act procedural requirements and thus failed to be accepted.

Among the reforms I supported in the Medicare Program is the expanded array of choices from which beneficiaries can obtain coverage. These new Medicare Plus plans will include traditional fee-for-service, provider sponsored organizations, medical savings accounts, private plan/health maintenance organizations, and preferred provider organizations. Beneficiaries will be given the freedom to choose the option which best meets their health care needs. I have also supported the addition of \$4 billion in

preventive health services to the Medicare benefit package, such as coverage of annual screening for breast, prostate, and colorectal cancer, bone density screening, and diabetes self-management services that would include nutrition therapy and blood testing strips.

This legislation is designed to protect the solvency of Medicare for 10 more years. I view this program as part of our social contract with our senior and believe that we must keep our noses to the grindstone to develop a means of permanently protecting Medicare so that it remains available to provide adequate health care for future generations of American seniors.

Another group of Americans I have sought to help in the budget process are children who do not have access to adequate health care. I am quite pleased that the \$24 billion child health program included in this legislation has the potential to cover over 5 million children of the working poor who currently lack health insurance. My Healthy Children's Pilot Program Act of 1997 [S. 435] was the first Republican bill introduced in the 105th Congress which sought to bridge this glaring gap in the Nation's health care system. Although I believe that we could have provided such coverage through a discretionary spending program that relied on the States to implement creative new programs, I fully support the program established under the Balanced Budget Act, which will direct \$24 billion over 5 years to States for the purpose of providing health care to children in low income families who earn too much for Medicaid, but too little to be able to purchase health insurance. One specific concern of mine as Congress crafted this legislation centered around ensuring that Pennsylvania's vanguard Caring and BlueCHIP children's health programs were protected rather than superseded by a new Federal bureaucracy. I am pleased to see that this bill specifically grandfathered Pennsylvania's programs, recognizing them as examples of success and innovation.

During consideration of the Senate version of this legislation, there were several provisions I could not support and I am pleased that the Balanced Budget Act of 1997 does not contain them. In particular, these were the provisions to extend the Medicare age of eligibility from 65 to 67, to impose new copayments on Medicare beneficiaries receiving home health services, and to means-test Medicare premiums. As the final compromise legislation demonstrates, it is possible to reach the goal of a balanced budget while also protecting access to quality health care, affordability, and choice in the Medicare program. This bill will also begin what I hope is a bipartisan process to address the long term implications of the baby boom generation for the Medicare program by establishing a

Medicare Commission which will report to Congress with recommendations on how to ensure Medicare program solvency well into the 21st Century.

Another issue which I have worked on is preserving funding for Pennsylvania under the Medicaid Disproportionate Share Hospital Program, which reimburses States for their payments to hospitals for medical treatment for low income Americans. Of particular importance to Pennsylvania were the proposed restrictions on the use of funds by States to reimburse Institutes of Mental Disease [IMD's]. While we were able to convince Chairman ROTH to delay the restrictions by 1 year during Senate floor consideration of the bill, I continue to be troubled that this legislation unfairly penalizes Pennsylvania by limiting its ability to spend Federal resources on IMD's. I have worked with Gov. Tom Ridge and Senator RICK SANTORUM to seek modifications to these legislative provisions and would note that Pennsylvania faced losses of as much as \$1.7 billion under an early draft of the Medicaid reform proposal and will instead face reductions in the area of \$131 million. I am not satisfied with the proposed reforms in this program and, since the IMD restrictions do not go into effect until fiscal year 2000, I will work closely with Governor Ridge and Senator SANTORUM to see what we can do to ensure that Pennsylvania receives its fair share of Medicaid DSH funds in the outyears.

In closing, I would note that as with any comprehensive reform legislation, it will take some time to determine what, if any, modifications will be needed to ensure that we protect seniors, children, and others who rely on the Federal and State programs that constitute our social safety net. However, on the whole, this is a good piece of legislation which moves us toward the goal of balancing the Federal budget by 2002.

Mr. BRYAN. Mr. President, the balanced budget agreement before us is an historic document. The agreement puts us on the path to a balanced budget in 2002, the first balanced budget since 1969.

The agreement contains significant changes for Medicare, Medicaid, and welfare. The Children's Health Insurance Initiative is also a momentous move toward ensuring all children in this country will not want for lack of health care.

This was my first year as a new member of the Senate Finance Committee. The committee spent many hours debating and considering the myriad of issues involved in developing the Medicare and other health areas of this budget bill. These issues were complex, the debate long, and decisions very difficult to make. As with any far-reaching legislation, no one, including myself, agrees with every provision included.

#### NEW MEDICARE CHOICES AND BENEFITS

New choices are provided for Medicare beneficiaries to choose how they

would like to receive their health care. These choices include: continuing the traditional fee-for-service Medicare; provider sponsored organizations which are similar to HMO's, except they are operated by medical providers rather than insurance companies; private fee-for-service; preferred provider organizations which allow beneficiaries to choose doctors outside their HMO network; continuing current private plan HMO's that generally provide more benefits, including prescription drug coverage, than traditional Medicare, at a lower cost. A medical savings account combined with a \$6,000 high-deductible policy option will be tested as a demonstration project limited to 390,000 participants. This \$6,000 deductible is nearly three times as high as the maximum deductible allowed in last year's health care reform law. I supported the Senate version which would have limited the demonstration to 100,000 participants, and established a cap on out-of-pocket expenses of \$3,000, which were not accepted in the final budget agreement. With the bill's high deductible, there is serious concern regarding whether any but the most affluent Medicare beneficiaries will be able to choose this option, and if they do, what the impact of the loss of those generally healthier and younger beneficiaries will be on the traditional Medicare fee-for-service option expenses.

Medicare beneficiaries' future health will be improved with the inclusion of new preventive health care services. These new services include mammography, PAP smears, diabetes, prostate and colorectal screening, bone density measurement, and vaccines.

#### MEDICARE FRAUD AND ABUSE PREVENTION

This budget bill also builds on efforts to reduce Medicare fraud and abuse efforts included in last year's Health Insurance Portability and Accountability Act. A new toll-free telephone number is established to allow Medicare beneficiaries to report fraud and billing irregularities directly to the Inspector General of the Department of Health and Human Services. It is hoped the toll-free hotline will encourage beneficiaries to be even more diligent in reviewing their Medicare bills, and reporting any discrepancies. Additionally, Medicare beneficiaries will be given the right to request an itemized billing statement for their Medicare services.

Suppliers of durable medical equipment must provide information as to persons with an ownership or control interest in the company. These suppliers, and home health agencies, comprehensive outpatient rehabilitation facilities and rehabilitation agencies are all required to post a surety bond of \$50,000. These are efforts to ensure only legitimate Medicare providers are certified, and to reduce the incidences of fraud and abuse in these services.

The Secretary of Health and Human Services will be able to refuse to enter into, or renew a Medicare agreement with a provider, either an individual or

an entity, who has been convicted of a felony under Federal or State law for an offense which would be inconsistent with the best interests of Medicare beneficiaries. If a provider has been mandatorily excluded from participating in Federal and State health care programs because of a conviction involving Medicare or Medicaid program-related crimes, patient abuse, or felonies related to health care fraud or controlled substances, the exclusion shall be for a period of 10 years if the provider has been convicted on only one occasion, and permanently excluded if the provider has been convicted on two or more occasions. Its the old three strikes and you are out reappplied.

#### LONG-TERM MEDICARE REFORMS

As a member of the senate Finance Committee, I supported efforts that would have begun to make long-term Medicare reforms. I am disappointed none of these proposals were included in this final budget.

Over the past 2 years, the rapidly rising costs of the Medicare program, and its future solvency, have been major concerns. The 1997 Medicare Trustees Report concluded the Medicare part A trust fund, providing hospital service coverage, is likely to become insolvent as early as 2001. This balanced budget does buy us approximately 10 more years of trust fund solvency. But unless we promptly address the solvency of Medicare, we will still face a medical and fiscal crisis as the baby boomers retire, and begin to rely upon Medicare.

The Congressional Budget Office estimates that Medicare costs in 1997 will be \$212 billion. In 2007, the costs are estimated to total over \$467 billion—well over a 100 percent increase.

In the year 2011 alone, the year the baby boom generation begins to reach 65 years of age, more than two and a half million individuals will become Medicare eligible. Medicare cannot come close to covering these future retirees, as well as those already retired, unless changes are made. This is the harsh reality we should have dealt with in this budget.

I firmly believe a reduction in Medicare benefits for eligible beneficiaries should not occur. Yet, to ensure these health care benefits continue, changes must be made elsewhere in the Medicare program.

Raising the Medicare eligibility age to coincide with the Social Security eligibility age, and increasing the costs of the Medicare Part B—the physician and outpatient services coverage—monthly premium of the most affluent 4 percent of all Medicare recipients are two ways to ensure our Medicare program remains solvent past 2001—and that benefits are not reduced for all older Americans.

In fact, in 1983, during the Reagan administration, similar age eligibility requirement changes were made for Social Security beneficiaries to help prolong the solvency of that program as well.

The Senate bill would have increased the age of eligibility for Medicare from 65 years to 67 years of age. Yet this shift would have taken place during a span of 25 years—from 2003 to 2027—and would not have affected anyone who is currently receiving Medicare benefits.

One of the major criticisms of the Medicare age increase proposal was that it could leave many seniors without adequate health care coverage if they choose to retire earlier. Currently, if an individual wants to retire earlier than the Social Security retirement age of 65 years, the individual takes a reduction in his or her Social Security benefit. We could allow early retirees, who are Social Security eligible, to buy in to Medicare coverage earlier. This may, however, require higher costs for such beneficiaries, until they reached the age of full eligibility for Social Security and Medicare benefits.

This final budget bill has bought us some time to deal responsibly with preserving Medicare. A national bipartisan commission will be established to recommend long-term Medicare reforms to ensure this vital health care program can meet the challenge of providing coverage for the baby boom generations. When this commission reports its recommendations, Congress must act upon its reform recommendations immediately. And it would be irresponsible of Congress not to make the tough, often unpopular, decisions that are going to be necessary to preserve this vital program. The sooner these reforms are made, the sooner we can ensure future Medicare beneficiaries will not face a reduction in covered medical services, and that Medicare survives into the 21st century.

#### CHILD HEALTH CARE

This budget agreement is also a pivotal effort to address the needs of the 10 million uninsured children in this country. An unprecedented \$24 billion will be flowing to States to provide health care to these children. This new child health program will be paid for, in part, by a 10-cent-per-pack increase in the cigarette tax for the years 2000 and 2001, and another 5-cent-per-pack increase in 2002, for a total of 15 cents. Although I would have preferred the full 20-cent increase in the cigarette tax that the Senate included in its version of the budget bill, this increase will still provide a substantial increase in the number of children receiving health care coverage.

I am, however, concerned with these final child health provisions. The Senate child health proposal would have ensured children had a comprehensive benefits package. Children's health care coverage would have specifically included such services as vision and hearing, prescription drugs, and mental health care. Instead, States will decide what benefits to offer.

The importance of a comprehensive benefit package, tailored to the specific health care needs of children, is key to ensuring that these new health

care funds are used as to benefit children. This final bill provides States a number of options to determine a benefits package.

As a former Governor, I understand the desires of State Governors who want freedom to determine how to use the Federal child health funds. However, the goal, first and foremost, is to provide children throughout this country the health care services they need. Given the amount of Federal child health funds going out to the States, and the creativity shown in the past by some States in skirting restrictions placed on Federal funding, I am concerned some of these vital funds could find their way to other areas.

Such a diversion of funds occurred several years ago, when Congress appropriated money for the States to begin receiving Medicaid DSH—disproportionate share hospital—Federal funds. This money was to help hospitals providing care to the poorest and most vulnerable people cover their increased expenses. Some States' money found its way into State road construction budgets among other uses. Congress had to step in and take corrective action.

This budget bill will allow States to use 10 percent of the child health initiative funds for noncoverage purposes, which are defined as administration and health care outreach. That 10 percent is \$2.4 billion of the total Child Health Care Initiative—and that is significant money. Congress must ensure States use all of the child health funds for the purpose for which they are intended—to provide the children of this country comprehensive health care coverage period.

#### CONCLUSION

As historic as this balanced budget may be, it marks a first step toward what must be done to assure the millions of Americans who are current and future Medicare beneficiaries that their health care benefits will continue. There is much work yet to be done to honor the commitment this country has made to Medicare to assure not only that these health care services continue, but the quality and scope of care are sustained, and the rampant fraud and abuse of the program is brought to a halt. Necessary reforms are required. The sooner they are implemented, the sooner Medicare can be assured of continuing into the 21st century. We are taking a major step toward this goal today, but many steps are yet to be taken.

Mr. JEFFORDS. Mr. President, the impending passage of this balanced budget agreement is a historic moment of our Nation. The vote that my colleagues and I are making in support of this balanced budget agreement is a vote that each American should take pride in. This legislation represents a real victory for all Americans. Children, students, senior citizens, and families will all benefit from our actions today. This conference report will put this country on a financially re-

sponsible path while also taking the necessary steps to protect Medicare and provide health care coverage to our Nation's uninsured children.

This legislation is built on consensus, and no plan built on compromise can make everyone happy. There are certain provisions that I wish were in this bill and there are other provisions that I feel could have been changed. However, it is more important that we move the process forward instead of shutting down the system. Overall, though this budget package provides benefits that will strengthen our economy, reduce the tax burden on individuals and families and eliminate spiraling deficits.

The measure provides tax relief to families by providing a permanent \$500-per-child tax credit for children under the age of 17. The bill creates incentives for savings and investment with expanded individual retirement accounts, reducing capital gains and increased deductions for small business. The legislation provides for estate tax relief which will affect many residents of my home state of Vermont. The bill will impose roughly \$297 billion in savings over the next 5 years and \$900 billion over the next 10 years while still protecting programs that are vital to the interest of all Americans. But most importantly, this legislation furthers our efforts to provide health care and education for children.

Mr. President, there is no resource more precious than the children who are right now playing in the school yards from Vermont to California. I worked closely with my colleagues Senator HATCH, Senator KENNEDY, Senator CHAFEE, and Senator ROCKEFELLER to develop legislation that would provide health care coverage for our Nation's uninsured children. This conference report will establish a new \$24 billion health care coverage program for as many as 5 million uninsured children. The establishment of this coverage is not the end but only the beginning to ensure that every child born in this country will have a healthy start in order for them to fulfill their own personal American dream.

I would like to express my special appreciation to Senator ROTH and Senator LOTT for including in the Children's Health Initiative a provision that will allow States like Vermont whose Medicaid coverage for children already extends beyond 200 percent of poverty to cover children with incomes 50 percentage points higher than their Medicaid cutoff. I feel this section will give these pioneering States the necessary flexibility and resources to continue moving forward toward the goal of ensuring that all children have access to quality health care. In addition, the children's tax credit in this bill will result in meaningful savings for families. For a family with two children, this bill will result in a 1999 tax bill that's \$1,000 less than they would have otherwise owed.

The children's tax credits in this bill will result in meaningful savings for families with children. For a family with two children, this bill will result in a 1999 tax bill that's \$1,000 less than they would have otherwise owed. In addition, the bill recognizes the critical relationship between education and our national economic well-being. With \$39 billion in education tax incentives, the bill will ease the burden on families paying for higher education. These tax incentives will help families save for college, pay tuition costs while students are in college, and repay funds borrowed to pay for college. And the bill's education tax incentives are not limited to college expenses. The bill has a life-long education tax credit to help workers who want to brush up on their job skills or learn new employment skills.

This agreement also recognizes the critical relationship between education and our national economic well-being. In a day and age beset by downsizing, when job skills are constantly becoming outmoded by technological advances and breakthrough in learning, education will be a lifetime endeavor. I am happy that the bill recognizes this, and makes lifetime learning more easily affordable. Aid to education is not limited to tax incentives; the tax incentives are supplemented by meaningful spending increases for scholarship grants and literacy programs. Throughout my years in the Congress, first on the Education and Labor Committee in the House of Representatives, and now as chairman of the Senate Labor and Human Resources Committee, I have worked to make education more readily affordable and more easily accessible. This bill represents important steps in that direction.

During my tenure in Congress, I have tried hard to put our fiscal house in order while protecting programs that are important to the Nation. I am pleased to cast my vote in favor of this agreement, which I believe does just that. This plan finally puts four walls and a roof on a foundation toward a balanced budget that this Congress has been building over the last 15 years. Today, this body is taking giant steps closer to ensure the future economic security of our children and the next generation.

Mr. BINGAMAN. Mr. President, a little over two weeks ago, I sat down with several Albuquerque families who are working hard to pay the bills, put food on the table, and give their children a good home. Among those gathered at the meeting, there was Carol Howell, who is struggling with the help of her husband to make ends meet and raise four children. And there was Jan Usinger, a divorced mother with a Masters degree in French, working three jobs to build a decent life for her three children.

Each of the families I met were perfect examples of who should reap the benefits of any tax relief package produced by Congress. And yet, what

brought us together that day was the sad fact that none of these families would be able to claim the highly-touted \$500 per child tax credit in the bill passed by the Senate—not because they earned too much money, but because they earned too little. In the eyes of some in Congress, these families were not rich enough to deserve the full child tax credit. Some even argued that to give hard-working families making about \$25,000 a year a tax break was like giving them welfare.

I'm pleased to say that in the heated debate that took place in Washington over who should be allowed to claim the child tax credit, these families finally won—and they won big. Jan Usinger, who would have seen only \$6 in tax relief from the child credit under the House bill, will now get a tax break of \$1,500 in the final bill negotiated between the President and Congress. That's no small change when you consider the cost of clothing, school supplies and child care.

The final tax relief compromise enacted last week is a significant victory for the Usingers, and for the millions of working and middle-income families like them across the country. Some of the more helpful provisions in the bill will help offset the cost of raising children, make college more affordable, and even help adults go back to school for more training. There is also a \$24 billion set-aside to provide health insurance to more children from working families now unable to afford it.

The child tax credit tops the list of provisions New Mexico families will find most helpful. This new child credit will be available to families earning between \$15,000 and \$30,000, as well as those making between \$30,000 to \$150,000 a year. The size of the credit will vary according to the number of children and parents in the family, along with other factors.

Best of all, the credit can be used to reduce a family's total federal tax burden—whether it's income taxes or federal payroll taxes. This is a key change from earlier versions of the bill, and it will make a big difference for the nearly three-quarters of lower-income working Americans who pay more payroll taxes than income taxes. Furthermore, employers will be instructed to make adjustments on withholding forms so that families can see the benefit of this credit as soon as possible.

While the economic benefits of a college-educated workforce have increased tremendously over recent years, the financial obstacles have increased even faster. To help make higher education more accessible, the tax bill now includes a \$1,500 tax credit for the first two years of college, and a credit of up to \$1,000 for students after their first two years of college. Together, these credits would cover nearly all the costs of the average public college in the U.S. Workers can also receive up to \$5,250 in employer-provided training each year, without having to count the benefit as taxable income. At a time

when workers must continually update their skills, this break will help them get the training they need to make it in today's job market.

Finally, a major source of economic anxiety for working families is the cost of medical care. Almost 150,000 New Mexico children are without health insurance, and many of them come from working families who earn too much to qualify for Medicaid, but not enough to afford health insurance for their children. The provision setting aside \$24 billion for expanding children's health insurance was designed with these working families in mind. It will provide states like New Mexico the resources to cover these children, giving them access to everything from routine checkups and antibiotics to emergency medical care. This provision will help more kids develop into healthy adults, and it will do so without imposing unworkable new federal mandates.

It's important to note that this tax relief would not be possible or responsible, were we not on the brink of balancing the federal budget. In 1992, our nation ran a whopping \$290 billion budget deficit, which has been shaved down to an estimated \$45 billion this year. I think it is fair to say that if our country had not tightened its belt in the 1993 budget package to achieve this deficit reduction, interest rates would probably be higher, unemployment higher, and our economic growth slower. Now the people who helped sacrifice to get us to the point where we are today—like the 70 percent of New Mexicans earning under \$30,000 a year—are getting some deserved tax relief.

This tax deal is not perfect, and it certainly hasn't done much to make the tax code any simpler. But this final compromise does deliver where it matters. It provides relief not just to upper-income families but to the many new, young families in New Mexico who are working hard to deliver a decent quality of life to their children and to provide the educational opportunities and health care support that will lay a strong foundation for their success. In the end, this bill helps us invest in all of our children—and for this reason I think we have actually achieved something worthwhile this week in Washington.

Mr. President, I do need to make references as well about certain provisions in this tax bill which are very good for small businesses in New Mexico as well as around the nation.

First, the bill reinstates the home office business deduction, which I know is a very important issue for many self-employed people in our state and many other small business owners.

This legislation also includes an important provision phasing in an increase in the self-employed health insurance deduction. The percentage of the deduction in 1997 is now at 40%, but it rises to 100% by the year 2007.

Also, many businesses benefit by investing in continuing education programs for their employees, and this tax

bill extends for three more years the tax exclusion for employer-provided educational assistance.

It also provides an enhanced deduction which businesses can claim for the donation of computers and technology to schools.

Also, very importantly, a provision has been included that I have been working with a number of Senators over the last year. This provision builds on a small business initiative included in the 1993 budget plan. The original legislation stated that gains from stock held more than five years in publicly traded firms with assets less than \$50 million would be taxed after the sale of stock at 50% of the capital gains tax rate. The new provision allows this gain to be rolled over into other small businesses of the same size on a fully tax-deferred basis.

This will hopefully keep more capital in the small business sector. Overcoming venture capital deficiencies in New Mexico is one of the major hurdles that our state constantly faces. Hopefully, this provision will do some good for our state.

Furthermore, small businesses with average gross receipts of less than \$5 million will be exempt from the corporate alternative minimum tax. This covers a great majority of New Mexico companies.

Also in the estate tax area, owners of qualified family owned businesses and farms will be able to exclude—starting next year—up to \$1.3 million of their estate from inheritance tax. This is a very big provision—particularly as the general estate tax will be incrementally increased from \$600,000 to \$1 million by the year 2006. This family-owned estate tax relief puts the entire exclusion in place next year. The requirements are that the family owned business or farm must be at least 50% of the estate and heirs must participate in the business for 10 years after descendent's death. This provision will help a great number of small firms, farms, and ranches pass on to their heirs estates which often have a vast majority of their value tied up in the business. The failure to provide this exclusion in the past has unfortunately forced some families to liquidate businesses after the principal owner died.

Also on the farm front, farmers who often face years of boom and bust are provided the option of 3-year income averaging for the next two years. I suppose we are going to see if this provides relief to farmers and consider whether to extend this option in the years that follow.

Finally, the tax deal also includes extension of the research and experimentation credit for another year as well as it extends the Generalized System of Preferences (GSP) through June, 1998. This provision is particularly important to our state's jewelry firms that import some of their stones and materials from lesser-developed countries.

These are some of the items that I feel that small businesses should know

about. If you download the actual bill from the World Wide Web, Mr. President (the address is <http://speakernews.house.gov/taxfull.htm>), you'll be printing 304 pages. My staff had to do this, in fact. Hopefully, by highlighting these items, some small businesses won't be completely dependent on H&R Block and the various computer tax packages that sort out this material.

I recognize that if the standard of living is going to increase for citizens of this state, small business is going to be the primary engine in that effort. In any case, I am happy to report and restate that I think we have actually achieved something worthwhile this week in Washington.

would have been forced to forego coverage. It was a wise decision on the part of my colleagues serving as conferees on this bill that they did not decide to exacerbate the current problem of lack of health coverage for early retirees further with this measure.

I am also pleased that a provision that would have required the poorest and sickest seniors to pay up to \$700 a year in home health costs has also been dropped. Looking to the most vulnerable Medicare beneficiaries to shoulder this level of cost under the guise of addressing the long-term financial challenges of this program would have been indefensible.

In addition to the removal of these onerous provisions, this legislation has been improved since the vote in the Senate by the commitment to continue Medicaid coverage for the 30,000 disabled children who will lose their Supplemental Security Income benefits as a result of eligibility changes in the welfare reform bill enacted last year. This provision, which was highlighted as a priority in the original budget agreement between President Clinton and Congress, was noticeably absent in both the House and Senate bills. Along with Senator CONRAD, I offered an amendment to continue health insurance for these children and was disappointed to see it fail by only nine votes. However, I am grateful to the conferees that protection for these children of working poor families was achieved in the conference negotiations.

This legislation will also significantly increase health coverage for children who currently lack insurance. We certainly have come a long way on this issue since the debates of earlier years. Even as recently as last year, the question was still whether or not to provide health insurance to our nation's children, rather than how we might accomplish this admirable goal. By adopting the Senate provision, which calls for \$24 billion for this new initiative, we can now offer the hope to more than seven million children that cost will not be a barrier to securing health care.

Of course, I am disappointed that the important and courageous attempt to ask those Americans who can afford to contribute a little more for their health care to do so was dropped. It is important to remember that only the wealthiest 8% of seniors would have seen a rise in their premiums. I maintain my conviction that the adoption of means testing of Medicare premiums was a step in the right direction toward the long-term solvency of the critically important safety net that Medicare provides to millions of senior citizens.

I also continue to have significant concerns about the reductions in Medicare and Medicaid payments to hospitals and managed care organizations. In order to ensure that our nation's seniors and lower-income citizens receive the affordable and high-quality

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#### BALANCED BUDGET ACT OF 1997

Mr. DODD. Mr. President, with today's passage of the Balanced Budget Act of 1997, the Senate has taken a historic step toward ensuring the long-term solvency of the Medicare program.

I am pleased that many of the provisions that I found to be so objectionable when this bill first came to the floor of the Senate one month ago, have since been removed. In stating my reasons for originally opposing the bill, I shared my deep concern over the proposal to raise the age at which individuals are eligible to receive Medicare from 65 to 67. The likelihood of these seniors finding affordable private insurance would have been slim—many

care they need, health care providers must continue to be adequately funded. I am particularly concerned about the reduction in payments to teaching and disproportionate share hospitals. These hospitals serve a population that is sicker and poorer than most hospitals. Reduction in payments of this magnitude threaten the ability of these hospitals to continue to serve as a safety net for the most vulnerable in our society.

In addition, I am concerned about the impact of the new HMO payment structure on low-income seniors who selected managed care plans because they truly need the additional benefits and low out-of-pocket costs that these plans can offer. These seniors cannot afford the high deductibles and copayments of Medicare fee-for-service, nor can they afford to purchase expensive Medigap coverage. While I am pleased that Congress has attempted to provide more health care choices for Medicare beneficiaries, I believe that without adequate funding, these choices will not be viable ones.

Despite these concerns, this legislation goes a long way toward providing many of our nation's citizens with the care they need and expect from Medicare. I view it as an important step toward ensuring that Medicare is here to serve future generations of Americans. It is for this reason, Mr. President, that I am pleased to support the Balanced Budget Act of 1997.

Mr. SMITH of New Hampshire. Mr. President, earlier this week, the White House and the Congress reached a historic agreement that will balance the budget by 2002. Today, I rise in support of the portion of the deal that provides tax cuts to American families and small businesses: the Taxpayer Relief Act, H.R. 2014. After enduring sixteen years without any tax relief, Americans will finally benefit from tax cuts that will affect many aspects of their lives. Under our tax package, not only will taxpayers immediately see their tax bill go down, but saving for retirement, paying for college, and investing for the future will be much easier. I am encouraged and pleased that the Republican-led Taxpayer Relief Act provides \$95 billion in tax cuts over five years and represents an improved standard of living for taxpayers at every stage of life.

This tax relief comes at a time when the nation's tax burden is at an all time high. Partly due to President Clinton's tax hike back in 1993, today's taxpayers face a combined federal, state, and local tax burden of nearly 50% of their income—more than the cost of food, clothing, and shelter combined. In fact, for every eight hours of work, the average taxpayer spends about three hours just to pay the tax collector. And too many families could not survive without two incomes just to make ends meet. We cannot let this situation continue. By letting hard-working Americans keep more of their own money, we allow them to preserve

their family, prepare for their own future, and invest in the nation's economy.

The future of the family. I can no longer stand by while families in New Hampshire lose more and more time together because they have to work longer and harder to send their pay to Washington. The Taxpayer Relief Act addresses this growing problem in several different ways. First, taxpayers with young children will get a \$500 tax credit for every child. In 1999, a middle-income family in New Hampshire with two young children will save \$1,000 with this credit! Second, the tax relief measure reduces the capital gains rate for taxpayers who invest for their future. If the same New Hampshire family realizes \$2,000 in capital gains to help pay for college or buy a home, they will save an additional \$100. It would also be easier for this family to sell their home, as the tax package exempts \$500,000 of capital gains on the sale of a principal residence. Equally important, this tax cut benefits their grandparents since many senior citizens depend on capital gains as a primary source of retirement income. Since 56% of taxpayers with gains have incomes of less than \$50,000, and the percentage of families who own stock has increased from 32% in 1989 to over 41% today, many Americans will welcome this revision.

Our plan also offers relief to parents who face higher expenses as their children grow older. Families can save for higher education by taking advantage of the plan's education accounts, penalty-free withdrawals for education, or popular tax-free prepaid state tuition plans. When the student reaches college, parents receive a HOPE tax credit for tuition and related expenses for four years of college. In the first two years, for example, parents can receive a tax credit up to \$1,500 to help pay for their child's education. These provisions help parents in New Hampshire face the challenge of saving and paying for higher education in order to invest in a brighter future for their children.

Preparing for the future. Our savings rate is one of the lowest of all industrialized nations partly because too many Americans find it difficult to save for retirement and pay high taxes. Under our Taxpayer Relief Act, individuals planning for retirement will benefit from expanded Individual Retirement Accounts (IRAs). Specifically, we created a new "back-loaded" IRA—contributions are not tax-deductible, but withdrawals upon retirement are tax-free if the account is held for at least five years. Once the IRA is established, penalty-free withdrawals are allowed for a first-time home purchase or for higher education expenses. In addition, thanks to the efforts of Senator JUDD GREGG, the bill allows non-working spouses to contribute to an IRA whether or not the working spouse is already in an employer-sponsored retirement plan. As a result, a New Hampshire couple can make a yearly tax-deduct-

ible IRA contribution of \$4,000, rather than just \$2,000. After 35 years at a 7.5% rate of return, they will have saved a nice retirement nest egg totaling \$617,000!

Investing in the future. Fortunately, small businesses will finally get a well-deserved break under the Taxpayer Relief Act. Under the bill, the home office deduction is expanded to help people who work at home. In addition, the increase in the health insurance premium deduction for self-employed individuals is phased in more quickly, rising from 40% this year to 80% in 2006. And by 2007, the premium is fully deductible. Most important to many New Hampshire families I talk to, the estate tax changes also help small businesses. Now, parents who wish to pass on their small, family-owned business or farm to their children can do so knowing that the first \$1.3 million will be excluded from the extremely high inheritance tax.

Finally, the tax package addresses the need to encourage saving and investment by cutting the capital gains rate from 28% to 20% (and from 15% to 10% in the lower bracket) for sales after May 6, 1997. The current high rates discourage the risk taking and creativity necessary to achieve increased productivity and prosperity. A lower capital gains rate, however, will make it easier to free up capital to invest in research, technology and equipment; increase worker productivity; and ultimately create higher paying jobs. Without a doubt, this pro-growth initiative will enhance U.S. competitiveness.

I wish I could report the same degree of satisfaction with the final version of the social spending component of this effort. When I voted for an earlier version of this portion of the package, I did so with the hope that the conference negotiations would result in its improvement. I regret that the social spending provisions produced as a result of negotiations with President Clinton failed to live up to that hope.

The conference report on H.R. 2015 contained many valuable provisions. I am pleased that Medicare beneficiaries will have more choice about the type of health care delivery plan in which they will be enrolled, including—for 390,000 seniors—the option to open Medical Savings Accounts. I welcome the creation of a bipartisan commission to address Medicare's long-term problems. And I believe that the effort to reform Medicaid undertaken in H.R. 2015 is overdue.

Unfortunately, however, H.R. 2015 fails sufficiently to move toward the fundamental, structural reforms in Medicare we all know will be required to ensure the retirement security of future generations. Furthermore, I had serious concerns about the fiscal and social damage we risk doing by retreating from welfare reform and by creating new entitlement, particularly a flawed child health entitlement which some—inside and outside of government—plan to use as the foundation of

a government-run national health care system. Ultimately, these reservations dictated a vote against this portion of the legislation.

I have been a strong advocate for a balanced budget, tax relief, and entitlement reform for the past thirteen years and I am elated that we have finally made it here. I support the tax cut portion of the Balanced Budget Act, which provides \$95 billion in tax cuts for American families including a \$500 per child tax credit, tuition tax credits, IRA expansion to include non-working spouses, a capital gains reduction to create jobs, and reductions in the inheritance tax. These initiatives are long overdue, and I am proud to be an early and vocal supporter of tax relief. However, I am concerned that the spending portion of the budget deal creates a new entitlement program, threatens to move us toward government-run health care, and significantly increases social spending which could negatively impact the Balanced Budget Agreement.

Given that President Clinton submitted a budget earlier this year which would have added \$200 billion to the deficit, the Republican-led Congress can take pride in this final agreement that implements the tax cuts fought for by our party for so long. The Tax Relief Act will help American families keep more of what they earn, save for their retirement, and promote job creation and economic growth. I support a balanced budget and look forward to voting to give New Hampshire families their first tax cut in sixteen years.

Mr. DOMENICI. Mr. President, I yield myself 5 of our 10 minutes.

First, Mr. President, usually we thank a lot of people. There are so many staff people that I am not going to thank them all, but I will put all of their names in the RECORD. There are so many heroes.

But I do want to pay tribute to a staff member from the House. His name is Rick May. He has been staff director of the Budget Committee in the House. He is a graduate of Ohio State. He works for Representative JOHN KASICH. He has been their budget overseer for 10 years, working on budget issues since 1983. He helped put together the alternative that JOHN KASICH offered in 1989. It started with just 30 votes. JOHN KASICH's leadership has grown. And right at his right hand has been Rick May. He is going to join a firm here in town, and I wish him well, and want the Senate RECORD to reflect that we appreciate what he has done.

Mr. President, before I begin my remarks, I would like to take a moment to thank all of my colleagues, on both sides of the aisle, who have seen me stand in this well time and time again, and have listened to me speak about a balanced Federal budget. I want to thank you all—from the bottom of my heart—for your patience and your support.

Mr. President, I would like to thank the ranking member of the Budget Committee, Senator LAUTENBERG. I turn to him and just say thank you.

You have been an active member of the Senate Budget Committee for many years, but in your first year as ranking member you have represented the interests of your party and your constituents in an honest and forthright manner. I have enjoyed working with you.

I would like to thank the chairman of the Finance Committee, Senator ROTH. Few have worked harder or longer to ease the tax burden on American families. But the package that you helped fashion, Senator ROTH, of lowering taxes is a significant step forward. It addressed a need that has been

there for almost 16 years as far as middle-income America is concerned.

The package that you helped fashion in the Finance Committee was not only a significant step in support of lower taxes, but also boldly addressed the need to reform Medicare and protect it for those who depend upon it today, and those who will need it in the future. Unfortunately, we were not able to hold those reforms in our conference but I believe your action has put us on the road to reform. Thank you and your staff for your support.

In addition to that, we praise the Finance Committee and its leader Senator ROTH for reforms in Medicare. The protection of that will depend upon whether these reforms work and whether we are successful in the future in a major reform package for Medicare.

Finally, to our leader, Senator TRENT LOTT. In short, Mr. President, we would not be standing here today, about to pass this historic balanced budget package, if not for the leadership, the support, and the efforts of TRENT LOTT. As majority leader I don't believe a day has gone by when he didn't take some action aimed at producing a balanced budget for the American people. He has been direct, he has been focused, and he has done everything you could ask a leader to do to get us to this point. The American people should know, that this bipartisan budget and tax relief package is due, in no small part, to his determination, his drive, and his commitment. Mr. Leader, I thank you for your leadership and your support.

I thank him for the support he has given me. I hope that I have been of support and help to him as we move down this course of very complicated negotiations as evidenced by the size of the bills we have and the scope of what we are accomplishing.

Mr. President, I began this debate by quoting from a newspaper that this agreement is a big deal. And, I believe it is. Because while it has taken us 7 months to put this specific balanced budget and tax relief package together, the pathway to this point has been years in the making.

This legislation is a big deal because we have followed through on our bipartisan commitment to implement the bipartisan budget agreement reached in May. It is a big deal because it will balance the Federal budget for the first time in 30 years. It is, in short, a great victory for the American people who are entitled to expect of their adult leaders that they work together in the best interests of our country.

For the past 2 years, many of my colleagues and I have insisted that any budget passed through Congress be a balanced budget, one which is fiscally responsible, reduces the deficit, protects our children, provides much-needed tax relief for working American families, while preserving and strengthening Medicare and encouraging economic growth. The Balanced Budget Act of 1997 does just that.

It covers hundreds of Government programs; it has taken thousands of man-hours to put together; it will help millions of our citizens; and save billions and billions of dollars.

The budget we will vote on today is a big deal because it offers America hope. But not only is this package a big deal it is also a good deal.

It is a good deal because it is a budget designed to help American families, to make them more secure—in their homes, in their communities, in their jobs.

It offers them a more efficient government—one dedicated to economic growth and security, support for our children, and lower taxes on America's workers.

This budget is a good deal because it recognizes the simple notion that our Government cannot simply go on borrowing and spending our children's money. It will finally drive a stake through the heart of the Deficit Dragon, and put an end to mounting Federal debt, a Medicare system that will go bankrupt and a crushing tax burden on those just starting out in life.

The budget is a good deal because it will strengthen America. It will change the way our Government works—to make it more efficient, more responsive, and less expensive. And, most importantly, it will ensure a better future for our children and our Nation.

This budget is a good deal because it reflects our commitment to fiscal responsibility, generating economic growth, creating good jobs with a future, and protecting the American dream for all our citizens—young and old alike.

This budget is a good deal because it will restore America's fiscal equilibrium. It will reverse the tide of 50 years of power flowing for the rest of the country to Washington. We want to provide more freedom and opportunity to people at the local level so they might have more control over the decisions on programs that effect their lives, their children, and their communities.

This budget is a good deal because it recognizes the need to ease the tax burden on America's middle-class working parents, to give them a \$500-per-child tax credit. This credit will help more than 50 million American children in nearly 30 million families. Under this plan a family with two children under age 17 would receive \$1,000 in permanent tax relief.

It's also a good deal for family farmers and small business men and women; for homeowners who will someday sell their home; and for all those who want to create incentives for economic growth and job creation.

And, this budget is a good deal because while we are working toward balance and tax relief, we continue to support programs which provide needed services to our citizens and we have been painstakingly careful to preserve a safety net for those in need.

To provide health care for poor children who have none. To strengthen

Medicare and provide more health care options for our seniors. To improve access to higher education and help parents and our young people pay for college.

We support programs aimed at keeping Americans safe—in their home, schools, and neighborhoods—by funding needed crime programs.

The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts and morally bound to pay them ourselves.

Mr. President, we might wonder where that came from. Was that just a statement here lately when our deficit and debt grew? No, it wasn't. It was made by Thomas Jefferson. Thomas Jefferson was a wise man. He wrote the Constitution. And he understood that if you pass on to the next generation, and the next generation—as he calls it, posterity—the debts of your generation, you take the chance that their life being reasonable, good, prosperous, and successful is limited. It limits their freedom. That is why we have been so worried about the debt, and the annual deficit that contributes to it.

Today we will cast a vote of great significance to the future of America. It is the vote so many of us have said we wanted—a vote to finally balance the Federal budget.

One of freedoms great leaders Winston Churchill told us the "price of greatness is responsibility." We in government shoulder that responsibility. We actively seek it by running for public office. I believe the time has come to shoulder our responsibility and enact a balanced Federal budget.

In doing so, we are casting a vote in support of America's future. You may serve here for years and never cast a more important vote. Because you now have a chance to vote to protect America, to strengthen it, and improve it.

Today we can begin writing a new chapter in American history. That is why this is a big deal and that is why it is a good deal.

Mr. President, I ask unanimous consent that a compilation of extraneous provisions of the Balanced Budget Act of 1997 be printed in the RECORD.

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

EXTRANEIOUS PROVISIONS—H.R. 2015—BALANCED BUDGET ACT OF 1997

Conference	
Provision	Comments/violation
Title III—Communications and Spectrum Allocation	
Section 3002(a)(1)(C)(iii) ...	Requires FCC to set a reserve price or minimum bid for auctions, unless not in public interest. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Section 3004-adds "Sec. 337(e)(2)" and "(f)(2)".	Directs FCC to consider needs of low-power television stations in conducting transition to digital TV, which the FCC is already doing under current law. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Title IV—Medicare, Medicaid, and Children's Health Provisions	
Sec. 4021 .....	Medicare Commission. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.

EXTRANEOUS PROVISIONS—H.R. 2015—BALANCED  
BUDGET ACT OF 1997—Continued

Conference	
Provision	Comments/violation
Sec. 4022	Authorization of the Medicare Payment Advisory Commission. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec.	Study on Definition of Homebound. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec.	Study and Report on the Boren Amendment. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Title V—Welfare and Related Provision	
Sec. 5001(f)	Evaluations. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5001(h)	Clarification that sanctions against recipients under TANF Program are not wage reductions. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5001(i)	GAO Study of effect of Family Violence on Need for Public Assistance. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5002	Limitation on amount of Federal Funds transferable to title XX programs. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5003	Limitation on number of persons who may be engaged in work by reason of participation. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5201	Clarification of authority to permit certain redisclosures of wage and claim information. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5408	State Program Integrity Activities for Unemployment Compensation. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5702	Authorization of appropriations for enforcement initiatives related to the earned income credit. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Title VIII—Veterans and Related Provisions	
Sec. 8023(a) 1729A(e)	Report to Congress. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Title X—Budget Enforcement and Process Provisions	
Title X	Budget Enforcement and Process Provisions. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Title XI—District of Columbia Revitalization Under Review.	

Mr. DOMENICI. Mr. President, I note the presence of our distinguished majority leader. I wanted to reserve the remainder of the time for him.

I yield the floor.

I understand the minority party has about 10 minutes and we have about 5 minutes for you, Mr. Leader.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. 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. DOMENICI. Senator LAUTENBERG, is it your desire to yield the remaining time to the majority leader?

Mr. LAUTENBERG. I will in just a couple minutes because I want us to be able to hear from the leadership. I did not know whether or not Senator DASCHLE had some remarks that he wanted to make, but I would certainly be delighted to yield the time so that we apportion it with the time remaining on the majority side, so that the distinguished majority leader has the time that he needs to make his remarks. For the moment, I would just say that we are not done yet, in the words of the distinguished New Jersey philosopher Yogi Berra, who said, "It's

not over 'til it's over." We are getting ever closer. I don't yet feel the attention that comes with championship bouts or things of that nature; we have another 10 hours' worth of debate on the second part of the reconciliation bill.

At this point, I would be happy to yield the time back that we have, if the Parliamentarian could tell us how much time is remaining on our side.

The PRESIDING OFFICER. The Senator has 8 minutes remaining.

Mr. LAUTENBERG. Eight minutes. If I were to give up 5 minutes of that time, how much combined time would the majority leader have?

The PRESIDING OFFICER. A total of 8 minutes. The majority has 5 minutes.

Mr. LAUTENBERG. We will yield 5 and you have 5 so that the majority leader can have 10 minutes.

Senator DASCHLE is on his way, and I know he would like to have a couple words, so we can extend the time if we need for just a couple of minutes.

I yield the floor.

Mr. LOTT. Mr. President, I indicated last Saturday on a radio show that if we could get this answer to the American people's prayers this week, I would whistle "Hail to the Chief" in the Senate.

Well, the rules do not allow that. I am afraid that Senator BYRD would come down and chastise me if I whistle, but let me tell you I am humming "Hail to the Chief" to the American people today because we have accomplished an awful lot in reaching the agreement on these two major bills.

I was reading an article last night entitled, "O Ye of Little Faith," and it made me think about what we have gone through the last few weeks. I just have to ask the Senate this morning, how many of us really, really thought we were going to get this done and that we were going to get it done this week? Even 1 week ago there were those who were saying, "Oh, no, you can't get that done before we go out for the August recess. Wait until September; we will do it then."

But we persisted. We just kept saying we can get through this. We can do this together. We can do the right thing for the American people, and we can do it now, because it has been a long time coming.

I think it is appropriate that on both sides of the aisle and both ends of Pennsylvania Avenue, Republicans and Democrats, House and Senate, and, yes, the President, all are saying this is good for America.

It is not utopia. It does not solve all the problems. There are some things in here I do not like. There are some things in here that the Senator from New Jersey does not like. But it is a major step forward—maybe not a leap but a major step forward. We are doing some things we promised the American people, things that really matter. It matters that we are going to get to a balanced budget, and this time it is

with honest numbers. We are really going to do it. And for a lot of reasons we may do it before the year 2002. This is the type of commitment that I have not seen in the Congress in a bipartisan way in the 25 years that I have had the honor of serving the people of Mississippi. So I think we should declare this is a very important step forward. It is worth having.

I was doing an interview yesterday and somebody said: Well, not enough in the tax bill, not enough tax relief. Why wasn't there more? Why didn't you insist on this? Why didn't you insist on that?

I have a simple question. Is some tax relief better than no tax relief? There are those who would rather have nothing if they cannot get everything. Ladies and gentlemen, my colleagues in the Senate, these bills are worth having. I am proud to say that I worked on it for 8 months of my life. This past Saturday night and Sunday morning, I thought we had lost it. I was boiling inside. I was disturbed. I was hurt that we were going to let this moment get away from us. But I guess maybe after a Sunday morning of reflection and prayer, we said, no, we are going to do this. And so we did. The President made a commitment. He wanted to get it done. The leadership in the Congress, House and Senate, Republican and Democrat, wanted to get it done, and that is why we just did it. We went ahead and did it.

Let me say to my colleagues here today, there are so many I want to thank and congratulate for this step forward, but I have to begin with the distinguished Senator from New Mexico. None of us has worked longer, none of us has contributed more, none of us knows more about what is in this bill than Senator PETE DOMENICI of New Mexico. He has been my confidante. He has been my trusted ally. He has done this when, in his own personal life, he has had problems to worry about. And so I know that the President, the Democrats and Republicans on both sides of the aisle, want to say thanks a lot, PETE. You did a great job for your country.

His colleague on the other side of the aisle, Senator LAUTENBERG, could have walked away from this. Even at the last moment, something he cares about tremendously, guaranteeing we get the Amtrak funds—it is in there, but with a condition—he could have said, if I can't get what I want, I am not going to do this.

He is not going to do that. He is going to do what is right for his State and the country.

My colleague, TOM DASCHLE, from South Dakota, yesterday said some very nice things about my efforts, and I have to say the same about him. He was reliable. He was honest with me. He stayed the course. He came to the meetings. There were some meetings he didn't get to come to. A lot of people had an opportunity to get their egos hurt, but everybody rose above it.

PAT MOYNIHAN, Finance Committee, bipartisan effort. We reported one of these bills, I think it was 18 to 2, the other one 20 to nothing, out of the Finance Committee, but it began with BILL ROTH, the chairman of the Finance Committee, and the Senator from New York. They made up their minds they were going to get it done, and they were going to do it together, and the rest of us could come along if we wanted. Our scholar Senator helped lead the way.

I have to say again about BILL ROTH, patience, tenacity, he was not going to relent on getting this job done. And the Finance Committee had both of these bills. No other committee in Congress had to do it that way. In the House, it was Ways and Means and Commerce Committee as well as Budget. Over here, it was just Budget and Finance. He did a great job. We would not have what we have in the tax bill on IRA's; we would not have what we have on Amtrak; we would not have what we were able to get on a myriad of issues in this legislation. He did a fantastic job.

I could go on down the list, but it truly is a bipartisan effort, and I am proud of that. Some people say, "Why don't you draw the line and fight?" I have done that. Sometimes it is fun, but it doesn't produce anything but a fight most of the time.

So there will be another day to differentiate between the parties, but today we are going to do what is right for the country. This bill is rightly called the Balanced Budget Act of 1997. It contains literally hundreds of positions that will get us to that balanced budget. But the bottom line is, it is something the American people have been waiting to hear for many years. We will have a balanced budget by the year 2002 and thereafter.

How is that accomplished? Well, it does have spending reductions of approximately \$270 billion over 5 years. It has \$140 billion in restraint on appropriated accounts. It has \$132 billion in entitlements and net interest savings. It does provide help for children's health, and that is a bipartisan effort.

Most of us are parents. Most of us have children in our States who are not covered. We disagree about how much we should pay for it, how much should be done, but it is something we care about and we should do. And we get it done in this bill.

Now, we give as much flexibility as we can to the States, and that is the way it should be. I have faith in my own Governor and my own legislature. I want these decisions to be made as close to the people that need this help, as close to the children as possible. What they need in West Virginia may be different from what they need in Arizona. Give that flexibility so that the decisions are close to the people and so it is provided in a way that will really provide the help it should.

I want to make this important point about Medicare. We are going to im-

prove Medicare. We are going to save Medicare from going insolvent for another several years at way out to, I believe, close to the year 2007 probably, and we are going to do it with flexibility. We are going to give the seniors a chance to choose. They can go with the old system; they can go with an HMO; they can go with a professional services organization; they can have medical savings accounts.

We have done what we have been arguing about for 4 years. We are actually doing it. We are doing what we said we were going to do in Medicare and that alone, what we are doing in Medicare alone is worth voting for this legislation. What other problems you may have with this bill—some of the changes in welfare, I think, go the wrong direction; we really want to get people from welfare to work. This bill has some problems, but just the Medicare provision makes it worthwhile.

We have some savings in Medicaid. The States will have a greater ability to deliver health services more efficiently for poor persons. When you look through the list of things that we have done here, in instance after instance, I think we should be very proud.

I am here today to tell you that I am going to vote for this legislation with pride, not with fear and trepidation, not with reservations or grumpiness because I didn't get everything I wanted, but because the process worked. Our system of Government worked here like I think our forefathers intended for it to work, and we are going to produce genuine results that will be of benefit. In this bill and in the other bill we will pass for our children our educational system in America, child health care, the guarantee of the important programs that we want for our seniors. From the day we are born to the day we die, there will be benefits coming out of this legislation.

So I urge my colleagues, let us make this an overwhelming vote. I think we will have as near to a unanimous vote as you will ever get in the Senate on a bill of this magnitude, a bill of this size. I think when we vote on it, it is going to pass overwhelmingly. Then we are going to go to the tax relief package, which I am tremendously excited about.

I am glad to have been a part of this effort. It has been worthwhile. It has been long. It has been tedious. It has tried my patience. I lost my temper a few times, along with others, and for those occasions I apologize. But we got it done, and we will have more decisions made by the people at the State level; we will have genuine tax relief; we will have security for our seniors, and now and then we can move on and address other problems that we need to take up for the future of our country.

I thank the Chair and I thank all Senators for what you have done on this.

Mr. DOMENICI. Will the Senator yield for 30 seconds?

Mr. LOTT. I yield to the great senior Senator from New Mexico.

Mr. DOMENICI. Mr. President, I believe we have an opportunity to write a new chapter in American history, and I am very proud to be part of it, and I thank the Senator for his kind words.

Mr. LOTT. It would not have happened without the Senator from New Mexico, and I thank him once again for all of his long hours and great leadership.

(Mr. SMITH of Oregon assumed the Chair.)

Mr. MOYNIHAN. Will the leader yield for 30 seconds?

Mr. LOTT. I will yield to the Senator from New York.

Mr. MOYNIHAN. Might I thank him on behalf of Senator ROTH, who is not present at the moment, for his very generous remarks about the Finance Committee, of which he is a member—not hardly the least of us. It is true that the overwhelming portion of both these measures fell to the Finance Committee, and we voted nearly, in one case, a unanimous measure, on one bill we are about to vote on, 18 to 2, the bill we are going to take up.

I think that has contributed considerably to the momentum that has surrounded us and brought us to this moment. I thank the distinguished majority leader for his generous remarks.

Mr. LOTT. I thank the Senator from New York.

Mr. LAUTENBERG. Mr. President, do we have any time left here?

The PRESIDING OFFICER. The Senator has 3 minutes.

Mr. LAUTENBERG. If the majority leader will yield?

Mr. LOTT. Mr. President, I am glad to yield the floor to the Senator from New Jersey.

Mr. LAUTENBERG. We will try to split the time. I want to say, also, to the majority leader, thank you for the accolades and for the encouragement that you gave Senator DOMENICI and me throughout the process and for the comments about our other colleagues, all of whom worked diligently, worked honestly on getting the mission accomplished. At times, I can tell you that Senator DOMENICI—it's no secret—would kind of lay down the book and say, "We have to check this upstairs." I don't think he meant all the way up. I think he meant only as far as the majority leader's office. Or, "We have to turn to the leadership." I would do the same thing.

But persistence was the keynote, persistence and patience. I want to say this about the majority leader and about the way he has conducted things. Serving in the minority, it's easy to find fault with the majority leader. But one has to give credit where due. The fact is that this majority leader has, with diligence and persistence, moved legislation through this place. He has come up to me, and I am sure other colleagues, and said, "Frank, let's try to make sense out of this. What is it that you are trying to accomplish? Can

it be done this time? Well, I don't think so. I think we can get halfway there, I think we can get three-quarters of the way." Or he'll say, "That's not a bad idea and I do want to help you with that." And he made a commitment with me on trying to make sure our national passenger rail system keeps on functioning. He reaffirmed his commitment to help find a way to get that done.

So I want to say, relatively, as we say around here—looking around here, looking at my white hair, I can say it comfortably—the new kid on the block, the majority leader, has done a good job. It's particularly evident when we look at the accomplishment of this piece of legislation, the one we are about to pass. And he is right; it's going to pass overwhelmingly. We want to have as many people on both sides say yes as we can, to indicate to the American people that we believe in this assignment that we took on.

So, I thank the majority leader for his skill, his patience, and his persistence. I think he helped calm the waters a little bit. Because I don't remember, throughout the 7 or 8 months of discussion, often late at night, often without lunch, munchies, or otherwise, that the patience—the tempers never really got real hot. Am I right? Pete, once in a while, you know, would stamp on the floor or something like that, but he would come right back, bouncing up. We pushed our way through.

So I thank everybody involved in the effort, and I am delighted to be here, to serve in this place and serve at a time like this when we have accomplished something.

Mr. DOMENICI. Would the Senator yield for a minute?

Mr. LAUTENBERG. Yes.

Mr. DOMENICI. You know that little hideaway, the Domenici hideaway with that great view? I think when we are finished, we are going to put a plaque in there; right? It's not mine anymore. But it's going to say, "In this little room this budget agreement was hatched and completed."

Mr. LAUTENBERG. May I add a word of poetry?

We stood and looked away,

Hoping for some accomplishment at the end of this day.

The PRESIDING OFFICER. All time has expired. The question is on the conference report.

Mr. DOMENICI. We don't have the yeas and nays yet. 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 the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The result was announced, yeas 85, nays 15, as follows:

[Rollcall Vote No. 209 Leg.]

YEAS—85

Abraham	Feingold	Mack
Akaka	Feinstein	McCain
Baucus	Frist	McConnell
Bennett	Glenn	Mikulski
Biden	Gorton	Moseley-Braun
Bingaman	Graham	Moynihan
Bond	Grassley	Murkowski
Boxer	Gregg	Murray
Breaux	Hagel	Nickles
Brownback	Harkin	Reed
Bryan	Hatch	Reid
Bumpers	Hutchinson	Robb
Burns	Hutchison	Roberts
Byrd	Inouye	Rockefeller
Campbell	Jeffords	Roth
Chafee	Johnson	Santorum
Cleland	Kempthorne	Sarbanes
Cochran	Kennedy	Shelby
Collins	Kerrey	Smith (OR)
Conrad	Kerry	Snowe
Coverdell	Kohl	Specter
Craig	Kyl	Stevens
D'Amato	Landrieu	Thomas
Daschle	Lautenberg	Thurmond
DeWine	Leahy	Torricelli
Dodd	Levin	Warner
Domenici	Lieberman	Wyden
Dorgan	Lott	
Durbin	Lugar	

NAYS—15

Allard	Ford	Inhofe
Ashcroft	Gramm	Sessions
Coats	Grams	Smith (NH)
Enzi	Helms	Thompson
Faircloth	Hollings	Wellstone

The conference report was agreed to.

Mr. LAUTENBERG. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. BUMPERS addressed the Chair.

The VICE PRESIDENT. The Senator from Arkansas is recognized.



Ms. SLAUGHTER. Mr. Speaker, reserving the right to object, I would like to yield to the manager for a discussion.

Mr. DIAZ-BALART. Mr. Speaker, the rule is self-explanatory. For Members who may not be aware, sections 106 and 107 of title 1 of the United States Code require that enrolled bills, measures that have been passed by the House and the Senate in the same form and require the President's signature to become law, that they be sent to the President on parchment.

So the joint resolution that I am seeking unanimous consent for, Mr. Speaker, waives that requirement.

Ms. SLAUGHTER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the joint resolution as follows:

H.J. RES. 90

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the provisions of sections 106 and 107 of title 1, United States Code, are waived with respect to the printing (on parchment or otherwise) of the enrollment of H.R. 2014 and of H.R. 2015 of the One Hundred Fifth Congress. The enrollment of each of those bills shall be in such form as the Committee on House Oversight of the House of Representatives certifies to be a true enrollment.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. DIAZ-BALART. Mr. Speaker, I ask unanimous consent to lay House Resolution 203 on the table.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

WAIVING ENROLLMENT REQUIREMENTS WITH RESPECT TO TWO BILLS OF THE 105TH CONGRESS

Mr. DIAZ-BALART. Mr. Speaker, I offer a joint resolution (H.J. Res. 90) waiving certain enrollment requirements with respect to two specified bills of the 105th Congress, and I ask unanimous consent for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?



**\*Public Law 105-33**  
**105th Congress**

**An Act**

To provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

Aug. 5, 1997  
[H.R. 2015]

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

Balanced Budget  
Act of 1997.

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Balanced Budget Act of 1997”.

**SEC. 2. TABLE OF TITLES.**

This Act is organized into titles as follows:

Title I—Food Stamp Provisions  
Title II—Housing and Related Provisions  
Title III—Communications and Spectrum Allocation Provisions  
Title IV—Medicare, Medicaid, and Children’s Health Provisions  
Title V—Welfare and Related Provisions  
Title VI—Education and Related Provisions  
Title VII—Civil Service Retirement and Related Provisions  
Title VIII—Veterans and Related Provisions  
Title IX—Asset Sales, User Fees, and Miscellaneous Provisions  
Title X—Budget Enforcement and Process Provisions  
Title XI—District of Columbia Revitalization

**TITLE I—FOOD STAMP PROVISIONS**

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\*Note: This is a hand enrollment pursuant to Public Law 105-32.

**SEC. 1003. DENIAL OF FOOD STAMPS FOR PRISONERS.****(a) STATE PLANS.—**

(1) **IN GENERAL.**—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by striking paragraph (20) and inserting the following:

“(20) that the State agency shall establish a system and take action on a periodic basis—

“(A) to verify and otherwise ensure that an individual does not receive coupons in more than 1 jurisdiction within the State; and

“(B) to verify and otherwise ensure that an individual who is placed under detention in a Federal, State, or local penal, correctional, or other detention facility for more than 30 days shall not be eligible to participate in the food stamp program as a member of any household, except that—

“(i) the Secretary may determine that extraordinary circumstances make it impracticable for the State agency to obtain information necessary to discontinue inclusion of the individual; and

“(ii) a State agency that obtains information collected under section 1611(e)(1)(I)(i)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I)) pursuant to section 1611(e)(1)(I)(ii)(II) of that Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)), or under another program determined by the Secretary to be comparable to the program carried out under that section, shall be considered in compliance with this subparagraph.”

(2) **LIMITS ON DISCLOSURE AND USE OF INFORMATION.**—Section 11(e)(8)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(E)) is amended by striking “paragraph (16)” and inserting “paragraph (16) or (20)(B)”.

**(3) EFFECTIVE DATE.—**

(A) **IN GENERAL.**—Except as provided in subparagraph (B), the amendments made by this subsection shall take effect on the date that is 1 year after the date of enactment of this Act.

(B) **EXTENSION.**—The Secretary of Agriculture may grant a State an extension of time to comply with the amendments made by this subsection, not to exceed beyond the date that is 2 years after the date of enactment of this Act, if the chief executive officer of the State submits a request for the extension to the Secretary—

(i) stating the reasons why the State is not able to comply with the amendments made by this subsection by the date that is 1 year after the date of enactment of this Act;

(ii) providing evidence that the State is making a good faith effort to comply with the amendments made by this subsection as soon as practicable; and

(iii) detailing a plan to bring the State into compliance with the amendments made by this subsection

7 USC 2020 note.

as soon as practicable but not later than the date of the requested extension.

(b) **INFORMATION SHARING.**—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

“(q) **DENIAL OF FOOD STAMPS FOR PRISONERS.**—The Secretary shall assist States, to the maximum extent practicable, in implementing a system to conduct computer matches or other systems to prevent prisoners described in section 11(e)(20)(B) from participating in the food stamp program as a member of any household.”

## TITLE IV—MEDICARE, MEDICAID, AND CHILDREN'S HEALTH PROVISIONS

### SEC. 4000. AMENDMENTS TO SOCIAL SECURITY ACT AND REFERENCES TO OBRA; TABLE OF CONTENTS OF TITLE.

(a) AMENDMENTS TO 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) REFERENCES TO OBRA.—In this title, the terms “OBRA-1986”, “OBRA-1987”, “OBRA-1989”, “OBRA-1990”, and “OBRA-1993” refer to the Omnibus Budget Reconciliation Act of 1986 (Public Law 99-509), the Omnibus Budget Reconciliation Act of 1987 (Public Law 100-203), the Omnibus Budget Reconciliation Act of 1989 (Public Law 101-239), the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508), and the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66), respectively.

(c) TABLE OF CONTENTS OF TITLE.—The table of contents of this title is as follows:

Sec. 4000. Amendments to Social Security Act and references to OBRA; table of contents of title.

#### Subtitle A—Medicare+Choice Program

##### CHAPTER 1—MEDICARE+CHOICE PROGRAM

##### SUBCHAPTER A—MEDICARE+CHOICE PROGRAM

Sec. 4001. Establishment of Medicare+Choice program.

##### “PART C—MEDICARE+CHOICE PROGRAM

“Sec. 1851. Eligibility, election, and enrollment.

“Sec. 1852. Benefits and beneficiary protections.

“Sec. 1853. Payments to Medicare+Choice organizations.

“Sec. 1854. Premiums.

“Sec. 1855. Organizational and financial requirements for Medicare+Choice organizations; provider-sponsored organizations.

“Sec. 1856. Establishment of standards.

“Sec. 1857. Contracts with Medicare+Choice organizations.

“Sec. 1859. Definitions; miscellaneous provisions.

Sec. 4002. Transitional rules for current medicare HMO program.

Sec. 4003. Conforming changes in medigap program.

##### SUBCHAPTER B—SPECIAL RULES FOR MEDICARE+CHOICE MEDICAL SAVINGS ACCOUNTS

Sec. 4006. Medicare+Choice MSA.

#### CHAPTER 2—DEMONSTRATIONS

##### SUBCHAPTER A—MEDICARE+CHOICE COMPETITIVE PRICING DEMONSTRATION PROJECT

Sec. 4011. Medicare prepaid competitive pricing demonstration project.

Sec. 4012. Administration through the Office of Competition; advisory committee.

Sec. 4013. Project design based on FEHBP competitive bidding model.

##### SUBCHAPTER B—SOCIAL HEALTH MAINTENANCE ORGANIZATIONS

Sec. 4014. Social health maintenance organizations (SHMOs).

##### SUBCHAPTER C—MEDICARE SUBVENTION DEMONSTRATION PROJECT FOR MILITARY

##### RETIRES

Sec. 4015. Medicare subvention demonstration project for military retirees.

##### SUBCHAPTER D—OTHER PROJECTS

Sec. 4016. Medicare coordinated care demonstration project.

- Sec. 4017. Orderly transition of municipal health service demonstration projects.
- Sec. 4018. Medicare enrollment demonstration project.
- Sec. 4019. Extension of certain medicare community nursing organization demonstration projects.

## CHAPTER 3—COMMISSIONS

- Sec. 4021. National Bipartisan Commission on the Future of Medicare.
- Sec. 4022. Medicare Payment Advisory Commission.

## CHAPTER 4—MEDIGAP PROTECTIONS

- Sec. 4031. Medigap protections.
- Sec. 4032. Addition of high deductible medigap policies.

## CHAPTER 5—TAX TREATMENT OF HOSPITALS PARTICIPATING IN PROVIDER-SPONSORED ORGANIZATIONS

- Sec. 4041. Tax treatment of hospitals which participate in provider-sponsored organizations.

## Subtitle B—Prevention Initiatives

- Sec. 4101. Screening mammography.
- Sec. 4102. Screening pap smear and pelvic exams.
- Sec. 4103. Prostate cancer screening tests.
- Sec. 4104. Coverage of colorectal screening.
- Sec. 4105. Diabetes self-management benefits.
- Sec. 4106. Standardization of medicare coverage of bone mass measurements.
- Sec. 4107. Vaccines outreach expansion.
- Sec. 4108. Study on preventive and enhanced benefits.

## Subtitle C—Rural Initiatives

- Sec. 4201. Medicare rural hospital flexibility program.
- Sec. 4202. Prohibiting denial of request by rural referral centers for reclassification on basis of comparability of wages.
- Sec. 4203. Hospital geographic reclassification permitted for purposes of disproportionate share payment adjustments.
- Sec. 4204. Medicare-dependent, small rural hospital payment extension.
- Sec. 4205. Rural health clinic services.
- Sec. 4206. Medicare reimbursement for telehealth services.
- Sec. 4207. Informatics, telemedicine, and education demonstration project.

## Subtitle D—Anti-Fraud and Abuse Provisions and Improvements in Protecting Program Integrity

## CHAPTER 1—REVISIONS TO SANCTIONS FOR FRAUD AND ABUSE

- Sec. 4301. Permanent exclusion for those convicted of 3 health care related crimes.
- Sec. 4302. Authority to refuse to enter into medicare agreements with individuals or entities convicted of felonies.
- Sec. 4303. Exclusion of entity controlled by family member of a sanctioned individual.
- Sec. 4304. Imposition of civil money penalties.

## CHAPTER 2—IMPROVEMENTS IN PROTECTING PROGRAM INTEGRITY

- Sec. 4311. Improving information to medicare beneficiaries.
- Sec. 4312. Disclosure of information and surety bonds.
- Sec. 4313. Provision of certain identification numbers.
- Sec. 4314. Advisory opinions regarding certain physician self-referral provisions.
- Sec. 4315. Replacement of reasonable charge methodology by fee schedules.
- Sec. 4316. Application of inherent reasonableness to all part B services other than physicians' services.
- Sec. 4317. Requirement to furnish diagnostic information.
- Sec. 4318. Report by GAO on operation of fraud and abuse control program.
- Sec. 4319. Competitive bidding demonstration projects.
- Sec. 4320. Prohibiting unnecessary and wasteful medicare payments for certain items.
- Sec. 4321. Nondiscrimination in post-hospital referral to home health agencies and other entities.

## CHAPTER 3—CLARIFICATIONS AND TECHNICAL CHANGES

- Sec. 4331. Other fraud and abuse related provisions.

## Subtitle E—Provisions Relating to Part A Only

## CHAPTER 1—PAYMENT OF PPS HOSPITALS

- Sec. 4401. PPS hospital payment update.

- Sec. 4402. Maintaining savings from temporary reduction in capital payments for PPS hospitals.
- Sec. 4403. Disproportionate share.
- Sec. 4404. Medicare capital asset sales price equal to book value.
- Sec. 4405. Elimination of IME and DSH payments attributable to outlier payments.
- Sec. 4406. Increase base payment rate to Puerto Rico hospitals.
- Sec. 4407. Certain hospital discharges to post acute care.
- Sec. 4408. Reclassification of certain counties as large urban areas under medicare program.
- Sec. 4409. Geographic reclassification for certain disproportionately large hospitals.
- Sec. 4410. Floor on area wage index.

#### CHAPTER 2—PAYMENT OF PPS-EXEMPT HOSPITALS

##### SUBCHAPTER A—GENERAL PAYMENT PROVISIONS

- Sec. 4411. Payment update.
- Sec. 4412. Reductions to capital payments for certain PPS-exempt hospitals and units.
- Sec. 4413. Rebasing.
- Sec. 4414. Cap on TEFRA limits.
- Sec. 4415. Bonus and relief payments.
- Sec. 4416. Change in payment and target amount for new providers.
- Sec. 4417. Treatment of certain long-term care hospitals.
- Sec. 4418. Treatment of certain cancer hospitals.
- Sec. 4419. Elimination of exemptions for certain hospitals.

##### SUBCHAPTER B—PROSPECTIVE PAYMENT SYSTEM FOR PPS-EXEMPT HOSPITALS

- Sec. 4421. Prospective payment for inpatient rehabilitation hospital services.
- Sec. 4422. Development of proposal on payments for long-term care hospitals.

#### CHAPTER 3—PAYMENT FOR SKILLED NURSING FACILITIES

- Sec. 4431. Extension of cost limits.
- Sec. 4432. Prospective payment for skilled nursing facility services.

#### CHAPTER 4—PROVISIONS RELATED TO HOSPICE SERVICES

- Sec. 4441. Payments for hospice services.
- Sec. 4442. Payment for home hospice care based on location where care is furnished.
- Sec. 4443. Hospice care benefits periods.
- Sec. 4444. Other items and services included in hospice care.
- Sec. 4445. Contracting with independent physicians or physician groups for hospice care services permitted.
- Sec. 4446. Waiver of certain staffing requirements for hospice care programs in nonurbanized areas.
- Sec. 4447. Limitation on liability of beneficiaries for certain hospice coverage denials.
- Sec. 4448. Extending the period for physician certification of an individual's terminal illness.
- Sec. 4449. Effective date.

#### CHAPTER 5—OTHER PAYMENT PROVISIONS

- Sec. 4451. Reductions in payments for enrollee bad debt.
- Sec. 4452. Permanent extension of hemophilia pass-through payment.
- Sec. 4453. Reduction in part A medicare premium for certain public retirees.
- Sec. 4454. Coverage of services in religious nonmedical health care institutions under the medicare and medicaid programs.

#### Subtitle F—Provisions Relating to Part B Only

#### CHAPTER 1—SERVICES OF HEALTH PROFESSIONALS

##### SUBCHAPTER A—PHYSICIANS' SERVICES

- Sec. 4501. Establishment of single conversion factor for 1998.
- Sec. 4502. Establishing update to conversion factor to match spending under sustainable growth rate.
- Sec. 4503. Replacement of volume performance standard with sustainable growth rate.
- Sec. 4504. Payment rules for anesthesia services.
- Sec. 4505. Implementation of resource-based methodologies.
- Sec. 4506. Dissemination of information on high per discharge relative values for in-hospital physicians' services.
- Sec. 4507. Use of private contracts by medicare beneficiaries.

## SUBCHAPTER B—DIRECT GRADUATE MEDICAL EDUCATION

- Sec. 4623. Limitation on number of residents and rolling average FTE count.
- Sec. 4624. Payments to hospitals for direct costs of graduate medical education of Medicare+Choice enrollees.
- Sec. 4625. Permitting payment to nonhospital providers.
- Sec. 4626. Incentive payments under plans for voluntary reduction in number of residents.
- Sec. 4627. Medicare special reimbursement rule for primary care combined residency programs.
- Sec. 4628. Demonstration project on use of consortia.
- Sec. 4629. Recommendations on long-term policies regarding teaching hospitals and graduate medical education.
- Sec. 4630. Study of hospital overhead and supervisory physician components of direct medical education costs.

## CHAPTER 3—PROVISIONS RELATING TO MEDICARE SECONDARY PAYER

- Sec. 4631. Permanent extension and revision of certain secondary payer provisions.
- Sec. 4632. Clarification of time and filing limitations.
- Sec. 4633. Permitting recovery against third party administrators.

## CHAPTER 4—OTHER PROVISIONS

- Sec. 4641. Placement of advance directive in medical record.
- Sec. 4642. Increased certification period for certain organ procurement organizations.
- Sec. 4643. Office of the Chief Actuary in the Health Care Financing Administration.
- Sec. 4644. Conforming amendments to comply with congressional review of agency rulemaking.

## Subtitle H—Medicaid

## CHAPTER 1—MANAGED CARE

- Sec. 4701. State option of using managed care; change in terminology.
- Sec. 4702. Primary care case management services as State option without need for waiver.
- Sec. 4703. Elimination of 75:25 restriction on risk contracts.
- Sec. 4704. Increased beneficiary protections.
- Sec. 4705. Quality assurance standards.
- Sec. 4706. Solvency standards.
- Sec. 4707. Protections against fraud and abuse.
- Sec. 4708. Improved administration.
- Sec. 4709. 6-month guaranteed eligibility for all individuals enrolled in managed care.
- Sec. 4710. Effective dates.

## CHAPTER 2—FLEXIBILITY IN PAYMENT OF PROVIDERS

- Sec. 4711. Flexibility in payment methods for hospital, nursing facility, ICF/MR, and home health services.
- Sec. 4712. Payment for center and clinic services.
- Sec. 4713. Elimination of obstetrical and pediatric payment rate requirements.
- Sec. 4714. Medicaid payment rates for certain medicare cost-sharing.
- Sec. 4715. Treatment of veterans' pensions under medicaid.

## CHAPTER 3—FEDERAL PAYMENTS TO STATES

- Sec. 4721. Reforming disproportionate share payments under State medicaid programs.
- Sec. 4722. Treatment of State taxes imposed on certain hospitals.
- Sec. 4723. Additional funding for State emergency health services furnished to undocumented aliens.
- Sec. 4724. Elimination of waste, fraud, and abuse.
- Sec. 4725. Increased FMAPs.
- Sec. 4726. Increase in payment limitation for territories.

## CHAPTER 4—ELIGIBILITY

- Sec. 4731. State option of continuous eligibility for 12 months; clarification of State option to cover children.
- Sec. 4732. Payment of part B premiums.
- Sec. 4733. State option to permit workers with disabilities to buy into medicaid.
- Sec. 4734. Penalty for fraudulent eligibility.
- Sec. 4735. Treatment of certain settlement payments.

## CHAPTER 5—BENEFITS

- Sec. 4741. Elimination of requirement to pay for private insurance.
- Sec. 4742. Physician qualification requirements.
- Sec. 4743. Elimination of requirement of prior institutionalization with respect to habilitation services furnished under a waiver for home or community-based services.
- Sec. 4744. Study and report on EPSDT benefit.

## CHAPTER 6—ADMINISTRATION AND MISCELLANEOUS

- Sec. 4751. Elimination of duplicative inspection of care requirements for ICFS/MR and mental hospitals.
- Sec. 4752. Alternative sanctions for noncompliant ICFS/MR.
- Sec. 4753. Modification of MMIS requirements.
- Sec. 4754. Facilitating imposition of State alternative remedies on noncompliant nursing facilities.
- Sec. 4755. Removal of name from nurse aide registry.
- Sec. 4756. Medically accepted indication.
- Sec. 4757. Continuation of State-wide section 1115 medicaid waivers.
- Sec. 4758. Extension of moratorium.
- Sec. 4759. Extension of effective date for State law amendment.

## Subtitle I—Programs of All-Inclusive Care for the Elderly (PACE)

- Sec. 4801. Coverage of PACE under the medicare program.
- Sec. 4802. Establishment of PACE program as medicaid State option.
- Sec. 4803. Effective date; transition.
- Sec. 4804. Study and reports.

## Subtitle J—State Children's Health Insurance Program

## CHAPTER 1—STATE CHILDREN'S HEALTH INSURANCE PROGRAM

- Sec. 4901. Establishment of program.

## "TITLE XXI—STATE CHILDREN'S HEALTH INSURANCE PROGRAM

- "Sec. 2101. Purpose; State child health plans.
- "Sec. 2102. General contents of State child health plan; eligibility; outreach.
- "Sec. 2103. Coverage requirements for children's health insurance.
- "Sec. 2104. Allotments.
- "Sec. 2105. Payments to States.
- "Sec. 2106. Process for submission, approval, and amendment of State child health plans.
- "Sec. 2107. Strategic objectives and performance goals; plan administration.
- "Sec. 2108. Annual reports; evaluations.
- "Sec. 2109. Miscellaneous provisions.
- "Sec. 2110. Definitions.

## CHAPTER 2—EXPANDED COVERAGE OF CHILDREN UNDER MEDICAID

- Sec. 4911. Optional use of State child health assistance funds for enhanced medicaid match for expanded medicaid eligibility.
- Sec. 4912. Medicaid presumptive eligibility for low-income children.
- Sec. 4913. Continuation of medicaid eligibility for disabled children who lose SSI benefits.

## CHAPTER 3—DIABETES GRANT PROGRAMS

- Sec. 4921. Special diabetes programs for children with Type I diabetes.
- Sec. 4922. Special diabetes programs for Indians.
- Sec. 4923. Report on diabetes grant programs.

**CHAPTER 2—IMPROVEMENTS IN PROTECTING  
PROGRAM INTEGRITY**

**SEC. 4313. PROVISION OF CERTAIN IDENTIFICATION NUMBERS.**

(a) **REQUIREMENTS TO DISCLOSE EMPLOYER IDENTIFICATION NUMBERS (EINS) AND SOCIAL SECURITY ACCOUNT NUMBERS (SSNs).**—Section 1124(a)(1) (42 U.S.C. 1320a-3(a)(1)) is amended by inserting before the period at the end the following: “and supply the Secretary with the both the employer identification number (assigned pursuant to section 6109 of the Internal Revenue Code of 1986) and social security account number (assigned under section 205(c)(2)(B)) of the disclosing entity, each person with an ownership or control interest (as defined in subsection (a)(3)), and any sub-contractor in which the entity directly or indirectly has a 5 percent or more ownership interest.

(b) **OTHER MEDICARE PROVIDERS.**—Section 1124A (42 U.S.C. 1320a-3a) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking “and” at the end;

(B) in paragraph (2), by striking the period at the end and inserting “, and”; and

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

“(3) including the employer identification number (assigned pursuant to section 6109 of the Internal Revenue Code of 1986) and social security account number (assigned under section 205(c)(2)(B)) of the disclosing part B provider and any person, managing employee, or other entity identified or described under paragraph (1) or (2).”; and

(2) in subsection (c)(1), by inserting “(or, for purposes of subsection (a)(3), any entity receiving payment)” after “on an assignment-related basis”.

(c) **VERIFICATION BY SOCIAL SECURITY ADMINISTRATION (SSA).**—Section 1124A (42 U.S.C. 1320a-3a), as amended by subsection (b), is amended—

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

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

“(c) **VERIFICATION.**—

“(1) **TRANSMITTAL BY HHS.**—The Secretary shall transmit—

“(A) to the Commissioner of Social Security information concerning each social security account number (assigned under section 205(c)(2)(B)), and

“(B) to the Secretary of the Treasury information concerning each employer identification number (assigned

pursuant to section 6109 of the Internal Revenue Code of 1986),

supplied to the Secretary pursuant to subsection (a)(3) or section 1124(c) to the extent necessary for verification of such information in accordance with paragraph (2).

“(2) VERIFICATION.—The Commissioner of Social Security and the Secretary of the Treasury shall verify the accuracy of, or correct, the information supplied by the Secretary to such official pursuant to paragraph (1), and shall report such verifications or corrections to the Secretary.

“(3) FEES FOR VERIFICATION.—The Secretary shall reimburse the Commissioner and Secretary of the Treasury, at a rate negotiated between the Secretary and such official, for the costs incurred by such official in performing the verification and correction services described in this subsection.”

(d) REPORT.—Before the amendments made by this section may become effective, the Secretary of Health and Human Services shall submit to Congress a report on steps the Secretary has taken to assure the confidentiality of social security account numbers that will be provided to the Secretary under such amendments.

42 USC 1320a-3  
note.

(e) EFFECTIVE DATES.—

(1) DISCLOSURE REQUIREMENTS.—The amendment made by subsection (a) shall apply to the application of conditions of participation, and entering into and renewal of contracts and agreements, occurring more than 90 days after the date of submission of the report under subsection (d).

42 USC 1320a-3  
note.

(2) OTHER PROVIDERS.—The amendments made by subsection (b) shall apply to payment for items and services furnished more than 90 days after the date of submission of such report.

#### CHAPTER 4—ELIGIBILITY

##### SEC. 4731. STATE OPTION OF CONTINUOUS ELIGIBILITY FOR 12 MONTHS; CLARIFICATION OF STATE OPTION TO COVER CHILDREN.

(a) CONTINUOUS ELIGIBILITY OPTION.—Section 1902(e) (42 U.S.C. 1396a(e)) is amended by adding at the end the following new paragraph:

“(12) At the option of the State, the plan may provide that an individual who is under an age specified by the State (not

to exceed 19 years of age) and who is determined to be eligible for benefits under a State plan approved under this title under subsection (a)(10)(A) shall remain eligible for those benefits until the earlier of—

“(A) the end of a period (not to exceed 12 months) following the determination; or

“(B) the time that the individual exceeds that age.”

(b) **CLARIFICATION OF STATE OPTION TO COVER ALL CHILDREN UNDER 19 YEARS OF AGE.**—Section 1902(l)(1)(D) (42 U.S.C. 1396a(l)(1)(D)) is amended by inserting “(or, at the option of a State, after any earlier date)” after “children born after September 30, 1983”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to medical assistance for items and services furnished on or after October 1, 1997.

**SEC. 4732. PAYMENT OF PART B PREMIUMS.**

(a) **ELIGIBILITY.**—Section 1902(a)(10)(E) (42 U.S.C. 1396a(a)(10)(E)) is amended—

(1) by striking “and” at the end of clause (ii); and

(2) by inserting after clause (iii) the following:

“(iv) subject to sections 1933 and 1905(p)(4), for making medical assistance available (but only for premiums payable with respect to months during the period beginning with January 1998, and ending with December 2002)—

“(I) for medicare cost-sharing described in section 1905(p)(3)(A)(ii) 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) and is at least 120 percent, but less than 135 percent, of the official poverty line (referred to in such section) for a family of the size involved and who are not otherwise eligible for medical assistance under the State plan, and

“(II) for the portion of medicare cost-sharing described in section 1905(p)(3)(A)(ii) that is attributable to the operation of the amendments made by (and subsection (e)(3) of) section 4611 of the Balanced Budget Act of 1997 for individuals who would be described in subclause (I) if ‘135 percent’ and ‘175 percent’ were substituted for ‘120 percent’ and ‘135 percent’ respectively; and”.

(b) **CONFORMING AMENDMENT.**—Section 1905(b) (42 U.S.C. 1396d(b)) is amended by striking “The term” and inserting “Subject to section 1933(d), the term”.

(c) **TERMS AND CONDITIONS OF COVERAGE.**—Title XIX (42 U.S.C. 1395 et seq.), as amended by section 4701(a), is amended by redesignating section 1933 as section 1934 and by inserting after section 1932 the following new section:

42 USC 1396v.

42 USC 1396u-3.

**“STATE COVERAGE OF MEDICARE COST-SHARING FOR ADDITIONAL LOW-INCOME MEDICARE BENEFICIARIES**

**“SEC. 1933. (a) IN GENERAL.**—A State plan under this title shall provide, under section 1902(a)(10)(E)(iv) and subject to the succeeding provisions of this section and through a plan amendment, for medical assistance for payment of the cost of medicare

cost-sharing described in such section on behalf of all individuals described in such section (in this section referred to as 'qualifying individuals') who are selected to receive such assistance under subsection (b).

"(b) SELECTION OF QUALIFYING INDIVIDUALS.—A State shall select qualifying individuals, and provide such individuals with assistance, under this section consistent with the following:

"(1) ALL QUALIFYING INDIVIDUALS MAY APPLY.—The State shall permit all qualifying individuals to apply for assistance during a calendar year.

"(2) SELECTION ON FIRST-COME, FIRST-SERVED BASIS.—

"(A) IN GENERAL.—For each calendar year (beginning with 1998), from (and to the extent of) the amount of the allocation under subsection (c) for the State for the fiscal year ending in such calendar year, the State shall select qualifying individuals who apply for the assistance in the order in which they apply.

"(B) CARRYOVER.—For calendar years after 1998, the State shall give preference to individuals who were provided such assistance (or other assistance described in section 1902(a)(10)(E)) in the last month of the previous year and who continue to be (or become) qualifying individuals.

"(3) LIMIT ON NUMBER OF INDIVIDUALS BASED ON ALLOCATION.—The State shall limit the number of qualifying individuals selected with respect to assistance in a calendar year so that the aggregate amount of such assistance provided to such individuals in such year is estimated to be equal to (but not exceed) the State's allocation under subsection (c) for the fiscal year ending in such calendar year.

"(4) RECEIPT OF ASSISTANCE DURING DURATION OF YEAR.—

If a qualifying individual is selected to receive assistance under this section for a month in year, the individual is entitled to receive such assistance for the remainder of the year if the individual continues to be a qualifying individual. The fact that an individual is selected to receive assistance under this section at any time during a year does not entitle the individual to continued assistance for any succeeding year.

"(c) ALLOCATION.—

"(1) TOTAL ALLOCATION.—The total amount available for allocation under this section for—

"(A) fiscal year 1998 is \$200,000,000;

"(B) fiscal year 1999 is \$250,000,000;

"(C) fiscal year 2000 is \$300,000,000;

"(D) fiscal year 2001 is \$350,000,000; and

"(E) fiscal year 2002 is \$400,000,000.

"(2) ALLOCATION TO STATES.—The Secretary shall provide for the allocation of the total amount described in paragraph (1) for a fiscal year, among the States that executed a plan amendment in accordance with subsection (a), based upon the Secretary's estimate of the ratio of—

"(A) an amount equal to the sum of—

"(i) twice the total number of individuals described in section 1902(a)(10)(E)(iv)(I) in the State, and

"(ii) the total number of individuals described in section 1902(a)(10)(E)(iv)(II) in the State; to

"(B) the sum of the amounts computed under subparagraph (A) for all eligible States.

“(d) **APPLICABLE FMAP.**—With respect to assistance described in section 1902(a)(10)(E)(iv) furnished in a State for calendar quarters in a calendar year —

“(1) to the extent that such assistance does not exceed the State’s allocation under subsection (c) for the fiscal year ending in the calendar year, the Federal medical assistance percentage shall be equal to 100 percent; and

“(2) to the extent that such assistance exceeds such allocation, the Federal medical assistance percentage is 0 percent.

“(e) **LIMITATION ON ENTITLEMENT.**—Except as specifically provided under this section, nothing in this title shall be construed as establishing any entitlement of individuals described in section 1902(a)(10)(E)(iv) to assistance described in such section.

“(f) **COVERAGE OF COSTS THROUGH PART B OF THE MEDICARE PROGRAM.**—For each fiscal year, the Secretary shall provide for the transfer from the Federal Supplementary Medical Insurance Trust Fund under section 1841 to the appropriate account in the Treasury that provides for payments under section 1903(a) with respect to medical assistance provided under this section, of an amount equivalent to the total of the amount of payments made under such section that is attributable to this section and such transfer shall be treated as an expenditure from such Trust Fund for purposes of section 1839.”

**SEC. 4733. STATE OPTION TO PERMIT WORKERS WITH DISABILITIES TO BUY INTO MEDICAID.**

Section 1902(a)(10)(A)(ii) (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

- (1) in subclause (XI), by striking “or” at the end;
- (2) in subclause (XII), by adding “or” at the end; and
- (3) by adding at the end the following:

“(XIII) who are in families whose income is less than 250 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved, and who but for earnings in excess of the limit established under section 1905(q)(2)(B), would be considered to be receiving supplemental security income (subject, notwithstanding section 1916, to payment of premiums or other cost-sharing charges (set on a sliding scale based on income that the State may determine));”

**CHAPTER 2—EXPANDED COVERAGE OF CHILDREN  
UNDER MEDICAID**

PUBLIC LAW 105-33—AUG. 5, 1997

111 STAT. 573

**SEC. 4913. CONTINUATION OF MEDICAID ELIGIBILITY FOR DISABLED  
CHILDREN WHO LOSE SSI BENEFITS.**

(a) **IN GENERAL.**—Section 1902(a)(10)(A)(i)(II) (42 U.S.C. 1396a(a)(10)(A)(i)(II)) is amended by inserting “(or were being paid as of the date of the enactment of section 211(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193)) and would continue to be paid but for the enactment of that section” after “title XVI”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) applies to medical assistance furnished on or after July 1, 1997. 42 USC 1396a  
note.

## TITLE V—WELFARE AND RELATED PROVISIONS

### SEC. 5000. TABLE OF CONTENTS; REFERENCES.

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

Sec. 5000. Table of contents; references.

#### Subtitle A—TANF Block Grant

Sec. 5001. Welfare-to-work grants.

Sec. 5002. Limitation on amount of Federal funds transferable to title XX programs.

Sec. 5003. Limitation on number of persons who may be treated as engaged in work by reason of participation in educational activities.

Sec. 5004. Penalty for failure of State to reduce assistance for recipients refusing without good cause to work.

#### Subtitle B—Supplemental Security Income

Sec. 5101. Extension of deadline to perform childhood disability redeterminations.

Sec. 5102. Fees for Federal administration of State supplementary payments.

#### Subtitle C—Child Support Enforcement

Sec. 5201. Clarification of authority to permit certain redisclosures of wage and claim information.

#### Subtitle D—Restricting Welfare and Public Benefits for Aliens

Sec. 5301. SSI eligibility for aliens receiving SSI on August 22, 1996, and disabled aliens lawfully residing in the United States on August 22, 1996.

Sec. 5302. Extension of eligibility period for refugees and certain other qualified aliens from 5 to 7 years for SSI and medicaid; status of Cuban and Haitian entrants.

Sec. 5303. Exceptions for certain Indians from limitation on eligibility for supplemental security income and medicaid benefits.

Sec. 5304. Exemption from restriction on supplemental security income program participation by certain recipients eligible on the basis of very old applications.

Sec. 5305. Reinstatement of eligibility for benefits.

Sec. 5306. Treatment of certain Amerasian immigrants as refugees.

Sec. 5307. Verification of eligibility for State and local public benefits.

Sec. 5308. Effective date.

#### Subtitle E—Unemployment Compensation

Sec. 5401. Clarifying provision relating to base periods.

Sec. 5402. Increase in Federal unemployment account ceiling.

Sec. 5403. Special distribution to States from Unemployment Trust Fund.

Sec. 5404. Interest-free advances to State accounts in Unemployment Trust Fund restricted to States which meet funding goals.

Sec. 5405. Exemption of service performed by election workers from the Federal unemployment tax.

Sec. 5406. Treatment of certain services performed by inmates.

Sec. 5407. Exemption of service performed for an elementary or secondary school operated primarily for religious purposes from the Federal unemployment tax.

Sec. 5408. State program integrity activities for unemployment compensation.

#### Subtitle F—Welfare Reform Technical Corrections

### CHAPTER 1—BLOCK GRANTS FOR TEMPORARY ASSISTANCE TO NEEDY FAMILIES

Sec. 5501. Eligible States; State plan.

Sec. 5502. Grants to States.

- Sec. 5503. Use of grants.
- Sec. 5504. Mandatory work requirements.
- Sec. 5505. Prohibitions; requirements.
- Sec. 5506. Penalties.
- Sec. 5507. Data collection and reporting.
- Sec. 5508. Direct funding and administration by Indian Tribes.
- Sec. 5509. Research, evaluations, and national studies.
- Sec. 5510. Report on data processing.
- Sec. 5511. Study on alternative outcomes measures.
- Sec. 5512. Limitation on payments to the territories.
- Sec. 5513. Conforming amendments to the Social Security Act.
- Sec. 5514. Other conforming amendments.
- Sec. 5515. Modifications to the job opportunities for certain low-income individuals program.
- Sec. 5516. Denial of assistance and benefits for drug-related convictions.
- Sec. 5517. Transition rule.
- Sec. 5518. Effective dates.

#### CHAPTER 2—SUPPLEMENTAL SECURITY INCOME

- Sec. 5521. Conforming and technical amendments relating to eligibility restrictions.
- Sec. 5522. Conforming and technical amendments relating to benefits for disabled children.
- Sec. 5523. Additional technical amendments to title XVI.
- Sec. 5524. Additional technical amendments relating to title XVI.
- Sec. 5525. Technical amendments relating to drug addicts and alcoholics.
- Sec. 5526. Advisory board personnel.
- Sec. 5527. Timing of delivery of October 1, 2000, SSI benefit payments.
- Sec. 5528. Effective dates.

#### CHAPTER 3—CHILD SUPPORT

- Sec. 5531. State obligation to provide child support enforcement services.
- Sec. 5532. Distribution of collected support.
- Sec. 5533. Civil penalties relating to State Directory of New Hires.
- Sec. 5534. Federal Parent Locator Service.
- Sec. 5535. Access to registry data for research purposes.
- Sec. 5536. Collection and use of social security numbers for use in child support enforcement.
- Sec. 5537. Adoption of uniform State laws.
- Sec. 5538. State laws providing expedited procedures.
- Sec. 5539. Voluntary paternity acknowledgement.
- Sec. 5540. Calculation of paternity establishment percentage.
- Sec. 5541. Means available for provision of technical assistance and operation of Federal Parent Locator Service.
- Sec. 5542. Authority to collect support from Federal employees.
- Sec. 5543. Definition of support order.
- Sec. 5544. State law authorizing suspension of licenses.
- Sec. 5545. International support enforcement.
- Sec. 5546. Child support enforcement for Indian tribes.
- Sec. 5547. Continuation of rules for distribution of support in the case of a title IV-E child.
- Sec. 5548. Good cause in foster care and food stamp cases.
- Sec. 5549. Date of collection of support.
- Sec. 5550. Administrative enforcement in interstate cases.
- Sec. 5551. Work orders for arrearages.
- Sec. 5552. Additional technical State plan amendments.
- Sec. 5553. Federal Case Registry of Child Support Orders.
- Sec. 5554. Full faith and credit for child support orders.
- Sec. 5555. Development costs of automated systems.
- Sec. 5556. Additional technical amendments.
- Sec. 5557. Effective date.

#### CHAPTER 4—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

##### SUBCHAPTER A—ELIGIBILITY FOR FEDERAL BENEFITS

- Sec. 5561. Alien eligibility for Federal benefits: limited application to medicare and benefits under the Railroad Retirement Act.
- Sec. 5562. Exceptions to benefit limitations: corrections to reference concerning aliens whose deportation is withheld.
- Sec. 5563. Veterans exception: application of minimum active duty service requirement; extension to unremarried surviving spouse; expanded definition of veteran.

- Sec. 5564. Notification concerning aliens not lawfully present: correction of terminology.
- Sec. 5565. Freely associated States: contracts and licenses.
- Sec. 5566. Congressional statement regarding benefits for Hmong and other Highland Lao veterans.

## SUBCHAPTER B—GENERAL PROVISIONS

- Sec. 5571. Determination of treatment of battered aliens as qualified aliens; inclusion of alien child of battered parent as qualified alien.
- Sec. 5572. Verification of eligibility for benefits.
- Sec. 5573. Qualifying quarters: disclosure of quarters of coverage information; correction to assure that crediting applies to all quarters earned by parents before child is 18.
- Sec. 5574. Statutory construction: benefit eligibility limitations applicable only with respect to aliens present in the United States.

## SUBCHAPTER C—MISCELLANEOUS CLERICAL AND TECHNICAL AMENDMENTS; EFFECTIVE DATE

- Sec. 5581. Correcting miscellaneous clerical and technical errors.
- Sec. 5582. Effective date.

## CHAPTER 5—CHILD PROTECTION

- Sec. 5591. Conforming and technical amendments relating to child protection.
- Sec. 5592. Additional technical amendments relating to child protection.
- Sec. 5593. Effective date.

## CHAPTER 6—CHILD CARE

- Sec. 5601. Conforming and technical amendments relating to child care.
- Sec. 5602. Additional conforming and technical amendments.
- Sec. 5603. Effective dates.

## CHAPTER 7—ERISA AMENDMENTS RELATING TO MEDICAL CHILD SUPPORT ORDERS

- Sec. 5611. Amendments relating to section 303 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- Sec. 5612. Amendment relating to section 381 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- Sec. 5613. Amendments relating to section 382 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

## Subtitle G—Miscellaneous

- Sec. 5701. Increase in public debt limit.
- Sec. 5702. Authorization of appropriations for enforcement initiatives related to the earned income tax credit.

(b) REFERENCES.—Except as otherwise expressly provided, wherever 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 Social Security Act.

## Subtitle B—Supplemental Security Income

### SEC. 5101. EXTENSION OF DEADLINE TO PERFORM CHILDHOOD DISABILITY REDETERMINATIONS.

Section 211(d)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2190) is amended—

(1) in subparagraph (A)—

(A) in the 1st sentence, by striking “1 year” and inserting “18 months”; and

(B) by inserting after the 1st sentence the following: “Any redetermination required by the preceding sentence that is not performed before the end of the period described in the preceding sentence shall be performed as soon as is practicable thereafter.”; and

(2) in subparagraph (C), by adding at the end the following: “Before commencing a redetermination under the 2nd sentence of subparagraph (A), in any case in which the individual involved has not already been notified of the provisions of this paragraph, the Commissioner of Social Security shall notify the individual involved of the provisions of this paragraph.”.

42 USC 1382c  
note.

Notification.

### SEC. 5102. FEES FOR FEDERAL ADMINISTRATION OF STATE SUPPLEMENTARY PAYMENTS.

(a) FEE SCHEDULE.—

(1) OPTIONAL STATE SUPPLEMENTARY PAYMENTS.—

(A) IN GENERAL.—Section 1616(d)(2)(B) (42 U.S.C. 1382e(d)(2)(B)) is amended—

(i) by striking “and” at the end of clause (iii);

and

(ii) by striking clause (iv) and inserting the following:

“(iv) for fiscal year 1997, \$5.00;

“(v) for fiscal year 1998, \$6.20;

“(vi) for fiscal year 1999, \$7.60;

“(vii) for fiscal year 2000, \$7.80;

“(viii) for fiscal year 2001, \$8.10;

“(ix) for fiscal year 2002, \$8.50; and

“(x) for fiscal year 2003 and each succeeding fiscal year—

“(I) the applicable rate in the preceding fiscal year, increased by the percentage, if any, by which the Consumer Price Index for the month of June of the calendar year of the increase exceeds the Consumer Price Index for the month of June of the calendar year preceding the calendar year of the increase, and rounded to the nearest whole cent; or

“(II) such different rate as the Commissioner determines is appropriate for the State.”.

(B) CONFORMING AMENDMENT.—Section 1616(d)(2)(C) of such Act (42 U.S.C. 1382e(d)(2)(C)) is amended by striking “(B)(iv)” and inserting “(B)(x)(II)”.

(2) MANDATORY STATE SUPPLEMENTARY PAYMENTS.—

(A) IN GENERAL.—Section 212(b)(3)(B)(ii) of Public Law 93-66 (42 U.S.C. 1382 note) is amended—

(i) by striking “and” at the end of subclause (III);

and

(ii) by striking subclause (IV) and inserting the following:

“(IV) for fiscal year 1997, \$5.00;

“(V) for fiscal year 1998, \$6.20;

“(VI) for fiscal year 1999, \$7.60;

“(VII) for fiscal year 2000, \$7.80;

“(VIII) for fiscal year 2001, \$8.10;

“(IX) for fiscal year 2002, \$8.50; and

“(X) for fiscal year 2003 and each succeeding fiscal year—

“(aa) the applicable rate in the preceding fiscal year, increased by the percentage, if any, by which the Consumer Price Index for the month of June of the calendar year of the increase exceeds the Consumer Price Index for the month of June of the calendar year preceding the calendar year of the increase, and rounded to the nearest whole cent; or

“(bb) such different rate as the Commissioner determines is appropriate for the State.”.

(B) CONFORMING AMENDMENT.—Section 212(b)(3)(B)(iii) of such Act (42 U.S.C. 1382 note) is amended by striking “(ii)(IV)” and inserting “(ii)(X)(bb)”.

(b) USE OF NEW FEES TO DEFRAY THE SOCIAL SECURITY ADMINISTRATION'S ADMINISTRATIVE EXPENSES.—

(1) CREDIT TO SPECIAL FUND FOR FISCAL YEAR 1998 AND SUBSEQUENT YEARS.—

(A) OPTIONAL STATE SUPPLEMENTARY PAYMENT FEES.—

Section 1616(d)(4) (42 U.S.C. 1382e(d)(4)) is amended to read as follows:

“(4)(A) The first \$5 of each administration fee assessed pursuant to paragraph (2), upon collection, shall be deposited in the general fund of the Treasury of the United States as miscellaneous receipts.

“(B) That portion of each administration fee in excess of \$5, and 100 percent of each additional services fee charged pursuant to paragraph (3), upon collection for fiscal year 1998 and each subsequent fiscal year, shall be credited to a special fund established in the Treasury of the United States for State supplementary payment fees. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this title and related laws. The amounts so credited shall not be scored as receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, and the amounts so credited shall be credited as a discretionary offset to discretionary spending to the extent that the amounts so credited are made available for expenditure in appropriations Acts.”.

(B) MANDATORY STATE SUPPLEMENTARY PAYMENT FEES.—Section 212(b)(3)(D) of Public Law 93-66 (42 U.S.C. 1382 note) is amended to read as follows:

“(D)(i) The first \$5 of each administration fee assessed pursuant to subparagraph (B), upon collection, shall be deposited in the general fund of the Treasury of the United States as miscellaneous receipts.

“(ii) The portion of each administration fee in excess of \$5, and 100 percent of each additional services fee charged pursuant to subparagraph (C), upon collection for fiscal year 1998 and each subsequent fiscal year, shall be credited to a special fund established

in the Treasury of the United States for State supplementary payment fees. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this section and title XVI of the Social Security Act and related laws. The amounts so credited shall not be scored as receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, and the amounts so credited shall be credited as a discretionary offset to discretionary spending to the extent that the amounts so credited are made available for expenditure in appropriations Acts.”

(2) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—

From amounts credited pursuant to section 1616(d)(4)(B) of the Social Security Act and section 212(b)(3)(D)(ii) of Public Law 93-66 to the special fund established in the Treasury of the United States for State supplementary payment fees, there is authorized to be appropriated an amount not to exceed \$35,000,000 for fiscal year 1998, and such sums as may be necessary for each fiscal year thereafter.

42 USC 1382e  
note.

## Subtitle C—Child Support Enforcement

### SEC. 5201. CLARIFICATION OF AUTHORITY TO PERMIT CERTAIN RE- DISCLOSURES OF WAGE AND CLAIM INFORMATION.

Section 303(h)(1)(C) (42 U.S.C. 503(h)(1)(C)) is amended by striking “section 453(i)(1) in carrying out the child support enforcement program under title IV” and inserting “subsections (i)(1), (i)(3), and (j) of section 453”.

## Subtitle D—Restricting Welfare and Public Benefits for Aliens

### SEC. 5301. SSI ELIGIBILITY FOR ALIENS RECEIVING SSI ON AUGUST 22, 1996, AND DISABLED ALIENS LAWFULLY RESIDING IN THE UNITED STATES ON AUGUST 22, 1996.

(a) SSI ELIGIBILITY FOR ALIENS RECEIVING SSI ON AUGUST 22, 1996.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding after subparagraph (D) the following new subparagraph:

“(E) ALIENS RECEIVING SSI ON AUGUST 22, 1996.—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to an alien who is lawfully residing in the United States and who was receiving such benefits on August 22, 1996.”

(b) SSI ELIGIBILITY FOR DISABLED ALIENS LAWFULLY RESIDING IN THE UNITED STATES ON AUGUST 22, 1996.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

“(F) DISABLED ALIENS LAWFULLY RESIDING IN THE UNITED STATES ON AUGUST 22, 1996.—With respect to eligibility for benefits for the program defined in paragraph

(3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to an alien who—

“(i) was lawfully residing in the United States on August 22, 1996; and

“(ii) is blind or disabled, as defined in section 1614(a)(2) or 1614(a)(3) of the Social Security Act (42 U.S.C. 1382c(a)(3)).”.

(c) **EXTENSION OF GRANDFATHER PROVISION RELATING TO SSI ELIGIBILITY.**—Section 402(a)(2)(D)(i) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(D)(i)) is amended—

(1) in subclause (I), by striking “September 30, 1997,” and inserting “September 30, 1998,”; and

(2) in subclause (III), by striking “September 30, 1997,” and inserting “September 30, 1998”.

**SEC. 5302. EXTENSION OF ELIGIBILITY PERIOD FOR REFUGEES AND CERTAIN OTHER QUALIFIED ALIENS FROM 5 TO 7 YEARS FOR SSI AND MEDICAID; STATUS OF CUBAN AND HAITIAN ENTRANTS.**

(a) **SSI.**—Section 402(a)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A)) is amended to read as follows:

“(A) **TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.**—

“(i) **SSI.**—With respect to the specified Federal program described in paragraph (3)(A), paragraph (1) shall not apply to an alien until 7 years after the date—

“(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

“(II) an alien is granted asylum under section 208 of such Act;

“(III) an alien’s deportation is withheld under section 243(h) of such Act; or

“(IV) an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).”.

“(ii) **FOOD STAMPS.**—With respect to the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to an alien until 5 years after the date—

“(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

“(II) an alien is granted asylum under section 208 of such Act;

“(III) an alien’s deportation is withheld under section 243(h) of such Act; or

“(IV) an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).”.

(b) **MEDICAID.**—Section 402(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)(A)) is amended to read as follows:

**“(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—**

**“(i) MEDICAID.—**With respect to the designated Federal program described in paragraph (3)(C), paragraph (1) shall not apply to an alien until 7 years after the date—

**“(I)** an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

**“(II)** an alien is granted asylum under section 208 of such Act;

**“(III)** an alien’s deportation is withheld under section 243(h) of such Act; or

**“(IV)** an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).

**“(ii) OTHER DESIGNATED FEDERAL PROGRAMS.—**With respect to the designated Federal programs under paragraph (3) (other than subparagraph (C)), paragraph (1) shall not apply to an alien until 5 years after the date—

**“(I)** an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

**“(II)** an alien is granted asylum under section 208 of such Act;

**“(III)** an alien’s deportation is withheld under section 243(h) of such Act; or

**“(IV)** an alien is granted status as a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).”.

**(c) STATUS OF CUBAN AND HAITIAN ENTRANTS.—****(1) FEDERAL MEANS-TESTED PUBLIC BENEFITS.—**

**(A)** Section 403(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(b)(1)) is amended by adding at the end the following new subparagraph:

**“(D)** An alien who is a Cuban and Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980.”.

**(B)** Section 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613) is amended by striking subsection (d).

**(2) STATE PUBLIC BENEFITS.—**Section 412(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1622(b)(1)) is amended by adding at the end the following new subparagraph:

**“(D)** An alien who is a Cuban and Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980 until 5 years after the alien is granted such status.”.

**(3) QUALIFIED ALIEN DEFINED.—**Section 431(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(b)) is amended—

**(A)** in paragraph (5) by striking “or”;

**(B)** in paragraph (6) by striking the period and inserting “; or”; and

(C) by adding at the end the following new paragraph:  
 “(7) an alien who is a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980).”

**SEC. 5303. EXCEPTIONS FOR CERTAIN INDIANS FROM LIMITATION ON ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME AND MEDICAID BENEFITS.**

(a) **EXCEPTION FROM LIMITATION ON SSI ELIGIBILITY.**—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

“(G) **SSI EXCEPTION FOR CERTAIN INDIANS.**—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), section 401(a) and paragraph (1) shall not apply to any individual—

“(i) who is an American Indian born in Canada to whom the provisions of section 289 of the Immigration and Nationality Act (8 U.S.C. 1359) apply; or

“(ii) who is a member of an Indian tribe (as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e))).”

(b) **EXCEPTION FROM LIMITATION ON MEDICAID ELIGIBILITY.**—Section 402(b)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)) is amended by inserting at the end the following:

“(E) **MEDICAID EXCEPTION FOR CERTAIN INDIANS.**—With respect to eligibility for benefits for the program defined in paragraph (3)(C) (relating to the medicaid program), section 401(a) and paragraph (1) shall not apply to any individual described in subsection (a)(2)(G).”

(c) **SSI AND MEDICAID EXCEPTIONS FROM LIMITATION ON ELIGIBILITY OF NEW ENTRANTS.**—Section 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613) is amended by adding after subsection (c) the following new subsection:

“(d) **SSI AND MEDICAID BENEFITS FOR CERTAIN INDIANS.**—Notwithstanding any other provision of law, the limitations under section 401(a) and subsection (a) shall not apply to an individual described in section 402(a)(2)(G), but only with respect to the programs specified in subsections (a)(3)(A) and (b)(3)(C) of section 402.”

**SEC. 5304. EXEMPTION FROM RESTRICTION ON SUPPLEMENTAL SECURITY INCOME PROGRAM PARTICIPATION BY CERTAIN RECIPIENTS ELIGIBLE ON THE BASIS OF VERY OLD APPLICATIONS.**

Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

“(H) **SSI EXCEPTION FOR CERTAIN RECIPIENTS ON THE BASIS OF VERY OLD APPLICATIONS.**—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to any individual—

“(i) who is receiving benefits under such program for months after July 1996 on the basis of an application filed before January 1, 1979; and

“(ii) with respect to whom the Commissioner of Social Security lacks clear and convincing evidence that such individual is an alien ineligible for such benefits as a result of the application of this section.”.

**SEC. 5305. REINSTATEMENT OF ELIGIBILITY FOR BENEFITS.**

(a) **FOOD STAMPS.**—The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after section 435 the following new section:

**“SEC. 436. DERIVATIVE ELIGIBILITY FOR BENEFITS.**

8 USC 1646.

“Notwithstanding any other provision of law, an alien who under the provisions of this title is ineligible for benefits under the food stamp program (as defined in section 402(a)(3)(B)) shall not be eligible for such benefits because the alien receives benefits under the supplemental security income program (as defined in section 402(a)(3)(A)).”.

(b) **MEDICAID.**—Section 402(b)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)) is amended by adding at the end the following:

**“(F) MEDICAID EXCEPTION FOR ALIENS RECEIVING SSI.—**

An alien who is receiving benefits under the program defined in subsection (a)(3)(A) (relating to the supplemental security income program) shall be eligible for medical assistance under a State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) under the same terms and conditions that apply to other recipients of benefits under the program defined in such subsection.”.

(c) **CLERICAL AMENDMENT.**—The table of sections as contained in section 2 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after the item relating to section 435 the following:

“Sec. 436. Derivative eligibility for benefits.”.

**SEC. 5306. TREATMENT OF CERTAIN AMERASIAN IMMIGRANTS AS REFUGEES.**

(a) **FOR PURPOSES OF SSI AND FOOD STAMPS.**—Section 402(a)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A)) as amended by section 5302 is amended—

(1) in clause (i)—

(A) by striking “or” at the end of subclause (III);

(B) by striking the period at the end of subclause

(IV) and inserting “; or”; and

(C) by adding at the end the following:

“(V) an alien is admitted to the United States as an Amerasian immigrant pursuant to section 584 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988 (as contained in section 101(e) of Public Law 100-202 and amended by the 9th proviso under MIGRATION AND REFUGEE ASSISTANCE in title II of the Foreign Operations, Export Financing, and Related

Programs Appropriations Act, 1989, Public Law 100-461, as amended.”; and

- (2) in clause (ii)—
- (A) by striking “or” at the end of subclause (III);
  - (B) by striking the period at the end of subclause (IV) and inserting “; or”; and
  - (C) by adding at the end the following:
    - “(V) an alien is admitted to the United States as an Amerasian immigrant as described in clause (i)(V).”

(b) **FOR PURPOSES OF TANF, SSBG, AND MEDICAID.**—Section 402(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)(A)) as amended by section 5302 is amended—

- (1) in clause (i)—
- (A) by striking “or” at the end of subclause (III);
  - (B) by striking the period at the end of subclause (IV) and inserting “; or”; and
  - (C) by adding at the end the following:
    - “(V) an alien admitted to the United States as an Amerasian immigrant as described in subsection (a)(2)(A)(i)(V) until 5 years after the date of such alien’s entry into the United States.”; and
- (2) in clause (ii)—
- (A) by striking “or” at the end of subclause (III);
  - (B) by striking the period at the end of subclause (IV) and inserting “; or”; and
  - (C) by adding at the end the following:
    - “(V) an alien admitted to the United States as an Amerasian immigrant as described in subsection (a)(2)(A)(i)(V) until 5 years after the date of such alien’s entry into the United States.”

(c) **FOR PURPOSES OF EXCEPTION FROM 5-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS.**—Section 403(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(b)(1)) is amended by adding at the end the following:

“(E) An alien admitted to the United States as an Amerasian immigrant as described in section 402(a)(2)(A)(i)(V).”

(d) **FOR PURPOSES OF CERTAIN STATE PROGRAMS.**—Section 412(b)(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1622(b)(1)) is amended by adding at the end the following new subparagraph:

“(E) An alien admitted to the United States as an Amerasian immigrant as described in section 402(a)(2)(A)(i)(V).”

**SEC. 5307. VERIFICATION OF ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS.**

(a) **IN GENERAL.**—The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after section 412 the following new section:

8 USC 1625.

**“SEC. 413. AUTHORIZATION FOR VERIFICATION OF ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS.**

“A State or political subdivision of a State is authorized to require an applicant for State and local public benefits (as defined in section 411(c)) to provide proof of eligibility.”

(b) CLERICAL AMENDMENT.—The table of sections as contained in section 2 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after the item relating to section 412 the following:

“Sec. 413. Authorization for verification of eligibility for state and local public benefits.”.

**SEC. 5308. EFFECTIVE DATE.**

8 USC 1612 note.

Except as otherwise provided, the amendments made by this subtitle shall be effective as if included in the enactment of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

**CHAPTER 2—SUPPLEMENTAL SECURITY INCOME**

**SEC. 5521. CONFORMING AND TECHNICAL AMENDMENTS RELATING TO ELIGIBILITY RESTRICTIONS.**

(a) DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—Section 1611(e)(6) (42 U.S.C. 1382(e)(6)) is amended by inserting “and section 1106(c) of this Act” after “of 1986”.

(b) TREATMENT OF PRISONERS.—Section 1611(e)(1)(I)(i)(II) (42 U.S.C. 1382(e)(1)(I)(i)(II)) is amended by striking “inmate of the institution” and all that follows through “this subparagraph” and inserting “individual who receives in the month preceding the first month throughout which such individual is an inmate of the jail, prison, penal institution, or correctional facility that furnishes information respecting such individual pursuant to subclause (I), or is confined in the institution (that so furnishes such information) as described in section 202(x)(1)(A)(ii), a benefit under this title

for such preceding month, and who is determined by the Commissioner to be ineligible for benefits under this title by reason of confinement based on the information provided by such institution”.

(c) CORRECTION OF REFERENCE.—Section 1611(e)(1)(I)(i)(I) (42 U.S.C. 1382(e)(1)(I)(i)(I)) is amended by striking “paragraph (1)” and inserting “this paragraph”.

**SEC. 5522. CONFORMING AND TECHNICAL AMENDMENTS RELATING TO BENEFITS FOR DISABLED CHILDREN.**

**(a) ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.—**

(1) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—Section 1614(a)(3)(H)(iii) (42 U.S.C. 1382c(a)(3)(H)(iii)) is amended by striking subclauses (I) and (II) and all that follows and inserting the following:

“(I) by applying the criteria used in determining initial eligibility for individuals who are age 18 or older; and

“(II) either during the 1-year period beginning on the individual’s 18th birthday or, in lieu of a continuing disability review, whenever the Commissioner determines that an individual’s case is subject to a redetermination under this clause.

With respect to any redetermination under this clause, paragraph (4) shall not apply.”.

(2) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)(iv) (42 U.S.C. 1382c(a)(3)(H)(iv)) is amended—

(A) in subclause (I), by striking “Not” and inserting “Except as provided in subclause (VI), not”; and

(B) by adding at the end the following:

“(VI) Subclause (I) shall not apply in the case of an individual described in that subclause who, at the time of the individual’s initial disability determination, the Commissioner determines has an impairment that is not expected to improve within 12 months after the birth of that individual, and who the Commissioner schedules for a continuing disability review at a date that is after the individual attains 1 year of age.”.

(b) ADDITIONAL ACCOUNTABILITY REQUIREMENTS.—Section 1631(a)(2)(F) (42 U.S.C. 1383(a)(2)(F)) is amended—

(1) in clause (ii)(III)(bb), by striking “the total amount” and all that follows through “1613(c)” and inserting “in any case in which the individual knowingly misapplies benefits from such an account, the Commissioner shall reduce future benefits payable to such individual (or to such individual and his spouse) by an amount equal to the total amount of such benefits so misapplied”; and

(2) by striking clause (iii) and inserting the following:

“(iii) The representative payee may deposit into the account established under clause (i) any other funds representing past due benefits under this title to the eligible individual, provided that the amount of such past due benefits is equal to or exceeds the maximum monthly benefit payable under this title to an eligible individual (including State supplementary payments made by the Commissioner pursuant to an agreement under section 1616 or section 212(b) of Public Law 93-66).”.

(c) REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.—Section 1611(e) (42 U.S.C. 1382(e)) is amended—

(1) in paragraph (1)(B)—

(A) in the matter preceding clause (i), by striking “hospital, extended care facility, nursing home, or intermediate care facility” and inserting “medical treatment facility”;

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by striking “hospital, home or”; and

(ii) in subclause (I), by striking “hospital, home, or”;

(C) in clause (iii), by striking “hospital, home, or”;  
and

(D) in the matter following clause (iii), by striking “hospital, extended care facility, nursing home, or intermediate care facility which is a ‘medical institution or nursing facility’ within the meaning of section 1917(c)” and inserting “medical treatment facility that provides services described in section 1917(c)(1)(C)”;

(2) in paragraph (1)(E)—

(A) in clause (i)(II), by striking “hospital, extended care facility, nursing home, or intermediate care facility” and inserting “medical treatment facility”; and

(B) in clause (iii), by striking “hospital, extended care facility, nursing home, or intermediate care facility” and inserting “medical treatment facility”;

(3) in paragraph (1)(G), in the matter preceding clause

(i)—

(A) by striking “or which is a hospital, extended care facility, nursing home, or intermediate care” and inserting “or is in a medical treatment”; and

(B) by inserting “or, in the case of an individual who is a child under the age of 18, under any health insurance policy issued by a private provider of such insurance” after “title XIX”; and

(4) in paragraph (3)—

(A) by striking “same hospital, home, or facility” and inserting “same medical treatment facility”; and

(B) by striking “same such hospital, home, or facility” and inserting “same such facility”.

(d) CORRECTION OF U.S.C. CITATION.—Section 211(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2189) is amended by striking “1382(a)(4)” and inserting “1382c(a)(4)”. 42 USC 1382c.

**SEC. 5523. ADDITIONAL TECHNICAL AMENDMENTS TO TITLE XVI.**

Section 1615(d) (42 U.S.C. 1382d(d)) is amended—

(1) in the first sentence, by inserting a comma after “subsection (a)(1)”; and

(2) in the last sentence, by striking “him” and inserting “the Commissioner”.

**SEC. 5524. ADDITIONAL TECHNICAL AMENDMENTS RELATING TO TITLE XVI.**

Section 1110(a)(3) (42 U.S.C. 1310(a)(3)) is amended—

- (1) by inserting “(or the Commissioner, with respect to any jointly financed cooperative agreement or grant concerning title XVI)” after “Secretary” the first place it appears; and  
 (2) by inserting “(or the Commissioner, as applicable)” after “Secretary” the second place it appears.

**SEC. 5525. TECHNICAL AMENDMENTS RELATING TO DRUG ADDICTS AND ALCOHOLICS.**

(a) **CLARIFICATION RELATING TO THE EFFECTIVE DATE OF THE DENIAL OF SSI DISABILITY BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.**—Section 105(b)(5) of the Contract with America Advancement Act of 1996 (Public Law 104-121; 110 Stat. 853) is amended—

42 USC 1382  
note.

(1) in subparagraph (A), by striking “by the Commissioner of Social Security” and “by the Commissioner”; and

(2) by redesignating subparagraph (D) as subparagraph (F) and by inserting after subparagraph (C) the following new subparagraphs:

“(D) For purposes of this paragraph, an individual’s claim, with respect to supplemental security income benefits under title XVI of the Social Security Act based on disability, which has been denied in whole before the date of the enactment of this Act, may not be considered to be finally adjudicated before such date if, on or after such date—

“(i) there is pending a request for either administrative or judicial review with respect to such claim, or

“(ii) there is pending, with respect to such claim, a readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

“(E) Notwithstanding the provisions of this paragraph, with respect to any individual for whom the Commissioner does not perform the eligibility redetermination before the date prescribed in subparagraph (C), the Commissioner shall perform such eligibility redetermination in lieu of a continuing disability review whenever the Commissioner determines that the individual’s eligibility is subject to redetermination based on the preceding provisions of this paragraph, and the provisions of section 1614(a)(4) of the Social Security Act shall not apply to such redetermination.”

(b) **CORRECTIONS TO EFFECTIVE DATE OF PROVISIONS CONCERNING REPRESENTATIVE PAYEES AND TREATMENT REFERRALS OF SSI BENEFICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.**—Section 105(b)(5)(B) of such Act (Public Law 104-121; 110 Stat. 853) is amended to read as follows:

“(B) The amendments made by paragraphs (2) and (3) shall take effect on July 1, 1996, with respect to any individual—

“(i) whose claim for benefits is finally adjudicated on or after the date of the enactment of this Act, or

“(ii) whose eligibility for benefits is based upon an eligibility redetermination made pursuant to subparagraph (C).”

(c) **REPEAL OF OBSOLETE REPORTING REQUIREMENTS.**—Subsections (a)(3)(B) and (b)(3)(B)(ii) of section 201 of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296; 108 Stat. 1497, 1504) are repealed.

42 USC 925 note,  
1382 note.

**SEC. 5526. ADVISORY BOARD PERSONNEL.**

Section 703(i) (42 U.S.C. 903(i)) is amended—

- (1) in the first sentence, by striking “, and three” and all that follows through “Board,”; and
- (2) in the last sentence, by striking “clerical”.

**SEC. 5527. TIMING OF DELIVERY OF OCTOBER 1, 2000, SSI BENEFIT PAYMENTS.**

42 USC 909 note.

Notwithstanding the provisions of section 708(a) of the Social Security Act (42 U.S.C. 908(a)), the day designated for delivery of benefit payments under title XVI of such Act for October 2000 shall be the second day of such month.

**SEC. 5528. EFFECTIVE DATES.**

42 USC 903 note.

(a) **IN GENERAL.**—Except as provided in this section, the amendments made by this chapter shall take effect as if included in the enactment of title II of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2185).

(b) **SECTION 5524 AMENDMENTS.**—The amendments made by section 5524 of this Act shall take effect as if included in the enactment of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103-296; 108 Stat. 1464).

(c) **SECTION 5525 AMENDMENTS.**—

(1) **IN GENERAL.**—The amendments made by subsections (a) and (b) of section 5525 of this Act shall take effect as if included in the enactment of section 105 of the Contract with America Advancement Act of 1996 (Public Law 104-121; 110 Stat. 852 et seq.).

(2) **REPEALS.**—The repeals made by section 5525(c) shall take effect on the date of the enactment of this Act.

(d) **SECTION 5526 AMENDMENTS.**—The amendments made by section 5526 of this Act shall take effect as if included in the enactment of section 108 of the Contract with America Advancement Act of 1996 (Public Law 104-121; 110 Stat. 857).

(e) **SECTION 5227.**—Section 5227 shall take effect on the date of the enactment of this Act.

**CHAPTER 3—CHILD SUPPORT**

**SEC. 5533. CIVIL PENALTIES RELATING TO STATE DIRECTORY OF NEW HIRES.**

Section 453A (42 U.S.C. 653a) is amended—

(1) in subsection (d)—

(A) in the matter preceding paragraph (1), by striking “shall be less than” and inserting “shall not exceed”; and

(B) in paragraph (1), by striking “\$25” and inserting “\$25 per failure to meet the requirements of this section with respect to a newly hired employee”; and

(2) in subsection (g)(2)(B), by striking “extracts” and all that follows through “Labor” and inserting “information”.

**SEC. 5534. FEDERAL PARENT LOCATOR SERVICE.**

(a) IN GENERAL.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a)—

(A) by inserting “(1)” after “(a)”; and

(B) by striking “to obtain” and all that follows through the period and inserting “for the purposes specified in paragraphs (2) and (3).”

“(2) For the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, the Federal Parent Locator Service shall obtain and transmit to any authorized person specified in subsection (c)—

“(A) information on, or facilitating the discovery of, the location of any individual—

“(i) who is under an obligation to pay child support;

“(ii) against whom such an obligation is sought; or

“(iii) to whom such an obligation is owed,

including the individual’s social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual’s employer;

“(B) information on the individual’s wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

“(C) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual.

“(3) For the purpose of enforcing any Federal or State law with respect to the unlawful taking or restraint of a child, or making or enforcing a child custody or visitation determination, as defined in section 463(d)(1), the Federal Parent Locator Service shall be used to obtain and transmit the information specified in section 463(c) to the authorized persons specified in section 463(d)(2).”;

(2) by striking subsection (b) and inserting the following:

“(b)(1) Upon request, filed in accordance with subsection (d), of any authorized person, as defined in subsection (c) for the information described in subsection (a)(2), or of any authorized person, as defined in section 463(d)(2) for the information described in section 463(c), the Secretary shall, notwithstanding any other provision of law, provide through the Federal Parent Locator Service such information to such person, if such information—

“(A) is contained in any files or records maintained by the Secretary or by the Department of Health and Human Services; or

“(B) is not contained in such files or records, but can be obtained by the Secretary, under the authority conferred by subsection (e), from any other department, agency, or instrumentality of the United States or of any State, and is not prohibited from disclosure under paragraph (2).

“(2) No information shall be disclosed to any person if the disclosure of such information would contravene the national policy or security interests of the United States or the confidentiality of census data. The Secretary shall give priority to requests made by any authorized person described in subsection (c)(1). No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent, provided that—

“(A) in response to a request from an authorized person (as defined in subsection (c) of this section and section 463(d)(2)), the Secretary shall advise the authorized person that the Secretary has been notified that there is reasonable evidence of domestic violence or child abuse and that information can only be disclosed to a court or an agent of a court pursuant to subparagraph (B); and

“(B) information may be disclosed to a court or an agent of a court described in subsection (c)(2) of this section or section 463(d)(2)(B), if—

“(i) upon receipt of information from the Secretary, the court determines whether disclosure to any other person of that information could be harmful to the parent or the child; and

“(ii) if the court determines that disclosure of such information to any other person could be harmful, the court and its agents shall not make any such disclosure.

“(3) Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).”; and

(3) in subsection (c)—

(A) in paragraph (1), by striking “or to seek to enforce orders providing child custody or visitation rights”; and

(B) in paragraph (2)—

(i) by inserting “or to serve as the initiating court in an action to seek an order” after “issue an order”; and

(ii) by striking “or to issue an order against a resident parent for child custody or visitation rights”.

(b) **USE OF THE FEDERAL PARENT LOCATOR SERVICE.**—Section 463 (42 U.S.C. 663) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by striking “any State which is able and willing to do so,” and inserting “every State”; and

(ii) by striking “such State” and inserting “each State”; and

(B) in paragraph (2), by inserting “or visitation” after “custody”;

(2) in subsection (b)(2), by inserting “or visitation” after “custody”;

(3) in subsection (d)—

(A) in paragraph (1), by inserting “or visitation” after “custody”; and

(B) in subparagraphs (A) and (B) of paragraph (2), by inserting “or visitation” after “custody” each place it appears;

(4) in subsection (f)(2), by inserting “or visitation” after “custody”; and

(5) by striking “noncustodial” each place it appears.

**SEC. 5535. ACCESS TO REGISTRY DATA FOR RESEARCH PURPOSES.**

(a) **IN GENERAL.**—Section 453(j)(5) (42 U.S.C. 653(j)(5)) is amended by inserting “data in each component of the Federal Parent Locator Service maintained under this section and to” before “information”.

(b) **CONFORMING AMENDMENTS.**—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (j)(3)(B), by striking “registries” and inserting “components”; and

(2) in subsection (k)(2), by striking “subsection (j)(3)” and inserting “section 453A(g)(2)”.

**SEC. 5536. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.**

Section 466(a)(13) (42 U.S.C. 666(a)(13)) is amended—

(1) in subparagraph (A)—

(A) by striking “commercial”; and

(B) by inserting “recreational license,” after “occupational license,”; and

(2) in the matter following subparagraph (C), by inserting “to be used on the face of the document while the social security number is kept on file at the agency” after “other than the social security number”.

**CHAPTER 4—RESTRICTING WELFARE AND PUBLIC  
BENEFITS FOR ALIENS**

**Subchapter A—Eligibility for Federal Benefits**

**SEC. 5561. ALIEN ELIGIBILITY FOR FEDERAL BENEFITS: LIMITED  
APPLICATION TO MEDICARE AND BENEFITS UNDER THE  
RAILROAD RETIREMENT ACT.**

(a) **LIMITED APPLICATION TO MEDICARE.**—Section 401(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(b)) is amended by adding at the end the following:

“(3) Subsection (a) shall not apply to any benefit payable under title XVIII of the Social Security Act (relating to the medicare program) to an alien who is lawfully present in the United States as determined by the Attorney General and, with respect to benefits payable under part A of such title, who was authorized to be employed with respect to any wages attributable to employment which are counted for purposes of eligibility for such benefits.”.

(b) **LIMITED APPLICATION TO BENEFITS UNDER THE RAILROAD RETIREMENT ACT.**—Section 401(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(b)) (as amended by subsection (a)) is amended by inserting at the end the following:

“(4) Subsection (a) shall not apply to any benefit payable under the Railroad Retirement Act of 1974 or the Railroad Unemployment Insurance Act to an alien who is lawfully present in the United States as determined by the Attorney General or to an alien residing outside the United States.”.

**SEC. 5562. EXCEPTIONS TO BENEFIT LIMITATIONS: CORRECTIONS TO  
REFERENCE CONCERNING ALIENS WHOSE DEPORTA-  
TION IS WITHHELD.**

Sections 402(a)(2)(A), 402(b)(2)(A), 403(b)(1)(C), 412(b)(1)(C), and 431(b)(5) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A), 1612(b)(2)(A), 1613(b)(1)(C), 1622(b)(1)(C), and 1641(b)(5)) as amended by this Act are each amended by striking “section 243(h) of such Act” each place it appears and inserting “section 243(h) of such Act (as in effect immediately before the effective date of section 307 of division C of Public Law 104-208) or section 241(b)(3) of such Act (as amended by section 305(a) of division C of Public Law 104-208)”.

**SEC. 5563. VETERANS EXCEPTION: APPLICATION OF MINIMUM ACTIVE  
DUTY SERVICE REQUIREMENT; EXTENSION TO  
UNREMARKED SURVIVING SPOUSE; EXPANDED DEFINI-  
TION OF VETERAN.**

(a) **APPLICATION OF MINIMUM ACTIVE DUTY SERVICE REQUIREMENT.**—Sections 402(a)(2)(C)(i), 402(b)(2)(C)(i), 403(b)(2)(A), and 412(b)(3)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(C)(i), 1612(b)(2)(C)(i), 1613(b)(2)(A), and 1622(b)(3)(A)) are each amended by inserting

“and who fulfills the minimum active-duty service requirements of section 5303A(d) of title 38, United States Code” after “alienage”.

(b) **EXCEPTION APPLICABLE TO UNREARRIED SURVIVING SPOUSE.**—Sections 402(a)(2)(C)(iii), 402(b)(2)(C)(iii), 403(b)(2)(C), and 412(b)(3)(C) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(C)(iii), 1612(b)(2)(C)(iii), 1613(b)(2)(C), and 1622(b)(3)(C)) are each amended by inserting before the period “or the unremarried surviving spouse of an individual described in clause (i) or (ii) who is deceased if the marriage fulfills the requirements of section 1304 of title 38, United States Code”.

(c) **EXPANDED DEFINITION OF VETERAN.**—Sections 402(a)(2)(C)(i), 402(b)(2)(C)(i), 403(b)(2)(A), and 412(b)(3)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(C)(i), 1612(b)(2)(C)(i), 1613(b)(2)(A), and 1622(b)(3)(A)) are each amended by inserting “, 1101, or 1301, or as described in section 107” after “section 101”.

**SEC. 5564. NOTIFICATION CONCERNING ALIENS NOT LAWFULLY PRESENT: CORRECTION OF TERMINOLOGY.**

Section 1631(e)(9) of the Social Security Act (42 U.S.C. 1383(e)(9)) and section 27 of the United States Housing Act of 1937, as added by section 404 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, are each amended by striking “unlawfully in the United States” each place it appears and inserting “not lawfully present in the United States”.

42 USC 1437y.

**SEC. 5565. FREELY ASSOCIATED STATES: CONTRACTS AND LICENSES.**

Sections 401(c)(2)(A) and 411(c)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(c)(2)(A) and 1621(c)(2)(A)) are each amended by inserting before the semicolon at the end “, or to a citizen of a freely associated state, if section 141 of the applicable compact of free association approved in Public Law 99-239 or 99-658 (or a successor provision) is in effect”.

**SEC. 5566. CONGRESSIONAL STATEMENT REGARDING BENEFITS FOR HMONG AND OTHER HIGHLAND LAO VETERANS.**

(a) **FINDINGS.**—The Congress makes the following findings:

(1) Hmong and other Highland Lao tribal peoples were recruited, armed, trained, and funded for military operations by the United States Department of Defense, Central Intelligence Agency, Department of State, and Agency for International Development to further United States national security interests during the Vietnam conflict.

(2) Hmong and other Highland Lao tribal forces sacrificed their own lives and saved the lives of American military personnel by rescuing downed American pilots and aircrews and by engaging and successfully fighting North Vietnamese troops.

(3) Thousands of Hmong and other Highland Lao veterans who fought in special guerilla units on behalf of the United States during the Vietnam conflict, along with their families, have been lawfully admitted to the United States in recent years.

(4) The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), the new national welfare reform law, restricts certain welfare benefits for noncitizens of the United States and the exceptions for noncitizen

veterans of the Armed Forces of the United States do not extend to Hmong veterans of the Vietnam conflict era, making Hmong veterans and their families receiving certain welfare benefits subject to restrictions despite their military service on behalf of the United States.

(b) CONGRESSIONAL STATEMENT.—It is the sense of the Congress that Hmong and other Highland Lao veterans who fought on behalf of the Armed Forces of the United States during the Vietnam conflict and have lawfully been admitted to the United States for permanent residence should be considered veterans for purposes of continuing certain welfare benefits consistent with the exceptions provided other noncitizen veterans under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

### Subchapter B—General Provisions

#### SEC. 5571. DETERMINATION OF TREATMENT OF BATTERED ALIENS AS QUALIFIED ALIENS; INCLUSION OF ALIEN CHILD OF BATTERED PARENT AS QUALIFIED ALIEN.

(a) DETERMINATION OF STATUS BY AGENCY PROVIDING BENEFITS.—Section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641) is amended in subsections (c)(1)(A) and (c)(2)(A) by striking “Attorney General, which opinion is not subject to review by any court” each place it appears and inserting “agency providing such benefits”.

(b) GUIDANCE ISSUED BY ATTORNEY GENERAL.—Section 431(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(c)) is amended by adding at the end the following new undesignated paragraph:

“After consultation with the Secretaries of Health and Human Services, Agriculture, and Housing and Urban Development, the Commissioner of Social Security, and with the heads of such Federal agencies administering benefits as the Attorney General considers appropriate, the Attorney General shall issue guidance (in the Attorney General’s sole and unreviewable discretion) for purposes of this subsection and section 421(f), concerning the meaning of the terms ‘battery’ and ‘extreme cruelty’, and the standards and methods to be used for determining whether a substantial connection exists between battery or cruelty suffered and an individual’s need for benefits under a specific Federal, State, or local program.”.

(c) INCLUSION OF ALIEN CHILD OF BATTERED PARENT AS QUALIFIED ALIEN.—Section 431(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(c)) is amended—

- (1) at the end of paragraph (1)(B)(iv) by striking “or”;
- (2) at the end of paragraph (2)(B) by striking the period and inserting “; or”; and
- (3) by inserting after paragraph (2)(B) and before the last sentence of such subsection the following new paragraph:

“(3) an alien child who—

“(A) resides in the same household as a parent who has been battered or subjected to extreme cruelty in the United States by that parent’s spouse or by a member of the spouse’s family residing in the same household as the parent and the spouse consented or acquiesced to such battery or cruelty, but only if (in the opinion of the agency providing such benefits) there is a substantial connection

between such battery or cruelty and the need for the benefits to be provided; and

“(B) who meets the requirement of subparagraph (B) of paragraph (1).”.

(d) **INCLUSION OF ALIEN CHILD OF BATTERED PARENT UNDER SPECIAL RULE FOR ATTRIBUTION OF INCOME.**—Section 421(f)(1)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(f)(1)(A)) is amended—

(1) at the end of clause (i) by striking “or”; and

(2) by striking “and the battery or cruelty described in clause (i) or (ii)” and inserting “or (iii) the alien is a child whose parent (who resides in the same household as the alien child) has been battered or subjected to extreme cruelty in the United States by that parent’s spouse, or by a member of the spouse’s family residing in the same household as the parent and the spouse consented to, or acquiesced in, such battery or cruelty, and the battery or cruelty described in clause (i), (ii), or (iii)”.

**SEC. 5572. VERIFICATION OF ELIGIBILITY FOR BENEFITS.**

(a) **REGULATIONS AND GUIDANCE.**—Section 432(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1642(a)) is amended—

(1) by inserting at the end of paragraph (1) the following:

“Not later than 90 days after the date of the enactment of the Balanced Budget Act of 1997, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall issue interim verification guidance.”; and

(2) by adding after paragraph (2) the following new paragraph:

“(3) Not later than 90 days after the date of the enactment of the Balanced Budget Act of 1997, the Attorney General shall promulgate regulations which set forth the procedures by which a State or local government can verify whether an alien applying for a State or local public benefit is a qualified alien, a non-immigrant under the Immigration and Nationality Act, or an alien paroled into the United States under section 212(d)(5) of the Immigration and Nationality Act for less than 1 year, for purposes of determining whether the alien is ineligible for benefits under section 411 of this Act.”.

(b) **DISCLOSURE OF INFORMATION FOR VERIFICATION.**—Section 384(b) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (division C of Public Law 104-208) is amended by adding after paragraph (4) the following new paragraph:

“(5) The Attorney General is authorized to disclose information, to Federal, State, and local public and private agencies providing benefits, to be used solely in making determinations of eligibility for benefits pursuant to section 431(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.”.

8 USC 1367.

**SEC. 5573. QUALIFYING QUARTERS: DISCLOSURE OF QUARTERS OF COVERAGE INFORMATION; CORRECTION TO ASSURE THAT CREDITING APPLIES TO ALL QUARTERS EARNED BY PARENTS BEFORE CHILD IS 18.**

(a) **DISCLOSURE OF QUARTERS OF COVERAGE INFORMATION.**—Section 435 of the Personal Responsibility and Work Opportunity

Reconciliation Act of 1996 (8 U.S.C. 1645) is amended by adding at the end the following: "Notwithstanding section 6103 of the Internal Revenue Code of 1986, the Commissioner of Social Security is authorized to disclose quarters of coverage information concerning an alien and an alien's spouse or parents to a government agency for the purposes of this title."

(b) CORRECTION TO ASSURE THAT CREDITING APPLIES TO ALL QUARTERS EARNED BY PARENTS BEFORE CHILD IS 18.—Section 435(1) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1645(1)) is amended by striking "while the alien was under age 18," and inserting "before the date on which the alien attains age 18,".

**SEC. 5574. STATUTORY CONSTRUCTION: BENEFIT ELIGIBILITY LIMITATIONS APPLICABLE ONLY WITH RESPECT TO ALIENS PRESENT IN THE UNITED STATES.**

Section 433 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1643) is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d); and

(2) by adding after subsection (a) the following new subsection:

"(b) BENEFIT ELIGIBILITY LIMITATIONS APPLICABLE ONLY WITH RESPECT TO ALIENS PRESENT IN THE UNITED STATES.—Notwithstanding any other provision of this title, the limitations on eligibility for benefits under this title shall not apply to eligibility for benefits of aliens who are not residing, or present, in the United States with respect to—

"(1) wages, pensions, annuities, and other earned payments to which an alien is entitled resulting from employment by, or on behalf of, a Federal, State, or local government agency which was not prohibited during the period of such employment or service under section 274A or other applicable provision of the Immigration and Nationality Act; or

"(2) benefits under laws administered by the Secretary of Veterans Affairs."

## TITLE X—BUDGET ENFORCEMENT AND PROCESS PROVISIONS

Budget  
Enforcement Act  
of 1997.  
President.

### SEC. 10001. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This title may be cited as the “Budget Enforcement Act of 1997”. 2 USC 900 note.

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

Sec. 10001. Short title; table of contents.

#### Subtitle A—Amendments to the Congressional Budget and Impoundment Control Act of 1974

- Sec. 10101. Amendment to section 3.
- Sec. 10102. Amendments to section 201.
- Sec. 10103. Amendments to section 202.
- Sec. 10104. Amendment to section 300.
- Sec. 10105. Amendments to section 301.
- Sec. 10106. Amendments to section 302.
- Sec. 10107. Amendments to section 303.
- Sec. 10108. Amendment to section 304.
- Sec. 10109. Amendment to section 305.
- Sec. 10110. Amendments to section 308.
- Sec. 10111. Amendments to section 310.
- Sec. 10112. Amendments to section 311.
- Sec. 10113. Amendment to section 312.
- Sec. 10114. Adjustments.
- Sec. 10115. Effect of adoption of a special order of business in the House of Representatives.
- Sec. 10116. Amendment to section 401 and repeal of section 402.
- Sec. 10117. Amendments to title V.
- Sec. 10118. Repeal of title VI.
- Sec. 10119. Amendments to section 904.
- Sec. 10120. Repeal of sections 905 and 906.
- Sec. 10121. Amendments to sections 1022 and 1024.
- Sec. 10122. Amendment to section 1026.
- Sec. 10123. Senate task force on consideration of budget measures.

#### Subtitle B—Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985

- Sec. 10201. Purpose.
- Sec. 10202. General statement and definitions.
- Sec. 10203. Enforcing discretionary spending limits.
- Sec. 10204. Violent crime reduction spending.
- Sec. 10205. Enforcing pay-as-you-go.
- Sec. 10206. Reports and orders.
- Sec. 10207. Exempt programs and activities.
- Sec. 10208. General and special sequestration rules.

Sec. 10209. The baseline.  
 Sec. 10210. Technical correction.  
 Sec. 10211. Judicial review.  
 Sec. 10212. Effective date.  
 Sec. 10213. Reduction of preexisting balances and exclusion of effects of this Act from paygo scorecard.

## Subtitle A—Amendments to the Congressional Budget and Impoundment Control Act of 1974

### SEC. 10101. AMENDMENT TO SECTION 3.

2 USC 622. Section 3(9) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

“(9) The term ‘entitlement authority’ means—

“(A) the authority to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing that authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by that law; and

“(B) the food stamp program.”.

### SEC. 10102. AMENDMENTS TO SECTION 201.

2 USC 601. (a) TERM OF OFFICE.—The first sentence of section 201(a)(3) of the Congressional Budget Act of 1974 is amended to read as follows: “The term of office of the Director shall be 4 years and shall expire on January 3 of the year preceding each Presidential election.”.

(b) CONFORMING CHANGE.—Section 201(e) of the Congressional Budget Act of 1974 is amended by inserting “and” before “the Library”, by striking “and the Office of Technology Assessment.”, by inserting “and” before “the Librarian”, and by striking “, and the Technology Assessment Board”.

(c) REDESIGNATION OF EXECUTED PROVISION.—Section 201 of the Congressional Budget Act of 1974 is amended by redesignating subsection (g) (relating to revenue estimates) as subsection (f).

### SEC. 10103. AMENDMENTS TO SECTION 202.

2 USC 602. (a) ASSISTANCE TO BUDGET COMMITTEES.—The first sentence of section 202(a) of the Congressional Budget Act of 1974 is amended by inserting “primary” before “duty”.

(b) ELIMINATION OF EXECUTED PROVISION.—Section 202 of the Congressional Budget Act of 1974 is amended by striking subsection (e) and by redesignating subsections (f), (g), and (h) as subsections (e), (f), and (g), respectively.

(c) REPORTING REQUIREMENT.—The first sentence of section 202(e)(1) of the Congressional Budget Act of 1974 (as redesignated) is amended by—

(1) striking “and” before “(B)”; and

(2) inserting before the period the following: “, and (C) a statement of the levels of budget authority and outlays for each program assumed to be extended in the baseline, as provided in section 257(b)(2)(A) and for excise taxes assumed to be extended under section 257(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985”.

**SEC. 10104. AMENDMENT TO SECTION 300.**

(a) **TIMETABLE.**—The item relating to February 25 in the timetable set forth in section 300 of the Congressional Budget Act of 1974 is amended by striking “February 25” and inserting “Not later than 6 weeks after President submits budget”.

2 USC 631.

(b) **CONFORMING AMENDMENTS.**—(1) Clause 4(g) of rule X of the Rules of the House of Representatives is amended by striking “on or before February 25 of each year” and inserting “not later than 6 weeks after the President submits his budget”.

(2) Clause 3(c) of rule XLVIII of the Rules of the House of Representatives is amended by striking “On or before March 15 of each year” and inserting “Within 6 weeks after the President submits a budget under section 1105(a) of title 31, United States Code” and by striking “section 301(c)” and inserting “section 301(d)”.

**SEC. 10105. AMENDMENTS TO SECTION 301.**

(a) **TERMS OF BUDGET RESOLUTIONS.**—Section 301(a) of the Congressional Budget Act of 1974 is amended by striking “, and planning levels for each of the two ensuing fiscal years,” and inserting “and for at least each of the 4 ensuing fiscal years”.

2 USC 632.

(b) **CONTENTS OF BUDGET RESOLUTIONS.**—Paragraphs (1) and (4) of section 301(a) of the Congressional Budget Act of 1974 are amended by striking “, budget outlays, direct loan obligations, and primary loan guarantee commitments” each place it appears and inserting “and outlays”.

(c) **ADDITIONAL MATTERS.**—Section 301(b) of the Congressional Budget Act of 1974 is amended by—

(1) striking paragraph (7) and inserting the following:

“(7) set forth procedures in the Senate whereby committee allocations, aggregates, and other levels can be revised for legislation if that legislation would not increase the deficit, or would not increase the deficit when taken with other legislation enacted after the adoption of the resolution, for the first fiscal year or the total period of fiscal years covered by the resolution;”;

(2) in paragraph 8, striking the period and inserting “; and”; and

(3) adding the following new paragraph:

“(9) set forth direct loan obligation and primary loan guarantee commitment levels.”

(d) **VIEWS AND ESTIMATES.**—The first sentence of section 301(d) of the Congressional Budget Act of 1974 is amended by inserting “or at such time as may be requested by the Committee on the Budget,” after “Code.”

(e) **HEARINGS AND REPORT.**—Section 301(e) of the Congressional Budget Act of 1974 is amended—

(1) by striking “In developing” and inserting the following:

“(1) **IN GENERAL.**—In developing”; and

(2) by striking the sentence beginning with “The report accompanying” and all that follows through the end of the subsection and inserting the following:

“(2) **REQUIRED CONTENTS OF REPORT.**—The report accompanying the resolution shall include—

“(A) a comparison of the levels of total new budget authority, total outlays, total revenues, and the surplus or deficit for each fiscal year set forth in the resolution

with those requested in the budget submitted by the President;

“(B) with respect to each major functional category, an estimate of total new budget authority and total outlays, with the estimates divided between discretionary and mandatory amounts;

“(C) the economic assumptions that underlie each of the matters set forth in the resolution and any alternative economic assumptions and objectives the committee considered;

“(D) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the resolution;

“(E) the estimated levels of tax expenditures (the tax expenditures budget) by major items and functional categories for the President’s budget and in the resolution; and

“(F) allocations described in section 302(a).

“(3) ADDITIONAL CONTENTS OF REPORT.—The report accompanying the resolution may include—

“(A) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments;

“(B) an allocation of the level of Federal revenues recommended in the resolution among the major sources of such revenues;

“(C) information, data, and comparisons on the share of total Federal budget outlays and of gross domestic product devoted to investment in the budget submitted by the President and in the resolution;

“(D) the assumed levels of budget authority and outlays for public buildings, with a division between amounts for construction and repair and for rental payments; and

“(E) other matters, relating to the budget and to fiscal policy, that the committee deems appropriate.”.

2 USC 632. (f) SOCIAL SECURITY CORRECTIONS.—(1) Section 301(i) of the Congressional Budget Act of 1974 is amended by—

(A) inserting “SOCIAL SECURITY POINT OF ORDER.—” after “(i)”; and

(B) striking “as reported to the Senate” and inserting “(or amendment, motion, or conference report on the resolution)”; and

108 Stat. 5092. (2) Section 22 of House Concurrent Resolution 218 (103d Congress) is repealed.

#### SEC. 10106. AMENDMENTS TO SECTION 302.

2 USC 633. (a) ALLOCATIONS AND SUBALLOCATIONS.—Section 302 of the Congressional Budget Act of 1974 is amended by striking subsections (a) and (b) and inserting the following:

“(a) COMMITTEE SPENDING ALLOCATIONS.—

“(1) ALLOCATION AMONG COMMITTEES.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an allocation, consistent with the resolution recommended in the conference report, of the levels for the first fiscal year of the resolution, for at least each of the ensuing 4 fiscal years, and a total

for that period of fiscal years (except in the case of the Committee on Appropriations only for the fiscal year of that resolution) of—

“(A) total new budget authority; and

“(B) total outlays;

among each committee of the House of Representatives or the Senate that has jurisdiction over legislation providing or creating such amounts.

“(2) NO DOUBLE COUNTING.—In the House of Representatives, any item allocated to one committee may not be allocated to another committee.

“(3) FURTHER DIVISION OF AMOUNTS.—

“(A) IN THE SENATE.—In the Senate, the amount allocated to the Committee on Appropriations shall be further divided among the categories specified in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 and shall not exceed the limits for each category set forth in section 251(c) of that Act.

“(B) IN THE HOUSE.—In the House of Representatives, 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 shall be further divided—

“(i) between discretionary and mandatory amounts or programs, as appropriate; and

“(ii) consistent with the categories specified in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985.

“(4) AMOUNTS NOT ALLOCATED.—In the House of Representatives or the Senate, if a committee receives no allocation of new budget authority or outlays, that committee shall be deemed to have received an allocation equal to zero for new budget authority or outlays.

“(5) ADJUSTING ALLOCATION OF DISCRETIONARY SPENDING IN THE HOUSE OF REPRESENTATIVES.—(A) 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, an allocation under paragraph (1) to the Committee on Appropriations consistent with the discretionary spending levels in the most recently agreed to concurrent resolution on the budget for the appropriate fiscal year covered by that resolution.

“(B) As soon as practicable after an allocation under paragraph (1) is submitted under this section, the Committee on Appropriations shall make suballocations and report those suballocations to the House of Representatives.

“(b) SUBALLOCATIONS BY APPROPRIATIONS COMMITTEES.—As soon as practicable after a concurrent resolution on the budget 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) among its subcommittees. Each Committee on Appropriations shall promptly report to its House suballocations made or revised under this subsection. The Committee on

Appropriations of the House of Representatives shall further divide among its subcommittees the divisions made under subsection (a)(3)(B) and promptly report those divisions to the House.”

2 USC 633.

(b) POINT OF ORDER.—Section 302(c) of the Congressional Budget Act of 1974 is amended to read as follows:

“(c) POINT OF ORDER.—After the Committee on Appropriations has received an allocation pursuant to subsection (a) for a fiscal year, it shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report within the jurisdiction of that committee providing new budget authority for that fiscal year, until that committee makes the suballocations required by subsection (b).”

(c) ENFORCEMENT OF POINT OF ORDER.—

(1) IN THE HOUSE.—Section 302(f)(1) of the Congressional Budget Act of 1974 is amended by—

(A) striking “providing new budget authority for such fiscal year or new entitlement authority effective during such fiscal year” and inserting “providing new budget authority for any fiscal year”; and

(B) striking “appropriate allocation made pursuant to subsection (b)” and all that follows through “exceeded.” and inserting “applicable allocation of new budget authority made under subsection (a) or (b) for the first fiscal year or the total of fiscal years to be exceeded.”

(2) IN THE SENATE.—Section 302(f)(2) of the Congressional Budget Act of 1974 is amended to read as follows:

“(2) IN THE SENATE.—After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause—

“(A) in the case of any committee except the Committee on Appropriations, the applicable allocation of new budget authority or outlays under subsection (a) for the first fiscal year or the total of fiscal years to be exceeded; or

“(B) in the case of the Committee on Appropriations, the applicable suballocation of new budget authority or outlays under subsection (b) to be exceeded.”

(d) PAY-AS-YOU-GO EXCEPTION IN THE HOUSE.—Section 302(g) of the Congressional Budget Act of 1974 is amended to read as follows:

“(g) PAY-AS-YOU-GO EXCEPTION IN THE HOUSE.—

“(1) IN GENERAL.—(A) Subsection (f)(1) and, after April 15, section 303(a) shall not apply to any bill or joint resolution, as reported, amendment thereto, or conference report thereon if, for each fiscal year covered by the most recently agreed to concurrent resolution on the budget—

“(i) the enactment of that bill or resolution as reported;

“(ii) the adoption and enactment of that amendment;

or

“(iii) the enactment of that bill or resolution in the form recommended in that conference report, would not increase the deficit, 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.

“(B) Section 311(a), as that section applies to revenues, 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—

- “(i) the enactment of that bill or resolution as reported;
- “(ii) the adoption and enactment of that amendment;

or

“(iii) the enactment of that bill or resolution in the form recommended in that conference report, would not increase the deficit, and, if the sum of any outlay reductions provided in legislation already enacted during the current session (when added to outlay reductions, if any, in excess of any revenue reduction 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 outlays should be reduced as required by that concurrent resolution and the amount, if any, by which outlays are to be reduced 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 subsection (f)(1) but for the exception provided in paragraph (1)(A) or would have been subject to a point of order under section 311(a) but for the exception provided in paragraph (1)(B), the chairman of the committee on the Budget of the House of Representatives shall 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. 10107. AMENDMENTS TO SECTION 303.**

(a) IN GENERAL.—Section 303 of the Congressional Budget Act of 1974 is amended to read as follows:

2 USC 634.

“CONCURRENT RESOLUTION ON THE BUDGET MUST BE ADOPTED  
BEFORE BUDGET-RELATED LEGISLATION IS CONSIDERED

“SEC. 303. (a) IN GENERAL.—Until the concurrent resolution on the budget for a fiscal year has been agreed to, it shall not be in order in the House of Representatives, with respect to the first fiscal year covered by that resolution, or the Senate, with respect to any fiscal year covered by that resolution, to consider any bill or joint resolution, amendment or motion thereto, or conference report thereon that—

- “(1) first provides new budget authority for that fiscal year;
- “(2) first provides an increase or decrease in revenues during that fiscal year;

“(3) provides an increase or decrease in the public debt limit to become effective during that fiscal year;

“(4) in the Senate only, first provides new entitlement authority for that fiscal year; or

“(5) in the Senate only, first provides for an increase or decrease in outlays for that fiscal year.

“(b) EXCEPTIONS IN THE HOUSE.— In the House of Representatives, subsection (a) does not apply—

“(1)(A) to any bill or joint resolution, as reported, providing advance discretionary new budget authority that first becomes available for the first or second fiscal year after the budget year; or

“(B) to any bill or joint resolution, as reported, first increasing or decreasing revenues in a fiscal year following the fiscal year to which the concurrent resolution applies;

“(2) after May 15, to any general appropriation bill or amendment thereto; or

“(3) to any bill or joint resolution unless it is reported by a committee.

“(c) APPLICATION TO APPROPRIATION MEASURES IN THE SENATE.—

“(1) IN GENERAL.—Until the concurrent resolution on the budget for a fiscal year has been agreed to and an allocation has been made to the Committee on Appropriations of the Senate under section 302(a) for that year, it shall not be in order in the Senate to consider any appropriation bill or joint resolution, amendment or motion thereto, or conference report thereon for that year or any subsequent year.

“(2) EXCEPTION.—Paragraph (1) does not apply to appropriations legislation making advance appropriations for the first or second fiscal year after the year the allocation referred to in that paragraph is made.”

(b) CONFORMING AMENDMENT.—The item relating to section 303 in the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

“Sec. 303. Concurrent resolution on the budget must be adopted before budget-related legislation is considered.”

**SEC. 10108. AMENDMENT TO SECTION 304.**

2 USC 635. Section 304 of the Congressional Budget Act of 1974 is amended by—

- (1) striking “(a) IN GENERAL.—”; and
- (2) striking subsection (b).

**SEC. 10109. AMENDMENT TO SECTION 305.**

2 USC 636. (a) BUDGET ACT.—Section 305(a)(1) of the Congressional Budget Act of 1974 is amended to read as follows:

“(1) When a concurrent resolution on the budget has been reported by the Committee on the Budget of the House of Representatives and has been referred to the appropriate calendar of the House, it shall be in order on any day thereafter, subject to clause 2(1)(6) of rule XI of the Rules of the House of Representatives, to move to proceed to the consideration of the concurrent resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not

in order and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.”

(b) CONFORMING AMENDMENT IN THE HOUSE.—The first sentence of clause 2(1)(6) of rule XI of the Rules of the House of Representatives is amended by striking “, or as provided by section 305(a)(1)” and all that follows thereafter through “under that section”.

**SEC. 10110. AMENDMENTS TO SECTION 308.**

Section 308 of the Congressional Budget Act of 1974 is amended— 2 USC 639.

(1)(A) in the heading of subsection (a), by striking “, NEW SPENDING AUTHORITY, OR NEW CREDIT AUTHORITY,”;

(B) in subsection (a)(1), by striking subparagraph (B) and by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(C) in subsection (a)(1)(B) (as redesignated), by striking “spending authority” through “commitments” and inserting “revenues, or tax expenditures”; and

(D) in paragraphs (1) and (2) of subsection (a), by striking “, new spending authority described in section 401(c)(2), or new credit authority,” each place it appears;

(2) in subsection (b)(1), by striking “, new spending authority described in section 401(c)(2), or new credit authority,”;

(3) in subsection (c), by inserting “and” after the semicolon at the end of paragraph (3), by striking “; and” at the end of paragraph (4) and inserting a period; and by striking paragraph (5); and

(4) by inserting “joint” before “resolution” each place it appears except when “concurrent”, “such”, or “reconciliation” precedes “resolution” and, in subsection (b)(1), by inserting “joint” before “resolutions” each place it appears.

**SEC. 10111. AMENDMENTS TO SECTION 310.**

Section 310(c)(1)(A) of the Congressional Budget Act of 1974 is amended— 2 USC 641.

(1) by striking “20 percent” the first place it appears and all that follows thereafter through “, and” and inserting the following:

“(I) in the Senate, 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection; or

“(II) in the House of Representatives, 20 percent of the sum of the absolute value of the changes the committee was directed to make under paragraph (1) and the absolute value of the changes the committee was directed to make under paragraph (2); and”; and

(2) by striking “20 percent” the second place it appears and all that follows thereafter through “; and” and inserting the following:

“(I) in the Senate, 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection; or

“(II) in the House of Representatives, 20 percent of the sum of the absolute value of the changes the committee was directed to make under paragraph (1)

and the absolute value of the changes the committee was directed to make under paragraph (2); and”.

**SEC. 10112. AMENDMENTS TO SECTION 311.**

2 USC 642. (a) IN GENERAL.—Section 311 of the Congressional Budget Act of 1974 is amended to read as follows:

**“BUDGET-RELATED LEGISLATION MUST BE WITHIN APPROPRIATE LEVELS**

**“SEC. 311. (a) ENFORCEMENT OF BUDGET AGGREGATES.—**

**“(1) IN THE HOUSE OF REPRESENTATIVES.—**Except as provided by subsection (c), after the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in the House of Representatives to consider any bill, joint resolution, amendment, motion, or conference report providing new budget authority or reducing revenues, if—

- “(A) the enactment of that bill or resolution as reported;**
- “(B) the adoption and enactment of that amendment;**

or

**“(C) the enactment of that bill or resolution in the form recommended in that conference report;** would cause the level of total new budget authority or total outlays set forth in the applicable concurrent resolution on the budget for the first fiscal year to be exceeded, or would cause revenues to be less than the level of total revenues set forth in that concurrent resolution for the first fiscal year or for the total of that first fiscal year and the ensuing fiscal years for which allocations are provided under section 302(a), except when a declaration of war by the Congress is in effect.

**“(2) IN THE SENATE.—**After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that—

**“(A) would cause the level of total new budget authority or total outlays set forth for the first fiscal year in the applicable resolution to be exceeded; or**

**“(B) would cause revenues to be less than the level of total revenues set forth for that first fiscal year or for the total of that first fiscal year and the ensuing fiscal years in the applicable resolution for which allocations are provided under section 302(a).**

**“(3) ENFORCEMENT OF SOCIAL SECURITY LEVELS IN THE SENATE.—**After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause a decrease in social security surpluses or an increase in social security deficits relative to the levels set forth in the applicable resolution for the first fiscal year or for the total of that fiscal year and the ensuing fiscal years for which allocations are provided under section 302(a).

**“(b) SOCIAL SECURITY LEVELS.—**

**“(1) IN GENERAL.—**For purposes of subsection (a)(3), social security surpluses equal the excess of social security revenues over social security outlays in a fiscal year or years with such an excess and social security deficits equal the excess of social

security outlays over social security revenues in a fiscal year or years with such an excess.

“(2) TAX TREATMENT.—For purposes of subsection (a)(3), no provision of any legislation involving a change in chapter 1 of the Internal Revenue Code of 1986 shall be treated as affecting the amount of social security revenues or outlays unless that provision changes the income tax treatment of social security benefits.

“(c) EXCEPTION IN THE HOUSE OF REPRESENTATIVES.—Subsection (a)(1) shall not apply in the House of Representatives to any bill, joint resolution, or amendment that provides new budget authority for a fiscal year or to any conference report on any such bill or resolution, if—

“(1) the enactment of that bill or resolution as reported;

“(2) the adoption and enactment of that amendment; or

“(3) the enactment of that bill or resolution in the form recommended in that conference report;

would not cause the appropriate allocation of new budget authority made pursuant to section 302(a) for that fiscal year to be exceeded.”

(b) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking the item relating to section 311 and inserting the following:

“Sec. 311. Budget-related legislation must be within appropriate levels.”

#### SEC. 10113. AMENDMENT TO SECTION 312.

(a) IN GENERAL.—Section 312 of the Congressional Budget Act of 1974 is amended to read as follows:

2 USC 643.

#### “DETERMINATIONS AND POINTS OF ORDER

“SEC. 312. (a) BUDGET COMMITTEE DETERMINATIONS.—For purposes of this title and title IV, the levels of new budget authority, outlays, direct spending, 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 House of Representatives or the Senate, as applicable.

“(b) DISCRETIONARY SPENDING POINT OF ORDER IN THE SENATE.—

“(1) IN GENERAL.—Except as otherwise provided in this subsection, it shall not be in order in the Senate to consider any bill or resolution (or amendment, motion, or conference report on that bill or resolution) that would exceed any of the discretionary spending limits in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985.

“(2) EXCEPTIONS.—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.

“(c) MAXIMUM DEFICIT AMOUNT 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, or to consider any amendment to that concurrent resolution, or to consider a conference report on that concurrent resolution, if—

“(1) the level of total outlays for the first fiscal year set forth in that concurrent resolution or conference report exceeds; or

“(2) the adoption of that amendment would result in a level of total outlays for that fiscal year that exceeds; the recommended level of Federal revenues for that fiscal year, by an amount that is greater than the maximum deficit amount, if any, specified in the Balanced Budget and Emergency Deficit Control Act of 1985 for that fiscal year.

“(d) TIMING OF POINTS OF ORDER IN THE SENATE.—A point of order under this Act may not be raised against a bill, resolution, amendment, motion, or conference report while an amendment or motion, the adoption of which would remedy the violation of this Act, is pending before the Senate.

“(e) 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 point of order is sustained, the effect shall be the same as if the Senate had disagreed to the amendment.

“(f) EFFECT OF A POINT OF ORDER IN THE SENATE.—In the Senate, if a point of order under this Act against a bill or resolution is sustained, the Presiding Officer shall then recommit the bill or resolution to the committee of appropriate jurisdiction for further consideration.”

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

2 USC 644.

(1) IN GENERAL.—Section 313 of the Congressional Budget Act of 1974 is amended—

(A) by striking “(c) When” and inserting “(d) CONFERENCE REPORTS.—When”; and

(B) by striking subsection (e) and redesignating subsection (d) as subsection (e).

(2) TABLE OF CONTENTS.—The item relating to section 312 in the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “Effect of points” and inserting “Determinations and points”.

#### SEC. 10114. ADJUSTMENTS.

(a) IN GENERAL.—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

##### “ADJUSTMENTS

2 USC 645.

“SEC. 314. (a) ADJUSTMENTS.—

“(1) IN GENERAL.—After the reporting of a bill or joint resolution, the offering of an amendment thereto, or the submission of a conference report thereon, the chairman of the Committee on the Budget of the House of Representatives or the Senate shall make the adjustments set forth in paragraph (2) for the amount of new budget authority in that measure (if that measure meets the requirements set forth in subsection (b)) and the outlays flowing from that budget authority.

“(2) MATTERS TO BE ADJUSTED.—The adjustments referred to in paragraph (1) are to be made to—

“(A) the discretionary spending limits, if any, set forth in the appropriate concurrent resolution on the budget;

“(B) the allocations made pursuant to the appropriate concurrent resolution on the budget pursuant to section 302(a); and

“(C) the budgetary aggregates as set forth in the appropriate concurrent resolution on the budget.

“(b) AMOUNTS OF ADJUSTMENTS.—The adjustment referred to in subsection (a) shall be—

“(1) an amount provided and designated as an emergency requirement pursuant to section 251(b)(2)(A) or 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985;

“(2) an amount provided for continuing disability reviews subject to the limitations in section 251(b)(2)(C) of that Act;

“(3) for any fiscal year through 2002, an amount provided that is the dollar equivalent of the Special Drawing Rights with respect to—

“(A) an increase in the United States quota as part of the International Monetary Fund Eleventh General Review of Quotas (United States Quota); or

“(B) any increase in the maximum amount available to the Secretary of the Treasury pursuant to section 17 of the Bretton Woods Agreements Act, as amended from time to time (New Arrangements to Borrow);

“(4) an amount provided not to exceed \$1,884,000,000 for the period of fiscal years 1998 through 2000 for arrearages for international organizations, international peacekeeping, and multilateral development banks; or

“(5) an amount provided for an earned income tax credit compliance initiative but not to exceed—

“(A) with respect to fiscal year 1998, \$138,000,000 in new budget authority;

“(B) with respect to fiscal year 1999, \$143,000,000 in new budget authority;

“(C) with respect to fiscal year 2000, \$144,000,000 in new budget authority;

“(D) with respect to fiscal year 2001, \$145,000,000 in new budget authority; and

“(E) with respect to fiscal year 2002, \$146,000,000 in new budget authority.

“(c) APPLICATION OF ADJUSTMENTS.—The adjustments made pursuant to subsection (a) for legislation shall—

“(1) apply while that legislation is under consideration;

“(2) take effect upon the enactment of that legislation;

and

“(3) be published in the Congressional Record as soon as practicable.

“(d) REPORTING REVISED SUBALLOCATIONS.—Following any adjustment made under subsection (a), the Committees on Appropriations of the Senate and the House of Representatives may report appropriately revised suballocations under section 302(b) to carry out this section.

“(e) DEFINITIONS FOR CDRs.—As used in subsection (b)(2)—

“(1) the term ‘continuing disability reviews’ shall have the same meaning as provided in section 251(b)(2)(C)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985; and

“(2) the term ‘new budget authority’ shall have the same meaning as the term ‘additional new budget authority’ and

Congressional  
Record,  
publication.

the term 'outlays' shall have the same meaning as 'additional outlays' in that section."

(b) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 313 the following new item:

"Sec. 314. Adjustments."

**SEC. 10115. EFFECT OF ADOPTION OF A SPECIAL ORDER OF BUSINESS IN THE HOUSE OF REPRESENTATIVES.**

(a) EFFECT OF POINTS OF ORDER.—Title III of the Congressional Budget Act of 1974 is amended by adding after section 314 the following new section:

2 USC 645a.

"EFFECT OF ADOPTION OF A SPECIAL ORDER OF BUSINESS IN THE HOUSE OF REPRESENTATIVES

"SEC. 315. For purposes of a reported bill or joint resolution considered in the House of Representatives pursuant to a special order of business, the term 'as reported' in this title or title IV shall be considered to refer to the text made in order as an original bill or joint resolution for the purpose of amendment or to the text on which the previous question is ordered directly to passage, as the case may be."

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 314 the following new item:

"Sec. 315. Effect of adoption of a special order of business in the House of Representatives."

**SEC. 10116. AMENDMENT TO SECTION 401 AND REPEAL OF SECTION 402.**

(a) SECTION 401.—

2 USC 651.

(1) CONTROLS.—Section 401 of the Congressional Budget Act of 1974 is amended by—

(A) striking the heading and inserting the following:

"BUDGET-RELATED LEGISLATION NOT SUBJECT TO APPROPRIATIONS";  
and

(B) striking subsection (a) and inserting the following:

"(a) CONTROLS ON CERTAIN BUDGET-RELATED LEGISLATION NOT SUBJECT TO APPROPRIATIONS.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or joint resolution (in the House of Representatives only, as reported), amendment, motion, or conference report that provides—

"(1) new authority to enter into contracts under which the United States is obligated to make outlays;

"(2) new authority to incur indebtedness (other than indebtedness incurred under chapter 31 of title 31 of the United States Code) for the repayment of which the United States is liable; or

"(3) new credit authority;

unless that bill, joint resolution, amendment, motion, or conference report also provides that the new authority is to be effective for any fiscal year only to the extent or in the amounts provided in advance in appropriation Acts."

(2) POINT OF ORDER.—Section 401(b) of the Congressional Budget Act of 1974 is amended—

2 USC 651.

(A) by inserting “new” before “entitlement” in the heading;

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

“(1) POINT OF ORDER.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or joint resolution (in the House of Representatives only, as reported), amendment, motion, or conference report that provides new entitlement authority that is to become effective during the current fiscal year.”; and

(C) in paragraph (2)—

(i) by striking “new spending authority described in subsection (c)(2)(C)” and inserting “new entitlement authority”; and

(ii) by striking “of that House” and inserting “of the Senate or may then be referred to the Committee on Appropriations of the House, as the case may be.”.

(3) DEFINITIONS.—Section 401 of the Congressional Budget Act of 1974 is amended by striking subsection (c).

(4) EXCEPTIONS.—Section 401(d) of the Congressional Budget Act of 1974 is amended—

(A) in paragraph (1), by striking “new spending authority if the budget authority for outlays which result from such new spending authority is derived” and inserting “new authority described in those subsections if outlays from that new authority will flow”;

(B) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(C) in paragraph (2), as redesignated, by striking “new spending authority” and inserting “new authority described in those subsections”.

(5) REDESIGNATION.—Subsection (d) of section 401 of the Congressional Budget Act of 1974 is redesignated as subsection (c).

(6) CONFORMING AMENDMENTS.—(A) Clause 1(b)(4) of rule X of the Rules of the House of Representatives is amended to read as follows:

“(4) The amount of new authority to enter into contracts under which the United States is obligated to make outlays, the budget authority for which is not provided in advance by appropriation Acts; new authority to incur indebtedness (other than indebtedness incurred under chapter 31 of title 31 of the United States Code) for the repayment of which the United States is liable, the budget authority for which is not provided in advance by appropriation Acts; new entitlement authority as defined in section 3(9) of the Congressional Budget Act of 1974, including bills and resolutions (reported by other committees) which provide new entitlement authority as defined in section 3(9) of the Congressional Budget Act of 1974 and are referred to the committee under clause 4(a); authority to forego the collection by the United States of proprietary offsetting receipts, the budget authority for which is not provided in advance by appropriation Acts to offset such foregone receipts; and authority to make payments by the United States (including loans, grants, and payments from

revolving funds) other than those covered by this subparagraph, the budget authority for which is not provided in advance by appropriation Acts.”

(B) Clause 4(a)(2) of rule X of the Rules of the House of Representatives is amended by striking “new spending authority described in section 401(c)(2)(C)” and inserting “new entitlement authority as defined in section 3(9)” and by striking “total amount of new spending authority” and inserting “total amount of new entitlement authority”.

(C) Clause 2(1)(3) of rule XI of the Rules of the House of Representatives is amended by striking “new spending authority as described in section 401(c)(2)” and by inserting “new entitlement authority as defined in section 3(9)”.

2 USC 652. (b) REPEALER OF SECTION 402.—Section 402 of the Congressional Budget Act of 1974 is repealed.

(c) CONFORMING AMENDMENTS.—

2 USC 653-656. (1) REDESIGNATION.—Sections 403 through 407 of the Congressional Budget Act of 1974 are redesignated as sections 402 through 406, respectively.

2 USC 654. (2) GAO ANALYSIS.—Section 404 (as redesignated) of the Congressional Budget Act of 1974 is amended by striking “spending authority as described by section 401(c)(2) and which provide permanent appropriations,” and inserting “mandatory spending”.

(3) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by—

(A) striking the item for section 401 and inserting the following:

“Sec. 401. Budget-related legislation not subject to appropriations.”; and

(B) striking the item relating to section 402 and redesignating the items relating to sections 403 through 407 as the items relating to sections 402 through 406, respectively.

(4) CONFORMING AMENDMENTS.—(A) Clause 2(1)(3) of rule XI of the Rules of the House of Representatives is amended by striking “section 403” and inserting “section 402”.

(B) Clause 7(d) of rule XIII of the Rules of the House of Representatives is amended by striking “section 403” and inserting “section 402”.

Loans.

**SEC. 10117. AMENDMENTS TO TITLE V.**

2 USC 661a. (a) SECTION 502.—Section 502 of the Federal Credit Reform Act of 1990 is amended as follows:

(1) In the second sentence of paragraph (1), insert “and financing arrangements that defer payment for more than 90 days, including the sale of a government asset on credit terms” before the period.

(2) In paragraph (5)(A), insert “or modification thereof” before the first comma.

(3) In paragraph (5), strike subparagraphs (B) and (C) and insert the following:

“(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 estimated 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;

including the effects of changes in loan terms resulting from the exercise by the borrower of an option included in the loan contract.

“(C) The cost of a loan guarantee shall be the net present value, at the time when the guaranteed loan is disbursed, of the following estimated cash flows:

“(i) payments by the Government to cover defaults and delinquencies, interest subsidies, or other payments; and

“(ii) payments to the Government including origination and other fees, penalties and recoveries; including the effects of changes in loan terms resulting from the exercise by the guaranteed lender of an option included in the loan guarantee contract, or by the borrower of an option included in the guaranteed loan contract.”.

(4) In paragraph (5), amend subparagraph (D) to read as follows:

“(D) The cost of a modification is the difference between the current estimate of the net present value of the remaining cash flows under the terms of a direct loan or loan guarantee contract, and the current estimate of the net present value of the remaining cash flows under the terms of the contract, as modified.”.

(5) In paragraph (5)(E), insert “the cash flows of” after “to”.

(6) In paragraph (5), by adding at the end the following:

“(F) When funds are obligated for a direct loan or loan guarantee, the estimated cost shall be based on the current assumptions, adjusted to incorporate the terms of the loan contract, for the fiscal year in which the funds are obligated.”.

(7) Redesignate paragraph (9) as paragraph (11) and after paragraph (8) add the following new paragraphs:

“(9) The term ‘modification’ means any Government action that alters the estimated cost of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment) from the current estimate of cash flows. This includes the sale of loan assets, with or without recourse, and the purchase of guaranteed loans. This also includes any action resulting from new legislation, or from the exercise of administrative discretion under existing law, that directly or indirectly alters the estimated cost of outstanding direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments) such as a change in collection procedures.

“(10) The term ‘current’ has the same meaning as in section 250(c)(9) of the Balanced Budget and Emergency Deficit Control Act of 1985.”.

(b) SECTION 504.—Section 504 of the Federal Credit Reform Act of 1990 is amended as follows:

(1) Amend subsection (b)(1) to read as follows:

“(1) new budget authority to cover their costs is provided in advance in an appropriations Act;”.

(2) In subsection (b)(2), strike “is enacted” and insert “has been provided in advance in an appropriations Act”.

(3) In subsection (c), strike “Subsection (b)” and insert “Subsections (b) and (e)”.

(4) In subsection (d)(1), strike “directly or indirectly alter the costs of outstanding direct loans and loan guarantees” and insert “modify outstanding direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments)”.

(5) Amend subsection (e) to read as follows:

“(e) MODIFICATIONS.—An outstanding direct loan (or direct loan obligation) or loan guarantee (or loan guarantee commitment) shall not be modified in a manner that increases its costs unless budget authority for the additional cost has been provided in advance in an appropriations Act.”.

2 USC 661d.

(c) SECTION 505.—Section 505 of the Federal Credit Reform Act of 1990 is amended as follows:

(1) In subsection (c), by inserting before the period at the end of the second sentence the following: “, except that the rate of interest charged by the Secretary on lending to financing accounts (including amounts treated as lending to financing accounts by the Federal Financing Bank (hereinafter in this subsection referred to as the ‘Bank’) pursuant to section 406(b) and the rate of interest paid to financing accounts on uninvested balances in financing accounts shall be the same as the rate determined pursuant to section 502(5)(E). For guaranteed loans financed by the Bank and treated as direct loans by a Federal agency pursuant to section 406(b), any fee or interest surcharge (the amount by which the interest rate charged exceeds the rate determined pursuant to section 502(5)(E)) that the Bank charges to a private borrower pursuant to section 6(c) of the Federal Financing Bank Act of 1973 shall be considered a cash flow to the Government for the purposes of determining the cost of the direct loan pursuant to section 502(5). All such amounts shall be credited to the appropriate financing account. The Bank is authorized to require reimbursement from a Federal agency to cover the administrative expenses of the Bank that are attributable to the direct loans financed for that agency. All such payments by an agency shall be considered administrative expenses subject to section 504(g). This subsection shall apply to transactions related to direct loan obligations or loan guarantee commitments made on or after October 1, 1991”.

Applicability.

(2) In subsection (c), by striking “supersede” and inserting “supersede”.

(3) By amending subsection (d) to read as follows:

“(d) AUTHORIZATION FOR LIQUIDATING ACCOUNTS.—(1) Amounts in liquidating accounts shall be available only for payments resulting from direct loan obligations or loan guarantee commitments made prior to October 1, 1991, for—

“(A) interest payments and principal repayments to the Treasury or the Federal Financing Bank for amounts borrowed;

“(B) disbursements of loans;

“(C) default and other guarantee claim payments;

“(D) interest supplement payments;

“(E) payments for the costs of foreclosing, managing, and selling collateral that are capitalized or routinely deducted from the proceeds of sales;

“(F) payments to financing accounts when required for modifications;

“(G) administrative expenses, if—

“(i) amounts credited to the liquidating account would have been available for administrative expenses under a provision of law in effect prior to October 1, 1991; and

“(ii) no direct loan obligation or loan guarantee commitment has been made, or any modification of a direct loan or loan guarantee has been made, since September 30, 1991; or

“(H) such other payments as are necessary for the liquidation of such direct loan obligations and loan guarantee commitments.

“(2) Amounts credited to liquidating accounts in any year shall be available only for payments required in that year. Any unobligated balances in liquidating accounts at the end of a fiscal year shall be transferred to miscellaneous receipts as soon as practicable after the end of the fiscal year.

“(3) If funds in liquidating accounts are insufficient to satisfy obligations and commitments of such accounts, there is hereby provided permanent, indefinite authority to make any payments required to be made on such obligations and commitments.”

(d) SECTION 506.—Section 506 of the Federal Credit Reform Act of 1990 is amended—

(1) by striking “(a) IN GENERAL.—”;

(2) by striking “(1)” and inserting the following:

“(a) IN GENERAL.—”;

(3) by striking “(2) The” and inserting the following:

“(b) STUDY.—The”;

(4) by striking “(3)” and inserting the following:

“(c) ACCESS TO DATA.—”;

(5) in subsection (c) (as redesignated) by striking “paragraph (2)” and inserting “subsection (b)”.

2 USC 661e.

#### SEC. 10118. REPEAL OF TITLE VI.

(a) REPEALER.—Title VI of the Congressional Budget Act of 1974 is repealed.

(b) CONFORMING AMENDMENTS.—(1) The items relating to title VI of the table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 are repealed.

(2) Clause 4(h) of rule X of the Rules of the House of Representatives is amended by striking “section 302 or section 602 (in the case of fiscal years 1991 through 1995)” and inserting “section 302”.

2 USC 665 et seq.

#### SEC. 10119. AMENDMENTS TO SECTION 904.

(a) CONFORMING AMENDMENT.—Section 904(a) of the Congressional Budget Act of 1974 is amended by striking “(except section 905)” and by striking “V, and VI (except section 601(a))” and inserting “and V”.

(b) WAIVERS.—Section 904(c) of the Congressional Budget Act of 1974 is amended to read as follows:

“(c) WAIVERS.—

“(1) PERMANENT.—Sections 305(b)(2), 305(c)(4), 306, 310(d)(2), 313, 904(c), and 904(d) of this Act may be waived

2 USC 621 note.

or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

“(2) TEMPORARY.—Sections 301(i), 302(c), 302(f), 310(g), 311(a), 312(b), and 312(c) of this Act and sections 258(a)(4)(C), 258A(b)(3)(C)(I), 258B(f)(1), 258B(h)(1), 258(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.”

2 USC 621 note.

(c) APPEALS.—Section 904(d) of the Congressional Budget Act of 1974 is amended to read as follows:

“(d) APPEALS.—

“(1) PROCEDURE.—Appeals in the Senate from the decisions of the Chair relating to any provision of title III or IV or section 1017 shall, except as otherwise provided therein, be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, concurrent resolution, reconciliation bill, or rescission bill, as the case may be.

“(2) PERMANENT.—An affirmative vote of three-fifths of the Members, 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, 310(d)(2), 313, 904(c), and 904(d) of this Act.

“(3) TEMPORARY.—An affirmative vote of three-fifths of the Members, 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(g), 311(a), 312(b), and 312(c) of this Act and sections 258(a)(4)(C), 258A(b)(3)(C)(I), 258B(f)(1), 258B(h)(1), 258(h)(3), 258C(a)(5), and 258C(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985.”

(d) EXPIRATION OF SUPERMAJORITY VOTING REQUIREMENTS.—Section 904 of the Congressional Budget Act of 1974 is amended by adding at the end the following:

“(e) EXPIRATION OF CERTAIN SUPERMAJORITY VOTING REQUIREMENTS.—Subsections (c)(2) and (d)(3) shall expire on September 30, 2002.”

#### SEC. 10120. REPEAL OF SECTIONS 905 AND 906.

2 USC 621 note,  
632 note.

(a) REPEALER.—Sections 905 and 906 of the Congressional Budget Act of 1974 are repealed.

(b) CONFORMING AMENDMENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking the items relating to sections 905 and 906.

#### SEC. 10121. AMENDMENTS TO SECTIONS 1022 AND 1024.

2 USC 691a.

(a) SECTION 1022.—Section 1022(b)(1)(F) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “section 601” and inserting “section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985”.

2 USC 691c.

(b) SECTION 1024.—Section 1024(a)(1)(B) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “section 601(a)(2)” and inserting “section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985”.

**SEC. 10122. AMENDMENT TO SECTION 1026.**

Section 1026(7)(A)(iv) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “; and” and inserting “; or”. 2 USC 691e.

**SEC. 10123. SENATE TASK FORCE ON CONSIDERATION OF BUDGET MEASURES.**

(a) **APPOINTMENT OF MEMBERS.**—The Majority Leader and Minority Leader of the Senate shall each appoint 3 Senators to serve on a bipartisan task force to study the floor procedures for the consideration of budget resolutions and reconciliation bills in the Senate as provided in sections 305(b) and 310(e) of the Congressional Budget Act of 1974.

(b) **REPORT OF THE TASK FORCE.**—The task force shall submit its report to the Senate not later than October 8, 1997.

## **Subtitle B—Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985**

**SEC. 10201. PURPOSE.**

2 USC 900 note.

The purpose of this subtitle is to extend discretionary spending limits and pay-as-you-go requirements.

**SEC. 10202. GENERAL STATEMENT AND DEFINITIONS.**

(a) **GENERAL STATEMENT.**—Section 250(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking the first 2 sentences and inserting the following: “This part provides for budget enforcement as called for in House Concurrent Resolution 84 (105th Congress, 1st session).”.

2 USC 900.

(b) **DEFINITIONS.**—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in paragraph (1)—

(A) by striking “(but including” through “amount’ ”; and

(B) by striking “section 601 of that Act as adjusted under sections 251 and 253” and inserting “section 251”;

(2) by striking paragraph (4) and inserting the following:

“(4) The term ‘category’ means the subsets of discretionary appropriations in section 251(c). Discretionary appropriations in each of the categories shall be those designated in the joint explanatory statement accompanying the conference report on the Balanced Budget Act of 1997. New accounts or activities shall be categorized only after consultation with the committees on Appropriations and the Budget of the House of Representatives and the Senate and that consultation shall, to the extent practicable, include written communication to such committees that affords such committees the opportunity to comment before official action is taken with respect to new accounts or activities.”;

(3) by striking paragraph (6) and inserting the following:

“(6) The term ‘budgetary resources’ means new budget authority, unobligated balances, direct spending authority, and obligation limitations.”;

(4) in paragraph (9), by striking “submission of the fiscal year 1992 budget that are not included with a budget submission” and inserting “that budget submission that are not included with it”;

(5) in paragraph (14), by inserting “first 4” before “fiscal years” and by striking “through fiscal year 1995”;

(6) by striking paragraphs (17) and (20) and by redesignating paragraphs (18), (19), and (21) as paragraphs (17), (18), and (19), respectively;

(7) in paragraph (17) (as redesignated), by striking “Omnibus Budget Reconciliation Act of 1990” and inserting “Balanced Budget Act of 1997”;

(8) in paragraph (18) (as redesignated), by striking all after “expenses” and inserting “the Federal deposit insurance agencies, and other Federal agencies supervising insured depository institutions, resulting from full funding of, and continuation of, the deposit insurance guarantee commitment in effect under current estimates.”; and

(9) by striking paragraph (19) (as redesignated) and inserting the following:

“(19) The term ‘asset sale’ means the sale to the public of any asset (except for those assets covered by title V of the Congressional Budget Act of 1974), whether physical or financial, owned in whole or in part by the United States.”.

#### SEC. 10203. ENFORCING DISCRETIONARY SPENDING LIMITS.

2 USC 901. (a) EXTENSION THROUGH FISCAL YEAR 2002.—Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in the heading of subsection (a), by striking “Fiscal Years 1991-1998”;

(2) in subsection (a)(3), by striking “(h)” both places it appears and inserting “(f)”;

(3) by striking subsection (a)(7) and inserting the following: “(7) ESTIMATES.—

“(A) CBO 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.

Reports.

“(B) OMB ESTIMATES AND EXPLANATION OF DIFFERENCES.—Not later than 7 calendar days (excluding Saturdays, Sundays, and legal holidays) after the date of 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 2 estimates. If during the preparation of the report OMB determines that there is a significant difference between OMB and CBO, OMB shall consult with the Committees on the Budget of the House of Representatives and the Senate

regarding that difference and that consultation shall include, to extent practicable, written communication to those committees that affords such committees the opportunity to comment before the issuance of the report.

“(C) ASSUMPTIONS AND GUIDELINES.—OMB estimates under this paragraph shall be made using current economic and technical assumptions. OMB shall use the OMB estimates transmitted to the Congress under this paragraph. 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.

“(D) ANNUAL APPROPRIATIONS.—For purposes of this paragraph, amounts provided by annual appropriations shall include any new budget authority and outlays for the current year (if any) and the budget year in accounts for which funding is provided in that legislation that result from previously enacted legislation.”;

(4) by striking subsection (b) and inserting the following:

“(b) ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS.—

“(1) PREVIEW REPORT.—When the President submits the budget under section 1105 of title 31, United States Code, OMB shall calculate and the budget shall include adjustments to discretionary spending limits (and those limits as cumulatively adjusted) for the budget year and each outyear to reflect changes in concepts and definitions. Such changes 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 changes may only be made after consultation with the committees on Appropriations and the Budget of the House of Representatives and the Senate and that consultation shall include written communication to such committees that affords such committees the opportunity to comment before official action is taken with respect to such changes.

“(2) SEQUESTRATION REPORTS.—When OMB submits a sequestration report under section 254(e), (f), or (g) for a fiscal year, OMB shall calculate, 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 2002, as follows:

“(A) EMERGENCY APPROPRIATIONS.—If, for any fiscal year, 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 fiscal years from such appropriations. This subparagraph shall not apply to appropriations to cover agricultural crop disaster assistance.

“(B) 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 for a fiscal year is the amount of the excess but not to exceed 0.5 percent of the sum of the adjusted discretionary spending limits on outlays for that fiscal year.

“(C) CONTINUING DISABILITY REVIEWS.—(i) If a bill or joint resolution making appropriations for a fiscal year is enacted that specifies an amount for continuing disability reviews under the heading ‘Limitation on Administrative Expenses’ for the Social Security Administration, the adjustments for that fiscal year shall be the additional new budget authority provided in that Act for such reviews for that fiscal year and the additional outlays flowing from such amounts, but shall not exceed—

“(I) for fiscal year 1998, \$290,000,000 in additional new budget authority and \$338,000,000 in additional outlays;

“(II) for fiscal year 1999, \$520,000,000 in additional new budget authority and \$520,000,000 in additional outlays;

“(III) for fiscal year 2000, \$520,000,000 in additional new budget authority and \$520,000,000 in additional outlays;

“(IV) for fiscal year 2001, \$520,000,000 in additional new budget authority and \$520,000,000 in additional outlays; and

“(V) for fiscal year 2002, \$520,000,000 in additional new budget authority and \$520,000,000 in additional outlays.

“(ii) As used in this subparagraph—

“(I) the term ‘continuing disability reviews’ means reviews or redeterminations as defined under section 201(g)(1)(A) of the Social Security Act and reviews and redeterminations authorized under section 211 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996;

“(II) the term ‘additional new budget authority’ means the amount provided for a fiscal year, in excess of \$200,000,000, in an appropriations Act and specified to pay for the costs of continuing disability reviews under the heading ‘Limitation on Administrative Expenses’ for the Social Security Administration; and

“(III) the term ‘additional outlays’ means outlays, in excess of \$200,000,000 in a fiscal year, flowing from the amounts specified for continuing disability reviews under the heading ‘Limitation on Administrative Expenses’ for the Social Security Administration, including outlays in that fiscal year flowing from amounts specified in Acts enacted for prior fiscal years (but not before 1996).

“(D) ALLOWANCE FOR IMF.—If an appropriation bill or joint resolution is enacted for a fiscal year through 2002 that includes an appropriation with respect to clause (i) or (ii), the adjustment shall be the amount of budget authority in the measure that is the dollar equivalent of the Special Drawing Rights with respect to—

“(i) an increase in the United States quota as part of the International Monetary Fund Eleventh General Review of Quotas (United States Quota); or

“(ii) any increase in the maximum amount available to the Secretary of the Treasury pursuant to section 17 of the Bretton Woods Agreements Act, as amended from time to time (New Arrangements to Borrow).

“(E) ALLOWANCE FOR INTERNATIONAL ARREARAGES.—

“(i) ADJUSTMENTS.—If an appropriation bill or joint resolution is enacted for fiscal year 1998, 1999, or 2000 that includes an appropriation for arrearages for international organizations, international peacekeeping, and multilateral development banks for that fiscal year, the adjustment shall be the amount of budget authority in that measure and the outlays flowing in all fiscal years from that budget authority.

“(ii) LIMITATIONS.—The total amount of adjustments made pursuant to this subparagraph for the period of fiscal years 1998 through 2000 shall not exceed \$1,884,000,000 in budget authority.

“(F) EITC COMPLIANCE INITIATIVE.—If an appropriation bill or joint resolution is enacted for a fiscal year that includes an appropriation for an earned income tax credit compliance initiative, the adjustment shall be the amount of budget authority in that measure for that initiative and the outlays flowing in all fiscal years from that budget authority, but not to exceed—

“(i) with respect to fiscal year 1998, \$138,000,000 in new budget authority and \$131,000,000 in outlays;

“(ii) with respect to fiscal year 1999, \$143,000,000 in new budget authority and \$143,000,000 in outlays;

“(iii) with respect to fiscal year 2000, \$144,000,000 in new budget authority and \$144,000,000 in outlays;

“(iv) with respect to fiscal year 2001, \$145,000,000 in new budget authority and \$145,000,000 in outlays; and

“(v) with respect to fiscal year 2002, \$146,000,000 in new budget authority and \$146,000,000 in outlays.”.

(b) SHIFTING OF DISCRETIONARY SPENDING LIMITS INTO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new subsection:

2 USC 901.

“(c) DISCRETIONARY SPENDING LIMIT.—As used in this part, the term ‘discretionary spending limit’ means—

“(1) with respect to fiscal year 1997, for the discretionary category, the current adjusted limits of new budget authority and outlays;

“(2) with respect to fiscal year 1998—

“(A) for the defense category: \$269,000,000,000 in new budget authority and \$266,823,000,000 in outlays;

“(B) for the nondefense category: \$252,357,000,000 in new budget authority and \$282,853,000,000 in outlays; and

“(C) for the violent crime reduction category: \$5,500,000,000 in new budget authority and \$3,592,000,000 in outlays;

“(3) with respect to fiscal year 1999—

“(A) for the defense category: \$271,500,000,000 in new budget authority and \$266,518,000,000 in outlays;

“(B) for the nondefense category: \$255,699,000,000 in new budget authority and \$287,850,000,000 in outlays; and

“(C) for the violent crime reduction category: \$5,800,000,000 in new budget authority and \$4,953,000,000 in outlays;

“(4) with respect to fiscal year 2000—

“(A) for the discretionary category: \$532,693,000,000 in new budget authority and \$558,711,000,000 in outlays; and

“(B) for the violent crime reduction category: \$4,500,000,000 in new budget authority and \$5,554,000,000 in outlays;

“(5) with respect to fiscal year 2001, for the discretionary category: \$542,032,000,000 in new budget authority and \$564,396,000,000 in outlays; and

“(6) with respect to fiscal year 2002, for the discretionary category: \$551,074,000,000 in new budget authority and \$560,799,000,000 in outlays;

as adjusted in strict conformance with subsection (b).”.

(c) REPEAL OF DUPLICATIVE PROVISIONS.—Sections 201, 202, 204(b), 206, and 211 of House Concurrent Resolution 84 (105th Congress) are repealed.

#### SEC. 10204. VIOLENT CRIME REDUCTION SPENDING.

(a) SEQUESTRATION REGARDING VIOLENT CRIME REDUCTION SPENDING.—

2 USC 901a. (1) REPEAL.—Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

2 USC 900. (2) TABLE OF CONTENTS.—The item relating to section 251A in the table contents set forth in section 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

(b) CONFORMING AMENDMENT.—Section 310002 of Public Law 103-322 (42 U.S.C. 14212) is repealed.

#### SEC. 10205. ENFORCING PAY-AS-YOU-GO.

2 USC 902. Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking subsections (a) and (b) and inserting the following:

“(a) PURPOSE.—The purpose of this section is to assure that any legislation enacted before October 1, 2002, affecting direct spending or receipts that increases the deficit will trigger an offsetting sequestration.

“(b) SEQUESTRATION.—

“(1) TIMING.—Not later than 15 calendar days after the date Congress adjourns to end a session and on the same day as a sequestration (if any) under section 251 or 253, there shall be a sequestration to offset the amount of any net deficit increase caused by all direct spending and receipts legislation enacted before October 1, 2002, as calculated under paragraph (2).

“(2) CALCULATION OF DEFICIT INCREASE.—OMB shall calculate the amount of deficit increase or decrease by adding—

“(A) all OMB estimates for the budget year of direct spending and receipts legislation transmitted under subsection (d);

“(B) the estimated amount of savings in direct spending programs applicable to budget year resulting from the prior year’s sequestration under this section or section 253, if any, as published in OMB’s final sequestration report for that prior year; and

“(C) any net deficit increase or decrease in the current year resulting from all OMB estimates for the current year of direct spending and receipts legislation transmitted under subsection (d) that were not reflected in the final OMB sequestration report for the current year.”;

(2) by amending subsection (c)(1)(B), by inserting “and direct” after “guaranteed”;

(3) by amending subsection (d) to read as follows:

“(d) ESTIMATES.—

“(1) CBO ESTIMATES.—As soon as practicable after Congress completes action on any direct spending or receipts legislation, CBO shall provide an estimate to OMB of that legislation.

“(2) OMB ESTIMATES.—Not later than 7 calendar days (excluding Saturdays, Sundays, and legal holidays) after the date of enactment of any direct spending or receipts legislation, OMB shall transmit a report to the House of Representatives and to the Senate containing—

“(A) the CBO estimate of that legislation;

“(B) an OMB estimate of that legislation using current economic and technical assumptions; and

“(C) an explanation of any difference between the 2 estimates.

“(3) SIGNIFICANT DIFFERENCES.—If during the preparation of the report under paragraph (2) OMB determines that there is a significant difference between the OMB and CBO estimates, OMB shall consult with the Committees on the Budget of the House of Representatives and the Senate regarding that difference and that consultation, to the extent practicable, shall include written communication to such committees that affords such committees the opportunity to comment before the issuance of that report.

“(4) SCOPE OF ESTIMATES.—The estimates under this section shall include the amount of change in outlays or receipts for the current year (if applicable), the budget year, and each outyear excluding any amounts resulting from—

“(A) full funding of, and continuation of, the deposit insurance guarantee commitment in effect under current estimates; and

“(B) emergency provisions as designated under subsection (e).

“(5) SCOREKEEPING GUIDELINES.—OMB and CBO, after consultation with each other and the Committees on the Budget of the House of Representatives and the Senate, shall—

“(A) determine common scorekeeping guidelines; and

“(B) in conformance with such guidelines, prepare estimates under this section.”; and

(4) in subsection (e), by striking “, for any fiscal year from 1991 through 1998,” and by striking “through 1995”.

**SEC. 10206. REPORTS AND ORDERS.**

2 USC 904.

Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking subsection (c) and redesignating subsections (d) through (k) as (c) through (j), respectively;

(2) in subsection (c) (as redesignated), by striking “1998” and inserting “2002”;

(3) in subsection (d) (as redesignated), by striking “(h)” and inserting “(f)”;

(4)(A) in subsection (f)(2)(A) (as redesignated), by striking “1998” and inserting “2002”;

(B) in subsection (f)(3) (as redesignated), by striking “through 1998”; and

(C) by striking subsection (f)(4) (as redesignated) and by redesignating paragraphs (5) and (6) of that subsection as paragraphs (4) and (5), respectively; and

(5) in subsection (g) (as redesignated), by striking “(g)” each place it appears and inserting “(f)”.

**SEC. 10207. EXEMPT PROGRAMS AND ACTIVITIES.**

2 USC 905.

(a) **VETERANS PROGRAMS.**—Section 255(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In the item relating to Veterans Insurance and Indemnity, strike “Indemnity” and insert “Indemnities”.

(2) In the item relating to Veterans’ Canteen Service Revolving Fund, strike “Veterans”.

(3) In the item relating to Benefits under chapter 21 of title 38, strike “(36-0137-0-1-702)” and insert “(36-0120-0-1-701)”.

(4) In the item relating to Veterans’ compensation, strike “Veterans’ compensation” and insert “Compensation”.

(5) In the item relating to Veterans’ pensions, strike “Veterans’ pensions” and insert “Pensions”.

(6) After the last item, insert the following new items:  
“Benefits under chapter 35 of title 38, United States Code, related to educational assistance for survivors and dependents of certain veterans with service-connected disabilities (36-0137-0-1-702);

“Assistance and services under chapter 31 of title 38, United States Code, relating to training and rehabilitation for certain veterans with service-connected disabilities (36-0137-0-1-702);

“Benefits under subchapters I, II, and III of chapter 37 of title 38, United States Code, relating to housing loans for certain veterans and for the spouses and surviving spouses of certain veterans Guaranty and Indemnity Program Account (36-1119-0-1-704);

“Loan Guaranty Program Account (36-1025-0-1-704); and  
“Direct Loan Program Account (36-1024-0-1-704).”

(b) **CERTAIN PROGRAM BASES.**—Section 255(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(f) **OPTIONAL EXEMPTION OF MILITARY PERSONNEL.**—

“(1) IN GENERAL.—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) LIMITATION.—The President may not use the authority provided by paragraph (1) unless the President notifies the Congress of the manner in which such authority will be exercised on or before the date specified in section 254(a) for the budget year.”

(c) OTHER PROGRAMS AND ACTIVITIES.—(1) Section 255(g)(1)(A) of the Balanced Budget Emergency Deficit Control Act of 1985 is amended as follows: 2 USC 905.

(A) After the first item, insert the following new item:  
“Activities financed by voluntary payments to the Government for goods or services to be provided for such payments;”.

(B) Strike “Thrift Savings Fund (26-8141-0-7-602);”.

(C) In the first item relating to the Bureau of Indian Affairs, insert “Indian land and water claims settlements and” after the comma.

(D) In the second item relating to the Bureau of Indian Affairs, strike “miscellaneous” and insert “Miscellaneous” and strike “, tribal trust funds”.

(E) Strike “Claims, defense (97-0102-0-1-051);”.

(F) In the item relating to Claims, judgments, and relief acts, strike “806” and insert “808”.

(G) Strike “Coinage profit fund (20-5811-0-2-803);”.

(H) Insert “Compact of Free Association (14-0415-0-1-808);” after the item relating to the Claims, judgments, and relief acts.

(I) Insert “Conservation Reserve Program (12-2319-0-1-302);” after the item relating to the Compensation of the President.

(J) In the item relating to the Customs Service, strike “852” and insert “806”.

(K) In the item relating to the Comptroller of the Currency, insert “, Assessment funds (20-8413-0-8-373)” before the semicolon.

(L) Strike “Director of the Office of Thrift Supervision;”.

(M) Strike “Eastern Indian land claims settlement fund (14-2202-0-1-806);”.

(N) After the item relating to the Exchange stabilization fund, insert the following new items:

“Farm Credit Administration, Limitation on Administrative Expenses (78-4131-0-3-351);

“Farm Credit System Financial Assistance Corporation, interest payment (20-1850-0-1-908);”.

(O) Strike “Federal Deposit Insurance Corporation;”.

(P) In the first item relating to the Federal Deposit Insurance Corporation, insert “(51-4064-0-3-373)” before the semicolon.

(Q) In the second item relating to the Federal Deposit Insurance Corporation, insert “(51-4065-0-3-373)” before the semicolon.

(R) In the third item relating to the Federal Deposit Insurance Corporation, insert “(51-4066-0-3-373)” before the semicolon.

(S) In the item relating to the Federal Housing Finance Board, insert "(95-4039-0-3-371)" before the semicolon.

(T) In the item relating to the Federal payment to the railroad retirement account, strike "account" and insert "accounts".

(U) In the item relating to the health professions graduate student loan insurance fund, insert "program account" after "fund" and strike "(Health Education Assistance Loan Program) (75-4305-0-3-553)" and insert "(75-0340-0-1-552)".

(V) In the item relating to Higher education facilities, strike "and insurance".

(W) In the item relating to Internal revenue collections for Puerto Rico, strike "852" and insert "806".

(X) Amend the item relating to the Panama Canal Commission to read as follows:

"Panama Canal Commission, Panama Canal Revolving Fund (95-4061-0-3-403);".

(Y) In the item relating to the Medical facilities guarantee and loan fund, strike "(75-4430-0-3-551)" and insert "(75-9931-0-3-550)".

(Z) In the first item relating to the National Credit Union Administration, insert "operating fund (25-4056-0-3-373)" before the semicolon.

(AA) In the second item relating to the National Credit Union Administration, strike "central" and insert "Central" and insert "(25-4470-0-3-373)" before the semicolon.

(BB) In the third item relating to the National Credit Union Administration, strike "credit" and insert "Credit" and insert "(25-4468-0-3-373)" before the semicolon.

(CC) After the third item relating to the National Credit Union Administration, insert the following new item:

"Office of Thrift Supervision (20-4108-0-3-373);".

(DD) In the item relating to Payments to health care trust funds, strike "572" and insert "571".

(EE) Strike "Compact of Free Association, economic assistance pursuant to Public Law 99-658 (14-0415-0-1-806);".

(FF) In the item relating to Payments to social security trust funds, strike "571" and insert "651".

(GG) Strike "Payments to state and local government fiscal assistance trust fund (20-2111-0-1-851);".

(HH) In the item relating to Payments to the United States territories, strike "852" and insert "806".

(II) Strike "Resolution Funding Corporation;".

(JJ) In the item relating to the Resolution Trust Corporation, insert "Revolving Fund (22-4055-0-3-373)" before the semicolon.

(KK) After the item relating to the Tennessee Valley Authority funds, insert the following new items:

"Thrift Savings Fund;

"United States Enrichment Corporation (95-4054-0-3-271);

"Vaccine Injury Compensation (75-0320-0-1-551);

"Vaccine Injury Compensation Program Trust Fund (20-8175-0-7-551);".

(2) Section 255(g)(1)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(A) Strike “The following budget” and insert “The following Federal retirement and disability”.

(B) In the item relating to Black lung benefits, strike “lung benefits” and insert “Lung Disability Trust Fund”.

(C) In the item relating to the Court of Federal Claims Court Judges’ Retirement Fund, strike “Court of Federal”.

(D) In the item relating to Longshoremen’s compensation benefits, insert “Special workers compensation expenses,” before “Longshoremen’s”.

(E) In the item relating to Railroad retirement tier II, strike “retirement tier II” and insert “Industry Pension Fund”.

(3) Section 255(g)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

2 USC 905.

(A) Strike the following items:

“Agency for International Development, Housing, and other credit guarantee programs (72-4340-0-3-151);

“Agricultural credit insurance fund (12-4140-0-1-351);”.

(B) In the item relating to Check forgery, strike “Check” and insert “United States Treasury check”.

(C) Strike “Community development grant loan guarantees (86-0162-0-1-451);”.

(D) After the item relating to the United States Treasury Check forgery insurance fund, insert the following new item: “Credit liquidating accounts;”.

(E) Strike the following items:

“Credit union share insurance fund (25-4468-0-3-371);”.

“Economic development revolving fund (13-4406-0-3-452);”.

“Export-Import Bank of the United States, Limitation of program activity (83-4027-0-3-155);”.

“Federal Deposit Insurance Corporation (51-8419-0-8-371);”.

“Federal Housing Administration fund (86-4070-0-3-371);”.

“Federal ship financing fund (69-4301-0-3-403);”.

“Federal ship financing fund, fishing vessels (13-4417-0-3-376);”.

“Government National Mortgage Association, Guarantees of mortgage-backed securities (86-4238-0-3-371);”.

“Health education loans (75-4307-0-3-553);”.

“Indian loan guarantee and insurance fund (14-4410-0-3-452);”.

“Railroad rehabilitation and improvement financing fund (69-4411-0-3-401);”.

“Rural development insurance fund (12-4155-0-3-452);”.

“Rural electric and telephone revolving fund (12-4230-8-3-271);”.

“Rural housing insurance fund (12-4141-0-3-371);”.

“Small Business Administration, Business loan and investment fund (73-4154-0-3-376);”.

“Small Business Administration, Lease guarantees revolving fund (73-4157-0-3-376);”.

“Small Business Administration, Pollution control equipment contract guarantee revolving fund (73-4147-0-3-376);”.

“Small Business Administration, Surety bond guarantees revolving fund (73-4156-0-3-376);”.

“Department of Veterans Affairs Loan guaranty revolving fund (36-4025-0-3-704);”.

2 USC 905. (d) **LOW-INCOME PROGRAMS.**—Section 255(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) Amend the item relating to Child nutrition to read as follows:

“Child nutrition programs (with the exception of special milk programs) (12-3539-0-1-605);”.

(2) After the second item insert the following new items:

“Temporary assistance for needy families (75-1552-0-1-609);

“Contingency fund (75-1522-0-1-609);”

“Child care entitlement to States (75-1550-0-1-609);

(3) Amend the item relating to Women, infants, and children program to read as follows:

“Special supplemental nutrition program for women, infants, and children (WIC) (12-3510-0-1-605);”.

(4) After the last item add the following new item:

“Family support payments to States (75-1501-0-1-609);”.

(e) **IDENTIFICATION OF PROGRAMS.**—Section 255(i) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(i) **IDENTIFICATION OF PROGRAMS.**—For purposes of subsections (b), (g), and (h), each account is identified by the designated budget account identification code number set forth in the Budget of the United States Government 1998-Appendix, and an activity within an account is designated by the name of the activity and the identification code number of the account.”.

(f) **OPTIONAL EXEMPTION OF MILITARY PERSONNEL.**—Section 255(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 (relating to optional exemption of military personnel) is repealed.

#### **SEC. 10208. GENERAL AND SPECIAL SEQUESTRATION RULES.**

(a) **HEADINGS.**—

2 USC 906. (1) **SECTION.**—The section heading of section 256 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking “EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES” and inserting “GENERAL AND SPECIAL SEQUESTRATION RULES”.

2 USC 900. (2) **TABLE OF CONTENTS.**—The item relating to section 256 in the table contents set forth in section 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“SEC. 256. GENERAL AND SPECIAL SEQUESTRATION RULES.”.

(b) **AUTOMATIC SPENDING INCREASES.**—Section 256(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

“(b) STUDENT LOANS.—For all student loans under part B or D of title IV of the Higher Education Act of 1965 made during the period when a sequestration order under section 254 is in effect as required by section 252 or 253, origination fees under sections 438(c)(2) and 455(c) of that Act shall each be increased by 0.50 percentage point.”

(d) HEALTH CENTERS.—Section 256(e)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking the dash and all that follows thereafter and inserting “2 percent.”

(e) TREATMENT OF FEDERAL ADMINISTRATIVE EXPENSES.—Section 256(h) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in paragraph (2), by striking “joint resolution” and inserting “part”; and

(2) in paragraph (4), by striking subparagraphs (D) and (H), by redesignating subparagraphs (E), (F), (G), and (I), as subparagraphs (D), (E), (F), and (G), respectively, and by adding at the end the following new subparagraph:

“(H) Farm Credit Administration.”

(f) COMMODITY CREDIT CORPORATION.—Section 256(j) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking paragraphs (2) through (5) and inserting the following:

“(2) REDUCTION IN PAYMENTS MADE UNDER CONTRACTS.—

(A) Loan eligibility under any contract entered into with a person by the Commodity Credit Corporation prior to the time an order has been issued under section 254 shall not be reduced by an order subsequently issued. Subject to subparagraph (B), after an order is issued under such section for a fiscal year, any cash payments for loans or loan deficiencies made by the Commodity Credit Corporation shall be subject to reduction under the order.

(B) Each loan contract entered into with producers or producer cooperatives with respect to a particular crop of a commodity and subject to reduction under subparagraph (A) shall be reduced in accordance with the same terms and conditions. If some, but not all, contracts applicable to a crop of a commodity have been entered into prior to the issuance of an order under section 254, the order shall provide that the necessary reduction in payments under contracts applicable to the commodity be uniformly applied to all contracts for the next succeeding crop of the commodity, under the authority provided in paragraph (3).

“(3) DELAYED REDUCTION IN OUTLAYS PERMISSIBLE.—Notwithstanding any other provision of this title, if an order under section 254 is issued with respect to a fiscal year, any reduction under the order applicable to contracts described in paragraph (1) may provide for reductions in outlays for the account involved to occur in the fiscal year following the fiscal year to which the order applies.

“(4) UNIFORM PERCENTAGE RATE OF REDUCTION AND OTHER LIMITATIONS.—All reductions described in paragraph (2) which are required to be made in connection with an order issued under section 254 with respect to a fiscal year shall be made so as to ensure that outlays for each program, project, activity, or account involved are reduced by a percentage rate that is uniform for all such programs, projects, activities, and

accounts, and may not be made so as to achieve a percentage rate of reduction in any such item exceeding the rate specified in the order.

“(5) DAIRY PROGRAM.—Notwithstanding any other provision of this subsection, as the sole means of achieving any reduction in outlays under the milk price support program, the Secretary of Agriculture shall provide for a reduction to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use. That price reduction (measured in cents per hundred weight of milk marketed) shall occur under section 201(d)(2)(A) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the day any sequestration order is issued under section 254, and shall not exceed the aggregate amount of the reduction in outlays under the milk price support program that otherwise would have been achieved by reducing payments for the purchase of milk or the products of milk under this subsection during the applicable fiscal year.”

2 USC 906. (g) EFFECTS OF SEQUESTRATION.—Section 256(k) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In paragraph (1), strike “other than a trust or special fund account” and insert “, except as provided in paragraph (5)” before the period.

(2) Amend paragraph (6) to read as follows:

“(6) Budgetary resources sequestered in revolving, trust, and special fund accounts and offsetting collections sequestered in appropriation accounts shall not be available for obligation during the fiscal year in which the sequestration occurs, but shall be available in subsequent years to the extent otherwise provided in law.”

#### SEC. 10209. THE BASELINE.

2 USC 907. (a) IN GENERAL.—Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subsection (b)(2) by amending subparagraph (A) to read as follows:

“(A)(i) No program established by a law enacted on or before the date of enactment of the Balanced Budget Act of 1997 with estimated current year outlays greater than \$50,000,000 shall be assumed to expire in the budget year or the outyears. The scoring of new programs with estimated outlays greater than \$50,000,000 a year shall be based on scoring by the Committees on Budget or OMB, as applicable. OMB, CBO, and the Budget Committees shall consult on the scoring of such programs where there are differences between CBO and OMB.

“(ii) On the expiration of the suspension of a provision of law that is suspended under section 171 of Public Law 104-127 and that authorizes a program with estimated fiscal year outlays that are greater than \$50,000,000, for purposes of clause (i), the program shall be assumed to continue to operate in the same manner as the program operated immediately before the expiration of the suspension.”;

(2) by adding the end of subsection (b)(2) the following new subparagraph:

“(D) If any law expires before the budget year or any outyear, then any program with estimated current year outlays greater than \$50,000,000 that operates under that law shall be assumed to continue to operate under that law as in effect immediately before its expiration.”;

(3) in the second sentence of subsection (c)(5), by striking “national product fixed-weight price index” and inserting “domestic product chain-type price index”; and

(4) by striking subsection (e) and inserting the following:

“(e) ASSET SALES.—Amounts realized from the sale of an asset shall not be included in estimates under section 251, 252, or 253 if that sale would result in a financial cost to the Federal Government as determined pursuant to scorekeeping guidelines.”.

(b) PRESIDENT’S BUDGET.—Section 1105(a) of title 31, United States Code, is amended by adding at the end the following:

“(32) a statement of the levels of budget authority and outlays for each program assumed to be extended in the baseline as provided in section 257(b)(2)(A) and for excise taxes assumed to be extended under section 257(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985.”.

(c) BUDGETARY TREATMENT OF CERTAIN TRUST FUND OPERATIONS.—Section 710 of the Social Security Act (42 U.S.C. 911) is amended to read as follows:

**“BUDGETARY TREATMENT OF TRUST FUND OPERATIONS**

“SEC. 710. (a) The receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund and the taxes imposed under sections 1401 and 3101 of the Internal Revenue Code of 1986 shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government.

“(b) No provision of law enacted after the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriated funds authorized under the Social Security Act as in effect on the date of the enactment of the Balanced Budget and Emergency Deficit control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in subsection (a) or for payments from any such Trust Fund to the general fund of the Treasury.”.

**SEC. 10210. TECHNICAL CORRECTION.**

Section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985, entitled “Modification of Presidential Order”, is repealed. 2 USC 908.

**SEC. 10211. JUDICIAL REVIEW.**

Section 274 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows: 2 USC 922.

(1) Strike “252” or “252(b)” each place it occurs and insert “254”.

(2) In subsection (d)(1)(A), strike “257(i) to the extent that” and insert “256(a) if” and at the end insert “or”.

(3) In subsection (d)(1)(B), strike “new budget” and all that follows through “spending authority” and insert “budgetary resources” and strike “or” after the comma.

(4) Strike subsection (d)(1)(C).

(5) Strike subsection (f) and redesignate subsections (g) and (h) as subsections (f) and (g), respectively.

(6) In subsection (g) (as redesignated), strike “base levels of total revenues and total budget outlays, as” and insert “figures”, and strike “251(a)(2)(B) or (c)(2),” and insert “254”.

**SEC. 10212. EFFECTIVE DATE.**

2 USC 900 note. (a) EXPIRATION.—Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking “Part C of this title, section” and inserting “Sections 251, 253, 258B, and”;

(2) by striking “1995” and inserting “2002”; and

(3) by adding at the end the following new sentence: “The remaining sections of part C of this title shall expire September 30, 2006.”

(b) EXPIRATION.—Section 14002(c)(3) of the Omnibus Budget Reconciliation Act of 1993 (2 U.S.C. 900 note) is repealed.

2 USC 902 note. **SEC. 10213. REDUCTION OF PREEXISTING BALANCES AND EXCLUSION OF EFFECTS OF THIS ACT FROM PAYGO SCORECARD.**

Upon the enactment of this Act, the Director of the Office of Management and Budget shall—

(1) reduce any balances of direct spending and receipts legislation for any fiscal year under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 to zero; and

(2) not make any estimates of changes in direct spending outlays and receipts under subsection (d) of that section for any fiscal year resulting from the enactment of this Act or of the Taxpayer Relief Act of 1997.

**LEGISLATIVE HISTORY—H.R. 2015 (S. 947):**

HOUSE REPORTS: Nos. 105-149 (Comm. on the Budget) and 105-217 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 143 (1997):

June 25, considered and passed House; considered and passed Senate, amended, in lieu of S. 947.

July 30, House agreed to conference report. Senate considered conference report.

July 31, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 33 (1997):

Aug. 5, Presidential remarks and statement.

Aug. 11, Presidential remarks and special message on line item veto.

FEDERAL REGISTER, Vol. 62 (1997):

Aug. 12, Cancellation of item pursuant to Line Item Veto Act.



**Remarks on Signing the Balanced  
Budget Act of 1997 and the  
Taxpayers Relief Act of 1997**

*August 5, 1997*

Thank you very much. Mr. Speaker, Mr. Vice President, Senator Lautenberg, Members of Congress, ladies and gentlemen. We come here today, Democrats and Republicans, Congress and President, Americans of good will from all points of view and all walks of life, to celebrate a true milestone for our Nation. In a few moments I will sign into law the first balanced budget in a generation, a balanced budget that honors our values, puts our fiscal house in order, expands vistas of opportunity for all our people, and fashions a new Government to lead in a new era.

Like every generation of Americans before us, we have been called upon to renew our Nation and to restore its promise. For too long, huge, persistent, and growing budget deficits threatened to choke the opportunity that should be every American's birthright. For too long it seemed as if America would not be ready for the new century, that we would be too divided, too wedded to old arrangements and ideas. It's hard to believe now, but it wasn't so very long ago that some

people looked at our Nation and saw a setting sun.

When I became President, I determined that we must believe and make sure that America's best days were still ahead. After years in which the deficit drained our economy and dampened our spirit, in which our ability to lead the world was diminished by our inability to put our own house in order, after years in which too many people doubted whether our Nation would ever come together again to address this problem, we set off on a new economic course to cut the deficit, to create the conditions in which business could thrive, to open more foreign markets to our goods and services, to invest in our people so that all Americans would have the tools they need to make the most of their own lives.

Today, our budget deficit has been cut by more than 80 percent. It is now among the smallest in the industrialized world, as a percentage of our economy. Our businesses once again lead in world markets, now made more open, more free, more fair than ever before through our efforts. Our workers are clearly the most competitive on Earth, and we have recast our old Government so that a new one can take shape that does give our people the tools to make the most of their God-given abilities.

This year, we, Democrats and Republicans alike, were given the opportunity and the responsibility to finish the job of balancing the budget for the first time in almost 30 years and to do it in a way that prepares Americans to enter the next century stronger than ever. By large bipartisan majorities in both Houses, we have risen to that challenge.

The balanced budget I sign into law today will continue our successful economic strategy. It reflects the most fundamental values that brought us together. It will spur growth and spread opportunity. Even after we pay for tax cuts penny by penny, there will still be \$900 billion in savings, including half a trillion dollars in entitlement savings over the next 10 years. It opens the doors of college to a new generation, with the largest investment in higher education since the GI bill 50 years ago.

It makes it possible for the 13th and 14th years of college to become as universal as

high school is today. It strengthens our families with the largest expansion in health care for children since the Medicaid program 32 years ago. It modernizes Medicare and extends the life of the Trust Fund for a decade. It helps our communities to rebuild, to move a million more people from welfare to work, to bring the spark of private enterprise back to our most isolated inner-city neighborhoods. It provides the largest tax relief to help families raise their children, save for the future, and pass on their home and a dream to the next generation. These tax cuts are the equivalent of a \$1,000 raise in take-home pay for the average family with two children.

For so many Americans, what goes on here in Washington often seems abstract and remote, unrelated to their daily concerns. Well, this balanced budget deals with the big issues of the deficit and long-term economic growth in ways that respond to the practical challenges ordinary American citizens face every single day.

Because we have acted, millions of children all across this country will be able to get medicine and have their sight and hearing tested and see dentists and doctors for the first time. Millions of young Americans will be able to go on to college. Millions of Americans not so young will be able to go back to school to get the education and training they need to succeed in life. Millions of families will have more to spend on their own children's needs and upbringing. This budget is an investment in their future and in America's.

Today it should be clear to all of us, without regard to our party or our differences, that, in common, we were able to transform this era of challenge into an era of unparalleled possibility for the American people. I hope we can tap this spirit of cooperation and use it to meet and master the many challenges that remain before us.

I want to thank, in closing, the many people whose work made this day possible. I want to thank Speaker Gingrich and Senator Lott, Mr. Armev and the other Members of the House and Senate leadership, especially Senator Domenici and Senator Kasich. And let me thank Chairman Archer and Chairman Roth and the other leaders of the House and Senate committees. They were dedicated

partners. They fought hard for their priorities. I want to thank Senator Daschle and Congressman Bonior and Congressman Fazio and Congressman Hoyer and the other members of the House Democratic leadership who worked with us.

I want to thank especially Congressman Spratt and Senator Lautenberg, Congressman Rangel and the other Members of the House and Senate Democratic minority leaders in the committees for the work that they did. I thank all the Members of the Congress who are here present and the many whom they represent who are already back home, who could not be. All of them deserve our thanks, and I would like to ask the Members of the Congress who are here today to stand and be recognized and appreciated by the crowd. [Applause]

I'd like to thank the members of our budget team: Erskine Bowles, Secretary Rubin, John Hille, OMB Director Raines, Gene Sperling, Jane Yellen, Rahm Emanuel, Jack Lew, Larry Summers, Chris Jennings, and many others, especially those who work in our legislative shop, too numerous to mention, for the enormous work that they did on this agreement.

I would like to thank the First Lady, Mrs. Gore, the Vice President for their concern for the health of our children, for the mental health of the American people, and the Vice President, especially, who led the fight to protect our urban initiatives and our environmental program and the interests of legal immigrants in America. We owe to them a great deal.

Again, I say to all, I thank you. I believe that together we have fulfilled the responsibility of our generation to guarantee opportunity to the next generation, the responsibility of our generation to take America into a new century, where there is opportunity for all who are responsible enough to work for it, where we have a chance to come together across all of our differences as a great American community, where we will be able to continue to lead the world toward peace and freedom and prosperity. That is worthy work, and you have all contributed doing it.

We can say with pride and certainty that those who saw the sun setting on America

were wrong. The sun is rising on America again. And I thank you all.

NOTE: The President spoke at 11:33 a.m. on the South Lawn at the White House. H.R. 2015, the Balanced Budget Act of 1997, approved August 5, was assigned Public Law No. 105-33. H.R. 2014, the Taxpayers Relief Act of 1997, approved August 5, was assigned Public Law No. 105-34.

### **Statement on Signing the Balanced Budget Act of 1997**

*August 5, 1997*

It is with great pleasure that I have signed into law today H.R. 2015, the "Balanced Budget Act of 1997." This Act, together with the tax cut legislation that I have also signed today, implements an historic agreement that will benefit generations of Americans.

These bills will balance the budget in a way that honors our values, invests in our people, and cuts taxes for middle-class families. They are a victory for all parents who want a good education for their children and for all families working to build a secure future. This package is the best investment we can make in America's future, and it prepares our Nation for the 21st century. After decades of deficits, we have put America's fiscal house in order again.

The Balanced Budget Act of 1997 is a balanced package of spending provisions that includes targeted program cuts while it invests in America's future. It includes the following noteworthy features.

First, it strengthens our families by extending health insurance coverage to up to 5 million children. By investing \$24 billion, we will be able to provide quality medical care for these children—everything from regular check-ups to major surgery. I want every child in America to grow up healthy and strong, and this investment takes a major step toward that goal. I am also pleased that the Congress agreed to pay for this investment in our Nation's children in part with a 15-cents-a-pack tax increase on cigarettes. Not only will this new revenue help to pay for health care, it will help prevent children from taking up smoking in the first place.

Second, the bill helps finish the job of welfare reform, providing \$3 billion to move wel-

fare recipients to private sector jobs and \$1.5 billion in Food Stamp assistance for people who want to work, but cannot find a job. In addition, it keeps my promise to provide \$12 billion to restore disability and health benefits for 350,000 legal immigrants.

Third, H.R. 2015 honors our commitment to our parents by extending the life of the Medicare Trust Fund for a decade. It also provides structural reforms that will give Medicare beneficiaries more informed choices among competing health plans, authorizes a number of new anti-fraud provisions, and establishes a wide array of new preventative benefits.

The bill includes proposals to revitalize the District of Columbia. It includes my proposals to assume financial and administrative responsibility for certain District pension plans and to increase the Federal contribution to the District's Medicaid program. The revitalization measures will benefit the city and the region by reducing the city's financial burdens and improving the delivery of city services. The Federal assumption of these State-like responsibilities will enable the District Government to focus more intensively on local issues, such as education and law enforcement.

The bill also establishes a sentencing commission made up of District and Federal representatives charged with developing a Truth-in-Sentencing system. The bill also provides for the Federal Government to assume the costs and responsibilities of the District of Columbia's courts, public defender, and pretrial services systems as well as for felony offender incarceration, supervision, and parole. This assistance will strengthen the District's criminal justice system and improve public safety. Unfortunately, the Act fails to guarantee that the Justice Department's Bureau of Prisons will have the time, management flexibility, and resources needed to achieve a safe transition of responsibility for District of Columbia inmates. I look forward to working with the Congress to rectify these problems.

I am also pleased that the bill responds in part to my proposal to narrow the gap between the treatment of insular areas and States with respect to Medicaid payments, and I look forward to working with the Con-

gress to provide more equitable funding for children's health care in the insular areas.

The Department of Justice has identified a number of Establishment Clause constitutional concerns with respect to section 4454 of H.R. 2015, entitled "Coverage of Services in Religious Nonmedical Health Care Institutions Under the Medicare and Medicaid Programs," and with respect to section 4001, concerning the Medicare Plus program and treatment of religious fraternal benefit society plans. The Department of Health and Human Services will consult with the Department of Justice regarding how best to address these concerns.

Section 4422 of the bill purports to require the Secretary of Health and Human Services, to develop a legislative proposal for establishing a case-mix adjusted prospective payment system for payment of long-term care hospitals under the Medicare program. I will construe this provision in light of my constitutional duty and authority to recommend to the Congress such legislative measures as I judge necessary and expedient, and to supervise and guide my subordinates, including the review of their proposed communications to the Congress.

The bill also broadens and extends the Federal Communications Commission's authority to auction the right to use the radio and television spectrum. This authority has been a successful means of streamlining the spectrum licensing process and for facilitating the deployment of new and innovative information technologies into the market place. I remain concerned, however, about the lack of a firm date for the termination of analog broadcasting, which made it necessary to find alternative and troubling savings from the universal service fund. I am also concerned about the waiver of media concentration rules.

This legislation represents an historic compromise. Together with its companion tax cut legislation, H.R. 2015 is a monument to the progress that people of goodwill can make when they put aside partisan interests to work together for the common good and our common future. It reflects the values and aspirations of all Americans.

This summer, we had an historic opportunity to strengthen America for the 21st

century—and we have seized it. Now our Nation can move forward stronger, more vibrant, and more united than ever. For that, I am profoundly grateful.

**William J. Clinton**

The White House,  
August 5, 1997.

NOTE: H.R. 2015, approved August 5, was assigned Public Law No. 105-33.



It includes the largest increase in college aid since the GI bill, the largest increase in children's health since the creation of Medicaid over 30 years ago, tax cuts that are the equivalent of a \$1,000 raise in take-home pay for the average family with two children, and much more that is good for America.

The new balanced budget law also offers the first opportunity to use a powerful new tool to protect taxpayers: the line item veto, a tool designed to fight against waste and unjustifiable expenditures, to ensure Government works for the public interests, not the private interests.

In the past, good legislation could be cluttered up with unjustifiable or wasteful spending or tax provisions, leaving the President no choice but to sign or veto the overall legislation. With the line item veto, the President can sign an overall bill into law that cancel a particular spending project or a particular tax break that benefits only a handful of individuals or companies.

Forty-three Governors throughout our Nation already have the line item veto power. Last year I signed the Federal line item veto into law. Last month the United States Supreme Court, on procedural grounds, rejected a challenge to this authority. Today, for the first time in the history of our country, the President will use the line item veto to protect taxpayers and to ensure that national interests prevail over narrow interests.

In reaching agreement with Congress on how to balance the budget, we worked very hard to be fair to all Americans and to avoid wasting our citizens' tax dollars. For the same reason, I've asked the members of my administration to work carefully over the final legislation to identify any specific spending or tax provisions that I should consider canceling. Here's what I told the budget team.

First, any provision I cancel must be one that was not included—and let me emphasize—not included—as a part of the balanced budget agreement process with Congress. Our agreement was entered into in good faith, and I will keep it. Second, any provision I cancel must be one that benefits just a few individuals, corporations, or States at the expense of the general interest. Finally, any provision I cancel must be one that is inconsistent with good public policy. Just because

**Remarks on Line Item Vetoes of the  
Balanced Budget Act of 1997 and the  
Taxpayer Relief Act of 1997 and an  
Exchange With Reporters**

*August 11, 1997*

**The President.** Last week we took historic action to put America's economic house in order when I signed into law the first balanced budget in a generation, one that honors our values, invests in our people, prepares our Nation for the 21st century.

something benefits a small number of people doesn't necessarily mean that it hurts the public interest or the American people at large.

After careful scrutiny and numerous meetings with my staff and Cabinet members, we have found three provisions that meet those criteria. In a few moments I will use the power of the line item veto to cancel a provision that would allow financial service companies to shelter income in foreign tax havens to avoid all U.S. taxation. I will also cancel a provision that singles out New York by allowing it to tap into the Federal Treasury to reduce its State expenditures through the use of health provider tax to match Federal Medicaid dollars that are impermissible in every other State in the country and actually in existence now in several other States. No other State in the Nation would be given this provision, and it is unfair to the rest of our Nation's taxpayers to ask them to subsidize it. Finally, I will cancel a provision that, though well-intended, is poorly designed. This provision would have allowed a very limited number of agribusinesses to avoid paying capital gains taxes, possibly forever, on the sales of certain assets to farmers' cooperatives. And it could have benefited not only traditional farm co-ops but giant organizations which do not need and should not trigger the law's benefits.

Because I strongly support family farmers, farm cooperatives, and the acquisition of production facilities by co-ops, this was a very difficult decision for me. And I intend to work with Congressman Stenholm and Hulshof and Senators Daschle, Dorgan, and Conrad and other interested Members of the Congress to redesign this effort so that it is better targeted and not susceptible to abuse.

The actions I take today will save the American people hundreds of millions of dollars over the next 10 years and send a signal that the Washington rules have changed for good and for the good of the American people. From now on, Presidents will be able to say no to wasteful spending or tax loopholes, even as they say yes to vital legislation. Special interests will not be able to play the old game of slipping a provision into a massive bill in the hope that no one will notice. For the first time, the President is exercising

the power to prevent that from happening. The first balanced budget in a generation is now also the first budget in American history to be strengthened by the line item veto. And that will strengthen our country.

And now I want to go and sign these provisions.

*[The President signed the cancellation letters.]*

**Q.** Mr. President, is that the only pork you can find in that budget?

**The President.** I think that my staff is going to brief you about it, but let me say that they have—the relevant Cabinet and staff members have gone over this quite extensively. Keep in mind, the primary use of the line item veto overwhelmingly was meant to be in the appropriations process, which is not even started yet. I don't have the first appropriations bill.

There are only a few spending items in this balanced budget that are part of the so-called entitlements process, so that—for example, you had the New York Medicaid provision there on provider taxes. With regard to the taxes, there were some 79 items certified to me, but that was only because of their size, that is, the number of people affected by it. Of those 79, 30, or more were actually recommendations by the Treasury Department to fix flaws in the present laws or to ease the transitions in the tax laws. And another dozen or more were put in by Congress by agreement with the Treasury Department to fix procedural problems in the law. Then there were a number of others that I agreed were good policy. So these are the ones that I think—and then there were several others that I might have line-item-vetoed, but they were plainly part of the understandings reached with Congress as a part of the budget process. So these seemed to me to be the ones, after being briefed by my staff, that both involved significant amounts of money and met the three criteria that I mentioned. And I believe it was the appropriate thing to do.

**Q.** May I ask another way, sir, the last question another way? Were these the most glaring examples of why you were given this power and, therefore, they might hold up better in a court challenge?

**The President.** Well, I wouldn't say that. I expect the most glaring examples to come up in the appropriations process, at least if the past is any prolog. Now, it may be that the use of the line item veto here will mean that it won't have to be used as much in the appropriations process, and that would please me greatly. But I think it's important that the American people understand that when the line item veto was given to the President, the primary assumption was that it would take out special projects that were typically funded in big bills, and those are those big appropriations bills, none of which have come to me yet.

But I do believe that this should withstand court challenge because the process by which the matters were reviewed at least was a very careful, exhaustive process, and I received input from people all over the country that had interests in it, through my Cabinet and staff members. But we worked very hard on this, and—well, since I told you after my press conference on Thursday that I would be meeting with my staff, and I had meetings and conversations each day since then before finally making these decisions.

Claire [Claire Shipman, CNN].

**Q.** Mr. President, it sounds as though, given the deliberations among your staff and the talk about the court challenge and the difficulty finding items in this particular tax and spending legislation, that you decided to act now largely for symbolic reasons instead of—

**The President.** No, I wouldn't say that. I think these three things are appropriate. But I just want to point out that I think that when the Congress certified, for example, 79 tax items to me, people said, "Well, maybe you ought to veto 76 of them." And I think it's important to recognize that there really never were 79 candidates for a line item veto there. The Congress is required—the Joint Tax Committee is required by law to certify to the President all the tax items that benefit fewer than 100 people, and there were—the vast majority of those were either put in by the Treasury Department or by the congressional committees with the support of the Treasury Department to actually clean up procedural problems in the law so that the numbers were smaller.

Then there were a number of things that, as I said, I might well have line-item-vetoed, but they were part of the overall budget process and that did a lot of good for the American people and I have to honor the agreements that were made and the process of it.

So these things I hope will be both real and symbolic in the sense that I'm hopeful that this will work out pretty much the way it did when I was Governor; that is, when you know the President is prepared to use the line item veto, that tends to operate as a deterrent against the most egregious kinds of projects that would otherwise not be funded. So it would suit me if, after a while, the use of the veto became quite rare because there was a disciplined agreement not to have projects that ought not be funded in the first place.

**Q.** Sir, can you tell me where in the Constitution the President is given this kind of power that hasn't been exerted until now?

**The President.** Well, the power is given by legislation. The real question is, does the Constitution permit or forbid the Congress to give the President this kind of power. I believe that since—if you look at the fact that 43 States have this power for the Governor, and it has been upheld in State after State after State, the provisions of most State constitutions are similar to the provisions of the Federal Constitution in the general allocation of executive authority and legislative authority.

So I think it is an implicit thing. As long as the legislature has the right to override the executive, then for the legislature to allow the executive to make reasoned judgments about particular items in these omnibus bills, I do not believe is an unconstitutional delegation of the legislature's authority to the President.

So keep in mind, they can override this. If they decide that they think I'm wrong, and two-thirds of them agree, they can override this.

**Q.** Do you welcome a challenge?

**Q.** Mr. President, Senator McCain sent you a note last week saying you ought to consider putting off a line item veto until you get the appropriations bills, on the grounds that it might be a blow to the spirit of co-

operation that produced the tax cut and the balanced budget bills in the first place. Did you give that any consideration?

**The President.** Absolutely. And when Senator McCain came to see me about the campaign finance issue and our common support for his legislation, we talked about it a little bit. As I've already said to you, that one of the reasons that we have decided on a relatively small number is I didn't want to touch anything that I thought where there was even a question that it might have been part of the negotiating process and a cooperative spirit with Congress.

If you look at these three things, they present three entirely different problems, but I think all three are outside the scope of the budget negotiating process and all three are the kinds of things that the line item veto was meant for: the first, the avoidance of Federal taxation in an inappropriate way; the second, giving a break to one State in a way that would immediately disadvantage several others and potentially disadvantage all the other States; and the third, as I said, I believe a very worthy goal, having incentives for farmers' co-ops to integrate with production facilities in a way that is overbroad and could lead to the total avoidance of taxation under circumstances, which are inappropriate, which would require a more disciplined fix. I think those are the kinds of things that the line item veto was meant to deal with in these contexts.

Now, when you get to the appropriations process it will be somewhat more straightforward: Should this project be built or not; should this road be built or not; should this money be given to this agency or not for this program? And I think that those are the things where typically it's in use at the State level. But in the context of taxes and the entitlements, I thought each of these three things presented a representative case where the veto was intended to be used.

**Q.** Are you running out of travel money, sir? [Laughter]

**The President.** I hope not; I'm trying to go on holiday. [Laughter]

NOTE: The President spoke at 12:30 p.m. in the Oval Office at the White House. The President signed cancellations affecting Public Law 105-33,

the Balanced Budget Act of 1997; and Public Law 105-34, the Taxpayer Relief Act of 1997.

### **Letter to Congressional Leaders Transmitting a Line Item Veto of the Balanced Budget Act of 1997**

*August 11, 1997*

*Dear Mr. Speaker: (Dear Mr. President:)*

In accordance with the Line Item Veto Act, I hereby cancel one item of new direct spending, as specified in the attached report, contained in the "Balanced Budget Act of 1997" (Public Law 105-33; H.R. 2015). I have determined that this cancellation will reduce the Federal budget deficit, will not impair any essential Government functions, and will not harm the national interest. This letter, together with its attachment, constitutes a special message under section 1022 of the Congressional Budget and Impoundment Control Act of 1974, as amended.

Sincerely,

**William J. Clinton**

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate. The report detailing the cancellation was published in the *Federal Register* on August 12.



105TH CONGRESS  
1ST SESSION

# H. R. 2037

To amend the Congressional Budget Act of 1974 and the Balanced Budget and Emergency Deficit Control Act of 1985 to enforce the bipartisan budget agreement.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1997

Mr. SMITH of Michigan (for himself and Mr. KASICH) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Congressional Budget Act of 1974 and the Balanced Budget and Emergency Deficit Control Act of 1985 to enforce the bipartisan budget agreement.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Budget Enforcement Act of 1997”.

6 (b) **TABLE OF CONTENTS.**—

Sec. 1. Short title; table of contents.

TITLE I—AMENDMENTS TO THE CONGRESSIONAL BUDGET AND  
IMPOUNDMENT CONTROL ACT OF 1974

- Sec. 101. Amendments to section 3.
- Sec. 102. Amendments to section 201.
- Sec. 103. Amendments to section 202.
- Sec. 104. Amendment to section 300.
- Sec. 105. Amendments to section 301.
- Sec. 106. Amendments to section 302.
- Sec. 107. Amendments to section 303.
- Sec. 108. Amendment to section 305.
- Sec. 109. Amendments to section 308.
- Sec. 110. Amendments to section 310.
- Sec. 111. Amendments to section 311.
- Sec. 112. Amendment to section 312.
- Sec. 113. Adjustments and Budget Committee determinations.
- Sec. 114. Effect of self-executing amendments on points of order in the House  
of Representatives.
- Sec. 115. Amendment of section 401 and repeal of section 402.
- Sec. 116. Repeal of title VI.
- Sec. 117. Amendments to section 904.
- Sec. 118. Repeal of sections 905 and 906.
- Sec. 119. Amendments to sections 1022 and 1024.
- Sec. 120. Amendment to section 1026.

TITLE II—AMENDMENTS TO THE BALANCED BUDGET AND  
EMERGENCY DEFICIT CONTROL ACT OF 1985

- Sec. 201. Purpose.
- Sec. 202. General statement and definitions.
- Sec. 203. Enforcing discretionary spending limits.
- Sec. 204. Violent crime reduction trust fund.
- Sec. 205. Enforcing pay-as-you-go.
- Sec. 206. Reports and orders.
- Sec. 207. Exempt programs and activities.
- Sec. 208. General and special sequestration rules.
- Sec. 209. The baseline.
- Sec. 210. Technical correction.
- Sec. 211. Judicial review.
- Sec. 212. Effective date.
- Sec. 213. Reduction of preexisting balances and exclusion of effects of this Act  
from paygo scorecard.

1 **TITLE I—AMENDMENTS TO THE**  
2 **CONGRESSIONAL BUDGET**  
3 **AND IMPOUNDMENT CON-**  
4 **TROL ACT OF 1974**

5 **SEC. 101. AMENDMENTS TO SECTION 3.**

6 Section 3 of the Congressional Budget and Impound-  
7 ment Control Act of 1974 (2 U.S.C. 622) is amended—

8 (1) in paragraph (2)(A), by striking “and” at  
9 the end of clause (iii), by striking the period and in-  
10 serting “; and” at the end of clause (iv), and by  
11 adding at the end the following:

12 “(v) entitlement authority and the  
13 food stamp program.”; and

14 (2) in paragraph (9), by inserting “, but such  
15 term does not include salary or basic pay funded  
16 through an appropriation Act” before the period.

17 **SEC. 102. AMENDMENTS TO SECTION 201.**

18 (a) **TERM OF OFFICE.**—The first sentence of section  
19 201(a)(3) of the Congressional Budget Act of 1974 is  
20 amended to read as follows: “The term of office of the  
21 Director shall be four years and shall expire on January  
22 3 of the year preceding a Presidential election.”.

23 (b) **REDESIGNATION OF EXECUTED PROVISION.**—  
24 Section 201 of the Congressional Budget Act of 1974 is

1 amended by redesignating subsection (g) (relating to reve-  
2 nue estimates) as subsection (f).

3 **SEC. 103. AMENDMENTS TO SECTION 202.**

4 (a) ASSISTANCE TO BUDGET COMMITTEES.—The  
5 first sentence of section 202(a) of the Congressional  
6 Budget Act of 1974 is amended by inserting “primary”  
7 before “duty”.

8 (b) ELIMINATION OF EXECUTED PROVISION.—Sec-  
9 tion 202 of the Congressional Budget Act of 1974 is  
10 amended by striking subsection (e) and by redesignating  
11 subsections (f), (g), and (h) as subsections (e), (f), and  
12 (g), respectively.

13 **SEC. 104. AMENDMENT TO SECTION 300.**

14 The item relating to February 25 in the timetable  
15 set forth in section 300 of the Congressional Budget Act  
16 of 1974 is amended by striking “February 25” and insert-  
17 ing “Within 6 weeks after President submits budget”.

18 **SEC. 105. AMENDMENTS TO SECTION 301.**

19 (a) TERMS OF BUDGET RESOLUTIONS.—Section  
20 301(a) of the Congressional Budget Act of 1974 is amend-  
21 ed by striking “, and planning levels for each of the two  
22 ensuing fiscal years,” and inserting “and for at least each  
23 of the 4 ensuing fiscal years”.

24 (b) CONTENTS OF BUDGET RESOLUTIONS.—Para-  
25 graphs (1) and (4) of section 301(a) of the Congressional

1 Budget Act of 1974 are amended by striking “, budget  
2 outlays, direct loan obligations, and primary loan guaran-  
3 tee commitments” each place it appears and inserting  
4 “and budget outlays”.

5 (c) ADDITIONAL MATTERS.—Section 301(b) of the  
6 Congressional Budget Act of 1974 is amended by amend-  
7 ing paragraph (7) to read as follows—

8 “(7) set forth pay-as-you-go procedures in the  
9 Senate whereby committee allocations, aggregates,  
10 and other levels can be revised for legislation within  
11 a committee’s jurisdiction if such legislation would  
12 not increase the deficit for the first year covered by  
13 the resolution and will not increase the deficit for  
14 the period of 5 fiscal years covered by the resolu-  
15 tion;”.

16 (d) VIEWS AND ESTIMATES.—The first sentence of  
17 section 301(d) of the Congressional Budget Act of 1974  
18 is amended by inserting “or at such time as may be re-  
19 quested by the Committee on the Budget,” after “Code,”.

20 (e) HEARINGS AND REPORT.—Section 301(e)(2) of  
21 the Congressional Budget Act of 1974 is amended by  
22 striking “total direct loan obligations, total primary loan  
23 guarantee commitments,”.

24 (f) SOCIAL SECURITY CORRECTIONS.—Section 301(i)  
25 of the Congressional Budget Act of 1974 is amended by—

1 (1) inserting “SOCIAL SECURITY POINT OF  
2 ORDER.—” after “(i)”; and

3 (2) striking “as reported to the Senate” and in-  
4 serting “(or amendment, motion, or conference re-  
5 port on such a resolution)”.

6 **SEC. 106. AMENDMENTS TO SECTION 302.**

7 (a) ALLOCATIONS AND SUBALLOCATIONS.—Sub-  
8 sections (a) and (b) of section 302 of the Congressional  
9 Budget Act of 1974 are amended to read as follows:

10 “(a) COMMITTEE SPENDING ALLOCATIONS.—

11 “(1) ALLOCATION AMONG COMMITTEES.—The  
12 joint explanatory statement accompanying a con-  
13 ference report on a budget resolution shall include  
14 allocations, consistent with the resolution rec-  
15 ommended in the conference report, of the appro-  
16 priate levels (for each fiscal year covered by that res-  
17 olution and a total for all such years, except in the  
18 case of the Committee on Appropriations only for  
19 the first such fiscal year) of—

20 “(A) total new budget authority;

21 “(B) total outlays; and

22 “(C) in the Senate, social security outlays;  
23 among each committee of the House of Representa-  
24 tives or the Senate that has jurisdiction over legisla-  
25 tion providing or creating such amounts.

1           “(2) NO DOUBLE COUNTING.—In the House of  
2 Representatives, any item allocated to one committee  
3 may not be allocated to another such committee.

4           “(3) FURTHER DIVISION OF AMOUNTS.—In the  
5 House of Representatives, the amounts allocated to  
6 each committee for each fiscal year, other than the  
7 Committee on Appropriations, shall be further di-  
8 vided between amounts provided or required by law  
9 on the date of filing of that conference report and  
10 amounts not so provided or required. The amounts  
11 allocated to the Committee on Appropriations for  
12 each fiscal year shall be further divided between dis-  
13 cretionary and mandatory amounts or programs, as  
14 appropriate.

15           “(4) AMOUNTS NOT ALLOCATED.—(A) In the  
16 House of Representatives, if a committee receives no  
17 allocation of new budget authority or outlays, that  
18 committee shall be deemed to have received an allo-  
19 cation equal to zero for new budget authority or out-  
20 lays.

21           “(B) In the Senate, if a committee receives no  
22 allocation of new budget authority, outlays, or social  
23 security outlays, that committee shall be deemed to  
24 have received an allocation equal to zero for new  
25 budget authority, outlays, or social security outlays.

1           “(5) SOCIAL SECURITY LEVELS IN THE SEN-  
2           ATE.—

3                   “(A) IN GENERAL.—For purposes of para-  
4                   graph (1)(C), social security surpluses equal the  
5                   excess of social security revenues over social se-  
6                   curity outlays in a fiscal year or years with  
7                   such an excess and social security deficits equal  
8                   the excess of social security outlays over social  
9                   security revenues in a fiscal year or years with  
10                  such an excess.

11                   “(B) TAX TREATMENT.—For purposes of  
12                   paragraph (1)(C), no provision of any legisla-  
13                   tion involving a change in chapter 1 of the In-  
14                   ternal Revenue Code of 1986 shall be treated as  
15                   affecting the amount of social security revenues  
16                   or outlays unless such provision changes the in-  
17                   come tax treatment of social security benefits.

18                   “(6) ADJUSTING ALLOCATION OF DISCRE-  
19                   TIONARY SPENDING IN THE HOUSE OF REPRESENT-  
20                   ATIVES.—(A) If a concurrent resolution on the  
21                   budget is not adopted by April 15, the chairman of  
22                   the Committee on the Budget of the House of Rep-  
23                   resentatives shall submit to the House, as soon as  
24                   practicable, an allocation under paragraph (1) to the  
25                   Committee on Appropriations consistent with the

1 discretionary spending limits contained in the most  
2 recently agreed to concurrent resolution on the  
3 budget for the second fiscal year covered by that res-  
4 olution.

5 “(B) As soon as practicable after an allocation  
6 under paragraph (1) is submitted under this section,  
7 the Committee on Appropriations shall make sub-  
8 allocations and promptly report those suballocations  
9 to the House of Representatives.

10 “(b) SUBALLOCATIONS BY APPROPRIATION COMMIT-  
11 TEES.—As soon as practicable after a concurrent resolu-  
12 tion on the budget is agreed to, the Committee on Appro-  
13 priations of each House (after consulting with the Com-  
14 mittee on Appropriations of the other House) shall sub-  
15 allocate each amount allocated to it for the budget year  
16 under subsection (a) among its subcommittees. Each Com-  
17 mittee on Appropriations shall promptly report to its  
18 House suballocations made or revised under this para-  
19 graph.”.

20 (b) POINT OF ORDER.—Section 302(c) of the Con-  
21 gressional Budget Act of 1974 is amended to read as fol-  
22 lows:

23 “(c) POINT OF ORDER.—After the Committee on Ap-  
24 propriations has received an allocation pursuant to sub-  
25 section (a) for a fiscal year, it shall not be in order in

1 the House of Representatives or the Senate to consider  
2 any bill, joint resolution, amendment, motion, or con-  
3 ference report providing new budget authority for that fis-  
4 cal year within the jurisdiction of that committee, until  
5 such committee makes the suballocations required by sub-  
6 section (b).”.

7 (c) ENFORCEMENT OF POINT OF ORDER.—(1) Sec-  
8 tion 302(f)(1) of the Congressional Budget Act of 1974  
9 is amended by—

10 (A) striking “providing new budget authority  
11 for such fiscal year or new entitlement authority ef-  
12 fective during such fiscal year” and inserting “pro-  
13 viding new budget authority for any fiscal year cov-  
14 ered by the concurrent resolution”;

15 (B) striking “appropriate allocation made pur-  
16 suant to subsection (b) for such fiscal year” and in-  
17 serting “appropriate allocation made under sub-  
18 section (a) or any suballocation made under sub-  
19 section (b), as applicable, for the fiscal year of the  
20 concurrent resolution or for the total of all fiscal  
21 years covered by the concurrent resolution”; and

22 (C) striking “of new discretionary budget au-  
23 thority or new entitlement authority to be exceeded”  
24 and inserting “of new discretionary budget authority  
25 to be exceeded”.

1       (2) Section 302(f)(2) of the Congressional Budget  
2 Act of 1974 is amended to read as follows:

3           “(2) ENFORCEMENT OF COMMITTEE ALLOCA-  
4 TIONS AND SUBALLOCATIONS IN THE SENATE.—  
5 After a concurrent resolution on the budget is  
6 agreed to, it shall not be in order in the Senate to  
7 consider any bill, joint resolution, amendment, mo-  
8 tion, or conference report that would cause—

9           “(A) in the case of any committee except  
10 the Committee on Appropriations, the appro-  
11 priate allocation of new budget authority or  
12 outlays under subsection (a) to be exceeded; or

13           “(B) in the case of the Committee on Ap-  
14 propriations, the appropriate suballocation of  
15 new budget authority or outlays under sub-  
16 section (b) to be exceeded.”.

17       (d) SEPARATE ALLOCATIONS.—Section 302(g) of the  
18 Congressional Budget Act of 1974 is amended to read as  
19 follows:

20           “(g) SEPARATE ALLOCATIONS.—The Committees on  
21 Appropriations and the Budget shall make separate alloca-  
22 tions and suballocations under this section consistent with  
23 the categories in section 251(c) of the Balanced Budget  
24 and Emergency Deficit Control Act of 1985.”

1 **SEC. 107. AMENDMENTS TO SECTION 303.**

2 (a) IN GENERAL.—Section 303 of the Congressional  
3 Budget Act of 1974 is amended to read as follows:

4 “CONCURRENT RESOLUTION ON THE BUDGET MUST BE  
5 ADOPTED BEFORE LEGISLATION PROVIDING NEW  
6 BUDGET AUTHORITY, NEW SPENDING AUTHORITY,  
7 OR CHANGES IN REVENUES OR THE PUBLIC DEBT  
8 LIMIT IS CONSIDERED

9 “SEC. 303. (a) IN GENERAL.—It shall not be in order  
10 in either the House of Representatives or the Senate to  
11 consider any bill, joint resolution, amendment, motion, or  
12 conference report as reported to the House or Senate  
13 which provides—

14 “(1) new budget authority for a fiscal year;

15 “(2) an increase or decrease in revenues to be-  
16 come effective during a fiscal year;

17 “(3) an increase or decrease in the public debt  
18 limit to become effective during a fiscal year;

19 “(4) in the Senate only, new spending authority  
20 (as defined in section 401(c)(2)) for a fiscal year; or

21 “(5) in the Senate only, outlays,

22 until the concurrent resolution on the budget for such fis-  
23 cal year (or, in the Senate, a concurrent resolution on the  
24 budget covering such fiscal year) has been agreed to pur-  
25 suant to section 301.

1       “(b) EXCEPTIONS.—(1) In the House of Representa-  
2 tives, subsection (a) does not apply to any bill or resolu-  
3 tion—

4           “(A) providing advance discretionary new budg-  
5 et authority which first becomes available in a fiscal  
6 year following the fiscal year to which the concur-  
7 rent resolution applies; or

8           “(B) increasing or decreasing revenues which  
9 first become effective in a fiscal year following the  
10 fiscal year to which the concurrent resolution ap-  
11 plies.

12 After May 15 of any calendar year, subsection (a) does  
13 not apply in the House of Representatives to any general  
14 appropriation bill, or amendment thereto, which provides  
15 new budget authority for the fiscal year beginning in such  
16 calendar year.

17       “(2) In the Senate, subsection (a) does not apply to  
18 any bill or resolution making advance appropriations for  
19 the fiscal year to which the concurrent resolution applies  
20 and the two succeeding fiscal years.”.

21       (b) CONFORMING AMENDMENT.—The item relating  
22 to section 303 in the table of contents set forth in section  
23 1(b) of the Congressional Budget and Impoundment Con-  
24 trol Act of 1974 is amended by striking “new credit au-  
25 thority,”.

1 **SEC. 108. AMENDMENT TO SECTION 305.**

2 Section 305(a)(1) of the Congressional Budget Act  
3 of 1974 is amended by inserting “when the House is not  
4 in session” after “holidays” each place it appears.

5 **SEC. 109. AMENDMENTS TO SECTION 308.**

6 Section 308 of the Congressional Budget Act of 1974  
7 is amended—

8 (1)(A) in the side heading of subsection (a), by  
9 striking “OR NEW CREDIT AUTHORITY,” and  
10 by striking the first comma and inserting “OR”;

11 (B) in paragraphs (1) and (2) of subsection (a),  
12 by striking “or new credit authority,” each place it  
13 appears and by striking the comma before “new  
14 spending authority” each place it appears and in-  
15 serting “or”;

16 (2) in subsection (b)(1), by striking “or new  
17 credit authority,” and by striking the comma before  
18 “new spending authority” and inserting “or”;

19 (3) in subsection (c), by inserting “and” after  
20 the semicolon at the end of paragraph (3), by strik-  
21 ing “; and” at the end of paragraph (4) and insert-  
22 ing a period; and by striking paragraph (5); and

23 (4) by inserting “joint” before “resolution”  
24 each place it appears and, in subsection (b)(1), by  
25 inserting “joint” before “resolutions”.

1 **SEC. 110. AMENDMENTS TO SECTION 310.**

2 Section 310 of the Congressional Budget Act of 1974  
3 is amended by—

4 (1) in subsection (a)(1), by inserting “and”  
5 after the semicolon at the end of subparagraph (B),  
6 by striking subparagraphs (C) and (D), and by in-  
7 serting after subparagraph (B) the following new  
8 subparagraph:

9 “(C) direct spending (as defined in section  
10 250(c)(8) of the Balanced Budget and Emer-  
11 gency Deficit Control Act of 1985),”; and

12 (2) in subsection (c)(1)(A), by inserting “of the  
13 absolute value” after “20 percent” each place it ap-  
14 pears.

15 **SEC. 111. AMENDMENTS TO SECTION 311.**

16 Section 311 of the Congressional Budget Act of 1974  
17 is amended to read as follows:

18 “NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY,  
19 AND REVENUE LEGISLATION MUST BE WITHIN AP-  
20 PROPRIATE LEVELS

21 “SEC. 311. (a) ENFORCEMENT OF BUDGET AGGRE-  
22 GATES.—

23 “(1) IN THE HOUSE OF REPRESENTATIVES.—  
24 Except as provided by subsection (c), after the Con-  
25 gress has completed action on a concurrent resolu-  
26 tion on the budget for a fiscal year, it shall not be

1 in order in the House of Representatives to consider  
2 any bill, joint resolution, amendment, motion, or  
3 conference report providing new budget authority for  
4 such fiscal year or reducing revenues for such fiscal  
5 year, if—

6 “(A) the enactment of such bill or resolu-  
7 tion as reported;

8 “(B) the adoption and enactment of such  
9 amendment; or

10 “(C) the enactment of such bill or resolu-  
11 tion in the form recommended in such con-  
12 ference report;

13 would cause the appropriate level of total new budg-  
14 et authority or total budget outlays set forth in the  
15 most recently agreed to concurrent resolution on the  
16 budget for such fiscal year to be exceeded, or would  
17 cause revenues to be less than the appropriate level  
18 of total revenues set forth in such concurrent resolu-  
19 tion such fiscal year or for the total of all fiscal  
20 years covered by the concurrent resolution, except in  
21 the case that a declaration of war by the Congress  
22 is in effect.

23 “(2) IN THE SENATE.—After a concurrent reso-  
24 lution on the budget is agreed to, it shall not be in

1 order in the Senate to consider any bill, resolution,  
2 amendment, motion, or conference report that—

3 “(A) would cause the appropriate level of  
4 total new budget authority or total outlays set  
5 forth for the first fiscal year in such resolution  
6 to be exceeded; or

7 “(B) would cause revenues to be less than  
8 the appropriate level of total revenues set forth  
9 for the first fiscal year covered by such resolu-  
10 tion or for the period including the first fiscal  
11 year plus the following 4 fiscal years in such  
12 resolution.

13 “(3) ENFORCEMENT OF SOCIAL SECURITY LEV-  
14 ELS IN THE SENATE.—After a concurrent resolution  
15 on the budget is agreed to, it shall not be in order  
16 in the Senate to consider any bill, resolution, amend-  
17 ment, motion, or conference report that would cause  
18 a decrease in social security surpluses or an increase  
19 in social security deficits derived from the levels of  
20 social security revenues and social security outlays  
21 set forth for the first fiscal year covered by the reso-  
22 lution and for the period including the first fiscal  
23 year plus the following 4 fiscal years in such resolu-  
24 tion.

25 “(b) SOCIAL SECURITY LEVELS.—

1           “(1) IN GENERAL.—For the purposes of sub-  
2           section (a)(3), social security surpluses equal the ex-  
3           cess of social security revenues over social security  
4           outlays in a fiscal year or years with such an excess  
5           and social security deficits equal the excess of social  
6           security outlays over social security revenues in a  
7           fiscal year or years with such an excess.

8           “(2) TAX TREATMENT.—For the purposes of  
9           this section, no provision of any legislation involving  
10          a change in chapter 1 of the Internal Revenue Code  
11          of 1986 shall be treated as affecting the amount of  
12          social security revenues or outlays unless such provi-  
13          sion changes the income tax treatment of social se-  
14          curity benefits.

15          “(c) EXCEPTION IN THE HOUSE OF REPRESENTA-  
16          TIVES.—Subsection (a)(1) shall not apply in the House  
17          of Representatives to any bill, resolution, or amendment  
18          that provides new budget authority for a fiscal year or  
19          to any conference report on any such bill or resolution,  
20          if—

21                 “(1) the enactment of such bill or resolution as  
22                 reported;

23                 “(2) the adoption and enactment of such  
24                 amendment; or

1           “(3) the enactment of such bill or resolution in  
2           the form recommended in such conference report;  
3           would not cause the appropriate allocation of new budget  
4           authority made pursuant to section 302(a) for such fiscal  
5           year, for the committee within whose jurisdiction such bill,  
6           resolution, or amendment falls, to be exceeded.”.

7 **SEC. 112. AMENDMENT TO SECTION 312.**

8           (a) IN GENERAL.—Section 312 of the Congressional  
9           Budget Act of 1974 is amended to read as follows:

10                           “POINTS OF ORDER

11           “SEC. 312. (a) BUDGET COMMITTEE DETERMINA-  
12           TIONS.—For purposes of this title and title IV, the levels  
13           of new budget authority, budget outlays, spending author-  
14           ity as described in section 401(c)(2), direct spending, new  
15           entitlement authority, and revenues for a fiscal year shall  
16           be determined on the basis of estimates made by the Com-  
17           mittee on the Budget of the House of Representatives or  
18           the Senate, as the case may be.

19           “(b) DISCRETIONARY SPENDING POINT OF ORDER IN  
20           THE SENATE.—

21           “(1) Except as otherwise provided in this sub-  
22           section, it shall not be in order in the Senate to con-  
23           sider any concurrent resolution on the budget (or  
24           amendment, motion, or conference report on such a  
25           resolution) that would exceed any of the discre-  
26           tionary spending limits in section 251(c) of the Bal-

1       anced Budget and Emergency Deficit Control Act of  
2       1985.

3           “(2) This subsection shall not apply if a dec-  
4       laration of war by the Congress is in effect or if a  
5       joint resolution pursuant to section 258 of the Bal-  
6       anced Budget and Emergency Deficit Control Act of  
7       1985 has been enacted.

8           “(c) MAXIMUM DEFICIT AMOUNT POINT OF ORDER  
9       IN THE SENATE.—It shall not be in order in the Senate  
10      to consider any concurrent resolution on the budget for  
11      a fiscal year under section 301, or to consider any amend-  
12      ment to that concurrent resolution, or to consider a con-  
13      ference report on that concurrent resolution—

14           “(1) if the level of total budget outlays for the  
15      first fiscal year that is set forth in that concurrent  
16      resolution or conference report exceeds the rec-  
17      ommended level of Federal revenues set forth for  
18      that year by an amount that is greater than the  
19      maximum deficit amount, if any, specified in the  
20      Balanced Budget and Emergency Deficit Control  
21      Act of 1985 for such fiscal year; or

22           “(2) if the adoption of such amendment would  
23      result in a level of total budget outlays for that fiscal  
24      year which exceeds the recommended level of Fed-  
25      eral revenues for that fiscal year, by an amount that

1 is greater than the maximum deficit amount, if any,  
2 specified in the Balanced Budget and Emergency  
3 Deficit Control Act of 1985 for such fiscal year.

4 “(d) TIMING OF POINTS OF ORDER IN THE SEN-  
5 ATE.—A point of order under this Act may not be raised  
6 against a bill, resolution, amendment, motion, or con-  
7 ference report while an amendment or motion, the adop-  
8 tion of which would remedy the violation of this Act, is  
9 pending before the Senate.

10 “(e) POINTS OF ORDER IN THE SENATE AGAINST  
11 AMENDMENTS BETWEEN THE HOUSES.—Each provision  
12 of this Act that establishes a point of order against an  
13 amendment also establishes a point of order in the Senate  
14 against an amendment between the Houses. If a point of  
15 order under this Act is raised in the Senate against an  
16 amendment between the Houses, and the Presiding Officer  
17 sustains the point of order, the effect shall be the same  
18 as if the Senate had disagreed to the amendment.

19 “(f) EFFECT OF A POINT OF ORDER ON A BILL IN  
20 THE SENATE.—In the Senate, if the Chair sustains a  
21 point of order under this Act against a bill, the Chair shall  
22 then send the bill to the committee of appropriate jurisdic-  
23 tion for further consideration.”.

24 (b) CONFORMING AMENDMENT.—The item relating  
25 to section 312 in the table of contents set forth in section

1 1(b) of the Congressional Budget and Impoundment Con-  
2 trol Act of 1974 is amended by striking “Effect of point”  
3 and inserting “Point”.

4 **SEC. 113. ADJUSTMENTS AND BUDGET COMMITTEE DETER-**  
5 **MINATIONS.**

6 (a) IN GENERAL.—Title III of the Congressional  
7 Budget Act of 1974 is amended by adding at the end the  
8 following new section:

9 “ADJUSTMENTS

10 “SEC. 314. (a) ADJUSTMENTS.—When—

11 “(1)(A) the Committee on Appropriations re-  
12 ports an appropriation measure for fiscal year 1998,  
13 1999, 2000, 2001, or 2002 that specifies an amount  
14 for emergencies pursuant to section 251(b)(2)(A) of  
15 the Balanced Budget and Emergency Deficit Control  
16 Act of 1985 or for continuing disability reviews pur-  
17 suant to section 251(b)(2)(C) of that Act;

18 “(B) any other committee reports emergency  
19 legislation described in section 252(e) of that Act;

20 “(C) the Committee on Appropriations reports  
21 an appropriation measure for fiscal year 1998, 1999,  
22 2000, 2001, or 2002 that includes an appropriation  
23 with respect to clause (i) or (ii), the adjustment  
24 shall be the amount of budget authority in the meas-  
25 ure that is the dollar equivalent, in terms of Special  
26 Drawing Rights, of—

1           “(i) increases the United States quota as  
2           part of the International Monetary Fund Elev-  
3           enth General Review of Quotas (United States  
4           Quota); or

5           “(ii) increases the maximum amount avail-  
6           able to the Secretary of the Treasury pursuant  
7           to section 17 of the Bretton Woods Agreement  
8           Act, as amended from time to time (New Ar-  
9           rangements to Borrow); or

10          “(D) the Committee on Appropriations reports  
11          an appropriation measure for fiscal year 1998, 1999,  
12          or 2000 that includes an appropriation for arrear-  
13          ages for international organizations, international  
14          peacekeeping, and multilateral development banks  
15          during that fiscal year, and the sum of the appro-  
16          priations for the period of fiscal years 1998 through  
17          2000 do not exceed \$1,884,000,000 in budget au-  
18          thority; or

19          “(2) a conference committee submits a con-  
20          ference report thereon;

21          the chairman of the Committee on the Budget of the Sen-  
22          ate or House of Representatives shall make the adjust-  
23          ments referred to in subsection (c) to reflect the additional  
24          new budget authority for such matter provided in that  
25          measure or conference report and the additional outlays

1 flowing in all fiscal years from such amounts for such mat-  
2 ter.

3       “(b) APPLICATION OF ADJUSTMENTS.—The adjust-  
4 ments and revisions to allocations, aggregates, and limits  
5 made by the Chairman of the Committee on the Budget  
6 pursuant to subsection (a) for legislation shall only apply  
7 while such legislation is under consideration and shall only  
8 permanently take effect upon the enactment of that legis-  
9 lation.

10       “(c) CONTENT OF ADJUSTMENTS.—The adjustments  
11 referred to in subsection (a) shall consist of adjustments,  
12 as appropriate, to—

13               “(1) the discretionary spending limits as set  
14 forth in the most recently agreed to concurrent reso-  
15 lution on the budget;

16               “(2) the allocations made pursuant to the most  
17 recently adopted concurrent resolution on the budget  
18 pursuant to section 302(a); and

19               “(3) the budgetary aggregates as set forth in  
20 the most recently adopted concurrent resolution on  
21 the budget.

22       “(d) REPORTING REVISED SUBALLOCATIONS.—Fol-  
23 lowing the adjustments made under subsection (a), the  
24 Committees on Appropriations of the Senate and the  
25 House of Representatives may report appropriately revised

1 suballocations pursuant to section 302(b) to carry out this  
2 subsection.

3 “(e) DEFINITIONS.—As used in subsection (a)(1)(A),  
4 when referring to continuing disability reviews, the terms  
5 ‘continuing disability reviews’, ‘additional new budget au-  
6 thority’, and ‘additional outlays’ shall have the same  
7 meanings as provided in section 251(b)(2)(C)(ii) of the  
8 Balanced Budget and Emergency Deficit Control Act of  
9 1985.”.

10 (b) CONFORMING AMENDMENTS.—(1) Sections  
11 302(g), 311(c), and 313(e) of the Congressional Budget  
12 Act of 1974 are repealed.

13 (2) The table of contents set forth in section 1(b) of  
14 the Congressional Budget and Impoundment Control Act  
15 of 1974 is amended by adding after the item relating to  
16 section 313 the following new item:

“Sec. 314. Adjustments.”.

17 **SEC. 114. EFFECT OF SELF-EXECUTING AMENDMENTS ON**  
18 **POINTS OF ORDER IN THE HOUSE OF REP-**  
19 **RESENTATIVES.**

20 (a) EFFECT OF POINTS OF ORDER.—Title III of the  
21 Congressional Budget Act of 1974 is amended by adding  
22 after section 314 the following new section:

1 “EFFECT OF SELF-EXECUTING AMENDMENTS ON POINTS  
2 OF ORDER IN THE HOUSE OF REPRESENTATIVES

3 “SEC. 315. In the House of Representatives, if a pro-  
4 vision of a bill, as reported, violates a section of this title  
5 or title IV and a self-executing rule providing for consider-  
6 ation of that bill modifies that provision to eliminate such  
7 violation, then such point of order shall not lie against  
8 consideration of that bill.”.

9 (b) CONFORMING AMENDMENT.—The table of con-  
10 tents set forth in section 1(b) of the Congressional Budget  
11 and Impoundment Control Act of 1974 is amended by  
12 adding after the item relating to section 314 the following  
13 new item:

“Sec. 315. Effect of self-executing amendments on points of order in the House  
of Representatives.”.

14 **SEC. 115. AMENDMENT OF SECTION 401 AND REPEAL OF**  
15 **SECTION 402.**

16 (a) SECTION 401.—Subsections (a) and (b) of section  
17 401 of the Congressional Budget Act of 1974 are amended  
18 to read as follows:

19 “BILLS PROVIDING NEW SPENDING AUTHORITY OR NEW  
20 CREDIT AUTHORITY

21 “SEC. 401. (a) CONTROLS ON LEGISLATION PROVID-  
22 ING SPENDING AUTHORITY OR CREDIT AUTHORITY.—It  
23 shall not be in order in either the House of Representa-  
24 tives or the Senate to consider any bill, joint resolution,

1 amendment, motion, or conference report, as reported to  
2 its House which provides new spending authority de-  
3 scribed in subsection (c)(2) (A) or (B) or new credit au-  
4 thority, unless that bill, resolution, conference report, or  
5 amendment also provides that such new spending author-  
6 ity as described in subsection (c)(2) (A) or (B) or new  
7 credit authority is to be effective for any fiscal year only  
8 to such extent or in such amounts as are provided in ap-  
9 propriation Acts.

10       “(b) LEGISLATION PROVIDING ENTITLEMENT AU-  
11 THORITY.—It shall not be in order in either the House  
12 of Representatives or the Senate to consider any bill, joint  
13 resolution, amendment, motion, or conference report, as  
14 reported to its House which provides new spending author-  
15 ity described in subsection (c)(2)(C) which is to become  
16 effective before the first day of the fiscal year which begins  
17 during the calendar year in which such bill or resolution  
18 is reported.”

19       (b) REPEALER OF SECTION 402.—

20           (1) Section 402 of the Congressional Budget  
21 Act of 1974 is repealed.

22           (2) CONFORMING AMENDMENTS.—

23           (A) Sections 403 through 407 of the Con-  
24 gressional Budget Act of 1974 are redesignated  
25 as sections 402 through 406, respectively.

1           (B) The table of contents set forth in sec-  
2           tion 1(b) of the Congressional Budget and Im-  
3           poundment Control Act of 1974 is amended by  
4           deleting the item relating to section 402 and by  
5           redesignating the items relating to sections 403  
6           through 407 as the items relating to sections  
7           402 through 406, respectively.

8 **SEC. 116. REPEAL OF TITLE VI.**

9           (a) REPEALER.—Title VI of the Congressional Budg-  
10          et Act of 1974 is repealed.

11          (b) CONFORMING AMENDMENTS.—The items relating  
12          to title VI of the table of contents set forth in section 1(b)  
13          of the Congressional Budget and Impoundment Control  
14          Act of 1974 are repealed.

15 **SEC. 117. AMENDMENTS TO SECTION 904.**

16          (a) CONFORMING AMENDMENT.—Section 904(a) of  
17          the Congressional Budget Act of 1974 is amended by  
18          striking “(except section 905)” and by striking “V, and  
19          VI (except section 601(a))” and inserting “and V”.

20          (b) WAIVERS.—Section 904(c) of the Congressional  
21          Budget Act of 1974 is amended to read as follows:

22               “(c) WAIVERS.—

23                       “(1) Sections 305(b)(2), 305(c)(4), 306,  
24                       310(d)(2), 313, 904(c), and 904(d) of this Act may  
25                       be waived or suspended in the Senate only by the af-

1 firmative vote of three-fifths of the Members, duly  
2 chosen and sworn.

3 “(2) Sections 301(i), 302(c), 302(f), 310(g),  
4 311(a), and 315 of this Act and sections  
5 258(a)(4)(C), 258(A)(b)(3)(C)(I), 258(B)(f)(1),  
6 258B(h)(1), 258(h)(3), 258C(a)(5), and  
7 258(C)(b)(1) of the Balanced Budget and Emer-  
8 gency Deficit Control Act of 1985 may be waived or  
9 suspended in the Senate only by the affirmative vote  
10 of three-fifths of the Members, duly chosen and  
11 sworn.”.

12 (c) APPEALS.—Section 904(d) of the Congressional  
13 Budget Act of 1974 is amended to read as follows:

14 “(d) APPEALS.—

15 “(1) Appeals in the Senate from the decisions  
16 of the Chair relating to any provision of title III or  
17 IV of section 1017 shall, except as otherwise pro-  
18 vided therein, be limited to 1 hour, to be equally di-  
19 vided between, and controlled by, the mover and the  
20 manager of the resolution, concurrent resolution,  
21 reconciliation bill, or rescission bill, as the case may  
22 be.

23 “(2) An affirmative vote of three-fifths of the  
24 Members, duly chosen and sworn, shall be required  
25 in the Senate to sustain an appeal of the ruling of

1 the Chair on a point of order raised under sections  
2 305(b)(2), 305(c)(4), 306, 310(d)(2), 313, 904(c),  
3 and 904(d) of this Act.

4 “(3) An affirmative vote of three-fifths of the  
5 Members, duly chosen and sworn, shall be required  
6 in the Senate to sustain an appeal of the ruling of  
7 the Chair on a point of order raised under sections  
8 301(i), 302(c), 302(f), 310(g), 311(a), and 315 of  
9 this Act and sections 258(a)(4)(C),  
10 258(A)(b)(3)(C)(I), 258(B)(f)(1), 258B(h)(1),  
11 258(h)(3), 258C(a)(5), and 258(C)(b)(1) of the Bal-  
12 anced Budget and Emergency Deficit Control Act of  
13 1985.”.

14 (d) EXPIRATION OF SUPERMAJORITY VOTING RE-  
15 QUIREMENTS.—Section 904 of the Congressional Budget  
16 Act of 1974 is amended by adding at the end the follow-  
17 ing:

18 “(e) EXPIRATION OF CERTAIN SUPERMAJORITY VOT-  
19 ING REQUIREMENTS.—Subsections (c)(2) and (d)(3) shall  
20 expire on September 30, 2002.”.

21 **SEC. 118. REPEAL OF SECTIONS 905 AND 906.**

22 (a) REPEALER.—Sections 905 and 906 of the Con-  
23 gressional Budget and Impoundment Control Act of 1974  
24 are repealed.

1 (b) CONFORMING AMENDMENTS.—The table of con-  
2 tents set forth in section 1(b) of the Congressional Budget  
3 and Impoundment Control Act of 1974 is amended by  
4 striking the items relating to sections 905 and 906.

5 **SEC. 119. AMENDMENTS TO SECTIONS 1022 AND 1024.**

6 (a) SECTION 1022.—Section 1022(b)(1)(F) of the  
7 Congressional Budget and Impoundment Control Act of  
8 1974 is amended by striking “section 601” and inserting  
9 “section 251(c) the Balanced Budget and Emergency Def-  
10 icit Control Act of 1985”.

11 (b) SECTION 1024.—Section 1024(a)(1)(B) of the  
12 Congressional Budget and Impoundment Control Act of  
13 1974 is amended by striking “section 601(a)(2)” and in-  
14 serting “section 251(c) the Balanced Budget and Emer-  
15 gency Deficit Control Act of 1985”.

16 **SEC. 120. AMENDMENT TO SECTION 1026.**

17 Section 1026(7)(A)(iv) of the Congressional Budget  
18 and Impoundment Control Act of 1974 is amended by  
19 striking “and” and inserting “or”.

1 **TITLE II—AMENDMENTS TO THE**  
2 **BALANCED BUDGET AND**  
3 **EMERGENCY DEFICIT CON-**  
4 **TROL ACT OF 1985**

5 **SEC. 201. PURPOSE.**

6 This title extends discretionary spending limits and  
7 pay-as-you-go requirements.

8 **SEC. 202. GENERAL STATEMENT AND DEFINITIONS.**

9 (a) **GENERAL STATEMENT.**—Section 250(b) of the  
10 Balanced Budget and Emergency Deficit Control Act of  
11 1985 (2 U.S.C. 900(b)) is amended by striking the first  
12 two sentences and inserting the following: “This part pro-  
13 vides for the enforcement of a balanced budget by fiscal  
14 year 2002 as called for in House Concurrent Resolution  
15 84 (105th Congress, 1st session).”.

16 (b) **DEFINITIONS.**—Section 250(c) of the Balanced  
17 Budget and Emergency Deficit Control Act of 1985 is  
18 amended—

19 (1) by striking paragraph (4) and inserting the  
20 following:

21 “(4) The term ‘category’ means defense, non-  
22 defense, and violent crime reduction discretionary  
23 appropriations as specified in the joint explanatory  
24 statement accompanying a conference report on the  
25 Balanced Budget Act of 1997.”;

1           (2) by striking paragraph (6) and inserting the  
2 following:

3           “(6) The term ‘budgetary resources’ means new  
4 budget authority, unobligated balances, direct spend-  
5 ing authority, and obligation limitations.”;

6           (3) in paragraph (9), by striking “submission of  
7 the fiscal year 1992 budget that are not included  
8 with a budget submission” and inserting “that budg-  
9 et submission that are not included with it”;

10          (4) in paragraph (14), by inserting “first 4” be-  
11 fore “fiscal years” and by striking “1995” and in-  
12 serting “2006”;

13          (5) by striking paragraphs (17) and (20) and  
14 by redesignating paragraphs (18), (19), and (21) as  
15 paragraphs (17), (18), and (19), respectively;

16          (6) in paragraph (17) (as redesignated), by  
17 striking “Omnibus Budget Reconciliation Act of  
18 1990” and inserting “Balanced Budget Act of  
19 1997”;

20          (7) in paragraph (20) (as redesignated), by  
21 striking the second sentence; and

22          (8) by adding at the end the following new  
23 paragraph:

24           “(20) The term ‘consultation’, when applied to  
25 the Committee on the Budget of either the House of

1 Representatives or of the Senate, means written  
2 communication with that committee that affords  
3 that committee an opportunity to comment on the  
4 matter that is the subject of the consultation before  
5 official action is taken on such matter.”.

6 **SEC. 203. ENFORCING DISCRETIONARY SPENDING LIMITS.**

7 (a) EXTENSION THROUGH FISCAL YEAR 2002.—Sec-  
8 tion 251 of the Balanced Budget and Emergency Deficit  
9 Control Act of 1985 is amended—

10 (1) in the side heading of subsection (a), by  
11 striking “1991–1998” and inserting “1997–2002”;

12 (2) in subsection (a)(7) by inserting “(excluding  
13 Saturdays, Sundays, or legal holidays)” after “5 cal-  
14 endar days”;

15 (3) in the first sentence of subsection (b)(1), by  
16 striking “1992, 1993, 1994, 1995, 1996, 1997 or  
17 1998” and inserting “1997 or any fiscal year there-  
18 after through 2002” and by striking “through  
19 1998” and inserting “through 2002”;

20 (4) in subsection (b)(1), by striking “the follow-  
21 ing:” and all that follows through “in concepts and  
22 definitions” the first place it appears and inserting  
23 “the following: the adjustments” and by striking  
24 subparagraphs (B) and (C);

1           (5) in subsection (b)(2), by striking “1991,  
2           1992, 1993, 1994, 1995, 1996, 1997, or 1998” and  
3           inserting “1997 or any fiscal year thereafter through  
4           2002”, by striking “through 1998” and inserting  
5           “through 2002”, and by striking subparagraphs (A),  
6           (B), (C), (E), and (G), and by redesignating sub-  
7           paragraphs (D), (F), and (H) as subparagraphs (A),  
8           (B), and (C), respectively;

9           (6) in subsection (b)(2)(A) (as redesignated),  
10          by striking “(i)”; by striking clause (ii), and by in-  
11          serting “fiscal” before “years”;

12          (7) in subsection (b)(2)(B) (as redesignated),  
13          by striking everything after “the adjustment in out-  
14          lays” and inserting “for a fiscal year is the amount  
15          of the excess but not to exceed 0.5 percent of the  
16          adjusted discretionary spending limit on outlays for  
17          that fiscal year in fiscal year 1997 or any fiscal year  
18          thereafter through 2002; and

19          (8) by adding at the end of subsection (b)(2)  
20          the following new subparagraphs:

21                 “(D) ALLOWANCE FOR IMF.—If an appro-  
22                 priations bill or joint resolution is enacted for  
23                 fiscal year 1998, 1999, 2000, 2001, or 2002  
24                 that includes an appropriation with respect to  
25                 clause (i) or (ii), the adjustment shall be the

1 amount of budget authority in the measure that  
2 is the dollar equivalent, in terms of Special  
3 Drawing Rights, of—

4 “(i) an increase in the United States  
5 quota as part of the International Mone-  
6 tary Fund Eleventh General Review of  
7 Quotas (United States Quota); or

8 “(ii) any increase in the maximum  
9 amount available to the Secretary of the  
10 Treasury pursuant to section 17 of the  
11 Bretton Woods Agreement Act, as amend-  
12 ed from time to time (New Arrangements  
13 to Borrow).

14 “(E) ALLOWANCE FOR INTERNATIONAL  
15 ARREARAGES.—

16 “(i) ADJUSTMENTS.—If an appropria-  
17 tions bill or joint resolution is enacted for  
18 fiscal year 1998, 1999, or 2000 that in-  
19 cludes an appropriation for arrearages for  
20 international organizations, international  
21 peacekeeping, and multilateral banks for  
22 that fiscal year, the adjustment shall be  
23 the amount of budget authority in such  
24 measure and the outlays flowing in all fis-  
25 cal years from such budget authority.

1                   “(ii) LIMITATIONS.—The total  
2                   amount of adjustments made pursuant to  
3                   this subparagraph for the period of fiscal  
4                   years 1998 through 2000 shall not exceed  
5                   \$1,884,000,000 in budget authority.”.

6           (b) SHIFTING OF DISCRETIONARY SPENDING LIMITS  
7 INTO THE BALANCED BUDGET AND EMERGENCY DEFICIT  
8 CONTROL ACT OF 1985.—Section 251 of the Balanced  
9 Budget and Emergency Deficit Control Act of 1985 is  
10 amended by adding at the end the following new sub-  
11 section:

12           “(c) DISCRETIONARY SPENDING LIMIT.—As used in  
13 this part, the term ‘discretionary spending limit’ means—

14                   “(1) with respect to fiscal year 1997, for the  
15                   discretionary category, the current adjusted amount  
16                   of new budget authority and outlays;

17                   “(2) with respect to fiscal year 1998—

18                           “(A) for the defense category:  
19                           \$269,000,000,000 in new budget authority and  
20                           \$266,823,000,000 in outlays;

21                           “(B) for the nondefense category:  
22                           \$252,357,000,000 in new budget authority and  
23                           \$282,853,000,000 in outlays; and

1           “(C) for the violent crime reduction cat-  
2           egory: \$5,500,000,000 in new budget authority  
3           and \$3,592,000,000 in outlays;

4           “(3) with respect to fiscal year 1999—

5           “(A) for the defense category:  
6           \$271,500,000,000 in new budget authority and  
7           \$266,518,000,000 in outlays; and

8           “(B) for the nondefense category:  
9           \$261,499,000,000 in new budget authority and  
10          \$292,803,000,000 in outlays;

11          “(4) with respect to fiscal year 2000, for the  
12          discretionary category: \$537,193,000,000 in new  
13          budget authority and \$564,265,000,000 in outlays;

14          “(5) with respect to fiscal year 2001, for the  
15          discretionary category: \$542,032,000,000 in new  
16          budget authority and \$564,396,000,000 in outlays;  
17          and

18          “(6) with respect to fiscal year 2002, for the  
19          discretionary category: \$551,074,000,000 in new  
20          budget authority and \$560,799,000,000 in outlays;  
21          as adjusted in strict conformance with subsection (b).”.

22       **SEC. 204. VIOLENT CRIME REDUCTION TRUST FUND.**

23       (a) SEQUESTRATION REGARDING VIOLENT CRIME  
24       REDUCTION TRUST FUND.—Section 251A of the Bal-

1 anced Budget and Emergency Deficit Control Act of 1985  
2 is repealed.

3 (b) CONFORMING AMENDMENT.—Section 310002 of  
4 Public Law 103–322 (42 U.S.C. 14212) is repealed.

5 **SEC. 205. ENFORCING PAY-AS-YOU-GO.**

6 (a) EXTENSION.—Section 252 (2 U.S.C. 902) is  
7 amended—

8 (1) by striking subsections (a) and (b) and in-  
9 serting the following:

10 “(a) PURPOSE.—The purpose of this section is to as-  
11 sure that any legislation enacted prior to September 30,  
12 2002, affecting direct spending or receipts that increases  
13 the deficit will trigger an offsetting sequestration.

14 “(b) SEQUESTRATION.—

15 “(1) TIMING.—Within 15 calendar days after  
16 Congress adjourns to end a session and on the same  
17 day as a sequestration (if any) under sections 251  
18 and 253, there shall be a sequestration to offset the  
19 amount of any net deficit increase in the budget  
20 year caused by all direct spending and receipts legis-  
21 lation (after adjusting for any prior sequestration as  
22 provided by paragraph (2)) plus any net deficit in-  
23 crease in the prior fiscal year caused by all direct  
24 spending and receipts legislation not reflected in the  
25 final OMB sequestration report for that year.

1           “(2) CALCULATION OF DEFICIT INCREASE.—

2           OMB shall calculate the amount of deficit increase,  
3           if any, in the budget year by adding—

4                   “(A) all applicable estimates of direct  
5                   spending and receipts legislation transmitted  
6                   under subsection (d) applicable to the budget  
7                   year, other than any amounts included in such  
8                   estimates resulting from—

9                   “(i) full funding of, and continuation of, the de-  
10                  posit insurance guarantee commitment in effect on  
11                  the date of enactment of this section; and

12                  “(ii) emergency provisions as designated under  
13                  subsection (e); and

14                   “(B) the estimated amount of savings in  
15                   direct spending programs applicable to the  
16                   budget year resulting from the prior year’s se-  
17                   questration under this section or section 253, if  
18                   any (except for any amounts sequestered as a  
19                   result of any deficit increase in the fiscal year  
20                   immediately preceding the prior fiscal year), as  
21                   published in OMB’s final sequestration report  
22                   for that prior year; and

23                   “(C) all applicable estimates of direct  
24                   spending and receipts legislation transmitted  
25                   under subsection (d) for the current year that

1           are not reflected in the final OMB sequestra-  
2           tion report for that year, other than any  
3           amounts included in such estimates resulting  
4           from emergency provisions as designated under  
5           subsection (e).”;

6           (2) by amending subsection (c)(1)(B), by in-  
7           serting “and direct” after “guaranteed”;

8           (3) by amending subsection (d) to read as fol-  
9           lows:

10          “(d) ESTIMATES.—

11           “(1) CBO ESTIMATES.—As soon as practicable  
12           after Congress completes action on any direct spend-  
13           ing or receipts legislation, CBO shall provide an esti-  
14           mate of the budgetary effects of that legislation.

15           “(2) OMB ESTIMATES.—Not later than 5 cal-  
16           endar days (excluding Saturdays, Sundays, or legal  
17           holidays) after the enactment of any direct spending  
18           or receipts legislation, OMB shall transmit a report  
19           to the House of Representatives and to the Senate  
20           containing—

21           “(A) the CBO estimate of the budgetary  
22           effects of that legislation;

23           “(B) an OMB estimate of the budgetary  
24           effects of that legislation using current eco-  
25           nomic and technical assumptions; and

1           “(C) an explanation of any difference be-  
2           tween the two estimates.

3           “(3) SCOPE OF ESTIMATES.—The estimates  
4           under this section shall include the amount of  
5           change in outlays or receipts, as the case may be,  
6           for the current year (if applicable), the budget year,  
7           and each outyear.

8           “(4) SCOREKEEPING GUIDELINES.—OMB and  
9           CBO, after consultation with each other and the  
10          Committees on the Budget of the House of Rep-  
11          resentatives and the Senate, shall—

12                  “(A) determine common scorekeeping  
13                  guidelines; and

14                  “(B) in conformance with such guidelines,  
15                  prepare estimates under this section.”; and

16                  (4) in subsection (e), by striking “, for any fis-  
17                  cal year from 1991 through 1998,” and by striking  
18                  “through 1995”.

19 **SEC. 206. REPORTS AND ORDERS.**

20          Section 254 of the Balanced Budget and Emergency  
21          Deficit Control Act of 1985 is amended—

22                  (1) by striking subsection (c) and redesignating  
23                  subsections (d) through (k) as (c) through (j), re-  
24                  spectively;

1           (2) in subsection (c)(2) (as redesignated), by  
2 striking “1998” and inserting “2002”; and

3           (3)(A) in subsection (f)(2)(A) (as redesignated),  
4 by striking “1998” and inserting “2002”; and

5           (B) in subsection (f)(3) (as redesignated), by  
6 striking “through 1998”.

7 **SEC. 207. EXEMPT PROGRAMS AND ACTIVITIES.**

8           (a) **VETERANS PROGRAMS.**—Section 255(b) of the  
9 Balanced Budget and Emergency Deficit Control Act of  
10 1985 is amended as follows:

11           (1) In the item relating to Veterans Insurance  
12 and Indemnity, strike “Indemnity” and insert “In-  
13 demnities”.

14           (2) In the item relating to Veterans’ Canteen  
15 Service Revolving Fund, strike “Veterans”.

16           (3) In the item relating to Benefits under chap-  
17 ter 21 of title 38, strike “(36–0137–0–1–702)” and  
18 insert “(36–0120–0–1–701)”.

19           (4) In the item relating to Veterans’ compensa-  
20 tion, strike “Veterans’ compensation” and insert  
21 “Compensation”.

22           (5) In the item relating to Veterans’ pensions,  
23 strike “Veterans’ pensions” and insert “Pensions”.

24           (6) After the last item, insert the following new  
25 items:

1           “Benefits under chapter 35 of title 38,  
2           United States Code, related to educational as-  
3           sistance for survivors and dependents of certain  
4           veterans with service-connected disabilities (36-  
5           0137-0-1-702);

6           “Assistance and services under chapter 31  
7           of title 38, United States Code, relating to  
8           training and rehabilitation for certain veterans  
9           with service-connected disabilities (36-0137-0-  
10          1-702);

11          “Benefits under subchapters I, II, and III  
12          of chapter 37 of title 38, United States Code,  
13          relating to housing loans for certain veterans  
14          and for the spouses and surviving spouses of  
15          certain veterans Guaranty and Indemnity Pro-  
16          gram Account (36-1119-0-1-704);

17          “Loan Guaranty Program Account (36-  
18          1025-0-1-704); and

19          “Direct Loan Program Account (36-1024-  
20          0-1-704).”.

21          (b) CERTAIN PROGRAM BASES.—Section 255(f) of  
22          the Balanced Budget and Emergency Deficit Control Act  
23          of 1985 is amended to read as follows:

24          “(f) OPTIONAL EXEMPTION OF MILITARY PERSON-  
25          NEL.—

1           “(1) The President may, with respect to any  
2 military personnel account, exempt that account  
3 from sequestration or provide for a lower uniform  
4 percentage reduction than would otherwise apply.

5           “(2) The President may not use the authority  
6 provided by paragraph (1) unless he notifies the  
7 Congress of the manner in which such authority will  
8 be exercised on or before the date specified in sec-  
9 tion 254(a) for the budget year.”.

10       (c) OTHER PROGRAMS AND ACTIVITIES.—(1) Section  
11 255(g)(1)(A) of the Balanced Budget Emergency Deficit  
12 Control Act of 1985 is amended as follows:

13           (A) After the first item, insert the following  
14 new item:

15                   “Activities financed by voluntary payments  
16 to the Government for goods or services to be  
17 provided for such payments;”.

18           (B) Strike “Thrift Savings Fund (26–8141–0–  
19 7–602);”.

20           (C) In the first item relating to the Bureau of  
21 Indian Affairs, insert “Indian land and water claims  
22 settlements and” after the comma.

23           (D) In the second item relating to the Bureau  
24 of Indian Affairs, strike “miscellaneous” and insert  
25 “Miscellaneous” and strike “, tribal trust funds”.

1           (E) Strike “Claims, defense (97-0102-0-1-  
2 051);”.

3           (F) In the item relating to Claims, judgments,  
4 and relief acts, strike “806” and insert “808”.

5           (G) Strike “Coinage profit fund (20-5811-0-  
6 2-803)”.

7           (H) Insert “Compact of Free Association (14-  
8 0415-0-1-808);” after the item relating to the  
9 Claims, judgments, and relief acts.

10          (I) Insert “Conservation Reserve Program (12-  
11 2319-0-1-302);” after the item relating to the  
12 Compensation of the President.

13          (J) In the item relating to the Customs Service,  
14 strike “852” and insert “806”.

15          (K) In the item relating to the Comptroller of  
16 the Currency, insert “, Assessment funds (20-8413-  
17 0-8-373)” before the semicolon.

18          (L) Strike “Director of the Office of Thrift Su-  
19 pervision;”.

20          (M) Strike “Eastern Indian land claims settle-  
21 ment fund (14-2202-0-1-806);”.

22          (N) After the item relating to the Exchange  
23 stabilization fund, insert the following new items:

1           “Farm Credit Administration, Limitation  
2           on Administrative Expenses (78-4131-0-3-  
3           351);

4           “Farm Credit System Financial Assistance  
5           Corporation, interest payment (20-1850-0-1-  
6           908);”.

7           (O) Strike “Federal Deposit Insurance Cor-  
8           poration;”.

9           (P) In the first item relating to the Federal De-  
10          posit Insurance Corporation, insert “(51-4064-0-3-  
11          373)” before the semicolon.

12          (Q) In the second item relating to the Federal  
13          Deposit Insurance Corporation, insert “(51-4065-  
14          0-3-373)” before the semicolon.

15          (R) In the third item relating to the Federal  
16          Deposit Insurance Corporation, insert “(51-4066-  
17          0-3-373)” before the semicolon.

18          (S) In the item relating to the Federal Housing  
19          Finance Board, insert “(95-4039-0-3-371)” before  
20          the semicolon.

21          (T) In the item relating to the Federal payment  
22          to the railroad retirement account, strike “account”  
23          and insert “accounts”.

24          (U) In the item relating to the health profes-  
25          sions graduate student loan insurance fund, insert

1 “program account” after “fund” and strike  
2 “(Health Education Assistance Loan Program) (75-  
3 4305-0-3-553)” and insert “(75-0340-0-1-552)”.

4 (V) In the item relating to Higher education fa-  
5 cilities, strike “and insurance”.

6 (W) In the item relating to Internal Revenue  
7 collections for Puerto Rico, strike “852” and insert  
8 “806”.

9 (X) Amend the item relating to the Panama  
10 Canal Commission to read as follows:

11 “Panama Canal Commission, Panama  
12 Canal Revolving Fund (95-4061-0-3-403);”.

13 (Y) In the item relating to the Medical facilities  
14 guarantee and loan fund, strike “(75-4430-0-3-  
15 551)” and insert “(75-9931-0-3-550)”.

16 (Z) In the first item relating to the National  
17 Credit Union Administration, insert “operating fund  
18 (25-4056-0-3-373)” before the semicolon.

19 (AA) In the second item relating to the Na-  
20 tional Credit Union Administration, strike “central”  
21 and insert “Central” and insert “(25-4470-0-3-  
22 373)” before the semicolon.

23 (BB) In the third item relating to the National  
24 Credit Union Administration, strike “credit” and in-

1       sert "Credit" and insert "(25-4468-0-3-373)" be-  
2       fore the semicolon.

3           (CC) After the third item relating to the Na-  
4       tional Credit Union Administration, insert the fol-  
5       lowing new item:

6                   "Office of Thrift Supervision (20-4108-0-  
7                   3-373);".

8           (DD) In the item relating to Payments to  
9       health care trust funds, strike "572" and insert  
10      "571".

11          (EE) Strike "Compact of Free Association, eco-  
12      nomic assistance pursuant to Public Law 99-658  
13      (14-0415-0-1-806);".

14          (FF) In the item relating to Payments to social  
15      security trust funds, strike "571" and insert "651".

16          (GG) Strike "Payments to state and local gov-  
17      ernment fiscal assistance trust fund (20-2111-0-1-  
18      851);".

19          (HH) In the item relating to Payments to the  
20      United States territories, strike "852" and insert  
21      "806".

22          (II) Strike "Resolution Funding Corporation;".

23          (JJ) In the item relating to the Resolution  
24      Trust Corporation, insert "Revolving Fund (22-  
25      4055-0-3-373)" before the semicolon.

1           (KK) After the item relating to the Tennessee  
2 Valley Authority funds, insert the following new  
3 items:

4                   “Thrift Savings Fund;

5                   “United States Enrichment Corporation  
6 (95-4054-0-3-271);

7                   “Vaccine Injury Compensation (75-0320-  
8 0-1-551);

9                   “Vaccine Injury Compensation Program  
10 Trust Fund (20-8175-0-7-551);”.

11           (2) Section 255(g)(1)(B) of the Balanced Budget and  
12 Emergency Deficit Control Act of 1985 is amended as fol-  
13 lows:

14                   (A) Strike “The following budget” and insert  
15 “The following Federal retirement and disability”.

16                   (B) In the item relating to Black lung benefits,  
17 strike “lung benefits” and insert “Lung Disability  
18 Trust Fund”.

19                   (C) In the item relating to the Court of Federal  
20 Claims Court Judges’ Retirement Fund, strike  
21 “Court of Federal”.

22                   (D) In the item relating to Longshoremen’s  
23 compensation benefits, insert “Special workers com-  
24 pensation expenses,” before “Longshoremen’s”.

1           (E) In the item relating to Railroad retirement  
2 tier II, strike “retirement tier II” and insert “Indus-  
3 try Pension Fund”.

4           (3) Section 255(g)(2) of the Balanced Budget and  
5 Emergency Deficit Control Act of 1985 is amended as fol-  
6 lows:

7           (A) Strike the following items:

8                   “Agency for International Development,  
9                   Housing, and other credit guarantee programs  
10                   (72-4340-0-3-151);

11                   “Agricultural credit insurance fund (12-  
12                   4140-0-1-351);”.

13           (B) In the item relating to Check forgery,  
14 strike “Check” and insert “United States Treasury  
15 check”.

16           (C) Strike “Community development grant loan  
17 guarantees (86-0162-0-1-451);”.

18           (D) After the item relating to the United States  
19 Treasury Check forgery insurance fund, insert the  
20 following new item:

21                   “Credit liquidating accounts;”.

22           (E) Strike the following items:

23                   “Credit union share insurance fund (25-  
24                   4468-0-3-371);

1           “Economic development revolving fund  
2           (13-4406-0-3);

3           “Export-Import Bank of the United  
4           States, Limitation of program activity (83-  
5           4027-0-1-155);

6           “Federal deposit Insurance Corporation  
7           (51-8419-0-8-371);

8           “Federal Housing Administration fund  
9           (86-4070-0-3-371);

10          “Federal ship financing fund (69-4301-0-  
11          3-403);

12          “Federal ship financing fund, fishing ves-  
13          sels (13-4417-0-3-376);

14          “Government National Mortgage Associa-  
15          tion, Guarantees of mortgage-backed securities  
16          (86-4238-0-3-371);

17          “Health education loans (75-4307-0-3-  
18          553);

19          “Indian loan guarantee and insurance fund  
20          (14-4410-0-3-452);

21          “Railroad rehabilitation and improvement  
22          financing fund (69-4411-0-3-401);

23          “Rural development insurance fund (12-  
24          4155-0-3-452);

1           “Rural electric and telephone revolving  
2 fund (12-4230-8-3-271);

3           “Rural housing insurance fund (12-4141-  
4 0-3-371);

5           “Small Business Administration, Business  
6 loan and investment fund (73-4154-0-3-376);

7           “Small Business Administration, Lease  
8 guarantees revolving fund (73-4157-0-3-376);

9           “Small Business Administration, Pollution  
10 control equipment contract guarantee revolving  
11 fund (73-4147-0-3-376);

12           “Small Business Administration, Surety  
13 bond guarantees revolving fund (73-4156-0-3-  
14 376);

15           “Department of Veterans Affairs Loan  
16 guaranty revolving fund (36-4025-0-3-704);”.

17       (d) LOW-INCOME PROGRAMS.—Section 255(h) of the  
18 Balanced Budget and Emergency Deficit Control Act of  
19 1985 is amended as follows:

20           (1) Amend the item relating to Child nutrition  
21 to read as follows:

22           “State child nutrition programs (with the  
23 exception of special milk programs) (12-3539-  
24 0-1-605);”.

1           (2) Amend the item relating to the Women, in-  
2           fants, and children program to read as follows:

3                   “Special supplemental nutrition program  
4                   for women, infants, and children (WIC) (12-  
5                   3510-0-1-605).”.

6           (e) IDENTIFICATION OF PROGRAMS.—Section 255(i)  
7           of the Balanced Budget and Emergency Deficit Control  
8           Act of 1985 is amended to read as follows:

9                   “(i) IDENTIFICATION OF PROGRAMS.—For purposes  
10           of subsections (b), (g), and (h), each account is identified  
11           by the designated budget account identification code num-  
12           ber set forth in the Budget of the United States Govern-  
13           ment 1996–Appendix, and an activity within an account  
14           is designated by the name of the activity and the identi-  
15           fication code number of the account.”.

16           (f) OPTIONAL EXEMPTION OF MILITARY PERSON-  
17           NEL.—Section 255(h) of the Balanced Budget and Emer-  
18           gency Deficit Control Act of 1985 (relating to optional ex-  
19           emption of military personnel) is repealed.

20   **SEC. 208. GENERAL AND SPECIAL SEQUESTRATION RULES.**

21           (a) SECTION HEADING.—(1) The section heading of  
22           section 256 of the Balanced Budget and Emergency Defi-  
23           cit Control Act of 1985 is amended by striking “**EXCEP-**  
24           **TIONS, LIMITATIONS, AND SPECIAL RULES**” and in-

1 setting “**GENERAL AND SPECIAL SEQUESTRATION**  
2 **RULES**”.

3 (2) The item relating to section 256 in the table con-  
4 tents set forth in section 250(a) of the Balanced Budget  
5 and Emergency Deficit Control Act of 1985 is amended  
6 to read as follows:

“Sec. 256. General and special sequestration rules.”.

7 (b) **AUTOMATIC SPENDING INCREASES.**—Section  
8 256(a) of the Balanced Budget and Emergency Deficit  
9 Control Act of 1985 is amended by striking paragraph (1)  
10 and redesignating paragraphs (2) and (3) as paragraphs  
11 (1) and (2), respectively.

12 (c) **GUARANTEED AND DIRECT STUDENT LOAN PRO-**  
13 **GRAMS.**—Section 256(b) of the Balanced Budget and  
14 Emergency Deficit Control Act of 1985 is amended to  
15 read as follows:

16 “(b) **STUDENT LOANS.**—(1) For all student loans  
17 under part B or D of title IV of the Higher Education  
18 Act of 1965 made during the period when a sequestration  
19 order under section 254 is in effect, origination fees under  
20 sections 438(c)(2) and 455(c) of that Act shall be in-  
21 creased by a uniform percentage sufficient to produce the  
22 dollar savings in student loan programs (as a result of  
23 that sequestration order) required by section 252 or 253,  
24 as applicable.

1       “(2) For any loan made during the period beginning  
2 on the date that an order issued under section 254 takes  
3 effect with respect to a fiscal year and ending at the close  
4 of such fiscal year, the origination fees which are author-  
5 ized to be collected pursuant to sections 438(c)(2) and  
6 455(c) of such Act shall be increased by 0.50 percent.”.

7       (d) HEALTH CENTERS.—Section 256(e)(1) of the  
8 Balanced Budget and Emergency Deficit Control Act of  
9 1985 is amended by striking the dash and all that follows  
10 thereafter and inserting “2 percent.”.

11       (e) FEDERAL PAY.—Section 256(g)(1) of the Bal-  
12 anced Budget and Emergency Deficit Control Act of 1985  
13 is amended by inserting “(including any amount payable  
14 under section 5303 or 5304 of title 5, United States  
15 Code)” after “such statutory pay system”.

16       (f) TREATMENT OF FEDERAL ADMINISTRATIVE EX-  
17 PENSES.—Section 256(h)(4) of the Balanced Budget and  
18 Emergency Deficit Control Act of 1985 is amended by  
19 striking subparagraphs (D) and (H), by redesignating  
20 subparagraphs (E), (F), (G), and (I), as subparagraphs  
21 (D), (E), (F), and (G), respectively, and by adding at the  
22 end the following new subparagraph:

23                               “(H) Farm Credit Administration.”.

1 (g) COMMODITY CREDIT CORPORATION.—Section  
2 256(j)(5) of the Balanced Budget and Emergency Deficit  
3 Control Act of 1985 is amended to read as follows:

4 “(5) DAIRY PROGRAM.—Notwithstanding other  
5 provisions of this subsection, as the sole means of  
6 achieving any reduction in outlays under the milk  
7 price support program, the Secretary of Agriculture  
8 shall provide for a reduction to be made in the price  
9 received by producers for all milk produced in the  
10 United States and marketed by producers for com-  
11 mercial use. That price reduction (measured in cents  
12 per hundred weight of milk marketed) shall occur  
13 under section 201(d)(2)(A) of the Agricultural Act  
14 of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the  
15 day any sequestration order is issued under section  
16 254, and shall not exceed the aggregate amount of  
17 the reduction in outlays under the milk price sup-  
18 port program that otherwise would have been  
19 achieved by reducing payments for the purchase of  
20 milk or the products of milk under this subsection  
21 during the applicable fiscal year.”.

22 (h) EFFECTS OF SEQUESTRATION.—Section 256(k)  
23 of the Balanced Budget and Emergency Deficit Control  
24 Act of 1985 is amended as follows:

1           (1) In paragraph (1), strike “other than a trust  
2           or special fund account” and insert “, except as pro-  
3           vided in paragraph (5)” before the period.

4           (2) Strike paragraph (4), redesignate para-  
5           graphs (5) and (6) as paragraphs (4) and (5), re-  
6           spectively, and amend paragraph (5) (as redesign-  
7           nated) to read as follows:

8           “(5) Budgetary resources sequestered in revolv-  
9           ing, trust, and special fund accounts, and offsetting  
10          collections sequestered in appropriation accounts  
11          shall not be available for obligation during the fiscal  
12          year in which the sequestration occurs, but shall be  
13          available in subsequent years to the extent otherwise  
14          provided in law.”.

15 **SEC. 209. THE BASELINE.**

16          Section 257 of the Balanced Budget and Emergency  
17          Deficit Control Act of 1985 is amended—

18          (1) in subsection (b)(2) by amending subparagraph  
19          (A) to read as follows:

20                 “(A)(i) Except as provided in clause (ii), no  
21                 program with estimated current year outlays greater  
22                 than \$50,000,000 shall be assumed to expire in the  
23                 budget year or the outyears.

24                 “(ii) Clause (i) shall not apply to a program if  
25                 legislation establishing or modifying that program

1 contains a provision stating 'Section 257(b)(2) of  
2 the Balanced Budget and Emergency Deficit Control  
3 Act of 1985 shall not apply to the program specified  
4 in \_\_\_\_ of this Act.', the blank space being filled in  
5 with the appropriate section or sections of that legis-  
6 lation.

7 "(iii) No bill, resolution, amendment, motion, or  
8 conference report shall be subject to a point of order  
9 under section 306 of the Congressional Budget Act  
10 of 1974 solely because it includes the provision spec-  
11 ified in clause (ii).

12 "(iv) Upon the expiration of the suspensions  
13 contained in section 171 of Public Law 104-193  
14 with regard to a program in such Act with estimated  
15 fiscal year outlays greater than \$50,000,000, that  
16 program shall be assumed to operate under that Act  
17 as in effect immediately before reversion to the laws  
18 suspended by such Act."

19 (2) by adding at the end of subsection (b)(2)  
20 the following new subparagraph:

21 "(D) If any law expires before the budget year  
22 or any outyear, then any program with estimated  
23 current year outlays greater than \$50 million which  
24 operates under that law shall be assumed to con-

1       tinue to operate under that law as in effect imme-  
2       diately before its expiration.”;

3           (3) in the second sentence of subsection (c)(5),  
4       by striking “national product fixed-weight price  
5       index” and inserting “domestic product chain-type  
6       price index”; and

7           (4) by striking subsection (e) and inserting the  
8       following:

9       “(e) ASSET SALES.—Amounts realized from the sale  
10      of an asset other than a loan asset shall not be counted  
11      against legislation if that sale would result in a financial  
12      cost to the Federal Government.”.

13      **SEC. 210. TECHNICAL CORRECTION.**

14       Section 258 of the Balanced Budget and Emergency  
15      Deficit Control Act of 1985, entitled “Modification of  
16      Presidential Order”, is repealed.

17      **SEC. 211. JUDICIAL REVIEW.**

18       Section 274 of the Balanced Budget and Emergency  
19      Deficit Control Act of 1985 is amended as follows:

20           (1) Strike “252” or “252(b)” each place it oc-  
21       curs and insert “254”.

22           (2) In subsection (d)(1)(A), strike “257(l) to  
23       the extent that” and insert “256(a) if”, strike the  
24       parenthetical phrase, and at the end insert “or”.

1           (3) In subsection (d)(1)(B), strike “new budg-  
2           et” and all that follows through “spending author-  
3           ity” and insert “budgetary resources” and strike  
4           “or” after the comma.

5           (4) Strike subsection (d)(1)(C).

6           (5) Strike subsection (f) and redesignate sub-  
7           sections (g) and (h) as subsections (f) and (g), re-  
8           spectively.

9           (6) In subsection (g) (as redesignated), strike  
10          “base levels of total revenues and total budget out-  
11          lays, as” and insert “figures”, and “251 (a)(2)(B)  
12          or (c)(2),” and insert “254”.

13 **SEC. 212. EFFECTIVE DATE.**

14          (a) EXPIRATION.—Section 275(b) of the Balanced  
15 Budget and Emergency Deficit Control Act of 1985 is  
16 amended—

17           (1) by striking “Part C of this title, section”  
18           and inserting “Sections 251, 253, 258B, and”;

19           (2) by striking “1995” and inserting “2002”;  
20           and

21           (3) by adding at the end the following new sen-  
22           tence: “The remaining sections of part C of this title  
23           shall expire September 30, 2006.”.

1 (b) EXPIRATION.—Section 14002(c)(3) of the Omni-  
2 bus Budget Reconciliation Act of 1993 (2 U.S.C. 900  
3 note) is repealed.

4 **SEC. 213. REDUCTION OF PREEXISTING BALANCES AND EX-**  
5 **CLUSION OF EFFECTS OF THIS ACT FROM**  
6 **PAYGO SCORECARD.**

7 Upon the enactment of this Act, the Director of the  
8 Office of Management and Budget shall—

9 (1) reduce any balances of direct spending and  
10 receipts legislation for any fiscal year under section  
11 252 of the Balanced Budget and Emergency Deficit  
12 Control Act of 1985 to zero; and

13 (2) not make any estimates of changes in direct  
14 spending outlays and receipts under subsection (d)  
15 of such section 252 for any fiscal year resulting  
16 from the enactment of this Act or the Revenue Rec-  
17 onciliation Act of 1997.

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**COMPARISON OF BUDGET RECONCILIATION HUMAN RESOURCES ITEMS**

***CONFERENCE STATUS***

As of July 21, 1997

## TABLE OF CONTENTS

### I. WELFARE-TO-WORK GRANT, BLOCK GRANTS FOR TEMPORARY ASSISTANCE TO NEEDY FAMILIES, AND OTHER PROVISIONS

1. Welfare-to-Work Grants .....	1
a. Purpose .....	1
b. Administering Agency .....	1
c. Inter-Agency Coordination .....	2
d. Appropriation and Distribution of Funds .....	3
e. Matching Requirements .....	3
f. Prior State Spending Requirements .....	4
g. Allocation of Formula Funds to States .....	4
h. Definition of Eligible State .....	5
i. Distribution of Formula Funds Within States .....	6
j. Performance Bonuses .....	6
k. Competitive Grant Funds for Private Industry Councils and Political Subdivisions of States .....	7
l. Grants to Indian Tribes .....	9
m. Grants to Territories/Outlying Areas .....	9
n. Use of Funds .....	10
o. Eligible Individuals .....	12
p. Interaction with TANF .....	12
q. Evaluation .....	13
2. Workfare – Rules for Community Service and Work Experience Programs .....	14
a. Sanctions .....	14
3. Counting Any Other Work Activity for Recipients with Sufficient Participation in Workfare Programs .....	14
4. Protections for Workfare and Welfare-to-Work Participants .....	15
5. Limit on Vocational and Educational Training as a Work Activity .....	17
6. Limit on Transfer of TANF Funds .....	17
7. Penalty Against State for Not Reducing Benefit of Recipient for Refusal to Work .....	18
8. Family Violence Exemptions from TANF Rules .....	18
9. Penalty for Failure to Meet Minimum Participation Rates .....	19
10. Data Collection About TANF Families .....	19

### II. SUPPLEMENTAL SECURITY INCOME

11. Requirement to Perform Childhood Disability Redeterminations in Mixed Cases .....	20
12. Repeal of Maintenance-of-Effort Requirement for Optional State Supplementation of SSI Benefits .....	21
13. Fees for Federal Administration of State Supplementary Payments .....	22

### III. CHILD SUPPORT ENFORCEMENT

14. Clarification of Authority to Permit Certain Disclosures of Wage and Claim Information .....	23
--	----

### IV. RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

15. Extension of SSI/Medicaid Eligibility Period for Refugees and Certain Other Qualified Aliens From 5 to 7 Years .....	24
--	----

16. Definition: "Qualified Aliens" .....	24
17. SSI Eligibility for Noncitizens Receiving SSI on August 22, 1996 .....	24
18. SSI Eligibility for Noncitizens Here by 8/22/96 and Subsequently Disabled .....	24
19. SSI Eligibility for the Severely Disabled .....	24
20. SSI Eligibility for SSI Recipients with Applications Filed Before 1/1/79 .....	25
21. Medicaid Eligibility for Noncitizens Receiving SSI on August 22, 1996 .....	25
22. Food Stamp Eligibility .....	25
23. Medicaid Eligibility for Children .....	25
24. SSI/Medicaid Eligibility for Permanent Resident Aliens Who Are Members of an Indian Tribe .....	26
25. Amerasians .....	26
26. Verification of Eligibility for State and Local Public Benefits .....	26
<b>V. UNEMPLOYMENT COMPENSATION</b>	
27. Clarifying Provision Relating to Base Periods .....	27
28. Increase in Federal Unemployment Account Ceiling .....	27
29. Special Distribution to States from Unemployment Trust Fund .....	28
30. Interest-free Advances to State Accounts in Unemployment Trust Fund Restricted to States Which Meet Funding Goals .....	28
31. Exemption of Service Performed by Election Workers from the Federal Unemployment Tax .....	28
32. Treatment of Certain Services Performed by Inmates .....	29
33. Exemption of Service Performed for an Elementary or Secondary School Operated Primarily for Religious Purposes from the Federal Unemployment Tax .....	29
34. State Program Integrity Activities for Unemployment Compensation .....	29
<b>VI. TECHNICAL CORRECTIONS</b>	
35. Inadvertent References to Internal Revenue Code .....	30
36. Expenditures to Be Excluded from Historic State Expenditures .....	30
37. Correction of References .....	30
38. Technical Correction Pertaining to Social Security .....	30
<b>VII. MISCELLANEOUS</b>	
39. Increase in the Public Debt Limit .....	31

## II. SUPPLEMENTAL SECURITY INCOME

Provision	Current Law	House Bill	Senate Amendment	Status
<p><b>11. Requirement to Perform Childhood Disability Redeterminations in Missed Cases</b></p>	<p>By August 22, 1997 (one year after the date of enactment of P.L. 104-193), the Commissioner of the Social Security Administration (SSA) is expected to redetermine the eligibility of any child receiving SSI benefits on August 22, 1996, whose eligibility may be affected by changes in childhood disability eligibility criteria, including the new definition of childhood disability and the elimination of the individualized functional assessment. Benefits of current recipients will continue until the later of July 1, 1997 or a redetermination assessment. Should a child be found ineligible, benefits will end following redetermination. Within 1 year of attainment of age 18, SSA is expected to make a medical redetermination of current SSI childhood recipients using adult disability eligibility criteria. For low birth weight babies, a review must be conducted within 12 months after the birth of a child whose low birth weight is a contributing factor to his or her disability.</p>	<p>This provision extends from 1 year after the date of enactment to 18 months after the date of enactment the period by which SSA must redetermine the eligibility of any child receiving benefits on August 22, 1996 whose eligibility may be affected by changes in childhood disability. The provision also specifies that any child subject to an SSI redetermination under the terms of the welfare reform law whose redetermination does not occur during the 18-month period following enactment (that is, by February 22, 1998) is to be assessed as soon as practicable thereafter using the new eligibility standards applied to other children under the welfare reform law.</p>	<p>No provision.</p>	<p>Senate recede.</p>

Provision	Current Law	House Bill	Senate Amendment	Status
<b>12. Repeal of Maintenance-of-Effort Requirement for Optional State Supplementation of SSI Benefits</b>	<p>States have an option to supplement the Federal SSI payment with their own funds. States that operate optional supplementation programs are required by Section 1618 of the Social Security Act to "pass along" the amount of any Federal SSI benefit increase to recipients. The law allows States to comply with this requirement by either maintaining their supplementary payment levels to recipients of a given type at or above 1983 levels or by maintaining their supplementary payments at a level that, when combined with Federal payments, at least equals combined payments to the same type of recipients during the previous 12 months. In effect, Section 1618 requires that once a State elects to provide supplementary payments, it must continue to do so.</p>	<p>The House repeals Section 1618, ending the requirement that States pass along any Federal benefit increase to recipients.</p>	<p>No provision.</p>	<p>Senate recede, with modification that States that pay fees for Federal administration of supplementary payments may reduce State payments by no more than 10 percent per year (see below).</p>

Provision	Current Law	House Bill	Senate Amendment	Status
<b>13. Fees for Federal Administration of State Supplementary Payments</b>	<p>The law requires the Commissioner of Social Security to assess an administration fee for making State supplementary SSI payments (optional or mandatory) on behalf of States. For Fiscal Year 1997 and each succeeding fiscal year, the fee is \$5.00 monthly or a different rate that the Commissioner determines to be appropriate for the State. The administration fees—along with any additional service fees that the Commissioner imposes to cover costs—are deposited in the general fund of the Treasury as miscellaneous receipts.</p>	<p>The House increases fees for administering State supplements (optional or mandatory) as follows:</p> <ul style="list-style-type: none"> <li>For Fiscal Year 1998, \$6.20;</li> <li>For Fiscal Year 1999, \$7.60;</li> <li>For Fiscal Year 2000, \$7.80;</li> <li>For Fiscal Year 2001, \$8.10;</li> <li>For Fiscal Year 2002, \$8.50; and</li> <li>For Fiscal Year 2003 and each succeeding fiscal year, the rate in the preceding year, adjusted for price inflation (by use of the Consumer Price Index); or a different rate that the Commissioner determines to be appropriate for the State.</li> </ul> <p>The first \$5 in monthly administration shall be deposited in the general fund of the Treasury as miscellaneous receipts. The remaining portion of administration fees (and 100 percent of additional services fees) shall, upon collection for Fiscal Year 1998 and later years, be credited to a special Treasury fund to be available to defray expenses in carrying out SSI and related laws.</p> <p>The bill authorizes \$35 million to be appropriated from the new special Treasury fund for Fiscal Year 1998 and “such sums as are necessary” for later years.</p>	<p>No provision.</p>	<p>Senate recede, with modification regarding maintenance of effort for State supplementation of SSI benefits.</p>

### III. CHILD SUPPORT ENFORCEMENT

Provision	Current Law	House Bill	Senate Amendment	Status
14. Clarification of Authority to Permit Certain Redisclosures of Wage and Claim Information	<p>P.L. 104-193 gives HHS the authority to obtain information about the wages and unemployment compensation paid to individuals from State unemployment compensation agencies for the State Directory of New Hires. The State Directory of New Hires is then to furnish this wage and unemployment compensation claim information, on a quarterly basis, to the National directory of New Hires. The law also requires State unemployment compensation agencies to establish such safeguards as the Secretary of Labor determines are necessary to insure that the information disclosed to the National Directory of New Hires is used only for the purpose of administering programs under State plans approved under the Child Support Enforcement program, the TANF block grant, and for other purposes authorized in section 453 of the Social Security Act (as amended by P.L. 104-193).</p>	<p>Clarifies that HHS may disclose wage and unemployment compensation information contained in the Directory of New Hires to the Department of Treasury, the Social Security Administration, and to State Child Support Enforcement agencies.</p>	No provision.	Senate recode.

#### IV. RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

Provision	Current Law	House Bill	Senate Amendment	Status
15. Extension of SSI/Medicaid Eligibility Period for Refugees and Certain Other Qualified Aliens From 5 to 7 Years	Provides 5-year exemption from: (1) the bar against SSI and Food Stamps; and (2) the provision allowing States to deny "qualified aliens" access to Medicaid, TANF, and Social Services Block Grant for refugees, asylees, and aliens granted withholding of deportation for persecution.	Lengthens from 5 years to 7 years the period during which welfare eligibility is guaranteed to refugees, asylees, and aliens whose deportation has been withheld.	Similar to House, except also clarifies that Cuban-Haitian entrants would be considered "refugees" for purposes of SSI/Medicaid, making them eligible for their first 7 years in the U.S.	House recode.
16. Definition: "Qualified Aliens"	Defined by P.L. 104-193 (as amended by P.L. 104-208) as aliens admitted for legal permanent residence (i.e., immigrants), refugees, aliens paroled into the United States for at least 1 year, aliens granted asylum or related relief, and certain abused spouses and children. Most Cuban/Haitian entrants are paroled for 1 year and, as such, are "qualified aliens." Amerasians enter as immigrants and, as such, are qualified aliens.	Specifies that Cuban and Haitian entrants and Amerasian permanent resident aliens are to be considered qualified aliens for purpose of continuing SSI and Medicaid eligibility of those who were receiving benefits on 8/22/96.	Specifies Cuban and Haitian entrants are qualified aliens for purpose of continuing SSI and Medicaid eligibility of those who were receiving benefits on 8/22/96.	House recode.
17. SSI Eligibility for Noncitizens Receiving SSI on August 22, 1996	Most "qualified aliens" are barred from Supplemental Security Income (SSI) for the Aged, Blind, and Disabled. Current recipients must be screened for continuing eligibility by September 30, 1997.	"Qualified aliens" receiving SSI benefits on 8/22/96 would remain eligible for SSI. Applies to both the aged and disabled.	Similar to House, clarifies that ban does not apply to an alien who is "lawfully residing in any state."	House recode.
18. SSI Eligibility for Noncitizens Here by 8/22/96 and Subsequently Disabled	Not eligible under current law (unless otherwise exempt from ineligibility).	Eligibility continues beyond 9/30/97 only for those receiving benefits as of 8/22/96 (see above).	Eligibility for SSI disability benefits provided for "qualified aliens" here by 8/22/96 who subsequently become disabled.	Senate recode.
19. SSI Eligibility for the Severely Disabled	No provision for eligibility of severely disabled qualified aliens" beyond continued coverage through 9/30/97 of those on rolls as of 8/22/96.	No special provision for the severely disabled. Eligibility of those on the rolls as of 8/22/96 would continue (see above).	Provides for coverage of future severely disabled "qualified aliens" who are unable to naturalize solely because of their disability.	Senate recode.

Provision	Current Law	House Bill	Senate Amendment	Status
<b>20. SSI Eligibility for SSI Recipients with Applications Filed Before 1/1/79</b>	Not eligible under current law beyond 9/30/97 unless can prove citizenship (or are otherwise exempt because of work record or veteran status).	No provision	Individuals who have been receiving SSI on basis of an application filed before 1/1/79 would continue to be eligible unless there is convincing evidence that they are non-qualified aliens.	House recode.
<b>21. Medicaid Eligibility for Noncitizens Receiving SSI on August 22, 1996</b>	States may exclude "qualified aliens" who entered the United States before enactment of the welfare law (August 22, 1996) from Medicaid beginning January 1, 1997. Additionally, to the extent that legal immigrants' receipt of Medicaid is based only on their eligibility for SSI, some will lose Medicaid because of their ineligibility for SSI.	"Qualified aliens" who were receiving derivative Medicaid benefits on August 22, 1996 as a result of receipt of SSI would remain eligible for Medicaid.	Similar to House.	Follow House and Senate.
<b>22. Food Stamp Eligibility</b>	"Qualified aliens" here before 8/26/96 barred from food stamps by 8/22/97; new arrivals barred.	No derivative eligibility from SSI eligibility; i.e., no change in existing law.	No derivative eligibility from SSI eligibility; i.e., no change in existing law.	Identical provision.
<b>23. Medicaid Eligibility for Children</b>	"Qualified aliens" entering after 8/22/96 are barred from all but emergency Medicaid for 5 years after entry, at which point their participation is a state option; no special provision is made for children.	No change in existing law.	Exempts "qualified alien" children under age 19 from the 5-year bar on full Medicaid.	Senate recode.
<b>24. SSI/Medicaid Eligibility for Permanent Resident Aliens Who Are Members of an Indian Tribe</b>	Makes no exception for qualified aliens who are Native Americans. Section 289 of the Immigration and Nationality Act of 1952 (INA) preserves the right of free passage recognized in the Jay Treaty of 1794 by allowing "American Indians born in Canada" unimpeded entry and residency rights if they "possess at least 50 per centum of blood of the American Indian race." By regulation, individuals who enter the U.S. and reside here under this provision are regarded as lawful permanent resident aliens.	Exempts members of federally recognized American Indian tribes who are lawfully admitted for permanent residence from the SSI (and derivative Medicaid if applicable) restrictions on qualified aliens.	Exempts (1) members of federally recognized tribes and (2) American Indians who come under Sec. 289 of the INA from the SSI (and derivative Medicaid if applicable) restrictions on qualified aliens. Makes similar exceptions to the 3-year bar on benefits for newly arriving qualified aliens.	House recode.

Provision	Current Law	House Bill	Senate Amendment	Status
25. Amerasians	Amerasians enter as immigrants and, as such, are qualified aliens.	Considered to be "qualified aliens" for purpose of continued eligibility for SSI for those here by 8/22/96.	Amerasians would be made eligible for benefits on same basis as refugees. Provides for funding through \$100 processing fees to be levied on unlawfully present aliens who are ordered removed after having been convicted in the U.S. of a felony.	House recode.
26. Verification of Eligibility for State and Local Public Benefits	Requires verification that applicants for federal benefits are eligible for the benefits, and that states administering such programs have a verification system.	Authorizes state and local governments to verify eligibility for state or local public benefits.	No provision.	Senate recode.

## VI. TECHNICAL CORRECTIONS

NOTE: Provisions of the House-passed Technical Corrections Act (H.R. 1048) are identical to those of the Senate-passed Technical Corrections Act (Subtitle M of Title V of S. 947) except the four items (35, 36, 37, and 38) noted below.

Provision	Current Law	House Bill (H.R. 1048)	Senate	Status
<b>35. Inadvertent References to Internal Revenue Code</b>	No provision.	Strikes one paragraph (number 7) of Sec. 110(l) of P.L. 104-191, which made an inadvertent change in the Internal Revenue Code.	Strikes additional paragraphs (numbers 1, 4, and 5) which made inadvertent or obsolete changes in the Internal Revenue Code.	House recode.
<b>36. Expenditures to Be Excluded from Historic State Expenditures</b>	No provision.	Clarifies that State funds spent as a condition of receiving other Federal funds may not count toward the State maintenance of effort requirement; also makes a minor wording change to ensure that State spending on JOBS are included in the maintenance-of-effort baseline (historic State expenditures).	Makes this change in conforming amendments to welfare-to-work block grant (see item 1 above). Language is the same as that in the Ways and Means welfare-to-work provision.	Identical provision.
<b>37. Correction of References</b>	No provision.	No provision.	Strikes "amendment made by section 2103 of the Personal Responsibility and Work Opportunity" and inserts "amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation."	House recode.
<b>38. Technical Correction Pertaining to Social Security</b>	The two technical changes made in this section pertain to the definition of "qualified organization" that may serve as a representative payee, and cost-of-living increases as they apply to Social Security benefits.	Makes minor changes in wording to improve clarity.	No provision.	House recode with Senate modification that only provisions of subtitle B of H. R. 1048 affecting title II of the Social Security Act are deleted.

## VII. MISCELLANEOUS

<b>Provision</b>	<b>Current Law</b>	<b>House Bill</b>	<b>Senate Amendment</b>	<b>Status</b>
<b>39. Increase in the Public Debt Limit</b>	The current statutory limit on the public debt is \$5.5 trillion.	The statutory limit would be increased to \$5.950 trillion. This is sufficient debt authority until December 15, 1999.	Same as House.	Identical provision.



# LEGISLATIVE BULLETIN

SOCIAL SECURITY  
ADMINISTRATION

105-4

June 12, 1997

## THE HOUSE WAYS AND MEANS COMMITTEE REPORTS BUDGET RECONCILIATION RECOMMENDATIONS INCLUDING WELFARE REFORM PROVISIONS

On June 10, 1997, the House Ways and Means Committee reported its recommendations to the Committee on the Budget for inclusion in an omnibus budget bill. The provisions adopted were in an amendment offered in the nature of a substitute by Chairman Archer and Human Resources Subcommittee Chairman Shaw. Provisions of interest to SSA are as follows:

### Noncitizens

- o Extends the current period for SSI and Medicaid eligibility from 5 years after entry to 7 years after entry for refugees, asylees and noncitizens who have had their deportations withheld under section 243(h) of the INA.

Would be effective as if enacted in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

- o Provides that noncitizens receiving SSI on August 22, 1996, would not have the PRWORA provisions apply relating to noncitizens' eligibility for SSI. Specifically included in this group of noncitizens that would be "grandfathered" would be Amerasian immigrants and Cuban and Haitian entrants.

Would be effective as if enacted in PRWORA (August 22, 1996).

- o Provides that noncitizen members of federally recognized American Indian tribes who are lawfully admitted for permanent residence may be eligible for SSI.

Would be effective as if enacted in PRWORA (August 22, 1996).

- o Provides that noncitizens who are otherwise ineligible for Medicaid, would be eligible for Medicaid if they receive SSI benefits and if the State's Medicaid plan provides Medicaid eligibility for SSI recipients.

Also provides that noncitizens who are otherwise ineligible for food stamps would not be made eligible for food stamps because they receive SSI.

Would be effective as if enacted in PRWORA (August 22, 1996).

### **Disabled Children**

- o Extends current 12-month period (ending 8/22/97) to 18 months (ending 2/22/98) for redetermining the disability of children under age 18 under the new standards. Any child whose redetermination is not done within the 18-month period is to be assessed under the new standards as soon as possible after the close of the period.

### **State Supplementary Payments**

- o Increases fees for SSA's administering supplementary payments (currently \$5 per check) under the following schedule: FY 1998--\$6.20; FY 1999--\$7.60; FY 2000--\$7.80; FY 2001--\$8.10; and FY 2002--\$8.50. Beginning FY 2003, fees would be indexed to increases in the Consumer Price Index (CPI) or such different rate as the Commissioner determines would be appropriate for the State.

Amounts of fees collected in excess of \$5 per check would be available for SSA administrative purposes.

- o Repeals section 1618 of the Social Security Act that requires States with supplementary payment programs to pass through cost-of-living increases in the SSI Federal payment rate.

Would be effective upon enactment.



# LEGISLATIVE BULLETIN

SOCIAL SECURITY  
ADMINISTRATION

105-6

August 1, 1997

## CONGRESS PASSES THE BALANCED BUDGET ACT OF 1997

On July 30, 1997, the House passed the conference report accompanying H.R. 2015, the Balanced Budget Act of 1997, by a vote of 346 to 85. On July 31, the Senate passed H.R. 2015 by a vote of 85 to 15. Provisions of interest to SSA are as follows:

### **Noncitizens**

#### SSI Eligibility for Aliens Receiving SSI on August 22, 1996 and Disabled Legal Aliens in the United States on August 22, 1996

Provides that "qualified alien" noncitizens lawfully residing in the United States who received SSI on August 22, 1996, would remain eligible for SSI--i.e., eligibility "grandfathered."

Also provides that "qualified aliens" lawfully residing in the United States on August 22, 1996 would be eligible for SSI if they meet the SSI definition of disability or blindness.

Extends from September 30, 1997 to September 30, 1998 the period during which redeterminations of eligibility can be conducted for noncitizens who were receiving SSI on August 22, 1996. Thus, noncitizens who are not "qualified aliens" who received SSI on August 22, 1996 could remain eligible until September 30, 1998.

Effective as if enacted in the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996" (PRWORA), pertinent sections of which were effective upon its enactment--i.e., August 22, 1996.

Extension of Eligibility Period for Refugees and Certain Other Qualified Aliens from 5 to 7 years for SSI and Medicaid; Status of Cuban/Haitian Entrants

Extends the current 5-year eligibility period for refugees, asylees, and noncitizens who have had their deportations withheld to 7 years.

Also adds Cuban and Haitian entrants to the categories of noncitizens who are considered to be "qualified aliens," to the categories of noncitizens who are eligible for SSI for 7 years after they are granted status, and to the categories of noncitizens who are exempt from the 5-year eligibility ban on noncitizens who enter the United States after August 22, 1996.

Effective as if enacted in PRWORA.

Treatment of Certain Amerasian Immigrants as Refugees

Adds Amerasian immigrants to the categories of noncitizens who are eligible for SSI and for the first 7 years after they are admitted to the United States and would exempt them from the 5-year eligibility ban on noncitizens who enter the United States after August 22, 1996.

Effective as if enacted in PRWORA.

Exceptions for Certain Indians from Limitation on Eligibility for Supplemental Security Income and Medicaid Benefits

Exempts noncitizen members of federally recognized Indian tribes or noncitizen native Americans who come under section 289 of the Immigration and Nationality Act from the SSI and Medicaid restrictions in PRWORA, including the restriction on benefits only to "qualified aliens" and the 5-year ban.

Effective as if enacted in PRWORA.

Exemption from Restriction on SSI Program Participation by Certain Recipients Eligible on the Basis of Very Old Applications

Exempts individuals who have been on SSI rolls since before January 1, 1979 from the noncitizen restrictions in PRWORA if the Commissioner lacks clear and convincing evidence that such an individual is a noncitizen ineligible for benefits under the restrictions in PRWORA.

Effective as if enacted in PRWORA.

### Derivative Eligibility for Medicaid and Food Stamp Benefits

Provides that noncitizens who are otherwise ineligible for Medicaid under PRWORA, may be eligible for Medicaid if they receive SSI benefits and if the State's Medicaid plan provides Medicaid eligibility for SSI recipients.

Also provides that noncitizens who are otherwise ineligible under PRWORA for food stamps would not be made eligible for food stamps because they receive SSI.

Effective as if enacted in PRWORA.

### **State Supplementary Payment Program**

#### Fees for Federal Administration of State Supplementary Payments

Increases fees for SSA's administering supplementary payments (currently \$5 per check) under the following schedule: FY 98--\$6.20; FY 99--\$7.60, FY 00--\$7.80; FY 01--\$8.10; FY 02--\$8.50. Each succeeding year, fees would be indexed to increases in the Consumer Price Index or set at a different rate as determined by the Commissioner of Social Security.

Amounts of fees collected in excess of \$5 per check would be credited to a special Treasury fund available for SSA administrative purposes. Such amounts would be credited as a discretionary offset to discretionary spending to the extent that they are made available for expenditures in appropriations acts.

Effective upon enactment.

#### Timing of Delivery of October 1, 2000, SSI Benefit Payments

Provides that the October 2000 SSI check be paid on October 2, which is a Monday, rather than on the last Friday in September.

### **Technical Amendments to PRWORA**

#### Disclosures Involving Fugitive Felons and Probation and Parole Violators

Authorizes SSA to charge fees as a condition for processing requests by law enforcement authorities for SSN and address information regarding SSI beneficiaries who are fugitive felons or probation or parole violators.

### Definition of Qualified Alien: Inclusion of Noncitizen Child of Battered Parent as Qualified Alien

Provides that the benefit-paying agencies rather than the Attorney General make certain determinations. Such determinations would be made under guidance promulgated by the Attorney General. Also provides "qualified alien" status to noncitizen children whose parents are abused and makes conforming amendments reflecting changes in the Immigration and Nationality Act.

### Treatment of Prisoners

Authorizes prisoner reporting incentive payments to a penal institution with respect to an inmate who receives an SSI benefit for the month preceding the first month throughout which he is an inmate of the institution, and who is determined to be ineligible for an SSI benefit based on the information provided by the institution.

### **Children With Disabilities**

#### Eligibility Redeterminations for SSI Children Who are Under Age 18

Extends current 12-month period (ending 8/22/97) to 18 months (ending 2/22/98) for redetermining the disability of children under age 18 under the new standards. However, if a redetermination is not made within this time period, requires that it be conducted as soon thereafter as practical. Also, requires that the individual be notified of the redetermination provision before the redetermination process is started.

#### Eligibility Redeterminations for SSI Recipients Who Attain Age 18

Provides SSA with the authority to make redeterminations of disabled childhood SSI recipients who attain age 18, using the adult disability eligibility criteria, more than one year after the date such recipient attains age 18.

#### Continuing Disability Review Required for Low Birth Weight Babies

Permits SSA to schedule a continuing disability review for a child whose eligibility for SSI benefits is based on low birth weight at a date after such individual's first birthday if the Commissioner determines that such individual's impairment is not expected to improve within 12 months of the child's birth.

### Additional Accountability Requirements (Dedicated Accounts)

Clarifies that monies from a dedicated account which are misapplied by an individual who is his or her own payee shall reduce future SSI payments to that individual and also clarifies the type of benefits a representative payee may deposit in a previously established account.

### Reduction in Cash Benefits Payable to Institutionalized Individuals Whose Medical Costs Are Covered by Private Insurance

Replaces the terms "hospital, extended care facility, nursing home, or intermediate care facility" in section 1611(e) with "medical treatment facility" and makes other conforming changes.

### Clarification of the Effective Date of the Denial of SSI Benefits to Drug Addicts and Alcoholics

Clarifies the meaning of the term "final adjudication" and clarifies SSA's authority to make SSI medical redeterminations after January 1, 1997.

Expands the applicability of the provisions in P.L. 104-121 which require treatment referrals and authorization of a \$50 fee for organizations serving as representative payees for SSI beneficiaries who are incapable and have a DA&A condition. Under current law, the provisions are limited to SSI applications and reapplications filed after July 1, 1996. This amendment extends these provisions to SSI beneficiaries whose applications are adjudicated after enactment of P.L. 104-121--March 29, 1996--(regardless of when filed) and to individuals allowed SSI benefits before March 29, 1996 and who filed a request for a new medical determination before July 1, 1996.

### Repeal of Obsolete Reporting Requirement

Repeals an obsolete reporting requirements in subsections (b)(3)(B)(ii) of section 201 of P.L. 103-296, the Social Security Independence and Program Improvements Act of 1994. Reports were to have been made to the House Committee on Ways and Means and the Senate Committee on Finance on SSA's experience with SSI beneficiaries whose disabling condition is primarily caused by alcohol or drug addiction.

### Exceptions to Benefit Limitations: Corrections to Reference Concerning Noncitizens Whose Deportation Is Withheld

Reflects the redesignation of Immigration and Naturalization Act (INA) section 243(h) to 241(b)(3) in order to assure that noncitizens whose deportations are withheld under either section are treated the same way effective April 1, 1997. Such noncitizens may be

eligible for SSI during the 7-year period beginning the date their deportations are withheld.

Veteran Exception: Application of Minimum Active Duty Service Requirement; Extension to Unremarried Surviving Spouse; Expanded Definition of Veteran

Requires a minimum of military service--generally 24 months--in order to qualify for SSI and Medicaid.

Makes the following clarifications:

- Provides SSI eligibility to an unremarried surviving spouse of a noncitizen veteran or active duty military personnel generally if they were married for at least one year.
- Provides that the term "veteran" includes military personnel who dies during active duty service.
- Provides that certain Filipinos who fought for the United States military during World War II are considered veterans for benefit eligibility purposes

Notification Concerning Noncitizens Not Lawfully Present; Correction of Terminology

Provides for replacing in section 1631(e)(9) of the Social Security Act "unlawfully in the United States" with "not lawfully present in the United States."

Correction To Assure That Crediting Applies To All Quarters of Coverage Earned By Parents Before a Child is 18

Clarifies that all quarters of coverage earned by a parent before a child is age 18, including those earned before the child was born, may be credited to the noncitizen child for purposes of the child's eligibility for SSI.

**Other Provisions of Interest**

Medicaid--Continued Coverage for Disabled Children Who Lose SSI

Provides States must continue Medicaid coverage for disabled children who were receiving SSI benefits as of 8/22/96 and would have continued to be eligible for such benefits except that their eligibility terminated because they did not meet the new, more strict SSI childhood disability criteria.

### Medicaid--State Option to Permit Workers With Disabilities to Buy Into Medicaid

Permits individuals with disabilities whose family income is less than 250% of poverty to buy into Medicaid. States would determine the amount of the premium, which would be based on a sliding scale based on income.

### Disclosure of Quarters of Coverage Information

Authorizes SSA to disclose quarters of coverage information about a noncitizen or the spouse or parent of an alien for purposes of determining the noncitizen's eligibility under certain Federally funded benefit programs.

Effective as if enacted in PRWORA.

### Medicare Part B Premium Assistance For Low-Income Seniors

Expands the current level of premium assistance by establishing a \$1.5 billion capped entitlement block grant to States to use to assist Medicaid enrollees whose family incomes range from 120 percent to 135 percent of the poverty level.

Under current law, States are required to pay the Medicare Part B premium for Medicaid beneficiaries whose family income is between 100 percent and 120 percent of the poverty level.

This new program would not, however, provide any individual entitlement to any low-income senior citizens. The amount of assistance a person would get would be decided by the States. In addition, the block grant is authorized for five years, but the increase in premium is permanent.

### Sense of the Congress Concerning the Treatment of Hmong Veterans

Expresses the sense of Congress that, based on their service on behalf of the United States during the Vietnam War, Hmong veterans should be treated like other noncitizen veterans for purposes of continued eligibility for assistance benefits.

### Advisory Board Personnel

Eliminates the statutory restrictions on the number and type of staff that the Advisory Board is authorized to hire.

Effective as if enacted in the Contract With America Advancement Act of 1996 (P.L. 104-121).





# SOCIAL SECURITY

Office of the Commissioner

July 31, 1997

The Honorable Franklin D. Raines  
Director, Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Raines:

This is in response to your request for a report on the enrolled bill H.R. 2015, "The Balanced Budget Act of 1997."

The Social Security Administration (SSA) has reviewed the bill and recommends that the President sign it. The provisions of this bill make a number of important changes to the Supplemental Security Income (SSI) program that, among other things, redress several unnecessarily harsh provisions that were in last year's welfare reform bill, H.R. 3734.

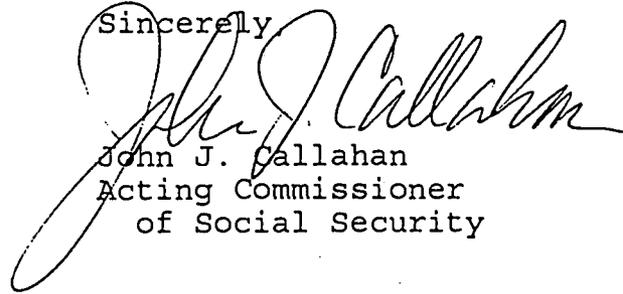
Under this bill, by 2002, eligibility to both SSI and Medicaid will be provided to 350,000 individuals who were destined, under last year's welfare reform bill, to lose or be ineligible for SSI. The individuals whose benefits will be restored are noncitizens who were present in the United States as of the enactment of last year's welfare reform bill, August 22, 1996, and who were receiving SSI benefits as of that date. In addition, all noncitizens who were in the United States as of August 22, 1996, and who become disabled after that date, can qualify for SSI in the future. SSA believes that the bill fully comports with the Administration's position to reinstate SSI eligibility for immigrants.

The bill makes several additional changes that affect noncitizens. It extends the SSI and Medicaid eligibility period for refugees and asylees from 5 years after entry (the limit in last year's welfare bill) to 7 years to give these residents more time to naturalize. It also adopts the Administration's proposal to treat Cuban and Haitian entrants and Amerasian immigrants as refugees to preserve benefits for these groups that have endured extraordinary hardships.

This bill also provides for continued eligibility to Medicaid for disabled children who would otherwise lose eligibility to SSI as a result of last year's welfare reform bill.

Again, we recommend that the President sign the bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "John J. Callahan". The signature is written in black ink and is positioned above the typed name and title.

John J. Callahan  
Acting Commissioner  
of Social Security