they can understand. They do not understand the dispute between the OMB and the CBO figures. They want a balanced budget that simply says the revenue will equal the outflow. We got into this situation as a consequence of spending more money than we generated in revenues, and there is only one way to correct that: Either through increased revenues or reduced spending.

We Republicans, I think, have delivered a responsible pledge. It is now up to the President to transform his words into deeds. It is time for the President to get serious, to send us his proposals for balancing the budget with no phony numbers, no rosy scenarios. And it is time for the posturing to end and the serious business of balancing the budget to begin.

I thank my colleagues and wish them a good day.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Idaho.

Mr. CRAIG. Mr. President, before I yield to the Senator from Michigan, I ask unanimous consent to have printed in the RECORD a study by the Heritage Foundation called ''Balanced Budget Talking Points: The $500–Per-Child Tax Credit,'' which discusses what it would mean to a typical middle-income family in this country to have the middle-class family tax credit that was in the Balanced Budget Act vetoed yesterday. In having this printed in the RECORD, let me suggest that a family of four spends on the average $3,986 a year in groceries, or about $332 a month. What the President did yesterday was take away from the average American family 3 month's—3 month's—worth of grocery bills.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE $500-PER-CHILD TAX CREDIT MEANS ONE MONTH'S FOOD AND MORTGAGE FOR A TYPICAL AMERICAN FAMILY

(By Scott A. Hodge, Grover M. Hermann Fellow in Federal Budgetary Affairs)

''If you take the $500 a year tax credit, and I figure, you know, $5 for a bottle of wine, that is 100 bottles of wine for a family.''[1]—Congressman Jim McDermott (D–WA)

Contrary to what elitists in Washington would have the public believe, for most hard-working American families raising children a $500 tax cut for each child is not an insignificant amount of money. This is especially true as many families no doubt are wondering how they will be able to afford the $432 some surveys report each household expects to spend this holiday season.[2] Yet the families of 51 million children, or over 28 million families in all, will be denied relief from their financial worries by President Bill Clinton's expected veto of Congress's seven year balanced budget and tax cut plan, which had as its centerpiece a $500-per-child tax credit. This tax cut would pump over $22 billion per year into family budgets across the country so that working parents can provide for their children in a way no government program can.

As congressional Republicans negotiate with the White House on a compromise plan to balance the budget by 2002 and provide tax cuts, they should resist pressure to scale back the $500-per-child tax credit as a price for cutting a deal. Those who argue that Washington cannot ''afford'' such generous tax cuts while the government is trying to balance the budget are, in effect, arguing for higher spending. The budget will not be balanced any faster if the amount of the per-child credit is reduced below $500 or if the income for which families are eligible is lowered from its current level of $110,000 for joint filers.[3] Any money not put back in the checkbooks of working families with children through tax cuts, is more money in the checkbook for politicians and bureaucrats to spend while the budget is moving toward balance.

Congressional and White House negotiators should keep in mind that for parents with two children, the $1,000 tax cut they would receive under this plan could mean the difference between paying the mortgage and not. Indeed, as the table below shows, a $1,000 tax cut for the typical family with two children is enough to pay one month's mortgage and grocery bills, or 11 months worth of electric bills, or nearly 20 months worth of clothing for the children. In other words, a $1,000 tax cut is a significant amount of money for most families' household budgets.

WHAT THE $500-PER-CHILD TAX CREDIT MEANS FOR A FAMILY WITH TWO CHILDREN

Family budget item	Annual household cost for a family of 4	Monthly cost	How many months of this item can be purchased with $1,000
Groceries	$3,986	$332	3.0
Mortgage payment (principal, interest, and taxes)	7,972	664	1.5
Natural gas	333	28	36.0
Electricity	1,085	90	11.1
Telephone	803	67	14.9
Water	331	28	36.3
Children's clothing	612	51	19.6
Auto payments	3,325	277	3.6
Gasoline purchases	1,397	116	8.6
Health insurance	817	68	14.7
Medical services	749	62	16.0
Drugs and medical supplies	366	31	32.8
Personal care products and services	526	44	22.8
Educational expenses	739	62	16.2
Life and other personal insurance	557	46	21.5
Personal services (babysitting, child care, etc.)	536	45	22.4

Source.—Heritage calculations, based on Bureau of Labor Statistics, Consumer Expenditure Survey, 1992–93.

There are also sound policy reasons to cut taxes for families with children:

Families with children are overtaxed.—In 1948, the average American family with children paid only 3 percent of its income to Uncle Sam. Today the same family pays 24.5 percent.

Giving a family of four a $500-per-child tax credit is equivalent to giving them one month's mortgage payment.—The average family now loses $10,060 per year of its income due to the 45-year increase in federal taxes as a share of family income. This tax loss exceeds the annual mortgage payment on the average family home. The $1,000 in tax relief the congressional tax-cut plan would give to a family with two children would help this family pay one month's mortgage payment.

Millions of families stand to benefit.—The families of 51 million American children, or 28 million taxpaying families, are eligible for the $500-per-child tax cut.

Family tax relief helps families in every state.—The typical congressional district has some 117,000 children in families eligible for a $500 tax credit. Thus families in the typical district would receive $54 million per year in tax relief.

Congress' $500-per-child tax credit would eliminate the entire income tax burden for 3.5 million taxpayers caring for 8.7 million children.—These 3.5 million families will receive over $2.2 billion per year in tax relief. Families with two children earning up to $24,000 per year would see their entire income tax burden eliminated by a $500-per-child tax credit, and families with three children earning up to $26,000 also would have their income tax bill eliminated.

Most families are middle-class.—The $500 child credit plan will direct 89 percent of all benefits to families with adjusted gross incomes below $75,000 per year—middle-income by any standard—and over 96 percent to families with incomes below $100,000.

Cutting taxes for all families—regardless of income—is fair.—Congress' plan will cut the income tax burden of a family of four earning $30,000 per year by 51 percent and the income tax burden of a family earning $40,000 per year by 30 percent. Meanwhile, a family of four earning $75,000 would see their tax burden reduced by 12 percent, and a family earning $100,000 per year would receive a tax cut of just 7.4 percent.

Mr. CRAIG. Mr. President, I now yield 5 minutes to the Senator from Michigan, Senator ABRAHAM.

The PRESIDING OFFICER. The Senator from Michigan.

PROMISES TO BALANCE THE BUDGET

Mr. ABRAHAM. Thank you, Mr. President. I rise today to echo the comments made by my friend from Idaho and my friend from Alaska with respect to the President's decision to veto our Balanced Budget Act.

Mr. President, I am new to the Senate. I was elected last year, but for years I have followed the actions in Congress. I have observed the various people who came to Washington, including Presidents, and talked about how important it was to balance the budget. In fact, the President himself promised to balance the budget when he was a candidate in 1992. He promised to balance the budget in 5 years.

We have now gone 25 years without a balanced budget, 25 years of red ink, 25 years in which the people who ran for office promising to get the job done failed their fellow countrymen and constituents.

Over that period of time, a lot of finger pointing has gone on. Each side of the political arena has said, ''Well, it's the other side's fault.'' Yet during that time, no balanced budget was ever presented to a President by a Congress, and, as I recall, no President has come to Congress with a balanced budget. Instead, all we've had is partisan rhetoric.

[1] Tax Provisions in the Contract With America Designed to Strengthen the American Family, Hearings before the Committee on Ways and Means, U.S. House of Representatives, January 17, 1995 p. 30.

[2] Bureau of National Affairs, ''Conference Board, Arthur Anderson Polls Put Moderately Upbeat Face on Holiday,'' November 24, 1995.

[3] For taxpayers filing jointly with incomes above $110,000 the credit phases out at a rate of $25 for each $1,000 above the threshold (a range of $20,000), thus fully phasing out at $130,000 in income. For families with two children, the two credits this family is eligible for are fully phased out at $150,000 in income. For single filers, the credit begins to phase out at $75,000 in income.

This Congress has been different, Mr. President. This Congress has, for the first time during this period of red ink, actually acted on its campaign commitments, actually had come to Washington mindful of the needs of this country, and actually produced a balanced budget, not just a balanced budget resolution, not just a balanced budget conference report back in the spring and the summer, but a real balanced budget act which was passed in the House, passed in the Senate, and then adopted as a conference report just a few days ago.

So this President became the first President, as my colleague from Alaska said, in years to actually have on his desk a balanced budget bill. It was an opportunity to do what he said he would do in his campaign and what Presidents and Congresses have said they would do for decades, to fulfill their commitment to put the Federal Government's fiscal house in order.

Unfortunately, the President chose to veto this legislation. He chose to veto the balanced budget. I hope that by his actions, the American public now understands exactly why it has been so long since we have had a balanced budget.

I would like to speak just for a minute about what the implications are of this veto for a balanced budget for my State of Michigan, because we have been studying the statistics, and it is a very unhappy picture.

Had the President signed the Balanced Budget Act, we would see in our State a dramatic change in the well-being of our families. Two things would have happened that would be very good for the hard-working middle-class families of my State.

First, interest rates would begin to go down and go down substantially. And second, those families would be able to keep more of what they earned instead of sending tax dollars to Washington.

In terms of interest rates, Mr. President, we would be talking about an estimated $4,000 of savings annually on the mortgages paid by the families in my State. I do not know one family in my State that would not be able to put that $4,000 to good use for themselves and their children. We would be talking about something like $500 per year in savings for people who are paying student loans, and we would be talking about hundreds of dollars of savings for people who pay interest on their auto loans, not just in my State, I might add, but across the country.

For a State like Michigan which is so dependent on the sale of automobiles, that is especially good news. So in that sense, the impact on interest rates will have a rippling effect in my State which will undoubtedly mean fewer car sales and fewer jobs in the auto industry.

So for all of those reasons the people of Michigan are going to be disappointed by the President's action. But they are also going to be disappointed when they realize the President's veto also denied the families in my State substantial tax reduction, tax reduction that would have affected something in the vicinity of 1 million Michigan taxpayers.

In particular, they are going to be disappointed because the provisions we included in this legislation to provide a family tax credit are not going to be forthcoming as so many families in our State had hoped.

That $500 per child would mean that families in Michigan will spend more on the necessities of their life for their kids. We talk here in the Senate all the time about children and the need to help children. I cannot think of anything that would be more beneficial for the kids of our country than to provide $500 per child in the form of a tax credit so that their moms and dads can provide them with extra things they might need in the year ahead. So for that reason, families in our State, I think, are going to be extraordinarily disappointed.

Mr. President, I close by saying the President says he will finally come forward with a new budget plan. I hope this plan is different than the previous ones. From what I gather this morning in the media, that is unlikely to be the case. He says he has a balanced budget, but if you look at the portions already reported in the press, it is apparent his new plan will not get us to a balanced budget.

Indeed, it is implausible it is a balanced budget plan, since it appears it will only reduce spending over the 7-year-period of time we are discussing by approximately 2 percent.

I do not think there is anybody in this country who thinks the $5 trillion of debt we have run up and the hundreds of billions of dollars of annual deficits we have can be brought into balance simply by reducing total spending by 2 percent over 7 years. It simply does not add up, Mr. President.

These are funny numbers, and if the numbers presented by the President today correspond to the ones he offered in the previous budget, which received zero votes in the U.S. Senate, I think we all have to say, Mr. President, it is once again time to go back to the drawing board, time to go back and use real numbers, honest evaluations, and, hopefully, move in support of the Republican goal of a balanced budget that is going to help American families.

I yield the floor.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

THE PRESIDENT'S VETO OF THE BALANCED BUDGET ACT

Mr. CRAIG. Mr. President, I have been, for a few moments while the Senator from Michigan has been speaking, reading the wire story of the President's veto yesterday of the Balanced Budget Act of 1995. Let me quote from that some of the President's words. He said:

> I have consistently said that if Congress sends me a budget that violates our values, I will veto it.

I say to the President of the United States, I find that a very curious statement, in view of the budget that we have sent to you and that you have vetoed. How, possibly, could it be wrong, or how possibly would it not be in your value system to want to leave as much money with the average American family as is possible? That is exactly what the Republican Congress has attempted to do in sending to you a Balanced Budget Act—to go directly at middle income America, to assure that they have enough money in their pockets to be able to feed their children, to be able to buy a home and pay their mortgages, and do so in a way that families of 10 or 15 or 20 years ago were able to do, and provide then for the future.

Mr. President, we all recognize the need to respond to the present, but we are terribly frustrated that you have not had the wisdom to look into the future, and to look into the future in a way that recognizes that reducing debt in this country, that reducing the annual Federal deficits and balancing the budget, that allowing the average American family to save, all mean a better future, mean that we truly are concerned about a generation that would be saddled with a debt that they had never had the opportunity to create, that the average child of today will look forward to an oppressive tax burden to pay off the $18,000 to $20,000 of their share of a Federal debt that a generation long before them had decided to spend on one program or another.

Mr. President, the budget that you vetoed yesterday was just as much about the future as it was about the present. The only problem is—and I can gain from your statement—that you are worried only about the present, about the instant gratification of the present, and your value system has, in some way, no capacity for dealing with the future.

The Senator from Michigan spoke a few moments ago and related to us the positive consequences of this budget on his State and the opportunities it created. Not for the very wealthy but for the average family of four, with a husband and wife, mother and father, working and bringing home $50,000 or $60,000 a year collectively, or less, and what that means to them if they start putting that $500 tax credit away on an annual basis for their children's future.

We looked at my State of Idaho, where a dollar still goes a little ways. If a young couple, a family, having that first child, starts immediately to put that $500 tax credit away in savings and puts it there for the child's future, what can that family buy for that child in the form of education in the coming years when that child is ready for college? Well, they can pay for more than 8 full years of college tuition and fees in our State university system—on an average, nearly 9 years, in today's dollars. By any calculation, that is a