

end to the merry-go-round and complete the work on an honest bill that will balance the federal budget.

"It would be cruel for President Clinton and Congress to go off to enjoy their holidays with the budget still unresolved and folks left wondering when and if they are going to be furloughed again.

"But the worst cruelty is the price all Americans will pay if Washington fails to complete the long-awaited agreement to put us on the path to a seven-year balanced budget. A balanced budget means lower interest rates on home mortgages, automobiles, student loans, and even the interest paid by states and localities (\$548 million debt service savings for Virginia alone; \$75 million for Norfolk and \$42 million for Virginia Beach). It means we stop piling more debt onto our children and grandchildren (a child born this year immediately inherits a lifetime tax bill of \$187,150 to pay interest on the national debt).

"The Republican Congress made a good start with the Seven-Year Balanced Budget Act that the President vetoed. It was a tough bill that got the job done, and in the process overhauled the failed welfare system, provided critical tax relief to working Americans, and freed states from Washington's Medicaid mandates that have been threatening to bankrupt us.

"It is past time for the President to come to the table with an honest budget proposal. And it is essential that any agreement reached not just shift costs to the states, as would the per capita cap on Medicaid the President has proposed. The states can make the most of scarce federal dollars only if they have real freedom, and real flexibility as provided in the new MediGrant program in the Seven Year Balanced Budget Act.

"Virginia and virtually every other state passes and lives within a balanced budget year after year—I submitted another balanced budget just yesterday. It's been 27 years since we saw a balanced budget from Washington. Roll up your sleeves, stay at work, and get the job done!"

#### GOVERNMENT SHUTDOWN AFFECTING CONTRACTORS

Impact of Shutdown will be felt by Contractors. Federal employees are not the only group that will be effected by a shutdown. Thousands of companies which are federal contractors will be impacted the same, if not more, due to the uncertainty, inconsistency, and risk.

Shutdown/Startup is Costly to Government. Shutting down a contract for a few days and restarting the function adds cost to the government. Government laws require that contractors divide all their costs evenly among all government contracts. If there are changes in the indirect costs and overhead rates, which will occur if employees cannot be directly charged to a contract for a day's work, those costs will be spread across all government contracts. Even a 1 day shutdown can alter rates for the entire year.

Payments to Companies may be Delayed or Not Paid. For-profit companies depend on revenues for services rendered, in order to remain in business and continue employing individuals. A company who performs for the government during a shutdown runs the risk of not being paid or having to wait for payment beyond the time when accounts payable are due. For example, employees are paid on a set schedule and subcontractors require payment in a timely manner. Even if the government does not pay or delays payment, the accounts payable still must be made. This disruption cuts into operating funds and potentially profits, negatively affecting the financial health of the company.

Private Companies may have to Layoff Employees. Many companies working as contractors to the federal government operate on very small profit margins (2%-4%) and their overhead rates remain very low in order to stay competitive. These companies cannot afford to carry employees for an extended period of time who are not directly billable to a contract, because those expenses go into the overhead rate. Therefore, if a shutdown occurs private sector employees may be laid off, because a company cannot afford to keep idle employees on the payroll.

Delays in New Systems, New Solutions will Occur. The mission-critical systems that are a priority to move to completion will be halted and deadlines slip, if the government shuts down. Congress and agencies have priority projects such as new intelligence tools or peacekeeping systems or critical databases that are expected to be delivered in a short deadline. If the government stops working, federal employees are requiring contractors, in many cases, to stop working as well. This puts a hold on project completion.

Claims and Disputes Likely will Result from Inconsistencies. Federal contracts have a system whereby contract claims or disputes can be adjudicated. This system could be overloaded with cases of inconsistent or inappropriate handling of contracts, due to a shutdown. The result of increased case loads is greater operating costs to the government, unanticipated payments for settlements in future years, and loss of productivity for employees spending time on the case.

Mr. STEVENS. Mr. President, the Senator did not intend to end my comments, did he?

Mr. WARNER. Mr. President, I understood the Senator was finished.

#### ORDER FOR RECESS

Mr. WARNER. Mr. President, on behalf of the majority leader, I again make this request that the Senate stand in recess subject to the call of the Chair following the conclusion of the remarks of the distinguished Senator from Alaska and the remarks of the distinguished Senator from Iowa, which I understand will be 5 minutes, the Senator from Iowa having been on the floor earlier and was unable to obtain recognition.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Reserving the right to object. I hope I am not held to absolutely 5 minutes. I would like to have a little leeway. I do not think I will go for 10 minutes, but it will be less than 10 minutes.

Mr. WARNER. The Chair has been instructed by the majority leader to try and contain the remarks of Senators on both sides of the aisle to 5 minutes. Should we say 7, in compromise, for the Senator from Iowa, which will follow the remarks of the distinguished Senator from Alaska.

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

#### SUBSTANTIAL ECONOMIC IMPACT THROUGHOUT COUNTRY

Mr. STEVENS. Mr. President, I intended to close following the statement

of my good friend from Virginia. I want the RECORD to show the District of Columbia is not the only place that relies substantially upon the income of Federal employees or the activities of the Federal Government. There is substantial impact throughout the country. Even my own city of Anchorage had an impact because of the shutdown.

The difficulty I have with coming here today is that I do not think most Members nor the executive branch have thought over the consequences of Attorney General Civiletti's opinion.

It is my judgment, and I say this advisedly as the chairman of the Governmental Affairs Committee now, that we should join together and find a way to legislate permanently so that this kind of a situation does not continue to occur. I think the taxpayers have every right to be very, very irate over the fact that we will pay a substantial number of people for not working, and those people who have been sent home as being nonessential Federal employees are chagrined over that decision of their superiors. They, too, take the position that their job is essential and that they should be paid.

I believe it is absolutely essential that we not send Federal employees home in the belief that somehow or another pressure will be created on one branch of government or the other as a result of these people not being allowed to do their work. The real pressure ultimately comes on the taxpayer who is paying for work that is not done, and I think it is our job to change that. I hope the Congress will do something this week about it.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 7 minutes.

#### THE 18TH DAY OF SHUTDOWN

Mr. HARKIN. Mr. President, here we are in the 18th day of a partial Government shutdown, the longest in our history. The Senator from Alaska just said the taxpayers ought to be irate. They should be irate—all taxpayers—because it is not just the more than 700,000 Federal employees who are either working and not getting paid, or are staying home and not getting paid, but who know they will be paid some time in the future who are being affected. The fact is, this shutdown is estimated to cost taxpayers \$40 million a day.

Mr. President, 18 days, that is \$720 million. We are approaching \$1 billion that this unnecessary shutdown has cost the taxpayers of this country, and yet those who prolong it fancy themselves as fiscal conservatives. They are willing to throw the taxpayers' money away by shutting down the Federal Government.

Senator DASCHLE, the Democratic leader, has offered time and time again a clean continuing resolution that would continue the Government operations to a date certain. This would put these Federal workers back to