

STATEMENT OF SENATOR BOB DOLE
SENATE FINANCE
COMMITTEE WORK ON THE BUDGET

TODAY I HAVE CALLED THE MEMBERS OF THE COMMITTEE ON FINANCE INTO EXECUTIVE SESSION TO BEGIN DELIBERATIONS OVER THOSE AREAS OF THE FISCAL YEAR 1983 BUDGET WHICH COME UNDER OUR JURISDICTION. I DO SO WITH A GREAT SENSE OF RESPONSIBILITY AND DUTY. AFTER SEVERAL MONTHS OF TALKING ABOUT THE NEED FOR ACTION ON DEFICITS, CONGRESS THIS WEEK FINALLY APPROVED A BUDGET RESOLUTION WHICH, IF FULLY ENACTED, WILL SIGNIFICANTLY LOWER DEFICITS.

NOW THE REAL WORK BEGINS. WE ARE ALL WELL AWARE THAT THERE IS WIDESPREAD SKEPTICISM THAT CONGRESS WILL ENACT THE LEGISLATION CALLED FOR UNDER THE BUDGET RESOLUTION. ONE NEED ONLY LOOK AT THE BEHAVIOR OF FINANCIAL MARKETS IN RECENT DAYS FOR EVIDENCE OF THIS LACK OF FAITH. INTEREST RATES HAVE ACTUALLY BEEN CLIMBING, WHEN WE WOULD ALL EXPECT THAT ENACTMENT OF A BUDGET AND THE PROSPECTS FOR REDUCED TREASURY BORROWING WOULD LOWER INTEREST RATES FROM THESE ABNORMALLY HIGH LEVELS. IT IS CLEAR THAT WALL STREET HAS ADOPTED A WAIT-AND-SEE ATTITUDE.

AND WHO CAN BLAME THEM? THE RECORD OF CONGRESS ON HITTING DEFICITS PROJECTED BY BUDGET RESOLUTIONS DOES LITTLE TO INSPIRE CONFIDENCE. BUT WHAT REALLY MAKES THE PUBLIC SKEPTICAL IS THAT, IN THIS ELECTION YEAR, THE BUDGET RESOLUTION MANDATES SOME VERY DIFFICULT DECISIONS. CUTTING SPENDING AND RAISING TAXES IS NOT A PLEASANT TASK TO CONTEMPLATE, AND MANY BELIEVE THAT ELECTION YEAR PRESSURES WILL PREVAIL. HOWEVER THE PROSPECT OF RECORD DEFICITS, CONTINUED HIGH INTEREST RATES, AND AN ABORTIVE ECONOMIC RECOVERY--JUST AS ALL INDICATIONS POINT TO THE RECESSION ENDING--ARE EVEN LESS PLEASANT.

THAT IS WHY THE FINANCE COMMITTEE HAS SUCH A SPECIAL RESPONSIBILITY THIS YEAR. THE BUDGET RESOLUTION JUST AGREED TO

BY THE SENATE CALLS FOR REDUCTIONS IN OUTLAYS OF \$16.0 BILLION AND ADDITIONAL REVENUES OF \$98.3 BILLION OVER THE NEXT THREE YEARS. THIS IS OVER 30% OF THE TOTAL DEFICIT REDUCTION OVER THAT PERIOD. THAT IS A LARGE CHUNK, BUT IT MUST BE KEPT IN MIND THAT THE FINANCE COMMITTEE CONTROLS 3/4 OF THE BUDGET: ALL REVENUE AND ABOUT 48% OF TOTAL FEDERAL SPENDING. IF A RESPONSIBLE BUDGET IS TO BECOME FACT, THE FINANCE COMMITTEE MUST COMPLY WITH ITS RECONCILIATION MANDATE.

ANOTHER REASON WHY WE MUST BE SUCCESSFUL IS THAT, IN ALL LIKELIHOOD, THE FINANCE COMMITTEE WILL BE THE FIRST TO REPORT OUT LEGISLATION. OUR REPORTING DATE IS JULY 12, THREE WEEKS BEFORE THE HOUSE COMMITTEES AND ONE WEEK BEFORE THE OTHER SENATE COMMITTEES. ALL EYES WILL BE UPON US NOT ONLY BECAUSE OF THE SIZE OF OUR RECONCILIATION TARGET, BUT AS AN EARLY INDICATION OF THE SINCERITY OF CONGRESS' INTENTION TO TURN THE BUDGET RESOLUTION INTO BUDGET PERFORMANCE.

FOR THESE REASONS, THE WAY WE PROCEED IN THIS MARKUP WILL HAVE A TREMENDOUS IMPLICATION FOR THE REST OF THE BUDGET PROCESS.

HEALTH PROGRAMS

THE MEDICARE AND MEDICAID PROGRAMS IN 1982 WILL CONSUME \$68 BILLION IN FEDERAL FUNDS. THE MEDICARE PROGRAM ALONE ACCOUNTS FOR ABOUT \$50 BILLION. IT IS A PROGRAM WHICH HAS GROWN AT AN ALARMING RATE SINCE ITS CREATION 17 YEARS AGO. THE ORIGINAL ESTIMATE OF PROGRAM COSTS DONE IN 1965 SHOWED A PROJECTED PROGRAM COST IN 1990 OF \$8.8 BILLION. THE CURRENT PROJECTED COST FOR 1990 IS IN EXCESS OF \$100 BILLION.

FY 1983 MEDICARE OUTLAYS ARE ESTIMATED TO REACH 57.1 BILLION. OF THIS AMOUNT, BENEFIT PAYMENTS WILL ACCOUNT FOR \$56.6 BILLION. THIS REPRESENTS AN INCREASE OF 16.5 PERCENT OVER FISCAL YEAR 1982 BENEFIT PAYMENTS.

THE MEDICARE TRUST FUND IS RAPIDLY APPROACHING A PERIOD OF TIME IN WHICH IT WILL NO LONGER HAVE SUFFICIENT FUNDS TO FINANCE ITS EXPENDITURES. UNDER CURRENT ASSUMPTIONS THE PROGRAM WILL REACH THIS POINT IN 1990, UNLESS WE DO SOMETHING TO MODERATE ITS GROWTH.

THE PACKAGE OF COST SAVINGS PROPOSALS I ASK YOU TO CONSIDER TODAY SEEKS TO OBTAIN SAVINGS FROM THE THREE MAJOR PARTIES TO THE PROGRAM--INSTITUTIONAL PROVIDERS, PRACTITIONERS, AND BENEFICIARIES. THE PACKAGE IS BALANCED SO THAT ITS IMPACT ON ANY ONE PARTY IS REASONABLE. THE SAVINGS SOUGHT FROM EACH TAKE INTO ACCOUNT SAVINGS PREVIOUSLY DEMANDED AND THE RELATIVE FINANCIAL STATUS OF EACH PARTY.

OUR PROPOSALS, PARTICULARLY IN THE AREA OF HOSPITALS, SEEK TO ACHIEVE SAVINGS WHILE MOVING US IN THE DIRECTION OF LONG TERM REFORM. THE MOST RECENT DATA AVAILABLE FROM THE INDUSTRY INDICATES THAT COMMUNITY HOSPITAL INPATIENT EXPENSES ROSE 18.0 PERCENT BETWEEN MARCH 1981 AND MARCH 1982. THIS KIND OF GROWTH MUST BE CONTAINED. I BELIEVE OUR 223 PROPOSAL MOVES US IN THIS DIRECTION.

THE PACKAGE IS NOT, BY DESIGN, FOCUSED ON MEDICAID. THE COST SAVINGS SOUGHT IN THE MEDICAID PROGRAM ARE FOR THE MOST PART ADDRESSED TO THE STATES BY CONTINUING TO ALLOW THEM GREATER FLEXIBILITY. WHERE SAVINGS ARE SOUGHT FROM BENEFICIARIES THE PROPOSALS PROTECT THEM FROM UNREASONABLE DEMANDS.

THIS PACKAGE REPRESENTS MEDICARE COST SAVINGS WHICH AMOUNT TO LESS THAN 5.5 PERCENT OF THE COST OF THE ENTIRE PROGRAM. FOR MEDICAID THE SAVINGS SOUGHT REPRESENT LESS THAN 3.5 PERCENT OF THE FEDERAL SHARE OF THAT PROGRAM.

INCOME SECURITY PROGRAMS

THE BUDGET RESOLUTION REQUIRES THE SENATE FINANCE COMMITTEE TO REPORT SAVINGS IN THE INCOME SECURITY AREA OF \$600 MILLION IN FISCAL YEAR 1983, \$700 MILLION IN FISCAL YEAR 1984, AND \$900 MILLION IN FISCAL YEAR 1985. THESE SAVINGS TOTAL \$2.2 BILLION OVER THE THREE YEAR PERIOD, OR 3.2 PERCENT OF THE TOTAL FEDERAL OUTLAYS FOR THESE PROGRAMS. THE PACKAGE I AM PROPOSING WILL SAVE \$2.1 BILLION OVER THE 3 YEAR PERIOD, OR 3.1 PERCENT OF FEDERAL OUTLAYS FOR THE INCOME SECURITY PROGRAMS. I BELIEVE THIS IS A PACKAGE WHICH NOT ONLY MEETS THE BASIC REQUIREMENTS OF THE BUDGET RESOLUTION, BUT ALSO PROTECTS THE "SAFETY NET" OF PROGRAMS WHICH PROVIDE ASSISTANCE TO THOSE WHO, FOR WHATEVER REASON, ARE UNABLE TO PROVIDE FOR THEMSELVES.

THE PROPOSALS PRESENTED THIS MORNING, WITH ONLY ONE MINOR EXCEPTION, ARE CONTAINED IN THE PRESIDENT'S FY83 BUDGET. IN TWO CASES, THE ADMINISTRATION'S PROPOSALS WERE MODIFIED TO MEET OBJECTIONS RAISED BY MEMBERS OF THE COMMITTEE--MAJORITY AND MINORITY ALIKE. THESE CHANGES ARE DESCRIBED IN AN ATTACHMENT.

AS MY COLLEAGUES WILL NOTICE, A NUMBER OF THE ADMINISTRATION'S SAVINGS PROVISIONS HAVE NOT BEEN INCLUDED--FOR EXAMPLE, THE REPEAL OF THE WORK INCENTIVE (WIN) PROGRAM; THE BLOCK GRANTING OF CHILD WELFARE, FOSTER CARE, AND ADOPTION ASSISTANCE; THE REDUCTION IN FUNDING FOR SOCIAL SERVICES; AND A NUMBER OF FAR-REACHING SSI ELIGIBILITY CHANGES. I FEEL CONFIDENT

THAT MY COLLEAGUES WILL SUPPORT ME IN MY JUDGMENT THAT THESE PROVISIONS SHOULD NOT BE TAKEN UP AT THIS TIME.

THE SAVINGS PROPOSALS IN INCOME SECURITY THAT COMPRISE THIS PACKAGE HAVE IMPORTANT OBJECTIVES, THEY COMPLEMENT THE CHANGES ADOPTED LAST YEAR AS PART OF THE OMNIBUS BUDGET RECONCILIATION ACT TO FURTHER ENSURE THAT ASSISTANCE IS PROVIDED ONLY TO THOSE WHO ARE IN NEED AND WHO ARE NOT IN A POSITION TO PROVIDE FOR THEMSELVES; THAT THE IMPORTANCE OF JOB SEARCH FOR EMPLOYABLE RECIPIENTS IS STRESSED; AND THAT ADMINISTRATION OF THE PROGRAMS IS STREAMLINED AND EFFICIENCY IS IMPROVED.

WITH THESE CONSIDERATIONS AS BACKGROUND, LET US TURN TO THE FISCAL YEAR 1983 SPENDING PROPOSALS. AS WE DELIBERATE, I HOPE THE COMMITTEE WILL KEEP TWO THOUGHTS IN MIND. FIRST IS THAT OUR NUMBER ONE BUDGET PRIORITY IS TO REDUCE THE DEFICIT. I THINK MOST, IF, NOT ALL, OF THE MEMBERS OF THIS COMMITTEE SHARE THIS GOAL. THE SECOND IS THE TRADITION OF BIPARTISAN COOPERATION ON THE FINANCE COMMITTEE. IF WE ARE GUIDED BY THESE PRINCIPLES, I AM CONFIDENT OF A SUCCESSFUL MARKUP.