assume that when they turn on the faucet, clean water will automatically flow out of the faucet. They assume that there will always be easy access to an unlimited supply of clean, safe drinking water. Only recently, the residents of the District of Columbia discovered that safe drinking water is no longer one of life's certainties. They found themselves and their families to be quite unexpectedly vulnerable—vulnerable to a possible contaminated water supply. Washington officials announced that certain residents should boil water, and that the city would increase chlorine levels for several days to cleanse possible contaminates in aging water pipes. Although this condition was said to be only temporary, and it is reported that the water is now safe, an outcry of rage arose. District residents were annoyed. They were upset. They were inconvenienced.

The Washington Times of July 9, in an editorial, entitled ''Home rule stops at the water's edge,'' said, ''Safe drinking water is not optional in the capital of the most prosperous and powerful nation on the face of the Earth.'' Mr. President, the same thing can be said with reference to safe drinking water all over this country—it should not be optional. ''It is a fundamental element of modern civilization—such a given, in fact, that most Americans don't think twice about it.''

So, without doubt, the condition of the water system in Washington, DC, is an important matter. However, it is time that the citizens of the District and other cities be told about the frightening reality regarding much of our entire Nation's supply of drinking water—the reality that faces much of rural America every day. In my view, safe drinking water should not be optional anywhere in the most prosperous and powerful nation on the face of the Earth.

Last year, the U.S. Department of Agriculture completed Water 2000, a study of safe drinking water needs in the United States. I hope everyone will take note of the results. Incredibly, in these United States, nearly 3 million families, representing 8 million people, do not have access to safe drinking water. Now, let me repeat that, 8 million people in the United States of America, the greatest country on the face of the Earth, do not have access to a reliable source of clean drinking water. Every day, every night, millions of Americans cannot turn on their faucets and assume that the water is safe to drink. That, in my view, is a national disgrace.

Regrettably, in my own State of West Virginia, the study reports that it would take $162 million to clean up and provide potable water to approximately 79,000 West Virginians. It would take another $405 million to meet the worsening drinking water supply situation of some 476,000 West Virginians. That's nearly half of the population of my State. Nearly half of the people in my state have cause for concern about their water supply. And many other States are facing a similar serious situation.

Sadly, the United States Congress has chosen not to help. During debate on the budget resolution, I made two attempts to restore some of the funding for our national infrastructure that is being carelessly axed at every turn. I offered an amendment that would restore $65 billion to the Federal budget for domestic infrastructure—water and sewer needs, bridges and highways, our national parks, and so forth. Regrettably, this Senate voted 61 to 39 in favor of $65 billion in corporate tax loopholes, rather than for basic infrastructure needs of this Nation. I tried again, offering a second amendment, one that would restore $1.5 billion specifically for Federal water and sewer programs, but this Senate again said no by a vote of 54 to 45. This very Senate said no to a most basic need—clean, drinkable water.

Given the sad outcome of my attempts in the Senate to restore common sense to the budget priorities of this Nation, I am pleased to acknowledge the efforts, which I strongly support, of the Clinton administration to provide safe drinking water to Americans. Today, the U.S. Department of Agriculture has reallocated $2.8 million for four water supply projects in West Virginia, and $70 million for projects throughout the United States. This is a very small step to be sure, national safe drinking water needs are assessed at some $10 billion.

But, I come to the Senate floor today to congratulate public service districts in four counties of West Virginia for finally securing funds that will help to provide adequate, safe drinking water systems to some of their rural residents in greatest need. I want those families to know that I care, and that I am pleased, very pleased, by the Department's announcement today. To families in West Virginia covered by the following public service districts—Page-Kincaid in Fayette County, Leadsville in Randolph, Downs in Marion, and Red Sulphur in Monroe County—I would like to say that finally there is some relief on the way.

Finally, at least these town residents will enjoy a basic standard of living that people residing in the United States of America ought to be able to expect. Finally, these communities will have the beginnings of an infrastructure which might encourage businesses to locate there. Finally, at least some of the residents in communities in my State will be free to offer a child a sip of water from the tap without fear.

I sometimes seriously wonder about the priorities in this Senate. We often blithely ignore the real-life, day-to-day essential needs of our own citizens. The need for 8 million Americans to confidently use water for drinking, cooking, and recreation ought to be a birthright. There ought never to be any question about government's doing all that it can in the first place, before there is a crisis, to insure that Americans have safe drinking water.

While this announcement is only a small victory for West Virginia and other rural communities across the Nation, I want to recognize this occasion. For those residents within Fayette, Randolph, Marion, and Monroe Counties, this is no doubt a most significant event.

I am also heartened by the increased levels of funding in the 1997 Agriculture appropriations bill, wherein the Senate added $231 million above the House level for rural development grant and loan programs, including water and sewer facilities, bringing the total for rural development programs to $5.7 billion.

All of this will help, but it is high time that Members of this body wake up and focus on the looming water quality crises in this Nation.

This could be your water, coming from your household faucet in your city or your town next month or next year. We cannot ask the American people to put up with this sort of outrage any longer.

DEFICIT REDUCTION

Mr. DOMENICI. Mr. President, let me just take a few minutes of the Senate's time to talk about something that the President of the United States put in the news a bit last night, and then his various Cabinet people today have disseminated across the spectrum, to the media, and to various committees here in the U.S. Congress. It is called the Mid-Session Review of the 1997 Budget. I only hold that up to show you the great lengths the President and the White House are going to to make the case that the deficit reduction that has occurred in the last 3½ years, as if that deficit reduction was attributable to things that the President of the United States had recommend as a matter of policy.

I would like to address that issue today in some detail. It has not been easy to get this point across to those who are observing the fiscal policy of our country. So let me start by saying today there is a new report out. The President's budget office suggests that this year's deficit will be reduced to $117 billion. This is more optimistic than the recent Congressional Budget Office estimate, this $117 billion.

Given that this is an election year, it should come as no surprise that the Clinton administration comes out crowing this morning. But the Clinton forces claiming credit for the deficit reduction that has occurred during the past 3 years is a little like the rooster taking credit for the sunrise.

Do not get me wrong. I am very happy that the deficit has declined these last 3 years. I have spent my Senate career working on various approaches to trying to balance our fiscal books. But I also understand why the deficit has declined. And it is not because of any dramatic action by this

administration. The bulk of the deficit reduction has been due to reestimates of the money needed to bail out ailing savings and loans. Let me talk a minute about what that means.

When you put a budget together, and you have a program like the bailout of the savings and loans, which was not complete, you estimate how much it is going to cost the next year and the next year. What happened, plain and simple, is that the estimates of what it was going to cost to complete the bailout of the savings and loans across America was estimated way too high.

What happened is that eventually, on the President's watch, the reality, not the estimate, occurred. What did it actually cost, not, what was it estimated to cost. So that when the President, in this mid-session review, says that the deficit has been reduced by $406 billion, it is saying that the estimates were wrong and that the reality is that we are spending less for certain things.

The bulk of the deficit reduction has been due to estimating the money to complete the bailout of the savings and loans. That is one aspect. Second, a very big amount is attributable to the President and the Democratic tax increases, and last, to spending curbs by the Republicans. So let me look here and give you this in a pie chart.

The only deficit reduction in this chart—in this pie graph—that is attributable to policy changes by the President of the United States is this red piece of the pie, 30 percent. I hope the occupant of the chair can see what it is. Tax hikes of the largest tax increase in history. And $121 billion of that occurred during the period of time that the President is talking about cutting the deficit in half. So we will give him one positive policy change credit. And it is $121 billion in tax increases.

But now let us look at all the rest. The 6 percent in green here is called spending cuts. Mr. President, and fellow Senators, the spending cuts are $26 billion, all of which came in the spending caps imposed by the budget that we prepared here on our side that the President ultimately accepted in the appropriations process. So I do not believe those are positive policy changes recommended by the President, because if you look at the President's budgets, he would not have had those coming down, he would have those going up. So we should get credit for that. But we said you cannot spend as much as you want. Clearly, he would not get credit for cutting the budget and cutting the deficit had we let him have his way.

Now, looking here at 48 percent, this big orange part of the chart, that is made up of reestimates. The largest one is $80 billion. That means, of the $406 billion that this Mid-Session Review says the deficit came down over 3 years, of that $406 billion, $80 billion of it comes from the fact of the inability of Government budget analysts to accurately forecast the cost of the savings and loan bailout.

In other words, it would not matter who was President, it would not matter if any budget was adopted, it would not matter if Congress did anything, $80 billion of this reduction in the estimated deficits would just happen. In other words, we got up one morning and there is $80 billion worth of savings. That is why I was kind of prompted, in analyzing this, to say that taking credit for reducing the deficit during the past 3 years is a little like the rooster taking credit for the sunrise. I stand on that. The more I think of it and explain it, the better it sounds and the better it explains what is going on.

Moreover, it is interesting to note that the policies put into place under George Bush resulted in the dramatic reduction in the S&L program costs, which the President now would like to take credit for. I do not believe there is any real credit. We spent way too much. But President Bush took the blame on the upside. When we finally resolved the problem and overestimated the cost, President Clinton would like to take credit for that $80 billion overestimate as part of deficit reduction.

Second, some in the administration say the economic improvements have brought down the deficit. The truth is, improvements in the economy over the past 3 years have had only a marginal impact on the deficit, only 13 percent, roughly. That is about $50 billion in reduction in the estimate since 1993.

Now, why is it small, some would say? Well, it is not small at all. The truth of the matter is we were estimating a pretty robust economy in those budget years, those 3 years. It did not do much better than the estimates that were in our budgets and in the documents assessing the budget by the Congressional Budget Office.

Now, there are mistakenly claims of credit for this economic dividend. But, in reality, it is tied to an economic recovery that began 7 quarters before the President's inauguration and 10 quarters before his economic plan passed the Congress. In all honesty, we must give a lot of credit to the Federal Reserve System that steered this prudent course, keeping inflation in check and economic growth positive.

Exactly what did the Clinton administration do to help lessen the deficit as reflected in this Mid-Session Review? What did the Clinton administration do? In short, it raised taxes. Now, for those who think raising taxes is the primary way to reduce the deficit, they can put this up on the credit side. They get credit for that, because the only significant policy change—that is, a President says, ''Change this,'' Congress changes it, and something good happens to the deficit—the only one that they can claim credit for, all of those assembled working for the President, is that one that I have just described, the $121 billion of tax increases during those three budgets. That $121 billion is an $8 billion tax increase, coupled with a few billion in defense cuts. That is all the deficit reduction the Clinton administration has gotten approved.

Now, frankly, Republicans, meanwhile, have been working the other side of the Federal ledger, attempting to control the incessant growth in Washington of spending programs. Republicans passed significant reforms in Federal programs and hundreds of spending cuts. We worked to eliminate needed bureaucracy, cut staff, slow the growth of Federal programs, and send more power back to the people at home in their States and communities. It has been Republican leadership that has been attempting to pressure the Clinton White House to cut spending.

Unfortunately, our attempts to reduce Federal spending have been consistently opposed and eventually vetoed by President Clinton. But we overcame their opposition and were still able to save $26 billion in appropriated accounts. Remember, a little more than a year ago, the Clinton White House was promoting a budget plan that called for $200 billion deficits as far as the eye can see. As this election year approaches, the President has turned 180 degrees now and supports a balanced budget. But imagine what the deficit would have looked like if the President's huge spending proposals had not been blocked by congressional Republicans and had become law. Remember that President Clinton planned the 1993 fiscal stimulus package that would have spent money, not saved money. The ill-fated, expensive health care plan would have spent huge amounts of money, not saved money. Had we followed the lead of the President and passed these plans, the deficit would be soaring, not coming down. There would not have been any reduction in the deficit that policies would have reflected.

Let me close by saying my greatest frustration with the budget debate has been our inability to make fundamental changes to the major Federal entitlement programs and, because the deficit has declined these last 4 years, some politicians may try to hoodwink the American public into believing the problem has been solved, but it has not because the automatic Federal spending programs have been left essentially unchanged. Despite the clamor of the last year, despite the clamor today of the Mid-Session Review, the American public early into the next century will find just how elusive any real, significant deficit reduction has been in these last 4 years.

The White House has focused solely on tax increases to reduce the deficit and taking credit for reestimates that would have happened whoever was President and whether or not a budget was even produced. This is not a real, long-term solution. Despite the White House deficit whitewash, the fact is that even with our current modest economic growth, the Federal deficit will again be growing next year and skyrocketing out of sight, burdening our

children with absolutely impossible obligations in the next century.

Before we get too excited about the progress we have made on the deficit, keep in mind the real heavy lifting which has not yet been done and that the real test of leadership on the budget lies ahead. As the White House exalts the improved deficit estimates, I say to the American people in a straight-forward way, we have proposed how we would head off the real train wreck, and we anxiously wait for action.

I yield the floor.

FEDERAL BUDGET DEFICIT UNDER PRESIDENT CLINTON

Mr. CONRAD. Mr. President, I was interested to hear my colleague from New Mexico, the chairman of the Budget Committee, attempting to rewrite history with respect to what has happened to the Federal budget deficit under this President. Now, a lot can be said about the Federal budget, about deficits, and the growth of the debt, but the record of this President is really quite clear.

This President came into office promising that he would cut the deficit in half during his first 4-year term, and today we did get the results of what is likely to occur in those first 4 years. We heard from the Congressional Budget Office that the deficit this year is likely to be in the range of $115 billion to $130 billion.

Mr. President, when Bill Clinton came into office, he inherited a deficit of $290 billion. He pledged to cut that in half in his first 4 years. That would be a deficit of $145 billion. Today, the Congressional Budget Office—not the President's Office of Management and Budget, not the budget committees, but the bipartisan Congressional Budget Office, the head of it, June O'Neill—sent a letter to JOHN KASICH, chairman of the House Budget Committee, saying:

> At this point, a preliminary analysis of actual receipts and outlays through May and our estimates for June receipts and outlays suggests the 1996 deficit will be somewhere in the range of $115 billion to $130 billion.

I ask unanimous consent to have this letter printed in the RECORD.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE
Washington, DC. July 16, 1996.

Hon. JOHN R. KASICH,
Chairman, Committee on the Budget, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This letter is in response to your July 11 request for our current estimate of the fiscal year 1996 deficit. Over the next several weeks, we will be reviewing carefully our budget estimates for 1996 in preparation for our summer economic and budget outlook update report that will be published in mid-August. At this point, a preliminary analysis of actual receipts and outlays through May and our estimates for June receipts and outlays suggests that the 1996 deficit will be somewhere in the range of $115 billion to $130 billion. Receipts are likely to be $20 billion to $25 billion higher than the level we estimated for our May economic and budget outlook report, and outlays could be $5 billion higher or lower than our May estimate.

As always, there is uncertainty about tax collections and spending for various programs, but two sources of uncertainty stand out this year. First, we are uncertain about the amount of offsetting receipts that will be credited to 1996 for the spectrum auctions. The uncertainty arises from two sources: (1) the timing of the FCC resolution of various petitions to deny the results of the auctions, and the issuance of promissory notes to the C-block licensees; and (2) whether the results will be recorded on a cash or credit reform basis in the monthly Treasury statements. The CBO and OMB estimates for the C-block auctions are on a credit reform basis, but the monthly Treasury statements may report the receipts from this auction on a cash basis. The possible range for spectrum auction receipts for 1996 is on the order of $5 billion.

Second, we are uncertain about the effects of the delay in the enactment of 1996 appropriations and the temporary shutdown of government activities earlier in the fiscal year. First quarter outlays were at least $15 billion lower than we would have expected for the level of enacted appropriations, and we don't know how much of this lower-than-expected spending will be made up before the close of the fiscal year.

Even with nine months of actual and estimated data, there is always some uncertainty about the final budget outcomes. Very small differences in rates of spending or tax collections can have large effects on the deficit when the total amounts of outlays and receipts involved are $1.5 trillion. Each 0.1 percentage estimating error in the rate of spending or tax collections would amount to about $1.5 billion. Over the past 15 years, the average absolute CBO percentage estimating errors in our summer economic and budget outlook update reports for the current fiscal year have been 0.4 percent for receipts and 0.7 percent for outlays. On this basis, a $15 billion estimating range for the 1996 deficit at this point in time is not out of line with CBO's past experience.

I look forward to providing a more detailed analysis in August, but I hope that this information is helpful until then.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

Mr. CONRAD. Mr. President, whatever else one can say, this President has delivered on his promise to cut the budget deficit in half. In fact, he has more than delivered on his promise. I listened with great interest to my colleague, the chairman of the Senate Budget Committee. I respect and admire Senator DOMENICI, but I must say, facts are facts, the record is the record. The record of this administration and this President with respect to deficit reduction is clear and unassailable. This President said he would cut the budget deficit in half. He has cut the budget deficit in half.

If we compare his record to the record of his immediate predecessors, he can be especially proud of what he has accomplished. The fact is, as this chart demonstrates, this is what has happened under the previous three Presidents. President Reagan came in and inherited a deficit of about $60 billion. Under his leadership, those deficits skyrocketed. In fact, they were tripled until they were up in a range of $220 billion. At the end of his term, we saw some reduction, back to the range of $150 billion. Then, under the new administration, the administration of President Bush, the deficits again took off. They took off like a scalded cat. What we saw was record deficits. In fact, in the last year of the Bush administration, the budget deficit reached an all-time high of $290 billion.

President Clinton took office and in each year—in each succeeding year for now 4 years in a row—we have seen a reduction in the budget deficits, a substantial reduction. As I indicated, the head of the Congressional Budget Office, June O'Neill, has said in a letter dated today that she anticipates the deficit will be $115 to $130 billion this year. That is even better than this chart shows, because this chart indicates the last estimates we had. That indicated the deficit would come in at about $145 billion this year. That, too, would have kept the President's promise of cutting the deficit in half. The news today is even better, suggesting the deficit will be about down here with respect to this chart, a very steep decline. Four years in a row of deficit reduction under this President, for the first time in any administration since the 1840's. Let me repeat that. Not the 1940's; this is the first administration since the 1840's that has delivered 4 years in a row of deficit reduction.

Not only did the President deliver on his promise of deficit reduction, he also delivered on his promise of creating jobs in this country. He promised 8 million jobs. We have now had more than 10 million created in the 3½ years of this administration.

The President did not stop there. He also promised to reduce the Federal payroll by 100,000. The most recent numbers indicate that he has reduced the Federal work force by 230,000.

So, in each of these areas where this President made a direct promise to the American people of what he would achieve, that is what has happened. Deficit reduction; he said he would cut it by 50 percent. He has cut the deficit by 60 percent. The President said he would be part of an administration that would have a strategy that would create 8 million new jobs. They have created over 10 million new jobs in the 3½ years of this administration. The President said he would reduce the Federal payroll by 100,000. He has reduced the Federal payroll by nearly a quarter of a million, 230,000.

I think it is important, when we have these political debates, that we be direct and clear with the American people as to what has happened. The fact is, the Clinton record on deficits is an admirable one. The Senator from New Mexico may quibble about how he has achieved it, but there can be no question about the results. The deficit this year, the Congressional Budget Office says, will be between $115 and $130 billion. That is a dramatic improvement