

not touch Social Security retirement benefits or cost-of-living adjustments, COLA's. Social Security will increase 43 percent, from \$336 billion this year to \$482 billion 7 years from now.

Medicare—we are going to increase Medicare spending, not cut it. Medicare will grow from \$178 billion in 1995 to \$274 billion in 2002, a 54-percent increase. Spending per beneficiary will rise from an average of \$4,800 today to more than \$6,700 in the year 2002, almost a \$2,000 increase, as I said before.

Student loans—we have heard a lot about that. Student loan volume will grow from \$24 billion in 1995 to \$36 billion in the year 2002, a 50-percent increase. The maximum Pell grant will be raised to \$2,440 next year, the highest level it has ever been.

By the way, we could send a whole lot more needy kids to school with Pell grants, eight or nine for every single AmeriCorps volunteer that we pay a salary to.

Here are some examples of cuts that the Democrats claim are actually increases.

Defense spending declines from \$270 billion in 1995 to \$264 billion in 1996. That is \$6 billion less. Defense spending is not going up. It is going down.

Here is an example of spending increases that many of the Democrats not only call cuts but claim are tax increases as well. Only in Washington can such distorted logic have any semblance of credibility.

Talking first about the earned income tax credit, we will spend more on the EITC program every year between now and the year 2002. Spending will rise from \$19.8 billion in 1995 to \$22.8 billion in the year 2002. The maximum credit for families with one child will rise from \$2,094 in 1995 to \$2,615 in the year 2002. For families with two children, it rises from \$3,100 next year to \$3,888 in the near 2002, and the examples go on.

The Democrats not only call that a cut, but a tax increase on low-income families. If you are eligible, you get a check from the Government to offset any income tax liability you might have under that program, plus any excess to which you are entitled. Eighty-four percent of the program costs are cash grants. The program is run through the Tax Code because it is more efficient. It requires less bureaucracy. But it is just not possible that you can be hit by a tax increase if you get back all of your tax payments plus more. It cannot be a tax increase.

Here are some examples of tax cuts that they claim are spending increases. They claim that allowing individuals and businesses to keep more of what they earn is a subsidy that is equivalent to direct spending. But as Llewellyn Rockwell, Jr., pointed out in a column in the Washington Times on September 18 of this year, I am quoting:

A subsidy means the Government is giving money to you that originally belonged to somebody else. Dairy farmers, for example,

are subsidized. That means they get money that the tax man extracted from the taxpayers.

"Next word: deduction. That's when you were allowed to count some of your income as off limits to the tax man. You can take a deduction for mortgage interest. A portion of your own money stays in the bank."

Democrats claim the tax relief for families is a tax cut for the rich. The fact is over 70 percent of the tax cuts included in the Finance Committee bill go to families with incomes of less than \$75,000 a year.

Let us talk about the AmeriCorps for a moment. The GAO estimated that the program cost nearly \$27,000 for each "volunteer," and I put quotation marks around that word "volunteer" since they are paid that salary. In fact, that salary is more than the average American earns in a year. Paying people makes them employees, in my view, not volunteers.

For the average of \$20,000 to \$30,000 cost per year for each student in AmeriCorps, as I said, eight needy students could get Pell grants at \$2,400 apiece. The fact is Americans aged 18 and up volunteer 19.5 billion hours of their time, which is a 50-percent increase in the number of hours since 1981. We do not need to pay people to be volunteers under AmeriCorps.

Another one of these Alice in Wonderland meaning changes is calling taxes contributions. Referring to tax increases he would be proposing, President Clinton, in an address to the public from the Oval Office on February 15, 1993, said:

We just have to face the fact that to make the changes our country needs more Americans must contribute today so that all Americans can do better tomorrow.

I have an idea, Mr. President. Let us just call these contributions voluntary and we will see how much in the way of contributions are received. There is nothing voluntary about the income tax.

On Medicare, President Clinton says, "The Republican plan would dismantle Medicare as we know it"—the Washington Post, September 16, 1995—despite the fact that six Medicare Board of Trustees, five of whom are Clinton administration appointees, issued a report in April, with which we are all familiar, which stated that "The Medicare Program is clearly unsustainable in its present form and will become insolvent within the next 6 to 11 years."

Mr. President, the reality is clear. Medicare benefits will be cut off completely unless we act now. If Medicare goes bankrupt, which could happen as early as the year 2002, according to the trustees, by law no payments could be made to Medicare beneficiaries for hospital care, doctor services, or any other covered benefit.

Even the Washington Post has condemned the duplicity of those who would oppose solving this Medicare problem. In a lead editorial on September 25, 1995, the Post wrote:

The Democrats have fabricated the Medicare tax connection because it's useful politically. It allows them to attack and duck responsibility, both at the same time. We think it's wrong.

The editorial, by the way, was entitled, "Medagogues, Cont'd."

It is no wonder, Mr. President, that the American people are frustrated and angry. We need to keep the promise we made to the American people to balance the budget by the year 2002.

The Congressional Budget Office has certified that our budget will do just that. We have abided by the Congressional Budget Office, the agency that the President praised for its accuracy in budget forecasting in 1993. But while we have abided by the CBO's scorekeeping, the same entity the President praised 2 years ago, the President himself has changed the numbers to make his alternative budget balance by the year 2005. He has used the numbers from his own office rather than the Congressional Budget Office. As former CBO Director Robert Reischauer put it, "He lowered the bar and then gracefully jumped over it."

Let me close by saying that it is unfortunate that the President would change the numbers in order to get his budget balanced rather than face the tough realities we have had to face in putting together a budget which we know will balance by the year 2002. I think we owe it to our children and grandchildren to do that, not to hand them the debt that we have accumulated over the years we have been here.

We have a historic opportunity this year. Not since 1969 has Congress had a chance to vote on a balanced budget. And I do not think we can miss this opportunity. It is not just because of the politics of it. It is because of the children and grandchildren who are going to follow us and who do not deserve to have to pay off the debts that we have accumulated.

So I am very hopeful that we can support the budget that will be presented, the reconciliation bill that will be before us next week. I think if we do that the American people will say thank you for keeping the commitment that you made to us in 1994.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

#### COMMENDATION OF SENATORS

Mr. COCHRAN. Mr. President, let me commend the distinguished Senator from Arizona for his excellent statement and the other Senators who have spoken on our side of the aisle tonight on the subject of the balanced budget process, the reconciliation bill which will be coming before the Senate next week, and the effort that has been made to put together a plan to achieve a balanced budget by the year 2002. This is a plan that is workable. It is defensible in every respect. It shows a new awareness and sense of responsibility for managing the fiscal policy of

this country in a more commonsense fashion, getting us to a point where on an annual basis we can operate the Federal Government within a budget that is in balance; that we do not overspend; that our projections are sound and based on reality and facts, not fiction.

So I think the statements that have been made this evening are very persuasive as we approach this point when we will be taking up the reconciliation bill. We have already considered a number of appropriations bills that have reduced spending from last year's levels in accordance with the directions of the budget resolution. So we are well on our way to achieving success in this very ambitious undertaking and very important undertaking.

I thank the Senators who have participated in this special order and am convinced that the American people are going to support our efforts, not just because of the speeches made here but because we are doing the right thing.

#### THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, more than 3 years ago I began these daily reports to the Senate to make a matter of record the exact Federal debt as of close of business the previous day.

As of the close of business yesterday, Wednesday, October 18, the Federal debt stood at exactly \$4,970,326,555,499.77. On a per capita basis, every man, woman, and child in America owes \$18,867.44 as his or her share of the Federal debt.

It is important to recall, Mr. President, that the Senate this year missed an opportunity to implement a balanced budget amendment to the U.S. Constitution. Regrettably, the Senate failed by one vote in that first attempt to bring the Federal debt under control.

There will be another opportunity in the months ahead to approve such a constitutional amendment.

#### THE ART OF MANAGEMENT IN A NONPROFIT WORLD

Mr. PRESSLER. Mr. President, the global marketplace changes constantly as the economy and consumer preferences fluctuate. To be competitive, businesses must keep pace with marketplace trends. As a result, prestigious business schools across the Nation continuously develop and update new curricula in response to our changing world.

Management practices, in particular, are beginning to depart from traditional business school teachings. After years of educating future business leaders about the art of managing businesses to maximize profits, professional schools are beginning to direct attention toward the management of not-for-profit organizations. Nonprofit groups are growing rapidly, becoming larger and more influential. Con-

sequently, emphasis on the unique skills associated with nonprofit management is becoming increasingly important.

John Whitehead, former U.S. Deputy Secretary of State, renowned entrepreneur, philanthropist, and expert in the world of nonprofit management, is paving the way for scholars to study the art of managing nonprofit organizations. Mr. Whitehead is founder of the John C. Whitehead Fund for Not-for-Profit Management at Harvard Business School. He is dedicated to teaching students about the important role not-for-profit organizations play in a traditionally for-profit business world.

A recent article appeared in the New York Times describing Mr. Whitehead's achievements and his devotion to teaching nonprofit management. This article details Mr. Whitehead's recent contributions to the Harvard Business School and offers a fascinating account of his entrepreneurial ventures. I ask unanimous consent that the text of the article be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. PRESSLER. Mr. President, John Whitehead is a skilled businessman and a generous philanthropist. His contributions to the study of nonprofit management will help those currently running nonprofit organizations and future managers maximize efficiency and attain group goals. Not-for-profit management strategies deserve greater attention both in the academic and business world. I applaud Mr. Whitehead for his dedication to the mission of nonprofit groups and wish him well as he continues to promote better, more-effectively managed nonprofit organizations.

#### EXHIBIT 1

HOW TO SUCCEED IN NONPROFITS BY REALLY TRYING—HARVARD IS GIVEN \$10 MILLION TO TEACH MANAGEMENT SKILLS

(By Karen W. Arenson)

When John Whitehead was co-chairman of Goldman Sachs from 1976 to 1984, it was held up as the epitome of the well-managed Wall Street firm. It made money and it ran smoothly.

Now Mr. Whitehead is trying to bring some of those same management skills to the nonprofit world. In what he calls the third stage of his life, after Goldman Sachs and service as Deputy Secretary of State, he has presided as chairman or president over several venerable institutions, from Harvard-University's Board of Overseers and the Brookings Institution, to the Trustees Council of the National Gallery of Art and the Greater New York Councils/Boy Scouts of America.

But he is not content simply to bring his own management counsel to the boardrooms of a Rolodex of nonprofit organizations. He has a broader aim: to improve the whole art of managing nonprofit organizations. To that end, he is giving \$10 million to the Harvard Business School to endow the John C. Whitehead Fund for Not-for-Profit Management.

His goal is to encourage several developments: research in nonprofit management techniques, teaching of these techniques, and

more emphasis on training business school students and managers of nonprofit groups.

"I became fascinated by nonprofits," Mr. Whitehead said. "Their reach is much bigger than I realized. One out of every 10 workers in the United States works for a nonprofit. And if you add in the volunteer time, it's even greater."

"But I came to realize that while people who run nonprofits are fully committed, they are not very good managers, and nonprofits are not very well run," Mr. Whitehead said.

Sometimes they are not on the up-and-up either, as Mr. Whitehead has learned the hard way. Earlier this year, after he had planned his gift to Harvard, he and other prominent businessmen were embarrassed to learn that they had foolishly lent their names to the New Era for Philanthropy, a charity based near Philadelphia that was essentially a giant Ponzi scheme. New Era for Philanthropy filed for bankruptcy protection in May, and it and its president, John G. Bennett Jr., have been charged with fraud.

But the more common problem, one he has seen much of since he became involved in the nonprofit world during his years at Goldman Sachs, is a lack of management expertise. That is something he can offer, although he is quick to add: "Just to show that I don't know everything, I went on the board of a regional theater that went out of business." He declines to name the theater.

He describes himself as a sucker for getting involved in nonprofit groups, and said he has a particular affinity for the ones that need help, "not just the big prestigious ones, but some of the little, weak ones." The list, he says in an embarrassed tone, is too long to enumerate, because someone might think he does not have time for so much.

But he is disciplined in his approach, spending the first hour of each day in his Park Avenue office working on business for AEA Investors Inc., a private investment company of which he is chairman. The rest of the day, sometimes starting with a 7:30 breakfast meeting and going through a late dinner, is devoted to his menagerie of nonprofit institutions.

"He does so many things, but the remarkable thing is that he does it all so effectively," said William Boardman Jr., director of university capital giving at Harvard. "His very special capacity is to focus and not to waste time, and he's very insightful."

Mr. Whitehead has given one other \$10 million gift, to Haverford College, "my other first love," where he was an undergraduate and other nonprofit groups say he has been generous.

He described his own philosophy that good citizens need to be generous in both time and money. Having had the "good fortune to make all this money," he said, "I say somewhat facetiously that by giving it back, it will come out even at the end."

When he started discussions with John H. McArthur, dean of the Harvard Business School, a couple of years ago, he discovered that several faculty members there had been talking about doing more on nonprofit management. Mr. Whitehead held out the prospect of a large gift if they could develop a productive plan.

The group did more than plan. Research has begun to build. Courses have been added (elective courses on Social Entrepreneurship and on Field Studies in Social Enterprise). Case studies are being written. An eight-day advanced management program for executives who run nonprofit programs attracted 50 participants last spring (at a subsidized price of \$3,000), and another session will be held next year.

Satisfied that the commitment was there, Mr. Whitehead told the school he was ready