

which is often not the case for major legislation.

We keep hearing how the costs are going to come down. What does CBO have to say about that? This is the quote that has to do with what I was talking about with respect to expanding the Federal commitment for entitlement spending in health care. Quoting again from CBO:

Under the legislation, federal outlays for health care would increase during the 2010–2019 period, as would the federal budgetary commitment to health care.

The Federal budgetary commitment to health care will increase. So how do we get a score that says we will save money? You get the score because you have projected revenues that will increase. You have tax provisions in there that say we will get the money from this tax, we will get the money from that tax. Then it will be a saving to the Federal Government. It is not a saving to the Federal Government; it is a raising of Federal revenues above the commitment to spend. But as I pointed out in the beginning, the raising of Federal revenues is not an automatic thing upon which we can depend. It is dependent upon the economy. What happens if we make the commitment to the spending and then the economy is not good and the revenues do not come in at the level CBO is projecting? These are all assumptions CBO is making, feeding into the computers. The computer cannot and does not project any kind of economic downturn, any kind of recession, any kind of problem. It just says: If, if, and if, you will get this number. And then they plug that number in, and that number says it will be big enough to pay for all of this. But make no mistake, what CBO says on the side where we can control it, the spending side, it says it would increase the Federal budgetary commitment to health care.

So once again we have entitlement spending. We have the demand for money going out going up on the hope that the revenues coming in will somehow be greater than the amount going up, and therefore we can project that this will save the government money.

How accurate has CBO been in the past with respect to the spending side? Well, we can go back to Lyndon Johnson and Joe Califano, who created Medicare, and take their original projections as to how much Medicare would cost. I have given that speech on the floor before. The answer is, Medicare costs 20 times more than was projected at the time it was put in place. We could do the same thing with Medicaid. It is not quite that big, not quite 20 times. SCHIP, whatever it is. With the exception of Medicare Part D, which was a Republican initiative, every single time the Federal Government has put in a Federal program for medical activity and medical expenditures, the actual expenditures have exceeded projections, sometimes 20 times exceeding it, going back to Medicare. That is the spending side.

We cannot produce that kind of money on the revenue side because we cannot really control the amount of revenue that comes in. The amount of revenue that comes in is a function of the economy.

Once again, where are we this year? Mr. President, \$2.2 trillion in revenue, substantially below the amount of revenue that came in in the Bush administration. It is not Bush's fault that there was more or less. It was the economy that made a downturn. And if we think in this body we can repeal the business cycle and see there will be no more downturns in the future, we are really kidding ourselves. There will be downturns, and there we will be, with the commitment in place, the increase in the Federal budgetary commitment to health care, without the revenue to pay for it.

This is CBO again:

The long-term budgetary impact could be quite different if key provisions of the bill were ultimately changed or not fully implemented. If those changes arose from future legislation, CBO would estimate their costs when that legislation was being considered by the Congress.

In other words: We will make no attempt to guess what is going to happen in the future, but we can tell you that any kind of tinkering with this in the future is going to make all of our predictions wrong. That is the logical thing for them to say, it is the prudent thing for them to say, and it is the accurate thing for them to say.

There are many things about this bill that I don't like. I am convinced it will increase premiums for those who currently have health insurance. There is no way it can produce the kinds of results my friend from Maryland talked about of covering 30 million more people and cutting costs for everybody in Middle America without costing a lot more money someplace else. One of those places is going to be either in your tax responsibilities or in increased premiums or in the States.

We all know how the Governors feel about this proposal. The Governors have said this proposal will bankrupt us by the rolling of Medicaid costs onto the States—not Republican Governors, it is Democratic Governors who have come forward and said: We can't handle this. So there are lots of things about this bill I don't like.

But I believe the score that has been put together is not an honest one. I am not accusing CBO of doing anything wrong. I am accusing those who wrote the bill of putting in provisions so that we will delay this implementation there, we will call for this tax here and the score that goes there and so on. And it ends up that when we feed all of that information into the computer and then say: O mighty computer, none of this will change, what is the number, the computer gives you a number, but it is a number based on assumptions that are based on smoke and mirrors.

There is an old saying: Where there is smoke, there is fire. This bill has a lot

of smoke in it, and, in my opinion, it is the American people who are going to get burned.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

PATIENT PROTECTION AND AFFORDABLE CARE ACT

Mr. SPECTER. Mr. President, I have sought recognition to comment briefly on the Patient Protection and Affordable Care Act, which was disclosed late yesterday by our distinguished majority leader, Senator REID, to whom we all owe a debt of gratitude for the extraordinary work in putting together this very complex legislative proposal. Also, compliments are due to Senator BAUCUS, who chairs the Finance Committee, and Senator DODD, who carried on the work of Senator Kennedy on the Health, Education, Labor, and Pensions bill. The bill provides for gross spending of \$979 billion over a 10-year period, under the \$1 trillion dollar mark. The coverage allocation is \$848 billion. There are gross savings of \$1,109 billion, and the deficit impact is to have a reduction of some \$130 billion over the 10-year period. In the second 10-year period, the projection for savings is substantially greater. There will be millions of Americans covered who do not now have health coverage, so over 94 percent of all legal residents of all ages will be covered.

We are now digesting this very complex piece of legislation. The majority leader has scheduled a cloture vote for Saturday at 8 p.m. It is my hope and, candidly, my expectation that we will have the 60 votes to proceed for the consideration of this bill.

It is my view that inaction is not an option; that there are too many people not covered by health insurance or who are underinsured. The cost of health coverage is escalating at such a tremendous rate. It is having a great impact especially on small businesses. A recent prominent publication noted that rates for small business were being dramatically increased. Senator HARKIN scheduled a hearing in the Health, Education, Labor, and Pensions Committee. One of my constituents from Lancaster came in to testify that his premiums were rising by 128 percent. So I believe that inaction is not an option.

We have had many declarations of positions, and in the Senate, where you need 60 votes to move ahead, every one of those votes is indispensable. Only one Republican, Senator SNOWE in the Finance Committee, supported the Finance Committee bill, so there was no

margin for error. It would be my hope that my colleagues will not draw any lines in the sand, realizing that no legislative proposal is going to meet the expectations and the desires of every individual Senator. There are 100 of us. There are 435 Members of the House of Representatives. If there is an art to politics, it is an art of listening, of being flexible, and accommodation or compromise.

So we are undertaking a major historic event. Efforts have been made since the days of Theodore Roosevelt to have this kind of health coverage legislation. It is too important for us to fail.

(The remarks of Senator SPECTER pertaining to the introduction of S. 2805 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

FORECLOSURES

Mr. SPECTER. Mr. President, while I have the floor, I wish to briefly address one other subject. I know my colleague is on the floor waiting for an opportunity to speak. This relates to a plan which is being carried on in the city of Philadelphia to stop foreclosures. We have seen a tremendous problem across America with the housing bubble, with so many people being in houses they could not afford and so many foreclosures. The Philadelphia program received front-page attention in the New York Times just yesterday as a model program. I call the Philadelphia program to the attention of my colleagues and to anyone who may be watching C-SPAN2, a program which is a model and which ought to be followed in other jurisdictions.

In March of 2008, the Philadelphia City Council passed a resolution called the Residential Mortgage Foreclosure Diversion Pilot Program. Following the council resolution, Philadelphia's civil court adopted rules that no owner-occupied house could be foreclosed on or sold at sheriff's sale before a mandatory conciliation conference between the borrower and lender aimed at finding a workable compromise. This Philadelphia program has emerged as a model, enabling hundreds of troubled home buyers to retain their homes.

In October of last year, a little more than a year ago, Senator CASEY and I held field hearings in Philadelphia and Pittsburgh to explore ways to keep borrowers in their homes using the successful Philadelphia program model.

I ask unanimous consent that at the conclusion of these remarks, a copy of the New York Times article be printed in full in the RECORD which details the Philadelphia program and is a suggestion for other cities as to how to follow that.

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

[From the New York Times, Nov. 18, 2009]
PHILADELPHIA GIVES HOMEOWNERS A WAY TO STAY PUT

(By Peter S. Goodman)

PHILADELPHIA.—Christopher Hall stepped tentatively through the entranceway of City Hall Courtroom 676 and took his place among dozens of others confronting foreclosure purgatory. His hopes all but extinguished, he fully expected the morning to end with a final indignity: He would sign over the deed to his house—his grandfather's two-story row house; the only house in which he had ever lived; the house where he had raised three children.

"This is devastating," he said last month as he sat in the gallery awaiting his hearing. "This is my childhood home. I grew up there. My mother passed away there. My grandfather passed away there. All of my memories are there."

A union roofer, Mr. Hall, 42, had not worked since August 2008, when the contractor that employed him as a foreman went broke and laid off more than 40 people. He had not made a mortgage payment in more than a year, and his lender, Bank of America, was threatening to auction off his house through the sheriff's office.

In most American cities, that probably would have been the end of the story: another home turned into distressed bank inventory by the national foreclosure crisis. But in Philadelphia, under a program begun last year to try to keep people in their homes, Mr. Hall entered the courtroom with a reasonable chance of hanging on.

Under the rules adopted by Philadelphia's primary civil court, no owner-occupied house may be foreclosed on and sold by the sheriff's office before a "conciliation conference," a face-to-face meeting between the homeowner and the lender aimed at striking a workable compromise. Every homeowner facing a default filing is furnished with counseling, and sometimes legal representation.

So, as Mr. Hall stepped into the ornate courtroom just after 9 o'clock, he was swiftly provided with a volunteer lawyer, Kristine A. Phillips. She huddled briefly with a lawyer for Bank of America and returned with a useful promise. The bank would leave him alone for six more weeks while his housing counselor pursued further negotiations in an attempt to lower his payments permanently.

"You've got more time," Ms. Phillips told him. "We'll get this all worked out," she said.

"Thank you so much," Mr. Hall said softly, his body shaking with pent-up anxiety now tinged with relief. "It's a lot of weight off of my shoulders."

In a nation confronting a still-gathering crisis of foreclosure, Philadelphia's program has emerged as a model that has enabled hundreds of troubled borrowers to retain their homes. Other cities, from Pittsburgh to Chicago to Louisville, have examined the program and adopted similar efforts.

"It brings the mortgage holder and the lender to the table," said City Councilor John M. Tobin Jr. of Boston, who is planning to introduce legislation to enact a program in his city modeled on Philadelphia's. "When people are face to face, it can be pretty disarming."

When homeowners in Philadelphia receive legal default notices from their mortgage companies, the court system schedules a conciliation hearing. Canvassers working for local nonprofit agencies visit foreclosed homeowners, distributing fliers that inform them of their rights to a conference, and urging them to call a hot line that can direct them to free housing counselors.

"You can feel a certain sense of relief from their just being able to speak to someone

about the program," said Anna Hargrove, who works as a canvasser in West Philadelphia.

Every Thursday morning, the courtroom on the sixth floor of the regal City Hall here is given over to the conciliation conferences. It fills up with volunteer lawyers in jogging shoes, who are representing homeowners; gray-suited corporate lawyers working for mortgage companies; and all variety of delinquent borrowers—elderly citizens leaning on canes, construction workers in coveralls, parents with bored children in tow. The lawyers exchange preliminary settlement terms, while the homeowners fill out papers and wait.

In some cases, deals are struck that lower monthly payments for borrowers and allow them to retain their homes. When a homeowner cannot afford the home even at modified terms, the program helps to create a graceful exit, in which the borrower accepts cash for vacating the property or signs over the deed in lieu of further payment.

Those outcomes are similar to the ones produced by the Obama administration's \$75 billion program aimed at stemming foreclosures, which gives cash subsidies to mortgage companies as an inducement to accept lower payments. But in Philadelphia there is one crucial difference: the mortgage companies have no choice but to participate. They have to attend the conferences and negotiate in good faith or they cannot proceed with a sheriff's sale.

Since the administration's program was begun in March, it has been plagued by complaints of bureaucratic confusion and the indifference of mortgage companies. Many homeowners who have applied for loan modifications complain that their documents have been lost repeatedly or that they have been rejected without explanation.

RIGHT TO MEDIATION

The Philadelphia program forces an outcome by bringing together all the principals in one room. If the mortgage company proves intractable, the homeowner has the right to request mediation in front of a volunteer lawyer serving as a provisional judge, who relays recommendations to the program's supervising judge. If the judge finds that the mortgage company is not acting in good faith, she can hold the house in limbo by denying permission for a sheriff's sale.

While data is scant, a legal aid group, Philadelphia Volunteers for the Indigent Program, has complete information on 61 of the 309 cases it has resolved since October 2008 through the anti-foreclosure program.

Only five resulted in sheriff's sales, while 35 ended with loan modifications that lowered payments, the group says. The remaining 21 cases were divided among bankruptcies, loan forbearance and repayment arrangements, graceful exits and straightforward sales.

Some suggest the city's program is plagued by the same basic defect as the Obama rescue plan: Nearly all the loans that have been modified have been altered on a trial basis, requiring homeowners to reapply for an extension of the terms after only a few months—a process that appears rife with obstacles, according to participants.

"There's no teeth to the conciliation program," said Matthew B. Weisberg, a Philadelphia lawyer who represents homeowners in cases involving alleged mortgage fraud. "It's a largely ineffective stopgap prolonging what appears to be the inevitable, which is the loss of homes."

Still, Mr. Weisberg grudgingly praised the plan.

"It's arbitrary and unpredictable," he said, "but it's better than what anybody else is doing."