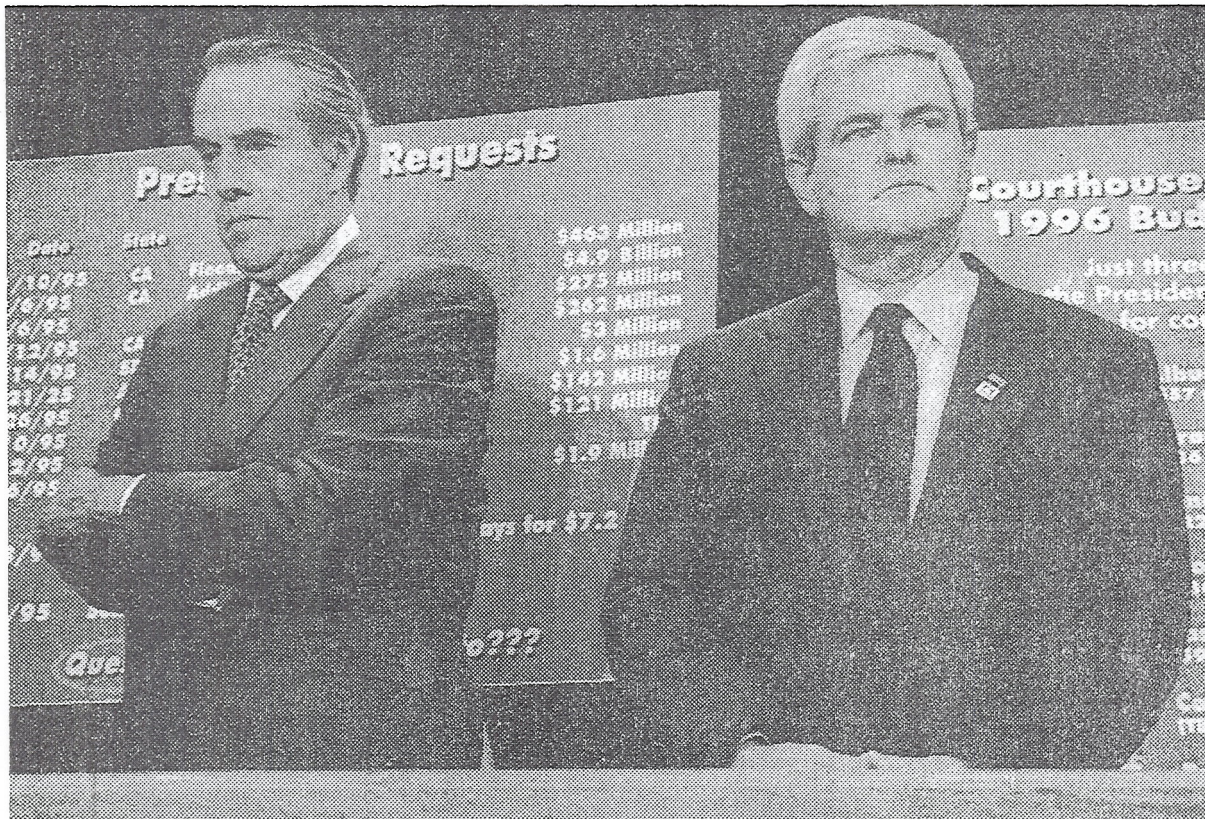


Senate Backs Balanced



BY RAY LUSTIG—THE WASHINGTON POST

Senate Majority Leader Robert J. Dole, left, and House Speaker Newt Gingrich hold news conference on budget.

Budget Plan Sharp Program Reductions Are Endorsed in 57-42 Vote

5/26/95

By Eric Pianin
Washington Post Staff Writer

An exhausted Senate approved a Republican budget plan yesterday that would dramatically downsize government and eliminate the deficit by the turn of the century while holding out the possibility of a modest tax cut down the road.

After 50 hours of highly partisan debate and two days of marathon nonstop votes on nearly 60 Republican and Democratic amendments, the Senate voted 57 to 42 to ap-

prove the GOP plan. Three Democrats—Bob Kerrey (Neb.), Charles S. Robb (Va.) and Sam Nunn (Ga.)—joined with all 54 Republicans to pass the measure. Sen. Barbara A. Mikulski (D-Md.) did not vote.

With passage of the budget, the Senate joins the House in an historic bid to change the size and scope of the federal government, change spending policy for every agency of the government and force major reforms in Medicare and other entitlement programs that consume more than half the entire federal budget.

While overall government spending would continue to grow, Republicans insist they can squeeze at least \$1 trillion out of the budget in the next seven years and move from a deficit to a budget surplus.

This marks the most ambitious attempt by Congress to try to balance the budget since the early 1980s, when a recession and huge Reagan administration tax cuts

See BUDGET, A18, Col 1

■ Black, Jewish Democrats join to stall vote on foreign aid. Page A12

Committees May Fine-Tune Budget Plan

BUDGET, From A1

helped send the deficit soaring by hundreds of billions of dollars. Previous efforts to eliminate the deficit, including the Gramm-Rudman-Hollings law of the mid-'80s, failed to work because Congress refused to make the hard choices.

Senate Budget Committee Chairman Pete V. Domenici (R-N.M.) and Senate Majority Leader Robert J. Dole (R-Kan.) said Republicans had made "tough" but "fair" choices in fulfilling their campaign pledge to end deficit spending and spare future generations from the economic debilitation of large federal debt.



"We're finally going to begin to unpile the deficits; we're finally going to begin to speak for the future," Dole said.

The far-reaching proposals of the House and Senate Republicans represent the first step in a long process of shaping long-term budget policy before the start of the fiscal year Oct. 1.

The proposed budget resolutions provide a broad outline for Congress for how to eliminate the deficit by 2002, including specific program changes and cuts. However, the budget resolution is not binding on other committees, which can cut spending and change or kill programs, provided they achieve specific targets for the savings contained in the resolutions.

Dole and other conservative Republicans expressed disappointment that the budget plan, as finally ap-

COMPARING BUDGET BILLS

HOUSE	SENATE
Spending	
<ul style="list-style-type: none"> Saves \$1.4 trillion over seven years. 	<ul style="list-style-type: none"> Saves nearly \$1 trillion over seven years.
Deficit	
<ul style="list-style-type: none"> Goes from an estimated \$210 billion deficit in 1996 to a \$1 billion surplus in 2002. 	<ul style="list-style-type: none"> Goes from an estimated \$210 billion deficit in 1996 to a \$2 billion surplus in 2002.
Agency cuts	
<ul style="list-style-type: none"> Eliminates the departments of Commerce, Education and Energy, and 369 other programs, agencies and commissions. 	<ul style="list-style-type: none"> Eliminates the Department of Commerce and more than 100 other programs, agencies and commissions.
Tax cuts	
<ul style="list-style-type: none"> Includes a \$354 billion tax cut package. 	<ul style="list-style-type: none"> Earmarks \$170 billion of projected savings for tax cuts.
Defense spending	
<ul style="list-style-type: none"> Increases president's proposed five-year defense budget by \$46 billion. 	<ul style="list-style-type: none"> Declines slightly compared with President Clinton's proposed defense budget.
Medicare, Medicaid	
<ul style="list-style-type: none"> Medicare savings: \$288 billion. Medicaid savings: \$187 billion. 	<ul style="list-style-type: none"> Medicare savings: \$256 billion. Medicaid savings: \$175 billion. 

NOTE: Under the House plan, the \$1.4 trillion spending savings includes about \$170 billion of assumed additional economic benefit from balancing the budget and \$30 billion of savings from reducing the rate of increase in the Consumer Price Index by 0.6 percentage points beginning in 1999. The Senate Budget Committee estimates assume only a 0.2 percentage point reduction in the CPI and do not factor in the \$170 billion of assumed savings.

SOURCES: House and Senate budget committees

proved, includes only \$170 billion of potential tax cuts, less than half the "Contract With America" tax cuts contained in the House-passed budget.

Nonetheless, Senate Minority Leader Thomas A. Daschle (D-S.D.) and other Democratic critics charged that Republicans had skewed their plan to make tax cuts "the highest priority above anything else" while imposing harsh cuts or savings in programs for families, students, veterans, seniors and children.

"This budget takes the side of the privileged few," Daschle said, adding, "It's going to be a long, hot sum-

mer" unless the GOP spending priorities are altered by the spending and authorizing committees.

White House Chief of Staff Leon E. Panetta said after the vote that while "we must balance the budget," the Senate budget is "a textbook example of the wrong way" to do it.

Both the House and Senate versions would order far-ranging reductions or eliminations of hundreds of federal agencies and programs; turn other programs, including Medicaid, back to the states in the form of block grants; and achieve overall savings of \$1 trillion or more over seven years.

Nearly half of the total savings would come at the expense of health care, income security and other programs for the poor, while spending for most other domestic and foreign aid programs would experience significant reductions.

But the Senate budget blueprint differs from the House version in a number of significant ways, and the two chambers face potentially contentious negotiations early next month over spending levels for Medicare, Medicaid and defense as well as a proposed tax cut.

The House plan appears more

See BUDGET, A19, Col. 1