1999-SE-008399

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INFORMATION

August 2, 1999

MEMORANDUM FOR SECRETARY SUMMERS
DEPUTY SECRETARY EIZENSTAT

FROM: JONATHAN TALISMAN
DEPUTY ASSISTANT SECRETARY (TAX POLICY)

JOSEPH MIKRUT
TAX LEGISLATIVE COUNSEL

RE: CORPORATE TAX SHELTER PROPOSALS

Attached is a chart that compares the generic corporate tax shelter proposals that were put forth by the Administration in its FY 2000 Budget and modified by the Treasury white paper released earlier this month with the recommendations made by the staff of the Joint Committee on Taxation (JCT) in its study on penalties and interest, released July 22, 1999.

The Administration's corporate tax shelter proposals focus on four major areas: (1) obtaining increased disclosure of corporate tax shelter transactions; (2) increasing and modifying the substantial understatement penalty as it applies to corporate tax shelters; (3) changing substantive law to disallow tax benefits claimed with respect to tax avoidance transactions; and (4) providing economic disincentives to other parties to the shelter transaction (i.e., promoters, advisors, and accommodating tax-indifferent parties).

As summarized in the chart, the JCT staff recommends proposals in all but the third area described above and the JCT proposals are substantially similar to the Administration's proposals. In addition, the definition of "corporate tax shelter" in the JCT staff proposals is similar to the definition in the Administration's proposals. However, because the JCT staff believes that such definition encompasses some subjectivity and vagueness, they fail to apply it to change substantive law to disallow tax benefits claimed with respect to tax avoidance transactions, as under the Administration's proposals. Tax Policy staff believes that the definition is sufficiently objective and grounded in well-established case law to warrant a substantive law change. As discussed in the white paper, this latter view is shared by the American Bar Association and is reflected in H.R. 2255, introduced by Messrs. Doggett, Stark and others.

The JCT staff also recommends changes to Circular 230, the Treasury regulations that govern practice before the IRS. Similar changes are discussed in the Treasury white paper.

cc: Sandberg, Lubick, Robertson, Thomas, Wolin, Stern, Flanders

COMPARISON OF ADMINISTRATION AND JOINT TAX COMMITTEE PROPOSALS RELATING TO CORPORATE TAX SHELTERS (CTSs)

	TREASURY	JCT
Increase Disclosure of Corporate Tax Shelter Activities	**Early warning disclosure** **By Taxpayers** • By due date of tax return. • Applies to any transaction that has several CTS features (regardless of whether the transaction is, in fact, a CTS). • $100,000 penalty for failure to disclose. **By Promoters** • Within 30 days of first offering of CTS. • Requirement applies to promoted transactions that are subject to disclosure by taxpayers.	**Early warning disclosure** **By Taxpayers** • Within 30 days of transaction. • Applies to transactions that have a "tax shelter indicator" and that provide for an aggregate net tax benefit of at least $1,000,000. • No separate penalty. **By Promoters** • Substantially similar provisions.
Increase Penalties on Corporate Tax Shelter Participants	• Clarify the definition of CTS for purposes of the substantial understatement penalty. • Increase the substantial understatement penalty from 20% to 40% for CTS. • Reduce the penalty to 20% in cases where adequate disclosure is made. • Eliminate penalty with taxpayer disclosure and a strengthened reasonable cause exception.	• Substantially similar provisions. • Strengthen the reasonable cause exception by requiring 75% chance of success on merits and 30-day disclosure. • In addition, they would require the taxpayers to disclose penalties of more than $1,000,000 to shareholders.
Change the Substantive Law	• Codify the "economic substance" doctrine of existing case law. (H.R. 2255, the "Abusive Tax Shelter Shutdown Act of 1999" introduced by Rep. Doggett, incorporates components of this proposal.)	• No provision. The JCT report rejected a change in substantive law.
Provide Economic Disincentives for Other Parties to the CTS	**Promoters and advisors** • Impose a 25% excise tax upon the fees derived from CTS transactions. • Consider amending the current-law penalty system which was designed to address promoters of individual shelters. **Tax-Indifferent parties** • Require tax-indifferent participants in CTS transactions to pay tax on the income allocated to them in the CTS transaction.	**Promoters and advisors** • Increase the penalty for aiding and abetting with respect to CTS from $10,000 to the greater of $100,000 or one half of the fees related to the transaction. **Tax-Indifferent parties** • No provision.

1999-SE-009093

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 18, 1999

MEMORANDUM FOR DEPUTY SECRETARY EIZENSTAT

FROM: JON TALISMAN
DEPUTY ASSISTANT SECRETARY (TAX POLICY)

SUBJECT: Corporate Tax Shelters: White Paper and Comparison with JCT Penalty Report

As you requested today, attached is a copy of "The Problem of Corporate Tax Shelters: Discussion, Analysis, and Legislative Proposals," and a memorandum that was prepared subsequently which compares the major features of the Treasury recommendations with those of the Joint Committee on Taxation.

We would like to have a more focused meeting with you on this subject when it is convenient.

Attachments

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM FOR SECRETARY SUMMERS
DEPUTY SECRETARY EIZENSTAT

FROM: JONATHAN TALISMAN
DEPUTY ASSISTANT SECRETARY (TAX POLICY)

JOSEPH MIKRUT
TAX LEGISLATIVE COUNSEL

RE: CORPORATE TAX SHELTER PROPOSALS

Attached is a chart that compares the generic corporate tax shelter proposals that were put forth by the Administration in its FY 2000 Budget and modified by the Treasury white paper released earlier this month with the recommendations made by the staff of the Joint Committee on Taxation (JCT) in its study on penalties and interest, released July 22, 1999.

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1999-SE-010724

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 29, 1999

MEMORANDUM FOR SECRETARY SUMMERS
DEPUTY SECRETARY EIZENSTAT

FROM: JONATHAN TALISMAN
DEPUTY ASSISTANT SECRETARY (TAX POLICY)

SUBJECT: Corporate Tax Shelter Case

Last week, the Internal Revenue Service won an important corporate tax shelter case in the Tax Court. Compaq Computer Corporation v. Commissioner, 113 T.C. No. 17 (September 21, 1999).

The case is important for two reasons. First, in denying Compaq the purported tax benefits of the shelter transaction, the Tax Court once again looked beyond the literal language of the applicable Code provisions and applied the common-law "economic substance" doctrine. This application strengthens our position, set forth in the FY2000 Budget, the Corporate Tax Shelter White Paper, and Notice 98-5, that a strong, coherent economic substance doctrine is a necessary and appropriate element of our income tax system – so that taxpayers do not ignore the need for meaningful economic substance in analyzing the tax treatment of their transactions.

Second, the opinion is important because the Tax Court imposed a penalty on the taxpayer for the taxpayer's negligence in failing to make a reasonable attempt to comply with the tax laws. As was discussed in the White Paper, there is a perception among certain market participants that corporate tax shelters, if detected by the IRS, will not be subject to penalties; at worst, a taxpayer will get its "economics" from the transaction. This case may help change that perception. By taking away certain defenses to the imposition of penalties not relevant in this case, our legislative proposals similarly would seek to remove this perception.

We anticipate that some market participants will argue that the Compaq case demonstrates that the IRS already has all the tools it needs to fight corporate tax shelters and that further legislation is, therefore, unnecessary. A better analysis of the case is that, in its approach to both the economic substance doctrine and the role of penalties in the corporate tax shelter context, the opinion is helpful to current efforts and in line with our proposals. Reliance on isolated judicial decisions, which taxpayers may attempt to distinguish, is not the most efficient means of addressing corporate tax shelters. Taxpayers should be encouraged to apply these principles before the fact, rather than playing the audit lottery.

BACKGROUND

The Compaq transaction was one version of a widely-marketed transaction in the early to mid-90's known as the ADR arbitrage transaction that allowed a U.S. corporate taxpayer to "purchase" foreign tax credits for roughly 50 cents on the dollar. Enactment of section 901(k) in

1997 pursuant to an Administration proposal prospectively addresses these transactions. In addition, the Treasury and the IRS administratively applied the approach taken by the court to similar transactions in Notice 98-5.

As corporate tax shelters go, the ADR arbitrage transaction actually was quite simple. A U.S. corporation would buy a large block of a stock on which a dividend (subject to foreign tax withholding) was about to be paid. Immediately after the dividend was received, the U.S. corporation would sell the block of stock. Without taking promotor's fees and expenses into account, the transaction would be a wash from a cash flow standpoint: The amount paid for the stock would be equal to the sum of the net dividend received and the amount received on the subsequent sale. When taxes are considered, however, the transaction would produce a sizeable benefit. The taxpayer would report dividend income and an economically offsetting capital loss on the sale of the stock. Moreover, by virtue of holding the stock on the date the dividend was received (and the foreign tax was withheld), the taxpayer would be treated as if it had paid the foreign tax, thereby entitling it to take a foreign tax credit.

In a prearranged transaction, Compaq purchased and immediately sold 10 million ADRs in Royal Dutch Shell. As detailed below, the cash flows on the purchase, sale, and dividend payment were an economic wash. Transaction costs created a pre-tax economic loss.

Purchase of ADRs	($887.6 M)
Receipt of dividend ($22.6 M less $3.4 M taxes withheld)	19.2 M
Sale of ADRs	868.4 M
Promoter fee	(1.0 M)
Other fees	(0.5 M)
Net pre-tax cash flow	(1.5 M)

For U.S. tax purposes, Compaq had $1.9 million of taxable income ($22.6 M gross dividend less $20.7 M capital loss ($868.4 less 887.6 less 1.5 M)), resulting in a pre-credit tax liability of approximately $640,000 from the transaction. However, it also had a $3.4 million foreign tax credit from the withheld Dutch taxes that eliminated its U.S. tax on this and other unrelated transactions. Essentially, Compaq paid $1.5 million for a reduction of $2.8 million in its U.S. tax liability.

In disallowing the tax benefits of the transaction, the Tax Court applied the economic substance doctrine. In particular, the court held that the transaction had no objective economic consequences or business purpose other than the reduction of taxes. This formulation of the economic substance doctrine is consistent with a long line of judicial authorities including ACM Partnership v. Commissioner, 157 F.3d 231 (3d Cir. 1998) as well as our formulation of the economic substance doctrine in the FY2000 Budget proposals, the White Paper, and Notice 98-5.

1999-SE-012912

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

November 30, 1999

MEMORANDUM FOR SECRETARY SUMMERS
DEPUTY SECRETARY EIZENSTAT

FROM: JON TALISMAN
ACTING ASSISTANT SECRETARY (TAX POLICY)

SUBJECT: Administrative Actions to Curb Corporate Tax Shelters

As you know, the 1999 tax legislation did not contain any provisions to curb corporate tax shelters. We have a meeting scheduled with you to discuss potential administrative actions the Treasury Department and the Internal Revenue Service might take in the near future to deal with these abusive transactions. We believe that taking these actions is appropriate for two reasons. First, given the uncertainty of any legislation in this area, we should take all available steps to address corporate tax shelters. Second, taking these administrative actions helps innoculate us from criticism (such as leveled by Mr. Archer) that the IRS has not used all of its available remedies to combat corporate tax shelters.

However, we thought it was necessary, before taking these administrative actions, to assess with you, Linda and Marti the impact such actions might have on Treasury's legislative initiative. These administrative actions generally would only require additional disclosure by shelter participants and shelter promoters. Other aspects of Treasury's legislative proposals -- the codification of the economic substance doctrine, and increased penalties on shelter participants and shelter promoters -- cannot be achieved administratively, but are important to any global solution to the corporate tax shelter problem. Thus, by taking these actions, we do not want to impair or foreclose the possibility of legislative action. There are two possible risks. First, Congress will use any action as an excuse to delay legislation, saying that they have to wait to assess the effect of the changes. Second, we must avoid overreaching which could make Congress reluctant to give Treasury and the IRS additional tools in the future.

Possible Regulatory Guidance

Issue Tax Shelter Registration Regulations -- We intend to issue regulations under section 6111(d) which requires registration of confidential corporate tax shelters. For this purpose, a confidential corporate tax shelter includes any entity, plan, arrangement, or transaction (A) a significant purpose of the structure of which is the avoidance or evasion of Federal income tax for a corporate participant, (B) which is offered to any potential participant under conditions of confidentiality, and (C) for which the tax shelter promoters may receive fees in excess of $100,000 in the aggregate. Under the statute, the registration requirement becomes effective only when the Secretary prescribes guidance.

We had delayed issuing guidance under 6111(d) for several reasons. First, at a time when we were seeking a narrower definition of corporate tax shelter by legislation, we thought it was counterproductive to attempt to define the extremely vague term, "a significant purpose ... of [tax] avoidance." One commentator has stated that this term arguably covers all transactions. Second, we have been told and believe that the regulations will have a half life of a minute because, in response to these regulations, promoters would no longer require conditions of confidentiality (rendering the regulations useless for obtaining registrations).

We now believe that, despite the foregoing reasons, we should issue section 6111(d) regulations as soon as possible. Issuing the regulations will help mute criticism that Treasury and the IRS are not using the tools Congress has provided to deal with corporate tax shelters. Also, we now believe that we can craft a targeted definition of corporate tax shelter based on comments received on our legislative proposals. We must be careful, however, because our critics will seize upon how we define "corporate tax shelter" in an attempt to undermine our legislative efforts. Finally, even if no registrations are submitted to the IRS, at least corporate tax shelters will no longer be offered under conditions of confidentiality.

Require Promoters to Maintain Investor Lists -- Section 6112(a) requires any person who organizes a potentially abusive tax shelter, or sells any interest in such a shelter, to maintain a list identifying each person who was sold an interest in such shelter and containing such other information as regulations may require. Any person who is required to maintain a list of shelter participants must make the list available to the IRS upon request, and must retain for seven years any information required to be included on such list. Section 6112(b) defines a "potentially abusive tax shelter" as (1) any tax shelter for which registration is required under section 6111, and (2) any entity, investment plan or arrangement, or other plan or arrangement which is of a type which the Secretary determines by regulations as having a potential for tax avoidance or evasion.

Regulations under section 6112 were issued in 1984, when partnership shelters for individuals were prevalent, long before the proliferation of corporate tax shelters. Consequently, the section 6112 regulations are not helpful in the current corporate tax shelter environment.

Treasury and the IRS could amend the section 6112 regulations to broaden the categories of persons required to keep lists of shelter participants and other information. The amended regulations could require a shelter organizer to include on the list, and retain for seven years, all marketing materials and tax memoranda and opinions (except to the extent protected by privilege).

It should be noted that, unlike the substantial penalty for failure to comply with section 6111(d), the penalty for failure to comply with section 6112 is minimal. The penalty is $50 on the shelter organizer for each tax shelter purchaser with respect to whom there is a failure to satisfy section 6112, subject to a maximum penalty of $100,000 per year.

Require Tax Shelter Information to be Disclosed on Tax Form -- Section 6011(a) provides that, when required by regulations, taxpayers shall file returns or statements according to IRS forms

and regulations. Section 6011 provides the legal basis for tax return questions that are relevant to a proper determination of a taxpayer's tax liability.

Under the authority of section 6011, Treasury and the IRS could issue regulations requiring a corporate taxpayer to attach a statement to its return if it participates in a shelter transaction. The ABA has proposed a similar approach. Under the ABA proposal, a question would be added to the corporate tax return requiring the taxpayer to state whether any item on the return is attributable to an entity, plan, arrangement, or transaction that constitutes a "large tax shelter." The term "large tax shelter" would mean any tax shelter (defined in section 6662(d)(2)(C)(iii) as any plan or arrangement a significant purpose of which is tax avoidance or evasion) involving more than $10 million of tax benefits in which the potential business or economic benefit is "immaterial or insignificant" relative to the tax benefits that might result to the taxpayer from entering into the transaction. If the answer is "yes," the ABA proposal would require specific information with the return, including:

(1) a detailed description of the facts, assumptions of fact and factual conclusions with respect to the business or economic purposes or objectives of the transaction that are relied upon in support of the return position;
(2) a description of the due diligence to ascertain the accuracy of the above;
(3) a statement signed by one or more corporate officers (who would have personal accountability if this statement is incorrect) having detailed knowledge of the business or economic purposes or objectives of the transaction that the facts, assumptions of facts and factual conclusions relied upon in reporting the transaction are true and correct as of the date the return is filed to the best of the signer's knowledge and belief, with any material differences explained;
(4) copies of written materials provided in connection with the offer of the tax shelter by a third party;
(5) a full description of any express or implied agreement or arrangement of any contingent or reimbursable fees with any advisor or any offeror with respect to the shelter; and
(6) a full description of any express or implied warranty from any person with respect to the anticipated tax results from the shelter.

There are three principal challenges in implementing section 6011 regulations. First, once again, it would be necessary to define the class of targeted transactions, with the risk of being underinclusive and overinclusive. Second, because the definition of a reportable transaction is likely to be imperfect, it is necessary to be sensitive to minimizing taxpayer burden, especially for reportable transactions that turn out to be legitimate business transactions that will not be attacked. Third, there would be no specific penalty for failure to report a transaction under the new section 6011 disclosure requirement. To provide an incentive, perhaps the section 6664(c) regulations could be amended to provide that a taxpayer could not satisfy the reasonable cause and good faith requirement to avoid an understatement penalty if the taxpayer fails to report under section 6011 and the taxpayer has an understatement attributable to the undisclosed transaction.

2000-SE-011093

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

November 17, 2000

INFORMATION

MEMORANDUM FOR SECRETARY SUMMERS

FROM: JONATHAN TALISMAN
ACTING ASSISTANT SECRETARY (TAX POLICY)

ERIC SOLOMON
ACTING DEPUTY ASSISTANT SECRETARY (TAX POLICY)

SUBJECT: Stock Compensation Corporate Tax Shelter

As you announced yesterday, the Treasury Department and the Internal Revenue Service today issued a notice to shut down another abusive corporate tax shelter. This shelter in effect purports to allow a corporation a duplicate deduction for employee compensation that is paid in the corporation's stock.

As in many other tax shelters, this scheme uses a series of contrived steps to generate an artificial tax loss to offset other income of the taxpayers. The notice issued today denies taxpayers the duplicate loss from the transaction. The notice informs taxpayers and promoters that appropriate penalties may be imposed. The notice also informs taxpayers of their obligation to disclose these transactions under our recently issued disclosure regulations.

BACKGROUND:

In this transaction, a corporate taxpayer contributes cash to a nonconsolidated subsidiary and claims an increased basis in the stock of the subsidiary. The subsidiary takes the cash contribution and purchases the parent's stock in the open market. The subsidiary transfers the parent's stock to employees of the parent to satisfy the parent's obligation to its employees under the parent's stock-based compensation programs. Obviously, the transfers of parent stock by the subsidiary to the parent's employees reduce the value of the subsidiary. However, under a technical reading of certain regulations, the parent takes the position that the subsidiary's transfers of parent stock does not reduce the parent's basis in its subsidiary stock. Thus, the parent now has high-basis, low value stock. The parent then sells the stock of the subsidiary or liquidates the subsidiary and claims a loss by the amount that its artificially high basis in the stock, exceeds the value. The taxpayer claims both a loss on the sale of the subsidiary and a deduction for the stock compensation paid to its employees. If the transaction had been done directly, rather than through the contrived steps, the parent company would only have been able to deduct the payment of stock to its employees.

THE WALL STREET JOURNAL FRIDAY, NOVEMBER 17, 2000

Treasury to Issue Notice to Eliminate New Tax Shelter

By NICHOLAS KULISH
And TOM HERMAN
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—Treasury Secretary Lawrence Summers stepped up attacks on corporate tax shelters, saying the government will crack down on a new one that uses employee-stock-compensation plans to help companies avoid taxes.

The Treasury plans to issue a notice today to close down the new shelter. Officials said the plan is being marketed to corporations, but they wouldn't say who was promoting the shelter or the scope of its usage, beyond saying there had been "several large transactions" of this type.

"Combating abusive tax shelters is perhaps the biggest challenge facing our tax administration system today," Mr. Summers said at the Tax Foundation's annual conference in Washington.

Mr. Summers has been pushing for the past year for legislation to curb corporate tax shelters, transactions with no real business purpose other than to avoid taxes. But Republicans refused to take up such legislation. However, even in the waning weeks of the Clinton administration, Mr. Summers has demonstrated that the administration still has significant regulatory power, not just in tax matters but other areas such as the controversial workplace safety rules issued earlier this week.

The new shelter is what officials called a "loss-generation transaction." In this case, a parent company uses a subsidiary to buy the parent's stock. The stock is then used to pay stock compensation to the parent's employees in such a way that the parent can claim both a deduction and a loss on what is essentially one transaction.

Today's notice is part of the Treasury's broader effort to put the brakes on new tax-avoidance plans. Earlier this year, the agency launched the Office of Tax Shelter Analysis to get a handle on these increasingly complicated plans. This is at least the fifth time in the past year that the Treasury has moved to close down such shelters, officials said.

Nor will this be the end of the crackdown. "We are aware of at least one other transaction, and there are others in the pipeline," said Jonathan Talisman, acting assistant treasury secretary for tax policy.

During his speech, Mr. Summers often glanced into the front row where Kenneth Kies, a managing partner for PricewaterhouseCoopers's tax office, was sitting. Mr. Kies long has questioned whether there is a problem and argued against any new laws. Mr. Kies and others at the conference fear new legislation would undermine legitimate transactions. They also contend that the Internal Revenue Service has enough tools to do the job.

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European sources contacted by BNA said the FSC hit list is expected to contain at least several dozen chapter headings. The sources said the European Commission had not even started discussing with European businesses a detailed product list and would probably not do so until the World Trade Organization issues its rulings on whether the new U.S. legislation replacing the FSC complies with WTO rules.

Under procedures agreed to by both sides, the European Union will ask the WTO Nov. 17 for a special meeting of its Dispute Settlement Body within 10 days in order to consider its request to retaliate against U.S. imports for Washington's failure to comply with the WTO's FSC ruling, which it was due to implement by Nov. 1. At the same time, the European Union will publish its target list along with the total amount of sanctions it wants to impose on U.S. imports.

When the meeting takes place and the request is made, the United States will then ask for WTO arbitration on the retaliation figure proposed by the European Union, the sources said. The European Union will then ask the arbitrators to suspend their work pending the outcome of the compliance panel ruling before determining the appropriate level of retaliation, they said. EU officials noted that resort to the compliance panel is conditional on Brussels receiving formal notification from Washington that the FSC replacement legislation has been adopted.

Procedures for Compliance Review. Before the compliance review can begin, the two sides will hold consultations within 12 days so as to allow third parties to join in the talks, the officials explained. The European Union will also have to ask for a DSB meeting to establish the compliance panel, meaning that it will be late December at the earliest before the panel can begin its work, they said.

The compliance panel, as well as the WTO arbitrators, will be the same three-member team headed by New Zealander Crawford Falconer that issued the original panel ruling last year finding the FSC tax breaks constituted an illegal export subsidy under WTO rules (38 DTR GG-1, 2/25/00), officials said. The compliance panel is expected to complete its work within 90 days, although both the European Union and the United States will have the right of appeal, which could extend the process for an additional 60 days, they said.

Assuming the European Union wins an appeal, the panelists would then take on the role of arbitrators and have another 60 days to decide the appropriate level of sanctions the European Union could impose on U.S. imports in retaliation for noncompliance, officials explained.

EU Urged to Hold Off on Retaliation. In Washington, D.C., Fred Murray of the National Foreign Trade Council Inc. explained that while threats by the EU are naturally of concern, presenting a retaliation list at the time a WTO member seeks authorization to "suspend concessions" is an ordinary procedural step under WTO practices.

"We would urge the European Union not to move forward with the retaliation because we think that we are in compliance," Murray said. Even if sanctions are imposed, they would not take into effect until seven months from now, Tom Stout of KPMG in Washington D.C. said.

Although Murray refused to speculate on the sectors to be targeted on the hit list, sources ventured that the list might include aerospace products.

New Rules for U.S. Firms. U.S. corporations have the option to be covered by FSC transition rules until 2001 or to opt into the guidelines of the new extraterritorial regime. Some practitioners said they are recommending caution to their clients and to apply FSC transition rules until the WTO finalizes its decisions on the extraterritorial regime.

"I think that is bad advice," Murray said. "Just because the WTO finds that the United States is not compliant with its treaty obligation does not mean that the FSC provisions go away or are otherwise modified or that these provisions go away. When the WTO says you are not in compliance with your obligations, that does not invalidate your own internal statutes. What it says is that if you do not change those statutes, you may be subject to counter measures."

"Each company needs to evaluate this on a case-by-case basis," Stout said. One point of view is for corporations to remain within the FSC transition rules until WTO indicates how it will rule, he said. Companies choosing this option would still be compliant within U.S. borders, he added.

Stout countered that the new regime offers corporations incentives not found within the repealed FSC regime: implementation of a simpler system to administer, elimination of the alternative minimum tax preference, removal of the 50 percent limit on benefits that is imposed on exporters of military property, and access to a tax benefit for foreign manufactured goods. Although changing would require corporations to incur liquidations fees for foreign sales corporations, the costs are not significant, he said.

Companies are certainly in no worse position vis-a-vis the WTO by switching, he said.

By Myrna Zelaya-Quesada, Daniel Pruzin (Geneva), and Tim King (Brussels)

Text of Clinton's statement on the bill is in BNA Tax-Core.

Tax Shelters

Stock Compensation Arrangements Generating Artificial Losses Curbed

The Internal Revenue Service Nov. 16 issued Notice 2000-60 that will close down a tax shelter transaction involving the use of stock compensation arrangements to generate artificial losses.

Treasury Secretary Lawrence Summers told the Tax Foundation that while his department did not have a clear estimate of the revenue losses associated with this particular type of shelter, he expected that it would represent only "the tip of a very large iceberg."

Jonathan Talisman, the acting assistant treasury secretary for tax policy, said Nov. 16 that the notice would prevent a parent corporation from using a series of contrived steps to claim artificial tax losses triggered by an increase in basis of stock in a nonconsolidated subsidiary.

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He explained that in such a transaction, a parent corporation contributes cash to a nonconsolidated subsidiary and then claims an increased basis in the stock of that subsidiary.

The subsidiary uses that cash to buy shares of parent company stock on the market and then distributes almost all of those shares back to the employees of the parent company. Rather than claim a corresponding reduction in basis, the subsidiary claims that the distribution is a capital contribution to the parent. Under Internal Revenue Code Section 83 regulations, if a shareholder pays the compensation expense of the corporation, the payment is treated as a contribution to capital and the parent corporation can claim a deduction for expenses that were so paid.

"We are shutting these things down as soon as we become aware of them."

ACTING ASSISTANT TREASURY SECRETARY FOR TAX POLICY JONATHAN TALISMAN

When the subsidiary is later liquidated, or its stock is sold, the parent company claims a loss based on the artificially inflated basis, he said.

He said Treasury and IRS believe that the losses generated by such transactions are not properly allowable for federal income tax purposes. "The parent is getting two deductions for the same transaction," Talisman said.

He said the notice would be effective immediately and would require the disclosure of these transactions on corporate returns and listing by promoters.

Talisman also warned that the notice could impact transactions that already had closed because, "people are claiming benefits that we don't think people are entitled to under current law." He said Treasury and IRS would consider possible enforcement actions on a transaction by transaction basis

He acknowledged the complexity of such transactions, saying, "it's something that is contrived and it is hard to describe the contrivance." He said Treasury became aware that such transactions were being marketed after the IRS received a tip from a taxpayer.

These transactions have been marketed since at least the beginning of 2000, Talisman said. He said he could not quantify the associated revenue losses. "I don't want to characterize the size of this because we don't have perfect information," he said.

Another Shelter Notice Coming Soon. Talisman told reporters that Treasury and IRS, "are aware of at least one other transaction that we will be issuing one more notice on shortly." He declined to describe the shelter in detail, saying only that it would involve "an exclusion transaction more in the nature of a liquidating REIT," rather than an artificial tax loss. He said that under this broad category of shelters, income never is subjected to tax because it is excluded from income.

He said Treasury and IRS had a number of other actions in the pipeline. "We are shutting these things down as soon as we become aware of them," and as soon as we can get a handle on them, Talisman said.

Summers Highlights Need to Curb Shelters. During comments to the Tax Foundation, Summers highlighted Treasury's continued efforts to curb what he described as the proliferation of abusive corporate tax shelters.

"Since 1990, in real terms, the gap between book income and taxable income has more than doubled to $90 billion and is now wider at any time since the mid-1980s," Summers said. "Although some of this gap can be attributed to the use of legitimate tax incentives, there is no doubt that there has been a striking growth in abusive tax shelters."

Summers said that in addition to the upcoming notices, Treasury and IRS still planned to issue proposed regulations before the end of the year to revise Circular 230, which sets ethical standard for professionals practicing before the IRS.

He said the administration also considered legislation to combat tax shelters to be a "matter of national importance."

Summers touched on a number of other issues in his speech, including the tax policy challenges associated with the growth of e-commerce.

"Like the cyber-world itself, the search for the solution to these challenges is still in its infancy," he said. "But we have worked to establish one guiding principle. This is that our global tax administration should provide an environment in which e-commerce can flourish, but it cannot permit the Internet to undermine the system of revenue collection upon which our public services depend.

Summers stressed that tax rules and tax administration should be neutral and nondiscriminatory between Internet and non-Internet transactions. He added that international cooperation should aim to prevent double taxation or unintentional nontaxation of e-commerce, while maintaining the fiscal sovereignty of participating countries.

Notice 2000-60 is scheduled to appear in Internal Revenue Bulletin 2000-49, dated Dec. 4, 2000.

BY KATHERINE M. STIMMEL

Text of Notice 2000-60 is in Section L.

Text of Summers speech is in BNA TaxCore.

SUMMERS DELIVERS SHARP WORDS ON CORPORATE SHELTERS

Considering that he may be out of a job in several weeks, Treasury Secretary Lawrence H. Summers is anything but a shrinking violet when it comes taking on corporate tax shelters. Appearing in front of what, in the tax community, represents a hostile crowd, Summers told the audience at the Tax Foundation's 63rd National Conference November 16 he still believes abusive corporate tax shelters represent "perhaps the most serious compliance problem the country faces."

Summers had little praise for those who argue that the use of abusive corporate transactions is not a serious problem. He said he was wary of those who defend the status quo and argue that (1) there isn't a problem, that (2) the tax administrator is doing a terrific job in dealing with the problem that isn't a problem by using the current tools at hand, and that (3) providing the tax administrator with additional tools would only cause more problems.

It is impossible to put an exact cost on abusive corporate tax shelters, Summers said. But based on the abusive shelters Treasury knows about, the 10-year revenue loss due to these transactions measures in the tens of billions of dollars. He emphasized that it is Treasury's "informed and non-self-interested" judgment that this revenue loss estimate represents "just the tip of the iceberg."

Summers said part of the problem is being driven by pressures on corporations to maximize profits and by increasing competition in the tax consultation business.

Summers stressed that he was not talking about the use of legitimate tax incentives or legitimate strategies that are designed to keep taxes to a minimum. But he argued that a line must be drawn at the pursuit of engineered transactions that are devoid of economic substance.

There is no justification for what are and "what are known to be" shams that are now being promoted by some of the most "prestigious firms," he said.

Summers noted that Treasury and the IRS will issue proposed regulations "strengthening" Circular 230, which governs the standards for professionals practicing before the IRS, to modernize opinion standards "for the kinds of tax shelters prevalent today."

After referring to the widespread abuse of individual tax shelters in the 1980s, Summers said Treasury will continue to pursue legislation to strengthen its ability to combat corporate tax shelters.

He also noted that the IRS has improved its ability to detect and close down shelters, reporting that one was being shut down as he spoke and warning that "more notices will be forthcoming in the future."

Another One Bites the Dust

The latest shelter to be shut down involves basis abuse. Later in the day, Assistant Treasury Secretary for Tax Policy Jonathan Talisman provided the following example of the transaction.

A parent contributes $1,000 in cash to a nonconsolidated subsidiary. The subsidiary then takes the $1,000 and buys parent stock in the marketplace. The stock is distributed to parent's employees to whom parent has a compensation obligation. Parent assumes an increased basis of $1,000 in the subsidiary. The parent sells the subsidiary to an accommodating third party and claims a $1,000 loss on the sale of the stock of the subsidiary and a deduction on the parent shares distributed to employees.

"The tax savings stem from the artificial loss created by the increase in basis," Talisman said. "They are treating it like a capital contribution from sub to parent and parent to sub and relying on an artificially inflated basis. In reality it is more in the nature of a dividend than a capital expenditure."

According to Talisman, there are several examples of this type of transaction. However, he would not comment on to whom it's being marketed or the revenue impact of the shelter, except that it involved large transactions.

The shelter was brought to the IRS's attention through taxpayers. "We will continue to shut these things down as soon as we are aware of them," Talisman said.

Reaction

Taking the podium following Summers's speech, PricewaterhouseCoopers's Kenneth Kies, a former Chief of Staff of the Joint Committee on Taxation, said he felt a little like Ronald Reagan in that he wanted to say, "There you go again."

Before launching into his slide show on why corporate tax shelter legislation would be dangerous overkill, Kies responded to what some would consider Summers's personal attack. It is not appropriate for the Treasury Secretary to say he is not "self-interested" in the corporate tax shelter situation, Kies charged, considering that Summers quite visibly campaigned for Gore who spoke loud and long about "bad corporations."

Furthermore, Kies took issue with Summers's reference to the individual tax shelter problem of the 1980s being solved by enactment of the passive activity loss rules. Those rules were an "overreaching" response to incomplete data, he asserted.

Evidence of the problem then was based on partnership data from 1984 returns showing large losses on individual returns, he said. "What we didn't know then was that individual losses had reached a peak and were on the downturn," Kies said. Simple enactment of the at-risk rules would have been enough to address the problem, he concluded.

Corporate Receipts

For the Treasury Secretary to call corporate tax shelters the most serious problem facing the tax system today requires more than a series of anecdotal stories about tax practitioners, Kies charged. It is perfectly relevant to ask whether the alleged problem has affected revenues, he asserted.

Kies showed slides indicating that there has been no erosion of the corporate tax base. Where is the evidence that there has been a material change in the corporate tax base that suggests moving beyond the tools the current system has to offer? he asked.

Georgetown University Law Center professor Ronald Pearlman said he doesn't believe either side in the corporate tax receipts debate. Who would suggest that whether tax receipts are up or down really gets to the problem of whether transactions are reducing receipts, he asked.

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Corporate tax shelters may not be wiping out the corporate tax base, but that doesn't mean there isn't a problem, Pearlman maintained. The problem is that the transactions lack economic substance, he said. The problem is broader and more serious.

"I'm not too concerned with receipts or whether they are lower than they would be," agreed panelist John E. Chapoton, Vinson & Elkins. "I'm more concerned about business ethics and our duty to the tax system."

Kies called Chapoton's and Pearlman's "casual dismissals" of the status of revenues indefensible.

Disclosure

To draw the line between abusive and legitimate transactions, the emphasis should be placed on reporting and disclosure, said Chapoton.

The hallmark of a corporate tax shelter is confidentiality, and therefore, lack of detection, he said.

If a transaction has a significant possibility of tax avoidance, disclosure should be mandated, Chapoton said. Legitimate transactions will get caught in the net, he said, but "so what?" There is a crisis for the system and for the profession, he maintained.

Taxpayers have a right to engage in aggressive transactions, but they have no right to hide them from the IRS, Chapoton argued. Taxpayers have "no right to not disclose just because it is a legitimate transaction."

Taxpayers, corporate or individual, have no right to be concerned about disclosure of abusive or appropriate transactions, agreed Pearlman.

If the IRS overreaches on tax return disclosure and causes disclosure of legitimate transactions, taxpayers have no right to complain, Pearlman argued. But the IRS is smart enough to take legitimate transactions off the table at some point, he said. The IRS "is not stupid." The IRS is used to handling large amounts of paper.

The IRS is used to handling large amounts of paper poorly, asserted Kies. Just look at how it handled all the Form 1099s filed in the 1980s, he said.

"So what?" Pearlman said. "It increased compliance," Chapoton pointed out.

The notion that requiring more disclosure carries no risk is naive, Kies argued.

And those worried about existing disclosure regulations are not likely to get any sympathy from Congress, even with a Bush administration, three congressional staffers indicated on a later panel.

The staffers who represented majority and minority views of both the taxwriting committees indicated a desire on the part of Congress to kick the tax shelter problem back to the tax administrators, rather than to enact legislation.

Pearlman had said earlier he would support serious monetary penalties for failing to disclose a transaction on a return. Return disclosure penalties are appropriate, he said, although he would not link the penalty to the deficiency.

There is concern that there is no penalty in the law for failure to disclose, according to one Senate Finance Committee staffer. To make the disclosure regulations more effective, Congress might be willing to separately enact a failure-to-disclose penalty regardless of what happens to any other tax shelter proposals, the staffer said.

Ethics

Kies also dismissed Summers's statement that corporate executives are under more pressure to produce profits. The pressure to produce profits has existed for years, he maintained.

Of course, corporate executives are feeling pressure, insisted Chapoton, particularly when they read about IRS ineptitude and lack of resources.

Things have changed a lot for professionals in private practice, said Pearlman. "I've seen a tremendous increase in pressure on private practitioners and in-house advisers," he said.

"Where is the tax ethic in the private sector?" asked Pearlman.

The fundamental issue is not a matter of law but whether it is desirable to have a business tax system in which practitioners are pushing the line as far as they can, Pearlman said.

The real problem with tax shelters is that they represent a "dumbing down" of the profession, a "race to the bottom," and are demeaning to the tax profession, said Chapoton.

– Christopher Bergin,
Maggie Richardson & Sheryl Stratton

TREASURY CLEARANCE SHEET

No. _____
Date: 11/17/00

MEMORANDM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☒ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER _____

FROM: Jonathan Talisman, Acting Assistant Secretary (Tax Policy) and
Eric Solomon, Acting Deputy Assistant Secretary (Tax Policy)

THROUGH:

SUBJECT: Stock Compensation Corporate Tax Shelter

REVIEW OFFICES (Check when office clears)

- ☐ Under Secretary for Finance
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  - ☐ Economic Policy
  - ☐ Fiscal
    - ☐ FMS
    - ☐ Public Debt
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  - ☐ ATF
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  - ☐ Secret Service
- ☐ General Counsel
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- ☐ Policy Management
  - ☐ Scheduling
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- ☐ Treasurer
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- ☐ Other _____

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REVIEWER(S)				

SPECIAL INSTRUCTIONS

☐ Review Officer Date _____ ☐ Executive Secretary Date _____

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ADMINISTRATION HISTORY APPENDIX
CHAPTER ONE: FISCAL DISCIPLINE

DEBT LIMIT

95-148074

DEPARTMENT OF THE TREASURY
WASHINGTON, D. C.

UNDER SECRETARY

BRIEFING

July 5, 1995

MEMORANDUM FOR SECRETARY RUBIN

FROM: JOHN D. HAWKE, JR.

SUBJECT: DEBT LIMIT

DATE & TIME: THURSDAY, JULY 6, 1995, 10:45 - 11:15

LOCATION: SECRETARY'S SMALL CONFERENCE ROOM

PARTICIPANTS: LARRY SUMMERS
JERRY HAWKE
LINDA ROBERTSON
SYLVIA MATHEWS
ED KNIGHT
DAVID DREYER
MICHAEL BARR
ALAN COHEN
ROGER ANDERSON
DON CHIODO (FISCAL)

Attachment: Background Briefing

DEBT LIMIT

Q. How far will the current debt limit of $4.9 trillion take you before another increase in the debt limit is required?

A. The Treasury estimates that the $4.9 trillion limit will be sufficient until the fall of 1995, perhaps as late as October. It may be necessary to deviate from financing-as-usual before the mid-September tax date to keep the debt within the ceiling. Actions could include leaving a portion of Government accounts uninvested for several days.

Background: The debt subject to limit as of May 19, 1995 was $4,793 billion. This includes the $1.3 trillion of debt held by the Government accounts, including the social security trust funds.

The current permanent debt limit was enacted in the Omnibus Budget Reconciliation Act of 1993, dated August 10, 1993. When it was enacted, we believed it would take us into the Spring 1995. Lower deficits have extended the deadline for an increase.

The House Rules Committee on May 16 granted a rule for consideration of the FY 1996 budget resolution that suspends for the purpose of the FY 1996 resolution the application of House Rule under which the debt limit is voted upon in the House as part of the budget resolution. This means that the the House will need to vote separately on the debt limit, as well as adopting a debt limit as part of the budget resolution.

It is also necessary for the Senate to vote twice on the debt limit -- once in the budget resolution and then again on the separate debt limit bill.

Office of Federal Finance
May 24, 1995

EXTRAORDINARY ACTIONS
DEBT LIMIT IMPASSE

(1) About $3.0 billion of cash can be raised by calling in compensating balances that the Treasury has placed with commercial banks. The Treasury tries to give about 2-weeks' notice before such withdrawals.

(2) Disinvest the Exchange Stabilization Fund. This often-used action frees up debt authority, but the ESF loses interest during the period of disinvestment. ESF holdings of Treasury securities, which totaled $1 billion on May 22, 1995, have been reduced recently, because the Treasury has engaged in swap transactions with Mexico. Legislation must be passed to restore any interest lost while ESF funds are not invested.

(3) Do not invest the Federal Employee Retirement System Thrift Savings Fund. The $20 billion balance (as of May 19, 1995) of the Fund is invested overnight. The Fund's statute requires the Treasury to notify the Fund's Executive Director whenever the debt limit is expected to prevent the Treasury from selling obligations to the Fund and provides for automatic restoration of any interest losses attributable to a debt limit impasse.

(4) Do not invest excess cash of the social security and other trust funds. Disinvest trust funds. Disinvestment has occurred only to make benefit payments and to pay other obligations of the funds. Trust funds can lose interest as a result of such action. Although not statutorily required to do so, the Treasury has notified the other trustees of the social security trust funds of any likely curtailment of investments. Congress has enacted legislation following debt limit impasses to restore earnings, but restoration is not automatic for most of the funds.

(5) Suspend the sale and issuance of U.S. savings bonds and state and local government series securities (SLGS). A suspension of savings bond sales is costly because we must notify 45,000 issing agents to stop accepting applications and notify them again to begin applications when the impasse is resolved. Also, there may be a loss of confidence in the Government's ability to fulfill its promises, if the Government is unable to follow its normal procedures in issuing these securities. Thus, purchasers of SLGS may turn to purchasing alternative securities in the market.

(6) Sell loans that are held by the FFB or certificates of participation in those loans in the market. This would be an extremely costly way to finance the FFB portfolio, and the Treasury would be heavily criticized. FFB holdings totaled $98.3 billion on March 31, 1995.

(7) A partial alternative to preceding option would be to ask Federal agencies, such as the U.S. Postal Service whose debt is not included in the statutory limit, to use the proceeds of sales of securities in the market to repay their debts to the Treasury and the FFB. This would be contrary to overall Treasury policy to consolidate Federal borrowing through the Treasury and the FFB, would involve long lead time, and would increase the Government's cost of financing.

(8) Sell gold and other stockpiled commodities. Sales would depress the commodities markets and could cause public alarm, both domestic an foreign.

(9) Sell Government assets such as the Capitol Building. Asset sales would require Congressional approval in some cases and would involve long lead times.

(10) Defer payments of liabilities due and payable. The Treasury does not have the authority to select which payments to make and which to defer. Each payment obligation has equal standing whether it is a wire transfer or check and is paid on a first-in, first-out basis.

Office of Federal Finance
May 25, 1995

95-175750

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ACTION

ACTION

MEMORANDUM FOR SECRETARY RUBIN

THROUGH: **DEPUTY SECRETARY NEWMAN** FM

UNDER SECRETARY HAWKE JDH

FROM: Darcy Bradbury DB
Deputy Assistant Secretary
Federal Finance

SUBJECT: Debt Limit

ACTION FORCING EVENT:

The permanent debt ceiling of $4.9 trillion will be reached in the fall. Our best estimate is that we will run out of cash and debt limit room toward the end of October, but it may be necessary to leave a portion of Government account surpluses uninvested temporarily in early September to fund the Treasury's cash needs and prevent exceeding the debt limit.

RECOMMENDATION:

That you sign the attached letters to the Congressional leadership.

✓ Agree _____ Disagree _____ Let's discuss

BACKGROUND/ANALYSIS:

In the past, the Treasury has written to the Congressional leadership to request action on debt limit with leadtimes ranging from about two weeks to a couple of months. The attached letters will give the Congressional leadership an early warning of an impending need for debt limit action this fall and notify Congress that, in the absence of action to increase the debt limit, the Treasury may have to take extraordinary actions temporarily to get past the low-point in the cash balance prior to the mid-September corporate tax payment date.

The letters also suggest that Congress enact a permanent debt ceiling that is sufficient to last until the spring of 1997 to avoid having to act on the debt limit in the fall of 1996.

ATTACHMENTS: Tab 1: Letters for your signature.
Tab 2: Copies of similar letters by former Secretaries.

EXECUTIVE SECRETARIAT

Neal: Here's the rest of the D-L letters. ~~Make sure that this is the~~ This is the latest version according to my computer file. Plse skim to make sure.

Gene

The Honorable Bob Packwood
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Daniel P. Moynihan
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Dick Armey
Majority Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Richard A. Gephardt
Democratic Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable John R. Kasich
Chairman
Committee on the Budget
United States House of Representatives
Washington, D.C. 20515

The Honorable Martin Olav Sabo
Ranking Member
Committee on the Budget
United States House of Representatives
Washington, D.C. 20515

The Honorable Bill Archer
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Sam Gibbons
Ranking Member
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

July 17, 1995

The Honorable Newt Gingrich
Speaker of the House of
Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

I write on the issues of deficit reduction and the need for Congress to increase the statutory limit on the public debt. The deficit reduction program enacted in 1993 has substantially reduced the deficit as a percentage of our gross domestic product. The Administration believes that it is imperative that we continue on a path of deficit reduction. This belief is reflected in the 1996 budget proposals of both the President and Congress (despite the very substantial other differences between these budgets). However, even if the budget deficit continues to decline, as I am sure you are aware, there will soon be need for action by Congress to increase the limit on the public debt.

The precise day when the Treasury will run up against the present permanent debt limit of $4.9 trillion is not knowable this far in advance. However, in the absence of an increase in the debt limit, we are likely to run out of cash and room under the debt ceiling in October. We will advise you of our more precise estimates of Treasury cash balances and debt later this summer as we approach the date when the Treasury will run up against the permanent limit.

We look to Congress to act in a timely manner to avert a debt limit crisis that could interrupt Government operations, delay payments to recipients of benefits and millions of others, disrupt the Treasury's borrowing operations, generate uncertainty in the domestic and international securities markets, and increase the Government's cost of borrowing.

I note that the conference report on the Concurrent Resolution on the Budget for FY 1996 -- recently passed by Congress -- called for a permanent increase in the debt ceiling to not more than $5.5 trillion (which would not be reached until sometime in 1997). This amount would allow ample time to revisit the debt limit issue in a well-considered and orderly fashion.

We recognize that some want to link the need for a debt limit increase to the debate over the budget this fall, but that is not appropriate or in the best interests of the American people and our economy. We look forward to working with you to ensure that the bill to increase the debt limit is not encumbered with any extraneous matters that might needlessly delay its enactment.

Sincerely,

Bob Rubin

Robert E. Rubin

Attached Letter to be sent to the following
Senate and House Members

The Honorable Strom Thurmond
President Pro Tempore
United States Senate
Washington, D.C. 20510

The Honorable Robert Dole
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Thomas A. Daschle
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Alfonse M. D'Amato
Chairman
Committee on the Banking, Housing and
Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Paul S. Sarbanes
Ranking Member
Committee on the Banking, Housing and
Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable J. James Exon
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

THE SECRETARY OF THE TREASURY
WASHINGTON

June 23, 1989

The Honorable George J. Mitchell
Majority Leader
United States Senate
Washington, D.C. 20510

Dear ~~Senator Mitchell~~ George:

I am writing to advise you of the need for action by Congress on legislation to increase the limit on the public debt and to request Congressional action by August 1.

Our current estimates show that the permanent debt ceiling of $2,800 billion will be sufficient only to early August. The limited flexibility provided by the $15 billion debt limit exemption for the Federal Financing Bank has already been used. There are a variety of unpredictable variables that can affect cash balances and total debt between now and early August. Therefore, as July unfolds we will update you. However, at the present time it appears that without a congressional increase in the debt limit by August 1, the Treasury may be prohibited from fully investing the Social Security Trust Funds in early August. The Congress can prevent this potential loss of income to these trust funds by a timely debt limit increase.

The potential inability to fully invest the Social Security Trust Funds, as early as August 1, is followed by a chance that the Government could default on its obligations during the following week. Even if the Government managed to get through that week, it now appears default is very likely on August 15, when interest payments in excess of $17 billion are due on outstanding Treasury notes and bonds.

As you know, the debt limit is deemed to have been passed by the House, since both the House and Senate have approved the FY 1990 budget resolution (H.J. Res. 280). Our preliminary cash projections show that the $3,122.7 billion debt limit provided in that resolution probably would suffice, based on the Administration's Budget for FY 1990.

The debt limit must be increased before the Congress leaves for its recess, scheduled for August 5 through September 5. If the Congress were to recess before the debt limit is increased -- in addition to very likely defaulting on interest payments and other obligations -- the United States could not honor, on September 1, $3.0 billion of military retirement and salary payments or payments totaling over $20 billion to social security and supplemental security income recipients, railroad and civil service retirees and veterans.

I urge the Congress to act quickly on a debt limit increase in order to avert a default with its adverse consequences on domestic and international confidence and trust in the United States.

Sincerely,

Nick

~~Nicholas F. Brady~~

THE SECRETARY OF THE TREASURY
WASHINGTON

June 28, 1990

The Honorable Thomas S. Foley
Speaker of the House
of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

I am writing to advise you of the need for action by Congress on legislation to increase the limit on the public debt in early August before the scheduled Congressional recess.

As you know, the Resolution Trust Corporation's (RTC) borrowing from the Federal Financing Bank is funded through the normal Treasury debt management process, and, therefore, affects the debt subject to limit. As a result, our debt and cash estimates for the rest of Fiscal Year 1990 are subject to a greater-than-usual degree of uncertainty because of the RTC's difficulty in predicting the timing and level of its need for funds.

Based on our current estimate, it appears likely that, without an increase in the debt limit, the Treasury will run out of cash and borrowing authority and default on the Government's obligations in mid-August. However, a significant increase in the level of RTC spending above the current estimate could accelerate the need for an increase in the debt limit to early August. In any case, it is highly likely that default would occur before Congress returns in September.

As you are aware, the limit is ordinarily raised to a new permanent level sufficient to fund the Government's needs for the upcoming Fiscal Year. Treasury will request a permanent debt limit increase as soon as the mid-session review of the budget is available from OMB. At that time, we will also advise you of our best estimate of the date that default would occur absent action to increase the debt limit.

I urge the Congress to act in a timely manner on a debt limit increase in order to avert a default with its adverse consequences on domestic and international confidence and trust in the United States.

Sincerely,

Nicholas F. Brady

Nicholas F. Brady

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, MONDAY, JUNE 26, 1995 No. 105

House of Representatives

The House met at 12 noon and was called to order by the Speaker pro tempore [Mr. GOODLATTE].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
June 26, 1995.

I hereby designate the Honorable BOB GOODLATTE to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O gracious God, from whom comes every good gift, our hearts are filled with thanksgiving for all Your marvelous gifts to us and to all people. As we enter this week with all the responsibilities of the day and the many tasks ahead, may our lives never get so cluttered that we fail to express our innermost feelings of prayer, praise, and thanksgiving. Remind us, too, that our abilities are gifts of Your hand so ma we dedicate ourselves to be goo custodians of the marvels of Your cre ation and by being faithful in deeds of justice and acts of mercy to all those about us. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from California [Mr. ROHRABACHER] come forward and lead the House in the Pledge of Allegiance.

Mr. ROHRABACHER led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

PERMISSION TO HAVE UNTIL MIDNIGHT TONIGHT TO FILE CONFERENCE REPORT ON HOUSE CONCURRENT RESOLUTION 67, CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1996

Mr. ROHRABACHER. Mr. Speaker, I ask unanimous consent that the Committee on the Budget have until midnight tonight to file the conference report on the concurrent resolution (H. Con. Res. 67), the concurrent resolution on the budget for fiscal years 1996, 1997, 1998, 1999, 2000, 2001 and 2002.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT ON HOUSE CONCURRENT RESOLUTION 67

Mr. KASICH submitted the following conference report and statement on the bill (H. Con. Res. 67), setting forth the congressional budget for the United States Government for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

CONFERENCE REPORT (H. CON. RES. 67)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 67), setting forth the congressional budget for the United States Government for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1996.

(a) DECLARATION.—The Congress determines and declares that this resolution is the concurrent resolution on the budget for fiscal year 1996, including the appropriate budgetary levels for fiscal years 1997, 1998, 1999, 2000, as required by section 301 of the Congressional Budget Act of 1974, and including the appropriate levels for fiscal years 2001 and 2002.

(b) TABLE OF CONTENTS.—The table of contents for this concurrent resolution is as follows:

Sec. 1. Concurrent resolution on the budget for fiscal year 1996.

TITLE I—LEVELS AND AMOUNTS

Sec. 101. Recommended levels and amounts.
Sec. 102. Debt increase.
Sec. 103. Social Security.
Sec. 104. Major functional categories.
Sec. 105. Reconciliation.

TITLE II—BUDGETARY RESTRAINTS AND RULEMAKING

Sec. 201. Discretionary spending limits.
Sec. 202. Extension of pay-as-you-go point of order.
Sec. 203. Tax reserve fund in the Senate.
Sec. 204. Welfare reform reserve fund.
Sec. 205. Budget surplus allowance.
Sec. 206. Sale of government assets.
Sec. 207. Credit reform and direct student loans.
Sec. 208. Extension of Budget Act 60-vote enforcement through 2002.
Sec. 209. Repeal of IRS allowance.
Sec. 210. Tax reduction contingent on balanced budget in the House of Representatives.
Sec. 211. Exercise of rulemaking powers.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

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TITLE III—SENSE OF THE CONGRESS, HOUSE OF REPRESENTATIVES, AND SENATE
Sec. 301. Sense of the Congress on the elimination of fraud, waste, and abuse in the medicare system.
Sec. 302. Sense of Congress regarding privatization of the student loan marketing association (Sallie Mae).
Sec. 303. Sense of the Congress regarding the debt limit.
Sec. 304. Sense of the Congress assumptions.
Sec. 305. Sense of the Senate that tax reductions should benefit working families.
Sec. 306. Sense of the Senate on the distribution of agriculture savings.
Sec. 307. Sense of the Senate on the establishment of a medicare solvency commission.
Sec. 308. Sense of the Senate regarding protection of children's health.
Sec. 309. Sense of the Senate on the assumptions.
Sec. 310. House Statement on agriculture savings.
Sec. 311. Sense of the House on baselines.
Sec. 312. Sense of the House regarding a commission on the solvency of the Federal military and civil service retirement funds.
Sec. 313. Sense of the House regarding the repeal of House Rule XLIX.
Sec. 314. Sense of the House on emergencies.

TITLE I—LEVELS AND AMOUNTS

SEC. 101. RECOMMENDED LEVELS AND AMOUNTS.

The following budgetary levels are appropriate for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002:

(1) FEDERAL REVENUES.—For purposes of the enforcement of this resolution—

(A) The recommended levels of Federal revenues are as follows:

Fiscal year 1996: $1,042,500,000,000.
Fiscal year 1997: $1,082,700,000,000.
Fiscal year 1998: $1,134,200,000,000.
Fiscal year 1999: $1,186,700,000,000.
Fiscal year 2000: $1,245,400,000,000.
Fiscal year 2001: $1,313,400,000,000.
Fiscal year 2002: $1,384,200,000,000.

(B) The amounts by which the aggregate levels of Federal revenues should be changed are as follows:

Fiscal year 1996: $100,000,000.
Fiscal year 1997: $100,000,000.
Fiscal year 1998: $200,000,000.
Fiscal year 1999: $200,000,000.
Fiscal year 2000: $200,000,000.
Fiscal year 2001: $200,000,000.
Fiscal year 2002: $200,000,000.

(C) The amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1996: $103,800,000,000.
Fiscal year 1997: $109,000,000,000.
Fiscal year 1998: $114,900,000,000.
Fiscal year 1999: $120,700,000,000.
Fiscal year 2000: $126,900,000,000.
Fiscal year 2001: $133,600,000,000.
Fiscal year 2002: $140,400,000,000.

(2) NEW BUDGET AUTHORITY.—For purposes of the enforcement of this resolution, the appropriate levels of total new budget authority are as follows:

Fiscal year 1996: $1,285,500,000,000.
Fiscal year 1997: $1,324,300,000,000.
Fiscal year 1998: $1,362,300,000,000.
Fiscal year 1999: $1,396,900,000,000.
Fiscal year 2000: $1,445,600,000,000.
Fiscal year 2001: $1,476,300,000,000.
Fiscal year 2002: $1,518,800,000,000.

(3) BUDGET OUTLAYS.—For purposes of the enforcement of this resolution, the appropriate levels of total budget outlays are as follows:

Fiscal year 1996: $1,288,100,000,000.
Fiscal year 1997: $1,316,800,000,000.
Fiscal year 1998: $1,338,200,000,000.
Fiscal year 1999: $1,379,600,000,000.
Fiscal year 2000: $1,426,500,000,000.
Fiscal year 2001: $1,453,600,000,000.
Fiscal year 2002: $1,492,600,000,000.

(4) DEFICITS.—For purposes of the enforcement of this resolution, the amounts of the deficits are as follows:

Fiscal year 1996: $245,600,000,000.
Fiscal year 1997: $234,100,000,000.
Fiscal year 1998: $204,000,000,000.
Fiscal year 1999: $192,900,000,000.
Fiscal year 2000: $181,100,000,000.
Fiscal year 2001: $140,200,000,000.
Fiscal year 2002: $108,400,000,000.

(5) PUBLIC DEBT.—The appropriate levels of the public debt are as follows:

Fiscal year 1996: $5,210,700,000,000.
Fiscal year 1997: $5,510,100,000,000.
Fiscal year 1998: $5,779,800,000,000.
Fiscal year 1999: $6,038,900,000,000.
Fiscal year 2000: $6,288,900,000,000.
Fiscal year 2001: $6,503,500,000,000.
Fiscal year 2002: $6,688,600,000,000.

(6) DIRECT LOAN OBLIGATIONS.—The appropriate levels of total new direct loan obligations are as follows:

Fiscal year 1996: $37,600,000,000.
Fiscal year 1997: $40,200,000,000.
Fiscal year 1998: $42,300,000,000.
Fiscal year 1999: $45,700,000,000.
Fiscal year 2000: $45,800,000,000.
Fiscal year 2001: $45,800,000,000.
Fiscal year 2002: $46,100,000,000.

(7) PRIMARY LOAN GUARANTEE COMMITMENTS.—The appropriate levels of new primary loan guarantee commitments are as follows:

Fiscal year 1996: $193,400,000,000.
Fiscal year 1997: $187,900,000,000.
Fiscal year 1998: $185,300,000,000.
Fiscal year 1999: $183,300,000,000.
Fiscal year 2000: $184,700,000,000.
Fiscal year 2001: $186,100,000,000.
Fiscal year 2002: $187,600,000,000.

SEC. 102. DEBT INCREASE.

The amounts of the increase in the public debt subject to limitation are as follows:

Fiscal year 1996: $307,800,000,000.
Fiscal year 1997: $299,300,000,000.
Fiscal year 1998: $269,800,000,000.
Fiscal year 1999: $259,100,000,000.
Fiscal year 2000: $249,900,000,000.
Fiscal year 2001: $214,600,000,000.
Fiscal year 2002: $185,100,000,000.

SEC. 103. SOCIAL SECURITY.

(a) SOCIAL SECURITY REVENUES.—For purposes of Senate enforcement under sections 302, 602, and 311 of the Congressional Budget Act of 1974, the amounts of revenues of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are as follows:

Fiscal year 1996: $374,700,000,000.
Fiscal year 1997: $392,000,000,000.
Fiscal year 1998: $411,400,000,000.
Fiscal year 1999: $430,900,000,000.
Fiscal year 2000: $452,000,000,000.
Fiscal year 2001: $475,200,000,000.
Fiscal year 2002: $498,600,000,000.

(b) SOCIAL SECURITY OUTLAYS.—For purposes of Senate enforcement under sections 302, 602, and 311 of the Congressional Budget Act of 1974, the amounts of outlays of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are as follows:

Fiscal year 1996: $299,400,000,000.
Fiscal year 1997: $310,900,000,000.
Fiscal year 1998: $324,600,000,000.
Fiscal year 1999: $338,500,000,000.
Fiscal year 2000: $353,100,000,000.
Fiscal year 2001: $368,100,000,000.
Fiscal year 2002: $383,800,000,000.

SEC. 104. MAJOR FUNCTIONAL CATEGORIES.

The Congress determines and declares that the appropriate levels of new budget authority, budget outlays, new direct loan obligations, and new primary loan guarantee commitments for fiscal years 1996 through 2002 for each major functional category are:

(1) National Defense (050):

Fiscal year 1996:
(A) New budget authority, $264,700,000,000.
(B) Outlays, $263,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,700,000,000.

Fiscal year 1997:
(A) New budget authority, $267,300,000,000.
(B) Outlays, $265,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,700,000,000.

Fiscal year 1998:
(A) New budget authority, $269,000,000,000.
(B) Outlays, $263,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,700,000,000.

Fiscal year 1999:
(A) New budget authority, $271,700,000,000.
(B) Outlays, $267,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,700,000,000.

Fiscal year 2000:
(A) New budget authority, $274,400,000,000.
(B) Outlays, $270,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,700,000,000.

Fiscal year 2001:
(A) New budget authority, $277,100,000,000.
(B) Outlays, $270,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,700,000,000.

Fiscal year 2002:
(A) New budget authority, $280,000,000,000.
(B) Outlays, $270,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,700,000,000.

(2) International Affairs (150):

Fiscal year 1996:
(A) New budget authority, $15,800,000,000.
(B) Outlays, $17,000,000,000.
(C) New direct loan obligations, $5,700,000,000.
(D) New primary loan guarantee commitments, $18,300,000,000.

Fiscal year 1997:
(A) New budget authority, $14,000,000,000.
(B) Outlays, $15,100,000,000.
(C) New direct loan obligations, $5,700,000,000.
(D) New primary loan guarantee commitments, $18,300,000,000.

Fiscal year 1998:
(A) New budget authority, $12,400,000,000.
(B) Outlays, $13,900,000,000.
(C) New direct loan obligations, $5,700,000,000.
(D) New primary loan guarantee commitments, $18,300,000,000.

Fiscal year 1999:
(A) New budget authority, $11,200,000,000.
(B) Outlays, $12,600,000,000.
(C) New direct loan obligations, $5,700,000,000.
(D) New primary loan guarantee commitments, $18,300,000,000.

Fiscal year 2000:
(A) New budget authority, $12,700,000,000.
(B) Outlays, $11,900,000,000.
(C) New direct loan obligations, $5,700,000,000.
(D) New primary loan guarantee commitments, $18,300,000,000.

Fiscal year 2001:
(A) New budget authority, $12,800,000,000.
(B) Outlays, $12,000,000,000.
(C) New direct loan obligations, $5,700,000,000.
(D) New primary loan guarantee commitments, $18,300,000,000.

Fiscal year 2002:
(A) New budget authority, $12,800,000,000.
(B) Outlays, $11,800,000,000.
(C) New direct loan obligations, $5,700,000,000.
(D) New primary loan guarantee commitments, $18,300,000,000.

(3) General Science, Space, and Technology (250):
Fiscal year 1996:
(A) New budget authority, $16,700,000,000.
(B) Outlays, $16,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $16,300,000,000.
(B) Outlays, $16,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $15,900,000,000.
(B) Outlays, $16,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $15,600,000,000.
(B) Outlays, $15,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $15,300,000,000.
(B) Outlays, $15,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $15,300,000,000.
(B) Outlays, $15,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $15,300,000,000.
(B) Outlays, $15,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1996:
(A) New budget authority, $4,600,000,000.
(B) Outlays, $4,500,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $4,200,000,000.
(B) Outlays, $3,500,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $3,800,000,000.
(B) Outlays, $3,100,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $3,600,000,000.
(B) Outlays, $2,600,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $3,400,000,000.
(B) Outlays, $2,200,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $3,300,000,000.
(B) Outlays, $2,200,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $3,300,000,000.
(B) Outlays, $2,200,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1996:
(A) New budget authority, $19,500,000,000.
(B) Outlays, $20,300,000,000.
(C) New direct loan obligations $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $19,200,000,000.
(B) Outlays, $20,000,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $17,700,000,000.
(B) Outlays, $18,700,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $18,200,000,000.
(B) Outlays, $19,000,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $17,900,000,000.
(B) Outlays, $18,500,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $17,100,000,000.
(B) Outlays, $17,400,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $17,500,000,000.
(B) Outlays, $17,700,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1996:
(A) New budget authority, $13,100,000,000.
(B) Outlays, $11,800,000,000.
(C) New direct loan obligations, $11,500,000,000.
(D) New primary loan guarantee commitments, $5,700,000,000.
Fiscal year 1997:
(A) New budget authority, $12,500,000,000.
(B) Outlays, $11,100,000,000.
(C) New direct loan obligations, $11,500,000,000.
(D) New primary loan guarantee commitments, $5,700,000,000.
Fiscal year 1998:
(A) New budget authority, $11,700,000,000.
(B) Outlays, $10,500,000,000.
(C) New direct loan obligations, $10,900,000,000.
(D) New primary loan guarantee commitments, $5,700,000,000.
Fiscal year 1999:
(A) New budget authority, $11,500,000,000.
(B) Outlays, $10,300,000,000.
(C) New direct loan obligations, $11,600,000,000.
(D) New primary loan guarantee commitments, $5,700,000,000.
Fiscal year 2000:
(A) New budget authority, $10,900,000,000.
(B) Outlays, $9,800,000,000.
(C) New direct loan obligations, $11,400,000,000.
(D) New primary loan guarantee commitments, $5,700,000,000.
Fiscal year 2001:
(A) New budget authority, $9,800,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations, $11,100,000,000.
(D) New primary loan guarantee commitments, $5,700,000,000.
Fiscal year 2002:
(A) New budget authority, $9,600,000,000.
(B) Outlays, $8,500,000,000.
(C) New direct loan obligations, $10,900,000,000.
(D) New primary loan guarantee commitments, $5,700,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1996:
(A) New budget authority, $2,600,000,000.
(B) Outlays, −$6,900,000,000.
(C) New direct loan obligations, $1,400,000,000.
(D) New primary loan guarantee commitments, $123,100,000,000.
Fiscal year 1997:
(A) New budget authority, $1,800,000,000.
(B) Outlays, −$5,100,000,000.
(C) New direct loan obligations, $1,400,000,000.
(D) New primary loan guarantee commitments, $123,100,000,000.
Fiscal year 1998:
(A) New budget authority, $900,000,000.
(B) Outlays, −$6,700,000,000.
(C) New direct loan obligations, $1,400,000,000.
(D) New primary loan guarantee commitments, $123,100,000,000.
Fiscal year 1999:
(A) New budget authority, $400,000,000.
(B) Outlays, −$4,800,000,000.
(C) New direct loan obligations, $1,400,000,000.
(D) New primary loan guarantee commitments, $123,100,000,000.
Fiscal year 2000:
(A) New budget authority, $2,100,000,000.
(B) Outlays, −$2,200,000,000.
(C) New direct loan obligations, $1,400,000,000.
(D) New primary loan guarantee commitments, $123,100,000,000.
Fiscal year 2001:
(A) New budget authority, $800,000,000.
(B) Outlays, −$2,900,000,000.
(C) New direct loan obligations, $1,400,000,000.
(D) New primary loan guarantee commitments, $123,100,000,000.
Fiscal year 2002:
(A) New budget authority, $600,000,000.
(B) Outlays, −$3,000,000,000.
(C) New direct loan obligations, $1,400,000,000.
(D) New primary loan guarantee commitments, $123,100,000,000.
(8) Transportation (400):
Fiscal year 1996:
(A) New budget authority, $36,600,000,000.
(B) Outlays, $38,900,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $43,100,000,000.
(B) Outlays, $37,600,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $43,900,000,000.
(B) Outlays, $36,600,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $42,600,000,000.
(B) Outlays, $34,100,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $42,900,000,000.
(B) Outlays, $33,200,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $42,200,000,000.
(B) Outlays, $32,400,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $41,800,000,000.
(B) Outlays, $32,000,000,000.
(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1996:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $9,900,000,000.

(C) New direct loan obligations, $2,700,000,000.

(D) New primary loan guarantee commitments, $1,200,000,000.

Fiscal year 1997:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $7,800,000,000.

(C) New direct loan obligations, $2,700,000,000.

(D) New primary loan guarantee commitments, $1,200,000,000.

Fiscal year 1998:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $6,500,000,000.

(C) New direct loan obligations, $2,700,000,000.

(D) New primary loan guarantee commitments, $1,200,000,000.

Fiscal year 1999:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $2,700,000,000.

(D) New primary loan guarantee commitments, $1,200,000,000.

Fiscal year 2000:

(A) New budget authority, $6,300,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $2,700,000,000.

(D) New primary loan guarantee commitments, $1,200,000,000.

Fiscal year 2001:

(A) New budget authority, $5,700,000,000.

(B) Outlays, $6,100,000,000.

(C) New direct loan obligations, $2,700,000,000.

(D) New primary loan guarantee commitments, $1,200,000,000.

Fiscal year 2002:

(A) New budget authority, $5,600,000,000.

(B) Outlays, $6,100,000,000.

(C) New direct loan obligations, $2,700,000,000.

(D) New primary loan guarantee commitments, $1,200,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1996:

(A) New budget authority, $48,400,000,000.

(B) Outlays, $53,400,000,000.

(C) New direct loan obligations, $13,600,000,000.

(D) New primary loan guarantee commitments, $16,300,000,000.

Fiscal year 1997:

(A) New budget authority, $47,800,000,000.

(B) Outlays, $48,900,000,000.

(C) New direct loan obligations, $16,300,000,000.

(D) New primary loan guarantee commitments, $15,900,000,000.

Fiscal year 1998:

(A) New budget authority, $47,600,000,000.

(B) Outlays, $47,300,000,000.

(C) New direct loan obligations, $19,100,000,000.

(D) New primary loan guarantee commitments, $15,200,000,000.

Fiscal year 1999:

(A) New budget authority, $48,400,000,000.

(B) Outlays, $47,500,000,000.

(C) New direct loan obligations, $21,800,000,000.

(D) New primary loan guarantee commitments, $14,300,000,000.

Fiscal year 2000:

(A) New budget authority, $49,100,000,000.

(B) Outlays, $48,200,000,000.

(C) New direct loan obligations, $21,900,000,000.

(D) New primary loan guarantee commitments, $15,000,000,000.

Fiscal year 2001:

(A) New budget authority, $48,600,000,000.

(B) Outlays, $47,700,000,000.

(C) New direct loan obligations, $22,000,000,000.

(D) New primary loan guarantee commitments, $15,800,000,000.

Fiscal year 2002:

(A) New budget authority, $48,800,000,000.

(B) Outlays, $47,800,000,000.

(C) New direct loan obligations, $22,200,000,000.

(D) New primary loan guarantee commitments, $16,600,000,000.

(11) Health (550):

Fiscal year 1996:

(A) New budget authority, $121,000,000,000.

(B) Outlays, $121,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1997:

(A) New budget authority, $127,600,000,000.

(B) Outlays, $127,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1998:

(A) New budget authority, $131,600,000,000.

(B) Outlays, $131,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 1999:

(A) New budget authority, $135,700,000,000.

(B) Outlays, $135,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 2000:

(A) New budget authority, $140,100,000,000.

(B) Outlays, $139,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 2001:

(A) New budget authority, $144,500,000,000.

(B) Outlays, $144,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

Fiscal year 2002:

(A) New budget authority, $149,200,000,000.

(B) Outlays, $149,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(12) Medicare (570):

Fiscal year 1996:

(A) New budget authority, $176,100,000,000.

(B) Outlays, $173,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1997:

(A) New budget authority, $184,300,000,000.

(B) Outlays, $182,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1998:

(A) New budget authority, $194,000,000,000.

(B) Outlays, $192,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1999:

(A) New budget authority, $205,700,000,000.

(B) Outlays, $203,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 2000:

(A) New budget authority, $216,500,000,000.

(B) Outlays, $214,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 2001:

(A) New budget authority, $231,800,000,000.

(B) Outlays, $229,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 2002:

(A) New budget authority, $249,200,000,000.

(B) Outlays, $247,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(13) Income Security (600):

Fiscal year 1996:

(A) New budget authority, $225,900,000,000.

(B) Outlays, $227,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $100,000,000.

Fiscal year 1997:

(A) New budget authority, $231,600,000,000.

(B) Outlays, $236,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $100,000,000.

Fiscal year 1998:

(A) New budget authority, $250,300,000,000.

(B) Outlays, $245,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $100,000,000.

Fiscal year 1999:

(A) New budget authority, $253,100,000,000.

(B) Outlays, $255,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $100,000,000.

Fiscal year 2000:

(A) New budget authority, $269,500,000,000.

(B) Outlays, $269,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $100,000,000.

Fiscal year 2001:

(A) New budget authority, $274,800,000,000.

(B) Outlays, $274,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $100,000,000.

Fiscal year 2002:

(A) New budget authority, $288,700,000,000.

(B) Outlays, $288,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $100,000,000.

(14) Social Security (650):

Fiscal year 1996:

(A) New budget authority, $5,900,000,000.

(B) Outlays, $8,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1997:

(A) New budget authority, $8,100,000,000.

(B) Outlays, $10,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1998:

(A) New budget authority, $8,800,000,000.

(B) Outlays, $11,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1999:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $12,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 2000:

(A) New budget authority, $10,500,000,000.

(B) Outlays, $12,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 2001:

(A) New budget authority, $11,100,000,000.

(B) Outlays, $13,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 2002:

(A) New budget authority, $11,700,000,000.

(B) Outlays, $14,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(15) Veterans Benefits and Services (700):
Fiscal year 1996:
(A) New budget authority, $37,500,000,000.
(B) Outlays, $36,900,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $26,700,000,000.
Fiscal year 1997:
(A) New budget authority, $37,900,000,000.
(B) Outlays, $38,000,000,000.
(C) New direct loan obligations, $1,100,000,000.
(D) New primary loan guarantee commitments, $21,600,000,000.
Fiscal year 1998:
(A) New budget authority, $38,200,000,000.
(B) Outlays, $38,400,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $19,700,000,000.
Fiscal year 1999:
(A) New budget authority, $38,800,000,000.
(B) Outlays, $39,000,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $18,600,000,000.
Fiscal year 2000:
(A) New budget authority, $39,100,000,000.
(B) Outlays, $40,600,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $19,300,000,000.
Fiscal year 2001:
(A) New budget authority, $39,700,000,000.
(B) Outlays, $41,300,000,000.
(C) New direct loan obligations, $1,400,000,000.
(D) New primary loan guarantee commitments, $19,900,000,000.
Fiscal year 2002:
(A) New budget authority, $40,200,000,000.
(B) Outlays, $41,800,000,000.
(C) New direct loan obligations, $1,700,000,000.
(D) New primary loan guarantee commitments, $20,600,000,000.
(16) Administration of Justice (750):
Fiscal year 1996:
(A) New budget authority, $19,800,000,000.
(B) Outlays, $18,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $19,800,000,000.
(B) Outlays, $18,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $20,200,000,000.
(B) Outlays, $19,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $21,000,000,000.
(B) Outlays, $20,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $21,100,000,000.
(B) Outlays, $20,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $20,700,000,000.
(B) Outlays, $20,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $20,600,000,000.
(B) Outlays, $20,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(17) General Government (800):
Fiscal year 1996:
(A) New budget authority, $12,400,000,000.
(B) Outlays, $12,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $12,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $12,200,000,000.
(B) Outlays, $12,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $12,100,000,000.
(B) Outlays, $12,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $11,600,000,000.
(B) Outlays, $11,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $11,600,000,000.
(B) Outlays, $11,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(18) Net Interest (900):
Fiscal year 1996:
(A) New budget authority, $298,400,000,000.
(B) Outlays, $298,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $310,500,000,000.
(B) Outlays, $310,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $319,400,000,000.
(B) Outlays, $319,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $331,500,000,000.
(B) Outlays, $331,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $342,900,000,000.
(B) Outlays, $342,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, $349,900,000,000.
(B) Outlays, $349,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, $357,600,000,000.
(B) Outlays, $357,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(19) The corresponding levels of gross interest on the public debt are as follows:
Fiscal year 1996: $369,900,000,000.
Fiscal year 1997: $381,600,000,000.
Fiscal year 1998: $390,900,000,000.
Fiscal year 1999: $404,000,000,000.
Fiscal year 2000: $416,100,000,000.
Fiscal year 2001: $426,800,000,000.
Fiscal year 2002: $436,100,000,000.
(20) Allowances (920):
Fiscal year 1996:
(A) New budget authority, −$6,400,000,000.
(B) Outlays, −$4,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, −$6,300,000,000.
(B) Outlays, −$6,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, −$5,300,000,000.
(B) Outlays, −$5,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, −$4,700,000,000.
(B) Outlays, −$5,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, −$3,700,000,000.
(B) Outlays, −$4,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, −$3,700,000,000.
(B) Outlays, −$4,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2002:
(A) New budget authority, −$3,700,000,000.
(B) Outlays, −$4,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(21) Undistributed Offsetting Receipts (950):
Fiscal year 1996:
(A) New budget authority, −$33,700,000,000.
(B) Outlays, −$33,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, −$34,200,000,000.
(B) Outlays, −$34,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, −$36,400,000,000.
(B) Outlays, −$36,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, −$35,500,000,000.
(B) Outlays, −$35,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, −$37,400,000,000.
(B) Outlays, −$37,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2001:
(A) New budget authority, −$36,800,000,000.
(B) Outlays, −$36,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

Fiscal year 2002:

(A) New budget authority, −$41,600,000,000.

(B) Outlays, −$41,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

SEC. 105. RECONCILIATION.

(a) RECONCILIATION OF SPENDING REDUCTIONS.—

(1) SENATE COMMITTEES.—Not later than September 22, 1995, the committees named in this subsection shall submit their recommendations to the Committee on the Budget of the Senate. After receiving those recommendations, the Committee on the Budget shall report to the Senate a reconciliation bill carrying out all such recommendations without any substantive revision.

(A) COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY.—The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within its jurisdiction that provide direct spending (as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985) to reduce outlays $2,503,000,000 in fiscal year 1996, $29,059,000,000 for the period of fiscal years 1996 through 2000, and $48,402,000,000 for the period of fiscal years 1996 through 2002.

(B) COMMITTEE ON ARMED SERVICES.—The Senate Committee on Armed Services shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $1,571,000,000 in fiscal year 1996, $1,888,000,000 for the period of fiscal years 1996 through 2000, and $2,199,000,000 for the period of fiscal years 1996 through 2002.

(C) COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS.—The Senate Committee on Banking, Housing, and Urban Affairs shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $481,000,000 in fiscal year 1996, $1,698,000,000 for the period of fiscal years 1996 through 2000, and $2,391,000,000 for the period of fiscal years 1996 through 2002.

(D) COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION.—The Senate Committee on Commerce, Science, and Transportation shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $114,000,000 in fiscal year 1996, $3,088,000,000 for the period of fiscal years 1996 through 2000, and $15,036,000,000 for the period of fiscal years 1996 through 2002.

(E) COMMITTEE ON ENERGY AND NATURAL RESOURCES.—The Senate Committee on Energy and Natural Resources shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $354,000,000 in fiscal year 1996, $4,292,000,000 for the period of fiscal years 1996 through 2000, and $4,001,000,000 for the period of fiscal years 1996 through 2002.

(F) COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS.—The Senate Committee on Environment and Public Works shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $118,000,000 in fiscal year 1996, $1,308,000,000 for the period of fiscal years 1996 through 2000, and $2,250,000,000 for the period of fiscal years 1996 through 2002.

(G) COMMITTEE ON FINANCE.—(i) The Senate Committee on Finance shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $15,328,000,000 in fiscal year 1996, $272,974,000,000 for the period of fiscal years 1996 through 2000, and $530,359,000,000 for the period of fiscal years 1996 through 2002.

(ii) The Senate Committee on Finance shall report changes in laws to increase the statutory limit on the public debt to not more than $5,500,000,000,000.

(H) COMMITTEE ON GOVERNMENTAL AFFAIRS.—The Senate Committee on Governmental Affairs shall report changes in laws within its jurisdiction to reduce the deficit $524,000,000 in fiscal year 1996, $5,257,000,000 for the period of fiscal years 1996 through 2000, and $9,844,000,000 for the period of fiscal years 1996 through 2002.

(I) COMMITTEE ON THE JUDICIARY.—The Senate Committee on the Judiciary shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $0 in fiscal year 1996, $233,000,000 for the period of fiscal years 1996 through 2000, and $476,000,000 for the period of fiscal years 1996 through 2002.

(J) COMMITTEE ON LABOR AND HUMAN RESOURCES.—The Senate Committee on Labor and Human Resources shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $809,000,000 in fiscal year 1996, $6,956,000,000 for the period of fiscal years 1996 through 2000, and $10,779,000,000 for the period of fiscal years 1996 through 2002.

(K) COMMITTEE ON VETERANS' AFFAIRS.—The Senate Committee on Veterans' Affairs shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $274,000,000 in fiscal year 1996, $3,614,000,000 for the period of fiscal years 1996 through 2000, and $6,392,000,000 for the period of fiscal years 1996 through 2002.

(2) HOUSE COMMITTEES.—

(A) GENERAL RULES.—(i) Not later than September 22, 1995, the House committees named in clauses (i) through (xii) of subparagraph (B) shall submit their recommendations to the House Committee on the Budget. After receiving those recommendations, the House Committee on the Budget shall report to the House a reconciliation bill carrying out all such recommendations without any substantive revision.

(ii) Each committee named in clauses (i) through (xi) of subparagraph (B) shall report changes in laws within its jurisdiction that provide direct spending such that the total level of direct spending for that committee for—

(I) fiscal year 1996,

(II) the 5-year period beginning with fiscal year 1996 and ending with fiscal year 2000, and

(III) the 7-year period beginning with fiscal year 1996 and ending with fiscal year 2002,

does not exceed the total level of direct spending in that period in the clause applicable to that committee.

(iii) Each committee named in clauses (i)(II), (iv)(II), (v)(II), and (vi)(II) of subparagraph (B) shall report changes in laws within its jurisdiction as set forth in the clause applicable to that committee.

(iv) The Committee on Ways and Means shall carry out subparagraph (B)(xii).

(B) COMMITTEE AMOUNTS.—(i)(I) The House Committee on Agriculture: $10,506,000,000 in outlays in fiscal year 1996, $44,741,000,000 in outlays in fiscal years 1996 through 2000, and $59,232,000,000 in outlays in fiscal years 1996 through 2002.

(II) In addition to the changes in law reported pursuant to subclause (I), the House Committee on Agriculture shall report changes in laws within its jurisdiction that provide direct spending (other than that defined within subparagraph (A) or (B) of section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985) such that the total level of direct spending (as so defined) for that committee does not exceed: $26,748,000,000 in outlays in fiscal year 1996, $133,246,000,000 in outlays in fiscal years 1996 through 2000, and $192,270,000,000 in outlays in fiscal years 1996 through 2002.

(ii) The House Committee on Banking and Financial Services: −$13,087,000,000 in outlays in fiscal year 1996, −$50,061,000,000 in outlays in fiscal years 1996 through 2000, and −$65,112,000,000 in outlays in fiscal years 1996 through 2002.

(iii) The House Committee on Commerce: $285,537,000,000 in outlays in fiscal year 1996, $1,592,240,000,000 in outlays in fiscal years 1996 through 2000, and $2,261,708,000,000 in outlays in fiscal years 1996 through 2002.

(iv)(I) The House Committee on Economic and Educational Opportunities: $16,026,000,000 in outlays in fiscal year 1996, $77,346,000,000 in outlays in fiscal years 1996 through 2000, and $110,936,000,000 in outlays in fiscal years 1996 through 2002.

(II) In addition to changes in law reported pursuant to subclause (I), the House Committee on Economic and Educational Opportunities shall report program changes in laws within its jurisdiction that would result in a reduction in outlays as follows: −$720,000,000 in fiscal year 1996, −$5,810,000,000 in fiscal years 1996 through 2000, and −$8,770,000,000 in fiscal years 1996 through 2002.

(v)(I) The House Committee on Government Reform and Oversight: $57,743,000,000 in outlays in fiscal year 1996, $310,264,000,000 in outlays in fiscal years 1996 through 2000, and $449,583,000,000 in outlays in fiscal years 1996 through 2002.

(II) In addition to changes in law reported pursuant to subclause (I), the House Committee on Government Reform and Oversight shall report changes in laws within its jurisdiction that would reduce the deficit by: $85,000,000 in fiscal year 1996, $775,000,000 in fiscal years 1996 through 2000, and $1,127,000,000 in fiscal years 1996 through 2002.

(vi)(I) The House Committee on International Relations: $14,243,000,000 in outlays in fiscal year 1996, $62,072,000,000 in outlays in fiscal years 1996 through 2000, and $83,221,000,000 in outlays in fiscal years 1996 through 2002.

(II) In addition to changes in law reported pursuant to subclause (I), the House Committee on International Relations shall report changes in laws within its jurisdiction that would reduce the deficit by: $1,000,000 in fiscal year 1996, $14,000,000 in fiscal years 1996 through 2000, and $22,000,000 in fiscal years 1996 through 2002.

(vii) The House Committee on the Judiciary: $2,580,000,000 in outlays in fiscal year 1996, $13,734,000,000 in outlays in fiscal years 1996 through 2000, and $19,530,000,000 in outlays in fiscal years 1996 through 2002.

(viii) The House Committee on National Security: $39,601,000,000 in outlays in fiscal year 1996, $226,931,000,000 in outlays in fiscal years 1996 through 2000, and $331,210,000,000 in outlays in fiscal years 1996 through 2002.

(ix) The House Committee on Resources: $1,535,000,000 in outlays in fiscal year 1996, $7,816,000,000 in outlays in fiscal years 1996 through 2000, and $12,871,000,000 in outlays in fiscal years 1996 through 2002.

(x) The House Committee on Transportation and Infrastructure: $16,615,000,000 in outlays in fiscal year 1996, $83,070,000,000 in outlays in fiscal years 1996 through 2000, and $116,811,000,000 in outlays in fiscal years 1996 through 2002.

(xi) The House Committee on Veterans' Affairs: $19,041,000,000 in outlays in fiscal year 1996, $106,163,000,000 in outlays in fiscal years 1996 through 2000, and $154,864,000,000 in outlays in fiscal years 1996 through 2002.

(xii)(I) The House Committee on Ways and Means shall report changes in laws within its jurisdiction that provide direct spending such that the total level of direct spending for that committee for—

(aa) fiscal year 1996,

(bb) the 5-year period beginning with fiscal year 1996 and ending with fiscal year 2000, and

(cc) the 7-year period beginning with fiscal year 1996 and ending with fiscal year 2002,

does not exceed the following level in that period: $349,172,000,000 in outlays in fiscal year 1996, $2,018,751,000,000 in outlays in fiscal years 1996 through 2000, and $3,002,706,000,000 in outlays in fiscal years 1996 through 2002.

(II) The House Committee on Ways and Means shall report changes in laws within its jurisdiction such that the total level of revenues for that committee for fiscal year 2000 is not less than $1,304,215,000,000 and for fiscal years 1996 through 2002 is not less than $17,938,254,000,000.

(III) The House Committee on Ways and Means shall report changes in laws to increase

he statutory limit on the public debt to not ore than $5,500,000,000,000.

(C) DEFINITION.—For purposes of this paraaph, the term "direct spending" has the eaning given to such term in section 250(c)(8) the Balanced Budget and Emergency Deficit ontrol Act of 1985.

(b) RECONCILIATION OF REVENUE REDUCTIONS THE SENATE.—

(1) CERTIFICATION.—In the Senate, upon the rtification pursuant to section 205(a) of this esolution, the Senate Committee on Finance hall submit its recommendations pursuant to aragraph (2) to the Senate Committee on the udget. After receiving those recommendations, e Committee on the Budget shall add these ecommendations to the recommendations subitted pursuant to subsection (a) and report a econciliation bill carrying out all such recmmendations without any substantive revision.

(2) COMMITTEE ON FINANCE.—Not later than ve days after the certification made pursuant section 205(a), the Senate Committee on Fiance shall report changes in laws within its jusdiction necessary to reduce revenues by not ore than $50,000,000,000 in fiscal year 2002 and 45,000,000,000 for the period of fiscal years 96 through 2002.

TITLE II—BUDGETARY RESTRAINTS AND RULEMAKING

EC. 201. DISCRETIONARY SPENDING LIMITS.

(a) DEFINITION.—As used in this section and r the purposes of allocations made pursuant to ection 302(a) or 602(a) of the Congressional udget Act of 1974, for the discretionary catory, the term "discretionary spending limit" eans—

(1) with respect to fiscal year 1996—

(A) for the defense category $265,406,000,000 in ew budget authority and $264,043,000,000 in utlays; and

(B) for the nondefense category 19,668,000,000 in new budget authority and 67,725,000,000 in outlays;

(2) with respect to fiscal year 1997—

(A) for the defense category $267,962,000,000 in ew budget authority and $265,734,000,000 in utlays; and

(B) for the nondefense category 14,468,000,000 in new budget authority and 54,561,000,000 in outlays;

(3) with respect to fiscal year 1998—

(A) for the defense category $269,731,000,000 in ew budget authority and $264,531,000,000 in utlays; and

(B) for the nondefense category 20,961,000,000 in new budget authority and 48,101,000,000 in outlays;

(4) with respect to fiscal year 1999, for the disretionary category $482,207,000,000 in new dget authority and $510,482,000,000 in outs;

(5) with respect to fiscal year 2000, for the disretionary category $489,379,000,000 in new dget authority and $514,234,000,000 in outs;

(6) with respect to fiscal year 2001, for the disretionary category $496,601,000,000 in new dget authority and $516,403,000,000 in outs; and

(7) with respect to fiscal year 2002, for the disretionary category $498,837,000,000 in new dget authority and $515,075,000,000 in outs;

adjusted for changes in concepts and definins and emergency appropriations.

(b) POINT OF ORDER IN THE SENATE.—

(1) IN GENERAL.—Except as provided in paraph (2), it shall not be in order in the Senate consider—

(A) any concurrent resolution on the budget fiscal year 1996, 1997, or 1998 (or amendment, tion, or conference report on such a resolut) that provides discretionary spending in ex of the sum of the defense and nondefense retionary spending limits for such fiscal r;

(B) any concurrent resolution on the budget for fiscal years 1999, 2000, 2001, or 2002 (or amendment, motion, or conference report on such a resolution) that provides discretionary spending in excess of the discretionary spending limit for such fiscal year; or

(C) any appropriations bill or resolution (or amendment, motion, or conference report on such appropriations bill or resolution) for fiscal year 1995, 1996, 1997, 1998, 1999, 2000, 2001, or 2002 that would exceed any of the discretionary spending limits in this section or suballocations of those limits made pursuant to section 602(b) of the Congressional Budget Act of 1974.

(2) EXCEPTION.—

(A) IN GENERAL.—This section shall not apply if a declaration of war by the Congress is in effect or if a joint resolution pursuant to section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985 has been enacted.

(B) ENFORCEMENT OF DISCRETIONARY LIMITS.—Paragraph (1)(A) and the application of paragraph (1)(B) to fiscal years 1997 through 2002 shall not take effect until the enactment of a reconciliation bill pursuant to section 105 of this resolution.

(c) WAIVER.—This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

(d) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the concurrent resolution, bill, or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

(e) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, outlays, new entitlement authority, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

SEC. 202. EXTENSION OF PAY-AS-YOU-GO POINT OF ORDER.

(a) PURPOSE.—The Senate declares that it is essential to—

(1) ensure continued compliance with the balanced budget plan set forth in this resolution; and

(2) continue the pay-as-you-go enforcement system.

(b) POINT OF ORDER.—

(1) IN GENERAL.—It shall not be in order in the Senate to consider any direct spending or revenue legislation that would increase the deficit for any one of the three applicable time periods as measured in paragraphs (5) and (6).

(2) APPLICABLE TIME PERIODS.—For purposes of this subsection the term "applicable time period" means any one of the three following periods:

(A) The first year covered by the most recently adopted concurrent resolution on the budget.

(B) The period of the first five fiscal years covered by the most recently adopted concurrent resolution on the budget.

(C) The period of the five fiscal years following the first five fiscal years covered in the most recently adopted concurrent resolution on the budget.

(3) DIRECT-SPENDING LEGISLATION.—For purposes of this subsection and except as provided in paragraph (4), the term "direct-spending legislation" means any bill, joint resolution, amendment, motion, or conference report that affects direct spending as that term is defined by and interpreted for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985.

(4) EXCLUSION.—For purposes of this subsection, the terms "direct-spending legislation" and "revenue legislation" do not include—

(A) any concurrent resolution on the budget; or

(B) any provision of legislation that affects the full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of enactment of the Budget Enforcement Act of 1990.

(5) BASELINE.—Estimates prepared pursuant to this section shall—

(A) use the baseline used for the most recently adopted concurrent resolution on the budget; and

(B) be calculated under the requirements of subsections (b) through (d) of section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 for fiscal years beyond those covered by that concurrent resolution on the budget.

(6) PRIOR SURPLUS.—If direct spending or revenue legislation increases the deficit when taken individually, then it must also increase the deficit when taken together with all direct spending and revenue legislation enacted since the beginning of the calendar year not accounted for in the baseline under paragraph (5)(A), except that the direct spending or revenue effects resulting from legislation enacted pursuant to the reconciliation instructions included in that concurrent resolution on the budget shall not be available.

(c) WAIVER.—This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

(d) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the bill or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

(e) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, outlays, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

(f) CONFORMING AMENDMENT.—Section 23 of House Concurrent Resolution 218 (103d Congress) is repealed.

(g) SUNSET.—Subsections (a) through (e) of this section shall expire September 30, 2002.

SEC. 203. TAX RESERVE FUND IN THE SENATE.

(a) IN GENERAL.—In the Senate, on or after October 1, 1995, revenue and spending aggregates shall be reduced and allocations may be revised for legislation that reduces revenues within a committee's jurisdiction if such a committee or the committee of conference on such legislation reports such legislation, if, to the extent that the costs of such legislation are not included in this concurrent resolution on the budget, the enactment of such legislation will not increase the deficit in this resolution for—

(1) fiscal year 1996;

(2) the period of fiscal years 1996 through 2000; or

(3) the period of fiscal years 2001 through 2005.

(b) REVISED ALLOCATIONS.—Upon the reporting of legislation pursuant to subsection (a), and again upon the submission of a conference report on such legislation (if a conference report is submitted), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section. These revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels, and aggregates contained in this concurrent resolution on the budget.

(c) REPORTING REVISED ALLOCATIONS.—The appropriate committee shall report appropriately

revised allocations pursuant to sections 302(b) and 602(b) of the Congressional Budget Act of 1974 to carry out this section.

SEC. 204. WELFARE REFORM RESERVE FUND.

(a) IN GENERAL.—

(1) DIRECT SPENDING.—In the Senate and the House of Representatives, budget authority and outlays, and (in the House) entitlement authority, allocated to a committee may be revised, pursuant to subsection (b)(1), for legislation in that committee's jurisdiction that has the effect of reducing direct spending for a welfare program and authorizes an increase in discretionary spending for that welfare program, if that committee reports such legislation.

(2) DISCRETIONARY SPENDING.—In the Senate and the House of Representatives, budget authority and outlays allocated to the Committee on Appropriations, and (in the Senate) the discretionary spending limits in section 201 of this resolution, may be increased, pursuant to subsection (b)(2), for an appropriation measure that provides new discretionary budget authority for a welfare program pursuant to authority provided in legislation described in paragraph (1), if the Committee on Appropriations reports such an appropriation measure.

(b) REVISED ALLOCATIONS.—

(1) DIRECT SPENDING.—Upon reporting of legislation pursuant to subsection (a)(1) and again upon submission of a conference report on such legislation, the chairman of the Committee on the Budget of the House or Senate (whichever is appropriate) may submit to that House revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974 to carry out this section. Such revised allocations shall be considered for the purposes of the Congressional Budget Act of 1974 to be the allocations under this concurrent budget resolution. In the Senate, the revision shall reflect that amount of the direct spending savings estimated to result from such legislation to the extent they exceed the savings assumed in this concurrent resolution on the budget.

(2) DISCRETIONARY SPENDING.—Upon reporting of legislation pursuant to subsection (a)(2) and again upon the submission of a conference report on such legislation, the chairman of the Committee on the Budget of the House or Senate (whichever is appropriate) may submit to that House revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974 and revised discretionary spending limits. The revision shall reflect that amount of the new discretionary budget authority provided for the welfare program up to the level authorized in the legislation reported pursuant to subsection (a)(1), except that the budget authority and outlay revisions shall not exceed the adjustments made pursuant to paragraph (1) for that welfare program. Such revised allocations and discretionary spending limits shall be considered, for the purposes of the Congressional Budget Act of 1974, to be the allocations and spending limits under this concurrent resolution on the budget.

(c) COMMITTEE ON APPROPRIATIONS.—The Committees on Appropriations may report appropriately revised suballocations pursuant to sections 302(b)(1) and 602(b)(1) of the Congressional Budget Act of 1974 following the revision of the allocations pursuant to subsection (b)(2), to carry out this section.

SEC. 205. BUDGET SURPLUS ALLOWANCE.

(a) CBO CERTIFICATION OF LEGISLATIVE SUBMISSIONS.—

(1) SUBMISSION OF LEGISLATION.—Upon the submission of legislative recommendations pursuant to section 105(a) and prior to the submission of a conference report on legislation reported pursuant to section 105, the chairman of the Committee on the Budget of the Senate and the House of Representatives (as the case may be) shall submit such recommendations to the Congressional Budget Office.

(2) BASIS OF ESTIMATES.—For the purposes of preparing an estimate pursuant to this subsection, the Congressional Budget Office shall include the budgetary impact of all legislation enacted to date, use the economic and technical assumptions underlying this resolution, and assume compliance with the total discretionary spending levels assumed in this resolution unless superseded by law.

(3) ESTIMATE OF LEGISLATION.—The Congressional Budget Office shall provide an estimate to the Chairman of the Budget Committee of the Senate and the House of Representatives (as the case may be) and certify whether the legislative recommendations would balance the total budget by fiscal year 2002.

(4) CERTIFICATION.—If the Congressional Budget Office certifies that such legislative recommendations would balance the total budget by fiscal year 2002, the Chairman shall submit such certification in his respective House.

(b) PROCEDURE IN THE SENATE.—

(1) ADJUSTMENTS.—For the purposes of points of order under the Congressional Budget Act of 1974 and this concurrent resolution on the budget, the appropriate budgetary allocations and aggregates shall be revised to be consistent with the instructions set forth in section 105(b) for legislation that reduces revenues by providing family tax relief and incentives to stimulate savings, investment, job creation, and economic growth.

(2) REVISED AGGREGATES.—Upon the reporting of legislation pursuant to section 105(b) and again upon the submission of a conference report on such legislation, the Chairman of the Committee on the Budget of the Senate shall submit appropriately revised budgetary allocations and aggregates.

(3) EFFECT OF REVISED ALLOCATIONS AND AGGREGATES.—Revised allocations and aggregates submitted under paragraph (2) shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations and aggregates contained in this resolution.

(c) CONTINGENCIES.—This section shall not apply unless the reconciliation legislation—

(1) complies with the sum of the reconciliation directives for the period of fiscal years 1996 through 2002 provided in section 105(a); and

(2) would balance the total budget for fiscal year 2002 and the period of fiscal years 2002 through 2005.

(d) DEFINITIONS.—For the purposes of this section, the term "balance the total budget" means total outlays are less than or equal to total revenues for a fiscal year or a period of fiscal years.

SEC. 206. SALE OF GOVERNMENT ASSETS.

(a) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) the prohibition on scoring asset sales has discouraged the sale of assets that can be better managed by the private sector and generate receipts to reduce the Federal budget deficit;

(2) the President's fiscal year 1996 budget included $3,000,000,000 in receipts from asset sales and proposed a change in the asset sale scoring rule to allow the proceeds from these sales to be scored;

(3) assets should not be sold if such sale would increase the budget deficit over the long run; and

(4) the asset sale scoring prohibition should be repealed and consideration should be given to replacing it with a methodology that takes into account the long-term budgetary impact of asset sales.

(b) BUDGETARY TREATMENT.—For purposes of any concurrent resolution on the budget and the Congressional Budget Act of 1974, the amounts realized from sales of assets shall be scored with respect to the level of budget authority, outlays, or revenues.

(c) DEFINITIONS.—For purposes of this section, the term "sale of an asset" shall have the same meaning as under section 250(c)(21) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(d) TREATMENT OF LOAN ASSETS.—For the purposes of this section, the sale of loan assets or the prepayment of a loan shall be governed by the terms of the Federal Credit Reform Act of 1990.

SEC. 207. CREDIT REFORM AND DIRECT STUDENT LOANS.

For the purposes of any concurrent resolution on the budget and the Congressional Budget Act of 1974, the cost of a direct loan under the Federal direct student loan program shall be the net present value, at the time when the direct loan is disbursed, of the following cash flows for the estimated life of the loan:

(1) Loan disbursements.

(2) Repayments of principal.

(3) Payments of interest and other payments by or to the Government over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries.

(4) Direct expenses, including—

(A) activities related to credit extension, loan origination, loan servicing, management of contractors, and payments to contractors, other government entities, and program participants;

(B) collection of delinquent loans; and

(C) writeoff and closeout of loans.

SEC. 208. EXTENSION OF BUDGET ACT 60-VOTE ENFORCEMENT THROUGH 2002.

Notwithstanding section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by sections 13112(b) and 13208(b)(3) of the Budget Enforcement Act of 1990), the second sentence of section 904(c) of the Congressional Budget Act of 1974 (except insofar as it relates to section 313 of that Act) and the final sentence of section 904(d) of that Act (except insofar as it relates to section 313 of that Act) shall continue to have effect as rules of the Senate through (but no later than) September 30, 2002.

SEC. 209. REPEAL OF IRS ALLOWANCE.

Section 25 of House Concurrent Resolution 218 (103d Congress, 2d Session) is repealed.

SEC. 210. TAX REDUCTION CONTINGENT ON BALANCED BUDGET IN THE HOUSE OF REPRESENTATIVES.

(a) ESTIMATES AND CERTIFICATION.—

(1) ESTIMATES.—Upon reporting a reconciliation bill to carry out this resolution, the chairman of the Committee on the Budget of the House shall submit such legislation to the Director of the Congressional Budget Office (hereinafter in this section referred to as the "Director"). The Director shall provide an estimate of whether the enactment of the bill, as reported, would result in a balanced total budget by fiscal year 2002.

(2) CERTIFICATION.—(A) If the enactment of the bill as estimated by the Director would so balance the budget, the chairman of the Committee on the Budget is authorized to so certify.

(B) If the enactment of the bill as estimated by the Director would not so balance the budget, the chairman of the Committee on the Budget shall notify the chairman of the Committee on Rules. The Committee on Rules may recommend to the House a resolution providing for the consideration of an amendment in the nature of a substitute consisting of the text of the reconciliation bill reported by the Committee on the Budget, modified by amendments to achieve a balanced budget by fiscal year 2002 and amendments described in section 310(d) of the Congressional Budget Act of 1974, as an original bill for purposes of amendment.

(C) If the Committee on Rules so recommends, the chairman of the Committee on the Budget shall submit the substitute text to the Director, who shall provide an estimate of whether the substitute text would balance the total budget by fiscal year 2002. If the enactment of the bill as estimated by the Director would so balance the budget, the chairman of the Committee on the Budget is authorized to so certify.

(3) BASIS OF ESTIMATE.—In preparing any estimate under this section, the Director shall include the budgetary impact of all legislation enacted through the date of submission of that estimate and of all legislation incorporated by reference in the reconciliation bill, use the economic and technical assumptions underlying this resolution, assume compliance with the total discretionary levels assumed in this resolution unless superseded by law, and include changes in outlays and revenues estimated to result from the economic impact of balancing the budget by fiscal year 2002 as estimated by the Congressional Budget Office in Table B-4 in Appendix B of its Analysis of the President's Budgetary Proposals for Fiscal Year 1996.

(b) PROCEDURE IN THE HOUSE OF REPRESENTATIVES.—

(1) ADJUSTMENTS.—Upon certification by the chairman of the Committee on the Budget of the House under subsection (a), the chairman shall submit a report to the House that revises the appropriate budgetary allocations, aggregates, and totals to be consistent with the instructions set forth in section 105(a)(2)(B)(xii)(II).

(2) EFFECT OF REVISED ALLOCATIONS, AGGREGATES, AND TOTALS.—In the House of Representatives, revised allocations, aggregates, and totals submitted under paragraph (1) shall be deemed as the allocations, aggregates, and totals contained in this resolution for all purposes under the Congressional Budget Act of 1974.

(3) STATEMENT REGARDING POINT OF ORDER.—If the chairman of the House Committee on the Budget does not certify a balanced budget by 2002, then the reconciliation bill to carry out this resolution would be subject to a point of order under the Congressional Budget Act of 1974.

SEC. 211. EXERCISE OF RULEMAKING POWERS.

The Congress adopts the provisions of this title—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change those rules (so far as they relate to that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

TITLE III—SENSE OF THE CONGRESS, HOUSE OF REPRESENTATIVES, AND SENATE

SEC. 301. SENSE OF THE CONGRESS ON THE ELIMINATION OF FRAUD, WASTE, AND ABUSE IN THE MEDICARE SYSTEM.

It is the sense of the Congress that, in order to meet the aggregate levels in this budget resolution—

(1) the committees of jurisdiction should give high priority to proposals that identify, eliminate, and recover funds expended from the medicare trust funds due to fraud and abuse in the medicare program in order to address the long-term solvency of medicare; and

(2) any funds recovered from enhanced anti-fraud and abuse efforts should be used to enhance the solvency of medicare.

SEC. 302. SENSE OF CONGRESS REGARDING PRIVATIZATION OF THE STUDENT LOAN MARKETING ASSOCIATION (SALLIE MAE).

It is the sense of that the Student Loan Marketing Association should be restructured as a private corporation.

SEC. 303. SENSE OF THE CONGRESS REGARDING THE DEBT LIMIT.

It is the sense of the Congress that—

(1) the reconciliation legislation under section 105 of this budget resolution should be enacted prior to passage of legislation that will extend the public debt limit; and

(2) the extension of the public debt should be set at levels and for durations that ensure a balanced budget by fiscal year 2002, consistent with this budget resolution.

SEC. 304. SENSE OF THE CONGRESS ASSUMPTIONS.

It is the sense of the Congress that the aggregates and functional levels included in this budget resolution assume that—

(1) Federal programs should be restructured to meet identified priorities in the most effective and efficient manner, to eliminate obsolete programs, and to reduce duplication;

(2) Federal programs should be reviewed to determine whether they are more appropriately the responsibility of the States and, for programs that should be under State responsibility, that—

(A) Federal funding of these programs should be provided in a manner that rewards work, promotes families, and provides a helping hand during times of crisis;

(B) the programs should be returned in the form of block grants that provide maximum flexibility to the States and localities to ensure the maximum benefit at the least cost to the American taxpayer;

(C) Federal funds should not supplant existing expenditures by other sources, both public and private; and

(D) the Federal interest in the program should be protected with adequate safeguards, such as auditing or maintenance of effort provisions, and that Federal goals and principles may be appropriate;

(3) Congress should examine Federal functions to determine those that could be more conveniently, efficiently, and effectively performed by the private sector and, in order to facilitate the privatization of these functions—

(A) provisions of law that prohibit or "lock-out" the private sector from competing for the provision of certain services should be eliminated;

(B) section 257(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 should be repealed or modified to permit the sale of assets when appropriate to privatization goals;

(C) each Federal agency and department should be encouraged to develop and evaluate privatization initiatives; and

(D) the "Common Rule", modified by Executive Order 12803, should be modified to delete grant repayment provisions which restrict local governments and prevent private sector investments in Federal-aid facilities;

(4) Congress, in fulfilling its responsibility to future generations, should—

(A) enact a plan that balances the budget by 2002 and develop a regimen for paying off the Federal debt; and

(B) once the budget is in balance, use the surpluses to implement that regimen;

(5) in considering child nutrition programs—

(A) reductions in nutrition program spending should be achieved without compromising the nutritional well-being of program recipients;

(B) school lunches should continue to meet minimal nutrition requirements and should not have to compete with alternative foods of minimal nutritional value during lunch hours; and

(C) the content of the Women, Infants, and Children (WIC) food package should continue to be based on scientific evidence; and

(6) science and technology development are critical to sustainable long-term economic growth and priority should be given to Federal funding for science and basic and applied research.

SEC. 305. SENSE OF THE SENATE THAT TAX REDUCTIONS SHOULD BENEFIT WORKING FAMILIES.

It is the sense of the Senate that this concurrent resolution on the budget assumes any reductions in taxes should be structured to benefit working families by providing family tax relief and incentives to stimulate savings, investment, job creation, and economic growth.

SEC. 306. SENSE OF THE SENATE ON THE DISTRIBUTION OF AGRICULTURE SAVINGS.

It is the sense of the Senate that, in response to the reconciliation instructions in section 105 of this resolution, the Senate Committee on Agriculture, Nutrition, and Forestry should provide that no more than 20 percent of the savings be achieved in commodity programs.

SEC. 307. SENSE OF THE SENATE ON THE ESTABLISHMENT OF A MEDICARE SOLVENCY COMMISSION.

It is the sense of the Senate that, in order to meet the aggregates and levels in this budget resolution—

(1) a special bipartisan commission should be established immediately to make recommendations on the most appropriate response to the short-term solvency crisis facing medicare;

(2) the commission should report its recommendations under paragraph (1) at the earliest possible date, in order that the committees of jurisdiction may give due consideration to those recommendations in fashioning their response pursuant to section 105 of this resolution; and

(3) the commission should study, evaluate, and make recommendations to sustain the long-term viability of the medicare system and should report those recommendations to Congress by February 1, 1996.

SEC. 308. SENSE OF THE SENATE REGARDING PROTECTION OF CHILDREN'S HEALTH.

It is the sense of the Senate that, in meeting the aggregates and levels in this resolution, the committees of jurisdiction of the Senate—

(1) should give careful consideration to the impact of medicaid reform legislation on children's health; and

(2) should encourage States to place a priority on funding for low-income pregnant women and children within any medicaid reform legislation that allows greater flexibility to the States in the delivery of care and in controlling the rate of growth in costs under the program.

SEC. 309. SENSE OF THE SENATE ON THE ASSUMPTIONS.

It is the sense of the Senate that the aggregates and functional levels included in this budget resolution assume that—

(1) beginning with fiscal year 1997, the Federal government should establish, implement, and maintain a uniform accounting system and provide financial statements in accordance with accepted accounting principles under standards and interpretations recommended by the Federal Accounting Standards Advisory Board;

(2) Congress should revise the Internal Revenue Code to ensure that very wealthy individuals are not able to reduce or avoid United States income, estate or gift tax liability by relinquishing their U.S. citizenship and, that, any savings resulting from this revision should be used to reduce the deficit;

(3) in furtherance of the goals of the Decade of the Brain, full funding should be provided for research on brain diseases and disorders;

(4) the essential air service program should receive sufficient funding to continue to provide air service to small rural communities;

(5) funds will be made available to reimburse States for the costs of implementing the National Voter Registration Act of 1993; and

(6) a temporary nonpartisan commission should be established to make recommendations concerning the appropriateness and accuracy of the methodology and calculations that determine the Consumer Price Index (CPI) and those recommendations should be submitted to the Bureau of Labor Statistics at the earliest possible date.

SEC. 310. HOUSE STATEMENT ON AGRICULTURE SAVINGS.

The House of Representatives shall re-examine budget reductions for agricultural programs in the United States Department of Agriculture for fiscal years 1999 and 2000 unless the following conditions are met:

(1) Land values on agricultural land on January 1, 1998, are at least 95 percent of the same values on the date of adoption of this resolution.

(2) There is enacted into law regulatory relief for the agricultural sector in the areas of wetlands regulation, the Endangered Species Act, private property rights and cost-benefit analyses of proposed regulations.

(3) There is tax relief for producers in the form of capital gains tax reduction, increased estate tax exemptions and mechanisms to average tax loads over strong and weak income years.

(4) There is no government interference in the international market in the form of agricultural trade embargoes in effect and there is successful implementation and enforcement of trade agreements, including the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA) to lower export subsidies and reduce import barriers to trade imposed by foreign governments.

SEC. 311. SENSE OF THE HOUSE ON BASELINES.

(a) FINDINGS.—The House of Representatives finds that—

(1) baselines are projections of future spending if existing policies remain unchanged;

(2) under baseline assumptions, spending automatically rises with inflation even if such increases are not provided under current law;

(3) baseline budgeting is inherently biased against policies that would reduce the projected growth in spending because such policies are scored as a reduction from a rising baseline; and

(4) the baseline concept has encouraged Congress to abdicate its constitutional responsibility to control the public purse for programs which are automatically funded under existing law.

(b) SENSE OF THE HOUSE.—It is the sense of the House of Representatives that baseline budgeting should be replaced with a form of budgeting that requires full justification and analysis of budget proposals and maximizes congressional accountability for public spending.

SEC. 312. SENSE OF THE HOUSE REGARDING A COMMISSION ON THE SOLVENCY OF THE FEDERAL MILITARY AND CIVIL SERVICE RETIREMENT FUNDS.

(a) FINDINGS.—The House of Representatives finds that the Federal retirement system, for both military and civil service retirees, currently has liabilities of $1,100,000,000,000, while holding assets worth $340,000,000,000 and anticipating employee contributions of $220,000,000,000, which leaves an unfunded liability of $540,000,000,000,000.

(b) SENSE OF HOUSE.—It is the sense of the House of Representatives that a high-level commission should be convened to study the problems associated with the Federal retirement system and make recommendations that will ensure the long-term solvency of the military and civil service retirement funds.

SEC. 313. SENSE OF THE HOUSE REGARDING THE REPEAL OF HOUSE RULE XLIX.

It is the sense of the House that rule XLIX of the Rules of the House of Representatives (popularly known as the Gephardt rule) should be repealed.

SEC. 314. SENSE OF THE HOUSE ON EMERGENCIES.

(a) FINDINGS.—The House of Representative finds that—

(1) The Budget Enforcement Act of 1990 exempted from the discretionary spending limits and the Pay-As-You-Go requirements for entitlement and tax legislation funding requirements that are designated by Congress and the President as an emergency.

(2) Congress and the President have increasingly misused the emergency designation by—

(A) designating funding as an emergency that is neither unforeseen nor a genuine emergency; and

(B) circumventing spending limits or passing controversial items that would not pass scrutiny in a free-standing bill.

(b) SENSE OF THE HOUSE.—It is the sense of the House that Congress should study alternative approaches to budgeting for emergencies, including codifying the definition of an emergency and establishing contingency funds to pay for emergencies.

And the Senate agree to the same.

JOHN R. KASICH,
DAVE HOBSON,
BOB WALKER,
JIM KOLBE,
CHRISTOPHER SHAYS,
WALLY HERGER,
WAYNE ALLARD,
BOB FRANKS,
STEVE LARGENT,
SUE MYRICK,
MIKE PARKER,
Managers on the Part of the House.

PETE DOMENICI,
CHUCK GRASSLEY,
DON NICKLES,
TRENT LOTT,
HANK BROWN,
SLADE GORTON,
JUDD GREGG,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the Senate and the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (House Concurrent Resolution 67) setting forth the congressional budget for the United States Budget for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House resolution after the resolving clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House resolution and the Senate amendment.

EXPLANATION OF THE CONFERENCE AGREEMENT

AGGREGATES AND FUNCTIONAL LEVEL SUMMARY TABLES

(Secs. 2 and 3 of the House resolution, Secs. 101 and 104 of the Senate amendment, and Secs. 101 and 104 of the conference agreement)

Aggregates and function levels

The following tables show the budget aggregates and functional levels included in the conference agreement, the House resolution, and the Senate amendment. While the conference agreement includes only the on-budget figures, pursuant to law, these tables also display the off-budget and total budget figures. The last table in this part compares the conference agreement to the 1995 and current law levels.

HOUSE RESOLUTION

[Dollars in billions]

		1995	1996	1997	1998	1999	2000	2001	2002
050: National Defense	BA	$261.4	$267.3	$269.3	$277.3	$281.3	$287.3	$287.3	$287.2
	OT	269.6	265.1	265.3	265.3	271.3	279.3	279.3	$279.2
150: International Affairs	BA	18.9	15.8	13.7	11.3	9.7	10.5	12.0	12.0
	OT	18.9	17.0	15.1	13.3	11.5	10.0	11.1	10.7
250: Science, Space and Technology	BA	17.2	16.7	16.3	15.7	15.3	14.9	14.9	14.9
	OT	17.5	16.9	16.6	16.0	15.4	15.0	14.9	14.9
270: Energy	BA	6.3	4.4	3.9	3.6	3.9	3.6	3.6	3.5
	OT	4.9	4.3	3.2	2.9	3.1	2.7	2.5	2.3
300: Natural Resources and Environment	BA	22.3	19.3	19.1	17.2	18.6	17.4	17.9	17.8
	OT	21.7	20.2	19.9	17.8	19.1	17.8	18.2	18.1
350: Agriculture	BA	14.0	13.0	12.3	11.6	11.4	10.2	8.1	8.1
	OT	12.7	11.8	11.5	10.4	10.1	9.2	7.1	7.0
370: Commerce and Housing Credit.									
On-budget	BA	5.4	2.3	4.1	2.8	2.2	1.9	1.3	1.0
	OT	−13.7	−6.9	−2.6	−4.7	−3.0	−2.2	−2.5	−2.6
Off-budget	BA	3.5	4.1	6.8	1.2	2.9	−0.2	—	—
	OT	0.2	−0.0	−0.8	−1.4	−0.1	−1.4	—	—
Total	BA	8.9	6.4	10.9	4.0	5.0	1.7	1.3	1.0
	OT	−13.5	−7.0	−3.5	−6.1	−3.1	−3.6	−2.5	−2.6
400: Transportation	BA	42.5	40.5	42.7	43.5	43.7	44.3	43.8	43.3
	OT	39.3	38.8	37.5	36.6	35.6	34.9	39.3	33.7
450: Community and Regional Development	BA	9.2	6.7	6.7	6.7	6.7	6.7	6.2	6.1
	OT	11.6	9.9	7.8	6.7	6.5	6.6	6.4	6.4
500: Education, Training, Employment and Social Services	BA	58.3	45.7	45.0	44.9	45.4	45.9	45.0	44.6
	OT	54.7	52.3	46.4	44.6	44.7	45.2	44.2	43.7
550: Health	BA	116.6	121.9	127.7	132.1	136.7	141.5	146.3	149.1
	OT	115.8	122.3	127.8	132.2	136.7	141.4	146.2	148.9
570: Medicare	BA	162.6	179.1	188.7	196.5	209.0	213.9	224.0	234.0
	OT	161.1	176.8	187.1	194.9	206.4	212.0	222.0	231.8
600: Income Security	BA	219.9	222.7	231.8	248.4	255.4	265.9	267.5	277.6
	OT	222.2	225.0	235.3	243.9	254.3	267.6	269.0	279.1
650: Social Security									
On-budget	BA	6.8	5.9	8.1	8.8	9.6	10.5	11.1	11.7
	OT	9.3	8.5	10.5	11.3	12.1	12.9	13.5	14.1
Off-budget	BA	330.1	348.4	366.0	385.5	404.3	423.4	443.9	465.5
	OT	326.9	345.7	362.5	381.9	400.5	419.8	440.2	461.6
Total	BA	336.9	354.3	374.0	394.3	413.9	433.9	454.9	477.2

HOUSE RESOLUTION—Continued

[Dollars in billions]

		1995	1996	1997	1998	1999	2000	2001	2002
700: Veterans Benefits	OT	336.2	354.2	373.1	393.1	412.6	432.7	453.7	475.7
	BA	37.7	37.6	38.1	38.5	39.1	39.2	39.7	40.1
750: Administration of Justice	OT	37.4	36.9	38.1	38.5	39.0	40.6	41.2	41.6
	BA	18.5	17.8	16.9	16.6	16.4	16.4	16.0	15.9
	OT	17.1	17.8	17.1	16.9	16.7	16.6	16.2	16.1
Total Spending:									
On-budget	BA	1,260.9	1,287.3	1,324.2	1,356.5	1,391.7	1,421.3	1,436.2	1,459.8
	OT	1,243.7	1,288.4	1,315.9	1,327.6	1,366.7	1,400.2	1,419.5	1,437.3
Off-budget	BA	292.6	306.2	321.1	329.5	343.9	353.5	367.2	381.3
	OT	286.1	299.4	310.0	323.3	337.2	348.8	363.5	377.4
Total	BA	1,553.6	1,593.6	1,645.3	1,686.0	1,735.6	1,774.9	1,803.4	1,841.1
	OT	1,529.9	1,587.8	1,625.9	1,650.9	1,703.9	1,749.0	1,783.0	1,814.7
Revenues:									
On-budget	—	997.8	1,057.5	1,058.5	1,099.6	1,138.7	1,189.3	1,247.2	1,316.6
Off-budget	—	357.4	274.7	392.0	411.4	439.9	452.0	475.2	498.6
Total	—	1,355.2	1,432.2	1,450.5	1,511.0	1,569.6	1,641.3	1,722.4	1,815.2
Deficit:									
On-budget	—	−245.9	−230.9	−257.4	−228.0	−228.0	−211.0	−172.3	−120.7
Off-budget	—	71.3	75.3	81.9	88.1	93.7	103.2	111.7	121.2
Total	—	−174.6	−155.6	−175.5	−139.9	−134.3	−107.8	−60.6	0.5
800: General Government	BA	13.3	11.6	11.6	12.5	11.7	12.1	11.3	11.3
	OT	13.4	12.4	11.8	12.6	11.5	12.0	11.1	11.0
900: Net Interest:									
On-budget	BA	269.9	295.8	304.3	308.7	314.7	319.9	320.6	323.3
	OT	269.9	295.8	304.3	308.7	314.7	319.9	320.6	323.3
Off-budget	BA	−34.5	−39.5	−44.5	−49.7	−55.1	−60.9	−67.2	−74.0
	OT	−34.5	−39.5	−44.5	−49.7	−55.1	−60.9	−67.2	−74.0
Total	BA	235.4	256.4	259.8	259.0	259.5	258.9	253.4	249.4
	OT	235.3	256.4	259.8	259.0	259.5	258.9	253.4	249.4
920: Allowances	BA	—	−2.3	−2.4	−2.4	−2.5	−2.6	−2.6	−2.6
	OT	—	−1.9	−2.3	−2.5	−2.7	−2.8	−2.9	−2.9
950: Undistributed Offsetting Receipts:									
On-budget	BA	−39.8	−34.4	−34.2	−37.6	−36.4	−38.1	−37.9	−39.0
	OT	−39.8	−34.4	−34.2	−37.6	−36.4	−38.1	−37.9	−39.0
Off-budget	BA	−6.4	−6.8	−7.1	−7.6	−8.1	−8.7	−9.5	−10.3
	OT	−6.4	−6.8	−7.1	−7.6	−8.1	−8.7	−9.5	−10.3
Total	BA	−46.2	−41.2	−41.3	−45.2	−44.5	−46.9	−47.9	−49.3
	OT	−46.2	−41.2	−41.3	−45.2	−44.5	−46.9	−47.4	−49.3

SENATE AMENDMENT

[Dollars in billions]

		1995	1996	1997	1998	1999	2000	2001	2002
050: National Defense	BA	$261.4	$257.7	$253.4	$259.6	$266.2	$276.0	$275.9	$275.9
	OT	269.6	261.1	257.0	254.5	259.6	267.8	267.7	269.2
150: International Affairs	BA	18.9	15.4	14.3	13.5	12.6	14.1	14.3	14.2
	OT	18.9	16.9	15.1	14.3	13.5	13.1	13.4	13.3
250: Science, Space and Technology	BA	17.2	16.2	16.3	16.1	16.0	15.8	15.8	15.8
	OT	17.5	16.7	16.6	16.3	16.0	15.9	15.9	15.9
270: Energy	BA	6.3	2.9	1.7	3.3	4.2	4.1	4.0	4.0
	OT	4.9	2.7	1.0	2.6	3.1	2.8	2.9	2.9
300: Natural Resources and Environment	BA	22.3	19.5	18.2	15.4	16.6	16.2	14.9	15.7
	OT	21.7	20.4	20.1	17.9	18.3	17.3	15.8	16.5
350: Agriculture	BA	14.0	13.1	12.2	11.8	11.7	11.7	10.5	10.1
	OT	12.7	11.9	10.9	10.6	10.4	10.6	9.4	9.1
370: Commerce and Housing Credit:									
On-budget	BA	5.4	2.5	1.5	0.6	0.1	1.7	0.5	0.2
	OT	−13.7	−7.0	−5.4	−7.0	−5.1	−2.5	−3.3	−3.4
Off-budget	BA	3.5	4.1	6.8	1.2	2.9	−0.2	—	—
	OT	0.2	−0.0	−0.8	−1.4	−0.1	−1.4	—	—
Total	BA	8.9	6.6	8.3	1.8	3.0	1.5	0.5	0.2
	OT	−13.5	−7.0	−6.2	−8.4	−5.2	−3.9	−3.3	−3.4
400: Transportation	BA	42.5	36.5	38.8	39.4	40.2	41.2	41.0	40.8
	OT	39.3	38.3	32.8	31.8	31.3	31.1	31.1	31.1
450: Community and Regional Development	BA	9.2	5.8	5.5	5.3	5.3	5.2	4.6	4.5
	OT	11.6	9.8	7.3	5.6	5.2	5.2	5.1	5.1
500: Education, Training, Employment and Social Services	BA	58.3	49.0	48.4	48.4	48.8	49.4	48.9	49.1
	OT	54.7	52.6	49.0	48.2	48.2	48.8	48.3	48.5
550: Health	BA	116.6	121.1	127.6	133.1	138.0	142.1	146.2	150.6
	OT	115.8	121.0	127.4	133.2	137.9	141.9	146.0	150.3
570: Medicare	BA	162.6	171.9	180.5	193.1	207.4	221.4	238.9	258.9
	OT	161.1	169.5	178.9	191.4	204.8	219.5	236.9	256.7
600: Income Security	BA	219.9	226.3	233.7	253.0	256.0	272.6	277.5	291.9
	OT	222.2	225.9	235.6	246.1	257.9	272.6	277.4	291.7
650: Social Security:									
On-budget	BA	6.8	5.9	8.1	8.8	9.6	10.5	11.1	11.7
	OT	9.3	8.5	10.5	11.3	12.1	12.9	13.5	14.1
Off-budget	BA	330.1	348.4	366.0	385.5	405.4	426.2	448.5	472.0
	OT	326.9	345.7	362.5	381.9	401.7	422.7	444.8	468.1
Total	BA	336.9	354.3	374.0	394.3	415.0	436.7	459.6	483.7
	OT	336.2	354.2	373.1	393.1	413.7	435.6	458.3	482.2
700: Veterans Benefits	BA	37.7	37.4	37.5	37.6	37.9	37.9	38.3	38.7
	OT	37.4	36.9	37.7	38.0	38.2	39.4	40.1	40.4
750: Administration of Justice	BA	18.5	20.0	20.7	21.4	22.3	22.3	21.9	21.8
	OT	17.1	19.6	21.2	22.4	23.1	23.7	23.3	23.2
800: General Government	BA	13.3	12.5	12.4	12.2	12.1	12.0	11.6	11.6
	OT	13.4	13.0	12.4	12.3	12.0	11.9	11.7	11.6
900: Net Interest:									
On-budget	BA	269.9	297.9	308.9	316.6	327.8	338.6	345.5	353.3
	OT	269.9	297.9	308.9	316.6	327.8	338.6	345.5	353.3
Off-budget	BA	−34.5	−39.5	−44.5	−49.7	−55.1	−60.9	−67.2	−74.0
	OT	−34.5	−39.5	−44.5	−49.7	−55.1	−60.9	−67.2	−74.0
Total	BA	235.4	258.5	264.4	266.9	272.7	277.7	278.3	279.3
	OT	235.3	258.5	264.4	266.9	272.7	277.7	278.3	279.3
920: Allowances	BA	—	−9.6	−9.5	−8.3	−7.8	−6.7	−6.7	−6.7
	OT	—	−6.9	−9.4	−8.6	−8.1	−7.1	−7.1	−7.1
950: Undistributed Offsetting Receipts:									
On-budget	BA	−39.8	−33.1	−33.8	−36.3	−37.7	−39.7	−41.1	−42.3

SENATE AMENDMENT—Continued

[Dollars in billions]

		1995	1996	1997	1998	1999	2000	2001	2002
Off-budget	OT	−39.8	−33.1	−33.8	−36.3	−37.7	−39.7	−41.1	−42.3
	BA	−6.4	−6.8	−7.1	−7.6	−8.1	−8.7	−9.5	−10.3
	OT	−6.4	−6.8	−7.1	−7.6	−8.1	−8.7	−9.5	−10.3
Total	BA	−46.2	−39.9	−40.9	−43.9	−45.8	−48.5	−50.5	−52.6
	OT	−46.2	−39.9	−40.9	−43.9	−45.8	−48.5	−50.5	−52.6
Total Spending:									
On-budget	BA	1,260.9	1,269.4	1,296.5	1,344.7	1,387.3	1,446.3	1,473.7	1,519.7
	OT	1,243.7	1,275.7	1,293.8	1,321.1	1,368.7	1,423.6	1,452.6	1,500.1
Off-budget	BA	292.6	306.2	321.1	329.5	345.1	356.4	371.9	387.8
	OT	286.1	299.4	310.0	323.3	338.4	351.6	368.1	383.9
Total	BA	1,553.6	1,575.7	1,617.6	1,674.2	1,732.4	1,802.7	1,845.5	1,907.5
	OT	1,529.9	1,575.1	1,603.8	1,644.3	1,707.1	1,775.3	1,820.7	1,884.0
Revenues:									
On-budget	—	997.8	1,043.3	1,083.9	1,135.5	1,189.8	1,248.9	1,315.7	1,386.7
Off-budget	—	357.4	374.7	392.0	411.4	430.9	452.0	475.2	498.6
Total	—	1,355.2	1,418.0	1,475.9	1,546.9	1,620.7	1,700.9	1,790.9	1,885.3
On-budget	—	−245.9	−232.4	−209.9	−185.6	−178.9	−174.7	−136.8	−113.4
Off-budget	—	71.3	75.3	81.9	88.1	92.5	100.4	107.1	114.7
Total	—	−174.6	−157.1	−127.9	−97.5	−86.4	−74.3	−29.8	1.3

CONFERENCE AGREEMENT

[Dollars in billions]

		1995	1996	1997	1998	1999	2000	2001	2002
050: National Defense	BA	$261.4	$264.7	$267.3	$269.0	$271.7	$274.4	$277.1	$280.0
	OT	269.6	263.1	265.0	263.8	267.2	270.9	270.0	270.0
150: International Affairs	BA	18.9	15.8	14.0	12.4	11.2	12.7	12.8	12.8
	OT	18.9	17.0	15.1	13.9	12.6	11.9	12.0	11.8
250: Science, Space and Technology	BA	17.2	16.7	16.3	15.9	15.6	15.3	15.3	15.3
	OT	17.5	16.8	16.6	16.1	15.7	15.5	15.4	15.4
270: Energy	BA	6.3	4.6	4.2	3.8	3.6	3.4	3.3	3.3
	OT	4.9	4.5	3.5	3.1	2.6	2.2	2.2	2.2
300: Natural Resources and Environment	BA	22.3	19.5	19.2	17.7	18.2	17.9	17.1	17.5
	OT	21.7	20.3	20.0	18.7	19.0	18.5	17.4	17.7
350: Agriculture	BA	14.0	13.1	12.5	11.7	11.5	10.9	9.8	9.6
	OT	12.7	11.8	11.1	10.5	10.3	9.8	8.7	8.5
370: Commerce and Housing Credit:									
On-budget	BA	5.4	2.6	1.8	0.9	0.4	2.1	0.8	0.6
	OT	−13.7	−7.0	−5.1	−6.7	−4.8	−2.2	−2.9	−3.0
Off-budget	BA	3.5	4.1	6.8	1.2	2.9	−0.2	—	—
	OT	0.2	0.0	−0.8	−1.4	−0.1	−1.4	—	—
Total	BA	8.9	6.7	8.6	2.1	3.3	1.9	0.8	0.6
	OT	−13.5	−6.9	−5.9	−8.1	−4.9	−3.6	−2.9	−3.0
400: Transportation	BA	42.5	36.6	43.1	43.9	42.6	42.9	42.2	41.8
	OT	39.3	38.9	37.6	36.6	34.1	33.2	32.4	32.0
450: Community and Regional Development	BA	9.2	6.6	6.5	6.4	6.4	6.3	5.7	5.5
	OT	11.6	9.9	7.8	6.5	6.2	6.2	6.1	6.1
500: Education, Training, Employment and Social Services	BA	58.3	48.4	47.8	47.6	48.4	49.1	48.6	48.8
	OT	54.7	53.4	48.9	47.3	47.5	48.2	47.7	47.8
550: Health	BA	116.6	121.0	127.6	131.6	135.7	140.1	144.5	149.2
	OT	115.8	121.1	127.5	131.7	135.7	139.9	144.3	149.0
570: Medicare	BA	162.6	176.1	184.3	194.0	205.7	216.5	231.8	249.2
	OT	161.1	173.7	182.8	192.5	203.1	214.6	229.7	247.0
600: Income Security	BA	219.9	225.9	231.6	250.3	253.1	269.5	274.8	288.7
	OT	222.2	227.6	236.4	245.3	255.8	269.9	274.6	288.3
650: Social Security:									
On-budget	BA	6.8	5.9	8.1	8.8	9.6	10.5	11.1	11.7
	OT	9.3	8.5	10.5	11.3	12.1	12.9	13.5	14.1
Off-budget	BA	330.1	348.4	366.0	385.5	405.4	426.2	448.5	472.0
	OT	326.9	345.7	362.5	381.9	401.7	422.7	444.8	468.1
Total	BA	336.9	354.3	374.1	394.3	415.0	436.7	459.6	483.7
	OT	336.2	354.2	373.0	393.2	413.8	435.6	458.3	482.2
700: Veterans Benefits	BA	37.7	37.5	37.9	38.2	38.8	39.1	39.7	40.2
	OT	37.4	36.9	38.0	38.4	39.0	40.6	41.3	41.8
750: Administration of Justice	BA	18.5	19.8	19.8	20.2	21.0	21.1	20.7	20.6
	OT	17.1	18.7	18.9	19.7	20.4	20.9	20.5	20.5
800: General Government	BA	13.3	12.4	12.3	12.2	12.1	12.0	11.6	11.6
	OT	13.4	12.9	12.3	12.2	12.0	12.0	11.6	11.5
900: Net Interest:									
On-budget	BA	269.9	298.4	310.5	319.4	331.5	342.9	349.9	357.6
	OT	269.9	298.4	310.5	319.4	331.5	342.9	349.9	357.6
Off-budget	BA	−34.5	−39.5	−44.5	−49.7	−55.1	−60.9	−67.2	−74.0
	OT	−34.5	−39.5	−44.5	−49.7	−55.1	−60.9	−67.2	−74.0
Total	BA	235.4	258.9	266.0	269.7	276.4	282.0	282.7	283.6
	OT	235.3	258.9	266.0	269.7	276.4	282.0	282.7	283.6
920: Allowances	BA	—	−6.4	−6.3	−5.3	−4.7	−3.7	−3.7	−3.7
	OT	—	−4.8	−6.4	−5.5	−5.0	−4.0	−4.0	−4.1
950: Undistributed Offsetting Receipts:									
On-budget	BA	−39.8	−33.7	−34.2	−36.4	−35.5	−37.4	−36.8	−41.6
	OT	−39.8	−33.7	−34.2	−36.4	−35.5	−37.4	−36.8	−41.6
Off-budget	BA	−6.4	−6.8	−7.1	−7.6	−8.1	−8.7	−9.5	−10.3
	OT	−6.4	−6.8	−7.1	−7.6	−8.1	−8.7	−9.5	−10.3
Total	BA	−46.2	−40.5	−41.3	−44.0	−43.6	−46.1	−46.3	−51.8
	OT	−46.2	−40.5	−41.3	−44.0	−43.6	−46.1	−46.3	−51.8
Total Spending:									
On-budget	BA	1260.9	1285.5	1324.3	1362.3	1396.9	1445.6	1476.3	1518.8
	OT	1243.7	1288.1	1316.8	1338.2	1379.6	1426.5	1453.6	1492.6
Off-budget	BA	292.6	306.2	321.2	329.4	345.1	356.4	371.8	387.7
	OT	286.1	299.4	310.1	323.2	338.4	351.7	368.1	383.8
Total	BA	1553.6	1591.7	1645.5	1691.7	1742.0	1802.0	1848.1	1906.5
	OT	1529.9	1587.5	1626.9	1661.4	1718.0	1778.2	1821.7	1876.4
Revenues:									
On-budget	—	997.8	1042.5	1082.7	1134.2	1186.7	1245.4	1313.4	1384.2
Off-budget	—	357.4	374.7	392.0	411.4	430.9	452.0	475.2	498.6
Total	—	1355.2	1417.2	1474.7	1545.6	1617.6	1697.4	1788.6	1882.8
Deficit:									
On-budget	—	−245.9	−245.6	−234.1	−204.0	−192.9	−181.1	−140.2	−108.4

CONFERENCE AGREEMENT—Continued

[Dollars in billions]

		1995	1996	1997	1998	1999	2000	2001	2002
Off-budget	—	71.3	75.3	81.9	88.2	92.5	100.3	107.1	114.8
Total	—	−174.6	−170.3	−152.2	−115.8	−100.4	−80.8	−33.1	6.4

CONFERENCE AGREEMENT COMPARED TO CURRENT LAW LEVELS

[Dollars in billions]

		1996	1997	1998	1999	2000	2001	2002	Total
050: National Defense	BA	$9.7	$15.6	$10.7	$6.8	$2.8	$5.6	$8.5	$59.8
	OT	5.7	8.2	7.7	9.3	9.4	8.6	8.6	57.6
150: International Affairs	BA	−2.1	−3.4	−4.6	−5.4	−5.7	−5.7	−5.7	−32.6
	OT	−0.4	−1.7	−2.9	−3.9	−4.7	−4.8	−5.0	−23.4
250: Science, Space and Technology	BA	−0.5	−0.9	−1.3	−1.6	−1.8	−1.8	−1.8	−9.7
	OT	−0.1	−0.6	−1.0	−1.4	−1.7	−1.8	−1.8	−8.5
270: Energy	BA	−1.0	−1.1	−1.5	−2.1	−2.1	−2.2	−2.2	−12.7
	OT	−0.2	−0.5	−1.0	−1.7	−2.0	−2.0	−2.0	−9.3
300: Natural Resources and Environment	BA	−2.5	−2.8	−3.9	−3.3	−3.4	−3.8	−3.3	−22.9
	OT	−1.1	−1.9	−3.2	−2.8	−3.1	−3.7	−3.2	−19.0
350: Agriculture	BA	−1.4	−1.8	−2.4	−2.3	−2.7	−2.8	−3.0	−16.4
	OT	−1.2	−1.7	−2.4	−2.3	−2.7	−2.8	−3.0	−16.1
370: Commerce and Housing Credit:									
On-budget	BA	−1.3	−1.5	−1.9	−2.2	−0.4	−1.7	−2.0	−11.0
	OT	−0.9	−1.3	−1.8	−2.2	−0.5	−1.7	−2.0	−10.4
Off-budget	BA								
	OT								
Total	BA	−1.3	−1.5	−1.9	−2.2	−0.4	−1.7	−2.0	−11.0
	OT	−0.8	−1.3	−1.8	−2.2	−0.5	−1.7	−2.0	−10.4
400: Transportation	BA	−1.6	−1.5	−1.7	−4.0	−4.7	−5.2	−5.3	−24.1
	OT	−0.7	−2.1	−3.1	−5.7	−6.8	−7.6	−8.0	−33.9
450: Community and Regional Development	BA	−2.5	−2.6	−2.7	−2.7	−2.8	−2.8	−2.9	−19.0
	OT	−0.4	−1.2	−2.0	−2.5	−2.7	−2.7	−2.7	−14.2
500: Education, Training, Employment and Social Services	BA	−8.8	−9.1	−9.7	−9.9	−10.0	−10.1	−10.2	−67.7
	OT	−2.8	−7.5	−9.3	−9.8	−9.9	−10.0	−10.2	−59.4
550: Health	BA	−5.7	−10.2	−18.6	−27.7	−37.0	−47.6	−58.6	−205.3
	OT	−5.0	−10.2	−18.6	−27.7	−37.1	−47.6	−58.6	−204.6
570: Medicare	BA	−8.0	−17.7	−26.6	−37.2	−49.2	−60.0	−71.4	−270.0
	OT	−8.0	−17.7	−26.6	−37.2	−49.2	−60.0	−71.4	−270.0
600: Income Security	BA	−2.2	−11.0	−3.5	−13.1	−11.9	−13.6	−16.3	−71.6
	OT	−3.7	−10.8	−11.5	−12.7	−14.5	−16.7	−19.6	−89.5
650: Social Security:									
On-budget	BA								
	OT								
Off-budget	BA								
	OT								
Total	BA								
	OT								
700: Veterans Benefits	BA	−0.6	−0.7	−0.9	−1.6	−1.7	−1.8	−1.9	−9.3
	OT	−0.3	−0.5	−0.7	−1.4	−1.7	−1.7	−1.9	−8.2
750: Administration of Justice	BA	1.4	1.4	1.5	2.4	2.5	2.5	2.5	14.1
	OT	0.5	0.7	1.2	1.8	2.4	2.4	2.4	11.3
800: General Government	BA	−0.8	−1.0	−1.1	−1.2	−1.3	−1.3	−1.3	−7.9
	OT	−0.6	−0.8	−0.9	−1.1	−1.2	−1.3	−1.3	−7.2
900: Net Interest:									
On-budget	BA	−1.0	−3.8	−8.5	−15.1	−23.5	−34.1	−47.1	−133.1
	OT	−1.0	−3.8	−8.5	−15.1	−23.5	−34.1	−47.1	−133.1
Off-budget	BA								
	OT								
Total	BA	−1.0	−3.9	−8.6	−15.2	−23.7	−34.3	−47.3	−134.1
	OT	−1.0	−3.9	−8.6	−15.2	−23.7	−34.3	−47.3	−134.1
920: Allowances	BA	−6.4	−6.3	−5.3	−4.7	−3.7	−3.7	−3.7	−33.8
	OT	−4.8	−6.4	−5.5	−5.0	−4.0	−4.0	−4.1	−33.8
950: Undistributed Offsetting Receipts:									
On-budget	BA	−2.4	−3.0	−4.4	−2.6	−2.6	−0.7	−4.1	−19.8
	OT	−2.4	−3.0	−4.4	−2.6	−2.6	−0.7	−4.1	−19.8
Off-budget	BA								
	OT								
Total	BA	−2.4	−3.0	−4.4	−2.6	−2.6	−0.7	−4.1	−19.8
	OT	−2.4	−3.0	−4.4	−2.6	−2.6	−0.7	−4.1	−19.8
Total Spending:									
On-budget	BA	−37.9	−61.3	−86.4	−127.5	−159.4	−190.9	−230.0	−893.4
	OT	−27.3	−62.7	−94.7	−124.1	−156.3	−192.4	−235.1	−892.6
Off-budget	BA								
	OT								
Total	BA	−37.9	−61.3	−86.4	−127.5	−159.4	−190.9	−230.0	−893.4
	OT	−27.3	−62.7	−94.7	−124.1	−156.3	−192.4	−235.1	−892.6
Revenues:									
On-budget		0.1	0.1	0.2	0.2	0.2	0.2	0.2	1.1
Off-budget									
Total		0.1	0.1	0.2	0.2	0.2	0.2	0.2	1.1
Deficit/Surplus:									
On-budget		27.4	62.8	94.8	124.3	156.5	192.6	235.3	893.7
Off-budget									
Total		27.4	62.8	94.8	124.3	156.5	192.6	235.3	893.7

CONFERENCE AGREEMENT COMPARED TO 1995

[Dollars in billions]

		1996	1997	1998	1999	2000	2001	2002	Total
050: National Defense	BA	$3.3	$5.9	$7.6	$10.3	$13.0	$15.7	$18.6	$74.2
	OT	−6.5	−4.6	−5.8	−2.4	1.3	0.4	0.4	−17.4
150: International Affairs	BA	−3.1	−4.9	−6.5	−7.7	−6.2	−6.0	−6.0	−40.4
	OT	−1.8	−3.8	−5.0	−6.3	−7.0	−6.9	−7.1	−38.0
250: Science, Space and Technology	BA	−0.5	−0.9	−1.2	−1.5	−1.8	−1.8	−1.8	−9.5
	OT	−0.7	−0.9	−1.4	−1.8	−2.1	−2.1	−2.1	−11.3
270: Energy	BA	−1.8	−2.2	−2.5	−2.8	−3.0	−3.0	−3.1	−18.3
	OT	−0.4	−1.4	−1.8	−2.4	−2.7	−2.7	−2.8	−14.3
300: Natural Resources and Environment	BA	−2.8	−3.1	−4.6	−4.1	−4.4	−5.2	−4.8	−29.1

CONFERENCE AGREEMENT COMPARED TO 1995—Continued

[Dollars in billions]

		1996	1997	1998	1999	2000	2001	2002	Total
350: Agriculture	OT	−1.5	−1.8	−3.0	−2.7	−3.3	−4.3	−4.0	−20.6
	BA	−0.9	−1.5	−2.3	−2.5	−3.0	−4.2	−4.4	−18.7
	OT	−0.9	−1.6	−2.2	−2.5	−3.0	−4.0	−4.2	−18.2
370: Commerce and Housing Credit:									
On-budget	BA	−2.8	−3.6	−4.5	−5.0	−3.3	−4.6	−4.8	−28.5
	OT	6.8	8.7	7.0	9.0	11.5	10.8	10.7	64.5
Off-budget	BA	0.6	3.3	−2.3	−0.7	−3.7	−3.5	−3.5	−9.9
	OT	−0.2	−1.0	−1.6	−0.3	−1.6	−0.2	−0.2	−5.1
Total	BA	−2.2	−0.3	−6.8	−5.6	−7.0	−8.1	−8.4	−38.5
	OT	6.6	7.6	5.4	8.7	10.0	10.6	10.5	59.4
400: Transportation	BA	−6.0	0.6	1.3	0.0	0.3	−0.3	−0.7	−4.6
	OT	−0.4	−1.8	−2.7	−5.2	−6.1	−6.9	−7.4	−30.6
450: Community and Regional Development	BA	−2.6	−2.7	−2.8	−2.8	−2.9	−3.4	−3.6	−20.8
	OT	−1.7	−3.8	−5.1	−5.4	−5.4	−5.5	−5.5	−32.4
500: Education, Training, Employment and Social Services	BA	−9.9	−10.5	−10.7	−9.9	−9.2	−9.7	−9.5	−69.4
	OT	−1.3	−5.8	−7.4	−7.2	−6.5	−7.1	−6.9	−42.3
550: Health	BA	4.3	11.0	15.0	19.1	23.5	27.9	32.6	133.4
	OT	5.4	11.8	15.9	20.0	24.1	28.6	33.2	138.9
570: Medicare	BA	13.4	21.7	31.3	43.1	53.8	69.1	86.6	319.1
	OT	12.7	21.7	31.3	42.1	53.6	68.7	85.9	315.9
600: Income Security	BA	6.0	11.7	30.3	33.2	49.5	54.8	68.7	254.3
	OT	5.4	14.2	23.1	33.6	47.7	52.4	66.0	242.3
650: Social Security:									
On-budget	BA	−0.9	1.3	2.0	2.8	3.7	4.3	4.9	18.1
	OT	−0.8	1.2	2.0	2.8	3.6	4.2	4.8	17.7
Off-budget	BA	18.3	35.9	55.4	75.4	96.1	118.4	142.0	541.5
	OT	18.8	35.6	55.0	74.8	95.7	117.9	141.2	538.9
Total	BA	17.4	37.2	57.4	78.2	99.8	122.7	146.8	559.6
	OT	17.9	36.8	56.9	77.5	99.4	122.1	146.0	556.6
700: Veterans Benefits	BA	−0.1	0.2	0.6	1.2	1.4	2.0	2.5	7.9
	OT	−0.5	0.6	1.0	1.6	3.2	3.9	4.4	14.3
750: Administration of Justice	BA	1.3	1.3	1.6	2.5	2.6	2.2	2.1	13.6
	OT	1.6	1.8	2.6	3.3	3.8	3.4	3.3	19.8
800: General Government	BA	−0.9	−1.0	−1.1	−1.1	−1.3	−1.6	−1.7	−8.7
	OT	−0.5	−1.1	−1.1	−1.4	−1.4	−1.8	−1.9	−9.2
900: Net Interest:									
On-budget	BA	28.5	40.6	49.5	61.6	73.0	80.0	87.7	421.0
	OT	28.5	40.6	49.5	61.6	73.0	80.0	87.7	421.0
Off-budget	BA	−4.9	−10.0	−15.1	−20.6	−26.4	−32.7	−39.4	−149.1
	OT	−4.9	−10.0	−15.1	−20.6	−26.4	−32.7	−39.4	−149.0
Total	BA	23.6	30.6	34.4	41.1	46.6	47.4	48.3	271.9
	OT	23.6	30.6	34.4	41.1	46.6	47.4	48.3	272.0
920: Allowances	BA	−6.4	−6.3	−5.3	−4.7	−3.7	−3.7	−3.7	−33.8
	OT	−4.8	−6.4	−5.5	−5.0	−4.0	−4.0	−4.1	−33.8
950: Undistributed Offsetting Receipts:									
On-budget	BA	6.1	5.6	3.4	4.3	2.4	3.0	−1.8	23.0
	OT	6.1	5.6	3.4	4.3	2.4	3.0	−1.8	23.0
Off-budget	BA	−0.4	−0.7	−1.1	−1.6	−2.3	−3.0	−3.8	−13.0
	OT	−0.4	−0.7	−1.1	−1.6	−2.3	−3.0	−3.8	−13.0
Total	BA	5.8	4.9	2.2	2.6	0.1	−0.0	−5.6	10.0
	OT	5.8	4.9	2.2	2.6	0.1	−0.0	−5.6	10.0
Total Spending:									
On-budget	BA	24.4	63.4	101.3	135.9	184.6	215.3	257.8	982.9
	OT	44.4	73.1	94.5	135.8	182.8	209.9	248.8	989.4
Off-budget	BA	13.6	28.5	36.8	52.5	63.7	79.2	95.1	369.4
	OT	13.3	23.9	37.1	52.2	65.5	82.0	97.7	371.7
Total	BA	38.1	91.9	138.1	188.4	248.4	294.5	352.9	1352.3
	OT	57.7	97.0	131.6	188.1	248.3	291.9	346.5	1361.1
Revenues:									
On-budget		44.8	84.9	136.4	189.0	247.6	315.6	386.4	1404.7
Off-Budget		17.2	34.5	54.0	73.4	94.6	117.7	141.2	532.6
Total		62.0	119.5	190.4	262.4	342.2	433.4	527.5	1937.4

Discretionary and mandatory spending levels

The following tables show the discretionary and mandatory spending levels in the aggregate and by function included in the conference agreements.

CONFERENCE AGREEMENT—DISCRETIONARY TOTALS

[Dollars in billions]

		1995	1996	1997	1998	1999	2000	2001	2002
050: National Defense	BA	$262.3	$265.4	$268.0	$269.7	$272.4	$275.1	$277.8	$280.7
	OT	270.3	264.0	265.7	264.5	267.9	271.6	270.8	270.8
150: International Affairs	BA	20.4	18.3	17.1	15.8	15.1	14.7	14.7	14.7
	OT	21.1	20.7	19.2	17.7	16.5	15.6	15.5	15.3
250: Science, Space and Technology	BA	17.1	16.7	16.3	15.9	15.6	15.3	15.3	15.3
	OT	17.5	16.8	16.5	16.1	15.7	15.4	15.4	15.3
270: Energy	BA	6.3	5.5	5.1	4.7	4.8	4.8	4.7	4.7
	OT	6.6	6.4	5.6	5.2	5.1	5.0	4.9	4.8
300: Natural Resources and Environment	BA	22.0	19.1	18.8	18.5	18.4	18.3	18.4	18.4
	OT	21.5	20.2	19.7	19.6	19.3	19.0	18.9	18.8
350: Agriculture	BA	4.0	3.6	3.6	3.6	3.6	3.6	3.6	3.6
	OT	4.2	3.8	3.7	3.6	3.6	3.6	3.6	3.6
370: Commerce and Housing Credit	BA	3.3	2.3	1.9	1.6	1.4	3.2	1.8	1.5
	OT	3.1	2.6	2.1	1.6	1.4	3.1	1.8	1.5
400: Transportation	BA	15.5	13.9	14.0	13.8	11.6	10.8	10.4	10.3
	OT	38.9	38.4	37.1	36.1	33.6	32.7	31.9	31.5
450: Community and Regional Development	BA	8.9	6.6	6.5	6.4	6.4	6.4	6.3	6.3
	OT	11.6	10.3	7.9	7.1	6.7	6.5	6.5	6.5
500: Education, Training, Employment and Social Services	BA	42.0	36.0	35.9	35.6	35.6	35.6	35.6	35.6
	OT	39.3	40.3	37.0	35.5	35.3	35.3	35.3	35.3
550: Health	BA	22.8	20.9	20.7	20.5	20.1	19.9	19.6	19.3
	OT	22.4	21.2	20.6	20.5	20.1	19.9	19.6	19.3
570: Medicare	BA	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
	OT	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
600: Income Security	BA	34.0	35.2	34.0	43.5	36.0	39.4	39.4	39.5
	OT	38.7	39.2	41.5	41.1	41.2	42.0	41.5	41.5
650: Social Security	BA								
	OT	2.5	2.6	2.5	2.5	2.5	2.5	2.5	2.5
700: Veterans Benefits	BA	18.3	18.0	18.0	18.0	17.9	17.9	17.9	17.9
	OT	18.0	18.9	18.3	18.2	18.1	18.0	17.9	17.9
750: Administration of Justice	BA	18.1	19.5	19.5	19.7	20.5	20.6	20.6	20.6

CONFERENCE AGREEMENT—DISCRETIONARY TOTALS—Continued

[Dollars in billions]

		1995	1996	1997	1998	1999	2000	2001	2002
800: General Government	OT	16.8	18.4	18.7	19.3	20.0	20.5	20.5	20.5
	BA	12.3	11.6	11.5	11.3	11.2	11.1	11.1	11.1
920: Allowances	OT	12.4	12.0	11.5	11.5	11.1	11.0	11.0	11.0
	BA	———	−6.4	−6.3	−5.3	−4.7	−3.7	−3.7	−3.7
	OT	———	−4.8	−6.4	−5.5	−5.0	−4.0	−4.0	−4.1
Total Discretionary	BA	510.4	489.2	487.4	496.2	488.7	495.9	496.6	498.8
	OT	547.9	534.0	524.1	517.5	516.1	520.5	516.4	515.1
Defense	BA	262.3	265.4	268.0	269.7	272.4	275.1	277.8	280.7
	OT	270.3	264.0	265.7	264.5	267.9	271.6	270.8	270.8
Nondefense	BA	248.1	223.8	219.5	226.5	216.3	220.8	218.8	218.1
	OT	277.6	269.9	258.4	253.0	248.2	248.9	245.6	244.3
050: National Defense	BA	−0.9	−0.7	−0.7	−0.7	−0.7	−0.7	−0.7	−0.8
	OT	−0.7	−0.9	−0.7	−0.7	−0.7	−0.7	−0.7	−0.8
150: International Affairs	BA	−1.5	−2.5	−3.1	−3.4	−3.9	−2.0	−1.9	−1.9
	OT	−2.3	−3.7	−4.1	−3.8	−3.9	−3.7	−3.5	−3.5
250: Science, Space and Technology	BA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	OT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
270: Energy	BA	0.0	−1.0	−0.9	−0.9	−1.3	−1.4	−1.4	−1.5
	OT	−1.6	−1.9	−2.1	−2.1	−2.6	−2.8	−2.7	−2.7
300: Natural Resources and Environment	BA	0.3	0.4	0.4	−0.8	−0.2	−0.4	−1.3	−0.9
	OT	0.2	0.1	0.3	−0.9	−0.3	−0.5	−1.5	−1.1
350: Agriculture	BA	10.0	9.5	8.9	8.1	7.9	7.4	6.2	6.0
	OT	8.5	8.0	7.5	6.8	6.6	6.1	5.1	4.9
370: Commerce and Housing Credit	BA	5.6	4.3	6.7	0.6	1.9	−1.3	−1.0	−1.0
	OT	−16.6	−9.5	−8.0	−9.7	−6.2	−6.6	−4.7	−4.6
400: Transportation	BA	27.1	22.7	29.1	30.0	31.0	32.0	31.8	31.5
	OT	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
450: Community and Regional Development	BA	0.3	−0.0	−0.0	−0.0	−0.0	−0.1	−0.6	−0.7
	OT	−0.1	−0.3	−0.2	−0.6	−0.6	−0.3	−0.4	−0.4
500: Education, Training, Employment and Social Services	BA	16.3	12.4	11.9	12.1	12.8	13.6	13.0	13.2
	OT	15.4	13.1	12.0	11.8	12.2	12.9	12.3	12.5
550: Health	BA	93.8	100.0	106.9	111.2	115.6	120.2	124.9	129.9
	OT	93.4	100.0	106.9	111.2	115.6	120.0	124.7	129.7
570: Medicare	BA	159.6	173.1	181.3	191.0	202.7	213.5	228.8	246.2
	OT	158.1	170.7	179.8	189.3	200.2	211.6	226.7	244.0
600: Income Security	BA	185.9	190.7	197.6	206.8	217.1	230.1	235.4	249.2
	OT	183.5	188.4	194.9	204.2	214.6	227.9	233.1	246.8
650: Social Security	BA	336.9	354.3	374.0	394.3	415.0	436.7	459.5	483.7
	OT	333.7	351.6	370.6	390.7	411.3	433.1	455.8	479.7
700: Veterans Benefits	BA	19.3	19.5	19.9	20.3	20.9	21.2	21.8	22.3
	OT	19.4	18.0	19.7	20.2	20.9	22.6	23.4	23.9
750: Administration of Justice	BA	0.4	0.4	0.3	0.5	0.5	0.5	0.0	−0.0
	OT	0.3	0.3	0.3	0.4	0.4	0.4	0.0	−0.0
800: General Government	BA	1.0	0.8	0.8	0.9	0.9	0.9	0.6	0.5
	OT	1.0	0.9	0.7	0.8	0.9	1.0	0.6	0.6
900: Net Interest	BA	235.4	258.9	266.0	269.7	276.4	281.9	282.7	283.6
	OT	235.3	258.9	266.0	269.7	276.4	281.9	282.7	283.6
950: Undistributed Offsetting Receipts	BA	−46.2	−40.5	−41.3	−44.0	−43.6	−46.1	−46.3	−51.8
	OT	−46.2	−40.5	−41.3	−44.0	−43.6	−46.1	−46.3	−51.8
Total Spending	BA	1043.2	1102.4	1158.0	1195.5	1253.3	1306.0	1351.7	1407.7
	OT	981.9	1053.7	1102.8	1144.0	1201.7	1257.6	1305.4	1361.3

Credit levels

The following tables show the credit levels in the aggregate and by function included in the conference agreement.

CREDIT LEVELS IN CONFERENCE AGREEMENT BY FUNCTION

[Dollars in billions]

	1996	1997	1998	1999	2000	2001	2002
Function 050:							
Direct loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Guaranteed loans	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Function 150:							
Direct loans	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Guaranteed loans	18.3	18.3	18.3	18.3	18.3	18.3	18.3
Function 270:							
Direct loans	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Guaranteed loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Function 300:							
Direct loans	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Guaranteed loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Function 350:							
Direct loans	11.5	11.5	10.9	11.6	11.4	11.1	10.9
Guaranteed loans	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Function 370:							
Direct loans	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Guaranteed loans	123.1	123.1	123.1	123.1	123.1	123.1	123.1
Function 400:							
Direct loans	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Guaranteed loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Function 450:							
Direct loans	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Guaranteed loans	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Function 500:							
Direct loans	13.6	16.3	19.1	21.8	21.9	22.0	22.2
Guaranteed loans	16.3	15.9	15.2	14.3	15.0	15.8	16.6
Function 550:							
Direct loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Guaranteed loans	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Function 600:							
Direct loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Guaranteed loans	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Function 700:							
Direct loans	1.2	1.1	1.0	1.0	1.2	1.4	1.7
Guaranteed loans	26.7	21.6	19.7	18.6	19.3	19.9	20.6
Grand total:							
Direct loans	37.6	40.2	42.3	45.7	45.8	45.8	46.1
Guaranteed loans	193.4	187.9	185.3	183.3	184.7	186.1	187.6

RECONCILIATION

(Sec. 4 of the House resolution, sec. 105 of the Senate amendment, and sec. 105 of the conference agreement)

The following tables show the instructions to the various authorizing committees of the House and Senate pursuant to section 301(b)(2) and section 310 of the Congressional Budget Act. Those sections authorize the concurrent resolution on the budget to include reconciliation instructions to the various committees to implement the amounts and levels in that resolution. The reconciliation instructions in this concurrent resolution of the budget require the committees to report changes in law that, based on CBO and Budget Committee scoring, meet the specified targets in their instructions. Those legislative changes are to be reported to the appropriate Budget Committee by September 22, 1995.

SENATE COMMITTEE RECONCILIATION INSTRUCTIONS

[Dollars in millions]

Committee		1996	5-Year	7-Year
Agriculture, Nutrition and Forestry	OT	−$2,503	−$29,059	−$48,402
Armed Services	OT	−1,571	−1,888	−2,199
Banking, Housing and Urban Affairs	OT	−481	−1,698	−2,391
Commerce, Science and Transportation	OT	−114	−9,088	−15,036
Energy and Natural Resources	OT	−354	−4,292	−4,001
Environment and Public Works	OT	−118	−1,308	−2,250
Finance	OT	−15,328	−272,974	−530,359
Governmental Affairs	DR	−524	−5,357	−9,844
Judiciary	OT		−238	−476
Labor and Human Resources	OT	−809	−6,956	−10,779
Veterans' Affairs	OT	−274	−3,614	−6,392
Total reconciliation instructions	OT	−22,076	−336,472	−632,129

RECONCILIATION BY HOUSE COMMITTEE

[In millions of dollars]

Committee	1996	1996 to 2000	1996 to 2002
Agriculture:			
Food stamps	26,748	133,246	192,270
All other programs	10,506	44,741	59,232
Banking and Financial Services: Direct spending	−13,087	−50,061	−65,112
Commerce: Direct spending	285,537	1,592,240	2,361,708
Economic & Educational Opportunities:			
Direct spending	16,025	77,346	110,936
Authorization	−720	−5,810	−8,770
Government Reform & Oversight:			
Direct spending	57,743	310,364	449,583
Deficit reduction	−85	−775	−1,127
International Relations:			
Direct spending	14,243	82,072	83,221
Deficit reduction	−1	−14	−22
Judiciary: Direct spending	2,580	13,734	19,530
National Security: Direct spending	39,601	226,931	331,210
Resources: Direct spending	1,536	7,816	12,871
Transportation & Infrastructure: Direct spending	16,615	83,070	116,811
Veterans Affairs: Direct spending	19,041	106,163	154,884
Ways & Means: Direct spending	349,172	2,010,751	3,002,706
Offset to Multiple Jurisdictions:			
Direct spending	−9,830	−140,151	−269,826
Deficit reduction	1	14	22
Total			
Direct spending	816,630	4,478,262	6,550,004
Deficit reduction	−85	−875	−1,387
Revenues	0	1,304,215	7,938,254
Authorization	−720	−5,810	−8,770
Ways & Means Revenues		1,304,215	7,938,254

The conference agreement includes in the reconciliation directives an instruction to increase the statutory limit on the public debt. The conferees intend that the debt limit be enacted as separated legislation and not as part of reconciliation. However, if debt limit legislation has not been enacted this instruction would authorize the committees of jurisdiction to include the debt limit in the reconciliation bill.

Because the goal of this resolution is to achieve a balanced budget in 2002 in a manner that generates economic dividends, the conferees discourage committees from attempting to meet their reconciliation instructions with changes that only appear to reduce the deficit (through timing changes or other artifices) rather than changes with real economic effects. For example, the 1993 budget reconciliation bill included a provision directing the Federal Reserve to transfer $213 million from its surplus capital account to the Treasury over 1997 and 1998. Because the Federal Reserve is not included in the unified budget, the slated transfer was counted as savings for reconciliation purposes even though there is general agreement that the transfer is a timing gimmick, acts like an intragovernmental transfer, and leaves the private sector and the rest of the economy unaffected. The Congressional Budget Office concurs with the conferees that such a transfer has no real economic impact on the deficit. Given this understanding, the conferees (using the authority provided to the budget committees for estimating outlays and revenues by section 310(d)(4) of the Congressional Budget Act) direct the Congressional Budget Office to not score any savings for any new legislation that might affect the Federal Reserve's transfer of the surplus capital account to the Treasury.

ALLOCATIONS AMONG COMMITTEES

Sections 302(a) and 602(a) of the Congressional Budget Act of 1974 (the Budget Act) require the joint explanatory statement of managers accompanying the conference report on a concurrent resolution on the budget (the budget resolution) to include committee allocations, based on the amounts in the budget resolution as recommended in the conference report. These allocations allocate the appropriate level of total new budget authority, outlays, new entitlement authority (for the House only), and Social Security outlays (for the Senate only) in the budget resolution among each committee of the Senate and the House of Representatives that has jurisdiction over legislation providing those amounts.

Section 602 further requires that the allocations include an allocation for the first fiscal year covered by the budget resolution (fiscal year 1996) and for the total of the first fiscal year and the four succeeding fiscal years covered by the budget resolution (fiscal years 1996 through 2000). These allocations form the basis for congressional enforcement of the budget resolution through points of order under the Budget Act. These allocations follow:

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT BUDGET YEAR TOTAL: 1996

[In millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations	
	Budget authority	Outlays	Budget authority	Outlays
Appropriations	772,349	807,374		
Appropriations (Violent Crime Trust Fund)	4,087	2,227		
Agriculture, Nutrition, and Forestry	6,896	6,859	18,566	8,096
Armed Services	40,159	39,806		
Banking, Housing, and Urban Affairs	4,143	−8,527		
Commerce, Science, and Transportation	2,619	−33	584	581
Energy and Natural Resources	1,121	951	48	37
Environment and Public Works	19,811	1,750		
Finance	631,582	628,118	119,856	120,666
Foreign Relations	13,926	14,093		
Governmental Affairs	51,873	50,760		
Judiciary	2,227	2,170	230	229
Labor and Human Resources	6,117	6,275	2,155	1,869
Rules and Administration	94	204		
Veterans Affairs	1,400	1,423	19,235	17,686
Select Indian Affairs	409	378		
Small Business	3	−450		
Not allocated to committees	−273,356	−263,279		
Total	1,285,500	1,288,100	160,674	149,164

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT FIVE-YEAR TOTAL: 1996–2000

[In millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations	
	Budget authority	Outlays	Budget authority	Outlays
Agriculture, Nutrition, and Forestry	16,389	4,241	86,339	46,402
Armed Services	228,914	227,993		
Banking, Housing, and Urban Affairs	21,890	−33,850		
Commerce, Science, and Transportation	5,389	−8,794	3,254	3,236
Energy and Natural Resources	4,490	4,179	228	232
Environment and Public Works	121,753	5,724		

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT FIVE-YEAR TOTAL: 1996–2000—Continued

[In millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations	
	Budget authority	Outlays	Budget authority	Outlays
Finance	3,393,472	3,377,584	657,433	658,546
Foreign Relations	57,253	61,166		
Governmental Affairs	280,326	275,090		
Judiciary	11,593	11,305	1,153	1,149
Labor and Human Resources	26,159	25,023	12,186	11,427
Rules and Administration	470	556		
Veterans Affairs	6,228	7,247	100,341	99,237
Select Indian Affairs	2,149	1,987		
Small Business	12	−1,745		

FISCAL YEAR 1996—ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 602(a) OF THE CONGRESSIONAL BUDGET ACT

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
HOUSE APPROPRIATIONS COMMITTEE			
Current level (enacted law):			
050 National Defense	214	214	0
150 International Affairs	169	169	0
300 Natural Resources and Environment	2,094	1,947	0
350 Agriculture	11,967	1,530	0
370 Commerce and Housing Credit	38	138	0
400 Transportation	584	581	0
500 Education, Training, Employment, and Social Services	11,298	11,243	0
550 Health	103,457	103,461	0
570 Medicare	54,785	54,785	0
600 Income Security	53,673	54,192	0
650 Social Security	23	23	0
700 Veterans Benefits and Services	19,346	17,783	0
750 Administration of Justice	411	409	0
800 General Government	7,902	7,890	0
900 Net interest	15	15	0
Subtotals	265,976	254,381	0
HOUSE APPROPRIATIONS COMMITTEE:			
Discretionary appropriations action (assumed legislation):			
050 National Defense	265,406	264,043	0
150 International Affairs	18,292	20,718	0
250 General Science, Space and Technology	16,656	16,754	0
270 Energy	5,545	6,403	0
300 Natural Resources and Environment	19,107	20,153	0
350 Agriculture	3,585	3,793	0
370 Commerce and Housing Credit	2,333	2,575	0
400 Transportation	13,887	38,444	0
450 Community and Regional Development	6,601	10,261	0
500 Education, Training, Employment, and Social Services	35,962	40,345	0
550 Health	20,943	21,164	0
570 Medicare	2,992	2,992	0
600 Income Security	35,204	390,234	0
650 Social Security	0	2,574	0
700 Veterans Benefits and Services	18,022	18,933	0
750 Administration of Justice	15,387	16,154	0
800 General Government	11,581	12,033	0
920 Allowances	−6,429	−4,805	0
Subtotals	485,074	531,768	0
Violent Crime Reduction Trust Fund:			
750 Administration of Justice	4,087	2,227	0
Discretionary action by other committees (assumed entitlement legislation):			
500 Education, training, employment, and social services	−1,686	−1,138	0
550 Health	−3,719	−3,719	0
600 Income security	20,197	20,200	0
700 Veterans benefits and services	−203	−195	0
750 Administration of justice	−4	−4	0
800 General government	4	4	0
Subtotals	14,584	15,148	0
Committee totals	769,720	803,523	0
HOUSE AGRICULTURE COMMITTEE			
Current level (enacted law):			
150 International affairs	−474	−474	0

FISCAL YEAR 1996—ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 602(a) OF THE CONGRESSIONAL BUDGET ACT—Continued

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
270 Energy	0	−645	0
300 Natural Resources and Environment	471	483	0
350 Agriculture	9,041	7,636	8,896
400 Transportation	40	40	0
450 Community and Regional Development	257	237	0
600 Income Security	0	0	11
800 General government	251	250	0
900 Net interest	0	0	15
Subtotals	9,585	7,527	8,922
Discretionary action (Assumed legislation):			
350 Agriculture	−992	−992	−992
600 Income Security			1,169
Subtotals	−992	−992	177
Committee totals	8,593	6,535	9,099
HOUSE NATIONAL SECURITY COMMITTEE			
Current level (enacted law):			
050 National Defense	12,592	12,355	0
300 Natural Resources and Environment	3	2	0
400 Transportation	0	−5	0
500 Education, Training, Employment, and Social Services	4	3	0
600 Income Security	28,534	28,427	0
700 Veterans Benefits and Services	197	190	190
Subtotals	41,330	40,971	190
Discretionary action (Assumed legislation):			
600 Income security	382	382	382
950 Undistributed Offsetting receipts	−1,550	−1,550	0
Subtotals	−1,168	−1,168	382
Committee totals	40,162	39,803	572
HOUSE BANKING AND FINANCIAL SERVICES COMMITTEE			
Current level (enacted law):			
150 International Affairs	−585	−1,930	0
370 Commerce and Housing Credit	364	−9,258	0
450 Community and Regional Development	5	−79	0
600 Income Security	50	100	0
800 General Government	6	−27	0
900 Net interest	3,118	3,118	0
Subtotals	2,959	−8,074	0
Discretionary action (assumed legislation):			
370 Commerce and Housing Credit	−210	−210	0
450 Community and Regional Development	−271	−271	0
Subtotals	−481	−481	0
Committee totals	2,478	−8,555	0
HOUSE ECONOMIC AND EDUCATIONAL OPPORTUNITIES COMMITTEE			
Current level (enacted law):			
500 Education, Training, Employment, and Social Services	3,891	3,726	4,833
600 Income Security	153	143	9,575
Subtotals	4,044	3,870	14,409

FISCAL YEAR 1996—ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 602(a) OF THE CONGRESSIONAL BUDGET ACT—Continued

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
Discretionary action (assumed legislation):			
500 Education, Training, Employment, and Social Services	−1,068	−723	−723
600 Income Security	940	845	−1,292
Subtotals	−128	122	−2,015
Committee totals	3,916	3,992	12,394
HOUSE COMMERCE COMMITTEE			
Current level (enacted law):			
300 Natural Resources and Environment	0	3	0
500 Education, Training, Employment, and Social Services	1	1	0
550 Health	496	489	99,517
800 General Government	8	8	0
Subtotals	506	501	99,517
Discretionary action (assumed legislation):			
270 Energy	0	150	0
370 Commerce and Housing Credit	−69	−69	0
550 Health	−86	−86	−3,619
950 Undistributed offsetting receipts	−400	−400	0
Subtotals	−555	−405	−3,619
Committee totals	−49	96	95,898
HOUSE INTERNATIONAL RELATIONS COMMITTEE			
Current level (enacted law)			
150 International Affairs	13,416	13,580	0
400 Transportation	7	10	0
600 Income Security	506	506	494
800 General Government	5	5	0
Subtotals	13,933	14,100	494
Discretionary action (assumed legislation):			
950 Undistributed offsetting receipts	−3	−3	0
Subtotals	−3	−3	0
Committee totals	13,930	14,097	494
HOUSE GOVERNMENT REFORM AND OVERSIGHT COMMITTEE			
Current level (enacted law):			
550 Health	0	−44	3,818
600 Income Security	39,209	38,140	38,140
750 Administration of Justice	40	40	40
800 General Government	12,870	12,870	0
900 Net interest	93	93	0
Subtotals	52,212	51,099	41,998
Discretionary action (assumed legislation):			
550 Health	0	0	−100
750 Administration of Justice	0	0	−4
800 General Government	−100	−100	−2
950 Undistributed offsetting receipts	−336	−336	0
Subtotals	−436	−436	−106
Committee totals	51,776	50,663	41,892
HOUSE OVERSIGHT COMMITTEE			
Current level (enacted law):			
500 Education, Training, Employment, and Social Services	21	18	0

FISCAL YEAR 1996—ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SEC. 602(a) OF THE CONGRESSIONAL BUDGET ACT—Continued

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
800 General Government	-72	186	275
Subtotals	93	204	275
Committee totals	93	204	275
HOUSE RESOURCES COMMITTEE			
Current level (enacted law):			
270 Energy	-93	-377	0
300 Natural Resources and Environment	772	700	0
370 Commerce and Housing Credit	67	11	0
450 Community and Regional Develoment	405	373	0
550 Health	5	5	0
800 General Government	863	865	165
Subtotals	2,018	1,577	165
Discretionary action (assumed legislation):			
300 Natural Resources and Environment	-29	-27	0
950 Undistributed offsetting receipts	-77	-77	0
Subtotals	-106	-104	0
Committee totals	1,912	1,473	165
HOUSE JUDICIARY COMMITTEE			
Current level (enacted law):			
370 Commerce and Housing Credit	197	197	0
600 Income Security	62	18	9
750 Administration of Justice	1,451	1,439	233
800 General Government	517	517	0
Subtotals	2,227	2,170	242
Committee totals	2,227	2,170	242
HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE			
Current level (enacted law):			
270 Energy	943	829	0
300 Natural Resources and Environment	417	361	0
400 Transportation	22,227	12	581
450 Community and Regional Development	5	105	0
600 Income Security	14,795	14,774	0
800 General Government	16	16	0
Subtotals	38,403	16,088	581
Discretionary action (assumed legislation):			
300 Natural resources and enviroament	-6	-6	0
400 Transportation	-45	-45	0
450 Community and regional development	-12	-12	0
Subtotals	-63	-12	0
Committee totals	38,340	16,025	581
HOUSE SCIENCE COMMITTEE			
Current level (enacted law):			
250 General science, space, and technology	39	39	0
500 Education, training, employment, and social services	1	1	0
Subtotals	40	40	0
Committee totals	40	40	0
HOUSE SMALL BUSINESS COMMITTEE			
Current level (Enacted law):			
370 Commerce and housing credit	3	-164	0
450 Community and regional development	0	-286	0
Subtotals	3	-450	0
Committee totals	3	-450	0
HOUSE VETERANS AFFAIRS COMMITTEE			
Current level (enacted law):			
700 Veterans Benefits and Services	1,519	1,532	19,303
Subtotals	1,519	1,532	19,303
Discretionary action (assumed legislation):			
700 Veterans Benefits and Services	-79	-79	-195
Subtotals	-79	-79	195
Committee totals	1,440	1,453	19,108
HOUSE WAYS AND MEANS COMMITTEE			
Current level (enacted law):			
500 Education, training, employment, and social services	0	0	8,152
550 Health	0	-28	0
570 Medicare	206,253	203,335	199,066
600 Income security	43,611	42,484	36,916
650 Social Security	7,371	7,371	0
750 Administration of Justice	405	370	0
800 General government	540	534	0
900 Net interest	373,259	373,259	373,259
Subtotals	631,438	627,926	617,393
Discretionary action (assumed legislation):			
500 Education, training, employment, and social services	0	0	-1,138
570 Medicare	-8,000	-8,000	0
600 Income security	1,821	1,369	-2,480
900 Net interest	-984	-984	-984
Subtotals	-7,164	-7,615	-4,502
Committee totals	624,275	620,311	612,891
UNASSIGNED			
Current level (enacted law):			
050 National Defense	-13,511	-13,512	0
150 International Affairs	-15,018	-15,064	0
250 General Science, Space, and Technology	5	8	0
270 Energy	-1,794	-1,850	0
300 Natural Resources and Environment	-3,329	-3,315	0
350 Agriculture	-10,501	-167	0
370 Commerce and Housing Credit	-123	-120	0
400 Transportation	-101	-137	0
450 Community and Regional Development	-389	-428	0
500 Education, Training, Employment, and Social Services	-25	-77	0
550 Health	-96	-141	0
570 Medicare	-79,930	-80,012	0
600 Income Security	-13,235	-13,214	0
650 Social Security	-1,494	-1,468	0
700 Veterans Benefits and Services	-1,296	-1,263	0
750 Administration of Justice	-1,977	-1,935	0
800 General Government	-22,439	-22,457	0
900 Net interest	-77,102	-77,102	-62,907
920 Allowances	29	5	0
950 Undistributed offsetting receipts	-31,334	-31,334	0
Subtotals	-273,663	-263,585	-62,907
Discretionary action (assumed legislation):			
800 General government	306	306	
Subtotals	306	306	0
Committee totals	-273,357	-263,279	-62,907
Total—Current level	792,623	749,875	740,583
Total—Discretionary action	492,876	538,225	-9,878
Grand totals	1,285,500	1,288,100	730,705

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SECTIONS 302(a)/602(a) OF THE CONGRESSIONAL BUDGET ACT

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	1996 to 2000
Appropriations Committee						
Current level:						
Budget authority	265,976	290,731	312,480	340,215	375,556	1,584,958
Outlays	254,381	281,819	304,617	332,962	370,563	1,544,342
Discretionary action:						
Defense:						
Budget authority	265,406	267,962	269,731	272,380	275,064	1,350,543
Outlays	264,043	265,734	264,531	267,883	271,571	1,333,762
International:						
Budget authority	18,292	17,081	15,780	15,100	14,733	80,986
Outlays	20,718	19,192	17,680	16,490	15,620	89,700
Domestic:						
Budget authority	205,463	202,387	210,608	201,227	206,082	1,025,839
Outlays	249,234	239,216	235,322	231,747	233,258	1,188,786
Subtotal:						
Budget authority	489,161	487,430	496,192	488,707	495,879	2,457,369
Outlays	533,995	524,141	517,533	516,121	520,459	2,612,249
Discretionary action by other committees:						
Budget authority	14,584	6,430	735	-8,551	-18,065	-4,867
Outlays	15,148	6,638	212	-8,644	-18,126	-4,772
Committee total:						
Budget authority	769,720	784,591	809,406	820,370	853,370	4,037,457
Outlays	803,523	812,599	822,361	840,439	872,896	4,151,818
Agriculture Committee						
Current level (Enacted law):						
Budget authority	9,585	9,448	9,331	9,125	8,877	46,366
Outlays	7,527	7,121	7,092	6,747	6,504	34,991
Discretionary action:						
Budget authority	-992	-1,332	-1,960	-1,915	-2,278	-8,477
Outlays	-992	-1,332	-1,960	-1,915	-2,278	-8,477
Committee total:						
Budget authority	8,593	8,116	7,371	7,210	6,599	37,889
Outlays	6,535	5,789	5,132	4,832	4,226	26,514
New entitlement authority	177	-112	-696	-608	-925	-2,164

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SECTIONS 302(a)/602(a) OF THE CONGRESSIONAL BUDGET ACT—Continued

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	1996 to 2000
National Security Committee						
Current level (Enacted Law):						
Budget authority	41,330	43,031	44,997	47,812	50,017	227,187
Outlays	40,971	42,825	44,864	47,640	49,840	226,140
Discretionary action:						
Budget authority	−1,168	1,119	1,120	354	308	1,733
Outlays	−1,168	1,119	1,120	354	308	1,733
Committee total:						
Budget authority	40,162	44,150	46,117	48,166	50,325	228,920
Outlays	39,803	43,944	45,984	47,994	50,148	227,873
New entitlement authority	382	642	650	−91	−116	1,467
BANKING AND FINANCIAL SERVICES COMMITTEE						
Current level (enacted law):						
Budget authority	2,959	2,345	1,767	1,265	1,447	9,783
Outlays	−8,074	−6,105	−7,441	−5,484	−4,782	−31,886
Discretionary action:						
Budget authority	−481	−284	−297	−311	−325	−1,709
Outlays	−481	−284	−297	−311	−325	−1,698
Committee total						
Budget authority	2,478	2,061	1,470	954	1,122	8,085
Outlays	−8,555	−6,389	−7,738	−5,795	−5,107	−33,584
ECONOMIC OPPORTUNITY COMMITTEE						
Current level (enacted law):						
Budget authority	4,044	3,224	3,084	3,377	3,617	17,346
Outlays	3,870	3,067	2,726	2,898	3,133	15,694
Discretionary action:						
Budget authority	−128	−211	−406	−613	−618	1,976
Outlays	122	−174	−334	−537	−611	−1,534
Committee total:						
Budget authority	3,916	3,013	2,678	2,764	2,999	15,370
Outlays	3,992	2,893	2,392	2,361	2,522	14,160
New entitlement authority	−2,015	−3,281	−2,056	−2,135	−1,978	−11,465
Current level (enacted law):						
Budget authority	506	499	487	442	423	2,357
Outlays	501	495	484	441	422	2,343
Discretionary action:						
Budget authority	−555	−1,862	−2,466	−3,197	−3,301	−11,381
Outlays	−405	−1,854	−2,476	−3,285	−3,460	−11,480
Committee total:						
Budget authority	−49	−1,363	−1,979	−2,755	−2,878	−9,024
Outlays	96	−1,359	−1,992	−2,844	−3,038	−9,137
New entitlement authority	−3,619	−7,886	−15,840	−24,361	−33,229	−84,935
INTERNATIONAL RELATIONS COMMITTEE						
Current level (enacted law):						
Budget authority	13,933	12,778	11,140	9,373	10,064	57,288
Outlays	14,100	13,440	12,359	10,922	10,380	61,201
Discretionary action:						
Budget authority	−3	−4	−4	−4	−4	−19
Outlays	−3	−4	−4	−4	−4	−19
Committee total:						
Budget authority	13,930	12,774	11,136	9,369	10,060	57,269
Outlays	14,097	13,436	12,355	10,918	10,376	61,182
New entitlement authority	0	0	−1	−2	−3	−6
Government Reform and Oversight Committee						
Current level (enacted law):						
Budget authority	52,212	54,388	56,472	58,656	60,980	282,708
Outlays	51,099	53,381	55,541	57,652	59,799	277,472
Discretionary action:						
Budget authority	−436	−558	−580	−636	−693	−2,903
Outlays	−436	−558	−580	−636	−693	−2,903
Committee total:						
Budget authority	51,776	53,830	55,892	58,020	60,287	279,805
Outlays	50,663	52,823	54,961	57,016	59,106	274,569
New entitlement authority	−106	−227	−475	−759	−1,162	−2,729
Oversight Committee						
Current level (enacted law):						
Budget authority	93	93	93	94	95	468
Outlays	204	28	26	54	242	554
Public Lands and Resources Committee						
Current level (enacted law):						
Budget authority	2,018	2,172	2,254	2,221	2,231	10,896
Outlays	1,577	1,765	2,230	2,296	2,282	10,150
Discretionary action:						
Budget authority	−106	−882	−2,564	428	426	−2,698
Outlays	−104	−881	−2,563	428	427	−2,693
Committee total:						
Budget authority	1,912	1,290	−310	2,649	2,657	8,198
Outlays	1,473	884	−333	2,724	2,709	7,457
Judiciary Committee						
Current level (enacted law):						
Budget authority	2,227	2,320	2,330	2,425	2,529	11,831
Outlays	2,170	2,264	2,273	2,367	2,469	11,543
Discretionary action:						
Budget authority	0	0	0	−119	−119	−238
Outlays	0	0	0	−119	−119	−238
Committee total:						
Budget authority	2,227	2,320	2,330	2,306	2,410	11,593
Outlays	2,170	2,264	2,273	2,248	2,350	11,305
Transportation and Infrastructure Committee						
Current level (enacted law):						
Budget authority	38,403	42,369	16,419	16,658	16,752	130,601
Outlays	16,088	15,858	15,906	16,109	16,291	80,252
Discretionary action:						
Budget authority	−63	2,218	29,295	30,215	31,179	92,844
Outlays	−63	−71	−73	−124	−126	−457
Committee total:						
Budget authority	38,340	44,588	45,714	46,873	47,931	223,446
Outlays	16,025	15,787	15,833	15,985	16,165	79,795
Science Committee						
Current level (Enacted Law):						
Budget authority	40	41	41	41	41	204
Outlays	40	41	41	41	41	204
Small Business Committee						
Current level (Enacted law):						
Budget authority	3	3	2	2	2	12
Outlays	−450	−170	−526	−452	−147	−1,745
Veterans' Affairs Committee						
Current level (Enacted Law):						
Budget authority	1,519	1,450	1,389	1,315	1,241	6,914

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SECTIONS 302(a)/602(a) OF THE CONGRESSIONAL BUDGET ACT—Continued

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	1996 to 2000
Outlays	1,532	1,538	1,559	1,568	1,473	7,670
Discretionary action:						
Budget authority	−79	−82	−169	−175	−181	−686
Outlays	−79	−82	−169	−175	−181	−686
Committee total:						
Budget authority	1,440	1,368	1,220	1,140	1,060	6,228
Outlays	1,453	1,456	1,390	1,393	1,292	6,984
New entitlement authority	−195	−265	−323	−388	−1,157	−2,928
Ways and Means Committee						
Current level (Enacted Law):						
Budget authority	631,438	669,276	707,615	754,639	802,487	3,565,455
Outlays	627,926	666,305	704,666	750,789	799,709	3,549,395
Discretionary action						
Budget authority	−7,163	−22,273	−36,432	−53,445	−73,586	−192,899
Outlays	−7,615	−22,270	−36,458	−53,433	−73,569	−193,345
Committee total:						
Budget authority	624,275	647,003	671,183	701,194	728,901	3,372,556
Outlays	620,311	644,035	668,208	697,356	726,140	3,356,050
New Entitlement Authority Unassigned to Committee	−4,502	−9,505	−14,956	−22,376	−31,556	−82,895
Current level (Enacted Law):						
Budget authority	−273,663	−280,148	−291,012	302,806	−321,143	−1,468,772
Outlays	−263,585	−271,832	−283,116	−295,979	−315,185	−1,429,697
Discretionary action:						
Budget authority	306	569	946	1,308	1,763	4,892
Outlays	306	569	946	1,308	1,763	4,892
Committee total:						
Budget authority	−273,357	−279,579	−290,065	−301,497	−319,280	−1,463,878
Outlays	−263,279	−271,264	−282,169	−294,671	−313,422	−1,424,805
Total current level:						
Budget authority	792,623	854,021	878,891	944,854	1,015,216	4,485,605
Outlays	749,875	811,843	863,304	930,572	1,003,035	4,358,629
Total discretionary action:						
Budget authority	492,876	470,278	483,409	452,046	430,384	2,328,993
Outlays	538,225	504,957	474,897	449,028	423,465	2,390,572
Grand totals:						
Budget authority	1,285,500	1,324,300	1,362,300	1,396,900	1,445,600	6,814,600
Outlays	1,288,100	1,316,800	1,338,200	1,379,600	1,426,500	6,749,200
Total new entitlement authority	−9,878	−20,634	−33,697	−51,319	−70,126	−185,654

ECONOMIC ASSUMPTIONS

Section 301(g)(2) of the Congressional Budget Act requires the joint explanatory statement accompanying a conference report on a budget resolution to set forth the common economic assumptions upon which the joint statement and conference report are based. The conference agreement is based on the economic forecast and projections prepared by the Congressional Budget Office, adjusted for anticipated revisions to the consumer price index (CPI) beginning in 1998.

House resolution

The House budget resolution assumed that beginning in 1999, the CPI growth projection is revised by 0.6 percentage points a year compared to CBO's assumptions published in its January economic and budget report. CBO's new assessment that the planned 1998 benchmark revision of the CPI by the Bureau of Labor Statistics will lower CPI growth explains 0.2 percentage points of the revision. An assumption that fully funding proposed research will remove upward biases in the CPI amounting to 0.4 percentage points accounts for the remaining revision to the CPI.

Senate amendment

The Senate amendment assumed that CPI growth would be corrected by 0.2 percentage points from CBO's January assumptions beginning in 1998 when the benchmark revisions are completed. The revision reflects CBO's assessment of the impact of the benchmark revision that CBO did not consider previously.

Conference agreement

The conference agreement assumes the Senate amendment.

ECONOMIC PROJECTIONS

[Calendar Years]

	Actual 1994	Projected							
		1995	1996	1997	1998	1999	2000	2001	2002
Nominal GDP [Billions of dollars]	6,735	7,127	7,456	7,847	8,256	8,680	9,128	9,604	10,105
Percent change, year over year:									
Real GDP	4.1	3.1	1.8	2.4	2.3	2.3	2.3	2.3	2.3
Implicit GDP deflator	2.1	2.6	2.8	2.8	2.8	2.8	2.8	2.8	2.8
CPI–U	2.6	3.1	3.4	3.4	3.2	3.2	3.2	3.2	3.2
Percent, annual:									
Unemployment rate	6.1	5.5	5.7	5.8	5.9	6.0	6.0	6.0	6.0
Three-month Treasury bill rate	4.2	6.2	5.7	5.3	5.1	5.1	5.1	5.1	5.1
Ten-year Treasury note rate	7.1	7.7	7.0	6.7	6.7	6.7	6.7	6.7	6.7

FUNCTION AND REVENUES

(Secs. 2 and 3 of the House resolution, Secs. 101 and 104 of the Senate amendment, and Secs. 101 and 104 of the conference agreement)

FUNCTION 050: NATIONAL DEFENSE

The House budget resolution provides $2.0 trillion in budget authority and $1.9 trillion in outlays over seven years. The Senate amendment provides $1.9 trillion in budget authority and $1.8 trillion in outlays over seven years. The conference agreement provides $1.9 trillion in budget authority and $1.9 trillion in outlays over seven years.

House resolution

The House resolution adds $9.6 billion in budget authority and $4.0 billion in outlays to the Administration's request for 1996. The House resolution assumes that most of the increase is for Procurement and Research, Development, Test and Evaluation activities within the Department of Defense. After 1996, the House resolution assumes that national defense budget authority would grow at about one percent in 1997, three percent in 1998, one percent in 1999, two percent in 2000, and then stay at that level through 2002.

The House resolution adds $69.7 billion to the Administration's requested budget authority over five years and $92.4 billion over seven years.

The House resolution assumes a 10 percent reduction in the civilian workforce of the Department of Defense beyond reductions already planned.

The House resolution assumes no changes to mandatory spending in Function 050.

Senate amendment

The Senate amendment assumes the President's budget submission for national defense.

The Senate amendment includes seven-year firewalls between defense and non-defense discretionary spending.

The Senate amendment assumes no changes to mandatory spending in Function 050.

Conference agreement

The conference agreement adds $6.0 billion in budget authority and $2.0 billion in outlays to the Administration's request for 1996. Most of the increase is assumed to be for the procurement of weapons and for research and development activities of the Department of Defense. After 1996, the conference agreement would have national defense budget authority grow at a rate of one percent each year through the year 2002. Outlay calculations are based upon budget authority increases to the Administration's budget request. For the period 1997 through 2001, budget authority increases are assumed to be

equally split between procurement and operations and maintenance. In the year 2002 the budget authority increase is assumed to be for procurement.

The conference agreement adds $32.2 billion to the Administration's requested budget authority over five years and $39.5 billion over seven years. Conceptually, the agreement does three things. First, it ends the decline in defense spending with last year's budget. Second, it "fills the trough" of Administration's defense spending plan for the period 1996 through 1998 by providing $28.3 billion more than requested. Finally, it provides a steady and increasing stream of budget authority with which the Department of Defense can plan for the future.

In providing additional defense funds, the conferees were most persuaded by two programmatic arguments. First, the President's program is underfunded. The Congressional Budget Office estimates that defense costs will rise by more than $25 billion over the 1997 through 2000 period for: congressionally mandated military pay raises and locality pay adjustments; weapons systems cost growth; un-realized base closure savings; and contingency operations. These costs could more than double if weapons systems costs and environmental clean-up costs are higher than anticipated.

Second, additional defense funds lessen the need for decisionmakers to sacrifice future readiness to meet current readiness requirements. In particular, additional defense funds, in the next few years, can be used to reverse the 60 percent decline in procurement spending since 1985, and the $13 billion backlog in real property maintenance. The real property backlog has resulted in more than a quarter of military housing falling into substandard condition. Problems include asbestos, corroded pipes, poor ventilation, faulty heating and cooling systems, and lead-based paint. Reversing these trends without additional funds will result in cancellation of training, postponement of required maintenance, and troops and families having to continue to live in substandard housing.

Within the funds provided for national defense, the conferees feel that savings can be achieved. The conferees believe that the defense authorizing and appropriations committees should realize savings wherever possible. These savings should include a reduction of at least three percent in the overhead of fiscal year 1996 programs of defense agencies, in a manner so as not to reduce funding for the programmatic activities of these agencies.

The conference agreement includes three-year firewalls between defense and non-defense discretionary spending, applicable in both Houses.

FUNCTION 150: INTERNATIONAL AFFAIRS

The House budget resolution provides $85.0 billion in budget authority and $88.7 billion in outlays over seven years. The Senate amendment provides $98.4 billion in budget authority and $99.5 billion in outlays over seven years. The conference agreement provides $91.7 billion in budget authority and $94.3 billion in outlays over seven years.

House resolution

The House agreed to restructure the various foreign affairs activities by consolidating the Agency for International Development, the U.S. Information Agency, and the Arms Control and Disarmament Agency into the Department of State. In addition, significant reductions—or in some cases outright eliminations—were assumed in development assistance, educational and cultural exchanges, overseas broadcasting, multilateral banks, PL 480, export financing and trade promotion, and international organizations.

Senate amendment

Senate amendment assumes consolidations of programs and structure within the Agency for International Development and the U.S. Information Agency and leaves room for their incorporation into the Department of State. The Arms Control and Disarmament Agency is assumed to be incorporated into the Department of State. In other areas, the Senate amendment makes similar assumptions as the House for discretionary spending in Function 150, although total Senate reductions are not as steep after 1996.

Conference Agreement

The conference agreement endorses the notion that the entire foreign affairs apparatus of the United States needs to be completely reassessed and restructured. The House has already considered and the Senate will soon consider legislation that begins that process. The conference agreement recognizes that changes are required in the Department of State, U.S. Agency for International Development, the Arms Control and Disarmament Agency, the U.S. Information Agency, various multilateral development banks and international organizations, and numerous miscellaneous foreign affairs activities.

FUNCTION 250: SCIENCE, SPACE, AND TECHNOLOGY

The House budget resolution provides $108.5 billion in budget authority and $109.6 billion in outlays over seven years. The Senate amendment provides $112.5 billion in budget authority and $113.3 billion in outlays over seven years. The conference agreement provides $110.4 billion in budget authority and $111.5 billion in outlays over seven years.

House resolution

The House agreed to prioritize basic research at the National Science Foundation (NSF) and emphasize National Aeronautics and Space Administration's (NASA) core missions. Specifically, the House would increase NSF civilian research and related activities (except social, behavioral and economic studies) by three percent annually. In addition, the House would implement NASA management and operational reforms and provide sufficient funds to complete the space station. For high energy and nuclear physics, the House would reemphasize basic research and decommission outmoded facilities.

Budget savings as a result of these changes are estimated to be $11.6 billion in budget authority and $10.3 billion in outlays over seven years.

Senate amendment

The Senate amendment assumes NSF refocussing on its original mission of basic scientific research. As with the House, academic research and infrastructure is maintained at the level proposed in the President's Budget.

The Senate amendment assumes the President's proposal to streamline NASA through contract management and operational reforms and assumes the President's freeze and reduction for DOE in the outyears.

Conference agreement

While function 250 must contribute to deficit reduction, the conference agreement recognizes it must also provide for future research opportunities. Consequently, it assumes that basic research will be a priority.

Relative to the House resolution, the conference agreement provides approximately $2 billion in additional funds over seven years. The conferees focused on NASA and NSF as candidates for this restored funding.

FUNCTION 270: ENERGY

The House budget resolution provides $26.4 billion in budget authority and $20.9 billion in outlays over seven years. The Senate amendment provides $24.3 billion in budget authority and $18.2 billion in outlays over seven years. The conference agreement provides $26.2 billion in budget authority and $20.3 billion in outlays over seven years.

House resolution

The House resolution assumes the termination of the Department of Energy (DOE) as one of three Cabinet-level Departments proposed for termination.

For discretionary spending, the House resolution eliminates funding for applied energy research and development, saving $13.6 billion in budget authority and $10.9 billion in outlays over seven years. The House assumes the expedited construction of an interim storage facility to store spent nuclear fuel and the termination of DOE's program to develop a deep repository for high level nuclear waste, saving $2.0 billion over seven years. Reductions are made in unnecessary overhead and bureaucracy, saving $0.4 billion during the period.

For mandatory spending, the House resolution proposes to sell or otherwise transfer out of the Federal government some $7.8 billion in assets. These include four power marketing administrations (Alaska, Southeastern, Southwestern and Western, expected to generate $4.2 billion in asset sales receipts), the U.S. Enrichment Corporation, and the Naval petroleum reserves.

Senate amendment

The Senate amendment does not assume the termination of the Department of Energy.

The Senate amendment makes similar assumptions as the House for discretionary spending with the following exceptions. The Senate does not assume elimination of funding for applied research. The Senate would reduce corporate subsidies for fossil, nuclear, solar, and conservation technologies by $5.6 billion in budget authority and $4.9 billion in outlays over seven years. Unlike the House, the Senate does not assume the termination of the Department of Energy's high level nuclear waste deep repository program. The Senate amendment assumes $2.4 billion in budget authority and $2.1 billion in outlay savings over seven years by consolidating, streamlining, and realigning DOE activities.

Mandatory savings appear larger in the Senate amendment because the Senate displays the proceeds from asset sales as offsetting receipts in this function. The Senate-reported resolution assumes net mandatory savings of $77 million in 1996, $779 million for the period 1996 through 2000, and $167 million for the period 1996–2002 from the sale of power marketing administration (PMA) assets. However, during floor consideration, the Senate adopted a sense of the Senate provision stating that these savings should be achieved from other unspecified mandatory programs in this function. The Senate amendment also assumes the sale of 62 million barrels of oil stored at the Weeks Island strategic petroleum reserve facility, which must be decommissioned, generating a total of $900 million in offsetting receipts and the extension of the requirement that the Nuclear Regulatory Commission (NRC) collect fees equal to 100 percent of its budget.

Conference agreement

The conferees agree to disagree on the future status of the Department of Energy. They recognize that ultimately the committees of jurisdiction will determine whether the Department is terminated.

The conference agreement resolves the differences for DOE discretionary funding by assuming a total reduction of $13.5 billion in budget authority and $10.4 billion in outlays over seven years through the following reforms: reductions in corporate technology

Conference agreement

The conference agreement assumes that the Senate recedes to the House with the following exceptions: the House recedes to the Senate with respect to a compromise on streamlining General Operating Expenses and with respect to repeal of parking garage revolving fund.

FUNCTION 750: ADMINISTRATION OF JUSTICE

The House budget resolution provides $116 billion in budget authority and $117.3 billion in outlays over seven years. The Senate amendment provides $150.4 billion in budget authority and $151.4 billion in outlays over seven years. The conference agreement provides $143.2 billion in budget authority and $139.6 billion in outlays over seven years.

House resolution

The House resolution assumes a reduction in the Violent Crime Reduction Trust Fund, saving $5.0 billion in outlays over five years and $7.8 billion over seven years. Total Trust Fund outlays would be $2.1 billion in 1996, $18 billion over five years, and $28 billion over seven years. The House also agreed to phase out funding for the Legal Services Corporation over three years. This provision would produce savings of $1.6 billion over five years and $2.4 billion over seven years.

In addition, the House proposed to block grant funding for Justice Assistance Programs.

Senate amendment

The Senate amendment assumes full funding of the Violent Crime Reduction Trust Fund and assumes continuation of the fund through the year 2002. Total Trust Fund outlays would be $2.3 billion in 1996, and $35.5 billion over seven years.

The Senate amendment assumes a 35 percent reduction in funding for the Legal Services Corporation and additional investments in Federal Law Enforcement.

For Mandatory programs, the Senate amendment assumes that Judges pay will be frozen through 2002.

Conference agreement

The conference agreement provides for substantial funding of the Violent Crime Reduction Trust Fund in order to demonstrate the federal commitment to support federal law enforcement and state and local efforts to reduce and prevent crime.

In addition, it assumes the termination of federally funded entities including: the State Justice Institute, the US Parole Commission, and the Administrative Conference of the US Courts.

In addition, the conference agreement assumes a reform of the US Marshals Service to end the political appointment process in that organization. The Administration and the US Marshals Service support this reform.

The conferees are concerned that debts owed the federal government continue to grow into a significant backlog. The conferees recommend that appropriate committees of jurisdiction look into implementing a program that would require Executive Branch departments to contract with private debt collectors on an as-needed basis to collect delinquent debt. It also may be appropriate to move debt of sufficient age to the Justice Department for collection. The Department of Justice, through its U.S. Attorneys, is tasked with the collection of federal debt after other federal departments have exhausted all efforts short of litigation. Due to the growth of their federal, civil and criminal caseload, debt collection is given a lower priority. The conferees recommend that the appropriate committees of jurisdiction examine methods of moving the federal governments' substantial debt out of Executive Branch departments to the Department of Justice for collection on a timely basis. The conferees further recommend that appropriate committees of jurisdiction look into implementing a program that follows the General Accounting Office's recommendation to expand the Department of Justice pilot program to all federal judicial districts and to allow the Attorney General to contract with private counsel firms on an as-needed basis to collect delinquent debt.

FUNCTION 800: GENERAL GOVERNMENT

The House budget resolution provides $82.1 billion in budget authority and $82.3 billion in outlays over seven years. The Senate amendment provides $84.5 billion in budget authority and $84.9 billion in outlays over seven years. The conference agreement provides $84.2 billion in budget authority and $84.5 billion in outlays over seven years.

House resolution

For discretionary spending, the House resolution assumes a seven-year moratorium on construction and acquisition of new Federal buildings. This proposal saves $2.5 billion over seven years. The House resolution also assumes elimination of certain General Services Administration (GSA) and Legislative Branch activities, including: the Office of Technology Assessment (OTA), the Advisory Commission on Intergovernmental Relations (ACIR), and the Federal Supply Service. In addition, the House resolution assumes reduced funding for the Executive Office of the President and the General Accounting Office (GAO).

Senate amendment

For discretionary spending, the Senate amendment assumes savings from the Senate Republican Conference plan to reduce Legislative Branch spending by $200 million from the 1995 level. Similar to the House resolution, the Senate Republican Conference plan proposes reducing funding for committee staffs, GAO, and other functions and terminating OTA. The Senate amendment assumes significant savings from streamlining operations and consolidating functions in Treasury, GSA, and the Office of Territorial Affairs in the Department of Interior. The Senate amendment reflects a 25 percent reduction in funds for construction of new Federal buildings. The Senate also assumes the Office of Personnel Management (OPM) would be phased down to a Civil Service Commission. Employee benefit and retirement functions would remain centralized while most other functions would be delegated to the agencies. The Senate amendment assumes full funding of the President's request for the Internal Revenue Service (IRS) tax law enforcement functions, including the compliance initiative begun in 1995, within the discretionary cap.

For mandatory spending, the Senate amendment assumes savings from freezing pay for Members of Congress until the budget is balanced in 2002 and from charging fees for parking at Federal buildings.

Conference agreement

For discretionary spending, the conference agreement assumes that Legislative Branch spending will be reduced by at least $200 million from the 1995 level. The conferees strongly support efforts to reform government printing policies and encourage committees of jurisdiction to examine the proposals discussed in the House report on the budget resolution.

Since 1955, it has been the policy of the Federal government that it will not provide a service or product for its own use if such product or service can be procured from the private sector. Each federal agency should obtain all goods and services necessary or beneficial to the accomplishment of its authorized functions by procurement from private sources unless the goods or services are required by law to be produced or performed, respectively, by the agency, or the head of an agency determines and certifies to the Congress that government production, manufacture or provision of a good or service is necessary for the national defense; a good or service is so inherently governmental in nature that it is in the public interest to require production or performance, respectively, by a government employee; or there is no private source capable of providing the good or service. The conferees recommend that committees of jurisdiction examine impediments to accomplishing this objective.

The conference agreement accepts the Senate assumption for IRS tax law enforcement, including funding the continuation of the 1995 tax compliance initiative within the discretionary cap. The conferees strongly endorse continued funding of this initiative, which, according to the Treasury Department, is expected to increase revenue collections by $9.2 billion over the 1995–1999 period. The conference agreement assumes many of the Senate savings in Treasury agencies and a 30 percent reduction in funds for Federal building construction. The conference agreement also reflects the Senate assumption for downsizing OPM.

FUNCTION 920: ALLOWANCES

The House budget resolution provides −$17.5 billion in budget authority and −$18.1 billion in outlays over seven years. The Senate amendment provides −$55.4 billion in budget authority and −$54.3 billion in outlays over seven years. The conference agreement provides −$33.8 billion in budget authority and outlays over seven years.

House resolution

The House resolution assumes savings of $8.4 billion over seven years in outlays by reducing federal agency overhead. The House resolution also assumes savings from the repeal of the Davis-Bacon Act, $4.4 billion over seven years in outlays, and the McNamara-O'Hara Service Contract Act, $4.6 billion over seven years in outlays. In addition, the House resolution assumes the termination of 63 boards and commissions.

Senate amendment

The Senate amendment assumes a 15 percent reduction in the overhead of non-defense agencies that remain funded in the budget, which saves $65.6 billion over seven years. The Senate amendment also assumes the repeal of the Davis-Bacon Act and a modification in the Service Contract Act, thereby reducing federal contract costs. In addition, the Senate amendment adds funding to cover half of agencies' costs of providing annual pay raises (based on the employment cost index-ECI) to federal employees (except Senior Executive Service and Executive Schedule).

Conference agreement

The conference agreement assumes overhead savings that are roughly halfway in between the savings assumed in the House resolution and the Senate amendment. The agreement also assumes the House's full repeal of the Service Contract Act, the House assumption of savings for agencies from using a VISA credit card for GPO orders less than $1,000, and the repeal of the Davis-Bacon Act. Finally, the agreement assumes funding to cover half of the cost of scheduled ECI raises.

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

The House budget resolution provides −$315.7 billion in budget authority and outlays over seven years. The Senate amendment provides −$322.1 billion in budget authority and outlays over seven years. The

conference agreement provides −$313.7 billion in budget authority and outlays over seven years.

House resolution

The largest policy impact in this function is expected to come from extending and broadening the Federal Communications Commission's (FCC) authority to auction spectrum. The resolution assumes additional receipts from this authority of $15 billion over seven years.

The House also anticipates proceeds of $4.2 billion from transferring the Alaska Power Marketing Administration to Alaska, and converting the Southeastern, Southwestern, and Western power agencies into private corporations.

Finally, the resolution assumes the 2.5 percent increase in federal employee retirement contributions that were part of H.R. 1215, as passed by the House earlier this year.

Senate amendment

The Senate amendment assumes broad and permanent authority, would be provided to the FCC to recover value through auction or fees from the spectrum, amounting to $29 billion over seven years. The Senate amendment includes no assumption relating to payments into the federal civilian retirement plans. All effects of asset sales are displayed in function 270.

Conference agreement

The conference agreement assumes the FCC is provided sufficient authority to recover value from the spectrum amounting to $14 billion over seven years. In addition, the agreement assumes either that federal workers would contribute an additional 0.25 percent of their salary in 1996 and 1997 (increasing to 0.5 percent in 1998 and thereafter) towards their retirement and that employing agencies would pay an additional 1 percent per year beginning in 1996, or some other changes in federal employee policies that would be sufficient to achieve these savings. The budgetary effect of the employees' contributions appear in the revenues part of the budget, while the agencies' contributions, which are intrabudgetary and are paid from most budget functions, appear as $2.7 billion of offsetting receipts in Function 950.

The conference agreement assumes net mandatory savings from energy assets sales of $77 million in 1996, and $737 million for the period 1996 through 2002. The House resolution assumed net mandatory savings from the sale of the Alaska, Southeastern, and Southwestern, and Western power marketing administrations (PMAs) of $77 million in 1996, and $1.4 billion over 7 years. The Senate assumed a narrower proposal for the sale of PMA assets, which would achieve net mandatory savings of $77 million in 1996, and $167 million over 7 years. The conferees note that the most significant difference for energy mandatory spending between the House resolution and the Senate amendment was the sale of PMA assets.

While the Senate adopted a sense of the Senate amendment that the savings should be achieved in other energy mandatory programs, the conferees were unable to identify sources in other energy mandatory programs to achieve this level of savings. The conference agreement drops the Senate's assumptions in function 270, Energy, to achieve savings of $900 million from the sale of 62 million barrels of Weeks Island strategic petroleum reserve oil and $154 million from hydropower leasing to give the committees of jurisdiction maximum flexibility to achieve savings assumed from energy asset sales.

The conferees note that the Senate Energy and Natural Resources Committee's reconciliation instruction in the conference agreement is smaller than the Senate amendment's instruction. The conferees note that the entire unspecified energy asset savings could be achieved by the sale of PMA assets. Alternatively, these savings could be achieved through a combination of the sale of Weeks Island oil, hydropower leasing, and even a narrower proposal for the sale of PMA assets than assumed in the Senate-reported budget resolution.

Ultimately, the committees of jurisdiction must determine how to meet their reconciliation instructions. If the committees of jurisdiction pursue PMA sales as a means of achieving the savings assumed in the conference agreement, the conferees believe the sale should be structured to ensure that ratepayers are protected from unreasonable rate increases. The conferees are concerned that allegations are being made that the sale of the PMAs could cause exorbitant increases in the cost of electricity to ratepayers. The conferees believe these facilities can be operated more efficiently and that the sale of these assets can be accomplished with appropriate safeguards that can ensure no or minimal increase in customers' electricity rates.

REVENUES

Federal revenues are taxes and other collections from the public that result from the government's sovereign or governmental powers. Federal revenues include individual income taxes, corporate income taxes, social insurance taxes, estate and gift taxes, customs duties and miscellaneous receipts (which include deposits of earnings by the Federal Reserve System, fines, penalties, fees for regulatory services, and others).

In 1995, total revenue collections are expected to be $1.355 trillion. The House budget resolution projects federal revenues to be $1.815 trillion by the year 2002, representing 36 percent growth from the 1995 level. The Senate amendment projects federal revenues to be $1.885 trillion by the year 2002, representing 39 percent growth from the 1995 level.

House resolution

The House revenue projections reflect CBO's December 1994 estimates and economic assumptions. It includes the enactment of H.R. 831 which restores the 25 percent deduction for health insurance costs of self-employed individuals for 1994, and would increase it permanently to 30 percent thereafter.

The House resolution assumes enactment of H.R. 1215, the replacement of the one-dollar bill with a new dollar coin, and the elimination of several corporate tax subsidies.

H.R. 1215, the Tax Fairness and Deficit Reduction Act of 1995, includes provisions that would provide tax relief to families with a $500 per child tax credit, reduce the tax penalty on two-earner married couples, restore universality to IRAs, repeal the 1993 tax increase on social security benefits, and reduce the cost of capital and increase incentives for risk taking by indexing and reducing the effective tax rate on capital gain income.

The House resolution anticipates that the Committee on Ways and Means will explore restoration or continuation of certain tax and trade provisions which have expired or will soon expire as well as certain other tax measures. It is expected that the Committee on Ways and Means—in seeking to offset the cost of these measures—will look to changes reducing inappropriate corporate tax benefits, other appropriate revenue offsets, and spending reductions within the Committee's jurisdiction.

Senate amendment

The Senate amendment assumes no net change in revenues from the current law level over the period 1996–2000 or over the period 1996–2002. The Finance Committee is given no revenue reconciliation instructions.

The Senate amendment incorporates the revenue losses associated with the prior enactment of H.R. 831, the Self-Employed Health Insurance bill. The Senate amendment also incorporates small revenue increases associated with assumptions regarding reform of the Earned Income Tax Credit (EITC) (roughly 90 percent of the budget effect of the EITC reform proposals is shown in function 600). During floor consideration, the Senate agreed to the Snowe amendment which assumes a five-year revenue increase of $6.2 billion and a seven-year revenue increase of $9.4 billion from reducing corporate tax subsidies. The Senate amendment contains Sense of the Senate language which recommends that the expatriate loophole be closed (raising $3.6 billion in revenue over ten years) and that the revenues be used for deficit reduction.

The Senate amendment assumes that the Finance Committee acts to extend expiring provisions so long as the net revenue reductions are no greater than $3.7 billion over five years and $3.8 billion over seven years. The Finance Committee may decide to raise some revenues by extending expiring taxes, and reduce some revenues by extending other expiring provisions. Possible extensions of current taxes that raise revenue include: corporate tax dedicated to Superfund, FUTA 0.2 percentage point surtax, luxury tax on passenger vehicles, 1.25 cents/gallon railroad diesel fuel tax, 2.5 cents/gallon motorboat gasoline tax, and the 20.1 cents/gallon motorboat diesel fuel tax. Possible extensions of expiring provisions that lose revenue include: the commercial aviation exemption from the fuel tax, deduction for contributions to private foundations, targeted jobs tax credit, exclusion for employer-provided education assistance, orphan drug tax credit, research and experimentation tax credit and allocation rules, generalized system of preferences, deny deduction for some noncomplying health plans (ERISA waiver), and the nonconventional fuels tax credit.

The Senate amendment assumes that the Federal Reserve would be required to transfer reserves to the Treasury, saving $1.7 billion in 1999 and $2.0 billion in 2000.

In the section on procedural provisions, the Senate amendment includes two "reserve funds" that would provide for further tax reductions. The first reserve fund would provide, after passage of a conference report on reconciliation, a reserve fund to accommodate deficit-neutral tax reduction legislation. The second reserve fund would provide, after enactment of reconciliation, a reserve fund to allow CBO's "fiscal dividend" to be made available for tax reduction legislation. The language in the resolution makes it clear that the fiscal dividend savings must be "locked-in" before they can be dedicated to tax cuts. The reserve fund provides that in the event reconciliation is enacted, the Congressional Budget Office (CBO) would certify, broken down on a year-by-year basis, the amount of the fiscal dividend achieved as a result of enacting this balanced budget plan. That "fiscal dividend" could be used to offset the revenue loss from a tax cut. Numerous amendments designed to use the fiscal dividend to increase the size of government by increasing spending on various programs were defeated. By voting down various amendments, the Senate expressed its view that the fiscal dividend should not be used to restart the tax and spend cycle that this fair, but tough, balanced budget plan was designed to stop.

The Committee adopted a Boxer-Brown Sense of the Senate resolution providing that approximately ninety percent of the

benefits of any tax cuts should be targeted to middle class working families with incomes below approximately $100,000. The Committee's interpretation of the appropriate definition of "income" is adjusted gross income. It is the Committee's view that adjusted gross income is the most commonly understood definition of income. Taxpayers and the Internal Revenue Service use "adjusted gross income" to calculate federal income tax liability. The Committee expressly rejected the use of "family economic income" to calculate income for the purpose of defining the middle class tax cut. It expressly rejected the view that income should be calculated to include the value of the "imputed rent" on owner-occupied housing, the value of employer-provided benefits such as health insurance and pension contributions, the value of the inside build-up of life insurance, pension plans, capital gains that have not yet been realized because the taxpayer has not sold the capital asset, an estimate of income that an average family should have reported for tax purposes but did not, or Social Security and AFDC payments. Each of these items are included in the definition of family economic income. Any calculation based on family economic income results in families appearing to be in higher income brackets and income tax brackets than they actually are.

The specific requirements for both reserve funds are discussed in more detail in the description of procedural provisions.

Conference agreement

The conference agreement incorporates the revenue losses associated with the prior enactment of H.R. 831, the Self-Employed Health Insurance bill and does not assume extension of the oil and feedstock excise tax dedicated to Superfund. The conference agreement assumes that some savings will be achieved from EITC reform, and that the Finance and Ways and Means Committees will act to extend expiring provisions. The conference agreement does not assume additional revenues from requiring Federal Reserve transfers to the Treasury. The conference agreement does not assume additional revenues from replacing the one-dollar bill with a one-dollar coin. However, the Conferees believe the proposal has significant merit and encourage the Banking Committees to seriously consider this proposal to update our money system.

The conference agreement assumes that federal employees will increase contributions toward their retirement by 0.25 percent of their salary in 1996 and 1997 and an additional 0.25 percent in 1998 and thereafter. This phased-in one-half percent increase in employee contributions results in additional revenues of $1.1 billion over seven years.

The conference agreement includes a "budget surplus allowance" that could provide for further tax reductions which is discussed in the section on Procedural Provisions.

The conference agreement anticipates that the respective House and Senate authorizing committees will comply with the deficit-reduction reconciliation directives in this resolution, thereby allowing a net seven-year tax cut of $245 billion to be included in the final reconciliation bill. The conferees agree that the $245 billion net tax cut represents an appropriate balance between accommodating the tax cuts in the House-passed "Contract with America" and the need to put the deficit on a declining path to a balanced budget in the year 2002. The conference agreement allows a net tax cut which the conferees agree can accommodate provisions which will strengthen the American family by reducing the tax burden on families with children and on two-earner married couples, and encourage savings, capital investment, job creation and economic growth by reducing taxes on savings and investment.

The conferees also urge the Finance and Ways and Means Committees to explore the closing of corporate tax loopholes that confer inappropriate tax benefits on individual corporations or industries. The elimination of these tax loopholes should either be included in the reconciliation process or in other legislation affecting revenues, such as legislation designed to extend expiring tax provisions.

PROCEDURES

DISCRETIONARY SPENDING LIMITS

(Sec. 201 of the Senate amendment; Sec. 201 of the conference agreement)

The 1990 Budget Enforcement Act (BEA) established caps on defense, international, and domestic discretionary spending. These caps were enforced by sequesters and points of order in the Senate. The separate caps covered 1990 through 1993. The BEA provided a cap on total discretionary spending for 1994 through 1995. The Omnibus Budget Reconciliation Act of 1993 extended caps on total discretionary spending through 1998. The 1995 budget resolution (H. Con. Res. 218) reduced these discretionary caps for purposes of enforcement in the Senate.

House resolution

The House resolution contains no provisions regarding discretionary spending limits.

Senate amendment

Section 201 of the Senate amendment establishes caps on defense and nondefense discretionary spending for 1996 through 2002. For 1996 through 2000, the discretionary caps do not include funding from the Violent Crime Reduction Trust Fund, consistent with the intent of public law 103-322, which established the fund. This section also provides for the enforcement of these discretionary spending caps by creating a point of order in the Senate against consideration of a budget resolution that would exceed the aggregate cap on discretionary spending. This section also provides a point of order in the Senate against an appropriations bill that would exceed the defense or non-defense levels for a fiscal year or that would exceed the section 602(b) suballocation of those levels. This point of order can be waived by an affirmative vote of three-fifths of the Senate.

Conference agreement

The conference agreement contains the Senate provision with an amendment. The conference agreement modifies the Senate amendment to provide individual caps for defense and nondefense spending for 1996 through 1998. In addition, the agreement provides that the application of the point of order to budget resolutions after 1996 is contingent on the enactment of a reconciliation bill pursuant to this resolution. The discretionary spending limits are applicable in both Houses, but are enforced by a point of order only in the Senate. The following table indicates the discretionary spending limits for 1996 through 2002.

DISCRETIONARY CAP TOTALS

[Dollars in millions]

	1996	1997	1998	1999	2000	2001	2002
Defense:							
Budget Authority	265,406	267,962	269,731				
Outlays	264,043	265,734	264,531				
Nondefense:							
Budget Authority	219,668	214,468	220,961				
Outlays	267,725	254,561	248,101				
Total Discretionary:							
Budget Authority	485,074	482,430	490,692	482,207	489,379	496,601	498,837
Outlays	531,768	520,295	512,632	510,482	514,234	516,403	515,075

EXTENSIONS OF THE SENATE PAY-AS-YOU-GO POINT OF ORDER

(Sec. 202 of the Senate amendment; Sec. 202 of the conference agreement)

Subsection 12(c) of the 1994 budget resolution (H. Con. Res. 64) established a pay-as-you-go point of order in the Senate that prohibited consideration of legislation that would cause an increase in the deficit over a ten year period. The 1995 budget resolution (H. Con. Res. 218) modified and extended this point of order to provide that legislation was out of order if it caused a deficit increase in the first year covered by the budget resolution, the sum of the first five years covered by the budget resolution, and the sum of the five years following the first five year period. The current pay-as-you-go point of order expires in 1998.

House resolution

The House resolution contains no provisions regarding the pay-as-you-go point of order.

Senate amendment

Section 202 of the Senate amendment extends this point of order through 2002 and revises the point of order to make one additional change. The current pay-as-you-go point of order permits the use of budgetary savings generated by legislation enacted since 1993 as an offset for legislation that would increase the deficit. The Senate would modify the pay-as-you-go point of order to eliminate the ability to use prior year surpluses.

Conference agreement

The conference agreement contains the Senate provision with an amendment. This amendment provides that the budgetary effects of the reconciliation legislation enacted pursuant to this resolution should not be taken into account for the purposes of the pay-as-you-go point of order. This ensures that the budgetary savings achieved from enactment of reconciliation legislation are devoted to deficit reduction and cannot be used as an offset for future legislation.

RESERVE FUNDS

(Sec. 203 of the Senate amendment; Sec. 203 and Sec. 204 of the conference agreement)

A budget resolution establishes binding ceilings on spending and binding floors on

revenues. These ceilings and floors are enforced by points of order in the Senate that, if raised, can only be waived by an affirmative vote of three-fifths of the Senate. A reserve fund provides the Chairman of the Budget Committee with the authority to modify the outlay ceiling and the revenue floor to accommodate deficit-neutral legislation. The Budget Act specifically authorizes the inclusion of reserve funds in a budget resolution and past budget resolutions have included reserve funds for a variety of purposes. For example, the 1995 budget resolution contained 11 such reserve funds.

House resolution

The House resolution contains no reserve funds.

Senate amendment

Section 203 of the Senate amendment provides a reserve fund for deficit-neutral legislation that reduces revenues following passage of the conference report on reconciliation. This reserve fund provides the Chairman authority to modify the aggregates for legislation that reduces revenues.

Conference agreement

The conference agreement contains two reserve funds: section 203 provides a reserve fund in the Senate for tax reduction legislation and section 204 provides a reserve fund in both Houses for welfare reform legislation.

Section 203 gives the Senate Budget Committee Chairman the authority to revise budget aggregates and allocations for deficit-neutral tax reduction legislation. This first reserve fund is not available until after September 30, 1995. The conferees chose this deadline because it falls after the reconciliation reporting deadline (including time to respond to the second reconciliation instruction).

The conference agreement gives the Chairman the discretion to modify the aggregates for deficit-neutral tax reduction legislation. The conferees intend that committees meet their reconciliation instructions first and that these savings are enacted before this reserve fund is used. The conferees are particularly opposed to efforts to take provisions from reconciliation legislation that are necessary to balance the budget and use them in separate legislation to pay for tax reductions. However, if reconciliation legislation clearly fails in the Congress or the President vetoes the reconciliation bill and such veto is not over turned, this reserve fund is provided to allow Congress the flexibility to consider tax reform legislation as long as it does not increase the deficit.

Section 204 of the conference agreement provides a welfare reserve fund for both Houses. This reserve fund provides a mechanism to increase the discretionary caps for welfare reform legislation that converts welfare entitlement programs to discretionary programs. The conference agreement assumes significant savings in welfare reform programs. This reserve fund only can be triggered for legislation if the mandatory savings associated with the conversion are in excess of the savings necessary to comply with the reconciliation directives of this resolution. While the Chairmen are given discretion to revise allocations and aggregates pursuant to this section, the conferees intend and fully expect that the Chairmen will make these revisions if the conditions of the welfare reserve fund are met. The fact that the conferees do not make explicit assumptions about converting welfare entitlement programs to discretionary programs should not be viewed as a bias against such proposals, and this reserve fund provides a mechanism to accommodate such legislation.

BUDGET SURPLUS ALLOWANCE

(Sec. 204 of the Senate amendment; Sec. 205 of the conference agreement)

The budget surplus allowance is a procedure to accommodate tax reduction legislation if the budget is balanced by 2002. The budget surplus allowance would make the additional savings resulting from a balanced budget available for tax reduction legislation.

CBO has calculated that adoption of a balanced budget could generate additional budgetary savings of $170 billion over seven years as the result of reduced interest rates and higher economic growth brought on by budget balance that eliminates the need for additional federal borrowing. This additional budgetary savings has been referred to as the "fiscal dividend" or "economic dividend".

Past budget resolutions have contained reserve funds, contingencies or allowances that provide the Budget Committee Chairman with the authority to modify the aggregate levels in the budget resolution for future legislation. For example, the 1995 budget resolution gave the Chairman the authority to add $405 million in budget authority and outlays to the levels in the budget resolution to accommodate higher spending by the Internal Revenue Service (IRS).

House resolution

The House resolution contains no budget surplus allowances.

The House budget resolution assumes CBO's $170 billion fiscal dividend from balancing the budget. The House budget resolution is based on CBO's January economic forecast and projections. The House modified CBO's economic projections of interest rates and real GDP growth to include CBO's estimate of fiscal dividend. This modification reduces CBO's deficit projection by $170 billion for the period 1996 through 2002.

Senate amendment

The Senate amendment did not include the $170 billion fiscal dividend in the baseline. Instead, the Senate amendment provides a procedure that would make the fiscal dividend available for tax reduction legislation only after enactment of a reconciliation bill that balances the budget by 2002.

Section 204 of the amendment provides a budget surplus allowance that requires the Chairman of the Senate Budget Committee to reduce the budget resolution's revenue floor by an amount equal to the additional budgetary savings as estimated by CBO that will be achieved as a result of the enactment of legislation that produces a balanced budget.

This section also establishes a number of contingencies that accommodate tax reductions only if certain conditions are met. The primary contingency is a requirement that the Congressional Budget Office (CBO) certify that the reconciliation bill will produce a balanced budget by 2002. Once CBO certifies that the enacted reconciliation bill will produce a balanced budget by 2002, the Chairman is required to lower the revenue floor to accommodate legislation that provides family tax relief and incentives to stimulate savings, investment, job creation, and economic growth.

Conference agreement

Section 205 of the conference agreement establishes a budget surplus allowance that provides that tax reductions only will be enacted as part of a legislative package that will produce a balanced budget by 2002. Under the conference agreement, if this bill does not achieve balance by 2002, the tax reductions are not to be included in the reconciliation bill.

Section 105 of the conference agreement includes two reconciliation instructions. The first reconciliation instruction, section 105(a), comprises the outlay savings necessary to reach balance by 2002. The second instruction, section 105(b) of the resolution, comprises the revenue reductions and is triggered by the section 205 of the conference agreement, the budget surplus allowance.

Section 205 of the conference agreement requires the Chairmen of the Budget Committees to submit committees' responses to the first reconciliation instruction to the Congressional Budget Office (CBO). If CBO certifies that these legislation recommendations will reduce spending by an amount that will lead to a balanced budget by 2002, the second reconciliation instruction is triggered. On the other hand, if CBO finds that the first submission would not lead to a balanced budget by 2002 and committees are unable to submit legislation that would produce a balanced budget, then the Budget Committees are to report the reconciliation bill absent the tax reductions.

Section 205(a) also requires the Chairman of the Budget Committees to submit the conference report on reconciliation legislation to CBO prior to the submission of this conference report. In conducting the assessment of legislative submissions made pursuant to section 105(a), the conferees intend that CBO not include the fiscal dividend. If the conference report contains tax reductions pursuant to section 105(b), CBO's assessment of the conference report should take into account the fiscal dividend in its assessment of whether the conference report would achieve a balanced budget by 2002.

If the second reconciliation instruction is triggered, the tax writing committees are instructed to reduce revenues by a total of not more than $245 billion over 7 years and by not more than $50 billion in 2002. The tax writing committees are given 5 days to submit tax legislation to the Budget Committees. The Budget Committees are then required to add this tax reduction legislation with the earlier submissions and report one bill that encompasses both the spending reductions and the tax reductions.

If CBO certifies that the committees' reconciliation submissions made pursuant to section 105(a) will achieve a balanced budget, Section 205(b) requires the Chairman of the Budget Committee to reduce the revenue aggregates by an amount that is consistent with the reconciliation instructions. The budget resolution revenue aggregates and reconciliation instructions are not parallel in this instance. The conferees intend that the Chairman reduce the revenue aggregates by an amount that would accommodate a seven year tax reduction of $245 billion as long as this revision does not result in a deficit in 2002.

The conference agreement is predicated on a balanced budget plan. Section 205(e) provides that the revenue reconciliation instruction and the authority to modify the revenue aggregates to accommodate reconciliation legislation is only available if the reconciliation directives are achieved and the reconciliation legislation produces a balanced budget based on CBO's estimates.

Under section 205(e), the Senate Budget Committee Chairman is responsible for assuring that the revenue aggregates are not reduce below a level that would cause a deficit in 2002. If CBO's assessment of the conference report under section 204(a) concludes that it will result in a deficit in 2002, in compliance with this subsection, the conferees intend that the Chairmen work with committees to modify the conference report to achieve a balanced budget by 2002. If this is not possible, it is the Senate Budget Committee Chairman's responsibility to raise the revenue floor by an amount to ensure that the reconciliation conference report achieves

balance by 2002 and if the tax reductions in the conference report are not modified, the conference report could be subject to a point of order under section 311 of the Budget Act.

SCORING OF EMERGENCY LEGISLATION

(Sec. 205 of the Senate amendment)

Section 606(d)(2) of the Congressional Budget and Impoundment Control Act of 1974 provides that the budgetary impact of legislation is not taken into account for Budget Act points of order if legislation is designated as an emergency by the President and the Congress.

House resolution

The House resolution contains no changes in rules or procedures for emergency legislation, but section 9 of the House resolution does contain sense of the Congress language on emergency legislation.

Senate amendment

Section 205 of the Senate amendment provides that beginning with 1996 all legislation will be scored for the purposes of the budget resolution and the Budget Act even if it is designated as an emergency. The Senate amendment does not affect current law provisions that provide adjustments to the caps so that emergency legislation does not cause a sequester under the Balanced Budget and Emergency Deficit Control Act. This section does provide that the discretionary caps established by section 201 of this resolution will be adjusted after the enactment of any emergency legislation to hold the Appropriations Committee harmless for the cost of the emergency legislation.

Conference agreement

The conference agreement contains no procedural provisions regarding the scoring of emergency legislation.

SALE OF GOVERNMENT ASSETS

(Sec. 6 of the House resolution; Sec. 206 of the Senate amendment; Sec. 206 of the conference agreement)

In 1987, the Congress adopted a change in the scoring of legislation to provide that the proceeds from assets sales should not be taken into account for budget enforcement purposes. Each budget resolution since 1986 has contained language prohibiting the scoring of savings associated with asset sales. In addition, section 257(e) of the Balanced Budget and Emergency Deficit Control Act prohibits the scoring of the proceeds from asset sales.

House resolution

Section 6 of the House resolution provides that for the purposes of the Budget Act and budget resolutions the proceeds from asset sales will be scored.

Senate amendment

Section 106 of the Senate amendment contains the same language as section 6 of the House resolution.

Conference agreement

The conference agreement contains the House language. The conferees are concerned about the long-term budgetary impact of asset sales and do not support asset sales that would cost the Federal government money in the long run. The conferees believe that the Congress should consider adoption of a new scoring rule that would take into account the long-term budgetary impact of asset sales.

Subsection (d) of the conference agreement includes language providing that loan prepayments and loan asset sales should be governed by the terms of the Federal Credit Reform Act of 1990. Both the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB) currently score proposed loan prepayments and loan asset sales under credit reform. The conferees believe OMB and CBO have properly scored these transactions. The conferees are including this language to make it clear that the repeal of the asset sale scoring rule does not impact the scoring of loan asset sales or prepayments, which will continue to be governed by the Federal Credit Reform Act of 1990.

CREDIT REFORM AND DIRECT STUDENT LOANS

(Sec. 207 of the Senate amendment; Sec. 207 of the conference agreement)

The 1990 Federal Credit Reform Act modified the budgetary treatment of Federal credit programs to take into account the long-term cost of Federal credit activities. More specifically, this law required the cost of direct loans and guaranteed loans to be measured by taking the net present value of the cash flows over the life of the direct loan or loan guarantee.

House resolution

The House resolution does not contain procedural provisions regarding the scoring of student loans, but section 13 of the House resolution includes sense of the Congress language on the scoring of student loans.

Senate amendment

Section 207 of the Senate amendment puts the measurement of administrative expenses of guaranteed student loans on equal footing with legislation that would expand direct student lending by the Federal government. More specifically, this section provides that for the purposes of Congressional scoring the administrative costs for new direct student loans to be measured on a net present value basis.

Conference agreement

The conference agreement contains the Senate provision with an amendment. The conference agreement would apply the new scoring of administrative costs for all legislation affecting student loans.

The conferees recommend this change to correct a disparity that has arisen under the Federal Credit Reform Act of 1990 for the scoring of student loans. Currently, the administrative costs for direct student loans are measured on a cash basis, with the budget reflecting only that year's cost of administering the loan. For guaranteed student loans, the administrative costs are measured on a net present value basis for the entire length of the loan. The result is that direct lending appears to be much less expensive than guaranteed student lending. Both the Congressional Research Service and the Congressional Budget Office have acknowledged the bias that this treatment of administrative expenses has created.

EXTENSION OF BUDGET ACT 60-VOTE ENFORCEMENT

(Sec. 208 of the Senate amendment; Sec. 208 of the conference agreement)

Under current law, the three-fifths requirement in the Senate to waive many of the Budget Act's points of order is permanent. The 1995 concurrent resolution on the budget provided a 1998 sunset date for the three-fifths waiver requirement for many of these points of order.

House resolution

The House resolution contains no provisions regarding the sunset date for super majority points of order in the Senate.

Senate amendment

Section 208 of the Senate amendment extends the sunset date for this three-fifths waiver requirement through 2002. The Senate amendment does not affect section 313 of the Budget Act (the Byrd rule), which has a permanent requirement for a three-fifths waiver.

Conference agreement

The conference agreement contains the Senate provision.

REPEAL OF THE IRS ALLOWANCE

(Sec. 7 of the House resolution; Sec. 209 of the Senate amendment; Sec. 209 of the conference agreement)

Section 25 of the 1995 budget resolution (H. Con. Res. 218) created a $405 million budget authority and outlay allowance to fund an Internal Revenue Service (IRS) compliance initiative outside the discretionary caps. This section provided that the budget resolution's discretionary caps, allocations, and aggregates would be revised upward by $405 million upon the reporting of appropriations legislation that fully funded an IRS compliance initiative.

House resolution

Section 7 of the House resolution restates section 25 of H. Con. Res. 218 and provides a $405 million budget authority and outlay allowance for the IRS.

Senate amendment

Section 209 of the Senate amendment repeals this allowance and expresses the sense of the Senate concerning the Taxpayers Bill of Rights and the priority to be given to compliance programs in IRS funding.

Conference agreement

The conference agreement contains the Senate provision on the repeal of the IRS allowance. The conferees are concerned about efforts to circumvent the caps and do not believe that the IRS should be funded outside the discretionary caps. The conferees believe that the IRS compliance initiative should be fully funded and the conference agreement assumes funding for this initiative in function 800, General Government.

While the conference agreement does not contain the sense of the Senate provisions on taxpayer bills of rights, the Senate conferees urge the Senate to pass the taxpayer bill of rights to this Congress.

TAX REDUCTION CONTINGENT ON THE BALANCED BUDGET IN THE HOUSE

(Sec. 210 of the conference agreement)

House resolution

Section 4 of the House resolution contains a reconciliation instruction to the House Ways and Means Committee to reduce revenues. That instruction assumes enactment of the Tax Fairness and Deficit Reduction Act, replacement of the one-dollar bill, and the elimination of several corporate tax subsidies.

Senate amendment

The Senate amendment contains a tax reserve fund that would accommodate deficit neutral legislation that reduced revenues after passage of the reconciliation conference report. The amendment also contains a budget surplus allowance that makes CBO's "fiscal dividend" available after enactment of the reconciliation measure for legislation that reduces revenues for family tax relief and incentives to stimulate savings, investment, job creation, and economic growth.

Conference agreement

The conference agreement establishes a process for certifying a balanced budget before the House takes up a reconciliation bill that would reduce taxes. The Congressional Budget Office would score all legislation submitted to the Budget Committee (or any amendment by the Rules Committee self-executed into the bill) and the economic dividend that would result from a balanced budget. On the basis of a CBO estimate of a balanced budget, the Chairman of the Budget Committee would certify a balanced budget.

If the Chairman certifies a balanced budget, then the revenue floor in the budget resolution would be reduced. In the absence of such certification, the reconciliation bill would be subject to a point of order under Section 311 of the Budget Act because it would cause revenues to be less than revenue floor established in the budget resolution.

EXERCISE OF RULEMAKING POWERS

(Sec. 210 of the Senate amendment, Sec. 211 of the conference agreement)

The Constitution reserves to each of the Houses the authority to determine its own rules. When Congress adopts new rules or procedures in legislation, the Congress frequently includes a provision stating that the changes represent an exercise of the rulemaking authority of the House of Representatives and the Senate and the two Houses reserve their right to modify their rules at anytime. For example, section 904(a) of the Congressional Budget and Impoundment Control Act of 1974 provides a provision reserving the rulemaking authority of the House of Representatives and the Senate.

House resolution

The House resolution contains no provision regarding the rulemaking authority of the Houses.

Senate amendment

Section 210 of the Senate amendment states that the procedural provisions in the amendment are made in recognition of the Constitutional right of the Senate to make its own rules and to change those rules at any time in an appropriate manner.

Conference agreement

The conference agreement contains the Senate provision with an amendment to expand the application of the language to the House of Representatives.

MISCELLANEOUS PROVISIONS

SENSE OF CONGRESS LANGUAGE

(Secs. 5 and 8 through 14 of the House resolution, title III of the Senate amendment, and title III of the conference agreement)

House resolution

Section 5 of the House resolution includes a statement that Congress will re-examine the reductions in the agricultural programs for fiscal years 1999 and 2000 unless: 1998 agricultural land values are at least 95 percent of their value today, regulatory relief for the agriculture sector is enacted, certain tax relief is enacted, and trade agreements are implemented that result in lower subsidies and fewer import barriers.

The House resolution includes provisions that express the sense of Congress that: baseline budgeting should be replaced with a form of budgeting that requires full justification and analysis of proposals and that maximizes Congressional accountability for public spending (section 8); that Congress should study alternative approaches to budgeting for emergencies (section 9); that Sallie Mae should be restructured as a private corporation (section 10); that House rule XLIX should be repealed and the extension of the public debt should be set at levels and at such durations as to ensure a balanced budget by 2002 (section 12); that the costs of direct student loans should be the net present value of the disbursement, principal repayment, and other payments and costs including administrative expenses (section 13); and that a commission should be established to make recommendations concerning the long-term solvency of the military and civil retirement funds (section 14).

In addition, the House resolution includes one provision expressing the sense of the House of Representatives regarding the payment of the debt (section 11).

Senate amendment

Title III of the Senate amendment includes seven provisions that express the sense of the Congress that: the Federal government should develop a uniform Federal accounting system (section 305), that 90 percent of the benefits of any tax cuts should be targeted to working families earning less than $100,000 annually (section 306), that a bipartisan commission should be established to make recommendations concerning the solvency of Medicare in the short and long-term (section 307), that the health care needs of pregnant women and children should receive priority under Medicaid reform (section 309), that funding for brain research should receive priority in furtherance of the goals of the Decade of the Brain (section 313), that Congress should consider the Independent Budget for Veterans Affairs (section 314), and that the use of campaign funds or privately-donated funds should be prohibited for expenses in relation to sexual harassment suits (section 317).

In addition, Title III of the Senate amendment contains 22 sense of the Senate provisions: on program terminations (section 301), on returning programs to the States (section 302), on encouraging turning certain Federal functions over to the private sector (section 303), on the creation of a non-partisan commission on the Consumer Price Index (section 304), on the distribution of agriculture savings (section 308), on the continued non-deductibility of lobbying expenses (section 310), on the revision of the expatriate tax (sections 311 and 319), on Medicare fraud and abuse (section 312), on funding to States for Motor Voter expenses (section 315), on the use of Presidential Election Campaign funds for expenses in relation to sexual harassment suits (section 316), on Impact Aid (section 318), on Stafford student loans (section 320), on children's nutritional health (section 321), on law enforcement and the Crime Trust Fund (section 322), on long-term health care (section 323), on the sale of power marketing administrations (section 324), on overhead expenses in the Department of Defense (section 325), on the essential air service (section 326), on renewable energy research (section 327), and on reductions in student loans (section 328). In addition, section 209 was amended to include sense of the Senate language concerning funding for tax compliance efforts and enactment of the "Taxpayers Bill of Rights II."

Conference agreement

Title III of the Conference agreement includes three separate provisions that express the sense of the Congress that: the committees of jurisdiction, in meeting the levels in the resolution, should give priority to proposals that identify, eliminate, and recover funds lost due to fraud and abuse in the Medicare system (section 301); that Sallie Mae be restructured as a private corporation (section 302); and that the extension of the public debt limit be set at such levels and for such duration as to ensure the budget be balanced by 2002 (section 303).

Section 304 of the conference agreement also expresses the sense of the Congress that the aggregates and functional levels in the budget resolution assume: that Federal programs should be restructured; that Federal programs should be reviewed to determine whether they would be more appropriately the responsibility of the States; that Congress should examine Federal functions to determine those that would be more efficiently and effectively performed by the private sector; that Congress has a responsibility to future generations to balance the budget and to pay down the debt; that funding for nutrition programs may be reduced without compromising the nutritional health and well-being of the program recipients; and that priority should be given to funding for science and basic and applied research.

The Conference agreement includes four separate sections that express the sense of the Senate: that the budget resolution assumes that the taxes will be restructured to benefit working families (section 305); that the Senate Agriculture Committee should provide no more than 20 percent of the savings under Reconciliation from the commodity programs (section 306); that a bipartisan commission should be established immediately to make recommendations concerning the short-term solvency of the medicare system (section 308); and that the health care needs of pregnant women and children should receive priority under Medicaid reform (section 309).

In addition, section 307 expresses the sense of the Senate that the aggregates and functions levels in the budget resolution assume: that the Federal government should establish a uniform accounting system, that the expatriate tax should be revised and any savings should go to deficit reduction, that research on brain diseases and disorders should be funded in furtherance of the goals of the Decade of the Brain, that the essential air service should receive sufficient funding to continue to provide air service to small rural communities, that funds should be made available to the States to reimburse for expenses in implementing Motor Voter, and that a non-partisan commission should be established to examine and make recommendations concerning the accuracy of the methodology used to determine the Consumer Price Index.

The Conference agreement also includes five separate provisions that express the sense of the House of Representatives that: reductions in agricultural programs in fiscal years 1999 and 2000 the House of Representatives shall be re-examined unless certain conditions are met (section 310); that baseline budgeting should be replaced with a method that requires justification and analysis of proposals and that maximizes Congressional accountability (section 311); that a commission should be established to study and make recommendations to ensure the long-term solvency of the military and civil service retirement funds (section 312); that rule XLIX of the rules of the House of Representatives should be repealed (section 313); and that an alternative approach to the scoring of emergencies should be studied (section 314).

DISPLAY OF LEVELS AND AMOUNTS

House resolution

The House resolution contains all of the displays of levels and amounts required by it under section 301(a) of the Congressional Budget Act, and includes a display of new secondary loan guarantee commitments within the functional levels and amounts. The House resolution contains no other alternative displays.

Senate amendment

The Senate amendment contains all of the displays of levels and amounts required under section 301(a) of the Congressional Budget Act, including displays the levels of Social Security revenues and outlays, as required by paragraph (6) for enforcement purposes in the Senate. As authorized by section 301(b)(5), of the Senate amendment displays the amounts of the increase in the public debt subject to limitation. For informational purposes, the Senate amendment also includes a display of the gross interest on the public debt consistent with the levels of net interests shown in functional category 900 and a display of the aggregate levels and

functional amounts without including the Hospital Insurance Trust Fund.

Conference agreement

The conference agreement includes all of the required displays of levels and amounts, including those of Social Security outlays and revenues. The agreement also includes the amounts of the increase in the public debt subject to limit. With respect to the informational displays, the conference agreement contains the display of the gross interest on the public debt consistent with the levels of net interest in function 900. The conference agreement recedes to the House concerning the informational display of levels and amounts without the Hospital Insurance trust fund amounts and the House recedes to the Senate on the display of secondary loan guarantee commitments.

JOHN R. KASICH,
DAVE HOBSON,
BOB WALKER,
JIM KOLBE,
CHRISTOPHER SHAYS,
WALLY HERGER,
WAYNE ALLARD,
BOB FRANKS,
STEVE LARGENT
SUE MYRICK,
MIKE PARKER,
Managers on the Part of the House.

PETE DOMENICI,
CHUCK GRASSLEY,
DON NICKLES,
TRENT LOTT,
HANK BROWN,
SLADE GORTON,
JUDD GREGG,
Managers on the Part of the Senate.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

[Ms. KAPTUR addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. OWENS] is recognized for 5 minutes.

[Mr. OWENS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

THE BIGGEST RIPOFF IN AMERICAN HISTORY

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from California [Mr. ROHRABACHER] is recognized for 60 minutes as the designee of the majority leader.

Mr. ROHRABACHER. Mr. Speaker, yesterday I had a telephone call from an old friend who was concerned about American trade policy, and he was opposed to NAFTA, the free-trade agreement that we passed with Mexico, and that we will soon will be considering including Chile in the NAFTA agreement, and he was also concerned about GATT, the world trade agreement that we reached and we voted on late last year.

His question to me was: "How can the United States possibly compete with Third World countries? How can we compete when our labor force is paid $10 an hour, and their labor force is paid 15 cents, 25 cents, 75 cents an hour? Doesn't trade with overseas countries, especially those in the developing world, mean that the American people will lose in the long run and that our own working people will have a lower standard of living?"

Well, my answer to my friend was an answer that really has been the answer that the American people have given to this very same question for many, many years. This is not a new fear that the American people have, because the American people have had a higher standard of living and a better way of life throughout our history as compared to the working men and women of other countries.

Mr. Speaker, how did we do it? How did we out-compete? How did the American worker out-compete those workers in Third World countries that were willing to work for such lower wages? The answer is we have done that because our working people and our businessmen have had the technology that is necessary to out-compete the competition, even when the labor costs are much lower.

Mr. Speaker, after World War II, we experienced a major jump in our standard of living in the United States of America. Were the wages around the world, were they any higher after the end of World War II than they are today, as compared to the price of the American worker? No. Yet at the same time we experienced a major increase in our standard of living, and America was out-competing everyone throughout the planet.

In fact in the 1950's and 1960's, Mr. Speaker, America was looked to throughout the entire planet as a source of goods and materials to be purchased by people for consumer items all over the world. Yet their own people were working for much lower wages. That is because after World War II, as in the time period before World War II, Americans had a technological lead on the world. It is technology and knowledge that have given us the competitive edge throughout our Nation's history. It was not the fact that our people were necessarily willing to work harder, because many people around the world work harder. Many, many people throughout the world work as hard, if not harder, than Americans, yet the American worker, coupled with technology, that work ethic that our people have coupled with technology, have made America the prosperous country that it is today and the prosperous country that it was in years past. We have had the technological edge.

This did not just happen, and it did not just happen after World War II. I say to my colleagues, "If you look back in our history, the United States was the country that developed the reaper which magnified the amount of crops that could be harvested. We were the ones that took the steam engine, which was originally developed by the ancient Greeks, and turned it into an engine for progress and prosperity, an engine for the creation of new wealth. We were the ones who developed the telegraph and the telephone."

The list goes on, and on, and on. In fact, technological development was seen by our Founding Fathers as the means for which the United States would become that shinning city on the hill that all of our Founding Fathers wanted her to be. No other country in the world put patent protections of technological innovation into its constitution. There is no other country. Yet, if we look in our Constitution, our Founding Fathers insisted that there be a Patent Office. It is written into the Constitution.

Why is that? I say to my colleagues, "If you look back at the men who created this great democracy of ours, you will see that they had two things that they believed in. There was—well, they had many things they believed in, but the two important things they believed in in terms of government was they believed in freedom of the individual, which included peoples' religious freedom, and their rights to speak, and their rights to gather together, their rights to petition their government and to control their own destiny; they believed in that freedom, and they also believed in technology."

Mr. Speaker, with technology and freedom, America would become an example for all the world to see, that the common man can live in decency, and can control his or her own destiny, and that our country could be an example to the world, and that instead of vast military might, that our country would have the allegiance of free people all over the world or those people all over the world who long to be free.

Yes, Thomas Jefferson himself was a technologist. Those of you who visit Monticello might be impressed to see the many inventions that he himself developed to help life around that 19th century agricultural compound be more easy for the people of this compound. But Benjamin Franklin, also one of the great Founding Fathers of our country, is reowned even today for his exploration of ideas and his development of technology.

These men made sure that American investors and American inventors would have the incentive to develop the technology that would be necessary to make America the example of progress and freedom that they foresaw. One of the things that they put into the Constitution, as I say, was the Patent Office, and Americans have

Department of the Treasury
Executive Secretary

to:

room: date:

~~We~~ I also note that the conference report on the Concurrent Resolution on the Budget for Fiscal Year 1996 -- recently passed by the Congress -- called for a permanent increase in the debt ceiling to as much as $5.5 Trillion which would not be reached until ~~well beyond the end of Fiscal Year 1996~~. ~~Similarly~~, We recommend that Congress increase the debt ceiling by an amount ~~consistent with~~ sufficient to last until at least the spring of 1997. This would provide ample time to revisit the debt limit issue in a well-considered, and orderly fashion sometime in 1997

J. Benjamin H. Nye
room 3408
phone 622-2735

Department of the Treasury
Executive Secretary

to:

room: date:

J. Benjamin H. Nye
room 3408
phone 622-2735

TREASURY CLEARANCE SHEET

NO. _____

Date June 23, 1995

)RANDUM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER _____

FROM: Darcy Bradbury

THROUGH: Deputy Secretary Newman & Under Secretary Hawke

SUBJECT: Debt Limit

REVIEW OFFICES (Check when office clears)

- ☐ Under Secretary for Finance
  - ☐ Domestic Finance
  - ☐ Economic Policy
  - ☐ Fiscal
    - ☐ FMS
    - ☐ Public Debt
- ☐ Under Secretary for International Affairs
  - ☐ International Affairs
- ☐ Enforcement
  - ☐ ATF
  - ☐ Customs
  - ☐ FLETC
  - ☐ Secret Service
- ☐ General Counsel
- ☐ Inspector General
- ☐ IRS
- ☐ Legislative Affairs
- ☐ Management
- ☐ OCC
- ☐ Policy Management
  - ☐ Scheduling
- ☐ Public Affairs/Liaison
- ☐ Tax Policy
- ☐ Treasurer
  - ☐ E & P
  - ☐ Mint
  - ☐ Savings Bonds
- ☐ Other _____

NAME (Please Type)	INITIAL	DATE	OFFICE	TEL. NO.
INITIATOR(S)				
J. Ouselev	JKO	6/23	Market Finance	2-2630
D. ~~Bradbury~~			Federal Finance	2-2710
REVIEWERS				
D. Chiodo	DC	6/26	Cash & Debt Management	2-0580
G. Murphy	JAK for	6/27	Fiscal Asst. Secy	2-0550
J. Bowman	JB	6/27	Asst. General Counsel	2-1964
E. Knight	EGK	6/27	General Counsel	2-0287
L. Robertson			Legislative Affairs	2-1900
H. Schloss			Office of Public Affairs	2-2910
A. Cohen			Chief of Staff	2-0056
S. Mathews			Chief of Staff	2-0016
D. Lebryk			Dep. Secy of the Treasury	2-0175
B. Nye			Exec. Secy	2-2735

SPECIAL INSTRUCTIONS

] Review Officer _____ Date _____ ☐ Executive Secretary _____ Date _____

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable Newt Gingrich
Speaker of the House
of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

As I am sure you are aware, there will soon be need for action by Congress to increase the limit on the public debt. The precise day when the Treasury will run up against the present permanent debt limit of $4.9 trillion is not knowable this far in advance.

In the absence of an increase in the debt limit, we are likely to run out of cash and room under the debt ceiling in October. We will advise you of our more precise estimates of Treasury cash balances and debt later this summer, as we approach the date when the Treasury will run up against the permanent limit.

We look to the Congress to act in a timely manner to avert a debt limit crisis that could interrupt Government operations, delay payments to recipients of benefits and millions of others, disrupt the Treasury's borrowing operations, generate uncertainty in the domestic and international securities markets, and increase the Government's cost of borrowing.

We recognize that some may want to use the need for a debt-limit increase in the debate over the budget, but ~~hope you agree with us that calls to "shut down the government" can only imperil the welfare of millions of Americans. We look to your leadership to~~ insure that the bill to increase the debt limit is not encumbered with any extraneous matters that might needlessly delay its enactment.

Finally, we recommend that Congress consider increasing the debt ceiling by an amount that is sufficient to last until the spring of 1997, so that there is ample time to revisit the debt limit in a well-considered, orderly fashion. Treasury will request an increase in the permanent debt limit after the mid-session review of the budget is available from OMB.

Sincerely,

Robert E. Rubin

95 14 9071

DEPARTMENT OF THE TREASURY
WASHINGTON

GENERAL COUNSEL

August 15, 1995

MEMORANDUM FOR SECRETARY RUBIN

FROM: EDWARD S. KNIGHT Edward S. Knight

SUBJECT: Debt Limit Legislative History

You have asked us to ascertain the congressional intent of the debt limit statute from the pertinent legislative history of that statute. We have reviewed the Second Liberty Bond Act of 1917 and the 89 amendments to that statute enacted since 1917 which together constitute the legislative history of the debt limit statute.

What follows is a summary of our findings:

1. The debt limit statute is a limited delegation, from Congress to the Secretary of the Treasury, of the unlimited authority of Congress found in the Constitution[1] to borrow money on the credit of the United States.

2. The original debt limit statute authorized the Secretary of the Treasury to issue public debt securities subject to a maximum limitation on the aggregate face amount of such securities. By means of successive amendments to the original statute, Congress (a) converted the limitation on the amount of bonds that could be <u>issued</u> into a limitation on the amount of bonds that could be <u>outstanding</u> at any one time and (b) increased periodically the dollar amount of that limitation.

3. The language of the debt limit statute, as it was originally enacted and as it has been amended to date, plainly and unambiguously limits the amount of public debt securities that the Secretary is authorized to have outstanding at any one time.

4. When recommending amendments to the debt limit statute to increase the dollar amount stated in that statute, the congressional committees with jurisdiction over Treasury's debt issuance activities have, on repeated occasions, included in their committee reports clear statements that the committees understand the dire consequences that would result, including

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[1]Article I, section 8, clause 2 of the United States Constitution provides "The Congress shall have Power . . . To borrow Money on the credit of the United States . . . ."

default by the United States Government, if Congress failed to enact when needed the recommended legislation.[2] From these statements, it is clear that Congress intended that Treasury would be prohibited from issuing new public debt securities unless the recommended amendments were enacted.

5. Treasury has communicated to Congress its understanding of the meaning and effect of the debt limit statute in the testimonies of past Secretaries of the Treasury and their subordinates before the two congressional committees having jurisdiction over Treasury's debt issuance activities. Treasury's understanding, succinctly stated, is that the debt limit statute is a limitation on the amount of public debt securities that Treasury can have outstanding without going back to Congress and asking for additional borrowing authority.

6. There is a long history of consistent statements made to Congress by past Secretaries of the Treasury and their subordinates elaborating on Treasury's understanding of the debt limit statute.[3] A review of these statements leads to the following conclusions:

(a) Treasury interprets the dollar amount stated in the debt limit statute as being a very real limitation on the borrowing authority delegated by Congress to the Secretary of the Treasury in the borrowing statutes.

(b) As the amount of outstanding bonds issued under the borrowing statutes increases, there is a dollar-for-dollar reduction in the "balance" of borrowing authority "left" to the Secretary of the Treasury to borrow money.

(c) If the amount of outstanding bonds reaches the dollar amount stated in the debt limit statute, the authority of the Secretary of the Treasury to borrow money is "exhausted."

(d) Under such circumstances, legislative action increasing the dollar amount stated in the debt limit statute is "necessary" to "permit" the Secretary of the Treasury to resume borrowing money.

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[2]See Attachment A for excerpts from congressional committee reports evidencing the understanding of committee members relating to the potential for default by the United States Government.

[3]See Attachment B for excerpts from statements by past Secretaries of the Treasury illustrating Treasury's understanding of the debt limit statute.

(e) If legislative action is not taken, the United States Government could default on its obligations.

7. Congress has enacted successive amendments to the debt limit statute increasing the dollar amount limitation stated in the statute each time that Treasury officials have testified that such increases were necessary for Treasury to be able to meet the obligations of the United States Government and avoid default. Therefore, it is this 80-year course of dealing between Congress and Treasury, as much as the legislative histories of the various amendments to the debt limit statute, that constitutes the clearest evidence of the congressional intent of that statute.

8. Until recently, Congress had generally limited the size of each legislative increase in the amount of the debt limit statute to the amount of new borrowing needed for the following fiscal year. Seen from this perspective, Congress has at times used the size of each increase as a tool for controlling spending. But Congress has recognized that Treasury's new borrowing in each year is undertaken (a) to pay for spending required by appropriations statutes enacted by Congress and (b) as the result of Treasury's investment of various trust funds as required by law. Furthermore, the reports of the congressional committees having jurisdiction over Treasury's debt issuance activities include evidence that those committees understand that the more appropriate mechanism for controlling spending is the budget and appropriations process, not the debt limit statute.[4] The overwhelming majority of amendments to the debt limit statute have not included provisions that were unrelated to the debt limit statute. Even when Congress has used the need for an increase in the amount of the debt limit as a legislative vehicle for enacting spending control legislation, the spending control measures have not altered or affected the fundamental authority delegated to the Secretary of the Treasury in the borrowing statutes or the related limitation contained in the debt limit statute.

Attachments

cc: Larry Summers
Frank Newman
Jerry Hawke
Darcy Bradbury

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[4]See Attachment C for an excerpt from congressional committee reports evidencing the understanding of committee members that the debt limit statute is not the appropriate mechanism for controlling spending.

ATTACHMENT A

H.R. Rep. No. 1130, 91st Cong., 2d Sess. 11-12 (1970) (recommending enactment of a debt limit bill that became Pub. L. No. 91-301, 84 Stat. 368 (1970)) contains the following passage:

> Your committee believes it has the responsibility to point out to the House some of the real complications which would develop in the event of any delay in enacting a public debt limit sufficient for the Government's needs during the next fiscal year. If provision is not made for a new debt limitation, the present limitation of $377 billion will expire on July 1 and the overall limitation will fall to $365 billion. On that date, the debt subject to limitation is expected to exceed $365 billion by approximately $6 billion. While there would be no question concerning the legality of the outstanding debt in such a situation, the Treasury Department would be unable to issue any new securities. This prohibition would apply to issues designed to replace maturing issues as well as to securities of overall debt.
>
> As a result, savings bonds could not be issued and payroll savings plans would be disrupted. In addition, the Treasury cash balance would be depleted rapidly. Substantial amounts of Treasury bills become due on a weekly basis during July and an additional amount would mature at the end of July. If new bills cannot be issued to replace these issues, the Treasury cash balance would be exhausted by July 9, a day on which $3.1 billion of Treasury bills mature.
>
> Once the cash balance is exhausted, the Government would be compelled to delay full payment (or resort to partial payments) of contract obligations, Government salaries, various loan and benefit programs, and grants to States and local governments when they become due. The economic hardships resulting from such action would, of course, be most severe in those areas where there are large concentrations of Federal employees or employees engaged in production under large Government contracts.

(Emphasis added)

S. Rep. No. 982, 91st Cong., 2d Sess. 10 (1970) (recommending the same bill as H.R. Rep. No. 1130) contains virtually the identical passage.

H.R. Rep. No. 31, 96th Cong., 1st Sess. 9-10 (1979) (recommending enactment of the debt limit increase bill that became Pub. L. No. 96-5, 93 Stat. 8)) contains the following passage:

> With the $398 billion temporary debt ceiling, there is enough authority to meet financial requirements through March 9, 1979, or shortly after, when the amount of outstanding debt will reach the statutory ceiling. When that happens, the Treasury Department will not be able to increase the amount of outstanding debt, although it will be possible to reissue existing debt as it matures. Further debt may not be incurred, whether for general financial purposes, to invest trust fund reserves or to finance Federal credit programs through the Treasury Department. In order to assure that no debt is incurred which will breach the statutory ceiling, the Secretary of the Treasury may have to terminate sales of savings bonds. Other than refunds of maturing debt, Federal obligations which become due could be paid only to the extent that funds are available in the operating cash balance, and those funds will become available only at the same rate as revenues from taxes and fees are received.
>
> If a new limit on the public debt is not enacted before April 1, 1979, the temporary limit of $398 billion will expire on March 31, 1979, and only the $400 billion in continuing statutory debt authority will be available to the Treasury Department. Only as the normal flow of taxes and other revenues is received by the Treasury Department will it be possible to make payments and redeem maturing securities as they come due. In that situation, no further debt may be issued: no refunding of maturing issues, no new issues of Treasury debt, no new issues or redemption of old issues of savings bonds, no financing of federal credit programs through the Treasury or through agency issues of debt and no repayment of maturing issues--in other words, default by the U.S. Government.

(Emphasis added).

ATTACHMENT B

1935

Hearings on H.R. 4304 before the Senate Comm. on Finance, 74th Cong., 1st Sess. 5 (1935) (statement of Treasury Secretary Morgenthau):

> Secretary MORGENTHAU. . . . We have the right to issue $2,500,000,000 more bonds. We have $1,800,000,000 of the Fourth Liberties which come due on the 15th of April. That would leave us an authority of only $700,000,000, and if we wanted to call any more of these Fourth Liberties and refinance at a lower rate, we could not do it because our authority is exhausted.
>
> Senator KING. When you call bonds and they are retired, then you have no authority to make reissue for a shorter or longer period or for conversion?
>
> Secretary MORGENTHAU. As we call these, each time it is deducted from the $25,000,000,000 until our authority is now down to $2,500,000,000, and we have called $1,800,000,000, which we have to refinance between now and the 15th of April, and our authority is now down to $2,500,000,000, and if we wanted to call the balance of the Fourth Liberties, we could not do it.

(Emphasis added).

1942

Hearings on H.R. 6691 before the House Comm. on Ways and Means, 77th Cong., 2d Sess. 1 (1942) (statement of Treasury Secretary Morgenthau):

> Secretary MORGENTHAU. . . . It is urgent that this bill be promptly enacted. The balance of our borrowing authority at the end of February 1942 was about $1,400,000,000. By the end of March it is anticipated that the borrowing authority will be insufficient to cover the debt issues that will be required during the month of April.

(Emphasis added).

1979

Letter from Treasury Secretary Blumenthal to Hon. Thomas P. O'Neill, Jr. (Apr. 2, 1979):

> This means that, unless H.R. 2534 is passed by the House and signed into law by the President today, the United States of America could default tonight. If the bill is not signed into law Tuesday, default is virtually certain.

(Emphasis added).

1981

Testimony of Donald T. Regan before the Subcomm. on Taxation and Debt Management, Senate Comm. on Finance, 97th Cong., 1st Sess. (Feb. 4, 1981):

> I regret to advise you of the need for Congressional action early this month to increase the debt limit. This legislation is essential to permit the Treasury to borrow to finance the current deficit in the Federal budget. We have no choice but to increase the debt limit if we are to honor the existing commitments that have already been made by the Government.

(Emphasis added).

ATTACHMENT C

H.R. Rep. No. 1463, 88th Cong. 2d Sess. 8-9 (1964) (recommending enactment of the debt limit bill that became Pub. L. No. 88-327, 78 Stat. 225 (1964)) contains the following passage:

> The efforts of Congress in limiting expenditures must primarily be through the appropriation process . . . .
>
> Actually, much of what is spent in the fiscal year 1965 represents payments under obligations authorized by Congress in 1964 or still earlier years. To impose a ceiling which makes it impossible to make these expenditures where the amounts were authorized in earlier years is similar to refusing to pay charge account balances after authorizing the amounts to be charged. It is in effect the equivalent of authorizing the purchase of goods or services but then refusing to pay for them.

* * *

S. Rep. No. 279, 98th Cong. 1st Sess. 5 (1983) (recommending enactment of the debt limit bill that became Pub. L. No. 98-161, 97 Stat. 1012 (1983)) contains the following passage:

> The committee is aware of the desire of many Senators to attach amendments to this bill that would hopefully improve controls over Federal fiscal activities. The committee agrees with the objective of these Senators, but it also believes that the immediate dangers of delaying enactment of the increased debt limit inhibit it from using the bill as an implement for budget control.

TREASURY CLEARANCE SHEET

NO. _____
Date _____

MEMORANDUM FOR: ☐ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER _____

FROM: Edward S. Knight
THROUGH: _____
SUBJECT: Debt Limit Legislative History

REVIEW OFFICES (Check when office clears)

- ☐ Under Secretary for Finance
  - ☐ Domestic Finance
  - ☐ Economic Policy
  - ☐ Fiscal
    - ☐ FMS
    - ☐ Public Debt
- ☐ Under Secretary for International Affairs
  - ☐ International Affairs
- ☐ Enforcement
  - ☐ ATF
  - ☐ Customs
  - ☐ FLETC
  - ☐ Secret Service
- ☐ General Counsel
- ☐ Inspector General
- ☐ IRS
- ☐ Legislative Affairs
- ☐ Management
- ☐ OCC
- ☐ Policy Management
  - ☐ Scheduling
- ☐ Public Affairs/Liaison
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- ☐ Treasurer
  - ☐ E & P
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  - ☐ Savings Bonds
- ☐ Other _____

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McInerney			General Counsel	2-1988
REVIEWERS				
Knight	ESK	8/15/95	General Counsel	2-0287

SPECIAL INSTRUCTIONS

☐ Review Officer _____ Date _____ ☐ Executive Secretary _____ Date _____

95-151729

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

October 27, 1995

The Honorable Newt Gingrich
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

The President has asked me to write you in response to your suggestions that the Congressional Leadership would be willing to discuss a short-term increase in the debt limit. As I have said in the past, we would be pleased to work with you to accomplish this objective.

To provide a basis for moving ahead, I would like to propose that the debt limit be increased by $85 billion, to $4.985 trillion. An increase of this amount should accommodate the orderly conduct of the Nation's financial affairs until mid-January.

Because we are rapidly approaching November 1 -- the date on which we normally announce our important quarterly refunding auctions, described in my October 24 letter -- actions need to be taken. As always, we are available to work with you and look forward to your prompt response.

Sincerely,

Robert E. Rubin

cc: Congressional Leadership
Committee Chairs
Ranking Members

152515
152437

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 15, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin

SUBJECT: Debt Limit

I am sending this memorandum to inform you that the Treasury debt is now at the statutory limit and that I have had to take actions to ensure that the United States will not exceed the debt limit or default on its obligations. In the absence of these actions, the Treasury would not have been able to raise enough funds to pay $102 billion of interest and principal on outstanding debt due today and tomorrow and to discharge other Government obligations.

Specially, I have directed that certain Treasury securities held by the Civil Service Retirement and Disability Fund and the Government Securities Investment Fund (called the "G-Fund") of the Federal Employees' Retirement System be redeemed or withheld from reinvestment to enable the Treasury to raise the cash needed to pay obligations. In each case, the governing law provides for an automatic restoration of any interest that is lost during a debt limit impasse.

Our best estimate is that these actions will provide enough room under the debt ceiling to permit the Treasury to finance the Government's needs until late December.

915-152532

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

CABINET TALKING POINTS ON THE DEBT LIMIT
Secretary Rubin's Actions To Avoid Default and Protect Beneficiaries

November 16, 1995

Themes:

- Secretary Rubin took actions to prevent the United States from defaulting for the first time in our history.
- These extraordinary actions have costs and are not a long term answer.
- These actions will not hurt beneficiaries.
- We will not touch Social Security.
- Congress must enact a clean debt limit increase.

Facts:

- Yesterday, the Secretary of the Treasury took two actions to avert what would have been the first default in the Nation's history.
- Treasury's outstanding debt reached the statutory limit of $4.9 trillion and Treasury had to pay more than $57 billion of principal and interest. Today, Treasury had to repay almost $45 billion of principal. Absent the actions taken by the Secretary, Treasury could not have made such payments.
- The laws governing the investment of the Federal Employees Retirement System's Government Securities Investment Fund (the "G-Fund") and the Civil Service Retirement and Disability Fund (the "CSRDF") provide the Secretary with special authority when there is a debt limit impasse.
- This authority allows Treasury not to reinvest securities in the G-Fund fully and to redeem a portion of the securities ldhe by the CSRDF.

- **Treasury's actions do not reduce the asset value of either the G-Fund or the CSRDF, and the laws provide complete restoration of any interest lost to the two funds, so there will be no harm to any fund beneficiaries.**

- Anyone who says otherwise is simply mistaken.

- These actions created room under the debt limit, enabling Treasury to borrow funds to pay its obligations.

- These actions have created borrowing room of approximately $61 billion, which should be sufficient to finance government operations until late December.

- These actions are extraordinary, they are costly in many ways, but using this authority is immeasurably preferable to default. This is no way for a great nation to manage its financial affairs.

- Other trust funds, such as Social Security, do not contain such authorization to the Secretary to disinvest for purposes other than to pay benefits to trust fund beneficiaries. President Clinton has stated that the Secretary is not authorized to use Social Security funds for any purpose other than the payment of benefits, and both the President and the Secretary have made clear that no other use will be made of such funds.

- Without these actions, there could be no certainty that Social Security benefits would have been paid on December 1.

- Last week, Congress adopted a debt ceiling increase so laden with other provisions that it was nothing more than a statutory short cut to default. It would have repealed the cash management options Treasury used yesterday that were given to President Reagan by a Democratic Congress almost a decade ago, and it would have dropped the debt ceiling to $4.8 trillion, $100 billion below today's permanent limit, upon expiration.

- By doing so, the bills posed a coercive choice for the President--either sign a budget he had promised to veto, or default. The President rightfully rejected the bill.

- Nevertheless, default is unthinkable. Thus, Secretary Rubin was forced to take extraordinary measures.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

November 15, 1995

SECRETARY OF THE TREASURY

The Honorable Newt Gingrich
Speaker
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Today I have taken extraordinary and unprecedented actions to avoid a default on outstanding obligations of the United States. These actions were made necessary because acceptable legislation increasing the statutory debt limit has not been enacted.

Specifically, I have directed that certain Treasury securities held by the Civil Service Retirement and Disability Fund (CSRDF) and the Government Securities Investment Fund (G-Fund) of the Federal Employees Retirement System, be redeemed or withheld from reinvestment to enable Treasury to raise the cash needed to pay maturing obligations.

It should be clearly understood that beneficiaries of the CSRDF and the G-Fund will suffer no adverse consequences whatsoever from this action. In each case the governing laws provide for an automatic restoration of any interest that is suspended during the period of noninvestment, and in each case the principal amount of the assets in the fund will remain unchanged.

The steps taken today were essential not only to prevent the United States from defaulting on its debt, for the first time in its history, but to demonstrate to domestic and international financial markets the strength of our conviction that the threat of default is not an acceptable element of any political debate over budget priorities.

The Secretary of the Treasury should not be forced to invoke extraordinary remedies to honor existing obligations of the United States. In a letter to you last month I observed that this is no way for a great Nation to conduct its financial affairs. Similar sentiments have been voiced by, among others, Federal Reserve Chairman Greenspan and former Chairman Volcker. Our ability to pay our obligations cannot be allowed to become subsumed by the debate about national priorities -- a debate that should properly be carried on in the forum of public opinion.

I urge the Congress to take immediate action to pass a clean debt limit increase, and thus reaffirm to the nation and the world that our financial integrity will not be jeopardized.

Sincerely,

Robert E. Rubin

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
Remarks as prepared for delivery
November 15, 1995

Statement of Treasury Secretary Robert E. Rubin

I have taken actions to prevent a default for the first time in our history on the full faith and credit of the United States. Absent these actions, we could not pay $25 billion in interest payments due today. Had Congress passed a clean extension of the debt limit, I would never have been forced to take these actions. But it is my responsibility as Treasury Secretary to do everything in my power to avoid default.

A decade ago, Congress granted authority to the Secretary to manage the investments of certain federal retirement accounts for purposes of debt management. It is extraordinarily important to understand that this activity does not reduce the asset value of the funds. It does involve replacement of an interest paying government security for a non-interest bearing cash balance on the books of the federal government. There is no reduction in assets and, under these statutes, interest is restored in full.

As we act to protect all citizens from the risk of default, all beneficiaries will remain whole, and anyone who says otherwise is simply mistaken. These actions are extraordinary, they are costly in many ways, but using this authority is immeasurably preferable to default.

This is no way for a great nation to manage its financial affairs. Instead, Congress should enact a clean debt limit bill, and then all of us can work together on a goal the Clinton Administration shares with the Congress -- balancing the Federal budget and preparing our economy for the 21st century.

RR-713

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Moreover, one important consequence of the action I take today is this: We make sure that Social Security checks can be paid on December 1, and without these actions such certainty would not exist.

As raising the debt ceiling has been snared in the contentious debate over the budget, two questions have arisen. Does the debt ceiling affect deficit reduction, and does default really matter? Passage of the debt ceiling is totally unrelated to deficit reduction. As we learned when Congress enacted the powerful deficit reduction program President Clinton proposed in 1993, the deficit can only be reduced in the budget process.

The question of default is of the utmost importance to the nation's economic health. Our creditworthiness is an enormously important national asset, and it should never be tarnished.

Every American who has bought a home or borrowed money knows the importance of keeping a good credit rating. Our country deserves and requires no less. When this nation creates a question mark about its integrity with respect to meeting its commitments, that has real consequences lasting far into the future.

Default would increase the cost of borrowing to the Federal Treasury for a long time to come. The effect of default would be particularly critical when circumstances are difficult and our nation's reputation in the financial marketplace is most important. Default would also increase private sector borrowing costs; for example, forcing up the costs of variable rate mortgages which are geared to Treasury interest rates.

Any question that might have remained about the seriousness of this issue should have been laid to rest by the recent strong statements of six former Secretaries of the Treasury, the former Chairman and current Chairman of the Federal Reserve, and by the major credit rating agencies.

In a report issued last week, Standard & Poor's said, "Even a short-lived default on the U.S. government's direct debt obligations would profoundly impact a broad range of securities and financial market participants." These would include: "corporate and municipal agency debt linked to U.S. securities; pre-refunded municipal bonds amounting to $400 billion, debt issued by Government Sponsored Enterprises, and securities collateralized by U.S. obligations. A disruption in U.S. government debt payments also would have major implications for the liquidity of various financial institutions, money-market funds, and government bond funds."

As Chairman Greenspan said in a recent letter to Congress, "a failure to make timely payment of interest and principal on our obligations for the first time would put a cloud over our securities that would not dissipate for many years...Breaking our word would have serious long-term consequences."

We are not going to break our word, and we are not going to default.

We now have an unresolved budget debate; the Administration and the Congress have distinctly different visions of how to create a balanced budget that best prepares America for the economy of the 21st century. These differences can only be resolved through a vital and vigorous national debate. What Congress must do now is pass a clean debt limit extension for the powerful and important reasons we have discussed this morning.

-30-

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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Debt Limit Fact Sheets

The Actions Today: November 15, 1995

Today, Treasury's outstanding debt is at the statutory limit, and we have to pay more than $57 billion of principal and interest.

The Secretary of the Treasury therefore took two actions to avert default today. The laws governing the investment of the Federal Employees Retirement System's Government Securities Investment Fund (the "G-Fund") and the Civil Service Retirement and Disability Fund (the "CSRDF") provide the Secretary with special authority when there is a debt limit impasse. This authority allows Treasury not to reinvest securities in the G-Fund fully and to redeem a portion of the securities held by the CSRDF.

The laws provide complete restoration of any interest lost to the two funds, so there will be no harm to any fund beneficiaries. That is because the statutes provide for automatic restoration of lost earnings to both the G-Fund and the CSRDF. Treasury's actions today do not affect the principal of either the G-Fund or the CSRDF.

The actions today create room under the debt limit, enabling Treasury to borrow funds to pay its obligations. Secretary Rubin took two actions today: not fully reinvesting securities in the G-Fund and redeeming a portion of the securities held by the CSRDF. These actions have created borrowing room of approximately $61 billion, which should be sufficient to finance government operations until late December.

As a result of these actions, Treasury was able to issue $57.5 billion of cash management bills today. The proceeds were used to repay maturing securities and to pay interest on outstanding securities. Tomorrow, Treasury will issue approximately $48 billion of 13-, 26- and 52-week bills to repay maturing securities and to pay other obligations.

The securities Treasury has issued today and will issue tomorrow have been and will be used, in part, to redeem approximately $77 billion of maturing securities. The repayment of those maturing securities created debt limit room. The 3- and 10-year notes Treasury will issue next week will be used to redeem some of the cash management bills issued today, so that no additional debt limit room will be needed.

RR--714

Federal Trust Funds and Treasury's Debt Management Authorities

Cash received by the Treasury for the accounts of government trust funds is ordinarily invested on behalf of such funds in "special" nonmarketable treasury securities that bear interest at rates equivalent to marketable Treasury securities of comparable maturities. The amount of Treasury "specials" outstanding counts against the statutory debt limit in the same way as ordinary marketable securities.

As a general rule, securities held for the trust funds are redeemed, or "disinvested," only to allow payments to be made to trust fund beneficiaries, or to pay for trust fund administrative expenses. Such disinvestment involves a two-step process: First, securities held by the fund are redeemed by Treasury, thus creating a credit, or cash balance, on the fund's accounts, and lowering the amount of Treasury debt outstanding. Second, Treasury issues new debt to the public for cash to raise the funds needed for benefit payments.

Congress has, in the case of two specified funds (and no others), authorized the Secretary of the Treasury to "disinvest" securities held by the fund, or to refrain from reinvesting matured securities, for purposes in addition to the payment of benefits -- specifically, for debt management. When such action is taken there is no effect on the principal value of the assets held in the fund. The action simply converts interest-bearing securities into noninterest-bearing credit balances. However, in each case the governing law has protected the interests of fund beneficiaries by providing for an automatic restoration of any interest that is lost or suspended during the period of disinvestment or noninvestment. Thus, the interests of trust fund beneficiaries are not affected by such actions.

The actions taken by the Secretary on November 15, 1995, to allow the issuance of more than $105 billion in marketable securities on November 15 and 16, invoked authority conferred upon him in the statutes governing these two funds.

Other "entitlement" trust funds, such as the Social Security fund, do not contain such authorization to the Secretary to disinvest for purposes other than to pay benefits to trust fund beneficiaries. President Clinton has stated that the Secretary is not authorized to use Social Security funds for any purpose other than the payment of benefits, and both the President and Secretary Rubin have made clear that no other use will be made of such funds.

OPINIONS: DEFAULT IS UNTHINKABLE

- As then-Treasury Secretary James A. Baker stated in 1985: "It would be an absolute disgrace if the United States defaulted for the first time in its over-200 year history. Any default will have swift and severe implications both domestically and internationally."

- Alan Greenspan, the Chairman of the Board of Governors of the Federal Reserve System has said, "A failure to make timely payment of interest and principal on our obligations for the first time would put a cloud over our securities that would not dissipate for many years."

- The Treasury Borrowing Advisory Committee of the Public Securities Association has said, "If default occurs, the impact on financial markets . . . would be significant and likely enduring. Confidence in the country's governance -- particularly the ability to manage its fiscal affairs responsibly--would suffer serious deterioration and lead to distress in all major financial markets."

- The credit rating agency, Standard & Poor's, said last week, "Even a short-lived default on the U.S. government's direct debt obligations would profoundly impact a broad range of securities and financial market participants." These would include: "corporate and municipal agency debt linked to U.S. securities; pre-refunded municipal bonds amounting to $400 billion, debt issued by Government Sponsored Enterprises, and securities collateralized by U.S. obligations. A disruption in U.S. government debt payments also would have major implications for the liquidity of various financial institutions, money-market funds, and government bond funds."

- A major European credit rating agency, the International Banking Credit Analysts, warned "that foreign investors would be likely to view any such default with grave concern even if it proved to be a merely temporary occurrence. . . . A default would lead to a downgrading of the U.S. credit rating, and this could be expected to endure even if normal debt service were subsequently resumed since it would raise a question mark about the United States' future reliability."

KEY 1995 DEBT LIMIT EVENTS

- On June 29, the Conference Report to the Concurrent Budget Resolution instructed the House Ways and Means Committee and the Senate Finance Committee to include in their respective reconciliation bills a debt limit increase of $600 billion, to $5.5 trillion--an amount that would accommodate the spending commitments in either the President's or the Republicans' budget proposals until the end of fiscal year 1997.

- On July 17, Secretary Rubin wrote to the Congressional leadership calling for an increase in the debt limit.

- On July 26, Secretary Rubin wrote to Senator Dole and Speaker Gingrich urging that the debt limit and budget issues be separated.

- On July 28, Under Secretary John D. Hawke, Jr. testified before the Senate Finance Committee on the debt limit.

- On August 3, Secretary Rubin and Budget Director Rivlin wrote to 31 Congressmen requesting timely action on the budget and de-coupling of the budget and debt limit.

- On September 18, Secretary Rubin wrote to the Congressional leadership urging action on an increase in the debt limit separate from resolution of the budget debate.

- On September 19, the House Ways and Means Committee approved a debt limit increase to $5.5 trillion as a part of its tax bill.

- On September 30, the Senate Finance Committee approved a debt limit increase to $5.5 trillion as part of its tax bill.

- On October 17:

  - Treasury announced a cut in the October 23 auction of 13-week bills in order to stay under the debt limit on October 31.

  - Treasury suspended issuance of additional amounts of Treasury bills to Federal Reserve Banks as agents for foreign and international monetary authorities ("foreign add-ons").

  - Treasury suspended the issuance of State and Local Government Series Treasury securities ("SLGS") other than on subscriptions received by October 17.

  - Secretary Rubin wrote to the Congressional leadership describing the actions taken and urging prompt action on an increase in the debt limit.

- On October 18:

  - Treasury suspended awards of foreign add-ons to Treasury notes sold to the public.

  - Secretary Rubin wrote to Senator Dole and Speaker Gingrich welcoming the Speaker's suggestion of a temporary increase.

- On October 24, Secretary Rubin wrote to the Congressional leadership to remind them of the importance of an increase in the debt limit before November 1.

- On October 27, Secretary Rubin wrote to the Congressional leadership to request an $85 billion temporary increase in the debt limit.

- On October 31, Secretary Rubin wrote to Senator Dole and Speaker Gingrich to warn of market disruptions if prompt action was not forthcoming on the debt limit.

- On November 1:

  - Secretary Rubin wrote to Senator Dole and Speaker Gingrich to answer certain questions they had raised about the debt limit.

  - Secretary Rubin met with the President and the Congressional leadership to discuss a possible temporary increase in the debt limit.

  - Treasury called back approximately $2.4 billion of Treasury cash balances from eight large banks.

  - Treasury announced a tentative schedule for the regular quarterly refunding.

- On November 6, Treasury postponed the auctions of 3- and 10-year notes that had tentatively been scheduled for November 7 and 8, respectively.

- On November 7, Under Secretary Hawke appeared before the House Ways and Means Committee during the mark-up of a bill to increase the debt limit.

- On November 8, Treasury postponed the auction of 52-week bills that had tentatively been scheduled for November 9.

- On November 12, Congress forwarded legislation to the President that, among other things, authorized a temporary increase in the debt limit, but has "unacceptable" conditions attached. Secretary Rubin called the legislation "a shortcut to default."

1995 ACTIONS TAKEN BY TREASURY TO PROTECT THE AMERICAN PEOPLE

Treasury has minimized the impact and the cost of the debt limit impasse on the American people.

- On October 31, Treasury and the Internal Revenue Service issued guidance to state and local government entities that had already issued refunding bonds on how to preserve the tax-exempt status of such bonds given the suspension of SLGS issuance.

- On November 10, Treasury mailed notices to approximately 23,000 investors who hold Treasury securities through the TREASURY DIRECT system. These investors hold securities coming due this week and have given standing instructions to roll their investments over into new similar securities. The notice warned such holders that they may not be able to roll their investments and offered them options.

95-152506

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

November 21, 1995

INFORMATION

MEMORANDUM FOR SECRETARY RUBIN

THROUGH: John D. Hawke, Jr.
Under Secretary for Domestic Finance

FROM: Darcy Bradbury
Deputy Assistant Secretary
Federal Finance

Roger L. Anderson
Senior Advisor

SUBJECT: Debt Limit Scenario

We have updated our latest scenario to give estimates of 1) when various actions would have to be taken both to stay under the debt limit and to maintain adequate cash balances and 2) how long such actions would take us.

These estimates are based on the assumptions in the daily cashflow and show adjustments only when the assumptions differ.

The estimates, of course, vary daily.

ATTACHMENT: Tab 1: Debt Limit Scenario

EXECUTIVE SECRETARIAT

DRAFT-November 21, 1995-
INTERNAL USE ONLY

Scenario III
(Assumes no temporary)

October 17	-Announce cut in 10/23 bill auction to $6.0 billion
	-Suspend sale of foreign add-ons
	-Suspend sale of SLGS
November 1	-Announce quarterly refunding
November 2-8	-Call in compensating balances
November 3	-Issue $14.0 billion cash management bills -$8.0 billion maturing 1/25 -$6.0 billion maturing 12/21
November 6	-Postpone auctions of 3- and 10- year notes
November 8	-Postpone auction of 52-week bills
November 15	-Issue $57.5 billion cash management bills -$31.5 billion maturing 11/24 -$26.0 billion maturing 12/21
	-Begin not reinvesting G-Fund fully
	-Begin redeeming up to $39.8 billion securities from CSRF (amount equal to 12 months' benefits payments)
November 24	-Redeem $31.5 billion cash management bills
	-Issue 3 and 10-year notes
November 29	-Announce $20.0 billion cash management bills
November 30	-Auction $20.0 billion cash management bills
December 1	-Issue $20.0 billion cash management bills -$10.0 billion maturing 12/14 -$10.0 billion maturing 12/28

DRAFT-November 21, 1995-
INTERNAL USE ONLY

December 14	-Redeem $10.0 billion cash management bills
December 21	-Redeem $32.0 billion cash management bills
December 28	-Notice to Congress of upcoming noninvestment of CSRF interest payment
	-Redeem $10.0 billion cash management bills
December 29	-Do not reinvest $14.5 billion interest payment to CSRF
	-Announce $10.0 billion cash management bill
January 2	-Auction $10.0 billion cash management bill
January 3	-Issue $10.0 billion 15-day cash management bill (1/18 maturity)
January 16	-Announce cut in 1/22 auction of $6.0 billion
January 18	-Redeem $10.0 billion cash management bills
January 22	-Reduce auction of weekly bills by $6.0 billion
January 25	-Redeem $8.0 billion cash management bills
January 31	-Announce $25.0 billion cash management bills
February 1	-FFB sells $30.0 billion assets to trust funds in exchange for Treasury securities; FFB sells Treasuries back to Treasury for its own debt; Treasury retires Treasuries
	-Auction $25.0 billion cash management bills
February 2	-Issue $25.0 billion cash management bills -$5.0 billion maturing 2/15 -$10.0 billion maturing 2/22 -$10.0 billion maturing 2/29
February 15	-Swap yen and marks in ESF for dollars
	-Disinvest ESF

	-Redeem $5.0 billion cash management bills
February 22	-Redeem $10.0 billion cash management bills
February 29	-Redeem $10.0 billion cash management bills
March 1	-Sell gold
March 12	-Announce cut in 3/18 auction of $15.0 billion
March 18	-Reduce auction of weekly bills by $15.0 billion
March 19	-Announce cut in 3/25 auction of $10.0 billion
March 25	-Reduce auction of weekly bills by $10.0 billion

Scenario III 11/21/95

	Cash*	Debt*	Adjustments	Cash Effect	Debt Effect	Adj. cash	Adj. debt**	DL margin**
11/15	9.8	4,929.9	cash mgt bills; dsvst G-Fund; redeem CSRF		(61.4)	9.8	4,868.5	31.5
11/16	17.3	4,932.6				17.3	4,871.2	28.8
11/17	17.1	4,932.7				17.1	4,871.3	28.7
11/20	17.6	4,934.4				17.6	4,873.0	27.0
11/21	17.1	4,935.1				17.1	4,873.7	26.3
11/22	15.2	4,936.5				15.2	4,875.1	24.9
11/23	15.2	4,936.5				15.2	4,875.1	24.9
11/24	16.1	4,937.2	cmbs mature; issue notes			16.1	4,875.8	24.2
11/27	16.7	4,936.1				16.7	4,874.7	25.3
11/28	17.5	4,938.8				17.5	4,877.4	22.6
11/29	17.2	4,941.1				17.2	4,879.7	20.3
11/30	25.4	4,956.4				25.4	4,895.0	5.0

*11/21/95 forecast

**Trust funds invested to limit; actual debt at $4.9 trillion

Scenario III 11/21/95

	Cash*	Debt*	Adjustments	Cash Effect	Debt Effect	Adj. cash	Adj. debt**	DL margin**
12/1	17.2	4,956.2	cash mgt bills			17.2	4,894.8	5.2
12/4	16.2	4,956.6				16.2	4,895.2	4.8
12/5	13.0	4,957.6				13.0	4,896.2	3.8
12/6	11.3	4,954.2				11.3	4,892.8	7.2
12/7	12.8	4,950.7				12.8	4,889.3	10.7
12/8	12.0	4,952.8				12.0	4,891.4	8.6
12/11	13.3	4,953.4				13.3	4,892.0	8.0
12/12	13.7	4,955.5				13.7	4,894.1	5.9
12/13	13.7	4,956.8				13.7	4,895.4	4.6
12/14	7.6	4,949.7	cmb matures			7.6	4,888.3	11.7
12/15	13.0	4,948.6				13.0	4,887.2	12.8
12/18	39.1	4,948.1				39.1	4,886.7	13.3
12/19	42.8	4,949.1				42.8	4,887.7	12.3
12/20	43.1	4,950.3				43.1	4,888.9	11.1
12/21	14.1	4,921.1	cash mgt bills mature			14.1	4,859.7	40.3
12/22	14.0	4,922.4				14.0	4,861.0	39.0
12/25	14.0	4,922.4				14.0	4,861.0	39.0
12/26	16.1	4,923.9				16.1	4,862.5	37.5
12/27	17.9	4,927.1				17.9	4,865.7	34.3
12/28	10.1	4,919.6	cash mgt bills mature			10.1	4,858.2	41.8
12/29	7.9	4,968.5	don't invest CSRF interest		(14.5)	7.9	4,892.6	7.4

*11/21/95 forecast

**Trust funds invested to limit; actual debt at $4.9 trillion

Scenario III

11/21/95

	Cash*	Debt*	Adjustments	Cash Effect	Debt Effect	Adj. cash	Adj. debt**	DL margin**
1/1	7.9	4,968.5				7.9	4,892.6	7.4
1/2	8.3	4,972.0				8.3	4,896.1	3.9
1/3	7.0	4,975.7	cash mgt bill			7.0	4,899.8	0.2
1/4	4.4	4,974.9				4.4	4,899.0	1.0
1/5	4.1	4,975.6				4.1	4,899.7	0.3
1/8	5.0	4,972.3				5.0	4,896.4	3.6
1/9	5.0	4,969.8				5.0	4,893.9	6.1
1/10	5.0	4,971.5				5.0	4,895.6	4.4
1/11	6.9	4,973.4				6.9	4,897.5	2.5
1/12	6.0	4,973.3				6.0	4,897.4	2.6
1/15	6.0	4,973.3				6.0	4,897.4	2.6
1/16	8.0	4,968.0				8.0	4,892.1	7.9
1/17	15.6	4,970.8				15.6	4,894.9	5.1
1/18	7.3	4,962.1	cmb matures			7.3	4,886.2	13.8
1/19	12.3	4,964.2				12.3	4,888.3	11.7
1/22	18.4	4,966.1				18.4	4,890.2	9.8
1/23	22.5	4,968.8				22.5	4,892.9	7.1
1/24	22.8	4,970.2				22.8	4,894.3	5.7
1/25	24.6	4,971.5	cmbs mature; reduce bill auction	(6.0)	(6.0)	18.6	4,889.6	10.4
1/26	23.8	4,972.8				17.8	4,890.9	9.1
1/29	25.1	4,975.1				19.1	4,893.2	6.8
1/30	25.6	4,977.3				19.6	4,895.4	4.6
1/31	23.7	4,981.8				17.7	4,899.9	0.1

*11/21/95 forecast

**Trust funds invested to limit; actual debt at $4.9 trillion

Scenario III

11/21/95

	Cash*	Debt*	Adjustments	Cash Effect	Debt Effect	Adj. cash	Adj. debt**	DL margin**
2/1	20.5	4,981.1	FFB asset sale		(30.0)	14.5	4,869.2	30.8
2/2	4.5	4,973.0	cash mgt bills	25.0	25.0	23.5	4,886.1	13.9
2/5	2.4	4,973.0				21.4	4,886.1	13.9
2/6	0.2	4,973.5				19.2	4,886.6	13.4
2/7	(1.4)	4,971.6				17.6	4,884.7	15.3
2/8	2.5	4,969.2				21.5	4,882.3	17.7
2/9	(1.4)	4,968.1				17.6	4,881.2	18.8
2/12	(0.3)	4,971.1				18.7	4,884.2	15.8
2/13	(1.3)	4,972.6				17.7	4,885.7	14.3
2/14	(1.3)	4,973.7				17.7	4,886.8	13.2
2/15	(0.7)	5,000.5	Big ESF; cmb matures	(5.0)	(25.0)	13.3	4,888.6	11.4
2/16	0.3	5,001.6				14.3	4,889.7	10.3
2/19	0.3	5,001.6				14.3	4,889.7	10.3
2/20	3.9	5,001.1				17.9	4,889.2	10.8
2/21	4.3	5,005.1				18.3	4,893.2	6.8
2/22	9.5	5,012.9	cash mgt bill matures	(10.0)	(10.0)	13.5	4,891.0	9.0
2/23	8.0	5,012.8				12.0	4,890.9	9.1
2/26	8.3	5,014.2				12.3	4,892.3	7.7
2/27	6.4	5,018.3				10.4	4,896.4	3.6
2/28	6.3	5,020.1				10.3	4,898.2	1.8
2/29	12.3	5,029.6	cmb matures	(10.0)	(10.0)	6.3	4,897.7	2.3

*11/21/95 forecast

**Trust funds invested to limit; actual debt at $4.9 trillion

Scenario III 11/21/95

	Cash*	Debt*	Adjustments	Cash Effect	Debt Effect	Adj. cash	Adj. debt**	DL margin**
3/1	(14.1)	5,013.8	sell gold	30.0		9.9	4,881.9	18.1
3/4	(13.1)	5,015.0				10.9	4,883.1	16.9
3/5	(17.0)	5,015.5				7.0	4,883.6	16.4
3/6	(18.8)	5,012.5				5.2	4,880.6	19.4
3/7	(13.5)	5,011.8				10.5	4,879.9	20.1
3/8	(15.6)	5,011.8				8.4	4,879.9	20.1
3/11	(14.4)	5,012.8				9.6	4,880.9	19.1
3/12	(16.0)	5,016.1				8.0	4,884.2	15.8
3/13	(17.6)	5,019.2				6.4	4,887.3	12.7
3/14	(13.9)	5,024.6				10.1	4,892.7	7.3
3/15	(9.9)	5,027.1				14.1	4,895.2	4.8
3/18	(1.4)	5,028.3				22.6	4,896.4	3.6
3/19	1.7	5,029.8				25.7	4,897.9	2.1
3/20	1.0	5,031.4				25.0	4,899.5	0.5
3/21	7.8	5,038.8	reduce bill auction	(15.0)	(15.0)	16.8	4,891.9	8.1
3/22	6.1	5,038.7				15.1	4,891.8	8.2
3/25	6.9	5,039.3				15.9	4,892.4	7.6
3/26	5.9	5,041.7				14.9	4,894.8	5.2
3/27	4.7	5,044.7				13.7	4,897.8	2.2
3/28	10.3	5,052.8	reduce bill auction	(10.0)	(10.0)	9.3	4,895.9	4.1
3/29	12.3	5,052.0				11.3	4,895.1	4.9

*11/21/95 forecast

**Trust funds invested to limit; actual debt at $4.9 trillion

TREASURY CLEARANCE SHEET

NO. 95-152556
Date 11/21/95

MEMORANDUM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER

FROM: Darcy Bradbury (DAS Federal Finance)
THROUGH: Under Secretary Hawke 11/21/95
SUBJECT: Debt Limit Scenario

REVIEW OFFICES (Check when office clears)

- ☐ Under Secretary for Finance
  - ☐ Domestic Finance
  - ☐ Economic Policy
  - ☐ Fiscal
    - ☐ FMS
    - ☐ Public Debt
- ☐ Under Secretary for International Affairs
  - ☐ International Affairs
- ☐ Enforcement
  - ☐ ATF
  - ☐ Customs
  - ☐ FLETC
  - ☐ Secret Service
- ☐ General Counsel
- ☐ Inspector General
- ☐ IRS
- ☐ Legislative Affairs
- ☐ Management
- ☐ OCC
- ☐ Policy Management
  - ☐ Scheduling
- ☐ Public Affairs/Liaison
- ☐ Tax Policy
- ☐ Treasurer
  - ☐ E & P
  - ☐ Mint
  - ☐ Savings Bonds
- ☐ Other

NAME (Please Type)	INITIAL	DATE	OFFICE	TEL. NO.
INITIATOR(S)				
R. Anderson	RCA	11/21	Federal Finance	2-2640
REVIEWERS				

SPECIAL INSTRUCTIONS

C L O S E H O L D

☐ Review Officer Date ☐ Executive Secretary Date

Close Hdl 95 153477

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 15, 1995

INFORMATION

MEMORANDUM FOR SECRETARY RUBIN

THROUGH: John D. Hawke, Jr.
Under Secretary for Domestic Finance

FROM: Darcy Bradbury
Deputy Assistant Secretary
Federal Finance

Roger L. Anderson RLA
Senior Advisor

SUBJECT: Debt Limit Scenario

We have updated our latest scenario to give estimates of 1) when various actions would have to be taken both to stay under the debt limit and to maintain adequate cash balances and 2) how long such actions would take us.

If it is fair to assume that the $7 billion investment by HHS that Don Chiodo mentioned will not get made until a reconciliation bill is signed, we would have enough additional cushion that we would not have to use the ESF in January and would not need to sell as many FFB assets in February.

These estimates are based on the assumptions in the daily cashflow and show adjustments only when the assumptions differ.

The estimates, of course, vary daily.

ATTACHMENT: Tab 1: Debt Limit Scenario

Scenario III

12/15/95

	Cash*	Debt*	Adjustments	Cash Effect	Debt Effect	Adj. cash	Adj. debt**	DL margin**
12/1	18.1	4,957.9				18.1	4,896.5	3.5
12/4	17.2	4,958.2				17.2	4,896.8	3.2
12/5	13.4	4,959.6				13.4	4,898.2	1.8
12/6	11.4	4,956.5				11.4	4,895.1	4.9
12/7	13.7	4,952.2				13.7	4,890.8	9.2
12/8	13.6	4,953.4				13.6	4,892.0	8.0
12/11	15.4	4,954.9				15.4	4,893.5	6.5
12/12	16.4	4,957.4				16.4	4,896.0	4.0
12/13	15.2	4,959.3				15.2	4,897.9	2.1
12/14	8.6	4,951.7				8.6	4,890.3	9.7
12/15	14.0	4,950.6				14.0	4,889.2	10.8
12/18	40.1	4,950.1				40.1	4,888.7	11.3
12/19	43.8	4,951.1				43.8	4,889.7	10.3
12/20	44.1	4,952.3				44.1	4,890.9	9.1
12/21	15.1	4,923.1				15.1	4,861.7	38.3
12/22	15.0	4,924.4				15.0	4,863.0	37.0
12/25	15.0	4,924.4				15.0	4,863.0	37.0
12/26	17.1	4,925.9				17.1	4,864.5	35.5
12/27	18.9	4,929.1				18.9	4,867.7	32.3
12/28	11.1	4,921.6				11.1	4,860.2	39.8
12/29	8.9	4,970.5	don't invest CSRF interest		(14.5)	8.9	4,894.6	5.4

*12/14 forecast

**Trust funds invested to limit; actual debt at $4.9 trillion

Scenario III

12/15/95

	Cash*	Debt*	Adjustments	Cash Effect	Debt Effect	Adj. cash	Adj. debt**	DL margin**
1/1	8.9	4,970.5				8.9	4,894.6	5.4
1/2	9.3	4,974.0				9.3	4,898.1	1.9
1/3	8.0	4,977.7	little ESF		(3.0)	8.0	4,898.8	1.2
1/4	5.4	4,976.9				5.4	4,898.0	2.0
1/5	5.1	4,977.6				5.1	4,898.7	1.3
1/8	6.0	4,974.3	reinvest ESF		3.0	6.0	4,898.4	1.6
1/9	6.0	4,971.8				6.0	4,895.9	4.1
1/10	6.0	4,973.5				6.0	4,897.6	2.4
1/11	7.9	4,975.4				7.9	4,899.5	0.5
1/12	7.0	4,975.3				7.0	4,899.4	0.6
1/15	7.0	4,975.3				7.0	4,899.4	0.6
1/16	9.0	4,970.0				9.0	4,894.1	5.9
1/17	16.6	4,972.8				16.6	4,896.9	3.1
1/18	8.3	4,962.8				8.3	4,886.9	13.1
1/19	13.3	4,964.9				13.3	4,889.0	11.0
1/22	19.4	4,966.8				19.4	4,890.9	9.1
1/23	23.5	4,969.5				23.5	4,893.6	6.4
1/24	23.8	4,970.9				23.8	4,895.0	5.0
1/25	22.6	4,969.2	reduce bill auction	(5.0)	(5.0)	17.6	4,888.3	11.7
1/26	21.8	4,970.5				16.8	4,889.6	10.4
1/29	23.1	4,972.8				18.1	4,891.9	8.1
1/30	23.6	4,975.0				18.6	4,894.1	5.9
1/31	21.7	4,979.5				16.7	4,898.6	1.4

*12/14 forecast

**Trust funds invested to limit; actual debt at $4.9 trillion

Scenario III

12/15/95

	Cash*	Debt*	Adjustments	Cash Effect	Debt Effect	Adj. cash	Adj. debt**	DL margin**
2/1	13.1	4,973.4				8.1	4,892.5	7.5
2/2	(2.9)	4,965.3	redeem 2 months' CSRDF; cmbs	19.0	12.6	11.1	4,897.0	3.0
2/5	(5.0)	4,965.3				9.0	4,897.0	3.0
2/6	(7.2)	4,965.8				6.8	4,897.5	2.5
2/7	(8.8)	4,963.9				5.2	4,895.6	4.4
2/8	(4.9)	4,961.5				9.1	4,893.2	6.8
2/9	(8.8)	4,960.4				5.2	4,892.1	7.9
2/12	(7.7)	4,963.4				6.3	4,895.1	4.9
2/13	(8.7)	4,964.9				5.3	4,896.6	3.4
2/14	(8.7)	4,966.0				5.3	4,897.7	2.3
2/15	(8.1)	4,992.8	Big ESF (20); FFB asset sale (10)		(30.0)	5.9	4,894.5	5.5
2/16	(7.1)	4,993.9				6.9	4,895.6	4.4
2/19	(7.1)	4,993.9				6.9	4,895.6	4.4
2/20	(3.5)	4,993.4				10.5	4,895.1	4.9
2/21	(3.1)	4,997.4	FFB asset sale		(12.0)	10.9	4,887.1	12.9
2/22	2.1	5,005.2	cash mgt bill matures	(7.0)	(7.0)	9.1	4,887.9	12.1
2/23	0.6	5,005.1				7.6	4,887.8	12.2
2/26	0.9	5,006.5				7.9	4,889.2	10.8
2/27	(1.0)	5,010.6				6.0	4,893.3	6.7
2/28	(1.1)	5,012.4				5.9	4,895.1	4.9
2/29	4.9	5,021.9	cmb matures	(7.0)	(7.0)	4.9	4,897.6	2.4

*12/14 forecast

**Trust funds invested to limit; actual debt at $4.9 trillion

Scenario III

12/15/95

	Cash*	Debt*	Adjustments	Cash Effect	Debt Effect	Adj. cash	Adj. debt**	DL margin**
3/1	(21.5)	5,006.1	sell gold	32.0		10.5	4,881.8	18.2
3/4	(20.5)	5,007.3				11.5	4,883.0	17.0
3/5	(24.4)	5,007.8				7.6	4,883.5	16.5
3/6	(26.2)	5,004.8				5.8	4,880.5	19.5
3/7	(20.9)	5,004.1				11.1	4,879.8	20.2
3/8	(23.0)	5,004.1				9.0	4,879.8	20.2
3/11	(21.8)	5,005.1				10.2	4,880.8	19.2
3/12	(23.4)	5,008.4				8.6	4,884.1	15.9
3/13	(25.0)	5,011.5				7.0	4,887.2	12.8
3/14	(21.3)	5,016.9	reduce bill auction	(2.0)	(2.0)	8.7	4,890.6	9.4
3/15	(17.3)	5,019.4				12.7	4,893.1	6.9
3/18	(8.8)	5,020.6				21.2	4,894.3	5.7
3/19	(5.7)	5,022.1				24.3	4,895.8	4.2
3/20	(6.4)	5,023.7				23.6	4,897.4	2.6
3/21	0.4	5,031.1	reduce bill auction	(15.0)	(15.0)	15.4	4,889.8	10.2
3/22	(1.3)	5,031.0				13.7	4,889.7	10.3
3/25	(0.5)	5,031.6				14.5	4,890.3	9.7
3/26	(1.5)	5,034.0				13.5	4,892.7	7.3
3/27	(2.7)	5,037.0				12.3	4,895.7	4.3
3/28	2.9	5,045.1	reduce bill auction	(6.0)	(6.0)	11.9	4,897.8	2.2
3/29	4.9	5,044.3				13.9	4,897.0	3.0

*12/14 forecast

**Trust funds invested to limit; actual debt at $4.9 trillion

****
*** ACTIVITY REPORT ***
****

TRANSMISSION OK

TX/RX NO.	3718
CONNECTION TEL	82128612597
CONNECTION ID	
START TIME	12/15 18:36
USAGE TIME	03'48
PAGES	6
RESULT	OK

Unclassified
CLASSIFICATION

DATE: 12-15-95

DEPARTMENT OF THE TREASURY
WATCH OFFICE
FAX COVERSHEET

—If received INCOMPLETE call (202)622-1825

TO: Sec. Rubin

Fax Number: 212-861-2597

Office Phone #:

FROM: Darcy Bradbury

Fax Number: (202)622-1829 (UNSECURE) (202)622-1851 (SECURE)

Office Phone #:

HANDLE AS: ROUTINE____ PRIORITY X URGENT____

PAGE 1 OF 5 PAGES

COMMENTS:

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1437
MESSAGE NUMBER

TREASURY CLEARANCE SHEET

NO. ~~12/5/95~~
Date

MEMORANDUM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER

FROM: Darcy Bradbury (DAS Federal Finance)
THROUGH: John D. Hawke, Jr. 12/15/95
SUBJECT: Debt Limit Scenario

REVIEW OFFICES (Check when office clears)

- ☐ Under Secretary for Finance
  - ☐ Domestic Finance
  - ☐ Economic Policy
  - ☐ Fiscal
    - ☐ FMS
    - ☐ Public Debt
- ☐ Under Secretary for International Affairs
  - ☐ International Affairs
- ☐ Enforcement
  - ☐ ATF
  - ☐ Customs
  - ☐ FLETC
  - ☐ Secret Service
- ☐ General Counsel
- ☐ Inspector General
- ☐ IRS
- ☐ Legislative Affairs
- ☐ Management
- ☐ OCC
- ☐ Policy Management
  - ☐ Scheduling
- ☐ Public Affairs/Liaison
- ☐ Tax Policy
- ☐ Treasurer
  - ☐ E & P
  - ☐ Mint
  - ☐ Savings Bonds
- ☐ Other

NAME (Please Type)	INITIAL	DATE	OFFICE	TEL. NO.
INITIATOR(S)				
R.Anderson	RCA	12/15	Federal Finance	2-2640
REVIEWERS				

SPECIAL INSTRUCTIONS

☐ Review Officer Date ☐ Executive Secretary Date

TREASURY CLEARANCE SHEET

NO. 12/5/95
Date

MEMORANDUM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER

FROM: Darcy Bradbury (DAS Federal Finance)
THROUGH: John D. Hawke, Jr. 12/15/95
SUBJECT: Debt Limit Scenario

REVIEW OFFICES (Check when office clears)

- ☐ Under Secretary for Finance
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  - ☐ ATF
  - ☐ Customs
  - ☐ FLETC
  - ☐ Secret Service
- ☐ General Counsel
- ☐ Inspector General
- ☐ IRS
- ☐ Legislative Affairs
- ☐ Management
- ☐ OCC
- ☐ Policy Management
  - ☐ Scheduling
- ☐ Public Affairs/Liaison
- ☐ Tax Policy
- ☐ Treasurer
  - ☐ E & P
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☐ Review Officer Date ☐ Executive Secretary Date

CLOSE HOLD
96-154258

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

January 5, 1996

INFORMATION

MEMORANDUM FOR SECRETARY RUBIN

THROUGH: John D. Hawke, Jr.
Under Secretary for Domestic Finance

FROM: Darcy Bradbury
Assistant Secretary
Financial Markets

INFORMATION

Roger L. Anderson RLA
Senior Advisor
Federal Finance

SUBJECT: Extraordinary Actions

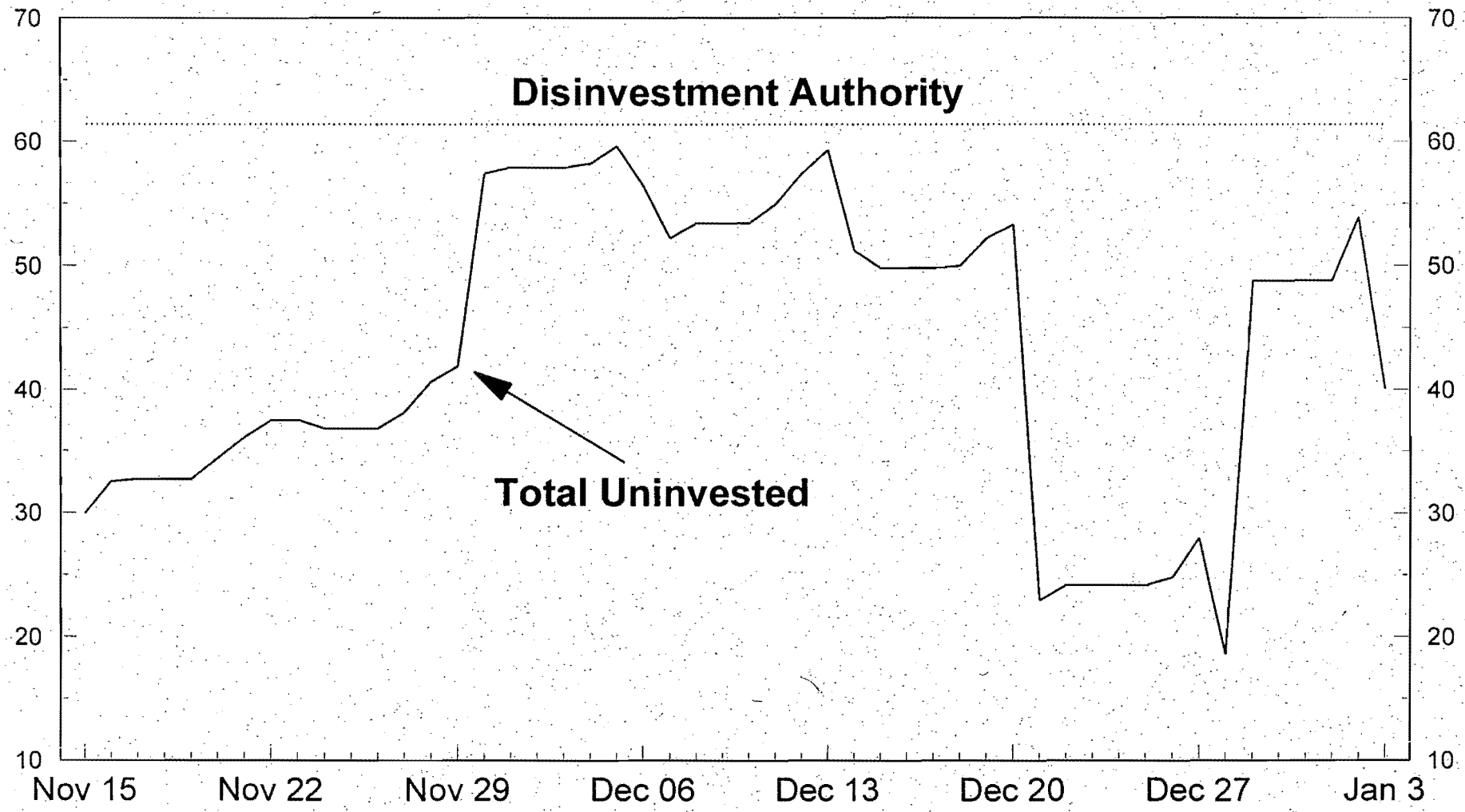
We have prepared the attached chart that shows how much of the debt limit room created on November 15 has been used each day since then.

ATTACHMENT: Tab 1: Chart

EXECUTIVE SECRETARIAT

CLOSE HOLD

Adjustments of Trust Fund Investments *
($ Billions)



* Excludes noninvestment of $14 billion interest payment to CSRDF on December 29.

Office of Market Finance

January 5, 1996

TREASURY CLEARANCE SHEET

NO. _____
Date 1/5/95

MEMORANDUM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER _____

FROM: Darcy Bradbury Assistant Secretary (Financial Markets)
THROUGH: John D. Hawke, Jr.
SUBJECT: Debt Limit- Extraordinary Actions

REVIEW OFFICES (Check when office clears)

- ☐ Under Secretary for Finance
  - ☐ Domestic Finance
  - ☐ Economic Policy
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  - ☐ Mint
  - ☐ Savings Bonds
- ☐ Other _____

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REVIEWERS				

NCC to RER 1/9/96
NCC cc to Smart Bar MB
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