JOINT RESOLUTION

Increasing the statutory limit on the public debt.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

That (1) subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection, and inserting in lieu thereof "$2,565,100,000,000". during the period beginning on the date of the enactment of this Act and ending on May 1, 1989, the public debt limit set forth in subsection (b) of section 3101 of title 31, United States Code, shall be equal to $2,800,000,000,000.
TITLE I—SOCIAL SECURITY TRUST FUNDS

SEC. 101. SHORT TITLE.
This title may be cited as the "Social Security Trust Funds Management Act of 1987".

SEC. 102. INVESTMENT AND RESTORATION OF TRUST FUNDS.
(a) Subsection (d) of section 201 of the Social Security Act (42 U.S.C. 401(d)) is amended—
(1) by striking out "(1) on original issue" and inserting in lieu thereof "(A) on original issue";
(2) by striking out "(2) by purchase" and inserting in lieu thereof "(B) by purchase";
(3) by striking out "It shall be" and inserting in lieu thereof "(1) It shall be", and
(4) by adding at the end thereof the following new paragraphs:
"(2) If—
"(A) any amounts in the Trust Funds have not been invested solely by reason of the public debt limit, and
"(B) the taxes described in clause (3) or (4) of subsection (a) with respect to which such amounts were appropriated to the Trust Funds have actually been received into the general fund of the Treasury of the United States,"
such amounts shall be invested by the Managing Trustee as soon as such investments can be made without exceeding the public debt limit and without jeopardizing the timely payment of benefits under this title or under any other provision of law directly related to the programs established by this title.

“(3)(A) Upon expiration of any debt limit impact period, the Managing Trustee shall immediately—

“(i) reissue to each of the Trust Funds obligations under chapter 31 of title 31, United States Code, that are identical, with respect to interest rate and maturity, to public debt obligations held by such Trust Fund that—

“(I) were redeemed during the debt limit impact period, and

“(II) as determined by the Managing Trustee on the basis of standard investment procedures for such Trust Fund in effect on the day before the date on which the debt limit impact period began would not have been redeemed if the debt limit impact period had not occurred, and

“(ii) issue to each of the Trust Funds obligations under chapter 31 of title 31, United States Code, that are identical, with respect to interest
rate and maturity, to public debt obligations which—

"(I) were not issued during the debt limit impact period, and

"(II) as determined by the Managing Trustee on the basis of such standard investment procedures, would have been issued if the debt limit impact period had not occurred.

"(B) Obligations issued or reissued under subparagraph (A) shall be substituted for obligations that are held by the Trust Fund, and for amounts in the Trust Fund that have not been invested, on the date on which the debt limit impact period ends in a manner that will ensure that, after such substitution, the holdings of the Trust Fund will replicate to the maximum extent practicable the obligations that would be held by such Trust Fund if the debt limit impact period had not occurred.

"(C) In determining, for purposes of this paragraph, the obligations that would be held by a Trust Fund if the debt limit impact period had not occurred, any amounts in the Trust Fund which have not been invested, and any amounts required to be invested under paragraph (2), shall be treated as amounts
which were required to be invested upon transfer to the Trust Fund.

"(4) The Managing Trustee shall pay, on the first normal interest payment date that occurs on or after the date on which any debt limit impact period ends, to each of the Trust Funds, from amounts in the general fund of the Treasury of the United States not otherwise appropriated, an amount determined by the Managing Trustee to be equal to the excess of—

"(A) the net amount of interest that would have been earned by such Trust Fund during such debt limit impact period if—

"(i) amounts in such Trust Fund that were not invested during such debt limit impact period solely by reason of the public debt limit had been invested, and

"(ii) redemptions and disinvestments with respect to such Trust Fund which occurred during such debt limit impact period solely by reason of the public debt limit had not occurred, over

"(B) the sum of—

"(i) the net amount of interest actually earned by such Trust Fund during such debt limit impact period, plus
“(ii) the total amount of the principal of all obligations issued or reissued under paragraph (3)(A) at the end of such debt limit impact period that is attributable to interest that would have been earned by such Trust Fund during such debt limit impact period but for the public debt limit.

“(5) For purposes of this section—

“(A) The term ‘public debt limit’ means the limitation imposed by subsection (b) of section 3101 of title 31, United States Code.

“(B) The term ‘debt limit impact period’ means any period for which the Secretary of the Treasury determines that the issuance of obligations of the United States sufficient to orderly conduct the financial operations of the United States may not be made without exceeding the public debt limit.”.

(b) Subsection (a) of section 201 of the Social Security Act is amended by adding at the end thereof the following new sentence: “All amounts so transferred shall be immediately available exclusively for the purpose for which amounts in the Trust Fund are specifically made available under this title or under any other provisions of law directly related to the programs established by this title.”.
SEC. 103. REPEAL OF NORMALIZED TAX TRANSFER.

(a) Subsection (a) of section 201 of the Social Security Act is amended by striking out the matter following clause (4) and inserting in lieu thereof the following: "The amounts appropriated by clauses (3) and (4) shall be transferred from the general fund of the Treasury of the United States to the Federal Old-Age and Survivors Insurance Trust Fund, and the amounts appropriated by clauses (1) and (2) of subsection (b) shall be transferred from the general fund of the Treasury to the Federal Disability Insurance Trust Fund, upon receipt by the general fund of taxes specified in clauses (3) and (4) of this subsection (as estimated by the Secretary). Proper adjustments shall be made in amounts subsequently transferred to the extent amounts previously transferred were in excess of, or were less than, the taxes specified in such clauses (3) and (4). All amounts so transferred shall be immediately available exclusively for the purpose for which amounts in the Trust Fund are specifically made available under this title or under other provisions of law directly related to the programs established by this title."

(b) The amendment made by subsection (a) shall take effect on July 1, 1990.

SEC. 104. FAITHFUL EXECUTION OF DUTIES BY MEMBERS OF BOARD OF TRUSTEES OF TRUST FUNDS.

Section 201(c) of the Social Security Act is amended by striking the last sentence and inserting the following: "A
person serving on the Board of Trustees (including the Managing Trustee) shall not be considered to be a fiduciary, but each such person shall faithfully execute the duties imposed on such person by this section. A person serving on the Board of Trustees (including the Managing Trustee) shall not be personally liable for actions taken in such capacity with respect to the Trust Funds.”.

SEC. 105. REPORTS REGARDING THE OPERATION AND STATUS OF THE TRUST FUNDS.

Subsection (c) of section 201 of the Social Security Act is amended—

(1) by striking “once” in the fourth sentence and inserting “twice”,

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(3) by redesignating paragraphs (3), (4), and (5) as subparagraphs (D), (E), and (F), respectively,

(4) by inserting after subparagraph (B) (as redesignated by paragraph (2) of this section) the following: “(C) Report to the Congress as soon as possible, but not later than the date that is 30 days after the first normal interest payment date occurring on or after the date on which any debt limit impact period for which the Managing Trustee is required to take action under paragraph (3) or (4) of sub-section (d) ends, on—
“(i) the operation and status of the Trust Funds during such debt limit impact period, and
“(ii) the actions taken under paragraphs (3) and (4) of subsection (d) with respect to such debt limit impact period;”;
(5) by striking out “in paragraph (2) above” and inserting in lieu thereof “in subparagraph (B) above”,
(6) by inserting “(1)” after “(c)”, and
(7) by adding at the end thereof the following:
“(2) The Managing Trustee shall report monthly to the Board of Trustees concerning the operation and status of the Trust Funds and shall report to Congress and to the Board of Trustees not less than 15 days prior to the date on which by reason of the public debt limit, the Managing Trustee expects to be unable to fully comply with the provisions of subsection (a) or (d)(1), and shall include in such report an estimate of the expected consequences to the Trust Funds of such inability.”.

SEC. 106. ELIMINATION OF UNDUE DISCRETION IN THE INVESTMENT OF TRUST FUNDS.
(a) Section 201(d) of the Social Security Act is amend-
ed, in the first sentence—
(1) by inserting “immediately” after “to invest”;
and
(2) by striking “, in his judgment,”.
(b)(1) Paragraph (2) of section 201(d) of the Social Security Act, as added by this title, is amended to read as follows:

“(2) If any amount in either of the Trust Funds is not invested solely by reason of the public debt limit, such amount shall be invested as soon as such investment can be made without exceeding the public debt limit and without jeopardizing the timely payment of benefits under this title or under any other provision of law directly related to the programs established by this title.”

(2) The amendment made by paragraph (1) shall take effect on July 1, 1990.

SEC. 107. SALES AND REDEMPTIONS BY TRUST FUNDS.

Section 201(e) of the Social Security Act is amended—

(1) by inserting “(1)” after “(e)”; and

(2) by adding at the end the following:

“(2)(A) The Managing Trustee may effect any such sale or redemption with respect to either Trust Fund only for the purpose of enabling such Trust Fund to make payments authorized by this title or under any other provisions of law directly related to the programs established by this title. If either of the Trust Funds holds any amounts which are not invested by reason of the public debt limit, the Managing
Trustee is nevertheless directed to make such sales and re-
demptions if, and only to the extent, necessary to assure
timely payment of benefits and other payments authorized by
this title or by any other provisions of law directly related to
the programs established by this title, but the principal
amount of obligations sold or redeemed pursuant to this sen-
tence shall not exceed the principal amount of obligations that
would have been sold or redeemed under normal operating
procedures in order to make such payments.”.

SEC. 108. EFFECTIVE DATE.

Except as otherwise provided by this title, the amend-
ments made by this title shall take effect on the date of enact-
ment of this joint resolution.

(3) TITLE II—BUDGET AND FISCAL

PROCEDURES

PART A—DEFICIT REDUCTION

SHORT TITLE; REFERENCE

Sec. 201. (a) This title may be cited as the “Balanced
Budget and Emergency Deficit Control Reaffirmation Act of
1987”.

(b) Except as otherwise specifically provided, whenever
in this part an amendment is expressed in terms of an
amendment to a section or other provision, the reference shall
be considered to be a reference to a section or other provision

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SEQUESTRATION PROCEDURES

Sec. 202. (a)(1) Section 251(b) is amended to read as follows:

"(b) REPORTS BY THE COMPTROLLER GENERAL AND THE DIRECTOR OF OMB.—

"(1) REPORT TO THE DIRECTOR OF OMB AND THE CONGRESS BY THE COMPTROLLER GENERAL.—

"(A) REPORT TO GIVE DUE REGARD TO OMB–CBO REPORT.—The Comptroller General shall review and consider the report issued under subsection (a) by the Directors for the fiscal year and, with due regard for the data, assumptions, and methodologies used in reaching the conclusions set forth therein, shall issue a report to the Director of the Office of Management and Budget and the Congress on August 25 of the calendar year in which such fiscal year begins, estimating the budget base levels of total revenues and total budget outlays for such fiscal year, identifying the amount of any deficit excess for such fiscal year, stating whether such deficit excess will be greater than $10,000,000,000 (zero in the case of fiscal year 1992), specifying the estimated rate of real economic growth for such fiscal year, for each
quarter of such fiscal year, and for each of the
last two quarters of the preceding fiscal year, in-
dicating whether the estimate includes two or
more consecutive quarters of negative economic
growth, and specifying (if the excess is greater
than $10,000,000,000, or zero in the case of
fiscal year 1992) the percentages by which de-
defense and non-defense accounts must be reduced
during such fiscal year in order to eliminate such
deficit excess. Such report shall give due regard to
the estimates, determinations, and specifications
contained in the report submitted by the Directors
under subsection (a) and shall use the budget
base, criteria, and guidelines set forth in subsec-
tion (a)(6) and in sections 255, 256, and 257.

"(B) CONTENTS OF REPORT.—The report of
the Comptroller General under this paragraph
shall contain such views as the Comptroller Gen-
eral considers appropriate concerning the esti-
mates, determinations, and specifications con-
tained in the report submitted by the Directors
under subsection (a). The report of the Comptrol-
ler General shall explain fully any differences be-
tween the contents of such report and the report of
the Directors under subsection (a).
"(2) REPORT TO PRESIDENT AND CONGRESS BY
THE DIRECTOR OF OMB.—

"(A) REPORT TO GIVE DUE REGARD TO
GAO REPORT.—The Director of the Office of
Management and Budget shall review and consid­
er the report issued by the Comptroller General
under paragraph (1) of this subsection for the
fiscal year and, with due regard for the data, as­
sumptions, and methodologies used in reaching
the conclusions set forth therein, shall issue a
report to the President and the Congress on Sep­
tember 1 of the calendar year in which such fiscal
year begins, estimating the budget base levels of
total revenues and total budget outlays for such
fiscal year, identifying the amount of any deficit
excess for such fiscal year, stating whether such
deficit excess will be greater than
$10,000,000,000 (zero in the case of fiscal year
1992), specifying the estimated rate of real eco­
monic growth for such fiscal year, for each quar­
ter of such fiscal year, and for each of the last two
quarters of the preceding fiscal year, indicating
whether the estimate includes two or more conse­
utive quarters of negative economic growth, and
specifying (if the excess is greater than
$10,000,000,000, or zero in the case of fiscal year 1992), by account, for non-defense programs, and by account and programs, projects, and activities within each account, for defense programs, the base from which reductions are taken and the amounts and percentages by which such accounts must be reduced during such fiscal year in order to eliminate such deficit excess. Such report shall give due regard to the estimates, determinations, and specifications, and views of the Comptroller General under paragraph (1) and shall use the budget base, criteria, and guidelines set forth in subsection (a)(6) and in sections 255, 256, and 257.

"(B) CONTENTS OF REPORT.—The report of the Director of the Office of Management and Budget under this paragraph shall—

"(i) provide for the determination of reductions in the manner specified in subsection (a)(3);

"(ii) contain estimates, determinations, and specifications for all of the items contained in the report submitted by the Directors under subsection (a); and
“(iii) state whether the estimates, determinations, and specifications contained therein are consistent with the views contained in the report of the Comptroller General under paragraph (1)(B), and, if not, shall explain the reasons for any deviation.”.

(2) Section 251(c) is amended—

(A) in subparagraph (A) of paragraph (1), by inserting “, as of October 1,” after “indicating”;

(B) by striking out “President” in subparagraph (A) of paragraph (2) and inserting in lieu thereof “Director of the Office of Management and Budget”;

(C) by striking out “subsection (b)” in such subparagraph and inserting in lieu thereof “subsection (b)(1)”; and

(D) by adding at the end of such subparagraph the following new sentence: “Such report shall be based upon the same economic and technical assumptions, employ the same methodologies, and utilize the same definition of the budget base and the same criteria and guidelines as the report submitted by the Comptroller General under subsection (b)(1) (except that subdivision (II) of subsection (a)(6)(D)(i) shall not apply).”; and
(E) by striking out subparagraph (B) of paragraph (2) and inserting in lieu thereof the following new subparagraph:

"(B) The report of the Comptroller General under this paragraph shall revise (to the extent necessary) the views contained in the report submitted pursuant to subsection (b)(1)(B)."; and

(F) by adding at the end thereof the following new paragraph:

"(3) REPORT BY THE DIRECTOR OF OMB.—

"(A) On October 15 of the fiscal year, the Director of the Office of Management and Budget shall submit to the President and the Congress a report revising the report submitted by the Director of the Office of Management and Budget under subsection (b)(2), adjusting the estimates, determinations, and specifications contained in that report to the extent necessary in the light of the revised report submitted to the Director of the Office of Management and Budget by the Comptroller General under paragraph (2) of this subsection.

"(B) The revised report of the Director of the Office of Management and Budget under this paragraph shall provide for the determination of
reductions as specified in subsection (a)(3), shall contain all of the estimates, determinations, and specifications required (in the case of the report submitted under subsection (b)(2)) pursuant to subsection (b)(2)(B)(ii), and shall explain any deviation between the revised report of the Director under this paragraph and the report of the Comptroller General under paragraph (2).

“(C) The revised report of the Director under this paragraph shall contain estimates, determinations, and specifications for all of the items contained in the initial report and shall be based on the same economic and technical assumptions, employ the same methodologies, and utilize the same definition of the budget base and the same criteria and guidelines as those used in the report submitted by the Director under subsection (b)(2) (except that subdivision (II) of subsection (a)(6)(D)(i) shall not apply), and shall provide for the determination of reductions in the manner specified in subsection (a)(3).

“(D) The revised report of the Director under this paragraph for a fiscal year shall not contain, with respect to any item, an amount of budget authority, outlays, spending authority (as
defined in section 401(c)(2) of the Congressional Budget Act of 1974), revenues, obligation limitation, obligated balances, unobligated balances, loan guarantee commitments, or direct loan obligations, which is different than the amount of budget authority, outlays, spending authority (as so defined), revenues, obligation limitation, obligated balances, unobligated balances, loan guarantee commitments, or direct loan obligations specified for such item in the report of the Director under subsection (b)(2) for such fiscal year unless, after the Director submits the report required under such subsection (b)(2)—

“(i) legislation is enacted,

“(ii) a final regulation is promulgated,

or

“(iii) a notice of a sale of assets is published in accordance with subsection (l), which requires a change in the estimate of such budget authority, outlays, spending authority (as so defined), revenues, obligation limitation, obligated balances, unobligated balances, loan guarantee commitments, or direct loan obligations for such item.”.
(3)(A) Section 251(e) is amended by striking out "Directors or the Comptroller General" and inserting in lieu thereof "Directors, the Comptroller General, or the Director of the Office of Management and Budget".

(B) Section 251(f) is amended by striking out "subsections (b) and (c)(2)" and inserting in lieu thereof "subsections (b)(1) and (c)(2), and the reports of the Director of the Office of Management and Budget submitted to the Congress under subsections (b)(2) and (c)(3),".

(b)(1) Section 252(a) is amended—

(A) by striking out "Comptroller General" the first place it appears in paragraph (1) and inserting in lieu thereof "Director of the Office of Management and Budget";

(B) by striking out "section 251(b)" each place it appears in paragraphs (1) and (3) and inserting in lieu thereof "section 251(b)(2)";

(C) by striking out "September 1" in paragraph (1) and inserting in lieu thereof "September 3"; and

(D) by striking out "Comptroller General's" in the heading for paragraph (3) and inserting in lieu thereof "Director's".

(2) Section 252(b) is amended—
(A) by striking out "Comptroller General" each place it appears and inserting in lieu thereof "Director of the Office of Management and Budget";

(B) by striking out "section 251(b)" each place it appears and inserting in lieu thereof "section 251(b)(2)";

(C) by striking out "section 251(c)(2)" each place it appears and inserting in lieu thereof "section 251(c)(3)"; and

(D) by striking out "October 15" in paragraph (1) and inserting in lieu thereof "October 20".

(3) Flexibility with Respect to National Defense.—Paragraph 2 of section 252(a) is amended to read as follows:

"(2) Special sequestration procedures for national defense.—

"(A) Flexibility with respect to military personnel accounts.—

"(i) Notwithstanding subparagraph (B)(i) of paragraph (1), the order issued by the President under paragraph (1) with respect to any fiscal year may, with respect to any military personnel account—
"(I) exempt any program, project, or activity within such account from the order;

"(II) provide for a lower uniform percentage to be applied to reduce any program, project, or activity within such account than would otherwise apply; or

"(III) take actions described in both subclauses (I) and (II).

"(ii) If the President uses the authority under clause (i), the total amount by which outlays are not reduced for a fiscal year in military personnel accounts by reason of the use of such authority shall be determined. Reductions in outlays under defense programs in such total amount shall be achieved by a uniform percentage sequestration of new budget authority and unobligated balances in each program, project, and activity within each account within major functional category 050 other than those military personnel accounts for which the authority provided under clause (i) has been exercised, computed on the basis of the outlay rate for each
such program, project, and activity determined under section 251(d).

"(B) FLEXIBILITY AMONG PROGRAMS, PROJECTS, AND ACTIVITIES.—

"(i) Subject to Congressional approval provided in clause (iv), new budget authority and unobligated balances for any program, project, or activity within major functional category 050 (other than a military personnel account) may be reduced under an order issued by the President under paragraph (1), subject to clauses (ii) and (iii) of this subparagraph. To the extent such reductions are made under such an order, the President may provide in the order for an increase in new budget authority and unobligated balances for another program, project, or activity within major functional category 050.

"(ii) No order issued by the President under paragraph (1) may result in a domestic base closure or realignment that would otherwise be subject to section 2687 of title 10, United States Code.

"(iii) If the President exercises the authority provided under subparagraph (A) for
a fiscal year, the President may, under this subparagraph, only propose decreases (in addition to the decreases required by the President under subparagraph (A)) and increases of new budget authority and unobligated balances for nonmilitary personnel accounts such that the total reduction of outlays for defense programs for such fiscal year required under section 251(a)(3)(B) is achieved.

"(iv) The President may not exercise the authority provided by this subparagraph unless, prior to the issuance of an order under paragraph (1) or under subsection (b)—

"(I) the President submits a report to Congress specifying changes proposed to be made pursuant to this subparagraph; and

"(II) a joint resolution affirming the changes proposed by the President pursuant to this subparagraph becomes law.

"(v) Within 5 days after the President submits a report to Congress under clause
(iv)(I) for a fiscal year, but before October 19 of such fiscal year, the majority leader of each House of Congress shall each introduce a joint resolution which contains provisions affirming the changes proposed by the President pursuant to this subparagraph. A joint resolution introduced under this clause shall be considered in accordance with the procedures specified in subsection (b) of section 258, and for purposes of such subsection, shall be deemed to be a joint resolution introduced under subsection (a) of such section.

"(C) The authority granted to the President under this paragraph shall not be construed to reduce the total amount of reductions in outlays required under section 251(a)(3)(B) for defense programs for any fiscal year."

(c) Part C is amended by adding at the end thereof the following new section:

"SEC. 258. PREVENTION OR MODIFICATION OF PRESIDENTIAL ORDER.

"(a) INTRODUCTION OF JOINT RESOLUTION.—At any time after the Director of the Office of Management and Budget issues a report under section 251(c)(3) for a fiscal year, but before October 19 of such fiscal year, the majority
leader of each House of Congress may each introduce a joint resolution which contains provisions directing the President to—

"(1) in any case in which an initial order has not been issued under section 252(a) for such fiscal year, to issue a final order under section 252(b) in order to reduce the deficit for such fiscal year by the deficit excess for such fiscal year specified in such joint resolution;

"(2) to modify the most recent order issued under section 252 for such fiscal year in order to implement such deficit excess for such fiscal year; or

"(3) to cancel the implementation of an order issued under section 252(a)—

"(A) with respect to any fiscal year other than fiscal year 1989, if the deficit excess for such fiscal year specified in the joint resolution will be less than $10,000,000,000; or

"(B) only with respect to fiscal year 1989, if, as a result of the enactment of laws and the promulgation of final regulations which change spending and revenue policies for such fiscal year, the deficit for such fiscal year is reduced below the baseline estimate of the deficit for such fiscal
year by an amount which is not less than $36,000,000,000.

(b) Procedures for Consideration of Joint Resolutions.—

(1) Exercise of Rulemaking Power.—The provisions of this subsection are enacted—

(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in the Senate in the case of joint resolutions described by subsection (a) of this section; and they supersede other rules only to the extent that they are inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure of 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.

(2) No Referral to Committee.—A joint resolution introduced in the Senate or the House of Representatives under subsection (a) shall not be referred to a committee of the Senate or the House of
Representatives, as the case may be, and shall be placed on the appropriate calendar pending disposition of such joint resolution in accordance with this subsection.

"(3) IMMEDIATE CONSIDERATION.—At any time after a joint resolution is introduced under subsection (a), notwithstanding any rule or precedent of the Senate, including Rule 22 of the Standing Rules of the Senate, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution, and all points of order against the resolution (and against consideration of the resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.
“(4) DEBATE.—Debate on a joint resolution introduced under subsection (a), and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is in order and not debatable. A motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

“(5) VOTE ON FINAL PASSAGE.—Immediately following the conclusion of the debate on a joint resolution introduced under subsection (a), and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the resolution shall occur. Such vote shall occur no later than October 19 of the fiscal year to which the joint resolution relates.

“(6) APPEALS.—Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a joint resolution described in subsection (a) shall be decided without debate.
“(7) Resolution from other house.—If, before the passage by the Senate of a joint resolution of the Senate introduced under subsection (a), the Senate receives from the House of Representatives a joint resolution introduced under subsection (a), then the following procedures shall apply:

“(A) The joint resolution of the House of Representatives shall not be referred to a committee.

“(B) With respect to a joint resolution introduced under subsection (a) in the Senate—

“(i) the procedure in the Senate shall be the same as if no resolution had been received from the House; but

“(ii) the vote on final passage shall be on the resolution of the House.

“(C) Upon disposition of the resolution received from the House, it shall no longer be in order to consider the resolution originated in the Senate.

“(8) Senate action on house resolution.—If the Senate receives from the House of Representatives a joint resolution introduced under subsection (a) after the Senate has disposed of a Senate originated resolution, the action of the Senate with
regard to the disposition of the Senate originated resolution shall be deemed to be the action of the Senate with regard to the House originated resolution: Provided, That this section shall not take effect should either House amend such resolution."

(d)(1) Section 251 is amended by adding at the end thereof the following new subsection:

"(h) **SPECIAL RULES RELATED TO FISCAL YEAR 1989.**

"(1) **DEFICIT EXCESS.**—For purposes of this part, with respect to fiscal year 1989, the deficit excess shall be the lesser of—

"(A) the amount equal to the difference between the estimated deficit for such fiscal year minus the maximum deficit amount for such fiscal year; or

"(B) the amount equal to the difference between the amount equal to the sum of $36,000,000,000 and $10,000,000,000, minus the amount by which the deficit for such fiscal year is reduced below the baseline estimate of the deficit for such fiscal year as a result of the enactment of laws and the promulgation of final regulations which change spending and revenue poli-
cies for such fiscal year, except as provided in the last sentence of this paragraph.

Under subparagraph (B), the deficit excess for fiscal year 1989 shall not exceed $36,000,000,000.

“(2) Bills and resolutions to be considered.—In preparing any report with respect to fiscal year 1989 under this section, the Directors, the Comptroller General, and the Director of the Office of Management and Budget, for purposes of making a determination under paragraph (1)(B) shall—

“(A) analyze, only provisions of law enacted, and final regulations promulgated, during the period beginning on October 1, 1987, and ending on the date on which the report is made; and

“(B) exclude from the baseline estimate of the deficit any changes in the deficit which resulted from the enactment of provisions of law and the promulgation of final regulations during the period beginning on October 1, 1987, and ending—

“(i) in the case of a report under this section by the Director of the Congressional Budget Office, on the date on which such Director submits the report for fiscal year
1989 required under section 202(f)(1) of the Congressional Budget Act of 1974;

“(ii) in the case of a report under this section by the Director of the Office of Management and Budget, on the date on which such Director submits the statement for fiscal year 1989 required under section 1105(g) of title 31, United States Code; and

“(iii) in the case of a report under this section by the Comptroller General submits the report required for fiscal year 1989 under section 259(a).

“(3) ECONOMIC ASSUMPTIONS.—Only with respect to any determination under paragraph (1)(B) for fiscal year 1989—

“(A) the Director of the Office of Management and Budget, in preparing any report under subsection (a)(2), (b)(2), (c)(1), or (c)(3) for such fiscal year, shall use the same economic and technical assumptions specified in the statement required for such fiscal year under section 1105(g) of title 31, United States Code;

“(B) the Director of the Congressional Budget Office, in preparing any report under subsection (a)(2) or (c)(1) for such fiscal year, shall
use the same economic and technical assumptions specified in the report required for such fiscal year under section 202(f)(1) of the Congressional Budget Act of 1974; and

"(C) the Comptroller General, in preparing any report under subsection (b)(1) or (c)(2) for such fiscal year, shall use the same economic and technical assumptions specified in the report required for such fiscal year under section 259.".

(2)(A) Part C (as amended by subsection (c) of this section) is further amended by adding at the end thereof the following new section:

"SEC. 259. ECONOMIC ASSUMPTIONS FOR FISCAL YEAR 1989.

(a) REPORT.—By March 1, 1988, the Comptroller General of the United States shall, after analyzing the report of the Director of the Congressional Budget Office under section 202(f)(1) of the Congressional Budget Act of 1974 for fiscal year 1989 and the statement of the Director of the Office of Management and Budget under section 1105(g) of title 31, United States Code, for such fiscal year, issue a report specifying, with respect to fiscal year 1989 and fiscal year 1988—

"(1) the baseline estimate of the deficit;

"(2) the baseline estimate of budget authority and budget outlays for each major functional category;
“(3) revenues by major type, including individual and corporate income taxes, social insurance taxes and contributions, excise taxes, estate and gift taxes, customs duties, and miscellaneous receipts;

“(4) key technical assumptions relating to the budget estimates; and

“(5) economic assumptions relating to the budget estimates, including—

“(A) the level of real gross national product for each such fiscal year;

“(B) the level of nominal gross national product for each such fiscal year;

“(C) the level of the gross national product deflator index for each such fiscal year;

“(D) the level of merchandise imports for each such fiscal year;

“(E) the level of taxable personal income for each such fiscal year;

“(F) the level of wage and salary disbursements for each such fiscal year;

“(G) the level of corporate profits (economic) for each such fiscal year;

“(H) the level of the CPI–W for each such fiscal year;
“(I) the level of the CPI-U for each such fiscal year;

“(J) the average level of the capital consumption adjustment for each such fiscal year;

“(K) the average level of the inventory valuation adjustment for each such fiscal year;

“(L) the interest rate on 91-day Treasury bills, the interest rate on 10-year Treasury notes, and the interest rate on 30-year Treasury bonds, for each such fiscal year;

“(M) the average refiners' acquisition price for oil for each such fiscal year; and

“(N) the civilian unemployment rate for each such fiscal year.

“(b) PREPARATION OF REPORT.—In preparing the baseline estimate of the deficit to be included in the report required under subsection (a) for fiscal year 1989, the Comptroller General shall—

“(1) apply the provisions of section 251(a)(6) of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than subparagraph (C) of such section) with respect to all accounts other than appropriated accounts; and

“(2) with respect to each appropriated account, apply the provisions of subparagraph (D) of such sec-
tion and assume that the level of appropriations for the fiscal year for which the report is made will be equal to the level of appropriations for such account for the preceding fiscal year, adjusted by the gross national product deflator or such other measure of inflation as the Comptroller General considers appropriate.”.

(B) Section 202(f) of the Congressional Budget Act of 1974 is amended—

(i) by striking out “and (B)” in paragraph (1) and inserting in lieu thereof “(B) the baseline estimate of the deficit, and (C)”;

(ii) by adding at the end of paragraph (1) the following: “The report prepared under this paragraph for fiscal year 1989 shall also include a specification of each of the items, for the fiscal year for which the report is made and the fiscal year preceding such fiscal year, which are described in paragraphs (1) through (5) of section 259(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 and which are used in preparing such report.”;

(iii) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5), respectively; and

(iv) by inserting after paragraph (1) the following new paragraph:
“(2) On or before August 15 of each year, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate a report, for the fiscal year commencing on October 1 of that year, which—

“(A) updates the most recent economic forecast and budget outlook, including the most recent aggregates for revenues, budget authority outlays, and related surpluses and deficits; and

“(B) includes the baseline estimate of the deficit for such fiscal year calculated based on the update of such estimates of revenues, budget authority, and outlays.

“(3) In preparing the baseline estimate of the deficit to be included in each report required under paragraph (1) or (2) for a fiscal year, the Director shall—

“(A) apply the provisions of section 251(a)(6) of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than subparagraph (C) of such section) with respect to all accounts other than appropriated accounts; and

“(B) with respect to each appropriated account, apply the provisions of subparagraph (D) of such section and assume that the level of appropriations for the fiscal year for which the report is
made will be equal to the level of appropriations for such account for the preceding fiscal year, adjusted by the gross national product deflator or such other measure of inflation as the Director considers appropriate.

(C) Section 1105(f) of title 31, United States Code, is amended—

(i) by inserting before the period in paragraph (1) a comma and "or, in the case of fiscal year 1989, in such a manner to ensure that the deficit for fiscal year 1989 is reduced below the baseline estimate of the deficit for such fiscal year by $36,000,000,000";

(ii) by striking out "The" in paragraph (2) and inserting in lieu thereof "(A) Except as provided in subparagraph (B), the"; and

(iii) by adding at the end of paragraph (2) the following new subparagraph:

"(B) Subparagraph (A) shall not apply to the budget transmitted under subsection (a) for fiscal year 1989 if such budget sets forth a deficit for such fiscal year which is less than the estimated baseline of the deficit for such fiscal year by at least $36,000,000,000.".

(D) Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:
“(g)(1) The budget submitted under subsection (a) for fiscal year 1989 shall include a separate statement, prepared by the Director of the Office of Management and Budget, of—

“(A) each of the items, for the fiscal year for which the budget is submitted and the fiscal year preceding such fiscal year, which are described in paragraphs (1) through (5) of section 259(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 and which are used in preparing such budget.

“(2) In preparing the baseline estimate of the deficit to be included in each statement required under paragraph (1) of this subsection for fiscal year 1989, the Director of the Office of Management and Budget shall—

“(A) apply the provisions of section 251(a)(6) of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than subparagraph (C) of such section) with respect to all accounts other than appropriated accounts; and

“(B) with respect to each appropriated account, apply the provisions of subparagraph (D) of such section and assume that the level of appropriations for the fiscal year for which the report is made will be equal to the level of appropriations for such account for the preceding fiscal year, adjusted by the gross national
product deflator or such other measure of inflation as the Director considers appropriate.

(e)(1) Section 301(i) of the Congressional Budget Act of 1974 is amended—

(A) by striking out paragraph (1)(A) and inserting in lieu thereof the following:

"(1)(A) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider any concurrent resolution on the budget for a fiscal year under this section, or to consider any amendment to such a concurrent resolution, or to consider a conference report on such a concurrent resolution, if—

(i) the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report—

\("(I)\) exceeds the recommended level of Federal revenues set forth for that year by an amount that is greater than the sum of the maximum deficit amount for such fiscal year as determined under section 3(7); and

\("(II)\) in the case of fiscal year 1989, would cause the reduction in the deficit for such fiscal year below the baseline estimate
of the deficit for such fiscal year to be less
than $36,000,000,000; or
“(ii) the adoption of such amendment
would—
“(I) result in a level of total budget out-
lays for such fiscal year which exceeds the
recommended level of Federal revenues for
such fiscal year by an amount that is greater
than the sum of maximum deficit amount for
such fiscal year as determined under section
3(7); and
“(II) in the case of fiscal year 1989,
cause the reduction in the deficit for such
fiscal year below the baseline estimate of the
deficit for such fiscal year to be less than
$36,000,000,000.”; and
(B) by striking out “MAXIMUM DEFICIT
AMOUNT MAY NOT BE EXCEEDED” in the heading
for such subsection and inserting in lieu thereof “EN-
FORCEMENT OF DEFICIT REDUCTION”.
(2) Section 301 is amended by inserting at the end
thereof the following:
“(j) DETERMINATIONS BY BUDGET COMMITTEES.—
For purposes of this section, the levels of revenues and out-
lays and the level of the deficit for a fiscal year shall be
determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or the Senate, as the case may be.”.

(3) Section 311(a) of such Act is amended by inserting after “section 3(7)” the following: “and would cause the reduction in the deficit for such fiscal year to be less than $36,000,000,000, in the case of fiscal year 1989”.

(f)(1) Section 251(d) is amended by striking out paragraph (3).

(2) The last sentence of section 251(c)(1) is amended by striking out “and authorized under subsection (d)(3)(D)(i)”.

(3) Section 256(l)(2) is amended by striking out “, in accordance with section 251(d)(3),”.

(g)(1) Section 254(b)(1)(A) is amended by striking out “Comptroller General under section 251(c)(2)” and inserting in lieu thereof “Director of the Office of Management and Budget under section 251(c)(3)”.

(2) Section 274(f)(5) is repealed.

(3) Section 274(h) is amended—

(A) by striking out “Comptroller General” the first place it appears and inserting in lieu thereof “Director of the Office of Management and Budget”; and

(B) by striking out “Comptroller General under section 251(b) or (c)(2)” and inserting in lieu thereof
Director of the Office of Management and Budget under section 251 (b)(2) or (c)(3)".

(b)(1) Section 251 (as amended by subsection (d) of this section) is further amended by adding at the end thereof the following new subsections:

(i) Economic Assumptions.—

(1) Fiscal Year 1988.—In preparing each report required under this section for fiscal year 1988, the Directors, the Comptroller General, and the Director of the Office of Management and Budget shall each use the following economic assumptions for fiscal years 1987 and 1988:

(A) The level of real gross national product is the amount determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

(B) The level of nominal gross national product is the amount determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

(C) The level of the gross national product deflator index is the amount determined by the committee of conference on the Balanced Budget

"(D) The level of merchandise imports is the amount determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

"(E) The level of taxable personal income is the amount determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

"(F) The level of wage and salary disbursements is the amount determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

"(G) The level of corporate profits (economic) is the amount determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

"(H) The level of the CPI-W is the amount determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

"(I) The level of the CPI-U is the amount determined by the committee of conference on the

"(J) The interest rate on 91-day Treasury bills, the interest rate on 10-year Treasury notes, and the interest rate on 30-year Treasury bonds, are the amounts determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

"(K) The average level of the capital consumption adjustment is the amount determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

"(L) The average level of the inventory valuation adjustment is the amount determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

"(M) The average refiners' acquisition price for oil is the amount determined by the committee of conference on the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987.

"(N) The civilian unemployment rate is the amount determined by the committee of conference

"(2) FISCAL YEAR 1989 AND SUBSEQUENT FISCAL YEARS.—

"(A) REPORTS BY THE DIRECTORS AND THE COMPTROLLER GENERAL.—By July 25 of the calendar year in which a fiscal year begins (beginning with fiscal year 1989), the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller General shall each submit to the Temporary Joint Committee on Deficit Reduction established by section 274 a report proposing, for each of the items specified in subparagraph (E), an amount for use by the Directors and the Comptroller General in preparing each report required by subsections (a), (b), and (c) for such fiscal year, except as provided in section 258(h)(3).

"(B) REPORTING OF JOINT RESOLUTION.—

The Temporary Joint Committee on Deficit Reduction established under section 274 may, at any time before September 15 of the calendar year in which a fiscal year begins, report to the Senate
and the House of Representatives a joint resolution for such fiscal year which—

“(i) specifies, for one or more of the items specified in subparagraph (E), the amount (within the range of the amounts proposed for each such item by the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller General in the reports required under paragraph (1)) for such item for such fiscal year;

“(ii) directs the Directors and the Comptroller General to use the amount specified in such joint resolution for each such item in preparing each report required under subsections (a), (b), and (c) for such fiscal year, and with respect to the determination of the baseline estimate of the deficit for fiscal year 1989, to consider changes in the deficit resulting from the enactment of laws and the promulgation of final regulations which change spending and revenue policies for such fiscal year; and

“(iii) directs the President to modify the most recent order (if any) issued under sec-
tion 252 for such fiscal year in a manner which implements the amount specified in such joint resolution for each such item.

"(C) Procedures.—The provisions relating to the consideration of joint resolutions under section 254(a)(4) shall apply to the consideration of a joint resolution reported pursuant to subparagraph (B), except that debate in each House shall be limited to two hours.

"(D) Action if Item is Not Specified by Joint Resolution.—In any case in which a joint resolution is not enacted under this subsection specifying an amount for an item specified in subparagraph (E) for a fiscal year, the Director of the Office of Management and Budget and the Director of the Congressional Budget Office shall, in preparing the reports required by subsections (a), (b), and (c) for such fiscal year, use the amount that was proposed by such Director for such item in the report required under subparagraph (A) for such fiscal year. The Comptroller General may, in preparing the reports required by subsections (b) and (c), use any amount within the range of amounts that was proposed for such item in the reports of each such Director and the Comptroller.
General in the report required by subparagraph (A).

"(E) SPECIFIED ITEMS.—The items specified in this paragraph are:

"(i) the baseline estimate of the deficit;

"(ii) the baseline estimate of budget authority and budget outlays for each major functional category;

"(iii) revenues by major type, including individual and corporate income taxes, social insurance taxes and contributions, excise taxes, estate and gift taxes, customs duties, and miscellaneous receipts;

"(iv) key technical assumptions relating to the budget estimates; and

"(v) economic assumptions relating to the budget estimates, including, for a fiscal year and the fiscal year preceding such fiscal year—

"(I) the level of real gross national product for each such fiscal year;

"(II) the level of nominal gross national product for each such fiscal year;
“(III) the level of the gross national product deflator index for each such fiscal year;

“(IV) the level of merchandise imports for each such fiscal year;

“(V) the level of taxable personal income for each such fiscal year;

“(VI) the level of wage and salary disbursements for each such fiscal year;

“(VII) the average level of the capital consumption adjustment for each such fiscal year;

“(VIII) the average level of the inventory valuation adjustment for each such fiscal year;

“(IX) the level of corporate profits (economic) for each such fiscal year;

“(X) the level of the CPI-W for each such fiscal year;

“(XI) the level of the CPI-U for each such fiscal year;

“(XII) the interest rate on 91-day Treasury bills, the interest rate on 10-year Treasury notes, and the interest rate on 30-year Treasury bonds for each such fiscal year;
“(XIII) the average refiners’ acquisition price for oil for each such fiscal year; and

“(XIV) the civilian unemployment rate for each such fiscal year.

“(6) DEFINITION.—For purposes of this subsection, the term ‘range of amounts’ means, with respect to an item, any of the amounts for such item which is

“(A) not less than the lesser of the amounts proposed for such item by either Director or by the Comptroller General in the reports required by paragraph (1)(A) for a fiscal year; or

“(B) not more than the higher of the amounts proposed for such item used by either Director or the Comptroller General in such reports.

“(j) BUDGETARY RESOURCE-OUTLAY RATIOS.—

“(1) IN GENERAL.—

“(A) BASIC RULE.—Except as provided in paragraph (2) and in subparagraph (E), in preparing each report required under this section for a fiscal year, the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller Gener-
al shall calculate budget outlays resulting from each item of budgetary resources (specified in sub-
clauses (I) through (VII) of subparagraph (F)(i)) for an account in accordance with this subsection, for purposes of—

“(i) determining under subsection (a) budget base levels of budget outlays for such fiscal year;

“(ii) determining the amount of budget outlays for such fiscal year for defense pro-
grams to which subsections (a)(3)(E)(ii) and (d) apply; and

“(iii) determining the amount of budget outlays for such fiscal year for non-defense programs to which subsection (a)(3)(F)(iv) applies.

“(B) COMPUTATION RULES.—For purposes of subparagraph (A), in order to determine the amount of budget outlays for a fiscal year result-
ing from an item of budgetary resources for each account to which clause (i), (ii), or (iii) of such subparagraph applies, the Director of the Office of Management and Budget, the Director of the Con-
gressional Budget Office, and the Comptroller General shall make the following determinations:
“(i) The amount of such item of budgetary resources for such account for such fiscal year shall be determined.

“(ii) The ratio described in subparagraph (C) shall be determined for such item of budgetary resources for such account.

“(iii) The amount of budget outlays resulting from such item of budgetary resources for such account for such fiscal year shall be equal to the product of the amount determined under clause (i) of this subparagraph for such item of budgetary resources multiplied by the ratio determined under clause (ii) of this subparagraph for such item of budgetary resources.

“(C) DETERMINATION OF RATIO.—For each item of budgetary resources for each account, the ratio referred to in clause (ii) of subparagraph (B) shall be equal to the quotient of—

“(i) the amount of budget outlays specified as the average of the amounts of budget outlays proposed by each of the Directors for fiscal year 1986 for such account in the first appendix of the report submitted by the Directors under subsection (a) for fiscal year...
1986, (as such report was modified by the report of the Comptroller General under subsection (b) for such fiscal year and reaffirmed by H. J. Res. 672, as adopted on July 17, 1986), except as provided by subparagraph (D) of this paragraph, divided by 

"(ii) the amount for such item of budgetary resources specified as the average of the amounts for such item proposed by each of the Directors for fiscal year 1986 for such account in such appendix.

"(D) ACCOUNTS WITH MORE THAN ONE ITEM OF BUDGETARY RESOURCES.—In any case in which, in the appendix described in subparagraph (G)(i), there is—

"(i) more than one item of budgetary resources for an account to which clause (i), (ii), or (iii) of subparagraph (A) applies;

"(ii) or an excluded budgetary resource for such an account,

the amount of budget outlays for each such item of budgetary resources, for purposes of subparagraph (C)(i), shall be the amount of budget outlays determined by the Director of the Office of Management and Budget, the Director of the Congres-
sional Budget Office, or the Comptroller General, as the case may be, that was associated with such item of budgetary resources for fiscal year 1986 in the preparation of such appendix.

"(E) EXCEPTION.—

"(i) Subparagraph (A) shall not apply to the calculation of budget outlays resulting from an item of budgetary resources for an account if the appendix described in clause (i) of subparagraph (C) does not specify the amount of budget outlays described in such subparagraph or the amount for an item of budgetary resources described in clause (ii) of such subparagraph.

"(ii) In preparing the reports under subsections (a) and (c)(1) for a fiscal year, the Director of the Office of Management and Budget and the Director of the Congressional Budget Office shall calculate the budget outlays resulting from an item of budgetary resources described in clause (i) in the same manner as the budget outlays resulting from such item were calculated by such Director for purposes of determining the
budget base level of total outlays under subsection (a)(1)(A) for fiscal year 1986.

“(F) DEFINITION.—For purposes of this subsection—

“(i) the term ‘item of budgetary resources’ means—

“(I) budget authority;

“(II) spending authority (as defined in section 401(c)(2) of the Congressional Budget Act of 1974);

“(III) offsetting collection amounts for spending authority (as so defined);

“(IV) direct loan limitations;

“(V) obligation limitations;

“(VI) unobligated balances for defense programs; and

“(VII) budget authority for programs subject to special sequestration rules; and

“(ii) the term ‘excluded budgetary resource’ means—

“(I) spending authority (as defined in section 401(c)(2) of the Congressional Budget Act of 1974) for automatic spending increases;
“(II) direct loan floors;
“(III) guaranteed loan limitations;
“(IV) guaranteed loan floors;
“(V) unobligated balances for administrative expenses; and
“(VI) budget authority for automatic spending increases.

“(2) PROPOSAL OF ALTERNATIVE RATIOS.—

“(A) IN GENERAL.—By September 9 (in the case of fiscal year 1988) or by June 20 (in the case of fiscal year 1989 or any subsequent fiscal year), the Directors may submit a joint report, or either Director may submit a separate report, to the Temporary Joint Committee on Deficit Reduction established under section 274(f) which proposes, for one or more items of budgetary resources, the use, for purposes of paragraph (1), of a ratio for such fiscal year which is different than the ratio prescribed by subparagraph (C) of such paragraph. The report shall include, for each such item for which a different ratio is recommended, an explanation of the reasons why the ratio prescribed by paragraph (1)(C) is no longer adequate for purposes of paragraph (1) and a justification for the ratio proposed for such account.
“(B) Reporting of joint resolution.—
Within 5 days after either or both Directors have submitted a report under subparagraph (A), the Temporary Joint Committee may report to the Senate and the House of Representatives a joint resolution affirming all or part of the contents of the report or reports submitted under subparagraph (A). The provisions relating to the consideration of joint resolutions under section 254(a)(4) shall apply to the consideration of a joint resolution reported pursuant to this subparagraph, except that debate in each House shall be limited to two hours.

“(C) Effect of joint resolution.—If a joint resolution is enacted under subparagraph (B) for a fiscal year, the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller General shall each, in preparing each report required to be submitted under this section on or after the date of the enactment of the joint resolution (and before the date of the enactment of a subsequent joint resolution under such subparagraph affirming a different ratio with respect to
that item), use the ratio affirmed with respect to that item by the joint resolution.

"(k) COMPUTATION OF BUDGET BASE OUTLAYS RESULTING FROM OBLIGATED BALANCES.—In determining the amount of budget base outlays resulting from obligated balances for defense programs and non-defense programs for a fiscal year for purposes of the reports required under subsections (a) and (c)(1)—

“(1) the Director of the Office of Management and Budget shall use the methodology used by such Director in determining such budget base outlays in the report required under subsection (a) for fiscal year 1986; and

“(2) the Director of the Congressional Budget Office shall use the methodology used by such Director in determining such budget base outlays in the report required under subsection (a) for fiscal year 1986.

“(l) FEDERAL REGULATIONS.—Except as provided in subsection (a)(6)(D)(ii), in preparing each report required under this section for a fiscal year, the Director of the Office of Management and Budget and the Director of the Congressional Budget Office shall assume the impact of only those regulations which have been promulgated as final regulations—
"(1) in case of fiscal year 1989 or any succeeding fiscal year, by August 15 of the calendar year in which such fiscal year begins (with respect to reports required under subsection (a) or (b) for such fiscal year), or by October 1 of the fiscal year with respect to reports required under subsection (c) for such fiscal year; or

"(2) in the case of fiscal year 1988, by the date which is 2 weeks after the date of enactment of the Balanced Budget and Emergency Deficit Control Re-affirmation Act of 1987.

"(m) ASSET SALES.—In preparing each report required under this part for a fiscal year, the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller General shall assume that the sale of an asset by the Federal Government will occur during such fiscal year only if—

"(1) a final notice of sale during such fiscal year that includes a description of the asset to be sold and the date of sale was published in the Federal Register on or before—

"(A) for fiscal year 1988, the date which is 2 weeks after the date of enactment of the Balanced Budget and Emergency Deficit Control Re-affirmation Act of 1987; or
“(B) for fiscal year 1989 and each subsequent fiscal year, August 15 of the calendar year in which such fiscal year begins;

“(2) the receipts from such sale were assumed by the Director of the Congressional Budget Office in the baseline estimate of the deficit contained in the report of such Director entitled ‘An Analysis of the President’s Budgetary Proposals for Fiscal Year 1988’, issued February 19, 1987; or

“(3) such savings are the result of reconciliation savings assumed in the joint explanatory statement of the managers of the committee of conference on House Concurrent Resolution 93 (100th Congress, 1st Session, approved June 24, 1987).

Within 2 weeks after the date of enactment of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987, the Director of the Congressional Budget Office shall cause to be published in the Federal Register a list of the asset sales for which receipts were assumed in the baseline estimate of the deficit contained in the report described in paragraph (2).

“(n) PAY INCREASES.—

“(1) IN GENERAL.—In preparing each report required under this section for a fiscal year, the Director of the Office of Management and Budget, the Director
of the Congressional Budget Office, and the Comptroller General shall—

"(A) include amounts of budgetary resources and budget outlays necessary to pay for any Federal pay adjustments for statutory pay systems if such adjustments have been recommended by the President or, notwithstanding subsection (a)(6)(D)(i), have been enacted by law;

"(B) include amounts of budgetary resources and budget outlays necessary to pay for any pay adjustments for elements of military pay if such adjustments occur pursuant to law or are specifically enacted by law; and

"(C) assume that the percentage of the amounts of budgetary resources and budget outlays necessary to pay for such adjustments that will be absorbed by all Federal agencies will not exceed the average (for the three most recently completed pay adjustment absorption fiscal years) of the percentages of such amounts absorbed by Federal agencies for such fiscal years.

"(2) Determination of Agencies Absorbing Pay Adjustments.—For purposes of paragraph (1)(C), a Federal agency shall be treated as having ab-
sorbed a percentage of pay adjustment for a fiscal year only if—

"(A) a pay adjustment becomes effective with respect to the agency in such fiscal year, and

"(B) a bill or joint resolution making supplemental appropriations for pay (including, in the case of members of the uniformed services, elements of military pay) was enacted with respect to the agency for such fiscal year.

"(3) DEFINITIONS.—For purposes of this paragraph—

"(A) the term 'budgetary resources' includes any of the types of budgetary resources described in clauses (i) and (ii) of subsection (i)(1)(F);

"(B) the term 'pay adjustment absorption fiscal year' means a fiscal year in which—

"(i) a pay adjustment becomes effective with respect to any Federal agency, and

"(ii) a bill or joint resolution making supplemental appropriations for pay (including, in the case of members of the uniformed services, elements of military pay) for such fiscal year is enacted for any Federal agency with respect to which such an adjustment becomes effective;
“(C) the term ‘statutory pay system’ has the same meaning as in section 256(g)(2)(A); and

“(D) the term ‘elements of military pay’ has the same meaning as in section 256(g)(2)(B).

“(o) Farm Deficiency Payments.—

“(1) Except as provided in paragraph (2), in preparing each report required under this section for a fiscal year, the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller General shall assume that advance deficiency payments will be made available to producers who agree to participate in an acreage limitation or set-aside program for the crop year relating to such fiscal year based on an amount under section 107C(a)(2)(F)(iii) (7 U.S.C. 1445b-2(a)(2)(F)(iii)) of—

“(A) in the case of wheat and feed grains, 40 percent of the projected payment rate, as determined by the Secretary of Agriculture; and

“(B) in the case of upland cotton and rice, 30 percent of the projected payment rate, as determined by such Secretary.

“(2) Paragraph (1) shall not apply to the preparation of a report for a fiscal year, if as of the date on
which the report is required to be prepared, legislation
has been enacted that—

"(A)(i) limits or prohibits the making of ad-
vance deficiency payments for the crop year relat-
ing to the fiscal year involved, or

"(ii) alters the amounts on which such pay-
ments are based, and

"(B) specifically waives the application of
such paragraph to report for the fiscal year
involved.”.

(i) Section 251(a)(6)(A) is amended—
(1) by inserting "(i)" after "(A)",
(2) by striking the semicolon at the end thereof
and inserting in lieu thereof "; and", and
(3) by adding at the end thereof the following:

"(ii) assuming, in the case of entitlements
funded in annual appropriations, and in the case
of the program established by the Food Stamp Act
of 1977, the continuation of the current law gov-
erning the terms and conditions of such entitle-
ments and such program (and assuming the con-
tinuation of only those provisions of appropriation
Acts that impose or modify, for a period of more
than one fiscal year, the terms and conditions of
such an entitlement or such program).".
(j) Section 253 is amended to read as follows:

"SEC. 253. COMPLIANCE REPORT BY COMPTROLLER GENERAL.

"On or before November 15 of each fiscal year, the Comptroller General shall submit to the Congress and the President a report on—

"(1) the extent to which the President's order issued under section 252(b) for such fiscal year complies with all of the requirements contained in section 252, either certifying that the order fully and accurately complies with such requirements or indicating the respects in which it does not;

"(2) the extent to which each report of the Director of the Office of Management and Budget under section 251 (b)(2) and (c)(3) for such fiscal year complies with all of the requirements contained in this part, either certifying that the report fully and accurately complies with such requirements or indicating the respects in which it does not; and

"(3) any recommendations of the Comptroller General for improving the procedures set forth in this part."

(k) Section 255(g)(1) is amended—

(1) by inserting after the item relating to private donations, bequests, or voluntary contributions to the Government, the following new item:
“Administration of territories (14-0412-0-1-806);”;

(2) by inserting after the item relating to the Bonneville Power Administration fund the following new item:

“Bureau of Indian Affairs, miscellaneous payments to Indians (14-2303-0-1-452);”;

(3) by inserting after the item relating to the coinage profit fund the following new item:

“Compact of free association (14-0415-0-1-806);”;

(4) by inserting after the item relating to the foreign military sales trust fund the following new item:

“Guarantee reserve fund (11-4121-0-3-152);”;

(5) by inserting after the item relating to health professions graduate student loan insurance fund the following new items:

“Higher education facilities loans and insurance (91-0240-0-1-502);

“Internal revenue collections for Puerto Rico (20-5737-0-2-852);”;

(6) by inserting after the item relating to intragovernmental funds the following new items:
“Medical facilities guarantee and loan fund (75–4430–0–3–551);

“Panama Canal Commission, operating expenses (95–5190–0–2–403);”;

(7) by inserting after the item relating to payments to health care trust funds the following new item:

“Payments to widows and heirs of deceased Members of Congress (00–0215–0–1–801);”;

(8) by inserting after the item relating to payments to trust funds from excise taxes the following new item:

“Payments to the United States territories, fiscal assistance (14–0418–0–1–806);”; and

(9) by inserting after the item relating to the Tennessee Valley Authority fund the following new items:

“Federal Retirement Thrift Investment Board, thrift savings fund (26–8141–0–7–602);

“Trust Territory of the Pacific Islands (14–0414–0–1–806);

“United States Customs Service, miscellaneous permanent appropriations (20–9922–0–2–852);

“Washington Metropolitan Area Transit Authority, interest payments (46–0300–0–1–401);”.
(1) Section 274(f) is amended—

(1) in paragraph (1) by inserting "on or after the date of the enactment of the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987" after "invalidated"; and

(2) in paragraph (2)—

(A) by striking out "Upon the invalidation of any such procedure there" in the first sentence and inserting in lieu thereof "There";

(B) by striking out "and" before "to report" in the fourth sentence and inserting in lieu thereof a comma; and

(C) by inserting before the period in the fourth sentence a comma and "and to carry out the functions specified in subsections (h) and (i) of section 251".

REVISION OF MAXIMUM DEFICIT AMOUNT

Sec. 203. (a) Section 3(7) of the Congressional Budget Act of 1974 is amended to read as follows:

"(7) The term 'maximum deficit amount' means—

(A) with respect to the fiscal year beginning October 1, 1987, $150,000,000,000;

(B) with respect to the fiscal year beginning October 1, 1988, $130,000,000,000;
“(C) with respect to the fiscal year beginning October 1, 1989, $90,000,000,000;
“(D) with respect to the fiscal year beginning October 1, 1990, $45,000,000,000; and
“(E) with respect to the fiscal year beginning October 1, 1991, zero.”.

(b) The Act is amended by striking out “1991” each place it appears in sections 251(a)(1)(B), 251(a)(2), 251(a)(3)(A)(i), 252(a)(1), 252(a)(6)(B), and 252(a)(6)(C)(ii) and inserting in lieu thereof “1992”.

(c) Section 275(b)(1) is amended by striking out “September 30, 1991” and inserting in lieu thereof “September 30, 1992”.

PENALTIES UNDER STATUTE

Sec. 204. If the President fails to implement an order in compliance with section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, notwithstanding a failure to prevent such an order under section 258 of such Act, officers or employees of the United States Government who thereafter make or authorize expenditures or obligations shall be liable to the extent provided in sections 1341, 1350, 1517, and 1519 of title 31, United States Code. Nothing in this section shall be construed as limiting the manner in which any other statutes apply to such activity.
APPLICABILITY

SEC. 205. The amendments made by this title shall apply with respect to any report required to be submitted, and any order issued, under part C of the Balanced Budget and Emergency Deficit Control Act of 1985 after the date of enactment of this joint resolution.

SUBMISSION OF PRESIDENT’S BUDGET

SEC. 206. (a) Section 1105(a) of title 31, United States Code, is amended by striking out “first Monday after January 3 of each year (or on or before February 5 in 1986)” and inserting in lieu thereof “first Monday after January 17 of each year”.

(b) Section 300 of the Congressional Budget Act of 1974 is amended by striking out “First Monday after January 3” and inserting in lieu thereof “first Monday after January 17”.

(c) Section 1109(a) of title 31, United States Code, is amended—

(1) by striking out all beginning with “On or before” through “in 1986)” and inserting in lieu thereof “Concurrently with each budget submitted pursuant to section 1105(a)”, and

(2) by striking out “the budget for the following fiscal year” and inserting in lieu thereof “such budget”.

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SUBMISSION TO FEDERAL REGISTER

Sec. 207. Section 251(f) is amended by striking out the matter beginning after the dash through and including the semicolon and inserting in lieu thereof the following: "Each report submitted under this section shall be submitted to the Federal Register on the day that is issued and printed as promptly as possible;".

PART B—BUDGET PROCESS REFORMS

REFERENCE

Sec. 221. Except as otherwise specifically provided, whenever in this part an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be a reference to a section or other provision of the Congressional Budget and Impoundment Control Act of 1974.

REPEAL OF EXCEPTIONS TO SECTION 311 POINTS OF ORDER

Sec. 222. Section 311 is amended—

(1) in subsection (a) by striking out "in the Senate,"; and

(2) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

EXTENSION OF SECTION 302 TO OUTLAYS

Sec. 223. Section 302 is amended—

(1) in subsection (a)(1) by inserting "budget outlays" after "divide" and striking out "", and shall
make the same division for estimated outlays that would result from such new budget authority’’;

(2) in subsection (f)(1) by inserting ‘‘budget outlays’’ after ‘‘providing’’; and

(3) in subsection (f)(1) by inserting ‘‘budget outlays’’ after ‘‘for such fiscal year of’’.

TWO-YEAR APPROPRIATIONS

Sec. 224. It is the sense of the Congress that the Congress shall adopt, as part of reconciliation legislation required pursuant to the concurrent resolution on the budget for fiscal year 1988, legislation that will experiment with two-year appropriations for selected subfunctional areas of the budget. Such legislation shall provide for an evaluation of the efficacy and desirability of such two-year appropriations to be conducted by the appropriate agencies at the end of the second fiscal year of such two-year period.

PROHIBITION OF COUNTING AS SAVINGS THE TRANSFER OF GOVERNMENT ACTIONS FROM ONE YEAR TO ANOTHER

Sec. 225. (a) For purposes of titles III and IV of the Congressional Budget and Impoundment Control Act of 1974 and the Balanced Budget and Emergency Deficit Control Act of 1985, any action of the United States Government that is transferred from one fiscal year to an adjacent fiscal year, including a payment, expenditure, receipt of funds from the sale of an asset, and the collection of revenues
and other receipts, shall not be treated as causing a reduction in the deficit for the fiscal year from which the transfer was made except to the extent that such transfer reduces the sum of the deficits for the two fiscal years by at least $100,000,000. For purposes of this section, an action shall be considered to have been transferred when the action is taken in a different fiscal year and such change in the year is not—

1. a necessary but secondary result of a significant policy change;
2. to provide for contingencies; or
3. to achieve savings made possible by or through changes in requirements or greater efficiency of operations.

(b) For purposes of the application of this section to the Congressional Budget and Impoundment Control Act of 1974, the level of outlays and the deficit for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or the Senate, as the case may be.

FINANCIAL MANAGEMENT REFORM

Sec. 226. It is the sense of the Congress that the Congress shall adopt, as part of reconciliation legislation required pursuant to the concurrent resolution on the budget for fiscal year 1988, legislation to reform the financial management of the United States Government.
1 EXTENSION OF STATE AND LOCAL COST ESTIMATES


3 EXTRANEOUS PROVISIONS

4 Sec. 228. (a) Section 20001 of the Consolidated Omnibus Budget Reconciliation Act, as amended by section 7006 of the Omnibus Budget Reconciliation Act of 1986, is amended in subsection (c) by striking out "January 2, 1988" and inserting in lieu thereof "September 30, 1992".

5 (b) Subsection (d)(1)(A) of such section is amended by inserting before the period at the end thereof "and, (E) a provision shall be considered to be extraneous if it increases, or would increase, net outlays or if it decreases, or would decrease, revenues during a fiscal year after the fiscal years covered by such reconciliation bill or reconciliation resolution, and such increases or decreases are greater than outlay reductions or revenue increases, respectively, resulting from other provisions in such title in such year".

6 (c) Nothing in the amendment made by subsection (a) shall be construed as limiting the manner in which S. Res. 286 (99th Congress, 1st session), as amended by S. Res. 509 (99th Congress, 2d session), shall apply to reconciliation bills and reconciliation resolutions considered on or after the date of the enactment of this joint resolution.
CODIFICATION OF LAW REGARDING DEFERRAL AUTHORITY

Sec. 229. (a) Section 1013 is amended to read as follows:

"PROPOSED DEFERRALS OF BUDGET AUTHORITY

"Sec. 1013. (a) TRANSMITTAL OF SPECIAL MESSAGE.—Whenever the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States proposes to defer any budget authority provided for a specific purpose or project, the President shall transmit to the House of Representatives and the Senate a special message specifying—

"(1) the amount of the budget authority proposed to be deferred;

"(2) any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific projects or governmental functions involved;

"(3) the period of time during which the budget authority is proposed to be deferred;

"(4) the reasons for the proposed deferral, including any legal authority invoked by him to justify the proposed deferral;"
“(5) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the proposed deferral; and

“(6) all facts, circumstances, and considerations relating to or bearing upon the proposed deferral and the decision to effect the proposed deferral, including an analysis of such facts, circumstances, and considerations in terms of their application to any legal authority, including specific elements of legal authority, invoked by him to justify such proposed deferral, and to the maximum extent practicable, the estimated effect of the proposed deferral upon the objects, purposes, and programs for which the budget authority is provided.

A special message may include one or more proposed deferrals of budget authority. A deferral may not be proposed for any period of time extending beyond the end of the fiscal year in which the special message proposing the deferral is transmitted to the House and the Senate.

“(b) Consistency With Legislative Policy.—

Deferrals shall be permissible only—

“(1) to provide for contingencies;

“(2) to achieve savings made possible by or through changes in requirements or greater efficiency of operations; or

“(3) as specifically provided by law.
No officer or employee of the United States may defer any budget authority for any other purpose.

"(c) Exception.—The provisions of this section do not apply to any budget authority proposed to be rescinded or that is to be reserved as set forth in a special message required to be transmitted under section 1012.".

(b) Sections 1015 and 1016 are reaffirmed.

**CLARIFICATION OF CONGRESSIONAL INTENT REGARDING RESCISSION AUTHORITY**

**Sec. 230.** Section 1012(b) is amended by adding at the end thereof "If the Congress has failed to complete action on the rescission bill within the prescribed 45-day period, the President may not within one year transmit a special message under this section regarding substantially the same budget authority upon which the Congress has so failed to complete action."

**ECONOMIC AND TECHNICAL ASSUMPTIONS**

**Sec. 231.** (a) Section 301(g) is amended to read as follows:

"(g) Economic Assumptions.—

"(1) It shall not be in order in the Senate to consider any concurrent resolution on the budget for a fiscal year, or any amendment thereto, or any conference report thereon, that sets forth amounts and levels that are determined on the basis of more than one set of economic and technical assumptions."
“(2) The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall set forth the common economic assumptions upon which such joint statement and conference report are based, or upon which any amendment contained in the joint explanatory statement to be proposed by the conferees in the case of technical disagreement, is based.

“(3) Subject to periodic reestimation based on changed economic conditions, determinations under titles III and IV of the Congressional Budget Act of 1974 shall be based upon such common economic and technical assumptions.”.

(b) Section 304 of the Congressional Budget Act of 1974 is amended by inserting at the end thereof the following:

“(c) Economic Assumptions.—The provisions of section 301(g) shall apply with respect to concurrent resolutions on the budget under this section (and amendments thereto and conference reports thereon) in the same way they apply to concurrent resolutions on the budget under such section 301(g) (and amendments thereto and conference reports thereon).”. 
CLARIFICATION OF CONGRESSIONAL INTENT REGARDING

TIME LIMITS FOR CONFERENCE REPORTS ON CURRENT RESOLUTIONS ON THE BUDGET

SEC. 232. Section 305(c)(2) of the Congressional Budget Act of 1974 is amended by inserting “and all amendments in disagreement, and all amendments thereto, and debatable motions and appeals in connection therewith” after “budget,”.

APPEALS OF CERTAIN RULINGS IN THE SENATE

SEC. 233. (a) Section 271 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end thereof the following new subsection:

“(d) APPEALS OF RULINGS.—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 section 301(i), 302(c), 302(f), 304(b), 306, 310(d), 310(g), or 311(a) of the Congressional Budget Act of 1974.”.

(b) Section 275(b)(2)(D) of such Act is amended by striking out “section 271(b)” and inserting in lieu thereof “subsections (b) and (d) of section 271.”

WAIVER OF SECTION 302(a) RELATING TO COMMITTEE ALLOCATIONS

SEC. 234. Section 271(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting “302(c),” after “301(i),”.

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EXERCISE OF RULEMAKING POWER

Sec. 235. The amendments made by this part are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, 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 such rules (so far as relating to such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

TITLE III—CREDIT REFORM

SHORT TITLE

Sec. 301. This title may be cited as the "Federal Credit Reform Act of 1987".

PURPOSES

Sec. 302. The purposes of this title are to—

(1) measure accurately the costs of Federal credit programs;

(2) place the cost of credit programs on a budgetary basis equivalent to other Federal spending;
(3) encourage the delivery of benefits in the form most appropriate to the needs of beneficiaries;

(4) improve the allocation of resources among credit programs and between credit and other spending programs;

(5) establish in the Department of the Treasury a Federal Credit Management Agency; and

(6) modify the legislative and executive budgetary processes to carry out these purposes.

DEFINITIONS

Sec. 303. For purposes of this title—

(1) The term "Federal agency" means an executive department, an independent Federal establishment, or a corporation or other entity established by the Congress that is owned in whole or in part by the United States. The term does not include the Board of Governors of the Federal Reserve System or the College Construction Loan Insurance Association.

(2) The term "direct loan" means a disbursement of funds by the Federal Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. Such term includes the purchase of, or participation in, a loan made by another lender. Such term does not include the acquisition of a federally guaranteed loan in satisfaction of default claims. For the purpose of carrying out the
provisions of this title, direct loans may be grouped and treated as a single loan as agreed to by the Secretary and the head of the affected agency.

(3) The term "direct loan obligation" means a binding agreement entered into by a Federal agency for the Government under which a Federal agency agrees to make a direct loan once specified conditions are fulfilled by the borrower.

(4) The term "loan guarantee" means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, but does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions. For the purposes of carrying out the provisions of this title, loan guarantees may be grouped and treated as a single loan as agreed to by the Secretary and the head of the affected agency.

(5) The term "loan guarantee commitment" means a binding agreement entered into by a Federal agency for the Government under which a Federal agency agrees to guarantee a loan once specified conditions are fulfilled by the borrower, the lender, and any other parties to the guarantee agreement.
(6) The term "subsidy" means the estimated long-term cost to the Government of the loan, calculated on a net present value basis. Subsidy estimates shall take into account direct outlays and delay in, or loss of, re-payments of principal or interest, less any fee or premiums received. For loan guarantees with an interest payment by the Government, the subsidy calculation shall also include the present value of those interest payments. To the extent that Federal Government charges fees to beneficiaries, such fees shall be taken into account in estimating the required appropriations for subsidies. The term "subsidy" also means the cost to the Government resulting from any change or modification in direct or guaranteed loan terms that result in additional expenditures by the Government or loss of receipts to the Government. Estimates made by the Secretary or by agencies under rules prescribed by the Secretary shall constitute the appropriate computation of the subsidy.

(7) The term "subsidy account" means the budget account or accounts into which subsidies are appropriated to cover the net long-term Government cost of a loan program.

(8) The term "financing account" means the budget account or accounts which provide the nonsubsi-
dized funding for Government loans made or obligated on or after October 1, 1988, and subsidized funding for loans made or obligated prior to October 1, 1988. The financing account disburses direct loans to borrowers and, in accordance with agency loan agreements, makes claim payments for guaranteed loans in default. The financing account receives payments of principal and interest and fees and premiums from borrowers and subsidy payments from subsidy accounts.

(9) The term "Secretary" means the Secretary of the Treasury.

DIRECT LOAN PROGRAMS

SEC. 304. (a) For each fiscal year, beginning with fiscal year 1989, each Federal agency shall include in its budget proposal (1) the planned level of new direct loan obligations, and (2) the estimated subsidy associated with the proposed direct loan obligations.

(b) Beginning October 1, 1988, a Federal agency shall not make a direct loan obligation unless an appropriation has been made to the Federal agency for the subsidy or a limitation is enacted in an annual appropriations Act on the use of funds otherwise available to the Federal agency for the subsidy.

(c) At the time a direct loan obligation is incurred, the Federal agency shall obtain an estimate of the subsidy of the loan from the Secretary or, at the discretion of the Secretary,
shall make such an estimate based upon guidelines established by the Secretary. For the purposes of section 1501 of title 31, United States Code, (1) the amount of such estimate shall constitute an obligation of the subsidy account; and (2) the difference between such estimate and the face value of the loan shall constitute an obligation of the financing account.

(d) The subsidy associated with the direct loan as determined in subsection (c) shall be paid from the subsidy account into the financing account as the loan is disbursed.

(e) No direct loan agreement may be modified unless a subsidy is obligated.

(f) Nothing in this title shall be construed as changing the authority or the responsibility of a Federal agency to determine the terms and conditions of eligibility for, or the amount of assistance provided by direct loans made by the Federal Government.

LOAN GUARANTEE PROGRAMS

SEC. 305. (a) For each fiscal year, beginning with fiscal year 1989, a Federal agency authorized to make loan guarantee commitments shall include in its budget proposal (1) the level of new loan guarantee commitments and (2) the estimated subsidy associated with the proposed loan guarantee commitments.

(b) Beginning October 1, 1988, a Federal agency shall not guarantee a loan unless an appropriation has been made to the Federal agency for the subsidy, or a limitation is en-
acted in an annual appropriations Act on the use of funds otherwise available to the Federal agency for the subsidy.  

(c) At the time a loan guarantee commitment is made, the Federal agency shall obtain an estimate of the subsidy of the loan guarantee from the Secretary or, at the discretion of the Secretary, shall make an estimate of the subsidy based upon guidelines provided by the Secretary. The amount of such estimate shall constitute an obligation of the Federal agency for the purposes of section 1501 of title 31, United States Code.

(d) The subsidy associated with the loan guarantee determined in subsection (c) shall be paid from the subsidy account into the financing account at the time the underlying loan agreement is executed.

(e) No loan guarantee agreement may be modified unless a subsidy is obligated.

(f) Nothing in this title shall be construed as authorizing or requiring the purchase of reinsurance for a Federal guarantee from private insurers.

(g) Nothing in this title shall be construed as changing the authority or the responsibility of a Federal agency to determine the terms and conditions of eligibility for, or the amount of assistance provided by, guaranteed loans made by the Federal Government.
ESTABLISHMENT OF A FEDERAL CREDIT MANAGEMENT AGENCY WITHIN THE DEPARTMENT OF THE TREASURY

SEC. 306. (a) There is established within the Department of the Treasury a Federal Credit Management Agency (hereafter in this title referred to as the "Agency").

(b) With regard to direct loans and loan guarantees, the Secretary shall—

(1) estimate the subsidy, or require estimates to be made by the Federal agencies, for each new direct loan and loan guarantee or for groups of similar new direct loans and loan guarantees, taking into account the factors specified in section 303(6);

(2) estimate the subsidy, or require estimates to be made by the Federal agencies, for changes or modification in the provisions of existing direct loan and loan guarantee agreements that result in increased cost to the Government;

(3) furnish the appropriate Federal agency with the subsidy estimates in a timely fashion; and

(4) require timely uniform reporting from Federal agencies on the actual long-term cost to the Government of these loans, calculated on a basis prescribed by the Secretary and consistent with this title, and on loan performance and borrower characteristics, monitor due diligence debt collection efforts, assess Federal
agency performance, and otherwise study and recommend improvements in Federal agency credit management.

(c) The Secretary is authorized to appoint such officers, attorneys, employees, agents, consultants, and financial advisors as may be required, to define their duties, to fix and to pay such compensation for their services as may be determined, subject to the civil service and classification laws, to require bonds for them and pay the premium thereof, to carry out the functions of the Agency.

AGENCY RESPONSIBILITIES

Sec. 307. The head of each Federal agency authorized to make or guarantee loans covered by this title shall—

(1) provide the Secretary in a timely fashion with information about the Federal agency’s direct loan or loan guarantee programs sufficient to enable the Secretary to calculate the estimated subsidy, or shall, as required by the Secretary, estimate the subsidy in accordance with the Secretary’s guidance;

(2) request annual appropriations, or limitations on funds otherwise available, for the subsidies attributable to that Federal agency’s direct loan or loan guarantee program in each fiscal year;

(3) carry out the Federal agency’s direct loan or loan guarantee programs within the lesser of (A) applicable appropriations Act limitations on direct loan obligations...
gations or loan guarantee commitments, or (B) annual appropriations or funds otherwise available to cover subsidy costs for the program;

(4) maintain reserves within the financing account to cover loan guarantee defaults; and

(5) to the extent authorized and subject to such limitations as provided in annual appropriations Acts, use guarantee or other fees for the purpose of administering direct or guaranteed loan programs.

BUDGETARY TREATMENT

Sec. 308. (a) For the purposes of chapter 11 of title 31, United States Code, and of titles III and IV of the Congressional Budget Act of 1974, in the case of any direct loan made by a Federal agency on or after October 1, 1987, the subsidy shall be included in the budget function of the direct loan program.

(b) For the purposes of chapter 11 of title 31, United States Code, and of titles III and IV of the Congressional Budget Act of 1974, in the case of any loan commitment guarantee made by a Federal agency on or after October 1, 1987, the subsidy shall be treated as an obligation of the subsidy account. The subsidy shall be included in the budget function of the guaranteed loan program.

(c) For the purposes of chapter 11 of title 31, United States Code, and of titles III and IV of the Congressional Budget Act of 1974, financing requirements of Federal credit
programs in excess of subsidies paid by agencies shall be
treated as obligations of the financing account. Financing
requirements of loans made or obligated prior to Octo-
ber 1, 1988, shall also be treated as obligations of the fi-
nancing account. Such financing transactions shall be re-
corded in a budget function entitled "credit financing activi-
ties".

AUTHORIZATION OF APPROPRIATIONS

SEC. 309. (a) There are authorized to be appropriated
to each Federal agency otherwise authorized to make
obligations for direct loans, such sums as may be necessary
for the subsidies associated with proposed direct loan
obligations.

(b) There are authorized to be appropriated to each Fed-
eral agency otherwise authorized to make guaranteed loan
commitments, such sums as may be necessary for the subsi-
dies associated with proposed loan guarantee
commitments.

(c) If at any time the monies available in its financing
account are insufficient to enable the head of a Federal
agency to discharge its responsibilities under this title, the
head of a Federal agency shall issue to the Secretary of the
Treasury notes or other obligations in such forms and de-
nominations, bearing such maturities, and subject to such
terms and conditions, as may be prescribed by the Secretary
of the Treasury. Redemption of such notes or obligations
shall be made by the head of such agency from monies otherwise available to its financing account or from appropriations made pursuant to section 309(d). Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, which shall not be less than the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of notes or other obligations. The Secretary of the Treasury shall purchase any notes or other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes or obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligation acquired by such Secretary under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(d) At any time funds are insufficient to liquidate debts incurred under section 309(c), agencies shall request appropriations to repay such debt.

(e) There are authorized to be appropriated to the Secretary such sums as may be necessary for the salaries and
expenses incurred to carry out the responsibilities of the Secretary under the title.

TREATMENT OF DEPOSIT INSURANCE AGENCIES

Sec. 310. (a) Notwithstanding any other provision of this title, the credit activities of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, the Pension Benefit Guaranty Corporation, and the Securities and Exchange Commission shall be treated as follows:

(1) Obligations to make direct loans to the public or to assume loan assets shall remain obligations of the agencies.

(2) Commitments to guarantee a loan shall remain commitments of the agencies.

(3) For each fiscal year, beginning with fiscal year 1989, each such agency shall include in its budget proposal the estimated subsidy cost associated with proposed direct loan obligations, including acquisitions of loan assets.

(4) For each fiscal year, beginning with fiscal year 1989, each such agency shall include in its budget proposal the estimated subsidy cost with proposed loan guarantee commitments. The estimated subsidy costs associated with proposed loan guarantee commitments shall constitute an obligation of the agency.
(5) No appropriations or limitations on the use of funds otherwise available shall be required for subsidies.

(6) Authority to borrow from the Treasury provided under section 309(c) shall not apply to the agencies described in the matter preceding clause (1).

(c) Nothing in this section shall be construed as changing the responsibility of such agencies to determine the terms and conditions of eligibility for, or the amount of assistance provided by such agencies.

EFFECT ON CONGRESSIONAL BUDGET ACT AND CONFORMING AMENDMENTS

SEC. 311. (a) Section 3(a)(2) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following: "Such term includes the subsidy for direct loan and loan guarantee programs, as those terms are defined by the Credit Reform Act of 1987".

(b) Section 402 of the Congressional Budget Act of 1974 is amended by redesignating subsection (b) as (c), and by inserting after subsection (a) the following new subsection: "(b) It shall not be in order in either the House of Representatives or the Senate to consider any appropriation bill or joint resolution providing continuing appropriations as reported to its House, or any conference report thereon, or any amendment thereto, which provides new credit authority..."
which does not also provide an appropriation for the subsidy value of such new credit authority as required by the Federal Credit Reform Act of 1987.”.

(c) Amounts recorded in the budget function entitled “credit financing activities” pursuant to section 308(c) shall not be included—

(1) for purposes of determining, in accordance with section 311(a) of the Congressional Budget Act of 1974, whether the maximum deficit amount for a fiscal year has been exceeded;

(2) for purposes of other points of order under section 311 of the Congressional Budget and Impoundment Control Act of 1974;

(3) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974; or

(4) for purposes of allocations and points of order under section 302 of the Congressional Budget and Impoundment Control Act of 1974.

(d) Section 255(g) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end thereof the following new paragraph:

“(3) The financing account or accounts as defined by subsection 303(8) of the Federal Credit Reform Act of 1987
and the activities of those accounts shall be exempt from reduction under any order issued pursuant to this part.”.

**EFFECT ON OTHER LAWS AND CONFORMING AMENDMENTS**

**Sec. 312.** (a) Nothing in this title shall be construed as limiting the authority of any Federal agency to enter into agreements to make or to guarantee loans under statutes that were in effect prior to the enactment of this title or that may be enacted subsequently. All such agreements shall be contingent upon meeting the requirements of this title.

(b) This title shall supersede, modify, or repeal any provision of law heretofore enacted to the extent such provision is inconsistent with this title.

(c) All assets and liabilities resulting from direct loans obligated and loan guarantees committed prior to October 1, 1988, shall be transferred to the financing accounts of Federal agencies.

(d) Collections resulting from direct loans obligated or loan guarantees committed prior to October 1, 1988, shall be credited to the financing accounts of Federal agencies. Amounts so credited shall be available, to the same extent that they were available prior to the enactment of this title, to liquidate obligations arising from such direct loans obligated or loan guarantees committed prior to October 1, 1988, including repayment of any obligations held by the Secretary of the Federal Financing Bank. From time to time, the unob-
ligated balances of such accounts that are in excess of current needs shall be transferred to the general fund of the Treasury.

(4) TITLE IV—MISCELLANEOUS PROVISIONS

Sec. 401. Paragraph (1) of section 225(i) of the Federal Salary Act of 1967 (2 U.S.C. 359) is amended to read as follows:

"(1) Each recommendation of the President which—

"(A) is transmitted to the Congress pursuant to subsection (h) of this section; and

"(B) is approved by a joint resolution agreed to by the Congress,

shall be effective as provided in paragraph (2) of this subsection."


Attest: DONNALD K. ANDERSON,

Clerk.

Passed Senate with amendments July 31 (legislative day, June 23), 1987.

Attest: WALTER J. STEWART,

Secretary.
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