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EXECUTIVE COMMITTEE MEETING

TUESDAY, NOVEMBER 3, 1987

U.S. Senate

Committee on Finance

Washington, D.C.

ORIGINAL

The meeting was convened, pursuant to notice, at 10:45 a.m. in Room SD-215, Direk Senate Office Building, the Honorable Lloyd Bentsen (Chairman) presiding.

Present: Senators Bentsen, Matsunaga, Baucus, Boren, Riegle, Rockefeller, Daschle, Packwood, Danforth, Heinz, and Wallopl

Also present: Mr. Bill Wilkins, Staff Director and Chief Counsel; Ms. Mary McAuliffe, Chief of Staff, Minority; and Mr. John Colvin, Chief Tax Counsel, Minority.

1 The Chairman. Gentlemen, what we are trying to do is
2 get a quorum for a supplemental financing that has been
3 underway--the request has--for some time, and if we can get
4 a quorum we will act on that one, and we will also have a
5 chance to act on these judges.

6 (Pause)

7 The Chairman. We are told to shoot for 10 minutes of
8 11:00, and if we get them here by five minutes of, we will
9 wait until then, and if not, why then we will try at another
10 time.

11 (Pause)

12 The Chairman. Let me have you attention for a minute.
13 Let us at least see if we can get a further explanation. We
14 have been through this exercise once, but what we are
15 talking about is a resolution for the restoration of the
16 \$250,000 supplemental amount that was granted last year in
17 anticipation of this increased workload that we are
18 certainly experiencing in the Committee this year. And it has
19 to be by resolution of this Committee, and then sent on to the
20 Budget Committee.

21 Mr. Wilkins. The Rules Committee, Mr. Chairman.

22 The Chairman. To the Rules Committee. Thank you.

23 Are there questions concerning it? If so, we will
24 address them to Mr. Wilkins and let him answer them. Are
25 there any questions?

1 Senator Wallop. Mr. Chairman, is this just a temporary
2 amendment to take care of this year?

3 The Chairman. Yes. It is to take care of this year,
4 and it will allow us to have a curtailment of staff if we
5 don't get it.

6 Senator Wallop. A temporary amendment to a Senate
7 Committee is almost unachievable.

8 The Chairman. Well that may be true. That is why I
9 hesitated before I answered that.

10 Senator Matsunaga. As I understand it, it is purely a
11 procedural matter the Rules Committee had earlier approved
12 but contrary to the rules.

13 Mr. Wilkins. That is correct, Senator Matsunaga.

14 The Chairman. We were told originally that you did not
15 have to have the resolution. You just had to have a letter,
16 as I recall.

17 Mr. Wilkins. That is correct.

18 The Chairman. And now they have changed the procedure
19 for us.

20 Senator Matsunaga. Yes.

21 The Chairman. Senator Danforth.

22 Senator Danforth. I make a motion that the nominees be
23 reported out with the approval of the Committee and that the
24 resolution relating to supplemental funds --

25 The Chairman. Well if we might separate those two, I

1 would like to separate them if we might. If we could separate
2 the judges from the other, I would like to have a separate
3 vote.

4 Senator Danforth. I would make a motion to report out
5 the nominees, Mr. Chairman.

6 The Chairman. All right. The motion has been made to
7 approve the nomination of the two gentlemen as judges to the
8 Tax Court. All in favor of that motion make it known by
9 saying "aye".

10 (Chorus of "ayes")

11 The Chairman. Opposed?

12 (No response)

13 The Chairman. The motion is carried.

14 May we have the second motion now?

15 Senator Danforth. I move for the approval of the
16 resolution relating to the supplemental funding.

17 Senator Heinz. I second that, Mr. Chairman.

18 The Chairman. Is there objection?

19 (No response)

20 The Chairman. If not, all in favor of the motion as
21 stated, make it known by saying "aye".

22 (Chorus of "ayes")

23 The Chairman. Opposed, a similar sign.

24 (No response)

25 The Chairman. Thank you.

1 Senator Wallop. I would simply like it to be known that
2 this is just temporary.

3 The Chairman. All right. Fair enough.

4 Gentlemen, congratulations. It was a tough fight, but it
5 looks like you pulled it off. We stand adjourned. Thank
6 you.

7 (Whereupon, at 10:59 a.m., the meeting was concluded.)
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C E R T I F I C A T E

This is to certify that the foregoing proceedings of an Executive Committee meeting of the United States Senate Finance Committee, held on November 3, 1987, were transcribed as herein appears and that this is the original transcript thereof.

William J. Moffitt

WILLIAM J. MOFFITT
Official Court Reporter

My Commission expires April 14, 1989.

FINANCE COMMITTEE SUPPLEMENTAL FUNDING RESOLUTION

The Chairman intends to seek approval of the attached original resolution. The resolution would confirm earlier Finance Committee and Rules Committee action by restoring to the Finance Committee \$235,000 of staff budget funding for the year ending February 29, 1988. This action is necessary to prevent the Finance Committee's budget from being significantly cut from last year's levels.

The Finance Committee sought this amount in its original funding resolution, reported in January. This funding was again sought pursuant to an April 22 letter to the Rules Committee (that letter is attached as part of the proposed Committee report). Until recently, the Rules Committee had advised the Finance Committee that an additional original resolution seeking restoration of the \$235,000 was not necessary; however, the Rules Committee and the Parliamentarian now advise that a new original resolution is required under the Senate rules.

The history of the situation is as follows:

In January, the Finance Committee sought to continue its staff budget at the previous year's level, plus a cost of living increase. The Committee reported a resolution, S.Res. 71, to that effect.

However, the Rules Committee essentially reduced the Finance Committee budget request by \$235,000, because that portion of the 1986-87 Finance budget was not permanent, but was instead a special supplement out of unexpended prior year's balances. Under the approach followed by Rules Committee in January, Finance received only a continuation of the permanent portion of last year's budget, plus a cost of living increase.

Accordingly, the budget approved by the Rules Committee and the full Senate in January was approximately \$235,000 less than the Finance Committee requested. However, the Rules Committee Chairman and Ranking Member gave the Finance Committee assurances that they would consider favorably a later request to restore the \$235,000 in a supplemental funding resolution.

In April, Rules Committee staff indicated that the procedure that Finance Committee should follow for the supplemental was to send a letter to the Rules Committee; Rules would then report an original resolution containing the supplemental from Finance, together with supplementals from other Committees. This procedure was followed; a letter was sent April 22, and Rules Committee approved the Finance request in full as part of S.Res. 210, which has been on the calendar since May 8. However, this procedure turned out to be inconsistent with Senate rules, and that is the reason additional Committee action is needed.

Senate Rule XXVI, Paragraph 9, requires that, in order to amend the original Committee funding resolution, the Finance Committee first has to report an original resolution seeking the supplemental funding. Rules Committee would then approve Finance's resolution and report it to the floor. Rules Committee is holding a markup for this purpose on Tuesday, November 17. Full Senate action is required for final approval.

100th CONGRESS

1st SESSION

S. RES.

(Note.—Fill in all blank lines except those provided for the date, number, and reference of resolution.)

IN THE SENATE OF THE UNITED STATES

Mr. Bentsen, from the Committee on Finance,

reported original
~~submitted~~ the following resolution; which was

RESOLUTION

AUTHORIZING SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON FINANCE

(Insert title of resolution here)

Resolved, That section 11(b) of Senate Resolution 80, 100th Congress, agreed to January 28, 1987, is amended by striking out "\$2,223,333" and inserting in lieu thereof "\$2,458,333".

Report of the Committee on Finance
To Accompany S. Res. ____, Authorizing
Supplemental Expenditures

Authorization of Supplemental Expenditures. The Resolution amends S. Res. 80, the annual authorization resolution, to authorize supplemental expenditures by the Committee on Finance in the amount of \$235,000, increasing the authorized amount from \$2,223,333 to \$2,458,333.

Purpose for Which Authorization is Sought. The supplemental authorization is necessary to prevent a substantial cut in the Finance Committee's operating budget from last year's levels.

This report includes a letter dated April 22, 1987, from the Chairman and Ranking Member of the Committee to the Chairman of the Committee on Rules and Administration, providing additional details.

Earlier Submission of Annual Authorization Resolution. The amount requested in this resolution was requested earlier, pursuant to S. Res. 71, the annual authorization resolution reported by the Committee.

WILLIAM V. ROY, JR. DELAWARE
JOHN C. DANFORTH, MISSOURI
JOHN H. CHAFFE, RHODE ISLAND
JOHN HEINZ, PENNSYLVANIA
MALCOLM WALLACE, WYOMING
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United States Senate

COMMITTEE ON FINANCE
WASHINGTON, DC 20510

April 22, 1987

WILLIAM J. WILKINS, STAFF DIRECTOR AND CHIEF COUNSEL
MARY MCAUFFEE, MINORITY CHIEF OF STAFF

The Honorable Wendell Ford
Chairman
Committee on Rules and Administration
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

The Committee on Finance is seeking funding for the period March 1, 1987 through February 29, 1988 to supplement the amounts approved in S. Res. 80.

The amount sought is \$235,000. This is the same amount that the Senate authorized out of the previous year's unexpended balances for the Finance Committee for the 1986-87 year (section 2(e) of S. Res. 353, 99th Congress). That amount, together with the newly authorized amount of \$2,153,790, brought the operating budget of the Finance Committee for last year to \$2,388,790.

The amount approved for the current year in S. Res. 80, however, was based on only the basic 1986-87 amount of \$2,153,790. As a result, the amount approved in S. Res. 80 (\$2,153,790 plus a COLA adjustment of \$69,543, totaling \$2,223,333) represents a substantial cut in the Finance Committee's operating budget. This may be compared to the increases granted all other Committees with the exception of the Armed Services Committee.

The supplemental request, together with the amount specified in S. Res. 80, would bring the Finance Committee's 1987-88 budget to a total of \$2,458,333. In other words, this year's budget would be the same as last year's, increased only by the previously approved COLA adjustment of \$69,543.

We are aware that, in the discussion of the amendment that added the \$235,000 of funding in section 2(e) of last year's funding resolution, reference was made to a purportedly temporary need for funds because of the pending tax reform legislation. However, we wish to emphasize that the nature of the Finance Committee's work is such that it will continually bear a heavy portion of the important work of the Congress. If anything, the workload of the Committee has increased from 1986 to 1987.

In 1986, the Committee devoted a substantial amount of time to a single important policy initiative, tax reform. By anyone's reckoning, the major policy initiatives to be considered by the 100th Congress include three policy initiatives over which the Finance Committee has jurisdiction: trade law reform; catastrophic health insurance; and welfare reform. All three of these areas obviously involve a great deal of political controversy. They are also highly technical and complex, and require intensive application of staff resources in order to handle hearings, markups, floor action and conference deliberations.

In addition, we wish to call to your attention the Budget Resolution recently reported by the Budget Committee. That resolution contemplates four years of reconciled budget savings of \$171.5 billion. Of that total, \$113 billion, or 65 percent, is to be provided by the Finance Committee -- \$90.8 billion in taxes and \$22.2 billion in spending cuts.

An additional major legislative task now being handled by Finance Committee staff is the preparation of technical corrections to the Tax Reform Act of 1986. This will be a painstakingly technical 300-500 page bill, and we will continue to devote an enormous amount of staff resources to this project as the bill is introduced and moves through the legislative process.

The supplemental funding is to be devoted primarily to enabling the Committee to shift resources from the tax professional staff and administrative staff to the areas of trade, health and social welfare, in order to meet the changing needs and workload of the Committee.

There will be three new positions on the Majority staff for experienced, technical professionals -- one each in the areas of trade, health and social welfare. There will be two new positions on the Minority staff -- one for a staff economist devoted primarily to trade and spending issues, and one for a junior staff member primarily devoted to trade. The aggregate annual salary cost of these five new positions is \$247,690.

The Rules Committee should note that the Finance Committee has eliminated other positions and shifted other resources in order to accommodate these new positions, because our request is to maintain, and not increase, the Committee's budget. For example, the current Majority staff intends to operate without four professional staff positions (one Deputy Chief of Staff position, one economist position, and two tax counsel positions) used by the previous Majority staff primarily for handling tax reform legislation. The current Minority staff has accommodated its additional positions by using a different general salary structure than the previous Minority staff.

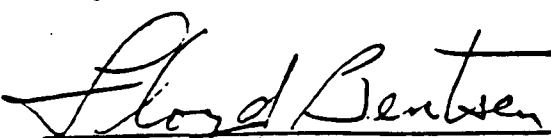
To conclude, the amount requested is necessary to prevent an effective cut in Finance Committee resources, and to enable the Finance Committee to have the staffing that is necessary for it to meet its obligations to provide legislative recommendations to the Senate on such important matters as trade law reform, catastrophic health insurance, welfare reform, deficit reduction and tax technical corrections.

We respectfully request the Committee on Rules and Administration to approve our funding request to assist the Committee in its work on major legislation.

Sincerely,



BOB PACKWOOD
Ranking Minority Member



LLOYD BENTSEN
Chairman

cc: The Honorable Ted Stevens