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HEARINGS

Before The

COMMITTEE ON FINANCE

UNITED STATES SENATE

EXECUTIVE SESSION

Washington, D. C.

April 15, 1980

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EXECUTIVE SESSION

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TUESDAY, APRIL 15, 1980

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United States Senate,
Committee on Finance,
Washington, D. C.

The Committee met, pursuant to notice, at 10:20 a.m. in room 2221, Dirksen Senate Office Building, Hon. Russell B. Long, Chairman of the Committee, presiding.

Present: Senators Long, Baucus, Dole, Packwood, Danforth, Chafee and Heinz.

The Chairman: Let me suggest that we go ahead and start discussing this matter. At least we have the assistance of two Senators, Senator Dole, who is the defender of the Republican side of the aisle, and we can go over the problems that this committee faces with regard to the Budget Resolution.

Suppose you start spelling out, Mr. Stern, what the problems are, as our staff understands them, and also get the advise of the Joint Committee staff.

Mr. Stern: What I am using as an outline, Mr. Chairman, is this one-page sheet called Budget Resolution proposed by Senate Budget Committee. In the middle of the page are the major elements of the Budget Committee proposal.

1 The first area that I would like to bring to the
2 Committee's attention are some substantial and serious changes
3 in the budget procedures themselves that are incorporated,
4 either in the Resolution as reported by the Budget Committee
5 or in some cases they are procedural changes that the Budget
6 Committee is going to recommend in amendments to the
7 legislation.

8 The first item is that, for the first time, the Budget
9 Committee would be requiring a reconciliation process on the
10 First Resolution. That is to say, the Finance Committee and a
11 number of other committees would be directed to report out
12 legislation reducing expenditures in the programs under the
13 jurisdiction of the various committees by specified amounts.

14 In the case of the Finance Committee, the amount
15 specified is \$4.8 billion and legislation to save that amount
16 would have to be reported out by June 9, 1980.

17 This is a new idea. The reconciliation process that
18 exists in the Budget Act today applies only to the Second
19 Resolution. The theory is in the spring the Congress sets its
20 tentative targets and its budgetary goals and then it sees if
21 it cannot meet them in the legislation that it handles during
22 the course of the summer.

23 Then around Labor Day a new look is taken at the
24 situation and one of the tools that the Budget Committee may
25 recommend that the Senate use in enforcing its budgetary

1 targets is a reconciliation process which directs committees
2 to do things that they did not achieve during this trial
3 period.

4 The Chairman: Let me just ask about that matter, because
5 Senator Packwood is here and he is on the Budget Committee.

6 The First Budget Resolution is not supposed to be binding
7 anyway but it is supposed to point us in the direction that we
8 expect to go. In other words, I can understand -- we can find
9 some areas where we think we can make some savings.

10 Look at what they recommend. There are about \$1 billion
11 where, offhand, we do not see where we are going to make it.

12 We might have to be pretty severe on some people, some
13 low-income, disabled, unemployed people in order to make that
14 total.

15 If we have more time to think about it, figure out ways
16 to do it, we can certainly do a better job than if we got just
17 a week or two to do it.

18 What is the point in trying to make us reconcile with
19 only a week or two weeks to think about it to try to figure
20 out how it can be done?

21 Senator Packwood: Mr. Chairman, I come at this with
22 mixed emotions. With your encouragement, you urged all
23 members of this Committee who could get on the Budget
24 Committee to get on it and having been on the Committee, I
25 kind of feel like I am looking at both sides now.

1 As I understand the process, we are not going to have to
2 reconcile between now and the time the Budget Committee
3 recommendations are adopted or not adopted on the Floor, as
4 the case may be, but either we and the other committees make a
5 good faith effort at the reconciliation -- and in this case,
6 it is a reconciliation that you try to balance the budget --
7 or we do not.

8 I have some questions about whether or not -- and I said
9 this in the Budget Committee -- whether or not some of the
10 things that they presume will pass -- I do not mean just this
11 Committee, but pass on the Floor. But I think that we ought
12 to wait, if we have the time, until we see what happens to the
13 First Concurrent Resolution on the Floor, and I think at the
14 time that we debate that, that ought to be made very clear to
15 the members, what the pros and cons are of what they are
16 adopting and what the alternatives are, if they adopt it.

17 There are some, but not a lot of room, in the
18 alternatives. When you sit on the Budget Committee and say we
19 are not a line item committee, that is only half true. You
20 just cannot sit there and say, oh, well, let's cut the budget
21 from \$615 billion to \$600 billion without any discussion.

22 You can say, well, let's cut it to \$500 billion without
23 any discussion. You get into a whole lot of discussion about
24 why are some of the areas that you think that you could cut --
25 for example, state revenue sharing.

1 I did not vote to cut it, but it carried in Committee.

2 That is not a mandate to this committee, that we have to
3 cut state revenue sharing. If, by the time the First
4 Concurrent Resolution is adopted, however, and we have had a
5 debate on the Floor about revenue sharing and catastrophic
6 health insurance and a variety of other things and the Floor
7 still adopts the First Concurrent Resolution, then I think we
8 are in a position to at least morally try to produce those
9 figures.

10 Mr. Chairman, I would first make sure that there is some
11 substantial debate on the Floor so no member can say, I did
12 not realize that that is what you meant, because I do not want
13 us to go through a whole lot of time and effort this summer
14 honestly trying to make reconciliations and then have the
15 Floor kick us in the teeth when we try to come down with those
16 reconciliations and say we did not mean that.

17 Mr. Stern: Mr. Chairman, what we have been talking about
18 here really would not give you this summer. The timing of it
19 would work something like this, that the Budget Resolution
20 comes up, I believe, tomorrow and is under a time limitation
21 in the Budget Act itself. Therefore, debate on it would
22 probably be concluded, if not by the end of this week, then
23 early next week, after the Conference Report is adopted, which
24 should happen no later than May 15th.

25 According to the Resolution instructions in the Senate

1 Budget Committee, this is a term of art -- reconciliation
2 process is a specific process and it requires the Finance
3 Committee and other committees to report out legislation in
4 this case by June 9th, so you would not have the sum to make a
5 good faith effort as has been the case in prior years.

6 It is a specific direction by the Senate to its
7 committees to report legislation by June 9th.

8 Senator Packwood: What is the genesis of that June 9th
9 date?

10 Mr. Stern: The date is specified in the resolution. I
11 do not know how it was arrived at.

12 Senator Packwood: Specified in the Budget Resolution?

13 Mr. Stern: That is correct.

14 Senator Dole: I have got to run over to a little press
15 conference, but I have got to advocate repeal of the import
16 fee. I think we are going to succeed, but I do not want to be
17 shut out by the Budget Committee because, as I understand the
18 way the Resolution is drafted, it would be October before we
19 could ever have any impact in any event.

20 Mr. Stern: That is another item that they have included
21 as a procedural change. No bill or resolution which has the
22 effect of reducing revenues compared to what they consider to
23 be existing law, then more than \$100 million can be enrolled,
24 even if it is passed by the Congress until the Second
25 Resolution has been adopted and any other reconciliation

1 resolution pursuant to it has been adopted.

2 This means if the Congress were to approve a resolution
3 disapproving the fee that the resolution could not be sent to
4 the President until the Congress has completed action on the
5 Second Budget Resolution. Even if you did it within the next
6 month, the enrolled Resolution could not be sent to the
7 President.

8 Senator Dole: I will be back in about ten minutes.
9 Since they have taken jurisdiction of nearly everything, they
10 are going to be a very powerful committee. Maybe I should
11 have stayed on there.

12 Senator Packwood: I am advised that the June 9th date
13 was added by the staff. We could amend that on the Floor, and
14 I think a lot of other committees in addition to ours would
15 have an interest in changing that date.

16 But I will say again, you know, I love this Committee and
17 the Budget Committee is tough. But at some stage we are going
18 to come against this rock and a hard place.

19 What are going to be the ultimate powers of the Budget
20 Committee? They are talking about being able to raise points
21 of order on a function by function basis rather than an
22 overall budget basis.

23 I am not quite sure how you harmonize a committee that
24 sets an overall budget that has no power to enforce it with
25 committees that are not unlike many of the interest groups in

1 this country, all of whom want to balance the budget, except
2 for them.

3 Mr. Stern: Senator Packwood, in fact, the enforcement
4 mechanism is working right now for fiscal year 1980. When the
5 Congressional Budget Office re-estimated the anticipated
6 expenditures for 1980 they found that it exceeded the total in
7 the Second Budget Resolution and to the best of my knowledge
8 the Senate has not been able to take up any conference report
9 or any other bill.

10 Senator Packwood: Because it is subject to a point of
11 order?

12 Mr. Stern: Because it is subject to a point of order.

13 Senator Packwood: And the point of order could be
14 overruled if we want to devote in such a way that process on
15 reconciliation and that point of order so long as the majority
16 of the Senate lets it work, which is true of anything else
17 that the Floor of the Senate does.

18 I am looking like more a year or two down the road when
19 we get to the issue of should we give the Budget Committee
20 additional power to raise points of order on functional items,
21 should we give it the power to direct -- and you recall the
22 tremendous debate that Senator Long and Senator Muskie had a
23 couple of years ago over -- it was only about \$2 billion as I
24 recall, but they ordered us -- it was a big item and they
25 spent a lot of time in that \$2 billion as I recall. We had to

1 come up with "tax reform" in the nature of \$2 billion and they
2 suggested where it should come from.

3
4 Sooner or later, I am saying that issue has to be hit and
5 the Senate is going to have to decide it. We have not yet, so
6 we are in a murky area.

7 Mr. Stern: It will be resolved sooner rather than later,
8 because we are proposing these very rule changes right now.

9 Senator Packwood: I know they are.

10 Mr. Stern: In the next week, the Senate will be deciding
11 whether they want to do that or not.

12 The Chairman: That gets us to another point that we have
13 to contend with, that we have to look at.

14 The Senator recalls that some years back the Budget
15 Committee reported out a recommendation that they gave us a
16 figure for revenue and in the language of the report, that is
17 something that we were powerless to amend, in the language of
18 the report.

19 So in the language of their report they proceeded to say
20 that we arrive at a certain figure, just pick a figure.
21 You are supposed to raise, let's say, \$14 billion. They give
22 us a figure and on that, they say well, they think we ought to
23 raise about \$4 billion in tax reform and then that we ought to
24 cut taxes by a certain amount.

25 We on this committee looked at that final figure and we
said, what is this in that Budget Resolution? Is that just

1 supposed to raise -- we have a certain amount of revenue that
2 must be raised. And other than that, we have a right to cut
3 taxes and so we recommended just that. We had a fight out
4 there on the Floor up one side and down the other, but we
5 finally went on that.

6 Basically all they have a right to do is give us a total
7 and they have no right to go beyond that.

8 Senator Packwood: Question. Do they have a right in
9 their report to suggest what it was that they were thinking
10 about in reaching those conclusions?

11 If they do not wrestle, you are stuck with a situation
12 that is easy. Let's say this committee ought to raise \$550
13 billion in revenue and will cut spending to \$550 and, say
14 nothing and that makes the Budget Committee's an easy job,
15 because you say you voted to balance the budget every year.
16 You can say you think we should have a tax cut of \$30 billion
17 and never suggest where it ought to be.

18 In that case, it almost makes the Budget Committee fun
19 and irrelevant.

20 Mr. Stern: In fact, they did write it in their report,
21 but Senator Muskie maintained when the Senate adopted the
22 resolution with the net number, they were not necessarily
23 adopting the assumptions that the Budget Committee used in
24 arriving at the number.

25 Senator Packwood: That is the point.

1 Mr. Stern: That is the issue that Senator Long is
2 raising.

3 Senator Packwood: I think it is clear, and the Budget
4 Committee has been pretty good about this. It was said over
5 and over, and it is funny. We will vote on a figure up there
6 -- cut \$2 billion, \$3 billion, \$4 billion -- and we will have
7 some debate about where it should be cut and finally agree
8 that we will have our own assumptions on the Committee so we
9 really do not have to have any. We really do not have to have
10 any assumptions.

11 You can cut where you want it and I can cut it where I
12 want it and we will worry where the cuts come later and we
13 have done that on a couple of occasions.

14 But, for example, in their revenues they are presuming we
15 are going to pass the withholding on dividends and interest.
16 I told them I did not think it was going to pass, although I
17 voted for it before. I did not think it was going to pass.

18 But that is, I guess the word "assumption" is not binding
19 but it is one of their assumptions that we are going to pass
20 it out of this committee and we will have to pass it out of
21 this committee. It will pass the House and come to the Floor
22 and become part of the revenue.

23 Mr. Stern: Senator Packwood, if they are able, however,
24 to establish totals on a functional basis they will come much
25 closer to being able to dictate specific legislation. For

1 example, Revenue Sharing is practically a category by itself
2 and if they "assume" that \$1.7 billion is going to be cut out
3 of the Revenue Sharing total because the state share is going
4 to be cut, and if they have control over the functional
5 category separately, in that particular case, it almost
6 amounts to dictating.

7 Senator Packwood: You are right. That, as I recall, was
8 in that general government category. That is the biggest
9 portion of it, the general Revenue Sharing.

10 The Chairman: That is just a point.

11 In some cases, as Committee Chairman, in some cases that
12 makes it easy for me. The Budget Committee votes. If they
13 want to vote, all right, we want to cut this particular item
14 out and we vote a resolution that in effect says that then it
15 is sort of easy as Committee Chairman to say we are under
16 instruction to do that, so we are doing what the Senate
17 instructed us to do, and it makes it easier in that respect.

18 But on the other hand, when you do that, you separate
19 this committee from its responsibility to the Senate to look
20 over items where it believes economy could be made and to make
21 the reductions where it believes that, all things considered,
22 that this is about the best place to make the reduction.

23 If we are going to be a responsible committee, it seems
24 to me that we ought to look at the whole gamut of what our
25 responsibility is and try to make the reductions where we

1 think it makes the best sense, rather than the Budget
2 Committee making it for us, even though they will know
3 something about it.

4 Unless they are going to have as much staff as all the
5 Congress put together, which I guess some of us find to be a
6 very useful and thoughtful idea, but unless they are going to
7 have as much as all of us put together and have as much
8 expertise as everybody and if their Senators have the time to
9 think about those items on the legislative committees, they
10 are not going to be as well informed, not going to be as
11 advantageous position to make a decision as those who have
12 been assigned that functional responsibility.

13 It seems to me that, at a minimum we should not be held
14 to more than simply a committee total, that we have this much
15 money to work with and within that area, we have the
16 responsibility to come up with a figure that brings in the
17 amount of revenue that the Budget anticipates and on the
18 spending side spends no more than the Budget anticipates
19 thereto.

20 Senator Baucus: I agree with that. Frankly, I do not
21 understand why the Budget Committee is not a little more
22 politic, saying these are only suggested areas and saying,
23 especially in the committee reports, and saying these are only
24 suggestions and it is up to the Committee to decide what areas
25 they want to cut and raise revenue.

1 Senator Packwood: Because that is all the power they
2 have got.

3 Senator Baucus: To make it clear that these are only
4 suggestions, that they will not buck changes in the Finance
5 Committee.

6 Senator Packwood: Getting down to debating this revenue
7 sharing was a good example. One of the things the Committee
8 had voted to eliminate is state revenue sharing. We get down
9 to a debate on the Floor, and indeed under the present rules.
10 They do not have the power to bind this committee.

11 But if the Senate Budget Resolution is adopted, is there
12 an assumption that this Committee will dump state revenue
13 sharing or are we free to simply say we will undertake
14 whatever assumptions any of us want. If we come back here and
15 decide to dump something else of an equivalent amount, keep
16 state revenue sharing.

17 Senator Baucus: I think there is a strong possibility,
18 even a probability but not a fixed assumption.

19 Mr. Stern: The Senate Budget Resolution recommended by
20 the Senate Budget Committee, however, does introduce a
21 procedural change which would say, in this particular case,
22 that if any piece of legislation exceeds the functional
23 category in the First Budget Resolution, the bill cannot be
24 enrolled and sent to the President.

25 In a large, amorphous category like health or income

1 security it might not make a difference, but in the particular
2 case of revenue sharing, if the Congress were to pass a bill
3 that extended state revenue sharing, the total amount would
4 probably be over the functional category and the bill could
5 not be sent to the President until October.

6 Senator Baucus: This is a proposed change.

7 Mr. Stern: A proposed change already in the
8 Senate-reported resolution.

9 Senator Baucus: It would apply?

10 Senator Packwood: It has not been adopted yet.

11 Mr. Stern: It has not been adopted yet? I am sorry.

12 This is a proposal that the Budget Committee says in its
13 report that they are going to offer as a permanent change in
14 the Budget Act procedures.

15 Senator Packwood: But it is not offered in this
16 Resolution is it?

17 Mr. Stern: They say in the report that they are going to
18 offer that amendment on this resolution and there is another
19 thing that is perhaps a little more serious.

20 Before the Senate would even be allowed to vote on the
21 question of the state revenue sharing -- suppose, for example,
22 the Finance Committee were to report out legislation that did
23 not include state revenue sharing and a Senator wants to move
24 to add it in. Before the Senate can vote on that, a motion is
25 put to the Senate as follows.

1 This is a proposal by the Budget Committee. The Chair
2 shall put to the Senate the following question: "Shall the
3 Senate proceed to vote upon the amendment, et cetera, et
4 cetera, of the Senator from so and so which would violate the
5 Congressional Budget limits for the functional category by
6 increasing spending over these limits?"

7 That question would have to be put to the Senate and the
8 Senate would have to agree "to violate" the Congressional
9 budget limits before it could even vote on the amendment to
10 restore.

11 The Chairman: Let us assume, in other words, that if a
12 Senator takes a view, as some will, that rather than spend
13 more on defense and less on social welfare programs that he
14 would rather do it the other way around.

15 If that is his view, this sets the stage that he has to
16 vote on something that marks him as a man who wants to
17 bankrupt the country. In order to do what his conscience
18 tells him what his right, and that is not his view at all.

19 These people would seek to arrange a vote or contrive a
20 vote where they presume to speak for his conscience rather
21 than him. So they would like to contrive this, even though
22 you know it is not going to bankrupt the country -- or are you
23 in favor of that anyway?

24 Even if it is going to, then fixed effort -- that vote
25 can be pulled out. Here is one of the big budget busters.

1 This guy here -- in his point of view, he was not seeking to
2 bust the budget. What he wanted to do is simply say you spend
3 less on military hardware or less than military pay or
4 military retirement if you put more of that over here into a
5 program to help retarded children.

6 Here is a guy from his point of view, it is not a budget
7 buster at all, but he would try to contrive a vote for him to
8 make him look like that.

9 If you want to stand still and have that brand put on
10 you, that is one thing, but if you do not want to, you had
11 better speak up because that thing will start happening to in
12 a hurry and anyone who is likely to be put into that trap
13 might find it extremely unfair. If he does not like it that
14 way, he had better speak up before it happens.

15 That is one of the problems that this thing creates here.

16 Point number one, I think, do we agree that we ought to
17 have to reconcile within the first couple of weeks after this
18 Budget Resolution or should we have more time.

19 Senator Packwood: I think we should ask to change that
20 June 9th date.

21 Mr. Stern: I believe the June 9th date allows something
22 like two legislative weeks, because there is a long week-end
23 in the middle.

24 The Chairman: Yes.

25 Mr. Stern: At a minimum, if we want to be asked to do

1 that, we ought to have more time.

2 Now, let's take the second item we have got there.

3 Mr. Stern: The second item has two parts. The first
4 part relates to revenues and the second is spending.

5 The resolution, as I mentioned before to Senator Dole,
6 says that any tax cut bill or any resolution that has the
7 effect of reducing revenues by more than \$100 million would
8 not be sent to the President until after the Second Budget
9 Resolution is agreed to.

10 One example would be what Senator Dole referred to, if
11 the Congress wanted to disapprove the President's oil import
12 fee under the procedure that was agreed to in the windfall
13 profits tax bill, a resolution of disapproval is sent to the
14 President and it can be done by a resolution.

15 Under this amendment, the resolution could not even be
16 sent to the President until October because the resolution
17 could not be enrolled because it has the effect of reducing
18 revenues by more than \$100 million.

19 So merely any other tax cut bill -- I do not know whether
20 there is any other tax cut bill that people have in mind for
21 the immediate future, but that is an issue that if the
22 Congress does want to disapprove it, they would want to
23 disapprove it, I would think, long before October.

24 The Chairman: In other words, it could not be under the
25 proposal. Let's say if Senator Dole -- say he has two-thirds

1 of the Senate with him. Ordinarily, if you have a two-thirds
2 majority you ought to be able to prevail.

3 Now, we are talking about item number two here, Senator
4 Danforth, on that sheet before you, holding up certain bills.

5 If, under that provision, if Senator Dole had two-thirds
6 of the Senate with him, he ought to be able to prevail.
7 Assuming he had a two-thirds majority in the House as well,
8 under that you would have to have -- that bill could not be
9 enrolled. It could not be sent down to the President until
10 October.

11 Is that right?

12 Mr. Stern: That is right, until the Congress has
13 completed action on the Second Budget Resolution, any
14 reconciliation necessary. It may be later in October but no
15 earlier than October.

16 The Chairman: Sometime in October, the President, as I
17 recall it, he has done legislative dates, ten days in which
18 the Senate is in session. Is that not the way it is?

19 With my constitutional authority on vetos --

20 Mr. Stern: Ten days except Sundays, not counting
21 Sundays.

22 The Chairman: I think it is ten days when the Senate is
23 in session, I believe, while the Congress is in session. Who
24 knows that? Somebody ought to know that.

25 From the time that it gets down there, he has ten days

1 before he sends it back up, so that gives you ten more days,
2 and then you still have got the burden of passing it through
3 both houses.

4 The House has a rule where they perhaps could vote, but
5 over in the Senate under our cloture procedures, I would think
6 that if the Minority wanted to go along with the President,
7 they could draw that thing out for several more days.

8 Mr. Stern: It is quite possible, Mr. Chairman, that in
9 this particular year since the Congress is likely to adjourn
10 before the election, that it could be done in such a way that
11 the Congress could not even have a vote to override.

12 The Chairman: Between then and the election in November.
13 If they sat in a dream and did it,* something like that by
14 that time, you would be within two weeks of the November
15 election. If they would take the ordinary delays, you would
16 be within two weeks of the November election by the time you
17 get through with all of that.

18 Mr. Stern: The second part of this relates to spending
19 and it is a similar kind of thing that says if any particular
20 spending bill is higher than either the allocation to the
21 committee or the allocation report filed by the committee, it
22 also could not be enrolled until after the Second Budget
23 Resolution.

24 Maybe I ought to explain these new controls. There is
25 sort of a handwritten xerox sheet which is the same thing that

1 is on the blackboard, which shows what the controls are now
2 and what the proposal is.

3 Today -- and I have just used a hypothetical example for
4 outlays --

5 The Chairman: Why do you not have somebody point on the
6 board where it is on that chart that you are talking about?

7 Mr. Stern: All right.

8 The Finance Committee has outlays in a number of the
9 different functional categories. I have simply selected two
10 big ones here -- health and income security, and there are
11 others as well.

12 The Budget Resolution itself provides a number for each
13 one of the functional categories. In this case, \$612.9
14 \$612.9 billion -- \$218.3 billion for income security, and
15 then various other categories -- defense and training and so
16 forth, coming up to a total of \$612.9 billion for all
17 committees, for all functions.

18 The only number on which a point of order, or any other
19 controls, are based is that number of \$612.9 billion, the
20 total figure for outlays for all programs.

21 We see have seen how that operates in fiscal year 1980.
22 The spending total that was provided in the Second Budget
23 Resolution has been exceeded and no new legislation can come
24 up, or all will be subject to a point of order and, to the
25 best of my knowledge, no new spending legislation has come up

1 since that total was exceeded. That is the control today.

2 After the Budget Resolution is approved then, the Budget
3 Committee looks at the totals for each category and figures
4 out how much is related to Finance Committee programs, and I
5 have just used hypothetical numbers here.

6 Then they add all those up and come out with a total
7 allocation to the Finance Committee of \$320 billion in this
8 example.

9 Today, that is the only number that they give to the
10 Finance Committee. For informational purposes, they tell you
11 how they made it up, but the only actual allocation is the
12 total.

13 I make that point because in the House, the House Budget
14 Committee does make allocations on a functional category
15 basis.

16 Finally, the Finance Committee files its allocations
17 report in which the numbers may be different within the total
18 compared to the Budget Committee assumptions.

19 In the hypothetical example there I assume that the
20 Finance Committee thought it might spend a little bit more on
21 health and a little less on income security than the Budget
22 Committee assumed.

23 Those numbers outlined in the square outline would all
24 be controlled numbers under the proposal of the Budget
25 Committee. That is to say, if either the total functional

1 category were violated by any particular bill or the total
2 allocation to the committee, or the committee's allocation by
3 category, in any of those cases the bill would be subject
4 under the proposed amendment of the Budget Committee to a
5 separate vote where the Senate would first have to vote on
6 whether it was to violate the budget and only then be allowed
7 to vote on the substance of the proposal.

8 Also, if the Senate agrees to do that, notwithstanding
9 the fact that it violates those totals. Still, the bill is
10 held up and cannot be enrolled until the Second Budget
11 Resolution is passed so that those are two quite stringent
12 controls that do not exist now. That is not exactly a line
13 item control, but in some cases it practically amounts to that
14 because of the nature of the functional categories, as in our
15 example, the state's share of revenue sharing.

16 The other matter that is unknown, today, the allocation
17 of the Budget Committee to the Finance Committee is made on a
18 total basis, but it might be that in some future time,
19 particularly if they are given this authority, they might want
20 to make that allocation on a much more detailed basis, as does
21 the House Budget Committee. And if they have the
22 Parliamentarian on their side then they could very well really
23 become a line-item committee.

24 So those are the kinds of controls that they are seeking
25 to establish that procedurally go very far beyond what this is

1 now, and these would be permanent changes in the budget
2 process under the amendments that they have printed in their
3 report and say that they are going to offer.

4 The third amendment that they are proposing to offer,
5 which they have included in their report, would also have a
6 very serious effect on the Finance Committee. This relates to
7 entitlement legislation.

8 What the amendment says, if money has been appropriated
9 by the Appropriations Committee, no committee may direct that
10 the money may be used for any different purpose. The example
11 that they give seems to be a case where a committee said in
12 substantive legislation that the money appropriated for
13 purpose A, some of that money should not be used for purpose B
14 and they thus went around the ordinary appropriations process.

15 But the way the amendment is actually drafted it would
16 have the effect if you made a change in an entitlement program
17 such as, for example, suppose you decided you wanted to have
18 some sort of an additoinal benefit for blind people under SSI.
19 That change could not become effective until the
20 Appropriations Committee appropriated money for that and it
21 really would have the effect of ending the ability of
22 committees to make changes in entitlement programs. They
23 really would all be subject to the appropriations process.

24 As a staff, we do not see that change as necessary to
25 give the Appropriations Committee a chance at looking at what

1 is happening in entitlement programs because if the Committees
2 act on entitlement legislation that exceeds their allocation
3 totals under the present procedure, the bill is referred to
4 the Appropriations Committee.

5 That recently happened, for example, in the Trade
6 Adjustment Assistance bill. So this seems to be quite a
7 serious change in the nature of entitlement programs and on
8 the ability of other committees to enact changes in
9 entitlement programs.

10 That completes the rundown of the procedural changes that
11 they have.

12 The Chairman: In other words, if we come up with an
13 entitlement program, they might very well refer it over to the
14 Appropriations Committee anyhow. This would say you cannot
15 vote through an entitlement program unless the Appropriations
16 Committee has made an appropriation for that purpose.

17 Is that not about the size of it?

18 Mr. Stern: That is correct.

19 The Chairman: Basically the committee has the
20 jurisdiction but cannot exercise its jurisdiction even if you
21 are within the Budget Resolution.

22 Mr. Stern: That is right. What you become is a kind of
23 authorizing committee as far as any authorization for an
24 entitlement program is concerned.

25 The Chairman: What other committees have entitlement

1 programs?

2 Mr. Stern: The Agriculture Committee has Food Stamps.
3 The Black Lung Program is under the Human Resources Committee.
4 The retirement programs under military.

5 The Chairman: Is there any showing anywhere that this
6 has created a big budgetary problem, that the committees are
7 not cooperating and working to stay within the budgetary
8 limits?

9 Mr. Stern: I do not know of a reason for it. Here is an
10 example of what might occur.

11 Suppose you wanted to increase the authorization for the
12 Social Services program from \$2.5 billion to \$2.7 billion.
13 Under this provision, the Parliamentarian might take the
14 position that the funds that already have been appropriated
15 for the Social Services program on an assumption of a \$2.5
16 billion program could only be spent at the rate of \$2.5
17 billion a year, not at the rate of \$2.7 billion a year until
18 the new funds are appropriated.

19 If they are not appropriated, then the program remains at
20 the \$2.5 billion level.

21 What happens today if such a thing occurs, the states are
22 entitled to the \$2.7 billion and a supplementary appropriation
23 must be made or else they would have a claim in court.

24 So that is quite a serious change in the nature of the
25 entitlements programs.

1 Finally in the general nature of spending -- item two
2 there -- the cuts that are assumed by the Budget Committee are
3 quite ambitious. It is the staff's view that the cuts that we
4 have already made in the health area are pretty close to as
5 far as you can go without actually affecting beneficiaries
6 pretty directly.

7 They assume you are going to find \$5 million worth of low
8 priority Social Security cash benefit cutbacks, as mentioned.
9 They do assume that the state share of revenue sharing would
10 be cut out.

11 The amount there is so large -- \$1.7 billion -- I think
12 it would be very difficult to find that kind of savings in
13 other areas.

14 Finally in the area of revenues, I would like to ask
15 the Joint Committee to discuss their figures there.

16 Mr. Shapiro: We are going to pass out a table that may
17 make it easier for you to see some of the line items. Also,
18 for convenience, to show you how the House Budget Committee
19 has met their figures because ultimately when the two Budget
20 Committees go to conference they will have the House Budget
21 figures versus the Senate and they do make different
22 assumptions and place items in different categories as well.

23 You have on the top line there your base case, and that
24 is what is supposed to be existing revenues. Each Budget
25 Committee started with \$587.7 billion.

1 The next item is the airline tax extension and both
2 Budget Committees put that under the current law. However, it
3 expires at the end of 1980 and requires legislation to extend
4 it. \$900 million is the existing level. They have assumed
5 that would be passed.

6 Instead of assuming that as present law, we do not know
7 why it is not assumed as legislative changes, but it reaches
8 the same result. Even though they include that as part of the
9 current law, both the House Budget Committee and Senate Budget
10 Committee, that \$900 million airline tax extension does
11 require legislation this year.

12 The next item is administrative cash management
13 proposals. The House Budget Committee puts it under the
14 present law case and the Senate Committee puts it under
15 legislative changes, even though it is an administrative cash
16 management proposal.

17 The following item is additional IRS audits. That does
18 not require legislation. The House puts it in present law and
19 the Senate puts it into the legislative change.

20 What that requires is an appropriation of additional
21 funds towards the Internal Revenue Service in which case they
22 assume it would be used for additional agents. The \$300
23 million is additional collections as a result of auditing. It
24 does not require legislation so it is not an item you have to
25 raise by legislation.

1 The Appropriations Committee appropriates the money for
2 IRS and they would assume that would increase revenue by \$300
3 million from additional collections as a result of those
4 audits.

5 The net item is the oil import fee. The House Budget
6 Committee assumes that that would be \$10.3 billion; the Senate
7 Budget Committee assumes \$10 billion.

8 The following item has already been enacted, the windfall
9 tax. The Senate Budget Committee, which acted after the
10 President signed the bill assumes that in present law.

11 The House Budget Committee, which took its action before
12 the bill was sent to the President, assumed that for
13 legislative changes.

14 So the House Budget Committee under present law has
15 \$601.8 billion. The Senate Budget Committee, \$616.6 billion.

16 The \$616.6 billion is what the Senate Budget Committee is
17 saying is present law. As indicated, \$900 million for the
18 airline extension has to be enacted, but other than that, they
19 have assumed the oil import fee and the windfall tax.

20 Under that are the legislative changes that they are
21 suggesting. The IRS audits, as I indicated, the Senate Budget
22 Committee has \$300 million. That does not require this
23 committee to do anything.

24 If the Appropriations Committee appropriates that money
25 to IRS, that would be the assumed pick-up by the additional

1 The next item, tax increases, is a big item that this
2 committee would be asked to raise.

3 There are a whole series of proposals that have been
4 discussed to raise that money. Essentially the big one is the
5 withholding on interest and dividends.

6 The Chairman: Let me get something straight here at this
7 point.

8 We had this fight before where the Budget Committee wrote
9 in its committee report that we had -- they gave us a figure
10 and I did not complain about that and this committee did not,
11 but they proceeded to say that that meant we had to report out
12 about \$4 billion of so-called tax reform which meant that
13 anybody on that committee, including the Chairman, wanted to
14 assume that that ought to be, and that that being the case we
15 would then recommend more tax reductions because we would
16 recommend more tax increases that we chose on this committee.

17 To simply say that resolution says that we have to live
18 within a certain figure and we do not have to recommend those
19 tax increases.

20 I do not think that the Congress is going to vote this
21 and I doubt that the Committee wants to recommend this
22 withholding on interest and dividends.

23 It's all right with me to go either way but I am not
24 inclined to vote for it and I did vote for it one time in the
25 past on a bill. I have also opposed it.

1 Now, is there something in here that would try to change
2 the rule that the Senate itself imposed on the Senate Budget
3 Committee when it said you cannot mandate us by language in
4 your committee report?

5 Mr. Shapiro: The Senate Budget Committee does not do so.
6 The House Budget Committee does.

7 The reason I am pointing out, the House Budget Committee
8 -- it will go to conference and it could come back from
9 conference. That way, the Senate Budget Committee gives you a
10 figure of \$612.9 billion, the bottom figure that you see on
11 the sheet that we passed out is total revenues.

12 Since they have the present law as \$616.6 billion they
13 also have in the Budget Resolution -- that would mean you
14 reduce revenues by \$3.7 billion.

15 The only two figures the Finance Committee is going to
16 have with regard to revenues is \$612.9 billion total revenues
17 and to get that out, you are saying you should reduce revenues
18 by \$3.7 billion.

19 A lot of these assumptions they make is based on what we
20 show you is what went into the assumptions. You are not
21 required to do anything other than have \$612.9 billion which
22 would actually require the Finance Committee to have a
23 reduction.

24 The Chairman: Then the House proposal would require that
25 they recommend this tax increase, I take it, somewhere?

1 Mr. Shapiro: Yes, it is. The House has more line items
2 in the Budget Resolution which require that they actually
3 raise the revenue in order to have the tax reductions so they
4 want a tax reduction of \$10.3 billion for tax cuts and they
5 are actually telling them they have to raise the revenue in
6 order to reach that.

7 The Chairman: Basically, so if you look at this whole
8 thing put together it is a proposal to let the Congress in
9 where the Congress cannot, between now and the next election
10 the Congress would not have the power, even with a two-thirds
11 majority, even if it had a unanimous, even 90 percent margin
12 up here, Congress would not have the power to strike down that
13 fee.

14 Then it would be mandated to vote a tax cut based on the
15 thought that that fee is going to prevail.

16 It looks to me as though it locks us in to a tax cut
17 based on the assumption that the majority in the Congress,
18 that the overwhelming majority is not willing to buy.

19 Mr. Shapiro: Each Budget Committee has approached it
20 differently. The Senate Budget Committee has taken the
21 procedure that Mike outlined earlier, the new procedures that
22 you cannot enroll a bill that increases revenues by more than
23 \$100 million until after the Second Budget Resolution.

24 The House Budget Committee does not have that provision
25 but the House Budget Committee is requiring a reconciliation

1 of revenues on the Ways and Means Committee, but in the
2 Senate, no revenue bill can be enrolled.

3 They are going at it in two different ways and it could
4 go to conference. The House Budget Committee Resolution has
5 not gone to the House Floor yet.

6 The Chairman: It looks to me whichever way they go it is
7 a power grab to try to deny the legislative committees their
8 power to do what the rules of the Senate and the laws require
9 them up to this point, to divest themselves of their
10 responsibility and put it over in the Budget Committee, which
11 I do not find much appeal in myself.

12 I guess if I served on the Budget Committee and I did not
13 serve on the Finance Committee or Appropriations Committee, I
14 would think it is a great idea, let's be a line item
15 committee. Let's us put all these other committees to work
16 for us.

17 But if I am not on the Budget Committee, I am like Bub
18 Curr used to be. I am against any combine that I'm not in on
19 and I would be inclined to say, thanks just the same, but no
20 thanks. I will take my chances of living with the existing
21 procedure.

22 What else can you advise about this matter?

23 Mr. Shapiro: When you look at the list of what the
24 Senate Budget Committee is assuming of how you meet budget
25 reductions, they are assuming that the Congress will not

1 require the President to roll back the oil import tariff
2 because they are having a tax cut of \$10.1 billion essentially
3 offset by the oil import fee.

4 But, you know, if you roll back the fee, that would in
5 effect eliminate the tax cut as the assumptions are based on
6 by the Budget Committee and the fact you could view that as
7 being a tax cut, the rollback of the fee.

8 That would be the Congress that would deal with that.

9 If you look at the other items, minus 3.7 there, the
10 administrative cash management proposals, they are
11 administrative. This Committee does not have to deal with
12 that.

13 So the main legislative change is \$3.5 billion. The tax
14 increases, which the major item is withholding on interest and
15 dividends.

16 As I said, that is a controversial and questionable
17 proposal.

18 The Chairman: This 2.6, this administrative cash
19 management proposal, the Finance Committee does not have to
20 deal with that?

21 Mr. Shapiro: You do not, but there is some concern about
22 the application of those provisions and I am convinced if you
23 do not have a budgetary process there would be a strong
24 pressure on this committee to eliminate those proposals and
25 force the IRS not to speed up. In effect, they are speeding

1 up the payment proposals to businesses or certain types of
2 excise taxes. But in the budgetary process, it makes it
3 difficult to roll those back or tell the IRS not to do them
4 because they you have to raise revenue somewhere else.

5 Senator Packwood: They also assume on the tax increases
6 on the withholding as I recall, 2.3 of that the first year is
7 the speed-up?

8 Mr. Shapiro: Yes.

9 The Chairman: That is something that has gone before the
10 Congress several times. Congress has not been willing to do
11 it.

12 In order to do that, even if they do pass the Budget
13 Resolution they still have to get a majority of Senators to
14 vote for that. Is that not right?

15 Mr. Shapiro: That is correct.

16 Senator Packwood: Say that again. What did you just ask
17 him?

18 The Chairman: I am talking about the so-called tax
19 increases, the 3.5.

20 Even if they can get a majority of the Senate, even if
21 the Budget Resolution passes with that in there, that can
22 become law after they can persuade a majority of the Senate to
23 vote for that.

24 Senator Packwood: That is correct. That is why I think
25 we ought to have some good discussion on the Floor. I know

1 that Chairman Muskie and Senator Bellmon in arguing the
2 resolution is going to argue that assumption. My hunch is
3 before we are all said and done, the majority of the Senate is
4 going to vote for the Budget with that presumption there,
5 which does not bind anybody, and you will find a good many
6 people when this vote comes on, the stakes increase who voted
7 for the Budget Resolution, who will vote no on the increase.

8 The Chairman. \$3.5 billion behind.

9 Frankly, my guess is if you let the Congress vote and let
10 the Congress out, the Congress is going to knock out the
11 import fee. That works out to a ten cent tax on gasoline.

12 Unless I miss my guess, Congress is going to vote to
13 knock it out and it may very well be to vote on whether or not
14 you are going to have that is to vote on the amendment out
15 there in the Budget Resolution, whether or not they can hang
16 that thing up and hold it up from now until October so that
17 when the President vetoes it they can stall that thing on
18 passed the next election.

19 Senator Dole: I discovered if all of these states do
20 like Kansas is doing, they are going to have a 15 percent
21 severance tax now. They figure, pay it to the state or
22 Federal government, if all the states do that, that we lower
23 that windfall figure considerable.

24 Our state would be \$60 million a year. We do not have
25 much production. Has that been thought about?

1 Mr. Wetzler: The state severance taxes under our revenue
2 assumptions average about 5 percent. If every state went up
3 to 15 percent you would lose 10 percent of the \$227 million.

4 The Chairman: You would not lose it in Louisiana and
5 Alaska, but Kansas has a property tax and I assume with Texas,
6 if they repeal that property tax, you get some offset there.

7 Senator Packwood: Mr. Chairman, let me say one thing. I
8 am going to have to leave and go start to manage a truck
9 deregulation bill.

10 I want to have you understand the bind the Budget
11 Committee is in and I feel somewhat sorry for them, having
12 seen both sides of it.

13 We vote on the Floor of the Senate to direct them to come
14 to a balanced budget and we came close to voting them to
15 direct them to meet the Roth amendment and they said in their
16 report what they would have had to do to meet that.

17 You send them instructions to balance the budget -- I do
18 not know which way you voted on that; I voted for it. They
19 come back to a reasonably close to balance. They have a \$3.5
20 billion surplus in it.

21 Either they come back and just say all right, revenues of
22 \$616 billion, outlays of \$612 billion or \$613 billion and you
23 people figure it out or they come back with some specific
24 suggestions. I will not call them binding laws, but specific
25 suggestions -- and this is not the only committee that is

1 arguing about the subject. We tell them to do one thing.
2 They come back with what we have told them, with some
3 suggestions, and every committee says not us.

4 I do not have an answer. I do not know how to reconcile
5 this process. But I do know that we specifically on the Floor
6 directed them to come up to this and we came within -- how
7 many votes; Bob? Five or six votes on the Roth amendment,
8 directing them to come up with a budget that was 21 percent of
9 the Gross National Product, which would have been another \$20
10 billion or \$25 billion cut.

11 And if you think these directions are tough, you can take
12 a look at what they would have suggested had they had to meet
13 the Roth amendment.

14 The Chairman: My thought about all of that, it is
15 perfectly all right with me. I do not object to their making
16 suggestions as to how they think we can do a job, but it seems
17 to me as though they do not have a right to mandate us. They
18 do not have the right to make a big paragraph and become a
19 line item committee and it seems to me that we ought to have
20 -- frankly ordinarily I would not object.

21 I want Senator Packwood to hear this. I would not object
22 to having a committee total but I do object to a committee
23 total if that is going to be the beginning of a deal where
24 they are going to go beyond the committee total.

25 It seems to me that the committee total does not

1 essentially bother me. It is all right with me to work within
2 the committee total.

3 Senator Packwood: I will just say this as I leave.

4 It has not been, in the past, a happy experience for the
5 Budget Committee in its efforts to uphold reconciliations.

6 I think that what they are getting are conflicting
7 signals.

8 On the one hand, we all tell them to balance the budget.
9 and the House was worse than we were. The House simply would
10 not follow reconciliations for this budget year.

11 I do not have an answer, Mr. Chairman, but the process is
12 either going to come apart or it is going to work and it is
13 kind of in midstream right now.

14 I am not suggesting they ought to take away our authority
15 and I do not have an answer.

16 The Chairman: Yes, sir.

17 Well, I would think that we ought to have a number of
18 amendments prepared. We may have to have another meeting to
19 talk about them. But it seems to me that that proposal to say
20 that when the Senate acts that it cannot send something down
21 there to the President -- mind you, if we are not able to pick
22 up \$10 billion in additional revenue on oil with the
23 President's recommendation, then we are not able to vote for a
24 bigger tax cut.

25 So one cancels out the other. But it seems to me that

1 for the Senate to proceed to be locked into something where,
2 even though you have a two-thirds majority in the Senate you
3 cannot be effective is really sort of outrageous and I do not
4 think that the Senate ought to let itself be stuck with that
5 and I do not think this committee ought to let itself be stuck
6 with that.

7 Furthermore, I think that at a minimum the Committees
8 ought to have -- I do not think that the resolution ought to
9 go any further than to try to tell each committee here is the
10 amount of money that you can spend. Of course, as far as this
11 committee is concerned, I would like to see us have the right
12 to spend more than that if we want to put a tax on it and
13 raise the money to do it, because I do not think that that
14 gives us any problem at all.

15 For example, if we wanted to buy the Danforth suggestion
16 on health -- let's put a tax on cigarettes and whiskey to help
17 pay for more health care -- I should think we have the right
18 to do that, but they do not give us that. But I think that is
19 one of the options that should be available and I hope we can
20 move to that.

21 Do you have any more information for us?

22 Mr. Stern: I believe that we have gone through the
23 matters that we wanted to inform the committee about, Mr.
24 Chairman and I would again say, in terms of dollar amounts I
25 think just as whatever the Senate is going to come up with

1 and the major concern that we wanted to express is the
2 difference in procedural changes which I do not think relate
3 to the question of whether you vote for a balanced budget or
4 not.

5 The Chairman: That is right.

6 Senator Dole: So we will be prepared to properly amend
7 the resolution?

8 Mr. Stern: In some cases, it will be amendments to the
9 resolution itself. In some cases it will be a matter of
10 modifying or opposing amendments that the Budget Committee has
11 indicated that it will offer to the Resolution.

12 The Chairman: Have you spelled out what all these are,
13 these amendments? One that the Budget Committee proposes to
14 use the Budget Resolution as a vehicle for substantial changes
15 in the budget process. The existing process imposes controls
16 at the level of overall budgetary totals. The proposed
17 changes would impose controls at three sub-budgetary levels --
18 functional totals, Budget Committee allocation totals,
19 authorizing/appropriations committee allocation totals.)

20 That is the House bill. That is going to be over on the
21 Floor, too?

22 Mr. Stern: The matters referred to in item number three
23 are these proposals for establishing new controls that the
24 Budget Committee says they will offer, and the two additional
25 controls are, number one, requiring a separate procedural vote

1 on whether the Senate wants to violate the budget totals and
2 secondly even if they do agree to do that, the bill cannot be
3 enrolled until the Second Budget Resolution.

4 Those two additional measures of control are linked to
5 these individual subtotal controls, functional totals or
6 totals of allocation.

7 As I understand it, your suggestion is that the only
8 total that is not now controlled that you feel could be
9 subject to control would be the total amount allocated to a
10 committee, not the functional amounts to the committee, but
11 the total amount allocated to the committee and that you would
12 not subject this separate, procedural vote or the holding up
13 of enrollment of bills to it.

14 The Chairman: That seems fair to me. Others may look at
15 it differently, but it seems to me as though you tell us here
16 is the amount that you people on the Finance Committee can
17 recommend spending and if we live with that, it seems to me
18 that this should be no problem.

19 In fact, I believe what you are telling me is that even
20 without that existing procedure it is working is it not? The
21 Budget Committee, the Congressional Budget Office came in with
22 a different set of assumptions. They said because of the
23 recession we are not going to have as much money as we thought
24 we were going to have and that being the case, that threw the
25 whole budget into a different situation.

1 So where the bills we had passed which did not violate
2 the budget at the time could not be agreed to in conference
3 because the conference report would violate the budget as the
4 Congressional Budget Office came in with its new totals and we
5 had not violated that.

6 Mr. Stern: That is correct.

7 The Chairman: Nobody has brought in a conference report
8 to violate that, to say we have to figure out some way to live
9 with that. We are not violating that.

10 The question is why should we be taken to the woodshed
11 and punished for something we have not done. As far as I
12 know, nobody is violating what you have there now. But it is
13 all right with me to live with a committee total.

14 My thought is, I am willing to urge the Finance Committee
15 to stay within their total provided everybody else will stay
16 within theirs.

17 To give the Budget Committee the authority to fix within
18 our total how much we would spend on this function and how
19 much we would spend on that, it seems to me that is a
20 paragraph -- say, all right, we are going to write your
21 legislation for you.

22 Senator Dole: Could they not do that indirectly if you
23 say you cannot do it directly, just add up all these things
24 and you have a committee total?

25 Mr. Stern: But it would allow you to stay within the

1 committee total that you would prefer to achieve less savings
2 in health, income security or social services or something
3 like that.

4 The Chairman: In other words, looking at the entire area
5 of our spending, as it stands today -- and what I am
6 suggesting is the Committee would have the right to comply
7 with the Budget Resolution by reducing the spending in the
8 ways that we thought the cuts ought to be taken other than
9 where somebody on the Budget Committee thinks it should be
10 taken.

11 Mr. Stern: If the Committee totals are to be additional
12 controls, we would ask that they be specified in the
13 conference report, the language of the resolution itself.
14 What happens today there are actually three numbers used as
15 the allocation of the Committee: first the number that the
16 Budget Committee staff decides on at the time that the
17 conference report is adopted. The second is the number that
18 --

19 The Chairman: Staff decides on?

20 Mr. Stern: That is right.

21 The Chairman: Would you explain that now?

22 Mr. Stern: Since there is not a control number now, sort
23 of a guideline after the conferees finish their action, the
24 Committee staff then tries to determine in each category how
25 much is the amount associated with each committee and give the

1 totals.

2 The problem is it is not a very exact process and what I
3 was suggesting, first they give you a number, then they call
4 you back a few days later and give you a revised number. Then
5 the third time finally when you negotiate with them on the
6 basis of some additional errors that you have discovered in
7 what they have come up with, and just looking for an example,
8 at the Joint Committee's table showing taxation, you can see
9 how things that are really existing law are treated as
10 legislative changes by one committee and not the other, and
11 things that are really legislative changes are treated by
12 existing law and not the other.

13 It is a fairly inexact process.

14 So, if there is going to be an additional control number,
15 we would suggest it be written into the resolution itself.

16 The Chairman: In other words, as to how much each
17 committee has for its function?

18 Mr. Stern: That is right.

19 The Chairman: That seems fair enough -- not that it is
20 fair, but the Senate ought to decide it, rather than the staff
21 of the Budget Committee.

22 Mr. Stern: Right.

23 Senator Dole: A lot of things are up to the staff over
24 there.

25 The Chairman: What other suggestions do you have?

1 Mr. Stern: Even if you do not take out the language
2 completely of this new Section 17 which does not allow you to
3 enroll revenue bills or resolutions as they fall back, I think
4 you ought to at least allow the enrollment of resolutions, if
5 not bills. That would take care of the import fee situation.

6 The Chairman: It seems to me that if you assume that you
7 have gone overboard in what we have done in some areas, some
8 programs, and if you assume that the President is more likely
9 than not, the President would tend to veto it.

10 If he vetoes it, then it seems to me he ought to have a
11 right to vote on it. If the Senate wants to do something
12 about a two-thirds majority it ought to be able to do it. The
13 same thing is true of the House of Representatives, it seems
14 to me.

15 I will think about it, but my thought is that we ought to
16 have the right to do what we think our conscience wants us to
17 do in this matter.

18 Mr. Stern: We would not want you to have a
19 reconciliation process associated with the First Resolution,
20 but let the dollar totals do whatever the Senate works out and
21 then try to achieve those in the ordinary legislative process
22 between now and the Second Budget Resolution and leave the
23 reconciliation process as an enforcement process, after the
24 ordinary legislative process fails.

25 You could be in a situation if the provisions were agreed

1 to as reported in the Senate and reported in the House, on
2 revenues, we would have to complete action on very major
3 spending legislation by June 9th, and major tax increases by
4 June 15th.

5 That would be about all you could do all year, too.

6 The Chairman: Well, if they make us do that, they just
7 are not going to get very good recommendations. That is what
8 it amounts to.

9 If they make us report out half-baked resolutions, we
10 will just have to report out half-baked resolutions. I guess
11 that is what it amounts to.

12 Mr. Stern: A lot of it is matters you have already done
13 and spent some considerable time on doing. The additional
14 amounts would be done in pretty much of a hurry.

15 The Chairman: And pretty difficult to defend.

16 Well, if there is no further discussion then, I would
17 suggest that we just adjourn to the call of the Chair. We
18 might want to meet again on these matters when we have more
19 members here.

20 We have had very poor attendance on this side of the
21 aisle, but we did have a couple of Senators who came in and
22 could not stay. Maybe we could meet later on and have more
23 full participation.

24 Those of them who are represented by staff here, you can
25 tell them what we discussed and maybe they will be here the

1 next time we meet.

2 Thank you.

3 (Thereupon, at 11:30 a.m. the Committee recessed to
4 reconvene at the call of the Chair.)

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