

SECOND CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1976

DECEMBER 8, 1975.—Ordered to be printed

Mr. ADAMS, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H. Con. Res. 466]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 466) revising the congressional budget for the United States Government for the fiscal year 1976, and directing certain reconciliation action, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

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

That the Congress hereby determines and declares, pursuant to section 310(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on July 1, 1975—

(1) The appropriate level of total budget outlays is \$374,900,000,000;

(2) The appropriate level of total new budget authority is \$408,000,000,000;

(3) The amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is \$74,100,000,000;

(4) The recommended level of Federal revenues is \$300,800,000,000, and the House Committee on Ways and Means and the Senate Committee on Finance shall submit to their respective Houses legislation to decrease Federal revenues by approximately \$6,400,000,000; and

(5) The appropriate level of the public debt is \$622,600,000,000.

SEC. 2. The Congress hereby determines and declares, in the manner provided in section 301(a) of the Congressional Budget Act of 1974, that for the transition quarter beginning on July 1, 1976—

(1) *The appropriate level of total budget outlays is \$101,700,000,000;*

(2) *The appropriate level of total new budget authority is \$91,100,000,000;*

(3) *The amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is \$15,700,000,000;*

(4) *The recommended level Federal revenues is \$86,000,000,000; and*

(5) *The appropriate level of the public debt is \$641,000,000,000.*
And the Senate agree to the same.

BROCK ADAMS,
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ROBERT N. GLAIMO,
J. G. O'HARA,
ROBERT L. LEGGETT,
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Managers on the Part of the House.

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J. GLENN BEALL,
PETE V. DOMENICI,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 466) revising the congressional budget for the United States Government for the fiscal year 1976, and directing certain reconciliation action, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

SECOND CONCURRENT RESOLUTION ON THE BUDGET

OUTLAYS

The House resolution provided for total outlays in the amount of \$373.891 billion. The Senate amendment provided for total outlays in the amount of \$375.6 billion.

The conference report provides for total outlays in the amount of \$374.9 billion. Estimates of outlays by functional category of the budget is set forth below.

BUDGET AUTHORITY

The House resolution provided for total new budget authority in the amount of \$408.004 billion. The Senate amendment provided for total new budget authority in the amount of \$406.2 billion.

The conference report provides for total new budget authority in the amount of \$408.0 billion. Estimates of new budget authority by functional category of the budget is set forth below.

DEFICIT

The House resolution provided for a budget deficit in the amount of \$72.091 billion. The Senate amendment provided for a deficit in the amount of \$74.8 billion. The conference report provides for a deficit of \$74.1 billion.

REVENUES

The House resolution provided for Federal revenues in the amount of \$301.8 billion; and to achieve that level, it directed the House Ways and Means and Senate Finance Committees to reduce revenues by \$5.4 billion. The Senate amendment provided for revenues in the amount of \$300.8 billion; and to achieve that level it directed the Ways and Means and Finance Committees to reduce revenues by \$6.4 billion.

The conference report provides for revenues in the amount of \$300.8 billion; and directs the Ways and Means and Finance Committees to

reduce revenues by \$6.4 billion. The \$6.4 billion reduction of revenues is necessary to maintain the personal income tax withholding rates and extend the temporary corporate tax reductions in the 1975 Tax Reduction Act.

The managers accept the Senate position that it is unrealistic to expect this required reduction in revenues to be partially offset by \$1.0 billion to be received through tax reform during the remainder of Fiscal Year 1976, as contemplated in the House resolution.

PUBLIC DEBT

The House resolution provided for a public debt level of \$620.5 billion. The Senate amendment provided for a public debt level of \$623.2 billion. The conference report provides for a public debt level of \$622.6 billion.

TRANSITION QUARTER

The House resolution did not set budget limits on the transition quarter, July 1-September 30, 1976. The Senate amendment provided limits as follows: revenues \$84.8 billion; budget authority \$92.2 billion; outlays \$100.1 billion; deficit \$15.3 billion; and public debt \$639.5 billion.

The conference report establishes the following targets for the transition quarter;

- (1) The appropriate level of total budget outlays is \$101.7 billion;
- (2) The appropriate level of total new budget authority is \$91.1 billion;
- (3) The amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is \$15.7 billion;
- (4) The recommended level of Federal revenues is \$86.0 billion; and
- (5) The appropriate level of the public debt is \$641.0 billion.

PURPOSE AND EFFECT OF SECTION 1 OF THE SECOND CONCURRENT RESOLUTION ON THE BUDGET

The purpose of Section 1 of the Second Concurrent Resolution on the Budget for fiscal year 1976 is to revise the First Concurrent Resolution on the Budget adopted on May 14, 1975. It is required by Section 310(a) of the Congressional Budget Act of 1974 as implemented by the Budget Committees for Fiscal Year 1976.

Adoption of Section 1 of this conference report will limit Congressional actions on spending and revenue for the balance of this fiscal year. The amount specified for revenues represents a floor: after adoption of this conference report, it will not be in order for either House to consider legislation which would have the effect of *lowering* revenues for fiscal year 1976 below the floor. The amounts specified for total new budget authority and total outlays represent ceilings: after adoption of the conference report, it will not be in order for either House to consider legislation which would have the effect of *increasing* budget authority or outlays for fiscal year 1976 above the ceilings.

The amounts specified for the deficit and the public debt are not ceilings; these amounts represent mathematical derivations from the revenue floor and spending ceilings. The estimates below for various functional categories do *not* represent ceilings. They do represent the Congress's budget priorities for fiscal year 1976.

After adoption of the conference report, the House and Senate Budget Committees will inform their respective Houses, periodically, of the relationship between the revenue floor and spending ceilings set in the conference report and estimated revenues and spending under existing law. With respect to budget authority and outlays, this information will be based on estimated spending pursuant to mandatory authorities and enacted budget authority and revenue legislation.

PURPOSE AND EFFECT OF THE TRANSITION QUARTER PROVISIONS

These targets are intended to have the same purpose and effect as the targets established in the First Concurrent Resolution on the Budget for fiscal year 1976. The managers agree that these targets will be established as ceilings, with such revisions as necessary, for the transition quarter, as part of a Third Concurrent Resolution on the Budget for fiscal year 1976 or as part of the First Concurrent Resolution on the Budget for fiscal year 1977, to be adopted in the Spring of 1976, whichever occurs earlier. Thereafter, it will not be in order in either House to consider legislation which breaches the budget authority or outlay ceilings or which reduces revenues below the floor.

ESTIMATES OF FISCAL YEAR 1976 BUDGET AUTHORITY AND OUTLAYS FOR FUNCTIONAL CATEGORIES

The following estimates of budget authority and outlays for the various functional categories of the budget are intended to explain to the House and Senate the basis on which the managers arrived at the total new budget authority and outlay ceilings contained in the conference report. As stated above, the conference report sets ceilings only for *total* new budget authority and *total* outlays; it does not set ceilings for functional categories of the budget.

050: NATIONAL DEFENSE

The House resolution provided budget authority of \$100.356 billion and outlays of \$91.575 billion. The Senate amendment provided budget authority of \$101.5 billion and outlays of \$92.1 billion.

The conference report provides budget authority of \$101.0 billion and outlays of \$91.9 billion.

The managers assume that:

- (1) Anticipated congressional action on Defense appropriations will be accommodated within the levels set for this function;
- (2) Outlays from prior year balances will be \$0.4 billion lower than assumed in the House resolution;

(3) Administration requests for military assistance other than the Middle East will be reduced by \$0.2 billion in budget authority and \$0.1 billion in outlays; and

(4) At least 10 percent of the cost-of-living pay increase for active duty military and civilian personnel will be absorbed.

The managers have assumed \$1.3 billion in budget authority and \$0.5 billion in outlays in this function for security assistance programs, a reduction of \$0.2 billion in budget authority and \$0.1 billion in outlays from the President's request. The managers note, however, that due to the lateness of the submission of the worldwide security assistance legislative package, which falls within both the National Defense and International Affairs functions, neither body has fully considered the details of the program requests. The managers have set a spending ceiling high enough so that the bulk of the request can be accommodated, should this be deemed desirable by the Congress in subsequent authorization and appropriation action. However, the managers agree that should the amounts assumed for security assistance programs be reduced by legislative action, the reductions should be applied to reducing the deficit rather than providing additional funding for other programs.

The managers emphasize the uniqueness of this situation. The Administration request was not received until after the Committees had completed all preliminary work on the Second Budget Resolution. It is the managers' expectation that requests will be submitted in more timely fashion in the future. This action by the managers should not be considered a precedent for future budget resolutions.

150: INTERNATIONAL AFFAIRS

The House resolution provided budget authority of \$5.986 billion and outlays of \$4.978 billion. The Senate amendment provided budget authority of \$6.0 billion and outlays of \$4.8 billion.

The conference report provides budget authority of \$6.0 billion and outlays of \$4.9 billion, which assumes a reduction of \$0.2 billion in budget authority and \$0.1 billion in outlays in the President's request for security supporting assistance programs other than the Middle East.

With respect to the \$1.7 billion in budget authority and \$0.7 billion in outlays assumed in this function for security assistance programs, any reductions as a result of subsequent authorization or appropriation action should be applied to reducing the deficit rather than providing additional funding for other programs. This unique treatment of possible reductions is explained in the statement of managers on the Defense function.

250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

Both the House resolution and Senate amendment provided budget authority of \$4.7 billion and outlays of \$4.6 billion. The conference report provides these amounts.

300: NATURAL RESOURCES, ENVIRONMENT, AND ENERGY

The House resolution provided budget authority of \$18.617 billion and outlays of \$11.190 billion. The Senate amendment provided budget authority of \$18.8 billion and outlays of \$11.5 billion.

The conference report provides budget authority of \$18.7 billion and outlays of \$11.4 billion.

The managers assume that:

(1) Amounts provided for the Public Works and Interior Appropriations bills will be consistent with the amounts provided in the House resolution;

(2) Outlays provided for pending authorizations, primarily for energy-related programs, will be \$0.1 billion above the House resolution; and

(3) Budget authority and outlays for an anticipated Forest Service supplemental are provided for.

350: AGRICULTURE

The House resolution provided budget authority of \$4.120 billion and outlays of \$2.550 billion. The Senate amendment provided budget authority of \$4.1 billion and outlays of \$2.6 billion.

The conference report provides budget authority of \$4.1 billion and outlays of \$2.6 billion.

400: COMMERCE AND TRANSPORTATION

The House resolution provided budget authority of \$17.300 billion and outlays of \$18.600 billion. The Senate amendment provided budget authority of \$19.1 billion and outlays of \$18.3 billion.

The conference report provides budget authority of \$19.0 billion and outlays of \$18.3 billion.

The managers assume that:

(1) An additional \$1.6 billion in budget authority over the House resolution is provided for advance apportionment of contract authority for highway programs for the transition quarter;

(2) Estimated outlays for highway programs will be \$0.3 billion below the House resolution, reflecting the effect of actual first quarter fiscal year 1976 obligations within the \$7.2 billion obligation limitation for the fiscal year; and

(3) The transfer of highway funds for D.C. METRO construction results in an increase of budget authority in the House resolution of \$0.1 billion.

450: COMMUNITY AND REGIONAL DEVELOPMENT

The House resolution provided budget authority of \$10.600 billion and outlays of \$7.000 billion. The Senate amendment provided budget authority of \$8.5 billion and outlays of \$7.1 billion.

The conference report provides budget authority of \$9.5 billion and outlays of \$7.0 billion.

The managers assume that:

(1) Budget authority of \$3.9 billion and outlays of \$1.0 billion are provided for public works and anti-recession assistance legislation now pending before the Congress; and

(2) Outlays for the Rural Water and Waste Disposal Grant program in Fiscal Year 1976 will be consistent with the House resolution.

500: EDUCATION, MANPOWER, AND SOCIAL SERVICES

The House resolution provided budget authority of \$23.848 billion and outlays of \$21.288 billion. The Senate amendment provided budget authority of \$19.6 billion and outlays of \$20.9 billion.

The conference report provides budget authority of \$21.3 billion and outlays of \$20.9 billion.

The managers assume that:

(1) Budget authority and outlays for a Department of Labor supplemental for administering unemployment benefits will be \$0.4 billion and \$0.2 billion, respectively, below the House resolution;

(2) Amounts provided for education and social services will be consistent with the House resolution, however, fiscal year 1976 budget authority for summer youth employment programs will be \$0.1 billion lower than the House with the understanding that such amount will be provided for the transition quarter;

(3) Budget authority and outlays for public service employment will be \$2.0 billion and \$0.3 billion, respectively, below the House resolution; and

(4) Outlays for the CETA Title I program and other pending legislation will be \$0.1 billion above the House resolution.

550: HEALTH

The House resolution provided budget authority of \$33.550 billion and outlays of \$32.870 billion. The Senate amendment provided budget authority of \$33.5 billion and outlays of \$33.0 billion.

The conference report provides budget authority of \$33.6 billion and outlays of \$32.9 billion. The managers assume that amounts for the Labor-HEW Appropriation bill will be consistent with the Senate resolution and that the amounts for an anticipated medicaid supplemental and various programs requiring reauthorization will be consistent with the House resolution.

600: INCOME SECURITY

The House resolution provided budget authority of \$137.587 billion and outlays of \$128.461 billion. The Senate amendment provided budget authority of \$137.3 billion and outlays of \$128.1 billion.

The conference report provides budget authority of \$137.5 billion and outlays of \$128.2 billion.

The managers assume that:

(1) Legislative and/or administrative reform in the food stamp program are essential and that such reforms will be implemented in Fiscal Year 1976 to achieve a reduction of program costs of \$0.1 billion in budget authority and outlays;

(2) Outlays for Social Security disability benefits will be reduced below the House resolution by \$0.2 billion because of re-estimates; and

(3) Amounts provided for civil service retirement and life insurance programs will be consistent with the House resolution.

700: VETERANS BENEFITS AND SERVICES

The House resolution provided budget authority of \$19.852 billion and outlays of \$19.064 billion. The Senate amendment provided \$19.9 billion in budget authority and \$19.1 billion in outlays.

The conference report provides budget authority of \$19.9 billion and outlays of \$19.1 billion.

750: LAW ENFORCEMENT AND JUSTICE

Both the House resolution and Senate amendment provided budget authority of \$3.3 billion and outlays of \$3.4 billion. The conference report provides these amounts.

800: GENERAL GOVERNMENT

The House resolution provided budget authority of \$3.300 billion and outlays of \$3.300 billion. The Senate amendment provided budget authority of \$3.4 billion and outlays of \$3.3 billion.

The conference report provides budget authority of \$3.3 billion and outlays of \$3.3 billion.

850: REVENUE SHARING AND GENERAL PURPOSE FISCAL ASSISTANCE

Both the House resolution and Senate amendment provided budget authority and outlays of \$7.3 billion. The conference report provides these amounts.

Funds have not been included in the resolution for pending legislation providing seasonal loans to New York. The managers are aware that this legislation would result in budget authority for Fiscal Year 1976, although it would produce no net outlays. At the present time, budget authority for the New York legislation could be accommodated without giving rise to a point of order for breaching the budget aggregate ceilings. However, if funds are appropriated for this purpose and other major items assumed in this resolution are also enacted, a revision of budget authority total would be necessary during the next session of Congress.

900: INTEREST

The House resolution provided budget authority and outlays of \$35.400 billion. The Senate amendment provided budget authority and outlays of \$35.2 billion.

The conference report provides budget authority of \$35.4 billion and outlays of \$35.4 billion.

ALLOWANCES

The House resolution provided budget authority of \$0.788 billion and outlays of \$0.915 billion. The Senate amendment provided budget authority of \$0.6 billion and outlays of \$0.9 billion.

The conference report provides budget authority of \$0.5 billion and outlays of \$0.8 billion.

The managers assume that:

- (1) At least 10 percent of the cost-of-living pay increase for civilian agencies will be absorbed; and
- (2) In addition to the funds included for legislation already enacted, no contingency allowance is provided to cover unforeseen requirements during the remainder of Fiscal Year 1976.

950: UNDISTRIBUTED OFFSETTING RECEIPTS

The House resolution provided budget authority and outlays of -\$18.6 billion. The Senate amendment provided budget authority and outlays of -\$16.6 billion. The function for undistributed offsetting receipts involves financial transactions that are deducted from budget authority and outlays of the Government as a whole.

The conference report provides budget authority and outlays of -\$17.1 billion based on the assumption that rents and royalties from the Outer Continental Shelf will be \$4.5 billion. The managers wish to emphasize the great uncertainty involved in estimating rents and royalties from the Outer Continental Shelf. Such receipts, historically, have been highly speculative due to differing valuations of the tracts involved and environmental law suits. The estimate of receipts agreed to by the managers represents a substantially reduced level from that assumed in the House resolution.

CONFERENCE AGREEMENT H. CON. RES. 466 BUDGET AUTHORITY

[In millions of dollars]

Function	House	Senate	Conference
050 National Defense.....	100,356	101,500	101,000
150 International Affairs.....	5,986	6,000	6,000
250 General science, space, and technology..	4,700	4,700	4,700
300 Natural resources, environment, and energy.....	18,617	18,800	18,700
350 Agriculture.....	4,120	4,100	4,100
400 Commerce and transportation.....	17,300	19,100	19,000
450 Community and regional development.....	10,600	8,500	9,500
500 Education, manpower, and social services..	23,848	19,600	21,300
550 Health.....	33,550	33,500	33,600
600 Income security.....	137,587	137,300	137,500
700 Veterans benefits and services.....	19,852	19,900	19,900
750 Law enforcement and justice.....	3,300	3,300	3,300
800 General Government.....	3,300	3,400	3,300
850 Revenue sharing and general purpose fiscal assistance.....	7,300	7,300	7,300
900 Interest.....	35,400	35,200	35,400
Allowances.....	788	600	500
950 Undistributed offsetting receipts.....	-18,600	-16,600	-17,100
Total.....	408,004	406,200	408,000

CONFERENCE AGREEMENT H. CON. RES. 466 OUTLAYS

[In millions of dollars]

Function	House	Senate	Conference
050 National defense.....	91, 575	92, 100	91, 900
150 International affairs.....	4, 978	4, 800	4, 900
250 General science, space, and technology....	4, 600	4, 600	4, 600
300 Natural resources, environment, and energy.....	11, 190	11, 500	11, 400
350 Agriculture.....	2, 550	2, 600	2, 600
400 Commerce and transportation.....	18, 600	18, 300	18, 300
450 Community and regional development.....	7, 000	7, 100	7, 000
500 Education, manpower, and social services....	21, 288	20, 900	20, 900
550 Health.....	32, 870	33, 000	32, 900
600 Income security.....	128, 461	128, 100	128, 200
700 Veterans benefits and services.....	19, 064	19, 100	19, 100
750 Law enforcement and justice.....	3, 400	3, 400	3, 400
800 General government.....	3, 300	3, 300	3, 300
850 Revenue sharing and general purpose fiscal assistance.....	7, 300	7, 300	7, 300
900 Interest.....	35, 400	35, 200	35, 400
Allowances.....	915	900	800
950 Undistributed offsetting receipts.....	-18, 600	-16, 600	-17, 100
Total.....	373, 891	375, 600	374, 900

ESTIMATES OF TRANSITION QUARTER BUDGET AUTHORITY AND OUTLAYS FOR FUNCTIONAL CATEGORIES

The following table sets forth the estimates for the functional categories considered by the managers in arriving at the aggregate targets contained in section 2 of the resolution, which relates to the Transition Quarter.

[In billions of dollars]

	<i>Budget Authority</i>	<i>Outlays</i>
050 National Defense.....	24.0	24.8
150 International Affairs.....	1.0	1.4
250 General Science, Space, and Technology.....	1.2	1.3
300 Natural Resources, Environment, and Energy.....	2.4	3.2
350 Agriculture.....	0.3	0.8
400 Commerce and Transportation.....	2.6	5.4
450 Community and Regional Development.....	1.0	2.1
500 Education, Manpower, and Social Services.....	7.0	5.4
550 Health.....	8.6	8.6
600 Income Security.....	28.9	34.3
700 Veterans Benefits and Services.....	4.7	4.8
750 Law Enforcement and Justice.....	0.8	0.9
800 General Government.....	0.9	0.9
850 Revenue Sharing and General Purpose Fiscal Assistance.....	2.0	2.1
900 Interest.....	10.0	10.0
Allowances.....	0.1	0.1
950 Undistributed Offsetting Receipts.....	-4.4	-4.4
Total.....	91.1	101.7

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