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AMERICAN LIBRARY ASSOCIATION  
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# ALA Washington Newsletter

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Attachment: Summary of Balanced Budget & Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings amendment) from December 11, 1985 Congressional Record.

Congress will adjourn this week after completing action on a few last minute measures. The second session of the 99th Congress will convene January 21. The President will submit his FY 1987 budget February 5. The last issue of Volume 37 of this newsletter will wrap up year-end activity, will be dated December 31, and will be mailed in January.

## Balanced Budget and Deficit Control Act

The Senate (by 61-31) and the House (by 271-154) gave final approval December 11 to the conference version of the Balanced Budget and Deficit Control Act of 1985 (the Gramm-Rudman-Hollings amendment) to balance the budget over six years, FY 1986-91. President Reagan signed H.J.Res. 372, the debt ceiling extension measure containing the amendment, into law December 12 (now PL 99-177). Unofficial estimates from congressional sources indicate the Act would require program cuts of 4.6 percent in FY '86, to take effect March 1; and very likely cuts in the 30 percent range in FY '87.

House Majority Leader Jim Wright (D-TX), who voted for the conference version, characterized Gramm-Rudman as "an act of legislative desperation." In explaining how the \$200 billion deficit ballooned so quickly in the last five years, Wright quoted Sen. Mark Hatfield (R-OR), who told the President recently that every year for the last five years, Congress spent less than the President requested. Going considerably in the direction of the President's priorities, Congress cut domestic discretionary spending 34 percent and raised military spending by 89 percent. Congress also agreed to a tax cut in 1981 which reduced government revenues by \$135 billion a year.

To address the deficit, Gramm-Rudman sets up a process which would cause automatic across-the-board cuts. However, 73 percent of the federal budget has been made exempt from Gramm-Rudman cuts. The remaining programs, including library and education programs, are vulnerable. Since spending decisions have already been made for FY '86, the President would issue a "sequester" order February 1 to take effect March 1. Since FY '86 is already underway, cuts are limited, no matter what the deficit projection, and are estimated at 4.6 percent.

For FY '87, the President and Congress may enact their own mix of cuts to meet the FY '87 deficit target, but if they are unable to do so, the automatic "sequestering" or impoundment of funds provision would be triggered, this time estimated at around 30 percent. The cuts would be based on economic forecasts made by the Office of Management and Budget and the Congressional Budget Office, and reviewed by the General Accounting Office.

Rep. Mike Synar (D-OK) has already filed suit to challenge the constitutionality of basing funding decisions on the deficit projections by the OMB/CBO/GAO unelected bureaucracy. In tacit recognition that this provision is of dubious constitutionality, PL 99-177 provides for expedited legal review. It also includes a back-up provision requiring congressional approval of a sequester order.

The Library Services and Construction Act (LSCA), as one of the few state formula grant programs not yet advance funded, raises many Gramm-Rudman implementation questions which cannot yet be answered, even by the sponsors. For instance, how would a 4.6 percent cut on March 1 be applied to a program where some states have already received funding and others have not? Seventeen states have received all or most of their LSCA I and III funds. The Department of Education (and perhaps OMB as well) has not at this writing decided how to proceed as paperwork from the other states is received.

Because of the nature of the LSCA II construction program, funding is allocated more slowly. Only two states have received a portion of their title II FY '86 funds. A third state, Oklahoma, has been told by ED program officers that its approved application is being held up. It is possible the Administration may move to rescind LSCA II funds for FY '86.

Attached to this newsletter is a reprint from the December 11 Congressional Record which gives a summary of the deficit reduction process under the Balanced Budget and Emergency Deficit Control Act of 1985 in PL 99-177.

**ACTION SUGGESTED:** In the December 11 Congressional Record (daily edition), see pp. S17443-44 for the final Senate vote on the conference report (H. Rept. 99-433) on H.J.Res. 372, and pp. H11903-04 for the House vote. Address any questions about the effect of Gramm-Rudman-Hollings on LSCA or other programs, or about any hold-up of funds you may experience to your legislators. It will be instructive for them to be aware of its immediate impact on programs benefiting their constituents, and they should be responsible for getting answers.

#### Appropriations, FY 1986

The President signed into law December 12 the Labor-HHS-Education Appropriations bill for FY 1986 (HR 3424, now PL 99-178). Amounts for major library programs were listed in the December 10 newsletter. The cuts required by the Gramm-Rudman-Hollings amendment would be calculated from the amounts in this bill.

Postal Rates

The U.S. Postal Service announced in the December 12 Postal Bulletin and the December 12 Federal Register, p. 50878, that preferred postal rates will increase on January 1, 1986, to Step 16 of the phased rate schedule leading to full attributable costs. The schedule of new rates was not republished; it appeared with earlier, premature announcements of rate hikes in the September 19 Postal Bulletin 21532, and in the September 17 Federal Register, pp. 37740-42. The rate for a 2-lb. book package at the 4th class library rate will go up 24 percent, from \$.54 to \$.67. The full effect on the library rate is shown below:

<u>Library Rate</u>	<u>Current Step 14 as of Feb. 17</u>	<u>Step 15 (to be skipped)</u>	<u>Step 16 as of Jan. 1</u>
First pound	\$ .40	\$ .45	\$ .50
Each addnl 1 lb. through 7 lbs.	.14	.15	.17
Each addnl 1 lb. over 7 lbs.	.08	.08	.09

HEA Reauthorization

The Senate Education, Arts and Humanities Subcommittee approved a five-year Higher Education Act reauthorization bill (no number yet) on December 12. Chairman Robert Stafford (R-VT) called it "a conservative bill. Programs which have not been funded are eliminated." One of the few exceptions was the II-A college library resources program, unfunded since FY '83 pending development of need criteria. Ranking minority member Claiborne Pell (D-RI) said in an introductory statement that continuing II-A as a program of assistance for needy college libraries was one of his priorities.

The bill will not be taken up by the full Labor and Human Resources Committee until after Congress returns for the second session. Library provisions approved by the subcommittee are summarized below and compared with the House-passed HR 3700.

II-A. Would authorize \$5 million for FY '87; adds 5 percent for inflation each year through FY '91. (HR 3700 would authorize \$12.5 million for FY '87; such sums for out years.) Includes same criteria as HR 3700 to target grants of between \$2,000 and \$10,000 for college library resources to the neediest academic libraries.

II-B. Would take current funding (\$1 million) and add 5 percent for inflation each year -- \$1,053,000 in FY '87, compared with \$5 million in HR 3700 for library training and research and demonstrations.

II-C. Again, current funding (\$6 million) plus 5 percent each year -- \$6,300,000 for FY '87, compared with \$12.5 million in HR 3700 for major research libraries. Would make the same amendment as HR 3700 -- institutions that do not otherwise qualify would be permitted to provide additional documentation to demonstrate the national or international significance for scholarly research of the collection described in the grant proposal.

II-D. Would delete the national periodical system, but does not include the College Library Technology and Cooperation Grants which HR 3700 put in its place.

VI-A. Does not include the \$1 million under International Education Programs for acquisition of foreign periodicals added by HR 3700.

### Federal Information Management

The Office of Management and Budget (OMB) foreclosed another review and comment period (as requested by ALA and others) of its policy directive to federal agencies on the management of federal information resources by issuing OMB Circular A-130 in final form on December 12. Publication in the Federal Register is expected this week. This circular will have a significant impact on the extent and quality of federal information that will be available to policy makers, scholars and the public.

The basic considerations and assumptions have been amended and broadened to reflect criticism that these statements in the draft published in the March 15 Federal Register, pp. 10734-47, were too narrowly conceived. However, the final circular still requires cost-benefit analysis of government information activities, "maximum feasible reliance on the private sector" for the dissemination of government information products and services, and cost recovery through user charges where appropriate.

A provision that agencies must arrange to make government publications available to federal depository libraries was added to the final version in response to public criticism of the controversial first draft. "Government publication" is defined as informational matter which is published as an individual document at government expense, or as required by law.

### Telecommunications

AT&T filed with the Federal Communications Commission (FCC) on November 27 proposed interstate private line tariff revisions which could increase rates for library connections to nationwide bibliographic networks by 10-12 percent or considerably higher in some parts of the country. The proposed effective date is January 2, 1986. OCLC filed a motion with the FCC to extend the time for comments in order to more fully assess the impact.

As it has often done in the past, AT&T filed the tariff changes the day before a holiday period, Thanksgiving, leaving affected parties only eight working days in which to obtain copies, analyze the changes, and file comments. The FCC, in response to petitions, extended the deadline for comments four days, from December 12 to December 16.

**ACTION NEEDED:** This would be the third major increase for libraries dependent on private line connections for bibliographic data since April 27, 1985, when totally new tariffs for AT&T interstate private lines went into effect. Many libraries were affected by a subsequent increase averaging about 13 percent in October. AT&T billing to OCLC is not yet straightened out from the April increase. Some telecommunications industry observers expect additional requests for incremental increases from AT&T in 1986, leaving rates eventually at about the level AT&T originally requested in October 1983 when an average 73 percent increase for OCLC was proposed. Alert legislators to whom you wrote about the original tariffs and urge them to ask the FCC to delay this latest proposed increase. Include examples in your letters of how the increases so far have affected library services, and send blind copies to the ALA Washington Office.

### National School Library Month

H.J.Res. 154, designating April 1985 as National School Library Month, now has more than the 218 cosponsors needed to bring such a resolution to the House floor.

Rep. Olympia Snowe (R-ME), who introduced the measure, plans to amend it to change the date from 1985 to 1986 and request a House floor vote early in the second session.

The Senate passed a companion resolution, S.J.Res. 52, last April 15 in time for the 1985 celebration. It is expected that after House passage, the Senate would agree to the change in date so that April 1986 could officially be celebrated as National School Library Month.

#### NLM Sesquicentennial Year

The Senate on November 23 passed S.J.Res. 198, designating 1986 as the Sesquicentennial Year of the National Library of Medicine and calling on the President to issue a proclamation in recognition of the 150th anniversary of the Library's founding. The Senate resolution was introduced by Sen. Charles Mathias (R-MD).

A companion resolution, H.J.Res. 332, has been introduced in the House by Rep. Claude Pepper (D-FL). As of December 17, it had 79 cosponsors. However, 218 cosponsors (a majority of the House) are needed to bring such a resolution to the House floor.

ACTION NEEDED: Urge your Representative to cosponsor H.J.Res. 332 quickly so that action can be completed at the earliest possible date, and planning for commemorative activities can get underway.

#### National Young Writers' Week

Legislation to designate the week of March 2-8, 1986, as National Young Writers' Week was introduced August 1 by Rep. Matthew Martinez (D-CA) and December 12 by Sen. John Warner (R-VA). H.J.Res. 368 has 54 cosponsors so far; S.J.Res. 248 is just getting started. The idea for a week to acknowledge and encourage youthful authors grew from the success of the Young Writers' Contest which this year drew over 8,000 entries. Many school libraries were the organization point in their schools for this effort. An anthology of the 1984-85 winning entries is available for \$6.00 from the Young Writers' Contest Foundation, P.O. Box 6092, McLean, VA, 22106. Other groups supporting the legislation, according to Sen. Warner, are the National Education Association, the American Federation of Teachers, the National Council of Teachers of English, and the National Association of School Principals.

ACTION NEEDED: The Young Writers' Contest Foundation has asked the library community to support these measures by urging Representatives and Senators to cosponsor H.J.Res. 368 or S.J.Res. 248.



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 99<sup>th</sup> CONGRESS, FIRST SESSION

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## House of Representatives

The Balanced Budget and Emergency Deficit Control Act of 1985 was given final approval by Congress on December 11, 1985, and signed into law by President Reagan December 12 (H.J.Res. 372, now PL 99-177). Known as the Gramm-Rudman-Hollings amendment after its chief Senate sponsors, it would balance the federal budget over six years through a process involving automatic "sequestration" or impoundment of funds for the 27 percent of federal programs not exempt from cuts. Library programs will be affected beginning with FY 1986. A summary of this sweeping new process was included in the December 11 Congressional Record, and is reprinted below.

(pp. H11876-7)

### BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

#### SUMMARY OF CONFERENCE AGREEMENT

An automatic deficit reduction procedure would be established for FY 1986 through FY 1991, when the deficit would reach zero. The deficit targets for each fiscal year would be as follows:

Fiscal year 1986: \$171.9 billion.  
Fiscal year 1987: \$144 billion.  
Fiscal year 1988: \$108 billion.  
Fiscal year 1989: \$72 billion.  
Fiscal year 1990: \$36 billion.  
Fiscal year 1991: Zero.

In the event that the deficit is anticipated to exceed the required levels for any fiscal year, the automatic procedure would be used to achieve across the board reductions in the Federal budget.

#### 1. Trigger mechanism

The Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) would submit a report to the General Accounting Office (GAO). This report would estimate the deficit for the fiscal year and the amount by which the deficit exceeds the level specified above. In the event that the automatic deficit reduction procedure (known as sequestration) is required, both the CBO/OMB and GAO reports would identify the specific budget authority and all other factors (COLA amounts, outlay reductions in the case of direct spending programs, direct loan obligations, etc.) to be sequestered.

The CBO/OMB report would contain all of the information needed to prepare the Presidential order and, in essence, would constitute a draft order. GAO would review the report provided by CBO and OMB and, with due regard for these findings, would prepare a report to the President.

If any part of these reporting procedures is declared invalid, fallback procedures, using a temporary joint committee on deficit reduction, would apply.

#### 2. The sequestration amounts and timetable

As noted above, the maximum deficit

amount for FY 1986 would be \$171.9 billion. In January a "snapshot" would be taken of the FY 1986 deficit amounts by OMB and CBO. New economic forecasts would be used. The amount to be sequestered for FY 1986 would be determined by subtracting \$171.9 billion from the adjusted deficit amount and multiplying the result by  $\frac{1}{12}$ , with the further stipulation that the maximum sequestration would be \$20 billion on an annual basis. For this fiscal year only, sequestration would begin on March 1. The maximum sequestration for FY 1986 is \$11.7 billion. Therefore, the  $\frac{1}{12}$  fraction is the number of months remaining in fiscal year 1986 divided by 12. In FY 1986 and FY 1991, sequestration would occur if the deficit exceeded the target by any amount.

In FY 1987-90, sequestration would occur only if the deficit exceeded the target amount by at least \$10 billion.

The accelerated timetable for fiscal year 1986 would be as follows:

January 10.—The "snapshot" of the deficit for fiscal year 1986 is taken.

January 15.—OMB and CBO report to GAO.

January 20.—GAO issues the report to the President, based on the findings of CBO and OMB.

January 21.—Congress convenes.—

February 1.—The Presidential order is issued based on the GAO report.

February 5.—The President submits his fiscal year 1987 budget.

March 1.—The order takes effect.

Any cost of living allowance (COLA) first paid after the enactment date of this bill would be deferred beginning January 1 under this plan. If it is later determined that a sequester order will not take effect, the COLA's would be restored retroactive to January 1.

The timetable for 1987 and beyond would be as follows:

August 15.—The "snapshot" of the deficit is taken.

August 20.—OMB and CBO report GAO.

August 25.—GAO issues the report to the President, based on the findings of OMB and CBO.

September 1.—The Presidential order is issued based on the GAO report.

October 1.—The order takes effect.

October 5.—OMB and CBO issue a revised report to reflect final congressional action.

October 10.—GAO issues a revised report to the President.

October 15.—The final order, based on the revised report, is effective.

November 15.—GAO Compliance report issued.

Under this timetable, the month of September would be set aside for a congressional response to the sequestration order.

#### 3. The Presidential Order

The amount to be sequestered is split 50-50 between defense and non-defense to achieve the deficit reduction specified in the GAO report. The non-defense category would consist of the automatic spending increase programs, all non-defense controllable expenditures and half of the Federal retirement COLA's. The defense category would consist of all of budget function 050 and the remaining half of the Federal retirement COLA's.

The Presidential order must strictly adhere to the determinations set forth in the GAO report and must be consistent with that report. For discretionary programs, new budget authority would be reduced on a proportional basis to achieve the required outlay reductions.

The following would apply to defense:

For all years, the sequestration would be made at the program, project and activity (PPA) level. In the President's initial order issued on September 1 (February 1 in the case of FY 1986) budgetary resources (new budget authority plus unobligated balances) and outlays would be reduced at a uniform rate across all PPAs to the extent necessary, given the blended outlay rates for each PPA, to reach the defense outlay target for the year. Actual sequestrations could apply entirely to new BA or entirely to unobligated balances or to a combination of both.

PPA blended outlay rates from new budget authority and unobligated balances would be derived by CBO and OMB from

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data then available to them as supplemented by additional data from DOD. The conferees recognize that outlay rates for new budget authority or unobligated balances may be unavailable for many programs, projects and activities within Function 050. To the extent necessary to carry out their reporting functions, specified in the bill, the Directors of the Congressional Budget Office and the Office of Management and Budget are expected to develop the necessary data bases to estimate these outlay rates. In any event, the conferees expect the Directors to meet the timetables specified in the bill. Where adequate data are not available the Directors should assume that the outlay rate for the account governs.

In the President's final order becoming effective on October 15 (March 1 in the case of 1986), he could reduce the amount of Budget authority and unobligated balances sequestered in any PPA and the corresponding outlay reduction, to the extent he was able to achieve the same outlay savings by termination or modification of contracts within that PPA. To take credit for this reduction.

(i) The President would have to identify the contracts proposed to be so terminated or modified, together with the claimed outlay savings and reduction in obligated balances, no later than September 5 (January 15 in the case of 1986), and

(ii) The outlay savings, and the sequestration in obligated balances necessary to achieve them, would have to be verified by GAO no later than September 30 (February 15 in the case of 1986). At least one dollar of budget authority must be cancelled for each dollar of outlay savings.

If GAO were unable to verify the savings for any contract, no credit could be taken and the order for FY 86 would be amended to reflect these unrealized savings. The President would also notify CBO, OMB, and the House and Senate Committees on Armed Services and Appropriations of his proposed terminations or modifications.

The following special defense flexibility rules would be established for FY 1986 only:

(1) except as provided in paragraph (2) below, any adjustments can only occur within an account.

(2) The President may exempt all or any part of the military personnel PPAs, (active and reserve personnel) from the uniform sequester percentage. The shortfall in outlay savings resulting from any such exemption would be made up by cuts in Budget Authority and unobligated balances from non-exempt PPAs (both personnel and non-personnel). The President must make his decision on exemption of military personnel accounts on or before January 10.

(3) Any non-personnel PPA may be reduced by an amount up to twice the total percentage sequester from such PPA and, to the extent of any such savings, and PPA in the same account may be increased up to its budget base level.

(4) Items identified as Congressional interest items may not be reduced by an amount larger than the total sequester percentage. Congressional interest items are defined as those PPAs that have been appropriated in the enacted Defense appropriation for FY 1986 at a level that is at least 110 percent of the President's request for that PPA.

(5) No bases may be closed or realigned.

#### 4. Treatment of programs

Interest on the national debt, and the Social Security program would be exempt from sequestration. Two Veterans programs: Veterans Compensation and Veterans Pensions and six low-income programs would also be exempt: Medicaid, AFDC, WIC, SSI, Food Stamps, Child Nutrition.

Special rules would apply for: foster care and adoption assistance, unemployment compensation, child support enforcement, guaranteed student loans, and the Commodity Credit Corporation. A number of techni-

cal exemptions are also made.

A special procedure (known as category 1a) would also apply for the following health programs: Medicare, Veterans Health, Indian Health, Community Health and Migrant Health. These programs would be subject to a sequestration cut of 1 percent in FY 1986 and 2 percent in FY 1987 and thereafter. The reduction would be calculated after including any scheduled increases. If no increases are scheduled, there would be a reduction below the current level.

The reductions in the remaining non-defense programs must be sufficient to achieve 50 percent of the total sequestration amount.

#### 5. Congressional response

In the Senate, a procedure would be established to allow the Senate Budget Committee to affirm, in whole or in part, the sequestration order and provide for a congressional response using a reconciliation-type process involving both instructions to committees. The Senate Budget Committee would have the authority to include in a reconciliation bill pursuant to those procedures actual legislative language fulfilling the instruction to a committee which completely fails to comply.

#### 6. Economic conditions

Special procedures would be established to allow the Congress to suspend certain provisions of the Act in the event of a recession. This recession escape clause would be triggered, by a CBO notification to the Congress under either of the following circumstances:

CBO or OMB forecast or estimate that real economic growth will be less than zero in any two consecutive quarters during the six quarter period beginning in the quarter prior to the CBO notice; or

Department of Commerce reports that actual real economic growth for any two consecutive quarters is less than one percent.

If either of these circumstances exist, the Majority Leader of each House would be required to introduce a joint resolution suspending the relevant provisions of the Balanced Budget and Emergency Deficit Control Act of 1985 for the remainder of the fiscal year and for the following fiscal year.

The Act specifies the content of the joint resolution and provides that the resolution be referred to the respective Budget Committees. Within 5 days, the Budget Committees must report the resolution without amendment to the respective Houses or be discharged. The resolution would be considered under expedited procedure in both chambers and would not be subject to amendment.

#### 7. Constitutional issues

Both the House amendment language pertaining to nonseverability and the Senate amendment language pertaining to severability would be deleted.

Expedited judicial review would be provided for Members of Congress seeking anticipatory review of the reporting procedure and the constitutionality of the Act, or questioning Presidential compliance with sequestration procedures. Also, the legislation provides expedited review for Members of Congress and adversely affected citizens challenging the constitutionality of the Act upon the issuance of a sequestration order.

If the President employs a claimed constitutional prerogative not to comply with sequestration procedures, the entire order would be null and void upon a Supreme Court finding that the President's action was valid.

The legislation would also provide for a fallback procedure in the event that any part of the OMB/CBO/GAO reporting procedure is found unconstitutional. Under these circumstances, the OMB/CBO report

would be transmitted to a temporary joint committee on deficit reduction, composed of the members of the House and Senate Budget Committees. The joint committee would report a joint resolution which could then trigger sequestration if enacted. Expedited consideration in both Houses would be provided.

#### 8. Budget Act procedures and changes in Rules of the House and Senate

The legislation adopts many of the congressional budget reforms proposed in the 98th Congress by the Task Force on the Budget Process, the Committee on Rules, which is commonly called "the Beilenson Task Force" in reference to its Chairman. Specifically the legislation provides for an accelerated congressional and executive branch timetable, expands the application of the Budget Act to cover credit authority, includes off-budget programs in the congressional and executive budgets, and streamlines the congressional budget process by providing for an annual budget resolution and by removing unnecessary obstacles to the consideration of authorization and appropriation bills.

The proposed congressional budget timetable is as follows:

"On or before"	Action to be completed:
First Monday after January 3 <sup>1</sup> .	President submits his budget.
"On or before"	Action to be completed:
February 15.....	Congressional Budget Office submits report to Budget Committees.
February 25.....	Committees submit views and estimates to Budget Committees.
April 1.....	Senate Budget Committee reports concurrent resolution on the budget.
April 15.....	Congress completes action on concurrent resolution on the budget.
May 15.....	Annual appropriation bills may be considered in the House.
June 10.....	House Appropriations Committee reports last annual appropriation bill.
June 15.....	Congress completes action on reconciliation legislation.
June 30.....	House completes action on annual appropriation bills.
October 1.....	Fiscal year begins.
	<sup>1</sup> February 5 for fiscal year 1987.

Major changes in the budget process:

A new point of order would apply against a budget resolution, or amendments thereto, in excess of the maximum deficit level. (In the House to waive this point of order against a conference report would require 3/5th of members present and voting<sup>1</sup>).

After May 15 appropriation bills may be considered in the House.

The May 15 reporting deadline for authorization bills is eliminated.

Committees would be required to file 302(b) reports.

In the House of Representatives, Section 302(b) allocations of new discretionary budget authority, new entitlement authority or credit authority would be binding and enforced by a new point of order. In the Senate Section 302(b) allocations of budget authority and outlays would be binding and enforced by a new point of order.

A point of order would apply against any provision affecting social security in a reconciliation bill in the House or Senate, and in any bill under the post-sequestration Congressional response.

<sup>1</sup> In the Senate all point of order created by this legislation would require an absolute 3/5th vote to waive.