

TEMPORARY PUBLIC DEBT LIMIT

New House procedure

After adoption of the conference report on any concurrent budget resolution, the enrolling clerk of the House prepares a joint resolution that revises the temporary statutory public debt by the amount approved in the budget resolution. The vote by which the House passes the conference report is deemed to be the vote in favor of the joint resolution, which the clerk transmits to the Senate for further legislation action. The Senate and the Finance Committee consider the legislation under the regular procedures.

The new House procedure amended only the House Rules to provide a means for changing the temporary statutory public debt limit that would relate the debt limit to the decisions on receipts and outlays in the budget resolution. Under this procedure, both Houses would have at least three opportunities to set a public debt limit for each fiscal year.

Public debt

The present debt limit is \$879 billion, of which the permanent limit is \$400 billion and the temporary limit is \$479 billion. The temporary limit expires on May 31, 1980, and then only the permanent \$400 billion limit would be in effect.

Estimated Public Debt Levels, Fiscal Years 1980-81
(Billions of dollars)

Fiscal year	Present law ^{1/}	Treasury Proposals ^{2/}	Budget Resolutions	
			House ^{3/}	Senate ^{4/}
1980	879	888	896.7	895.1
1981	400	917	926.8	927.7

^{1/} Temporary limit through May 31, 1980; permanent limit of \$400 billion in effect thereafter.

^{2/} These levels are intended to cover peak debt limit requirements on August 29, 1980, and June 30, 1981. The end of fiscal year levels are estimated at \$884 billion for 1980 and \$900 billion for 1981. Treasury estimates assume \$15 billion operating cash balance and \$3 billion margin for contingencies.

^{3/} In H.Con.Res. 307, as approved by House and sent to conference.

^{4/} In S.Con.Res. 86, as approved by Senate and sent to conference.

II. Debt Management Proposals

A. Bond authority

Under present law, the Treasury may issue to the public up to \$50 billion in long-term bonds (those having a maturity of more than 10 years) with interest rates above 4 1/4 percent.

Treasury requests an increase in the limit by \$20 billion which would meet their planned use of the authority through fiscal year 1981. Under Treasury plans for the increase, \$4 billion would be issued in the remainder of fiscal year 1980 and the rest in fiscal year 1981.

B. Savings bonds

The Administration has requested repeal of the interest rate limitation on savings bonds. (The statutory ceiling presently is 7 percent.) If the proposal would be approved, Treasury would increase the savings bond interest rate only after receiving approval of the President.