Healthcare to the Cancer Center's Bone Marrow Transplant Program.

The Abramson Family Cancer Research Institute has created a revolutionary framework for facilitating innovation in cancer research, enabling the Penn Cancer Center to bring together the best scientists, physicians, and staff and to develop new approaches in an effort to make current treatments for cancer obsolete. John H. Glick, M.D., the Leonard and Madlyn Abramson Professor of Clinical Oncology and Director of Penn's Cancer Center for more than a decade, serves as Director and President of the Abramson Family Cancer Research Institute.

The gift of The Abramson Family Foundation will significantly increase our opportunities to break new ground in the war on cancer—especially in the areas of cancer genetics and molecular diagnosis, from which future research and patient care advances will occur.

The Institute supports leading-edge cancer research through the recruitment of outstanding scientists and physicians from around the world and the design of innovative patient care paradigms. The Abramson pledge propels the University of Pennsylvania Cancer Center—already one of the nation's top cancer centers—to the next level of research and patient-focused care.●

NEW BUDGET MATH

● Mr. KOHL. Mr. President, I rise today to recommend an article that appeared this week on *National Journal's* website. It is ''More New Budget Math'' by Stan Collender and discusses in a very readable way why gross federal debt continues to rise even when the government is running a surplus. The concepts of deficit, surplus, debt, and trust funds lie at the heart of many of our fiercest budget battles, and everyone has an opinion, or a one-liner, about all of them. But these concepts are as technical and difficult to understand as they are controversial, and I always appreciate it when they are explained in a clear manner, as they are in this article.

Mr. President, I ask that the article ''More New Budget Math'' be printed in the RECORD.

The article follows.

[From the National Journal's Cloakroom, June 8, 1999]

BUDGET BATTLES—MORE NEW BUDGET MATH

(By Stan Collender)

This column pointed out a year ago (*June 2, 1998*) that, in light of the surplus, the old mathematics of the federal budget were no longer adequate to explain what was happening. A variety of new calculations would have to become as commonplace as the old measures to move the debate along. Now we have yet another example.

One of the questions I get most these days is, how is it possible for total federal debt to be increasing if there is a surplus? That inevitably leads to someone insisting that there really isn't a surplus at all, and that all the talk about it coming from Washington is just an accounting trick or an X-Files-style government conspiracy.

Here, however, is the new math to explain things:

A federal surplus or deficit is the amount of revenues the government collects compared to the amount it spends during a fiscal year. Whenever spending exceeds revenues the government runs a deficit, and has to find a way to make up the difference. It can sell assets (like gold from Fort Knox, timber from national forests or an aircraft carrier) or borrow from financial markets to raise the cash it needs to cover a shortfall.

But the revenues vs. spending calculation is not as straightforward as it seems. Because of rules enacted in 1990 as part of the Budget Enforcement Act, the federal budget does not show the actual amount of cash the government uses to make loans (i.e., to students or to farmers). Instead, the budget shows only the amount needed to cover the net costs to the government of lending that money.

But because the government lends real money rather than this calculation, its actual cash needs are greater than what is in the budget. This is not an insignificant amount. OMB is projecting that the fiscal 1999 net cash requirements for all federal direct loans will be $25 billion, which must be financed either by reducing the surplus or, when there is a deficit, by additional federal borrowing. As a result, the actual surplus is a bit lower, and the amount available to reduce debt is lower than is immediately apparent.

Then there are the loans made to the government. When ever it borrows to finance a deficit, the government incurs debt. Conversely, whenever it runs a surplus, debt is reduced. As might be expected given the surpluses that are projected over the next 10 years, this debt, formally known as ''debt held by the public,'' was projected in January by the Congressional Budget Office to fall from its current level of about $3.6 trillion to $1.2 trillion by the end of fiscal 2009.

However, financing the deficit is not the only reason the federal government borrows. Whenever any federal trust fund takes in more than it spends in a particular year, that surplus must be invested in federal government securities. In effect, a trust fund's surplus is lent to the government, so federal debt increases.

CBO's January forecast showed this separate category of debt—''debt held by the government''—increasing from almost $2.0 trillion in fiscal 1999 to $4.4 trillion by the end of 2009.

The combination of debt held by the public and debt held by the government—''gross federal debt''—is increasing, according to CBO, from $5.57 trillion in 1999 to $5.67 trillion in 2000 and $5.84 trillion in 2005.

The bottom line, therefore, is that the measurement of what the government borrows to finance its debt is projected to decline because of the surplus. However, overall federal debt will be increasing because of the growing surpluses in the Social Security and other federal trust funds.

This shows that the situation is neither the budget sophistry nor government conspiracy that some talk show hosts and conservative columnists often make it out to be. It is also hardly unique. Try to imagine the following situation:

Your personal budget is not just in balance, but you are actually running a small surplus each month. Because of that, you are also slowly paying down your credit cards.

The next month, you buy a bigger and more expensive home. Because of lower interest rates and other financing options, your monthly payments actually go down from their current levels so your surplus goes up. As a result, you increase the payments you make each month on your credit cards, so that portion or your debt decreases faster.

However, the bigger and more expensive house you just bought increases the overall amount you have borrowed by, say, $200,000. Your budget is still in surplus, and some of your debt is decreasing, but your overall debt is actually growing substantially.

This is roughly the same situation now facing the federal government, given the new budget math of the surplus.

One more thought: The debt ceiling was raised in the 1997 budget deal to accommodate the deficits that had been projected to require additional federal borrowing through fiscal 2002. But if the limit had not been raised that high in 1997, this new budget math could have meant that Congress would be in the anomalous, ironic, and certainly frustrating situation of having to pass an increase in the debt ceiling at the same time the budget was in surplus. Try to imagine explaining *that* to constituents.

Budget Battles Fiscal Y2K Countdown; As of today there are 54 days potential legislative days left before the start of fiscal 2000. If Mondays and Fridays, when Congress does not typically conduct legislative business are excluded, there are only 33 legislative days left before the start of the fiscal year.

The House and Senate have not yet passed even their own versions of any of the regular fiscal 2000 appropriations bills, much less sent legislation on to the president.

Question Of The Week; Last Week's Question. The statutory deadline for reconciliation is established by Section 300 of the Congressional Budget Act, which shows that Congress is required to complete action by June 15 each year. This year's congressional budget resolution conference report established the deadline as July 16 for the House Ways and Means Committee and July 23 for the Senate Finance Committee to report their proposed changes to their respective houses. But, as a concurrent resolution, the budget resolution did not amend the Congressional Budget Act so the dates are not statutory requirements.

Congratulations and an ''I Won A Budget Battle'' T-shirt to Stephanie Giesecke, director for budget and appropriations of the National Association of Independent Colleges and Universities, who was selected at random from the many correct answers.

This Week's Question. A T-shirt also goes to Amy Abraham of the Democratic staff of the Senate Budget Committee, who suggested this week's question as a follow-up to last week's. If June 15 is the statutory date for Congress to complete reconciliation, what is the official sanction for failing to comply with that deadline? Send your response to *scollender@njdc.com* and you might win an ''I Won A Budget Battle'' T-shirt to wear while watching the July 4th fireworks.●

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2000

On June 8, 1999, the Senate passed S. 1122, Department of Defense Appropriations Act, 2000. The text of S. 1122 follows:

S. 1122

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2000, for military functions administered by the Department of Defense, and for other purposes, namely: