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S/ 5/22/76

APPROVED
MAY 22 1976

THE WHITE HOUSE
WASHINGTON
May 19, 1976

ACTION
Last Day: May 24

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON
SUBJECT: S. 2619 and S. 2620 - Interest adjustment on Library of Congress Trust Funds

Attached for your consideration are S. 2619 and S. 2620, sponsored by Senator Cannon. The enrolled bills would permit adjustment in the interest rate paid by the U.S. Treasury to the permanent loan account trust fund and to the Gertrude Hubbard bequest trust fund of the Library of Congress Trust Fund Board.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bills.

RECOMMENDATIONS

That you sign S. 2619 at Tab B.

That you sign S. 2620 at Tab C.

Posted
5/22/76
To Archives
5/24/76





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 17 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bills S. 2619 and S. 2620 - Interest
adjustment on Library of Congress trust funds
Sponsor - Sen. Cannon (D) Nevada

Last Day for Action

May 24, 1976 - Monday

Purpose

To permit adjustment of the interest rate paid on funds deposited by the Library of Congress Trust Fund Board with the Treasury.

Agency Recommendations

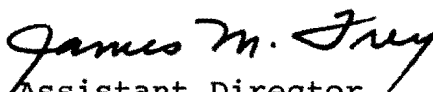
| | |
|---------------------------------|----------|
| Office of Management and Budget | Approval |
| Department of the Treasury | Approval |
| Library of Congress | Approval |

Discussion

The enrolled bills would permit adjustment in the interest rate paid by the U.S. Treasury to the permanent loan account trust fund (S. 2619) and to the Gertrude Hubbard bequest trust fund (S. 2620) of the Library of Congress Trust Fund Board. The Board is authorized to receive gifts and benefits to establish trusts for the endowment of cultural programs and the development of the Library's collections and services. When the Library of Congress Trust Fund Board Act was approved in 1925, a four percent interest rate payable by the Treasury on trust fund deposits, including the 1912 Gertrude Hubbard bequest, was established. With income generated at the four percent rate, increasing costs in the intervening years have made it more difficult to accomplish the purposes for which these trusts were originally established.

S. 2619 and S. 2620 would amend that 1925 law to allow payment to the permanent loan account trust fund and the Gertrude Hubbard bequest trust fund of either an interest rate of one quarter of a percentage point below a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding long-term marketable obligations of the United States, adjusted to the nearest 1/8 of a percent, or a four percent annual rate -- whichever is greater.

This provision is similar to interest rate adjustment provisions applicable to certain other trust funds, including the Railroad Retirement Fund, the Civil Service Retirement Fund and the permanent fund of the United States Soldiers' and Airmen's Home. It also protects the return on the permanent loan funds and the Hubbard bequest from falling below the four percent rate of return provided in existing law.


Assistant Director
for Legislative Reference

Enclosures



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 17 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bills S. 2619 and S. 2620 - Interest
adjustment on Library of Congress trust funds
Sponsor - Sen. Cannon (D) Nevada

Last Day for Action

May 24, 1976 - Monday

Purpose

To permit adjustment of the interest rate paid on funds deposited by the Library of Congress Trust Fund Board with the Treasury.

Agency Recommendations

| | |
|---------------------------------|----------|
| Office of Management and Budget | Approval |
| Department of the Treasury | Approval |
| Library of Congress | Approval |

Discussion

The enrolled bills would permit adjustment in the interest rate paid by the U.S. Treasury to the permanent loan account trust fund (S. 2619) and to the Gertrude Hubbard bequest trust fund (S. 2620) of the Library of Congress Trust Fund Board. The Board is authorized to receive gifts and benefits to establish trusts for the endowment of cultural programs and the development of the Library's collections and services. When the Library of Congress Trust Fund Board Act was approved in 1925, a four percent interest rate payable by the Treasury on trust fund deposits, including the 1912 Gertrude Hubbard bequest, was established. With income generated at the four percent rate, increasing costs in the intervening years have made it more difficult to accomplish the purposes for which these trusts were originally established.

S. 2619 and S. 2620 would amend that 1925 law to allow payment to the permanent loan account trust fund and the Gertrude Hubbard bequest trust fund of either an interest rate of one quarter of a percentage point below a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding long-term marketable obligations of the United States, adjusted to the nearest $\frac{1}{8}$ of a percent, or a four percent annual rate -- whichever is greater.

This provision is similar to interest rate adjustment provisions applicable to certain other trust funds, including the Railroad Retirement Fund, the Civil Service Retirement Fund and the permanent fund of the United States Soldiers' and Airmen's Home. It also protects the return on the permanent loan funds and the Hubbard bequest from falling below the four percent rate of return provided in existing law.

(Signed) James M. Frey

Assistant Director
for Legislative Reference

Enclosures

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 18 *DAVID HISS* Time: 930am

FOR ACTION:

Spencer Masehenge
Max Friedersdorf
Ken Lazarus

cc (for information):

Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: May 18

Time: 500pm

SUBJECT:

S. 2619 and S. 2600 - Interest adjustment on
Library of Congress trust funds

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

MAY 1 1976

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of S. 2619, "To provide for adjusting the amount of interest paid on funds deposited with the Treasury of the United States by the Library of Congress Trust Fund Board."

The enrolled enactment would substitute an interest rate which is the higher of 4 per centum per annum or a rate which is 0.25 percentage points less than a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding long-term marketable obligations of the United States, adjusted to the nearest one-eighth of 1 per centum, for the current 4 percent annual interest rate on funds deposited with the Treasury by the Library of Congress Trust Fund Board. Treasury assisted Congress in the drafting of this legislation.

The Department recommends that the enrolled enactment be approved by the President.

Sincerely yours,

General Counsel

Richard A. Albrecht



THE LIBRARY OF CONGRESS

WASHINGTON, D. C. 20540

May 13, 1976

Dear Mr. Frey:

This is in response to your request for the Library of Congress' views with respect to enrolled bills, S. 2619, S. 2620, acts to provide for adjusting the amount of interest paid on funds deposited with the United States Treasury by the Library of Congress Trust Fund Board and the Act of August 20, 1912.

The two bills are intended to carry out the same purpose-- that is, to adjust the rate of interest paid by the U. S. Treasury to the permanent loan account of the Library of Congress Trust Fund Board and to the Gertrude Hubbard bequest. This adjustment would be from the present rate of 4 percent to the current average market yield on outstanding long-term marketable obligations of the United States. When the Library of Congress Trust Fund Board Act was enacted in 1925, interest of 4 percent was a premium rate and the amount of money that could be invested in this manner was limited to \$5 million. This latter figure was increased by a 1962 Act of Congress to \$10 million. The Gertrude M. Hubbard bequest has been similarly limited to 4 percent. Since 1925, as we all know, interest rates have increased substantially.

S. 2619 and S. 2620 would amend the laws to allow a rate of interest to be determined by the Secretary of the Treasury, who is the Chairman of the Library of Congress Trust Fund Board, taking into consideration the current average market yield on outstanding long-term marketable obligations of the United States.

Increased costs since 1925 have made it more and more difficult to accomplish the purposes for which the endowments were originally established with the income generated at the 4 percent rate. These endowments are primarily for cultural programs and for the specialized development of the Library's collections and services.

S. 2619 and S. 2620 would allow a rate of interest equal to that of similar trust funds, such as the Railroad Retirement Fund, the Civil Service Retirement Fund, and the permanent fund of the United States Soldiers' and Airmen's Home. It also protects the return on the permanent loan funds and the Hubbard bequest from falling below the level of return provided in the present law. It continues the rate of interest at 4 percent per annum if the formula rate should fall below 4 percent per annum. The

0.25 percent per annum reduction in the rate of return in the formula rate is to provide a trade-off for the establishment of a floor of 4 percent per annum on the investment's return. It is necessary to maintain this floor because much of the trust fund is controlled by trust instruments that require investment in a permanent loan to the U. S. Treasury bearing interest at the rate of 4 percent per annum. This reduction in the formula rate of return is, we believe, an equitable exchange for the guaranteed 4 percent minimum.

The Library of Congress Trust Fund Board recommended that this legislation be enacted. The Secretary of Treasury has concurred in this recommendation.

The Library of Congress favors the enactment of S. 2619 and S. 2620.

Sincerely yours,



Adoreen M. McCormick
Legislative Liaison Officer

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20504

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 18

Time: 930am

FOR ACTION: Sarah Massengale
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: May 18

Time: 500pm

SUBJECT:

S. 2619 and S. 2620 - Interest adjustment on
Library of Congress trust funds

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection -- Ken Lazarus 5/18/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 18

Time: 930am

FOR ACTION: *David Lissy*
~~Sarah Massengale~~
Max Friedersdorf
Ken Lazarus

cc (for information):
Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: May 18

Time: 500pm

SUBJECT:

S. 2619 and S. 2620 - Interest adjustment on
Library of Congress trust funds

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*OK
wms.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

THE WHITE HOUSE

WASHINGTON

May 18, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M.L.*
SUBJECT: S. 2619 - S. 2620 - Interest adjustment on
Library of Congress trust funds

The Office of Legislative Affairs concurs with the agencies
that the subject bills be signed.

Attachments

Calendar No. 475

94TH CONGRESS }
1st Session }

SENATE

{ REPORT
No. 94-489

INTEREST ON FUNDS DEPOSITED WITH THE TREASURY OF THE UNITED STATES BY THE LIBRARY OF CONGRESS TRUST FUND BOARD

NOVEMBER 20 (legislative day, NOVEMBER 18), 1975.—Ordered to be printed

Mr. CANNON, from the Committee on Rules and Administration, submitted the following

REPORT

[To accompany S. 2619]

The Committee on Rules and Administration, to which was referred the bill (S. 2619) to provide for adjusting the amount of interest paid on funds deposited with the Treasury of the United States by the Library of Congress Trust Fund Board, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

S. 2619 would increase the amount of interest paid on the trust funds deposited with the United States Treasury by the Library of Congress Trust Fund Board.

The Library of Congress Trust Fund Board has received gifts and bequests to establish trusts for the pursuit of certain objectives. These trusts operate on the income generated from the funds deposited in trust with the United States Treasury. When the Library of Congress Trust Fund Board Act was approved the rate of 4 per centum per annum was a fair rate, and sufficient annual income was generated to carry out the purposes of the trusts. Since the time many of the trusts were created, however, inflated costs have made it more and more difficult to accomplish the purposes intended with the income received. Also, interest rates have increased substantially. It can be noted that during 1974 even short-term Government borrowings, for example, short-term Treasury bills, were at rates of interest near 8 per centum per annum.

The Library's trust funds deposited with the Treasury have been limited by the 1925 law to an annual interest rate of 4 per cent. S. 2619 would amend the law to allow a rate of interest to be determined by the Secretary of the Treasury, the Chairman of the Library of Congress Trust Fund Board, taking into consideration the current average market yield on outstanding marketable obligations of the United States.

This bill would allow a rate of interest equal to that of similarly situated trust funds, such as the Railroad Retirement Fund, the Civil Service Retirement Fund, and the permanent fund of the United States Soldiers' and Airmen's Home. It also protects the return on the permanent loan funds from falling below the level of return provided in the present law. It continues the rate of interest at 4 per centum per annum if the formula rate should fall below 4 per centum per annum. The 0.25 per centum per annum reduction in the rate of return in the formula rate is to provide a trade-off for the establishment of a floor of 4 per centum per annum on the investment's return. It is necessary to maintain this floor, because much of the trust fund is controlled by trust instruments that require investment in a permanent loan to the U.S. Treasury bearing interest at the rate of 4 per centum per annum. This reduction in the formula rate of return is an equitable exchange for the guaranteed 4 per cent minimum.

It was only recently, on December 15, 1973, that Public Law 93-185 was approved, which increased the rate of interest paid on similar funds deposited in the United States Treasury by the United States Soldiers' and Airmen's Home. That rate was increased from 3 per cent to the rate proposed by this bill.

A tabulation supplied by the Librarian of Congress showing the current status of the Library of Congress Trust Funds is as follows:

LIBRARY OF CONGRESS, PERMANENT LOAN, U.S. TREASURY

| | Principal amount as of June 30, 1975 | Income at rate of— | |
|--|--------------------------------------|--------------------|---------------|
| | | 4 percent | 6 percent |
| Music activities: | | | |
| Coolidge Foundation..... | \$804, 444. 26 | \$32, 177. 77 | \$48, 266. 66 |
| Friends of Music..... | 11, 084. 09 | 443. 36 | 665. 05 |
| Koussevitzky Music Foundation..... | 208, 099. 41 | 8, 323. 98 | 12, 485. 96 |
| Whittall Foundation..... | 1, 538, 609. 44 | 61, 544. 38 | 92, 316. 57 |
| Total, music activities..... | 2, 562, 237. 20 | 102, 489. 49 | 153, 734. 24 |
| Poetry and literature: | | | |
| Feinberg Fund..... | 189. 46 | 7. 58 | 11. 37 |
| Whittall Poetry and Literature Fund..... | 957, 977. 79 | 38, 319. 11 | 57, 478. 67 |
| Total, poetry and literature..... | 958, 167. 25 | 38, 326. 69 | 57, 490. 04 |
| Miscellaneous purposes: | | | |
| Porter Memorial Fund..... | 290, 500. 00 | 11, 620. 00 | 17, 430. 00 |
| Stern Memorial Fund..... | 27, 548. 58 | 1, 101. 94 | 1, 652. 91 |
| Total, miscellaneous purposes..... | 318, 048. 58 | 12, 721. 94 | 19, 082. 91 |
| Grand total..... | 3, 838, 453. 03 | 153, 538. 12 | 230, 307. 19 |

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill S. 2619, as reported, are shown as follows (existing law in which no change is proposed is shown in roman; existing law proposed to be omitted is enclosed in black brackets; and new matter is shown in italic):

SECTION 2 OF THE ACT OF MARCH 3, 1925 (43 STAT. 1107), AS RE-NUMBERED BY THE ACT OF APRIL 13, 1936 (49 STAT. 1205)

(2 U.S.C. 158)

In the absence of any specification to the contrary, the board may deposit the principal sum, in cash, with the **[Treasurer]** *Treasury* of the United States as a permanent loan **[to the United States Treasury,]** and the **[Treasurer]** *Secretary of the Treasury* shall invest such sum in Treasury obligations which shall earn interest at a rate which is the higher of (1) a rate which is 0.25 percentage points less than a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with the longest periods to maturity, adjusted to the nearest one-eighth of 1 per centum, or (2) the rate of 4 per centum per annum; and the Secretary of the Treasury shall thereafter credit such deposit with such interest **[at the rate of 4 per centum per annum, payable]** semi-annually, and such interest, as income, **[being]** shall be subject to disbursement by the Librarian of Congress for the purposes specified: Provided, however, That the total of such principal sums at any time so held by the **[Treasurer]** *Treasury* under this authorization shall not exceed the sum of \$10,000,000.

A letter in support of S. 2619, addressed to Senator Howard W. Cannon, Chairman, Committee on Rules and Administration, by Daniel J. Boorstin, Librarian of Congress, is as follows:

THE LIBRARIAN OF CONGRESS,
Washington, D.C., November 17, 1975.

Hon. HOWARD W. CANNON,
Chairman, Committee on Rules and Administration,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CANNON: This is in response to your request for the Library's views on S. 2619, a bill to provide for adjusting the amount of interest paid on funds deposited with the Treasury of the United States by the Library of Congress Trust Fund Board.

The purpose of this bill is to adjust the rate of interest paid by the U.S. Treasury to the permanent loan account of the Library of Congress Trust Fund Board. This adjustment would be from the present rate of 4 percent to the current average market yield on outstanding marketable obligations of the United States. When the Library of Congress Trust Fund Board Act was enacted in 1925, interest of 4 percent was a premium rate and the amount of money that could be invested in this manner was limited to \$5 million. (This latter figure was increased by a 1962 Act of Congress to \$10 million.) Since 1925, as you know, interest rates have increased substantially. Currently,

the average yield on U.S. Government securities is over 6 percent per annum.

The Library's trust funds deposited with the Treasury in the permanent loan account have, however, been limited by the 1925 law to an annual interest rate of 4 percent. S. 2619 would amend the law to allow a rate of interest to be determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such investments.

Endowments placed in the permanent loan account by the Trust Fund Board are primarily for cultural programs and for the specialized development of the Library's collections and services. With income generated at the 4 percent rate, increased costs since 1925 have made it more and more difficult to accomplish the purposes for which these endowments were originally established.

S. 2619 would allow a rate of interest equal to that of similar trust funds, such as the Railroad Retirement Fund, the Civil Service Retirement Fund, and the permanent fund of the United States Soldiers' and Airmen's Home. It also protects the return on the permanent loan funds from falling below the level of return provided in the present law. It continues the rate of interest at 4 percent per annum if the formula rate should fall below 4 percent per annum. The 0.25 percent per annum reduction in the rate of return in the formula rate is to provide a trade-off for the establishment of a floor of 4 percent per annum on the investment's return. It is necessary to maintain this floor because much of the trust fund is controlled by trust instruments that require investment in a permanent loan to the U.S. Treasury bearing interest at the rate of 4 percent per annum. This reduction in the formula rate of return is, we believe, an equitable exchange for the guaranteed 4 percent minimum.

It is estimated that, conservatively speaking, funds available to the Library of Congress for the purposes of these endowments would increase 50 percent should this legislation be enacted. At the present time \$3,838,453 is invested in the permanent loan, and \$153,538 is earned annually from the invested principal. Attached is a summary of the principal amounts which are invested to support these various special programs of the Library, along with the income earned at the present 4 percent rate and at the prospective future yield of 6 percent should S. 2619 be enacted into law.

At the last meeting of the Library of Congress Trust Fund Board, it was recommended that legislation be sought to achieve the higher rate of interest on these investments. The Secretary of Treasury, who, as you know, is Chairman of the Library of Congress Trust Fund Board, concurred in this recommendation.

I urge prompt and favorable consideration of this legislation by your Committee.

Sincerely yours,

DANIEL J. BOORSTIN,
Librarian of Congress.



PROVIDING FOR ADJUSTING THE AMOUNT OF INTEREST PAID ON
FUNDS DEPOSITED WITH THE TREASURY OF THE UNITED STATES
BY THE LIBRARY OF CONGRESS TRUST FUND BOARD

DECEMBER 16, 1975.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. NEDZI, from the Committee on House Administration,
submitted the followings

REPORT

[To accompany H.R. 8627]

The Committee on House Administration, to whom was referred the bill (H.R. 8627) having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

On December 10, 1975, a quorum being present, the committee, by a voice vote, adopted a motion to report H.R. 8627.

COMPLIANCE WITH CLAUSE 2(1) OF RULES XI OF THE RULES

(1) With reference to clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, separate hearings were held on the subject matter of this legislation by the Subcommittee on Library and Memorials, and the Committee on House Administration which resulted in the reported bill.

(2) With reference to clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee on House Administration has not received an estimated and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act.

(3) With reference to clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, the committee has not received a report from the Committee on Government Operations pertaining to this subject matter.

(4) With reference to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the following information is provided:

Since the purpose of this bill is to increase the rate of interest currently being paid by the Treasury of the United States on certain limited trust funds of the Library of Congress Trust Fund Board, the carrying out of H.R. 8627 is not expected to have an inflationary impact with respect to prices and costs.

Accordingly, the enactment of H.R. 8627, as reported, will not have a significant inflationary impact on prices and costs in the operation of the national economy.

PURPOSE

This bill, H.R. 8627, is intended to adjust the rate of interest paid by the U.S. Treasury to the permanent loan account of the Library of Congress Trust Fund Board. This adjustment would be from the present rate of 4 per centum to the current average market yield on outstanding marketable obligations of the United States, less 0.25 percent.

BACKGROUND

When the Library of Congress Trust Fund Board Act was enacted in 1925, interest of 4 percent was a premium rate. Since 1925 interest rates have increased substantially. Currently, the average yield on U.S. Government securities is over 6 percent per annum. The Library's Trust Funds on deposit with the Treasury in the permanent loan account, have, however, been limited by the 1925 law to an annual rate of 4 percent. This bill, H.R. 8627, would amend the law to allow a rate of interest to be determined by the Secretary of the Treasury, who is Chairman of the Library Trust Fund Board, based upon the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such investments.

Increased costs since 1925 have made it more and more difficult to accomplish the purposes for which the endowments were originally established, given the small amount of income generated by the 4 percent return. These endowments are primarily for cultural programs and for the specialized development of the Library's collections and services.

H.R. 8627 would allow a rate of interest equal to that of similar trust funds, such as the Railroad Retirement Fund, the Civil Service Retirement Fund, and the permanent fund of the U.S. Soldiers' and Airmen's Home. It also protects the return on the permanent loan funds from falling below the level of return provided in the present law. It continues the rate of interest at 4 percent if the formula rate should fall below 4 percent. The 0.25 percent reduction in the rate of return in the formula rate is to provide a trade-off for the establishment of a floor of 4 percent. It is necessary to maintain this floor because much of the trust fund is controlled by trust instruments that require investment in a permanent loan to the Treasury bearing interest at a minimum 4 percent rate.

HEARINGS

On November 11, 1975, the Subcommittee on Library and Memorials held a comprehensive hearing on H.R. 8627. At that hearing, the Acting Librarian of Congress, Mr. John Lorenz, testified as to the need for this legislation. In addition, the Acting Librarian indicated that this legislation was introduced by request of the Trust Fund Board at its meeting in November, 1974 and that Secretary of the Treasury, Hon. William E. Simon, Chairman of the Trust Fund Board, concurred in the Board's action.

COST OF H.R. 8627

There is no cost directly attributable to this legislation.

REPORTS AND CLEARANCES

A report in further clarification of H.R. 8627, addressed to the Honorable Lucien N. Nedzi, Chairman of the Subcommittee on Library and Memorials of the Committee on House Administration, by the Honorable David Mosso, Fiscal Assistant Secretary, Department of the Treasury, Washington, D.C. 20220, follows:

THE DEPARTMENT OF THE TREASURY,
Washington, D.C.

HON. LUCIEN N. NEDZI,
Chairman, Subcommittee on Library and Memorials, Committee on
House Administration, House of Representatives, Washington,
D.C.

DEAR MR. CHAIRMAN: Your letter of November 17, 1975, requested our views on proposed legislation (H.R. 8627 and H.R. 8628) which your Subcommittee has approved and recommended for favorable consideration by the full Committee on House Administration.

H.R. 8627 would change the present statutory 4 percent rate on the Permanent Loan Fund of the Library of Congress to the higher of (1) a 4 percent rate or (2) a rate fixed by the Secretary of the Treasury based on market yields on Treasury marketable securities, with a reduction of 25 basis points from the rate the formula would otherwise provide. H.R. 8628 would provide the same interest rate determination for investments to the Gertrude M. Hubbard bequest to the Library of Congress, but with a 10% interest rate ceiling imposed.

The investment rates in both bills are acceptable to the Department of the Treasury.

Thank you for the opportunity to comment on the proposed legislation at this time.

Sincerely yours,

DAVID MOSSO,
Fiscal Assistant Secretary.

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To provide for adjusting the amount of interest paid on funds deposited with the Treasury of the United States by the Library of Congress Trust Fund Board.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of March 3, 1925, chapter 423, as renumbered by the Act of April 13, 1936, chapter 213 (2 U.S.C. 158), is amended by striking out "the rate of 4 per centum per annum," and inserting in place thereof "a rate which is the higher of the rate of 4 per centum per annum or a rate which is 0.25 percentage points less than a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding long-term marketable obligations of the United States, adjusted to the nearest one-eighth of 1 per centum,".

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

May 12, 1976

Dear Mr. Director:

The following bills were received at the White House on May 12th:

- | | |
|-----------|-------------|
| S. 2619 ✓ | H.R. 2776 ✓ |
| S. 2620 ✓ | H.R. 4038 ✓ |
| S. 3031 | H.R. 5227 ✓ |
| S. 3107 ✓ | H.R. 8863 ✓ |

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C.