Senator JORDAN. Mr. Kennedy, I appreciate your appearance here with your colleagues to deal with a very important matter that has confronted us for a long time.

I would ask you first, would it be necessary to pass any kind of legislation to implement the main body of your recommendations, or can it be done by administrative procedure?

Mr. KENNEDY. I should say nearly all of it can be done by administrative procedure. The powers are already there. The President has broad power in this field. There may be a few areas where it would require legislation.

Senator JORDAN. Do you know offhand any part of it that would require legislation to implement?

Mr. MAYO. Well, I would say this, Senator Jordan. We have made some recommendations, for example, that the Executive may wish to ask the Congress to review the public debt limit. In that connection, the Executive may wish, through Mr. Mills' committee and through the Senate Finance Committee, to suggest use of the concepts that we have recommended here, including concepts of the public debt which are implicit in our concepts of the budget deficit and surplus, and review the concept of the public debt limit accordingly. This is a recommendation with a legislative implication.

Senator JORDAN. Yes, I see that it is.

You mentioned several things that I think are very commendable. You have suggested participation certificates be treated as loans and not as offsets to expenditures, and certainly this—whether it requires legislation or not—certainly should be done. We are getting a very distorted view of the total picture when the offset to expenditures device is used.

Mr. KENNEDY. That definitely is our recommendation—to treat it as a means of financing, just as any other financing measure.

Senator JORDAN. Participation certificates should be included as a part of the public debt.

Mr. KENNEDY. That is right.

Senator JORDAN. In your opinion, would it require legislation to implement this?

Mr. KENNEDY. I think the amount is authorized, but I do not think this change in presentation would require legislation. A change in the amounts authorized does.

Representative CURTIS. I think to actually call a participation certificate a part of what we presently say is a Federal debt—it is a definition. The way we in Ways and Means define "public debt" does not cover this kind of certificate.

Mr. KENNEDY. That is right. It is not considered a guaranteed obligation, although it is. You get into that very fine line; yes, sir.

Senator JORDAN. I think this committee would agree with you most heartily on the need for more frequent reporting, more frequent perusal of the budget income and outgo.

At the beginning of a legislative year, we hear calculations of $8 billion deficits, and before the end of the year that has been ballooned to $29 billion or $30 billion, with no special steps to prepare us for such a terrific bulge.

So I commend you for this.

We are working very diligently to try and get more frequent reporting, and I think that is a very essential point in your report here.