

INFORMED BUDGETEER

Conference Bill Compared to the President's Request for FY2002 Supplemental Appropriations (BA, \$ in Millions)			
	President	Conference ^a	Difference
Defense Emergencies	14,022	14,382	360
International Emergencies	1,609	2,128	519
Homeland Security Emergencies	5,294	6,687	1,392
Department of Transportation	4,678	4,700	22
FEMA - Management Planning	327	447	120
U.S. Postal Service	087	87	-
Securities & Exchange Commission	-	9	9
GSA	54	22	-33
Justice	51	534	484
Energy	26	261	234
NSF - Cybercorps	19	19	-
Commerce	13	49	36
EPA	13	50	38
Legislative	8	-	-8
Exec. Office of President - Admin.	5	4	-1
Agriculture	-	152	152
Health and Human Services	-	38	38
Judiciary	14	17	3
Army Corps of Engineers	-	108	108
Interior	-	51	51
Smithsonian	-	12	12
Treasury	-	83	83
District of Columbia	-	44	44
Assistance to NYC Emergencies	5,467	5,491	24
Economic Recovery Emergencies	750	-	-750
Emerg. Disaster Asst - Unmet Needs	-	84	84
Wildland Fire Management Emerg.	-	50	50
Veterans Medical Care Emergencies	-	275	275
Election Admin. Reform Emergency	-	400	400
Nonemergencies	1,516	1,787	270
Veterans Affairs - medical care	142	142	0
Army Corps of Engineers	-	32	32
Bureau of Reclamation	-	7	7
Defense Nuclear Nonproliferation	-	100	100
Agriculture	75	204	129
Assistance for NE Fisherman	-	16	16
NOAA	-	2	2
SEC - Enforcement for fraud	20	31	11
USTR - European Communities Music	3	-	-3
AMTRAK	-	205	205
FEC - Campaign Finance Reform	-	1	1
Treasury - IRS Business System	-	14	14
Legislative Branch	-	25	25
Broadcasting Board of Governors	-	8	8
Pell Grants	1,276	1,000	-276
Offsets	-254	-1,928	-1,674
Transportation	-	-325	-325
International Multilateral Assistance	-157	-219	-62
Export Import Bank	-	-50	-50
HHS	-50	-30	20
HUD	-20	-739	-719
Interior - San Carlos Irrigation Proj.	-10	-10	-
Agriculture ^b	-9	-36	-27
Energy	-	-30	-30
Justice	-	-48	-48
Treasury - Financial Management Svc.	-	-14	-14
Veterans Affairs - Research	-5	-	5
OMB Salaries and Expenses	-	-	-
IRS Information Systems	-	-10	-10
Departmental Management	-	-45	-45
Commerce	-3	-22	-19
Federal Admin. & Travel Expenses	-	-350	-350
TOTAL	28,405	29,356	951

Source: Senate Budget Committee Republican Staff based on CBO scoring.

^a The Conference bill includes \$1.1 billion in mandatory spending in FY 2002 for veterans benefits as requested by the President on May 21, 2002. In addition, the bill includes \$60 million in revenue losses in FY 2003 and \$800 million in revenue losses over 10 years from the Caribbean Recovery Act.

^b The House Budget Committee has directed CBO to score \$445 million in savings for the Export Enhancement Program (not shown) to be consistent with OMB assumptions. For comparison purposes, this table uses CBO scoring and therefore reflects no savings for the Export Enhancement Program.

- The table above compares the conference report on the 2002 supplemental that cleared for the President's signature to the President's request. The conference report provides nearly \$1 billion more in BA than the President originally requested.

- While the puts and the takes from the President's request are readily apparent from the difference column, what can't be seen from the table is the disposition of perhaps the most contentious issue in the bill (aside from the overall "number"). The President had promised to veto a provision in the Senate-passed supplemental that said the following: emergency funding requested by the President and agreed to by the Congress cannot ever be obligated unless the President makes an emergency designation for the nondefense emergency items added by Congress. Essentially, the President would not get any of the emergency spending he requested unless he agreed with all of the emergency items Congress came up with on its own.
- The conference report reacted to the veto threat by substituting the following provision: any amount provided as a contingent emergency (i.e., designated by Congress but not yet by the President) is not available for obligation unless all such contingent amounts are designated as emergencies within 30 days of the enactment. This takes away the President's option to pick and choose the contingent emergencies he would endorse.
- While this latter provision also is a significant departure from the emergency designation process that has operated since 1990, it has not received a similar veto threat, though it does raise the possibility that the President could sign the bill and not designate any of the contingent items as emergencies within the specified 30 days. If he were to refuse to make the designation, then \$5.1 billion in appropriations would evaporate from the bill.

RATIONALE FOR ADVANCE APPROPRIATIONS IN EDUCATION CAN'T BE TAKEN SERIOUSLY

- One reason the Senate might continue to operate for the rest of the 2003 appropriations process without any 302(b) allocations or a 60-vote point of order to enforce them is the number of loopholes embedded in the majority's overall proposal accompanying their supposed "cap" of \$768 billion.
- During debate on the DoD authorization bill, Senator Gramm successfully opposed an amendment to extend budget enforcement and create a discretionary cap for 2003 (that was supported, at that time, by the Chairman and Ranking Member of the Budget Committee). Senator Gramm observed that one of the loopholes would augment the 2003 "cap" by increasing the amount of advance appropriations from the \$23.2 billion allowed for 2003 to \$25.4 billion to be allowed for 2004 – a \$2.2 billion increase.
- In response to this criticism, the Chairman of the Budget Committee responded: "Let's get serious about budgets and let's get serious about what is being discussed. The Senator from Texas raises advanced appropriations. Advanced appropriations *have been done for many years*. Why? Because the school year does not fit the fiscal year of the federal government. The federal fiscal year ends at the end of September. Everybody knows the school year does not end until May or June. *So advanced appropriations were adopted to fit the reality of the school year in America* [emphasis added]. There is nothing wrong about that. There is nothing wrong with that at all" (*Congressional Record*, June 20, 2002).
- Before assessing the validity of this assertion, first, a definition and some historical context. The GAO glossary of budget terms defines advance appropriation as "budget authority provided in an appropriation act which is first available in a fiscal year beyond the fiscal year for which the appropriation act is enacted."
- Before 1995 (really not so "many years" ago, after all), the only consistent advance appropriation was for the Corporation for Public Broadcasting (CPB). Created in 1967, CPB has always received its funding for two years later than each appropriations year. This approach was intended to insulate CPB from political interference with programming, to leverage federal support in raising other funds, and to provide lead time for development of programming.

- Beginning in the 1996 Labor-HHS bill, the Congress initiated advance appropriations in the area of education, providing a new advance appropriation of \$1.3 billion for 1997 for Education for the Disadvantaged. Through 2001, both the Clinton Administration and the Congress have combined to exponentially increase the level of advance appropriations to \$23.5 billion (see table at bottom).
- By the time of the appropriations process for 2001, total advances for 2002 were for the first time limited (frozen at \$23.5 billion) by a 60-vote point of order created in section 204 of the 2001 Budget Resolution (which was extended essentially at the same level for 2003, except for an adjustment for CPB in the subsequent budget resolution). Why did advance appropriations skyrocket and why did the Budget Committees finally seek to limit them?
- Since education programs account for \$15 billion out of \$23 billion in total advance appropriations for 2003, let's consider the growth of advance appropriations in those programs. The quote above suggests that the Congress must have finally realized that, after 30 years of funding education the old-fashioned way, it suddenly had to adopt advance appropriations "to fit the reality of the school year in America." But when the *Bulletin* asked the Department of Education (Ed) whether there is a programmatic justification for its advance appropriations, Ed responded that there is none.
- Instead, the real reason recent Congresses and the last Administration increased advance appropriations so dramatically was because they could (there was no limit), because they wanted to get around the discretionary spending caps, and because they found accounts where it had no programmatic effect – beneficiaries did not care. (The lack of any programmatic justification extends as well to the other \$8 billion of advance appropriations – Section 8, Head Start, and others – all have occurred because the delayed funding affected no one and because it helped make room under the caps for more programs that spend faster.)
- While FY 2003 runs from October 2002 to September 2003, the 2003-2004 school year funded by 2003 appropriations does not start until July 2003 (and ends June 2004). Since state and local education agencies do not need all the money right away (they can wait until October for most of it), an advance appropriation causes

little pain for them. Proof of this is that outlays in these programs have remained steady despite the increase in advances.

- However, advances do make it difficult to make sense of funding for Ed programs. The following table dissects the relationship of education funding from a fiscal-year to an academic-year basis.

Advancing Tide of Advance Appropriations for Education in Labor-HHS Bill (\$ in Billions)	
Year	
2001 Enacted	
Discretionary BA for FY 2001	40.1
Minus advances provided in 2000 for 2001	-12.4
Plus advances provided in 2001 for 2002	14.6
Total appropriation for academic year 2001-02	42.2
2002 Enacted	
Discretionary BA for FY 2002	48.5
Minus advances provided in 2001 for 2002	-14.6
Plus advances provided in 2002 for 2003	15.0
Total appropriation for academic year 2002-03	48.9
2003 Senate Reported Labor-HHS Bill	
Discretionary BA for FY 2003	53.4
Minus advances provided in 2002 for 2003	-15.0
Plus advances provided in 2003 for 2004	17.3
Total appropriation for academic year 2003-04	55.7

Source: SBC Republican Staff

- In his first budget request, for FY 2002, the President proposed to eliminate all advance appropriations and provide a one-time increase in BA to return affected programs to a more transparent cycle of funding within one fiscal year, rather than spread out over two. The Congress ignored the proposal, however, and the President did not repeat the request for 2003. But until a proposal like the President's is adopted, every year there will be pressure to increase the number and level of programs receiving advances, and understanding trends in funding, especially for education programs, will remain needlessly confusing. Of course, in the extreme we could advance appropriate the entire government, and then we'd have biennial budgeting.

Advance Appropriations (BA, \$ in millions)

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Department of Education									
Elementary & Secondary	--	--	--	--	210	--	195	195	--
Ed. for Disadvantaged	--	--	1,298	1,298	1,448	6,204	6,205	6,758	7,383
School Improvement	--	--	--	--	--	--	1,515	1,765	1,765
Special Education	--	--	--	--	--	--	3,742	5,072	5,072
Vocational and Adult Ed.	--	--	--	--	--	--	791	791	791
Subtotal	--	--	1,298	1,298	1,658	6,204	12,448	14,581	15,011
Child Care Development Block Grant	--	--	--	937	1,000	1,183	1,183	--	--
Section 8	800	--	--	--	--	--	4,200	4,200	4,200
Head Start	--	--	--	--	--	--	1,400	1,400	1,400
LIHEAP	1,475	1,319	300	1,000	1,100	1,100	1,100	--	--
Corporation for Public Broadcasting	293	312	260	250	250	316	340	350	365
All Other	378	268	519	428	1,056	2,150	2,821	2,977	2,547
TOTAL	2,946	1,899	2,377	3,913	5,064	10,953	23,492	23,508	23,523

Source: SBC Republican Staff