

INFORMED BUDGETEER
Special Edition: Year -End Summary & Final Omnibus Scoring

**AND YOU THOUGHT WE DIDN'T GET
A BUDGET RESOLUTION**

- On the last day of the 105th Congress, the Senate adopted S.Res. 312 by unanimous consent. The adoption of this resolution has the same effect in the Senate as if the Congress had adopted a Concurrent Resolution on the Budget for Fiscal Year 1999.
- On April 2nd, the Senate adopted S. Res. 209, which provided the Appropriations Committee with its section 302(a) budget authority and outlay allocation for FY 1999. S. Res. 312 amended S. Res. 209 to provide in the Senate enforceable aggregate spending levels, revenue levels, and allocations to all other committees based on the 1997 Balanced Budget Agreement levels, updated to reflect enacted legislation and CBO's most recent budget forecast. In addition, this resolution updated the Senate's pay-as-you-go rule by resetting the scorecard to zero.
- As a result of S. Res 312, until the adoption of the FY 2000 budget resolution, a 60-vote point of order will lie in the Senate against legislation that would cause a net increase in spending or a net reduction in revenues for FY 1999, for the five year period covered by FY 1999-2003, or a reduction in the surplus (or an increase in the deficit) for 1999, 1999-2003 and for the five year period covered by FY 2004-2008.

THE OMNIBUS BILL - GOOD NEWS AND BAD NEWS

- First the good news: Congress has adjourned, and has passed all appropriation bills, totaling over half a trillion in BA. The following table summarizes each bill and compares total appropriations to the caps.

Discretionary, Non-Emergency Appropriations For FY 1999 (BA, \$ in billions)	
Bill	
Omnibus Appropriations Bill ^A :	
Agriculture	13.7
Commerce, Justice, State	33.1
District of Columbia	0.5
Foreign Operations	31.2
Interior	13.9
Labor, HHS, Education	83.2
Transportation	13.1
Treasury, Postal Service	13.4
Miscellaneous appropriations ^B	-2.1
Sub total	200.1
Defense	250.4
Energy & Water	20.9
Legislative Branch	2.4
Military Construction	8.5
Veterans, HUD	70.0
Total, Non-Emergency Appropriations	552.3
Less: Transit Budget Authority	- 1.1
Total, Subject to caps	551.1
Memorandum: Limit on Discretionary BA ^C	551.3

SOURCE: Congressional Budget Office. NOTE: Numbers may not add to totals due to rounding.

^AEffects of non-emergency portions of Divisions A & B, including changes in mandatory programs.

^BIncludes non-emergency portions of Division B.

^CIncludes \$19.4 billion in adjustments for the following: IMF, international arrearages, continuing disability reviews, earned income tax credit compliance initiative, and adoption assistance.

- Now the bad news: The omnibus bill enacted at the end of the 2nd session of the 105th Congress reduced the projected unified budget surplus by \$38.2 billion over the next ten years.
- Spending designated as "emergency" ate up \$21 billion of the

projected ten-year surplus. Regular appropriations, as scored by CBO, were within the BA caps, and according to OMB, there will be no sequester.

Emergencies in Omnibus Appropriations Bill, 1999 (\$ in billions)				
		Supplemental Emergency	Contingent Emergency ^A	Total Emergency
Defense	BA	2.1	6.2	8.3
	OT	1.2	3.5	4.8
Nondefense	BA	1.9	11.2	13.1
	OT	0.5	8.0	8.5
TOTAL	BA	4.0	17.5	21.4
	OT	1.7	11.5	13.2

^AContingent emergencies have been designated only by the Congress and are not available for obligation unless the President submits a request designating the entire amount requested as an emergency requirement.

- Net new direct spending in the omnibus bill amounted to a barely significant \$400 million over ten years, and net revenues were unchanged.
- The federal government will incur \$14.2 billion more in interest payments on the federal debt over the next ten years as a result of this legislation.

Unified Federal Budget Surplus Projections (\$ in Billions)						
	1999	2000	2001	2002	2003	2004
CBO Aug. 1998 Update	79.8	79.0	85.7	138.6	135.6	154.0
Effects of Omnibus bill:						
Emergency Spending	13.2	4.5	1.7	1.0	0.4	—
Appropriation over cap	2.8	—	—	—	—	—
Direct Spending	0.1	2.0	-1.0	0.1	-0.0	-0.1
Revenues	0.2	1.9	-0.0	-0.8	-0.3	-0.4
Debt Service	0.4	1.1	1.3	1.4	1.5	1.6
Reduction in Surplus	-16.4	-5.7	-1.9	-3.2	-2.1	-1.9
New Projection	63.4	73.3	83.8	135.4	133.5	152.1

SOURCE: Congressional Budget Office.

OF OFFSETS, ADVANCES, DELAYS, AND DEVICES

- The effects of the omnibus spending bill on future surpluses aren't limited only to the explicitly measured reductions described above.
- While significant spending in excess of the caps was made possible by liberally applying the emergency designation, other new spending that also would have exceeded the caps has been masked by other dubious devices. Such masking will greatly increase the pressure on the caps in 2000 in ways that are likely to result in further reductions in the surplus--such as by increasing reliance on the emergency designation or by simply changing current law and increasing the caps.
- For example, like the mythical \$2.9 billion spectrum auction plug included as an offset in the omnibus appropriations bill two years ago (for FY 1997), this omnibus bill includes, at the President's behest, a \$2.4 billion "offset" of "receipts" derived by liquidating a pool of stocks and bonds already acquired by the federal government last year when it agreed to assume the liabilities of the pensions of retired D.C. employees. This offset is counted even though the Treasury already has the authority to liquidate the investments.
- While the proponents of the new spending made possible by this offset in 1999 are likely to insist on continued funding in 2000, the D.C. pension offset was not a spending cut and is not available to be used again next year, thereby increasing

pressure on the caps.

- And because certain real spending reductions or beneficial public policies (such as reclaiming spectrum licenses from bankrupt, special-interest bidders) were dropped along the way and up to the last minute, the omnibus bill ratcheted up its reliance on advance appropriations.
- While the table below shows total advances provided for 2000 amount to \$9.3 billion, many of them are perennials and place no unexpected claim on resources for next year. The key exception is the advance of \$6.1 billion for education for the disadvantaged, which for the past few years has been advanced only \$1.5 billion.

Advance Appropriations in the 1999 Appropriations Bills (BA, \$ in millions)	
Bill/Account	2000
Omnibus Appropriations Bill	
<i>Commerce Justice, State:</i>	
Patent and Trademark Office ^A	115
<i>Labor, Health & Human Services:</i>	
NIH, buildings & facilities	40
Low income home energy assistance	1,100
Child care development block grant	1,183
Education for the disadvantaged	6,148
Subtotal	8,471
<i>Treasury, General Government</i>	
Payment to Postal Service	71
Separately Enacted	
<i>Veterans, HUD, Independent Agencies</i>	
Hazardous substance superfund ^B	650
TOTAL	9,307

SOURCE: Congressional Budget Office.

^AThe appropriations language allows \$745 million of FY 1999 fees to be obligated in FY 1999. Any remaining fees are available for obligation on October 1, 1999 (FY 2000). CBO Estimates that \$860 million in fees will be collected in FY 1999, thus we would estimate an advance appropriation of \$115 million in FY 2000.

^BAvailable only upon enactment of legislation by August 1, 1999 which specifically authorizes the Superfund Program.

- By shifting \$4.6 billion (\$6.1 billion minus \$1.5 billion) from FY 1999 to FY 2000, this advance increases the claim on the likely cap for the Labor-HHS bill in 2000 (say, \$84 billion in BA). That means that other programs in the bill would have to be reduced by about 6 percent just in nominal terms (not accounting for real reductions) to stay within the cap, absent another magical offset or a legislated increase in caps. An increase in the amount advanced to 2001 simply won't work as more than 75 percent of the \$8 billion program is already advance funded.
- Finally, another device that builds up pressure on outlay caps, similar to how advance appropriations create pressure on BA caps, is delayed obligations. While a final rack-up of such delayed obligations in all appropriations bills is not yet available, a preliminary review indicates at least \$2 billion in BA is not available for obligation until the last quarter of 1999, thereby shifting outlays into 2000.

THE RESULTS ARE IN: BUDGET ACTUALS FOR FY 1998

- On October 28, 1998, the Treasury Department released its Monthly Treasury Statement for September. This statement included the totals for FY 1998.
- The surplus for FY 1998 was \$70.0 billion, with total receipts of \$1,721.4 billion and outlays of \$1,651.4 billion. This is the first surplus since 1969 and represents 0.8% of GDP.
- Outlays were \$13.3 billion lower than expected in the Mid Session Review. Agencies and programs coming in lower than expected include: Departments of Agriculture, Defense,

Education, Health & Human Services, Interior, Justice, Labor, State, Transportation, Treasury, and Veterans Affairs, FEMA, FCC, and the U.S. Postal Service.

- Also differing from the Mid Session Review were the actual receipts for FY 1998. The receipts totaled \$1,721.4 billion, \$17.6 billion higher than expected by OMB. These larger than expected receipts were from individual income taxes, corporate income taxes, social insurance and retirement receipts, excise taxes and miscellaneous receipts.
- For more details the complete report is available on the web at: <http://www.ustreas.gov/press/releases/pr2780.htm>.

Total Receipts, Outlays & Deficit Surplus (\$ in billions)			
	Receipts	Outlays	Deficit/ Surplus
1997 Actual	1,579.0	1,600.9	-22.0
1998:			
February Budget Estimate	1,657.9	1,667.8	-10.0
Mid Session Review Estimate	1,703.8	1,664.7	39.1
Actual	1,721.4	1,651.4	70.0

SOURCE: OMB, Treasury

BUDGET QUIZ

Question: Was this the first year Congress failed to enact by the beginning of the fiscal year all the individual appropriations bills without relying on a continuing resolution?

Answer: No. Since calendar year 1950, Congress has enacted all regular appropriations bills by the beginning of the fiscal year without relying on a continuing resolution only twice. The two exceptions were fiscal years 1989 and 1995.

For FY 1977, Congress did manage to get thirteen bills enacted prior to the beginning of the fiscal year, but one of these bills failed to fund some unauthorized health programs. That year Congress relied on a CR to fund those health programs. In 1996, Congress met the fiscal year deadline, but in order to meet the deadline Congress had to fold 6 of the regular bills into an omnibus appropriations bill.

For FY 1997, Congress did meet the fiscal year deadline, but enacted six of the appropriations bills as part of the Omnibus Consolidated Appropriations Act.

Bonus Question: Since 1950, how many times has Congress failed to get *any* of the regular appropriations bills enacted by the beginning of the fiscal year.

Answer: 17 times (Fiscal years 1952, 1962-63, 1965, 1970-76, 1982, 1986-1988, 1991, and 1996).

CALENDAR

November 18: Senate Budget Committee Staff Briefing on the National Institute of Health. Topics discussed will include budget process, history and their GPRA plan and results. Representatives from NIH present will be Dr. Ruth Kirschstein, Deputy Director; Dr. Lana Skirboll, Director, Office of Science Policy; Roz Grey, Acting Director, Office of Legislation; Ann Thomas, Director, Office of Financial Management; and Francine Little, Director, Office of Financial Management. Dirksen 608; 3:00pm.

November 16: Senate Budget Committee Staff Briefing on Agriculture. CBO and The Food & Agriculture Policy Research Institute will brief staff on current domestic agriculture outlook, budget costs, and policy issues. Dirksen 608; 2:00pm.