



United States Senate Budget Committee

JEFF SESSIONS | Ranking Member

The Senate Is Enforcing The President's Appropriation Request, Not Budget Control Act Limits

ISSUE

Senate Budget Committee Chairman Kent Conrad filed spending limits for fiscal year 2013 that violate the Budget Control Act (BCA). The BCA requires the Chairman to file levels that are consistent with CBO's March 2012 baseline. Instead, Chairman Conrad filed levels for fiscal year 2013 that reflect the President's budget request for appropriations. This would allow \$14 billion more spending in fiscal year 2013 compared to the correct BCA limit.

FACTS

Congress did not adopt a concurrent budget resolution for 2013.

Anticipating this outcome, the BCA required the Chairman of the Senate Budget Committee to file a set of numbers to be used to enforce certain sections of the Congressional Budget Act.

Chairman Conrad filed aggregates for on-budget spending as measured by both budget authority and outlay levels on March 20, 2012, to take effect on April 16, 2012 (see *Congressional Record*, pages S1832–S1833).

The BCA also required the Chairman to file allocations to Senate committees by dividing up the aggregate spending caps and allocating the discretionary spending portion (provided through appropriation bills) to the Appropriations Committee and the remaining (mandatory) spending to the authorizing committees (see section 106(b)(2) of the BCA in Appendix A).

DISCUSSION

Section 106(b)(2)(C) of the BCA requires that the Senate Budget Chairman establish aggregate (total) spending levels for both budget authority and outlays, and requires that they be consistent with CBO's March 2012 baseline.

Nonetheless, Chairman Conrad filed a fiscal year 2013 aggregate for mandatory and discretionary outlays whose discretionary component is consistent with discretionary spending levels proposed by *the President's fiscal year 2013 budget—\$14 billion higher than CBO's baseline amount.*

1. The BCA spending limits must be enforced using CBO's baseline.

The BCA requires the Chairman to file several sets of numbers at certain prescribed levels to enforce different provisions of the Congressional Budget Act.

Section 106(b)(2)(C) of the BCA dictates the spending limits be set at CBO's baseline:

Aggregate spending levels for fiscal years 2012 and 2013... [must be] consistent with the Congressional Budget Office's March 2012 baseline and the discretionary spending limits set forth in this Act for the purpose of enforcing section 311 of the Congressional Budget Act of 1974.

Spending levels are measured by both budget authority (i.e., the authority for a federal agency to enter into a contract to spend money) as well as outlays (i.e., the amount of money a federal agency is expected to pay out). For instance, section 311 of the Congressional Budget Act establishes a point of order against legislation that any senator can raise when legislation would exceed either the budget authority aggregate or the outlay aggregate. Thus, to set the correct spending limits as specified by the BCA, the aggregate budget authority and outlay levels filed by the Chairman must be consistent with both the aggregate budget authority and outlay levels in CBO's baseline.

2. The spending levels filed by the Chairman exceed CBO's baseline, in violation of the BCA.

The Chairman filed aggregate budget authority and outlay levels for fiscal year 2013 consistent with the President's budget proposal for discretionary spending. While the filed budget authority level nearly matches CBO's on-budget baseline,¹ **the filed aggregate outlay level significantly exceeds CBO's baseline.**

¹ It is not a direct match but the difference is small. It appears \$245 million in *off-budget* budget authority was accidentally subtracted from the on-budget baseline total to get an on-budget aggregate that is \$245 million too low.

CBO's March 2012 baseline (on-budget) adds up to total budget authority of \$2.828 trillion and outlays of \$2.931 trillion for fiscal year 2013. These are the spending limits dictated by the BCA. While Chairman Conrad's limit for budget authority closely matches the required \$2.828 trillion level, his limit for outlays is \$2.945 trillion—almost **\$14 billion more** than the CBO baseline (see Appendix B for a detailed accounting). For perspective, \$14 billion is nearly twice the annual budget of the National Science Foundation and more than the entire discretionary budget for the Department of the Treasury, including the Internal Revenue Service.

Most of this aggregate difference is because the Chairman allocates more discretionary outlays to the Appropriations Committee than is reflected in the CBO baseline. But the Chairman also allocates \$0.1 billion more than the baseline mandatory outlays to the Finance Committee to cover the additional interest cost associated with the additional discretionary outlays allocated to the Appropriations Committee. (As a result, Chairman Conrad's levels further violate section 106(b)(2)(B) of the BCA that "for all committees other than the Committee on Appropriations, committee allocations for fiscal years 2012, 2013, 2013 through 2017, and 2013 through 2022 [must be] consistent with the Congressional Budget Office's March 2012 baseline.")

3. The Chairman used the discretionary totals from the President's budget instead of the CBO baseline.

Instead of using CBO's baseline estimate of budget authority and outlays, the Chairman adopted the discretionary totals associated with the President's 2013 budget request (as later estimated by CBO). While the President's budget proposes the same net budget authority total for 2013 as in the CBO baseline, it assumes higher discretionary spending, as measured in outlays, in fiscal year 2013.

The BCA does not instruct the Chairman to file aggregates and allocations consistent with the President's request. Rather, the BCA directs the Chairman to file aggregates and allocations consistent with CBO's March 2012 baseline.

CONCLUSION

The BCA sets aggregate spending levels for fiscal year 2013 based on CBO's baseline. However, the Chairman filed aggregate spending levels consistent with discretionary spending in the President's budget request. This violates the requirements of the BCA by approximately \$14 billion in additional outlays in fiscal year 2013.

Appendix A: Section 106(b)(2) of the Budget Control Act of 2011

(2) Not later than April 15, 2012, the Chairman of the Committee on the Budget shall file--

(A) for the Committee on Appropriations, committee allocations for fiscal years 2012 and 2013 consistent with the discretionary spending limits set forth in this Act for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(B) for all committees other than the Committee on Appropriations, committee allocations for fiscal years 2012, 2013, 2013 through 2017, and 2013 through 2022 consistent with the Congressional Budget Office's March 2012 baseline for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(C) aggregate spending levels for fiscal years 2012 and 2013 and aggregate revenue levels for fiscal years 2012, 2013, 2013-2017, and 2013-2022 consistent with the Congressional Budget Office's March 2012 baseline and the discretionary spending limits set forth in this Act for the purpose of enforcing section 311 of the Congressional Budget Act of 1974; and

(D) levels of Social Security revenues and outlays for fiscal years 2012 and 2013, 2013-2017, and 2013-2022 consistent with the Congressional Budget Office's March 2012 baseline budget for the purpose of enforcing sections 302 and 311 of the Congressional Budget Act of 1974.

Appendix B: CBO March 2012 Baseline vs. Chairman Conrad's Filed Levels

2013 Spending — On-Budget Only (\$ billions)

		March 2012 <u>CBO Baseline</u>	Page 5 of SBC Chairman's <u>Filing-Mar. 20</u>	Chairman's Filing Exceeds CBO <u>Baseline by:</u>
TOTAL SPENDING	BA	2870.1		
	O	2940.8		
<i>Adjustments for events that have not yet occurred</i>				
<i>Cap adjustment for wars</i>	BA	-128.7		
	O	-63.1		
<i>Cap adjustment for disasters</i>	BA	-10.6		
	O	-2.0		
<i>Cap adjustment for SSI PIA</i>	BA	-0.3		
	O	-0.2		
<i>Fallback sequester</i>	BA	97.6		
	O	55.8		
TOTAL ADJ. SPENDING	BA	2828.2	2828.0	-0.2
	O	2931.2	2944.9	13.6
<u>of which:</u>				
MANDATORY	BA	1787.0	1787.1	0.1
(no adjustments)	O	1728.3	1728.4	0.1
DISCRETIONARY	BA	1083.1		
	O	1212.5		
<i>Adjustments for events that have not yet occurred</i>				
<i>Cap adjustment for wars</i>	BA	-128.7		
	O	-63.1		
<i>Cap adjustment for disasters</i>	BA	-10.6		
	O	-2.0		
<i>Cap adjustment for SSI PIA</i>	BA	-0.3		
	O	-0.2		
<i>Fallback sequester</i>	BA	97.6		
	O	55.8		
ADJUSTED DISCRETIONARY	BA	1041.2	1041.0	-0.2
	O	1202.9	1216.5	13.6
Memo -- Bridge to Discretionary Allocation				
<i>Add off-budget discretionary accounts</i>	BA	5.8	6.0	
	O	5.8	6.0	
On and Off-Budget Discretionary Total	BA	1047.0	1047.0	0.0
	O	1208.7	1222.5	13.8

Note: Details may not add to totals because of rounding