



Appropriations Update

Committee on the Budget • Majority Caucus
U.S. House of Representatives
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FISCAL YEAR 2007 DEPARTMENTS OF TRANSPORTATION, TREASURY, HOUSING AND URBAN DEVELOPMENT, THE JUDICIARY, DISTRICT OF COLUMBIA, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL – H.R. 5576

SUMMARY

The appropriations bill for the Departments of Transportation, Treasury, Housing and Urban Development, the Judiciary, District of Columbia, and Independent Agencies – filed with the House on 9 June 2006 (H.R. 5576; H.Rept. 109-495) – provides \$67.8 billion in total new budget authority [BA] for fiscal year 2007. This amount is \$21 million below the allocation for this bill set by the full Appropriations Committee, so the bill complies with applicable provisions of the Congressional Budget Act.

The bill is the first to include advance appropriations (appropriations for years after 2007), which are governed by rules set forth in the budget resolution (H. Con. Res. 376). One \$6 million advance appropriation provided in this bill is not eligible to receive advance funding. The bill does not include emergency designated appropriations, also governed by the budget resolution. It is the eighth of 11 appropriations bills for the fiscal year beginning 1 October 2006 considered by the House.

Table 1: Departments of Transportation, Treasury, and Housing and Urban Development, the Judiciary, District of Columbia, and Independent Agencies
(fiscal years; millions of dollars)

	2006 Spending ^a	Administration 2007	302 (b) for 2007	Bill
Budget Authority	68,526	67,650	67,819	67,798
Outlays	121,519	130,514	130,069	130,043

^a Excludes supplemental appropriations.

COST OF THE LEGISLATION

The measure's \$67.8 billion in BA is a decrease of \$728 million compared with fiscal year 2006; the \$130.0 billion in outlays is \$8.5 billion more than the prior year (see Table 1). Compared with the administration request, the bill is \$148 million higher in budget authority, and \$471 million lower in outlays.

The cost of the BA provided in this legislation is offset by \$4.6 billion in savings from both rescissions of previously-enacted appropriations and changes to mandatory programs; these savings policies are the reason the cost of the bill is below last year's funding for these accounts. Of the \$4.6

billion in total offsets, \$4 billion is attributable to two transactions. The first is a routine rescission of unobligated discretionary appropriations in the Section 8 program (\$2 billion); the second is a rescission of mandatory contract authority in the Federal-aid highways program (\$2 billion). Neither of these rescissions provides outlay savings in 2007, although the Section 8 rescission will provide outlay savings beginning in fiscal year 2009.

The measure includes \$4.3 billion in advance appropriations for the Department of Housing and Urban Development [HUD], the U.S. Postal Service, and District of Columbia

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[DC] school improvement. (Advance appropriations are spending for a year beyond the budget's first year.) The \$4.2 billion provided for HUD's rental assistance program is the same as was provided in advance last year, while the \$80 million Postal Service advance is \$7 million above what was provided last year – and is the same as proposed in the request. The \$6 million provided for DC school improvement is a new advance appropriation that stems from the reappropriation of funds provided last year, and is not accommodated in the budget resolution.

The large difference between BA of nearly \$68 billion and outlays of \$130 billion – which would be highly usual in any other spending bill – is common in measures involving transportation spending. BA for certain highway and transit programs – principally the Federal-aid highways programs – “spends out” slowly, meaning it takes several years for the spending authority to translate into actual outlays.

Consequently, each year's outlays include large amounts resulting from budget authority provided in previous years.

The slow spendout for highway and transit programs also requires a special mechanism for constraining new BA on a year-by-year basis. Highway and transit BA typically authorizes capital spending that runs over several years. It is classified as mandatory spending, similar to most entitlement programs, but is constrained by annually applied measures called “obligation limitations.”

This bill contains obligation limitations totaling \$47.7 billion for spending from the Highway Trust Fund, of which \$38.1 billion is for the Federal-aid highways program, and \$8.3 billion is for transit programs. These amounts were authorized last year in SAFETEA-LU (P.L. 109-59). The bill also establishes an obligation limitation of \$3.7 billion for the Federal Aviation Administration.

COMPLIANCE WITH THE BUDGET RESOLUTION

By virtue of a rule adopted on 18 May 2006, the House-passed budget resolution (H.Con.Res. 376) was ratified as effective for enforcement of the Congressional Budget Act. The Appropriations Committee under section 302(b) of the Budget Act has submitted suballocations to its subcommittees (H.Rept. 109-488) that sum to the \$873-billion discretionary level in the budget resolution.

This reported measure is below the limit set through the subcommittee suballocation by \$21 million in BA and \$26 million in outlays. Accordingly, the bill is in compliance with the Budget Act provisions regarding consideration of appropriations measures in excess of the suballocation. The bill does not cause a breach of the budgetary totals for BA or outlays, which would violate the prohibition set forth in the Budget Act against the consideration of any bill that exceeds the budget resolution's totals.

As noted, the bill contains no emergency designated appropriations, but does include appropriations for fiscal years beyond the budget year (“advance appropriations”).

The budget resolution limits advance appropriations in two ways: the aggregate amount of enacted advance appropriations plus the amount provided by a bill under consideration must not exceed the limit set forth in the budget resolution, and advance appropriations contained in the bill must be for specific programs listed in the resolution.

The amounts provided in this measure will not breach the limit, but the \$6 million reappropriation for DC charter schools is not identified as a program that can receive advance appropriations. Accordingly, the bill does not comply with Section 401 of the budget resolution, which prohibits reporting an appropriation bill that contains an advance appropriation not contemplated by the resolution. A point of order would lie against section 531 of the bill, which provides the advance appropriation. If the point of order is raised and sustained, the section would be stricken from the bill. The Budget Committee Chairman does not plan to raise a point of order against this section of the bill at this time.

DISCUSSION

As noted, the measure reflects decreases from the fiscal year 2006 enacted levels of \$728 million in BA and increases of \$8.5 billion in outlays (see Table 2, next page). The decline in spending is attributable to the \$2.2 billion year-over-year decline in Federal Highway Administration spending, which

in turn is largely due to rescissions of mandatory contract authority for the Federal-aid highways program.

The \$2.5 billion in mandatory BA savings (with \$145 million in outlay savings) counted against the bill's cost are

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Table 2: Discretionary Spending in the Departments of Transportation, Treasury, and Housing and Urban Development, the Judiciary, District of Columbia, and Independent Agencies Appropriations Bill^a
(in millions of dollars)

	2006 Budget Authority	2006 Outlays	2007 Budget Authority	2007 Outlays	Difference BA	Difference Outlays
Legislative Branch (US Tax Court)	48	43	47	48	-1	5
Judicial Branch	5,343	5,241	5,679	5,676	336	435
Executive Office of the President	281	306	281	303	0	-3
Internal Revenue Service	10,545	10,574	10,461	10,461	-84	-113
Other Department of Treasury	997	990	1,040	1,083	43	93
Federal Aviation Administration	10,755	14,390	11,454	14,929	699	539
Federal Highway Administration	20	33,075	-2,165	36,505	-2,185	3,430
Federal Railroad Administration	1,502	1,543	1,085	1,118	-417	-425
Federal Transit Administration	1,593	8,722	1,583	4,128	-10	-4,594
Other Department of Transportation	701	1,849	699	7,738	-2	5,889
General Services Administration	321	157	140	243	-181	86
Public and Indian Housing Programs	25,145	31,372	25,634	31,471	489	99
Community Planning and Development	7,629	8,634	8,013	11,551	384	2,917
Other Housing and Urban Development	1,461	2,401	1,664	2,637	203	236
Office of Personnel Management	241	241	232	232	-9	-9
District of Columbia	599	560	575	556	-24	-4
Other Independent Agencies	1,316	1,391	1,343	1,331	27	-60
<u>Other</u>	<u>29</u>	<u>30</u>	<u>33</u>	<u>33</u>	<u>4</u>	<u>3</u>
Total	68,526	121,519	67,798	130,043	-728	8,524

^b Excludes supplemental appropriations.

primarily achieved within the DOT, with the largest change being the contract authority rescission noted above. Another change is due to increased receipts to the Aviation Insurance Revolving Fund from continuing the war risk insurance program, thereby yielding \$125 million in both BA and outlay savings in 2007 and \$490 million over the 2008-15 period.

A prohibition against the Internal Revenue Service's use of private agencies to collect tax revenue results in a savings of \$20 million in BA and outlays. The remaining savings is attributable to rescissions of unobligated balances in a variety of transportation programs.

Rescissions of previously-enacted discretionary BA total \$2.1 billion in BA and \$10 million in outlays. BA savings are as follows: \$2 billion from HUD's Section 8 program (noted earlier), \$76 million from Maritime Administration ship construction and loan guarantees, and \$22 million combined from rail and transit programs and the National

Transportation Safety Board [NTSB]. Outlay savings are derived from rail and the NTSB.

The Department of Transportation is provided with \$63.9 billion in budgetary resources (BA + Oblims), \$286 million above the request. This includes \$35.9 billion for the Federal-aid highways program and \$15.1 billion for the FAA. Funding levels for Federal-aid highways are consistent with the those envisioned in SAFETEA-LU (Public Law 109-59).

The bill funds the Department of Housing and Urban Development [HUD] at \$35.3 billion, \$1.1 billion above the 2006 level and \$1.3 billion above the request. Roughly half of the year-over-year increase goes to public housing.

The Department of the Treasury is funded at \$11.5 billion, \$41 billion below last year and \$90 million below the President's budget request. Most of these funds – \$10.5 billion – go to the Internal revenue Service [IRS]. As noted,

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the bill prohibits the use of private collection agents by the IRS to collect amounts due from unpaid tax liabilities, saving \$20 million.

The Judicial Branch is funded at \$5.7 billion in budget authority, which is \$336 million, or 6.3 percent, above the fiscal year 2006 level, and \$221 million below the President's request.

The District of Columbia Federal payments are \$575 million, \$24 million below 2006 and \$22 million below the President's request. Funds provided in the prior year's bill for District charter schools were made available for direct loans and credit enhancements. Since these funds would otherwise lapse, the language in this bill is treated just as if \$6 million of new budget authority was provided in 2008, and is therefore counted as an advance appropriation.

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