

**Policy Brief.....Conference Report on S.Con.Res. 95–
Concurrent Resolution on the Budget for Fiscal Year 2005**

DRAFT

May 19, 2004

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Rule Situation: The closed rule provides for one-hour of debate on the Conference Report. The rule also provides that until the Senate agrees to the Conference Report, the contents of the Conference Report shall be deemed to have full force and effect in the House (although this deeming provision does not trigger the Gephardt Rule spinning off an automatic debt increase bill). Finally, the rule closes the Conference on last year's Labor / HHS / Education Appropriations bill (thus eliminating the procedural quirk that permitted Rep. George Miller to offer motions to instruct on last year's appropriations bill).

Summary: The Conference Report sets out a one-year budget, providing revenue and spending levels along with the accompanying enforcement provisions effective for one year. In order to comply with the Congressional Budget Act, which requires Congress to adopt a 5-year budget, Title V of the Conference Report sets out baseline levels for the succeeding four fiscal years.

Major Provisions of Note:

Paygo – The Conference Report includes a “paygo” point of order applicable only in the Senate for any direct spending legislation or tax cuts (specifically excluding those enacted under reconciliation) that increase the deficit. The point of order may be waived with 60 votes and would expire on April 15, 2005.

Tax Relief – The Conference Report assumes \$28.194 billion in tax relief for 2005, of this amount \$22.9 billion can be enacted under reconciliation (there is an additional \$4.6 billion in outlays under reconciliation to cover the costs of refundable tax relief that would be extended).

Debt Limit Increase – Provides reconciliation protection in the Senate for a bill to increase the statutory debt limit by \$689.946 billion. A bill increasing the debt limit by the same amount will be automatically deemed as passed by the House (pursuant to the Gephardt Rule) if the House and Senate agree to the Conference Report.

Mandatory Spending Savings – The Conference Report does NOT include any reconciled mandatory spending savings. According to Committee staff, moving to a one-year budget made

inclusion of reconciliation instructions for mandatory savings difficult. The House-passed budget included reconciled savings of \$1.821 billion in the first year and \$13.233 billion over five years.

War Reserve Fund – Includes a \$50 billion reserve fund for ongoing military operations.

Comparison of House-Passed Budget and Conference Report

Increase or Decrease in Federal Taxes:

In Billions of Dollars

PROPOSAL	2005
House Budget	-19.919
Conference Report	-28.194

Total On-Budget (Excludes Social Security) Spending:

In Billions of Dollars

PROPOSAL	2005
House Budget	2,010.338
Conference Report	2,012.226

On-Budget Deficit (Excludes Social Security):

In Billions of Dollars

PROPOSAL	2005
House Budget	550.711
Conference Report	555.907

Unified Deficit (Includes Social Security):

In Billions of Dollars

PROPOSAL	2005
House Budget	376.827
Conference Report	381.922

Total Discretionary Spending (Includes \$50 Billion War Reserve Fund):

In Billions of Dollars

PROPOSAL	2005
House Budget	866.723
Conference Report	867.170

Defense Discretionary Spending (Excluding \$50 Billion War Reserve Fund):

In Billions of Dollars

PROPOSAL	2005
House Budget	418.261
Conference Report	420.794

Non-Defense Discretionary Spending:

In Billions of Dollars

PROPOSAL	2005
House Budget	398.462
Conference Report	396.376

Reserve Funds and Adjustments:

Conference Report:

- Deficit-neutral reserve fund for health insurance for the uninsured
- Deficit-neutral reserve fund for higher education
- Deficit-neutral reserve fund for Montgomery GI Bill Benefits
- Deficit-neutral reserve fund for Postal Service Reform
- Deficit-neutral reserve fund for the Family Opportunity Act
- Deficit-neutral reserve fund for Military Survivors' Benefit Plan
- Reserve Fund for pending legislation
- Contingency procedure for Surface Transportation
- Wildland Fire Suppression – Includes provisions that permit total discretionary spending to be increased by up to \$500 million in fiscal year 2005 to solely fund an increase in wildland firefighting that is above the 10-year average for funding for wildfire suppression. The Conference Report also permits an additional \$500 million in spending for wildfire suppression in fiscal year 2004.
- Project Bioshield – Provides an adjustment to the spending levels to fund Project Bioshield.

Enforcement Provisions:

Conference Report:

- Restriction on advanced appropriations
- Requires that when spending is designated as an emergency that an explanation be included in the Committee Report or Congressional Record indicating how the spending meets the criteria for emergency spending. In the Senate this is enforced via a point of order.
- Includes discretionary spending limits (enforced with a point of order) in the Senate

Submission of Reports on Savings:

- Requires House and Senate Armed Forces Committees to report savings of \$2 billion from low-priority and wasteful programs that can be used to enhance combat capabilities with an emphasis on force protection, munitions, and surveillance capabilities.
- Requires House and Senate Committees to submit a report identifying a total of \$150 million in savings from low-priority and wasteful programs that can be used to fund high priority programs.

Senses of the House, Congress, Senate:

Sense of the House on entitlement reform

Sense of Congress on spending accountability

Sense of the Senate on budget process reform

Sense of the Senate on budget process reform with regard to the creation of bipartisan commissions to combat waste, fraud, and abuse and to promote spending efficiency

Sense of the Senate on the relationship between annual deficit spending and increases in debt service costs

Sense of the Senate regarding the costs of the Medicare prescription drug program

Sense of the Senate on returning stability to payments under Medicare physician fee schedule

Sense of the Senate supporting funding restoration for agriculture research and extension

Sense of the Senate concerning a national animal identification program

Sense of the Senate regarding contributions to the global fund to fight AIDS, tuberculosis, and malaria

Sense of the Senate concerning child nutrition funding

Sense of the Senate regarding compensation for exposure to toxic substances at the Department of Energy

Sense of the Senate regarding tax incentives for certain rural communities

Sense of the Senate concerning summer food pilot projects

Sense of the Senate regarding closing the “tax gap”
