INFORMED BUDGETEER: Vote on Tuesday!

VOTING AND THE BUDGET

- While many differences have been aired in this year's Presidential and Congressional elections, the *Bulletin* believes we can all agree that the budget and what to do with a projected budget surplus have been central to this year's debate.

- The wishes of the electorate on these budget and other issues will be expressed by their vote on Tuesday. However, will the wishes of the majority be expressed if only 41.9% of the voting-age population actually vote?

- In the 1998 Congressional elections, only 42% of the eligible population voted. This was the lowest turnout since the Census Bureau began collecting such data. The Committee for the Study of the American Electorate using a different methodology reported that the 1998 turnout was the lowest since 1942.

- Of course 1998 was not a Presidential election year and the Census Bureau reports that voter turnout is usually higher in those years. As an example, the 1996 voter turnout was a paltry 54.2% as measured by the Census Bureau. This even though 65.9% were registered to vote.

- Once again, 1996 was the lowest recorded voter turnout in a Presidential election year since Census began collecting such data; the lowest since 1948 according to the Congressional Research Service using their methodology. In 1964, the battle for the Presidency between Lyndon Johnson and Barry Goldwater resulted in nearly a 70% turnout rate (69.3%) according to Census data.

- The table below summarizes the voter turnout for the last Congressional and Presidential election years:

Reported Voting by Race, Hispanic Origin, Gender and Age
(Numbers in thousands, Civilian noninstitutional population)

	Congressional 1998	Presidential 1996
Total, voting age	198,228	193,651
% voted	41.9	54.2
White	46.5	56.0
Black	40.0	50.6
Hispanic origin*	20.0	26.7
Male	41.4	52.8
Female	42.4	55.5
18 to 24 years	16.7	32.4
25 to 44 years	34.8	49.2
45 to 64 years	53.6	64.4
65 years and older	59.5	67.0

*Hispanics may be of any race; SOURCE: Census Bureau, Current Population Reports, Series P20.

- For those who were registered to vote but did not vote, the Census Bureau found both in the 1996 Presidential and the 1998 Congressional elections that the single greatest reason given for not voting was "no time off, conflicting work or school schedules, too busy." This was the response given by nearly 22% of those not voting in 1996, and 35% of those not voting in 1998.

- The second largest reason for not voting even though registered, both in the 1996 and 1998 elections, was "not interested and felt their vote would not make a difference." This response was given 17% of the time in 1996 and 13% of the time in 1998. The *Bulletin* assumes that with a close Presidential and Congressional election year, every vote will make a difference in 2000, and we hope this statistic will decline in the next Census report.

- A final note. We are budgeteers, so nothing is ever as simple as it appears. The "official" turnout rate in the 1996 Presidential election, as reported by the Clerk of the House of Representatives was less than 50% – officially 49.8%. The official turnout rate is calculated by dividing the actual number of votes cast for President by the voting age population. The Census Bureau's figure of 54.2% for the same year, is derived by calculating a vote cast for any public office or ballot issue. It is estimated by Census that their rate of voter participation is always higher from between 5 -12% points when compared to the official rate.

- Vote on Tuesday! It will help advise on the next budget!

PUTTING A PRICE ON DEMOCRACY

- As budgeteers may know, since 1976, presidential elections have been financed to a large extent through public funds administrated by the Federal Election Commission (FEC). Candidates who meet eligibility requirements and agree to voluntary limits on campaign expenditures qualify for matching funds in the primaries. Major party candidates also qualify for full subsidies equal to the spending limit in the general election. In addition, parties may receive funding for their nominating conventions. As of the end of September, the federal budget costs of these public subsidies reached nearly $240 million for the 2000 Presidential campaign.

Public Subsidies in Presidential Elections: 1976-2000
($ in millions)

Year	Primary	General	Conventions	Total
1976	23.7	43.6	3.6	70.9
1980	29.6	62.8	8.1	100.5
1984	35.6	80.3	15.9	131.8
1988	66.3	91.8	18.4	176.5
1992	41.2	110.1	22.1	173.3
1996	56.7	152.7	24.5	234.0
2000*	60.7	147.7	29.5	237.9

*As of 9/29/00

- Based on data released on November 1, 2000 by the FEC, the major Presidential candidates have raised a combined $357 million from private contributions for the 1999-2000 election cycle.

- Meanwhile, Congressional candidates raised a record $800 million through October 18, 2000, according to a summary of reports filed with the FEC.

- Disclosure reports covering financial activities from January 1, 1999, through June 30, 2000, also show that the federal accounts of the major two party committees raised a total of $389.3 million.

- At a minimum, the public has spent $1. billion, $7.12 for every man, woman and child, either through voluntary contributions or federal subsidies for the 1999-2000 federal election cycle.

- Once the election is over, the federal costs do not end. The Presidential Transition Act (PTA), passed in March 1964, authorized the General Services Administration to provide the President-elect and Vice President-elect office space, staff compensation, communication services and travel costs. The outgoing President and Vice President also enjoy the same benefits.

- For FY01, the expenses for Presidential transition activities are included in the Treasury appropriations bill at $7.1 million, which President Clinton vetoed on October 30.

- Let's not forget the inauguration expenses, which are funded in the Legislative Branch bill at $1 million (also vetoed on October 30 by the President). These are considered a joint congressional item administered by the Joint Congressional Committee on Inaugural Ceremonies of 2001. Furthermore, the D.C. appropriations bill reimburses the District $6.2 million for expenses incurred in connection with the Presidential Inauguration in January 2001.

- Another cost incurred during this election is due to the unprecedented Senate candidacy of the First Lady. For security and other reasons, the President, Vice President, and First Lady use military aircraft when they travel.

- When a trip is for an official function, the government pays all costs. On the other hand, when a trip is for political purposes, the parties involved must pay for their own expenses. In the case of air travel they must reimburse the government the equivalent of the airfare that they would have paid had they used a commercial airline.

- However, there are trips which involve both political and official activities. A complex formula is used to determine the amount to be reimbursed for that part of the trip involving political activities. Either way, the Air Force pays all operational and other costs incurred by the use of the aircraft, which is much greater than the cost of a commercial airline ticket.

- On the basis of data provided by the White House, the House Appropriations Committee has estimated travel costs incurred by the First Lady's use of military aircraft for her Senate campaign.

- The committee estimated that from June 9, 1999, when the First Lady began her exploratory campaign, through August 29, 2000, the trips cost the Air Force $1.5 million in operating costs. Her campaign had reimbursed the government $203,706, the equivalent of first-class airfare for those 102 trips to New York. The taxpayers will pick up the remaining $1.3 million.

- In total then federal taxpayer costs for this year's election will exceed $250 million.

RISING RAISES FOR FEDERAL EMPLOYEES

- A recent article in the *Washington Post* entitled "Clinton Signals Tax Cut Deal Possible," mentioned that government workers could receive a pay raise totaling 16.05% after January 1 unless the President acts to limit that raise.

- As an inquisitive budgeteer, you may have asked how that could be possible. But under Section 529 of Public Law 101-509, the Federal Employees Pay Comparability Act (FEPCA), federal civilian employees are indeed entitled to a nationwide average net pay increase of roughly that size.

- More specifically, FEPCA, which was passed in 1990, entitles federal civilian employees to receive both an annual pay adjustment and a locality-based comparability payment.

- The annual pay adjustment is based on an index called the Employment Cost Index (ECI) that measures changes in private sector wages and salaries. Based on the ECI, the annual across-the-board increase will be 2.7% in 2001.

- The stated purpose of the locality payment under FEPCA was to gradually reduce a perceived initial gap of 25% (which has since increased) between federal and non-federal salaries to 5% between calendar years 1994 and 2002. The law requires that 90% of this target pay gap be made up by 2001. The size of the locality payment is based on a comparison of private sector and government salaries in 32 separate pay areas nationwide, as estimated by the Bureau of Labor Statistics. On average, the locality-based comparability payment for all 32 areas would be 13.71% in 2001. In the Washington, DC area it would be 15.08%.

- Under FEPCA, the locality-based comparability payment for 2001 would be so high because the law has been effectively ignored by the Clinton administration for more than six years and, therefore, the pay gap has been reduced only negligibly. In 1993, a decision was made by the Office of Management and Budget to not use the law's methodology because the Administration doubted the law's underlying premise of a pay gap.

- In President Clinton's 2001 budget submission, he instead requested a 3.7% overall average pay increase for federal civilian employees in 2001, including the locality payment. By its silence, the Congress appears to have not objected to that raise level, but inexplicably, the provision enacting that the pay raise has not been included in any action on spending bills to date. (The Defense Appropriations bill for 2001 has already provided the military with a 3.7% raise.)

- If Congress fails to explicitly enact a substitute 3.7% increase for the pay raise that would take effect under current law before adjourning sine die, the President then has two choices. He can either allow the 16% raise under FEPCA to go into effect or he can use an exception in the law allowing him to declare that "serious economic conditions affecting the general welfare" require him to submit an alternative pay plan.

- In a year in which such large budget surpluses are projected, such a declaration probably would not ring true to most federal employees.

BUDGET QUIZ

Question: Who will submit a budget to the Congress for FY 2002?

Answer: It depends. Section 1105 of title 5 of the US Code requires the President submit a budget "on or after the first Monday in January but not later than the first Monday in February". Therefore, the law permits, but does not require, President Clinton to submit a budget prior to the swearing in of his successor on January 20, 2001. Clearly his successor would want to submit one too. Although the law states that the budget is to be submitted no later than the first Monday in February, there is no penalty for missing the deadline.

- *Note* that in January of 1993, apparently pursuant to the option in section 253(g)(1)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, resident Bush submitted a "budget-like" document entitled *Budget Baselines, Historical Data, and Alternatives for the Future.* President Clinton sent a 145-page "comprehensive economic plan" for the Nation to the Congress on February 17, 1993, followed by a full budget on April 8, 1993.

CALENDAR

- During the Month of November, the Senate Budget Committee will sponsor a series of staff briefs on Electronic Commerce, Data Privacy and International Trade. All briefs will be held in the Committee's Hearing Room – SD-608.

November 2: Review of "Networked World Initiative" US Trade Representative, General Counsel, Robert Novick. 3:00pm.

November 9: Review of the Safe Harbor privacy principles which became effective in the U.S on November 1. Undersecretary of Commerce Robert S. Larussa and Barbara Wellbury. 2:30 p.m.

November 14: National Coalition on E-Commerce and Privacy. Panel-style brief from several coalition members including Susan Pinder, Chairman of the Coalition, from General Electric, Dan Morrissey, Vice Chair from the Investment Company Institute, and John Schall, Executive Director of NBCEP. Gerard deGraaf, First Secretary for Trade, Washington Delegation of the European Commission will also brief. 2:30 p.m.

November 21: Just how private are you on the Net? Daniel Ebert Net Coalition Committee, Dana Rosenfeld , FTC, and Andrew Shen, Electronic Privacy Information Center. 1:00 p.m.

TBD: An update on U.S. privacy measures and laws governing internet privacy issues and how this might impact international trade law. Makan Delrahim, Counsel for the Senate Judiciary Committee.