

INFORMED BUDGETEER: Holiday Edition

THE END OF THE APPROPRIATION ROAD FOR FY 2001

- On December 21, 2000 President Clinton signed H.R. 4577, the Consolidated Appropriations Act for FY 2001. This bill – along with a separate signature on the Commerce, Justice, State bill on the same day – brings to an end the appropriation process for this year.

Appropriations Status With Supplemental* by Appropriation Subcommittee, \$ in millions				
		2000 ^A	2001	% change
Agriculture	BA	14,825	18,713	26.2
	OT	14,919	18,286	22.6
Commerce, Justice, State	BA	38,487	37,524	-2.5
	OT	38,187	37,392	-2.1
Defense	BA	276,989	287,613	3.8
	OT	272,535	276,720	1.5
District of Columbia	BA	430	446	3.7
	OT	501	450	-10.2
Energy and Water	BA	21,433	23,598	10.1
	OT	21,303	23,217	9.0
Foreign operations	BA	16,400	14,901	-9.1
	OT	13,926	15,105	8.5
Interior	BA	15,142	18,883	24.7
	OT	14,971	17,387	16.1
Labor HHS	BA	87,094	108,942	25.1
	OT	88,663	96,627	9.0
Legislative branch	BA	2,466	2,537	2.9
	OT	2,450	2,538	3.6
Military Construction	BA	12,731	4,592	-63.9
	OT	12,734	4,435	-65.2
Transportation	BA	13,283	16,814	26.6
	OT	43,953	49,444	12.5
Treasury Postal	BA	13,780	15,630	13.4
	OT	14,243	15,149	6.4
VA, HUD	BA	72,784	82,599	13.5
	OT	83,485	86,883	4.1
Deficiencies	BA	-278	273	--
	OT	-273	273	--
Title I of HR 5666	BA	0	1,041	--
	OT	0	487	--
2001 ATB Cut of 0.22% ^B	BA	0	-1,026	--
	OT	0	-602	--
Total	BA	585,566	633,080	8.1
	OT	621,597	643,791	3.6
Total plus mass transit BA	BA	586,725	634,334	8.1
	OT	621,597	643,791	3.6
Total Supplemental Spending	BA	16,917	2,421	--
	OT	13,799	-907	--
Emergencies	BA	12,947	8,744	--
	OT	2,078	11,225	--
Memo:				
Defense	BA	297,688	311,003	4.5
	OT	293,032	299,876	2.3
Nondefense	BA	289,037	323,331	11.9
	OT	328,565	343,915	4.7

SOURCE: Senate Budget Committee. *This table assigns each of the 2000 supplemental items from the Military Construction bills to the subcommittee from which the spending for the item would traditionally occur. ^ADiscretionary spending for 2000 includes CBO's July 2000 projections and supplemental appropriations in the 2001 Military Construction and Defense Appropriations bills. ^BAll accounts except Labor, HHS & military personnel.

- After 21 continuing resolutions since the beginning of the fiscal year on October 1, all appropriation bills are now law. The summary table highlights spending for each subcommittee, with a 0.22% across the board spending cut equal to \$1.026 billion unallocated at the subcommittee level. Interestingly though, the across the board spending cut was less than the \$1.041 billion miscellaneous appropriation add-backs in the final bill, again in the table unallocated at the subcommittee level.

- Discretionary spending authority for FY 2001 totals \$634.3 billion – an 8.1% increase over the final FY 2000 spending authority levels of \$586.7 billion. The final FY 2001 figure is \$34.3 billion above the \$600 billion spending level assumed in this year's budget resolution, and \$10.6 billion above President Clinton's budget request submitted to Congress almost 11 months ago.

- The FY 2000 spending of \$586.7 billion included \$16.9 billion in supplementals. Excluding supplementals in FY 2000 (which included \$12.9 billion in emergency spending), discretionary spending authority will grow nearly 11.3%.

- Defensespending authority will grow 4.5% between 2000 and 2001, while nondefense discretionary spending will grow nearly 12% over the same time period. Major subcommittee winners in this year's appropriation battles include: (1) Agriculture up 26.2%, (2) Interior up 24.7%, (3) Labor/HHS up 25.1%, and (4) Transportation up 26.6%.

- Commitments have already been made for fiscal year that doesn't begin until October 1, 2001. These advance appropriations total \$23.2 billion for FY 2002 – 80% of these advances in programs funded by the Labor, HHS appropriation bill.

- This year's budget resolution limited advance appropriations to no more than \$23.5 billion. On this one issue, the much maligned budget resolution held its own with advances falling \$300 million below the resolution's guidance.

Advance Appropriations For 2002 Enacted in 2001 Appropriation Bills Budget Authority, \$ in millions	
Subcommittee	Budget Authority
CJS	
2002	105
Interior	
2002	36
Labor-HHS	
2002	18,474
<u>2003</u>	<u>365</u>
Total	18,839
Treasury	
2002	343
VA-HUD	
<u>2002</u>	<u>4,200</u>
TOTAL	
2002	23,158
<u>2003</u>	<u>365</u>
Total	23,523

Advance Appropriations in 2000 bills:	
2002	370
2003	20

SOURCE: Senate Budget Committee

SURPLUS ENDGAME

- So after all is said and done, how did the 106th Congress fare on its goal to set aside 90% of the surplus for debt reduction this year?

- The details are not all in – final scoring of Medicare and Medicaid add-backs – but based on all the other final decisions for appropriations, mandatory spending items, and taxcuts, Congress easily met its goal of setting aside 90% of the projected FY 2001 surplus for debt reduction. Indeed based on the *Bulletin's* estimates it set aside nearly 95% of the FY 2001 surplus for debt reduction and if projected out over the next 10 years about 90% of the surplus will go to debt reduction.

- Details in the table lay out CBO's summer estimate of the surplus in 2001, over the next 5 and 10 years. For 2001 a projected unified budget surplus of \$267.8 billion is reduced by Congressional

actions only \$14.2 billion to \$253.6 billion – through a combination of tax cuts (\$2.1 billion), appropriations over an inflated baseline (\$6.2 billion), and mandatory spending items (\$5.3 billion). The residual left of the surplus – \$253.6 billion – then would all go to debt reduction.

- Similar calculations are shown for 5 and 10 year surplus estimates. The result over the next 10 years, based on CBO's summer baseline estimates, is that the total unified budget surplus of \$4.561 trillion is reduced by about \$500 billion due to the final actions of the 106th Congress. If the level of final appropriations for 2001 is continued into the future, appropriations reduce the projected surplus over the next decade by \$276.3 billion. Tax cuts reduced the projected surplus by only \$36.4 trillion.
- The non-social security surplus left on the table after the actions of the 106th Congress remain at nearly \$1.7 trillion (including the Medicare HI surplus). This surplus, adjusted for any revised economics in January, sets the stage (should we say sets the table) for an interesting debate between the new President and the new Congress on budget priorities in the years to come.

Surplus Status			
\$ in Billions			
	2001	2001-05	2001-10
Available Surplus:			
Unified surplus CBO July update*	267.8	1695.6	4561.2
Uses of Surplus:			
Social Security surplus- CBO July	165.4	1000.7	2387.7
CBO July Medicare HI surplus	32.1	189.0	360.8
Tax Options:			
CSRS contribution rollback	0.6	0.8	0.8
Defense auth. thrift savings plan	0.0	0.3	1.1
Rollover contributions to thrift savings	0.0	0.1	0.1
Tariff Suspension and Trade Act	0.2	1.6	4.5
Foreign Sales Corporation repeal	0.0	-0.0	-0.0
Export Administration Act penalties	1.1	1.8	2.1
Installment Tax Correction Act	0.1	0.0	0.0
Homeowner and Econ. Opport. Act	0.0	-0.0	-0.0
Commodity Futures Modernization	0.0	0.6	2.0
Miscellaneous Appropriations	<u>0.1</u>	<u>7.5</u>	<u>25.7</u>
Community Renewal Tax Relief Act	2.1	12.9	36.4
Subtotal	3.9	10.9	4.0
Medicare addbacks ^A			
DOD Authorization:	0.0	18.7	59.9
Military Retiree Health Care (mand.)	-0.0	1.0	1.8
Other & DOE Money			
Community Renewal Tax Relief Act ^B	0.3	0.9	1.7
On-budget effect	0.7	2.3	4.1
Off-budget effect-change to SS surplus	0.4	1.3	2.3
Other Mandatory ^C	0.6	23.5	116.0
Appropriations w/supplemental	56.1	317.4	1310.2
Debt Service	253.6	1507.2	4058.7
Remaining surplus/add'l debt reduction	94.7	88.9	89.0
Total Debt Reduction			
% of Total Surplus for Debt Reduction			

*Inflated Baseline. ^APreliminary estimate of the effect of HR5661 based on an estimate of HR5543. ^BMandatory outlays. ^CIncluding payments to counties, VA education, & Victims of Terrorism. Does not include mandatory effects of Division B of HR 5666.

2000: BY THE NUMBERS

- Ⓟ How many Continuing Resolutions did we pass for FY 2001? 21
- Ⓟ How many appropriations bills were vetoed this year? 3 (three bills covered by two vetoes)
- Ⓟ How many appropriations bills were not debated on the Senate

floor this year? 2

- Ⓟ How much higher was the actual 2000 surplus compared to the January 2000 CBO estimate? \$61 billion
- Ⓟ How much higher were actual revenues compared to the January 2000 CBO estimates? \$80 billion
- Ⓟ How much higher were actual outlays compared to the January 2000 CBO estimate? \$19 billion
- Ⓟ How much was debt held by the public reduced in 2000? \$223 billion
- Ⓟ How much was debt held by the public reduced over the past three years? \$363 billion
- Ⓟ For how many years in a row has debt held by the public fallen as a percentage of GDP? 7
- Ⓟ For how many years in a row have revenues risen as a percentage of GDP? 8
- Ⓟ When was the last year that revenues as a percentage of GDP were as high as in 2000? 1944
- Ⓟ How many times did we vote to waive the Congressional Budget Act? 30
- Ⓟ How many times did the motion pass? 1

CPI: CHRISTMAS PRICE INDEX

(as of 12/19/00)

Its time for one of the *Bulletin's* favorite holiday tradition, our Christmas Price index.

Gold: \$269.55 per troy oz., London Bullion Market; 1999 price - \$284.15 per troy oz. Change from 1999 to 2000: -5.14%

Silver: \$4.57 per troy oz., London Bullion Market; 1999 price - \$5.20 per troy oz. Change from 1999 to 2000: -12.12%

Frankincense: \$5.71 per oz., Adventure Arabia Store; 1999 price - \$6.21 per oz.

Myrrh: \$4.00 per oz., Adventure Arabia Store; 1999 price - \$3.58 per oz.

Chanel No. 5: \$352 per oz., Chanel Boutique, N.Y.; 1999 price - \$280 per oz.

^ HOLIDAY WISHES ^

The Staff of the Senate Budget Committee would like to shed its Grinch image long enough to wish our faithful *Bulletin* readers and their families a happy and healthy holiday season and a joyous New Year. We will be taking a holiday break, but look for a FY 2002 primer in your mailboxes after the inauguration.

CLARIFICATION

- In our previous issue, the *Bulletin* went a long way to inject a footnote of irony into a piece otherwise intended to provide clarity to the issue of pay for members of Congress. Alas, this attempt perhaps caused some confusion on its own part. The footnote suggested that President Clinton rejected the pay raise for his successor when he vetoed the 2001 Treasury appropriations bill the first time it was sent to him by the Congress.
- In fact, Compensation of the President, which is a mandatory

appropriation, was already increased in statute a year ago in the 2000 Treasury appropriations bill (increased for the first time since 1969 from \$200,000 to \$400,000, effective January 20, 2001). All that remained was for the 2001 bill to provide the liquidating appropriations action, which was vetoed the first time.

- It remains unclear what would have happened in the unlikely event that a "liquidating appropriation" had never been provided for 2001 and that the Treasury bill operated instead at the 2000 level on a CR basis. Perhaps that's a *Budget Quiz*: how much would President George W. Bush have received in pay?