



BUDGET BULLETIN



COMMITTEE ON THE BUDGET
Republican Staff

Judd Gregg, Ranking Member
202/224-0642 <http://budget.senate.gov/republican>

110th Congress, 2nd Session: No.3a

March 13, 2008

INFORMED BUDGETEER: WHY IS IT SO CONFUSING TO FIGURE OUT WHAT THE BUDGET RESOLUTION INCLUDES FOR DISCRETIONARY SPENDING?

- It has always been confusing to compare discretionary funding in budget resolutions, though this year may be worse in terms of obfuscation. If you looked in the actual legislative text of the House and Senate budget resolutions reported out by the respective Budget Committees, you would be forgiven if you decided to give up trying to make sense of what is bigger than what and by how much.
- The content of an actual budget resolution is notoriously useless for almost any user. It consists of pages and pages of numbers, each followed by six zeros, showing budget authority, outlays, revenues, and debt by budget function and/or in total for six years (2008-2013). The text of budget resolutions has never provided any distinction between mandatory and discretionary spending, a distinction that most budgeteers use to better understand what is going on with any budget's details.

Table 1: Discretionary Spending Information Provided in House- and Senate-Reported FY09 Budget Resolutions
(BA in \$ billions)

	2008	2009
House	no info	no info
Senate - Discretionary spending limit	1055.478	1008.482

Source: [H. Con. Res. 312](#) and [S. Con. Res. 70](#)

- The legislative text of the House budget resolution is silent on how much discretionary spending is in the resolution. The Senate budget resolution (see Table 1) only gives a glimmer because it includes in its Budget Process title (Title II) a subtitle B on discretionary spending. Subtitle B sets out discretionary spending limits (p. 32) and amounts by which those spending limits can be increased (aka "cap adjustments") if Congress appropriates sufficient funds for additional war funding or for five initiatives to improve program integrity (e.g., provide more funding for the IRS to increase tax law enforcement).
- By comparing the discretionary spending limits provided for 2008 and 2009 in the Senate budget resolution, it would appear that the budget intends for annual appropriations to decrease by about \$47 billion. Can this be right when the sponsors of the resolutions are touting how they have "rejected" the cuts proposed in the President's budget and have replaced them with large increases for their "priorities"?
- Perhaps the report language provides more guidance? Traditionally, perhaps the most important place to look in the report or committee print accompanying the reported budget resolution for the level of discretionary appropriations contained in the resolution is the 302(a) allocation to the Appropriations Committee of the House and Senate.

Table 2: Discretionary Spending 302(a) Allocation Provided in Report/Print Accompanying House and Senate FY 2009 Budget Resolutions
(BA in \$ billions)

	2008	2009
House	1046.478	1014.012
Senate	1055.478	1008.482

Source: [House Report 110-543](#) and [Senate print 110-039](#)

AN ASIDE ABOUT HOUSE VS. SENATE DISCRETIONARY SPENDING LEVELS FOR 2008

From comparing the House and Senate 302(a) allocations to the Appropriations Committees for 2008, the House appears to want to spend \$10 billion less in 2008 than does the Senate. Why would these numbers even be different at all since the last non-emergency appropriations for 2008 were provided three months ago with enactment of the omnibus appropriations bill for 2008?

When the budget resolution for the budget year (in this instance – 2009) provides current-year (in this instance – 2008) levels, it usually sets the levels to be the same as those already enacted for the current year (as estimated in CBO's most recent baseline). The fight between Congress and the President raged all last year over whether to appropriate \$956 billion or \$933 billion for 2008, but it finally ended with enactment of the omnibus appropriations bill, which resulted in a total of \$936 billion for regular appropriations and \$101 billion in emergency appropriations. Now with the fiscal year more than half over by the time the conference report on the budget resolution could be adopted in April, there is no rationale for additional funding in this fiscal year, unless there is a need that has not yet arisen but that could emerge later (after adoption of the budget resolution) as a result of a disaster or emergency.

But the Senate's budget resolution for 2009 would provide an extra \$10 billion of discretionary resources for 2008 to fund additional appropriations as part of another stimulus package. The only reason to do this is so the next stimulus package would not have to designate the additional appropriations as an emergency. (Everything in the stimulus package that was enacted last month was designated as an emergency, meaning that the cost of that package did not count for purposes of budget enforcement.)

However, there is no apparent consensus yet that everything in the next stimulus package would qualify to be designated as an emergency. The Senate budget resolution appears to fear this hurdle and therefore would protect \$10 billion from the scrutiny that the 60-vote hurdle, associated with the emergency designation point of order, imposes on so-called emergencies.

The Senate resolution itself provides evidence that the \$10 billion in discretionary spending offers little in the way of immediate stimulus that warrants an emergency designation: it only displays \$1 billion in outlays in 2008 flowing from the \$10 billion in budget authority. This does not exactly meet the definition of stimulus (remember? timely, targeted, and temporary) -- getting the funds out the door in a hurry through programs that can increase aggregate demand in the economy immediately.

Increases for Stimulus Spending Assumed in Senate Budget Resolution Above Level Enacted for 2008

(\$ billions)

CDBG/Housing Counseling	4.2
3,000 "ready to go" infrastructure projects	3.5
Education	1.4
LIHEAP	0.6
WIC	0.3
Total Increase in 2008 Appropriations	10.0
Associated increase in discretionary outlays	1.0

Source: Senate print 110-039

- Hmmmmm. Looking at the 302(a) allocations alone (see Table 2 on the previous page), dogged budgeteers determined to get to the bottom of this are pretty much in the same boat as they were before. At least the 302(a) allocation in the House report gives a hint as to what the discretionary number is in the House resolution, since the House resolution itself provides no clue. But both the House and Senate numbers are telling the same, seemingly wrong, story – that the resolutions want to spend less in 2009 than in 2008. Skeptical budgeteers would be right not to believe it.
- So where else to look for clues to solve the mystery about the discretionary spending levels? Back to the Budget Committees' reports. Page 45 of the Senate print (see Table 3) shows that if you add up all the amounts that the budget resolution is promising can be provided through the appropriations process for all the good things the budget resolution claims to support – from the levels for defense (function 050) through general government (function 800) – you get a total of **\$1.093 trillion** in specific function-by-function spending promises.
- But the Senate resolution also displays a “negative spending” entry in the “Allowances” function 920 (see Budget Quiz in previous *Budget Bulletins* for more detail on this pseudo-function [Bulletin Issue 2: April 8, 2002](#) and [Bulletin Issue 8: March 31, 2003](#)). The majority will likely argue that this offsetting reduction of \$8.1 billion in appropriations represents the usual collection of rescissions of budget authority and reductions or deferrals of mandatory spending that the appropriators are likely to employ to make all their spending items “fit” within the allocation they ultimately receive. Using this technique allows the Senate resolution to show a net discretionary level of **\$1.085 trillion** for 2009.

Table 3: Comparison of Discretionary Spending Detail Displayed in Senate and House Budget Resolution Reports
(BA in \$ billions)

	<u>2008</u>	<u>2009</u>
SENATE		
Total of discretionary levels from functions 050 through 800	1163.534	1093.468
Function 920 (Allowances)	--	-8.087
Net Discretionary Total	1163.534	1085.381
HOUSE		
Total of discretionary levels from functions 050 through 800	1155.534	1089.773
Function 920 (Allowances)	1.000	--
Net Discretionary Total	1154.534	1089.773

Source: S. Prt 110-039 and House Report 110-543

- Pages 55-56 of the House report show that the House does not make use of the Allowances function, at least for 2009. So for the House, what you see across all the individual functions is what you get in total for discretionary spending: \$1.090 trillion, or about \$4.4 billion more than the net Senate level for 2009.

- Still, none of this is telling us what everyone seems to want to know (how much more than the President do the House and Senate really want to spend?), nor does it illustrate the claims of the two resolutions that they seek to spend more in 2009 than in 2008. The following tables disentangle the data to reveal those answers.
- First, page 49 of the Senate report includes a discretionary spending summary table (while the House report does not) that begins, but does not finish, the job of providing numbers that can be used to draw useful comparisons.

Table 4: Discretionary Spending Summary for Committee-Reported 2009 Senate Budget Resolution
(BA in \$ billions)

	<u>2008</u>	<u>2009</u>
Defense	689.808	607.769
Non-Defense	<u>473.726</u>	<u>477.612</u>
Total Discretionary Spending	1163.534	1085.381
<u>Memorandum</u>		
<u>(subtract):</u>		
War	108.056	70.000
Levee Repair		5.761
Program Int. Cap Adjustments		1.138
Remaining Discretionary Spending	1055.478	1008.482

Source: page 49 of Senate Print 110-039

- The top half of Table 4 reprises what is in the discretionary totals for the Senate resolution and is just as unhelpful. But the memorandum item in the bottom part of the table shows the amounts included in the totals that reflect costs for the war (\$108 billion for 2008 and \$70 billion for 2009); these war costs are usually excluded when analysts make comparisons of discretionary levels because these amounts are not considered part of “regular” appropriations.
- The memo item also shows that the Senate resolution includes \$5.8 billion for levee repair and \$1.1 billion in program integrity cap adjustments in 2009. For the latter item, the \$1.1 billion represents the amount that is included in the resolution totals, but that is held back from the initial 302(a) allocation (and the conforming discretionary spending limit) until the appropriation bills provide the designated levels for six different purposes. This is a way to try to make sure that the appropriation bills enact funds for certain “good government” activities (although it did not work last year). The President requested the exact same cap adjustments as part of his total request, except for \$70 million for research in comparative effectiveness of healthcare and \$100 million for reducing waste in defense contracting.

MAKE SURE TO READ ON TO PART 2 OF THIS TWO-PART BULLETIN IN No. 3B



BUDGET BULLETIN



COMMITTEE ON THE BUDGET
Republican Staff

Judd Gregg, Ranking Member
202/224-0642 <http://budget.senate.gov/republican>

110th Congress, 2nd Session: No.3b

March 13, 2008

INFORMED BUDGETEER: PART 2 OF: WHY IS IT SO CONFUSING TO FIGURE OUT WHAT THE BUDGET RESOLUTION INCLUDES FOR DISCRETIONARY SPENDING?

- The President's budget also originated the \$5.8 billion request for levee repair starting in 2009. The President's budget designated this request as an "emergency." The Senate resolution follows suit, even though the purpose of the \$5.8 billion does not match the criteria in the Senate's emergency designation point of order and the President's proposed statutory definition of an emergency: necessary, essential, or vital (not merely useful or beneficial); sudden, quickly coming into being, and not building up over time; an urgent, pressing, and compelling need requiring immediate action; unforeseen (an emergency that is part of an aggregate level of anticipated emergencies, particularly when normally estimated in advance, is not unforeseen), unpredictable, and unanticipated; and not permanent, temporary in nature.
- To qualify for the emergency designation, an emergency spending item must meet all of these criteria, not just a few of them. While levee repair is certainly an essential, even vital, need, the desire to fund levee repair as an emergency clearly falls short of the criteria that the spending need is sudden, urgent, and immediate (the President and the Senate are not asking for the money today; they both don't even want it until next year) and that it is unforeseen (we have known for some time that certain levees need repair). Therefore, this discussion reflects the \$5.8 billion for levee repair as part of the regular level of discretionary funding for 2009 desired by both the Administration and the Senate.
- A more informative way to recapitulate the memorandum item from the Senate summary item for 2009 (see Table 4 in Part 1 of this *Bulletin*) would be to simply subtract the \$70 billion that the President requested for the war (and that the Senate simply mimics) from the total level of \$1.085 trillion. **The resulting \$1.015 trillion represents the amount of regular appropriations desired by the Senate budget resolution in 2009.**
- Now that we know the right numbers to focus on for 2009, the comparisons in the Table 5 are observable.
- The Senate budget resolution proposes \$1.015 trillion for 2009 alone compared to the President's request of \$997 billion. The House budget resolution proposes even more at \$1.020 trillion.
- But the House and Senate resolutions also include a gimmick to further expand the amount of resources that are available to the appropriators in 2009. Section 403 of the House resolution would increase the limit on advance appropriations by about \$2 billion. Not to be outdone, the Senate resolution (section 212) would increase the limit on advance appropriations by \$4 billion.
- Before 2000, advance appropriations never exceeded \$5 billion. For 2001, advance appropriations more than doubled, and then for 2002 Congress more than doubled them again to \$23 billion – the level at which they had been limited for seven years. There is no programmatic rationale for advance appropriations (see previous [Budget Bulletin](#) for further discussion of advance appropriations). Congress, with the agreement of the Executive Branch, has increased them simply because they are a confusing, non-transparent way of getting around budgetary limits on appropriations. Last year, the long-standing limit was breached as designed by the Democratic 2008 budget resolution. Congress, with the President's signature, enacted a \$2 billion increase in advance appropriations from \$23 billion to \$25 billion.
- Now the House and Senate want to increase advance appropriations by another \$2 billion and \$4 billion, respectively. Therefore, these increases are added to the House and Senate totals to provide a correct comparison. As a result, the Senate resolution proposes to spend \$22 billion more than the President's budget in 2009, and the House resolution proposes to spend even \$2 billion more than that.
- Now what about comparisons to 2008? AARGH! The bottom line of the memorandum item in Table 4 still shows that the Senate wants to decrease (?!?) funding in 2009 (\$1.008 trillion) compared to 2008 (\$1.055 trillion). That's because the memo item does not go far enough in explaining the components of the 2008 levels like it tries to provide detail on the 2009 levels. The memo item only subtracts the \$108 billion for the war for 2008 that the President has requested, and that the resolution assumes, but that has not yet been enacted.
- The memo item fails to subtract the emergency spending that was actually enacted for 2008. Starting with the \$1.045 trillion enacted into law for 2008, and subtracting \$86.8 billion that has been enacted for the war for 2008, as well as \$14 billion in non-defense emergency appropriations (not including \$3.7 billion enacted for Veterans medical care that both the President and Congress will continue as regular discretionary spending in 2009), yields \$936 billion enacted for 2008. Finally, we have a number for 2008 to which we can compare various proposals for 2009 spending.

Table 5: Congressional Proposals for Discretionary Spending in 2009 Exceed Level Proposed by the President's Budget (budget authority in \$ billions)

	President's Request	House-Reported	Senate-Reported	President Exceeded by:	
				House	Senate
Defense	538	538	538	0	0
Non-Defense	460	482	478	22	18
Total Regular	997	1020	1015	22	18
Advance Appropriations For 2010	25	28	29	2	4
Total				24	22

Source: SBC Republican staff based on President's 2009 budget and H. Con Res. 312 and S. Con. Res. 70

Table 6: Everyone Has Same Defense Increase While House and Senate More Than Double President's Increase for Non-Defense

	(BA in \$ billions)		
	<u>Defense</u>	<u>Non-Defense</u>	<u>Total</u>
2008			
Enacted	495	441	936
President's Request	538	460	997
\$ increase	43	18	61
% increase	8.6%	4.1%	6.5%
House	538	484	1022
\$ increase	43	43	86
% increase	8.6%	9.7%	9.1%
Senate	538	482	1019
\$ increase	43	40	83
% increase	8.6%	9.1%	8.9%

Source: SBC Rep staff based on President's 2009 budget and H. Con Res. 312 and S. Con. Res. 70

- All three proposals would increase regular appropriations for defense (not including the war funding) by 8.6 percent. For non-defense programs, the President's budget would increase funding by 4.1 percent, but the House and Senate budgets would go much further and increase this funding over 2008 by 9.7 percent and 9.1 percent, respectively.
- The chairman of the Senate Budget Committee has pooh-poohed this focus on non-defense spending. He has not disputed that non-defense spending would increase by 9.1% in his budget. But he tries to trivialize the \$22 billion discretionary increase proposed in his resolution by comparing it to the total level of spending by the federal government (\$3 trillion) so it will yield an increase that appears small.
- But when you want to think about the size of increase for a subset of federal spending, you don't drown your examination by including areas where there is agreement (such as defense spending and mandatory spending). You focus on the area that is in dispute – non-defense. After the conference report on the budget resolution is adopted, the President and Congress will likely replay the battle from last year about what the right amount of increase should be for non-defense spending in 2009.

- Now that we have the right starting point for 2008, Table 6 shows that indeed the House and Senate budgets, as well as the President's request, propose to increase spending in 2009 compared to 2008, although by different amounts. At least that makes sense and is consistent with all the advertising that goes with the two budget resolutions.