



CONGRESSIONAL BUDGET OFFICE
U.S. CONGRESS
WASHINGTON, DC 20515

Dan L. Crippen
Director

March 24, 2000

Honorable John R. Kasich
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your February 18 letter requesting information about CBO's analysis of the President's budget for fiscal year 2001. Specifically, you asked CBO to:

- Compare the President's budget proposal with each of the three variations of the CBO baseline;
- Compare estimates of discretionary spending already enacted for fiscal year 2000 with the President's request for 2001;
- Total the number of programs that would be increased or decreased under the President's proposals; and
- Provide a list of the major programs whose spending would be increased or decreased.

Table 1 shows projected budget authority and outlays for discretionary programs under the President's proposals and each of CBO's baseline variations. Table 2 shows the difference, in each year, between the President's proposals (as estimated by CBO) and each of the baseline variations. The President's request is significantly above the inflated variation for next year and slightly above most years thereafter and is substantially higher than either the freeze or capped variations. After adjusting for various timing shifts and other anomalies, CBO estimates that the President's budget would increase spending authority for discretionary programs by about 7 percent in 2001—from \$621 billion in 2000 to \$664 billion in 2001 (see Table 3).

Honorable John R. Kasich
Page 2

Out of a total of about 900 discretionary accounts, the President has proposed to add to approximately 570 accounts, for an increase in spending authority of about \$63 billion. He has requested decreases in approximately 150 accounts for a reduction of \$20 billion. (The remaining 180 accounts would be held at their 2000 levels.) The net increase is \$43 billion. The largest proposed increases in absolute terms are for defense, housing, highways, and school renovation. The largest proposed reductions are for the census, foreign military financing, and Navy procurement accounts (see Table 4).

I hope this information is helpful to you. If you wish any further details, the CBO staff contact is Janet Airis.

Sincerely,

Dan L. Crippen
Director

Attachments: Tables 1 - 4

cc: Honorable John M. Spratt Jr.
Ranking Member

Table 1.
Estimates of Discretionary Spending Under the President's Budgetary Proposals and CBO's Baseline Projections (By fiscal year, in billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CBO's Estimate of Total Discretionary Spending in the President's Budget											
Budget Authority											
Defense	292	306	310	316	324	332	341	350	359	368	378
Nondefense	<u>281</u>	<u>318</u>	<u>320</u>	<u>323</u>	<u>330</u>	<u>337</u>	<u>346</u>	<u>355</u>	<u>364</u>	<u>373</u>	<u>383</u>
Total	573	625	629	639	654	670	687	705	723	741	761
Total Outlays											
Defense	289	295	303	310	318	329	333	339	352	362	372
Nondefense	<u>322</u>	<u>340</u>	<u>353</u>	<u>360</u>	<u>366</u>	<u>373</u>	<u>381</u>	<u>390</u>	<u>399</u>	<u>408</u>	<u>416</u>
Total	611	635	656	670	684	701	714	729	752	770	788
CBO's Baseline Projections Assuming That Discretionary Spending Grows at the Rate of Inflation After 2000											
Budget Authority											
Defense	290	298	305	313	320	328	336	344	352	361	369
Nondefense	<u>280</u>	<u>309</u>	<u>317</u>	<u>325</u>	<u>333</u>	<u>341</u>	<u>350</u>	<u>358</u>	<u>367</u>	<u>376</u>	<u>385</u>
Total	570	607	622	638	654	669	685	702	719	737	754
Total Outlays											
Defense	284	296	301	308	316	326	331	336	347	356	364
Nondefense	<u>320</u>	<u>340</u>	<u>349</u>	<u>359</u>	<u>366</u>	<u>374</u>	<u>382</u>	<u>391</u>	<u>399</u>	<u>409</u>	<u>418</u>
Total	603	635	650	667	682	700	714	727	747	764	782
CBO's Baseline Projections Assuming That Discretionary Spending Is Frozen at the Level Enacted for 2000											
Budget Authority											
Defense	290	290	290	290	290	290	290	290	290	290	290
Nondefense	<u>280</u>	<u>296</u>									
Total	570	586	586	586	586	586	586	586	586	586	586
Total Outlays											
Defense	284	290	288	289	289	291	289	287	289	289	289
Nondefense	<u>320</u>	<u>335</u>	<u>338</u>	<u>340</u>	<u>335</u>	<u>334</u>	<u>334</u>	<u>333</u>	<u>332</u>	<u>332</u>	<u>332</u>
Total	603	625	627	628	623	625	622	620	621	621	621
CBO's Baseline Projection Assuming That Discretionary Spending Equals CBO's Estimate of the Statutory Caps Through 2002 and Grows at the Rate of Inflation Thereafter											
Budget Authority	570	541	550	564	578	593	607	623	638	654	671
Outlays	603	579	571	585	600	615	630	646	662	679	699

SOURCE: Congressional Budget Office.

Table 2.
Differences Between CBO's Estimate of the President's Budget and CBO's Baseline Projections for Discretionary Spending (By fiscal year, in billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Difference Between CBO's Estimate of the President's Budget and the Inflated Baseline Variation											
Budget Authority											
Defense	2	8	5	3	3	4	5	6	7	7	9
Nondefense	<u>1</u>	<u>9</u>	<u>3</u>	<u>-2</u>	<u>-3</u>	<u>-4</u>	<u>-3</u>	<u>-3</u>	<u>-3</u>	<u>-3</u>	<u>-2</u>
Total	4	17	7	1	0	0	2	3	4	5	6
Total Outlays											
Defense	5	-1	2	2	2	2	2	3	5	7	8
Nondefense	<u>3</u>	<u>1</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-0</u>	<u>-1</u>	<u>-2</u>
Total	8	-1	6	3	3	1	1	2	5	6	6
Difference Between CBO's Estimate of the President's Budget and the Freeze Baseline Variation											
Budget Authority											
Defense	2	16	20	26	34	42	51	60	69	78	88
Nondefense	<u>1</u>	<u>22</u>	<u>24</u>	<u>27</u>	<u>34</u>	<u>41</u>	<u>50</u>	<u>59</u>	<u>68</u>	<u>77</u>	<u>87</u>
Total	3	39	43	53	68	84	101	119	137	155	175
Total Outlays											
Defense	5	5	15	21	30	37	44	52	63	73	83
Nondefense	<u>3</u>	<u>5</u>	<u>15</u>	<u>20</u>	<u>31</u>	<u>39</u>	<u>48</u>	<u>57</u>	<u>67</u>	<u>76</u>	<u>84</u>
Total	8	10	29	42	61	76	92	109	131	149	167
Difference Between CBO's Estimate of the President's Budget and the Capped Baseline Variation											
Budget Authority	4	83	79	75	76	77	79	82	85	87	90
Outlays	8	56	85	85	84	87	84	83	90	92	89

SOURCE: Congressional Budget Office.

NOTE: Figures represent CBO's estimate of the President's budget minus the baseline projections.

Table 3.
Comparison of Discretionary Spending Enacted for 2000 with the President's Request for 2001
(By fiscal year, in billions of dollars)

	<u>Defense Discretionary</u>		<u>Nondefense Discretionary</u>		<u>Total Discretionary</u>	
	2000 Enacted	2001 Request	2000 Enacted	2001 Request	2000 Enacted	2001 Request
CBO's Estimate of Discretionary Spending (excluding obligation limitations)						
Budget authority	290	306	280	318	570	625
Outlays	284	295	319	340	603	635
Adjustments						
Advance appropriations						
Budget authority	0	0	14	0	14	0
Outlays	0	0	0	0	0	0
Normalizing pay dates and removing obligation delays						
Budget authority	0	0	0	0	0	0
Outlays	2	-2	3	-3	6	-6
Incorporating obligation limitations for transportation programs						
Obligation limitations	0	0	34	37	34	37
Outlays	0	0	0	0	0	0
Other ^a						
Budget authority	0	0	2	3	2	3
Outlays	0	4	-1	4	-1	8
CBO's Adjusted Estimate of Discretionary Spending (including obligation limitations)						
Budget authority or obligation limitations	290	306	331	358	621	664
Outlays	286	296	322	341	608	637
Memorandum:						
CBO Baseline (including obligation limitations)						
Inflated variation						
Budget authority or obligation limitations	290	298	314	344	604	642
Outlays	284	296	320	340	603	635
Freeze variation						
Budget authority or obligation limitations	290	290	314	331	604	621
Outlays	284	290	320	335	603	625

SOURCE: Congressional Budget Office.

- a. Adjustments remove proposed mandatory offsets, proposed user fees, reclassifications, effects of proposed supplemental appropriations for fiscal year 2000, rescissions of prior-year budget authority, and payment shifts across fiscal years.

Table 4.
Large Increases and Decreases in the President's Request for Fiscal Year 2001
Compared with Levels Enacted for 2000

	Budget Authority (Billions of dollars)			Percentage Change
	2000 Enacted	2001 Request	Difference	
Increases				
Shipbuilding and conversion, Navy	6.9	12.3	5.4	77
Housing certificate fund	11.4	14.1	2.7	24
Overseas contingency operations transfer fund	1.7	4.1	2.4	139
Operation and maintenance, Air Force	20.3	22.3	2.0	10
Federal-aid highways (Obligation limitation)	27.5	29.3	1.8	7
School renovation program account	0	1.3	1.3	new
Aircraft procurement, Air Force	8.3	9.5	1.2	15
RDT&E, Defensewide	9.2	10.2	1.1	12
Veterans' medical care	19.5	20.6	1.1	6
Missile procurement, Air Force	2.1	3.1	1.0	49
Children and families services programs	6.7	7.7	0.9	14
School improvement programs	3.0	3.9	0.9	30
Student financial assistance	9.4	10.3	0.9	9
Payments to states for the child care and development block grant	1.2	2.0	0.8	69
Operation and maintenance, Navy	22.5	23.3	0.8	3
Federal buildings fund	*	0.7	0.8	n.a.
Community-oriented policing services	0.6	1.3	0.7	124
Corps of Engineers, operation and maintenance	1.1	1.8	0.7	63
Trust fund share of FAA operations	5.9	6.6	0.7	12
Federal prison systems, salaries and expenses	3.1	3.5	0.4	14
Decreases				
Periodic censuses and programs	4.6	0.5	-4.1	-88
Foreign military financing program	4.8	3.5	-1.3	-26
Other procurement, Navy	4.3	3.3	-0.9	-22
Aircraft procurement, Navy	8.5	8.0	-0.6	-7
EPA, State and tribal assistance grants	3.4	2.9	-0.5	-16
RDT&E, Navy	9.0	8.5	-0.5	-6
RDT&E, Air Force	14.2	13.7	-0.5	-4
Economic support fund	2.8	2.3	-0.5	-17
Payments of arrearages to the United Nations and other international organizations	0.4	0	-0.4	-100
National defense sealift fund	0.7	0.4	-0.3	-45
AID, Sustainable development assistance	1.2	0	-0.3	-22
Military construction, Air Force	0.8	0.5	-0.3	-33
HHS, general departmental management	0.8	0.5	-0.2	-30
Military construction, Air National Guard	0.3	0.1	-0.2	-81
Working capital fund, Army	1.1	0.9	-0.2	-17
Health resources and services	4.6	4.4	-0.2	-4
Military construction, Army National Guard	0.2	0.1	-0.2	-75
SBA, salaries and expenses	0.3	0.2	-0.2	-49
Military construction, Navy	0.9	0.8	-0.1	-16
Military construction, Army	1.0	0.9	-0.1	-13

SOURCE: Congressional Budget Office.

NOTES: RDT&E = research, development, test, and evaluation; n.a. = not applicable; FAA = Federal Aviation Administration; EPA = Environmental Protection Agency; AID = Agency for International Development; HHS = Department of Health and Human Services; SBA = Small Business Administration.

* = less than -\$50 million.