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CONFERENCE MEASURE FOR U.S. TROOPS STILL LARDED WITH ADD-ONS

A SUMMARY OF THE DEMOCRAT FISCAL YEAR 2007 SUPPLEMENTAL

25 April 2007

SUMMARY

The supplemental spending bill for operations in Iraq and Afghanistan adds \$21.1 billion in spending not requested by the President, not needed for U.S. troops overseas, and not required for other urgent demands. The added spending has been designated as an “emergency” to exempt it from budget limits – thought hardly any of the additions qualify under the emergency definition in the current budget resolution. The measure – the conference report on H.R. 1591 – violates House budget rules governing emergency spending, and breaches the limit on overall appropriations for the current year.

Summary of Supplemental Conference Report (in millions of dollars)

| | Request | Conference | Difference |
|---|---------|------------|------------|
| Iraq/Afghanistan and International Provisions | | | |
| Military Personnel | 12,350 | 13,425 | 1,075 |
| Operations and Maintenance | 48,979 | 50,358 | 1,379 |
| Procurement | 27,251 | 29,025 | 1,774 |
| RDT&E | 1,448 | 1,099 | -349 |
| Military Construction | 1,740 | 1,670 | -70 |
| International Assistance Programs | 5,710 | 5,814 | 104 |
| Other | 2,142 | 4,767 | 2,625 |
| Subtotal: Iraq/Afghanistan and International | 99,620 | 106,158 | 6,538 |
| Hurricane Provisions | | | |
| | 3,400 | 6,785 | 3,385 |
| Other Congressional Add-Ons | | | |
| Base Realignment and Closure ^a | 0 | 3,137 | 3,137 |
| Commercial Fisheries | 0 | 60 | 60 |
| LIHEAP | 0 | 400 | 400 |
| Pandemic Flu | 0 | 650 | 650 |
| Architect of the Capitol Tunnel Maintenance | 0 | 50 | 50 |
| “Water Related Resources” | 0 | 18 | 18 |
| Minor VA Construction | 0 | 326 | 326 |
| Agriculture Disaster Package | 0 | 3,500 | 3,500 |
| SCHIP (net) | 0 | 393 | 393 |
| Other | 0 | 2,676 | 2,676 |
| Subtotal: Other Congressional Add-Ons | – | 11,210 | 11,210 |
| Grand Totals | 103,020 | 124,153 | 21,133 |

^a President's request was offset.

Conferees added \$6.5 billion to the President's request for Iraq/Afghanistan and international provisions in the measure. They also added include \$17.2 billion in new domestic spending. Most of this domestic add-ons should have been funded in the recently enacted fiscal year 2007 omnibus appropriations bill passed by the Democrats just a few months ago, or in the regular 2008 appropriations process.

The President requested a "clean" supplemental totaling \$103 billion. The request was for supporting U.S. troops in Iraq and Afghanistan; for international affairs activities; and for Hurricane Katrina reconstruction efforts. The President has pledged to veto this conference report, arguing that it micromanages combat efforts and interferes with his prerogatives as Commander-in-Chief. The billions of dollars in unneeded add-ons also make the measure objectionable on purely budgetary grounds.

BUDGET VIOLATIONS AND UNNEEDED ADD-ONS

After adding more than \$6 billion to the recent omnibus appropriations bill, Democrats have used this second spending measure to increase spending further. Most of the increases are not directly related to ongoing military operations overseas, but instead aim at more parochial interests.

Violating Budget Rules

The principal budget violation concerns the illegitimate use of the "emergency" designation, as spelled out in the current-year budget resolution (H.Con.Res. 376). The Democrat majority has deemed this resolution as still in force for fiscal year 2007.

The budget resolution defines an "emergency" as an "unanticipated" situation requiring new budget authority and outlays to prevent threats to life or property. The resolution further provides a definition of "unanticipated" as sudden, urgent, unforeseen, and temporary. The definition is consistent with longstanding criteria employed by the Congress and the administration's Office of Management and Budget.

In addition, the resolution provides a reserve fund for domestic emergencies, setting aside \$6.45 billion for such events. For domestic emergencies above this amount, the resolution requires that the Committee on the Budget convene and vote on whether to revise the reserve fund levels and exempt the excess spending from budget disciplines.

Of the \$21.1 billion conferees have added to the supplemental, about \$17.2 billion is domestic spending designated as "emergency." But only about \$1.7 billion of this amount appears to qualify as emergency spending under the criteria provided in the budget resolution. The remaining amount clearly exceeds the \$6.45 billion reserve fund amount. Thus, the measure represents two fundamental violations of fiscal discipline.

- First, it ignores the rules governing emergencies – apart from the provisions illegitimately designated as "emergencies" – because the Budget Committee failed to raise the appropriations limit to accommodate the excess "emergency" spending.

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- Second – and as a consequence of the first violation – the bill breaches the *overall* limit on total appropriations. Because of the latter, the measure is subject to a point of order – which, however, is waived by the rule governing consideration of the conference report.

Because the rule waives all Budget Act points of order, it allows Democrats to disregard the \$6.45-billion domestic emergency limit. The waiver also allows another deliberate violation of budget rules, this one involving the Democrats’ celebrated pay-as-you-go [PAYGO] rule. The conference report adds \$5.8 billion in new mandatory spending over 2007-17 without offsetting it. Offsets would be required if Democrats adhered to the PAYGO provision they adopted in the House rules for the 110th Congress.

Unneeded Add-Ons and Gimmicks

The supplemental adds billions in spending Democrats were unwilling to pay for in the regular appropriations process to remain within the \$873-billion spending level they ratified for fiscal year 2007. To mask their profligacy, they have illegitimately applied the “emergency” designation to much of this spending, including the following:

- **Agriculture Disaster Assistance.** The conference report adds \$3.5 billion in agriculture disaster assistance for crop years 2005, 2006, and part of 2007. These crops already receive Federal production subsidies through the 2002 farm bill. In addition, disaster assistance for the losses is subsidized through Federal crop insurance and related programs. Because this spending is mandatory, eligible producers have already received disaster assistance for these losses. This funding requirement is neither sudden nor unforeseen, and therefore does not qualify as true emergency spending under criteria established in the budget resolution currently in force.
- **LIHEAP.** The measure increases the Low Income Home Energy Assistance Program [LIHEAP] by \$400 million. Considering that winter is all but over, this funding cannot be considered “urgent,” as is required for legitimate emergencies. About 50 percent of it would be directed to energy cooling costs.
- **NASA Hurricane Reconstruction Costs.** The supplemental provides \$35 million for post-hurricane reconstruction at the National Aeronautics and Space Administration [NASA] – even though the agency has already received funding for these costs in previous supplementals. Moreover, section 2201 of the bill grants NASA transfer authority to use \$48 million in previously appropriated excess supplemental funds to replenish regular accounts tapped for Katrina costs. This is not a sudden or unforeseen emergency.
- **New Federal Compensation Fund.** The legislation provides \$50 million to create a new Federal compensation fund – the Covered Countermeasure Process Fund – to compensate individuals injured by H5N1 vaccine under a Public Readiness and Emergency Preparedness Act (PREP Act) issued in January 2007. Again, this compensation is not sudden and not truly urgent – and it should have been funded in the omnibus appropriations bill.

The measure also atones for the Democrats' recent raid on defense funds aimed at supporting military families. The Democrats have added \$3.1 billion for Base Realignment and Closure [BRAC]. This comes after they deliberately underfunded BRAC in the recent fiscal year 2007 omnibus, despite a request of \$5.6 billion in the President's 2007 budget. The omnibus diverted the President's requested BRAC funding from housing for military families to other Democrat-favored programs. Moreover, Democrats rejected the administration's proposed offsets to fully pay for these overdue BRAC resources. These BRAC funding maneuvers will disrupt the ability of the Department of Defense to provide for the families of U.S. troops.

In another unsurprising move, the measure claims phony savings from highway programs. The Democrat conference report rescinds approximately \$683 million in highway contract authority from core SAFETEA-LU formula programs. But it fails to reduce obligation limitations, which actually control outlays for this spending. Consequently, there are no real savings from the rescission.

Unnecessary Authorization Language

The conference report includes a range of authorization provisions that have no place on a wartime supplemental. These include language that waives the current prohibition on forgiving certain Community Disaster Loans at a cost of \$320 million. It also includes language that increases the Federal minimum wage, adds tax breaks for small businesses, and addresses Federal standards for securing chemical facilities.