105TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
105–555

CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1999

R E P O R T

OF THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H. Con. Res. 284

REVISING THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 1998, ESTABLISHING THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 1999, AND SETTING FORTH APPROPRIATE BUDGETARY LEVELS FOR FISCAL YEARS 2000, 2001, 2002, AND 2003

TOGETHER WITH

ADDITIONAL, SUPPLEMENTAL, DISSENTING, AND MINORITY VIEWS

MAY 27, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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MAY 27, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. KASICH, from the Committee on the Budget, submitted the following

REPORT

together with

ADDITIONAL, SUPPLEMENTAL, DISSENTING, AND MINORITY VIEWS

[To accompany H. Con. Res. 284]

BUDGET OVERVIEW

The Republican Congress's determined effort to balance the Federal budget is now expected to yield a surplus this year, 4 years ahead of schedule. The economy continues to grow, job opportunities are expanding, and inflation remains in check. But the Balanced Budget Act of 1997 was just the beginning. The momentum created from our determined efforts of the past 4 years should be used as a platform from which to pursue further reform—and to secure for the long term the benefits that balancing the budget has brought. In our effort to keep the budget in balance and promote continued prosperity, we must pursue policies and reforms that will:

—Pay Down the Public Debt.

—Preserve and Protect Social Security.

—Shrink the Growth of Government by 1 Percent Over 5 Years so we can * * *

—Relieve Families of the Marriage Penalty.

Congress should stand firm on these principles, building on the accomplishments of the Balanced Budget Act. This budget resolution represents our commitment to do so.

PAYING DOWN THE DEBT

This year, for the first time in nearly 30 years, the unified Federal budget is in balance. This means that every dollar of government spending is paid for.

But notwithstanding the importance of this achievement, our balanced budget is only the first step. We are still carrying a debt of $5.4 trillion—about three times the size of the total budget. In addition, we face unfunded liabilities of $14 trillion—mainly in Social Security and Medicare—largely driven by the coming retirement of the baby boomers. To secure our balanced budget achievement, and—more important—to maintain a climate of continued prosperity, we should start today to reduce this massive debt.

PRESERVING AND PROTECTING SOCIAL SECURITY

Even before taking control of Congress in 1995, we pledged to protect the Social Security benefits of America's workers and retirees. We have kept that promise.

We have balanced the Federal budget for the first time since 1969. Now, to protect Social Security in the long run, we are taking the next step by reserving the unified budget surplus for preserving Social Security.

But Social Security faces a huge challenge in the near future. Starting in 2008, members of the 76-million "baby boom" generation—those born between 1946 and 1964—will begin to retire. This will start a substantial shift in the population, such that there will be far more senior citizens for every working person. By 2030, the number of people 65 and older will have risen by 96 percent, from 35 million today to 68 million then. But the number of workers—the people paying in to the Social Security system—will have grown by only 13 percent, from 148 million today to 167 million then.

Unless we act soon, the system will be bankrupt, and the retirement security of millions of Americans will be placed in jeopardy. We need to permanently save Social Security while increasing the retirement income available for all Americans. Our goal should be the creation of a dramatically better, modern, personal Social Security system for the Information Age while protecting the benefits in the current system. We should use the opportunity presented by the surplus to create a huge new pool of private capital that will lower interest rates, strengthen economic growth, and increase the personal control individuals have over their savings by funding new personal, market-based retirement accounts for working Americans. Every American should have the opportunity to rise above the status quo.

We must save Social Security for the sake of three generations—you, your parents, and your children. We should save it in such a way that your children, not Washington, have more control over their money. Through personal retirement accounts, we can protect every current and future retiree, and start the transition for younger Americans toward a modern, personal, market-oriented retirement system.

SHRINKING THE GOVERNMENT

Over the past 5 years, the Federal Government spent $7.8 trillion. Without congressional action, total Federal spending over the next 5 years will total about $9.1 trillion. This budget resolution proposes to slow the growth of government by roughly 1 percent over that period.

Such savings are clearly achievable. Right now, there are more than 150 Federal job training programs, 340 programs in housing and 760 programs in education. Every Federal program requires bureaucrats, paperwork, and regulations. Surely, in this vast array of programs, a savings of 1 percent can be found.

There are many ways to achieve the goals of this resolution, and there is no shortage of good ideas. Indeed, the budget resolution is, by definition, simply the blueprint, setting out the framework of this policy direction. Consequently, this resolution provides broad flexibility to the committees with jurisdiction over government programs. These authorizing and appropriating committees will work with the Budget Committee through the summer to develop the best policies for this effort. The committees will then bring to the floor a package of sound reforms that achieve these fundamental policy goals.

But shrinking government is not an end in itself. The real goal of reducing the government's budget is to expand family budgets. The Federal Government's tax collections are higher today—measured as a share of economic resources—than at any other time since World War II. Government revenues are growing twice as fast as wages. The best way to permanently ease the tax burden on American families is by reducing the amount government takes from them—in short, by shrinking the government. As government is reduced, this plan calls for restoring the savings directly to American families by * * *

RELIEVING FAMILIES OF THE MARRIAGE PENALTY

The President's 1993 tax bill exacerbated the marriage penalty by making permanent certain provisions of the tax code that were supposed to be temporary, including the top marginal tax rate of 39.6 percent and the phase-outs for personal exemptions and certain credits. Where the marriage penalty occurs, it punishes those who are trying to form stable families—which are the basis of values and morals in the Nation. At a time when promoting strong families is most needed, the marriage penalty works at cross-purposes with America's best interests.

The marriage penalty's effect on a family's economic well-being is not a theoretical exercise: the Congressional Budget Office [CBO] reports that the marriage penalty actually reduces the incentive to work and therefore reduces family income as parents are forced into higher tax brackets. The CBO estimates that in 1996, 21 million married couples paid an average of $1,400 a year in higher taxes as a direct result of the marriage penalty.

COMPARISON WITH THE PRESIDENT

Since we first took the majority in Congress in 1995, we have cut taxes for the first time in 16 years; balanced the budget for the first time since the New York Mets won their first World Series; reformed welfare so that welfare recipients were required to work; saved Medicare from bankruptcy; and protected Social Security.

When this record is compared with the President's, the results are illuminating. The President has increased spending, increased government, and increased taxes. In 1993, the President proposed, fought for, and won the largest tax increase in American history. At the beginning of 1995, he proposed budget deficits of $200 billion a year as far as the eye could see. Contrary to his rhetoric of creating a government that "works better and spends less," the record shows he has sought only to reinvent big government.

His latest budget proposal calls for 85 new spending programs, including 39 entitlements, and more than $150 billion in new spending over 5 years. It also calls for $129 billion in tax increases over 5 years.

CONCLUSION

Not long ago, mainstream economists warned that too much deficit reduction achieved too quickly could slow the economy. But in the year since the Balanced Budget Agreement was reached, a projected $90-billion deficit for fiscal year 1998 has been replaced with a surplus of approximately $53 billion—and the economy continues to grow. Washington economists clearly have underestimated the strength and resiliency of the Nation's economic power—which come from the American people themselves.

This budget continues the process started with the Balanced Budget Act of 1997. It calls for paying down debt, and preserving and protecting Social Security. It calls for shrinking government by 1 percent over 5 years—that is, spending $9 trillion instead of $9.1 trillion—and putting the savings directly in the hands of American families by relieving them of the marriage penalty.

In short, this budget underscores our belief that when the American people have the resources and freedom to pursue their own destinies, our country prospers.

TODAY'S PROSPERITY—AND TOMORROW'S

Economic Assumptions of the Budget Resolution

THE BUDGET AND THE ECONOMY

Two factors have stood out in promoting the economic stability that now exists in the United States: low inflation and declining interest rates.

"Declining inflation has had a pervasive tax cut effect throughout the economy, boosting real incomes, and real wages," says economist Lawrence A. Kudlow. Today's low inflation is, in fact, the product of a long-term effort that began with the Reagan administration. President Reagan recognized that high inflation punished everyone, and he vowed to reverse the inflationary trend that he inherited when he took office in 1981. Economists long have known that price stability is a necessary foundation for a growing economy.

So are low interest rates. Long-term interest rates have declined from 7.8 percent in January 1995, when our Republican majorities in Congress took office, to approximately 5.7 percent now. "It has been that decline [in long-term interest rates] which perhaps more than anything else in our economy has been the factor which has been driving this really quite extraordinary 7-year economic expansion," says Federal Reserve Chairman Alan Greenspan. Chairman Greenspan also has credited this decline largely to Congress's determined effort to balance the Federal budget. As he has said: "A substantial part * * * of the very considerable decline in long-term interest rates has been a function of the decline in the budget deficit, because it's removed pressures of the Federal Government's borrowing from the marketplace."

This decline in interest rates has a direct impact on family budgets. The decline in interest rates since the beginning of 1995 has saved the typical family $50,850 on a home mortgage, $901 on an auto loan, and $1,438 on a student loan.

Interestingly, the reverse occurred with the President's 1993 tax bill. "A year after Clinton's '93 tax hike, long-term Treasury rates moved up from 5.75 percent to 8.25 percent," says Kudlow. "The trend of real economic growth slowed from 3.3 percent to 1.7 percent."

It is noteworthy that many of Washington's economic experts, including the Congressional Budget Office [CBO], seriously underestimated the power, diversity, and resilience of the American economy. For example, when the Balanced Budget Agreement was reached in May 1997, CBO projected a deficit in fiscal year 1998 of approximately $90 billion. Today, CBO estimates a surplus this year of about $53 billion, and Federal revenues continue to pour in at a much-higher-than-expected rate. Meanwhile, since 1997 private forecasts have consistently seen higher surpluses than did CBO. The latest revision was widely anticipated, as $50-billion to $60-billion surpluses for 1998 were expected as the consensus on Wall Street during the previous several months.

CBO has been unable to fully explain its frequent misestimates of recent years. But the answer may lie in the nature of well-functioning free markets. The market is not a single entity. It comprises millions of individual decisions made every day. It feeds on innovations large and small.

If anything, the successes of the past several years demonstrate that controlling government spending, restraining taxes, and reducing regulation can pay dividends that are consistently larger than expected—and that is a reason to continue on this path.

REVIEW OF ECONOMIC DEVELOPMENTS IN 1997

Economic performance improved in 1997, with higher growth, lower unemployment, and lower inflation than in 1996. The economy grew in 1997 at a real economic rate of 3.8 percent, the highest in a decade and well above the 2.4 percent of 1996. In 1997, the average unemployment rate was 4.7 percent, the lowest in a quarter century. This is substantially lower than the 5.4 percent rate in 1996.

But this lower unemployment was achieved while price levels remained stable: The Consumer Price Index [CPI] increased only 1.7 percent in 1997, the lowest in 30 years and half of its pace in 1996. Several factors of the last few years have continued rather than faded, including: a continuation of the worldwide trend toward lower inflation; strength of the dollar and financial crisis in Asia so that import prices declined; continued sharp slowdown in medical care costs; unusually rapid declines in computer prices; fall in commodities prices, and technical revisions by the Bureau of Labor Statistics [BLS] on the CPI.

The Federal Reserve Board reaction to these developments was to keep its policy unchanged. The main policy objective of the Fed has been to ensure that its monetary policy supports a rate of economic growth that is consistent with low inflation and price stability. In contrast to 1994, when the Fed raised rates several times to preemptively lower inflationary pressures, the Fed in 1997 held rates almost steady (there was a single hike in March of a quarter percent). With inflation and inflationary expectations falling, keeping the nominal Federal funds rate (the Fed's main policy tool) unchanged is to allow a higher and therefore more restrictive real rate.

Perhaps more than other sectors, housing has benefitted from the improved economic environment. Strong household income gains, high levels of consumer confidence and lower interest rates have led to the highest home ownership rate since tabulations started 34 years ago. Sales of new homes are nearly the highest since record keeping started in 1963. Yet prices have picked up only slightly and builders have not responded with excessive overbuilding.

Even the economic and financial crisis in Asia, which started in the fall of 1997, did not materially affect the gains in 1997.

SUMMARY OF CBO ECONOMIC FORECAST THROUGH 2003

The CBO economic forecast is very similar to OMB and the Blue Chip consensus forecasts, with differences within the range of error for such forecasts.

CBO expects real economic growth to gradually slow from its rate of 3.8 percent in 1997 to 2.7 percent in 1998 and 2.0 percent in 1999, and then to gradually trend toward CBO's projected potential growth rate of the economy which ranges from 2.1 percent to 2.3 percent in the projection period. The weakness occurs largely from a combination of a worsened trade balance due to the impact of the economic turmoil in Asia, lower investment from much lower corporate profits and somewhat higher short-term interest rates from Federal Reserve tightening of monetary policy.

On inflation and unemployment, CBO's short-term forecast shows that for 1998, both are expected to remain at their very low rates of 1997. But both are expected to worsen after 1999: CBO forecasts assume a risk of higher inflation if the unemployment rate is below 5.8 percent. Accordingly, over 5 years unemployment rises to 5.8 percent, and over 4 years inflation rises to 2.8 percent. Like most analysts, CBO sees no obvious signs of imbalance, and therefore no recession likely in the forecast period.

After 1999, CBO does not attempt to forecast cyclical fluctuations in the economy more than 2 years ahead; instead, its longer-term projections are based on trends in the labor force, productivity, and saving. CBO projects for the period after 2002 that the economy will grow between 2.1 percent and 2.3 percent, adjusted for inflation. Also, CBO's long-term projections assume that the Fed will pursue a low-inflation environment that supports a rate of economic growth close to its long-term potential and reflects the likelihood of a recession at some time in the projection period.

Deficits continued to fall; the Federal deficit for fiscal year 1997 came in much lower than projected due to unexpectedly strong revenues. The Federal budget deficit dropped sharply lower in 1997 to a level $100 billion lower than projected at the beginning of the calendar year; $70 billion was due to revenue. The improved economic environment accounts for about a third of the cumulative deficit improvement since September 1997 over the 1999–2003 period. As of May 1998, the past 12–month cumulative surplus is already $49 billion.

Revenues have outgrown GDP growth in the past four years by at least 2 percent each year, so that the share of Federal Government in the economic output, 20.6 percent expected in 1998—one measure of the size of government—is currently a post-WWII record.

As in 1997, CBO revised up its estimates of surpluses due to large revenue inflows. In May 1998, CBO estimated surpluses of between $35 billion and $55 billion higher for the current fiscal year 1998. Some 65 percent to 70 percent ($25 to $35 billion) is due to the strength in revenues collected (the rest is from lower outlays). For 1999, most of the revenues strength continues ($20 billion to $30 billion) improving the fiscal year 1999 surplus to $29 billion to $39 billion. For the outyears, reduced interest payments for debt service from lower national debt can be expected. CBO found no significant change to indicate an improvement in long-term economic trends, unlike the "April Surprise" in 1997, which was based on an upward revision in economic statistics on investment that significantly increased the capital base in the outyears.

As noted above, since 1997, private forecasts have consistently foreseen higher surpluses than officially forecast. The latest revision was widely anticipated, as $50-billion to $60-billion surpluses for 1998 were expected as the consensus on Wall Street during the previous several months.

Most of the surge (CBO estimates 85 percent) in unexpected 1997 tax revenues has been in the area of individual taxes, especially in the category of non-withheld taxes. Although the data to establish where these taxes came from are not yet available (details will not be available for 2 years), most likely they are from the following: stronger-than- expected personal income growth due to the economy; a rise in the effective tax rate; and continued high capital gains realizations, probably related to the boom in the stock market. CBO notes that the first two reasons may be why individual taxes are growing at twice the rate of personal incomes. Preliminary tax data suggest that capital gains tax payments could be a major factor: capital gains realizations probably grew at a 45- percent rate in 1997, to $370 billion, repeating the same growth as in 1996. Federal Reserve statistics show that over 1988 to 1997, stock market gains have added $6.1 trillion to wealth of households and nonprofits (probably about an eighth of this total), with $3.9 trillion in gains for 1995 to 1997. Some analysts cite this growth as the basis for assuming permanently higher future revenues from capital gains realizations.

ECONOMIC ASSUMPTIONS

[Calendar years]

	Actual (1997)	Forecast		Projected			
		1998	1999	2000	2001	2002	2003
Percent change (year over year):							
Real GDP	3.8	2.7	2.0	1.9	2.0	2.1	2.3
Implicit GDP deflator	2.0	2.0	2.2	2.3	2.4	2.4	2.5
Inflation (CPI–U)	2.3	2.2	2.5	2.7	2.8	2.8	2.8
Annual rate:							
Unemployment	4.9	4.8	5.1	5,4	5.6	5.8	5.8
3-month Treasury Bill	5.1	5.3	5.2	4.8	4.7	4.7	4.7
1-year Treasury Note	6.4	6.0	6.1	6.0	5.9	5.9	5.9
Income shares (percentage of GDP):							
Corporate profits	9.9	9.7	9.2	8.8	8.5	8.3	8.2
Wage and salary	48.0	48.4	48.5	48.6	48.6	48.6	48.6

Source: Congressional Budget Office.

FUNCTION-BY-FUNCTION PRESENTATION

Function 050: National Defense

FUNCTION SUMMARY

The National Defense function includes funds to develop, maintain, and equip the military forces of the United States. Major areas of funding include pay and benefits for military and civilian personnel; research, development, testing, and evaluation; procurement of weapons systems; military construction and family housing; and operations and maintenance of the defense establishment.

DESCRIPTION OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $271.6 billion in budget authority [BA] and $266.6 billion in outlays in fiscal year 1999, and $1,416.3 billion in BA and $1,360.2 billion in outlays over 5 years.

Mandatory spending in this function would be −$1.1 billion in BA and −$1.1 billion in outlays in fiscal year 1999, and −$5.3 billion in BA and −$5.3 billion in outlays over 5 years.

FUNCTION 050: NATIONAL DEFENSE

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$270.5	$274.3	$280.8	$288.6	$296.8
Outlays	265.5	267.9	269.6	272.1	279.8

Function 150: International Affairs

FUNCTION SUMMARY

The International Affairs function includes funds to finance the foreign affairs establishment, including embassies and other diplomatic missions abroad; humanitarian assistance; foreign aid in less developed countries; international security assistance; U.S. contributions to the international financial institutions; foreign information and exchange activities; Export-Import Bank activities; and refugee assistance. The major departments and agencies in this function include the Department of State, the Department of the Treasury, the Agency for International Development, the United States Information Agency, and the Export-Import Bank.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $18.5 billion in budget authority [BA] and $18.2 billion in outlays in fiscal year 1999, and $80.4 billion in BA and $83.5 billion in outlays over 5 years. Mandatory spending in this function would be −$4.3 billion in BA and −$4.4 billion in outlays in fiscal year 1999, and −$17.1 billion in BA and −$20.0 billion in outlays over 5 years.

FUNCTION 150: INTERNATIONAL AFFAIRS

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$14.2	$12.1	$12.3	$12.3	$12.2
Outlays	13.8	13.7	12.9	11.9	11.3

Function 250: General Science, Space, and Technology

FUNCTION SUMMARY

The General Science, Space, and Technology function includes funds for space flight and research, general science, and basic research not specifically covered by other functional areas. The programs in this function are the primary source of funding for the physical and engineering sciences. The budgets for the National Science Foundation [NSF], the high energy and nuclear physics research programs of the Department of Energy [DOE], and the National Aeronautics and Space Administration [NASA]—except for its air transportation programs which are included in Function 400—are within this category.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending—which represents nearly 100 percent of the function's totals—the budget resolution calls for $17.9 billion in budget authority [BA] and $17.8 billion in outlays in fiscal year 1999, and $88.9 billion in BA and $88.5 billion in outlays over 5 years.

FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$17.9	$17.7	$17.8	$17.8	$17.8
Outlays	17.8	17.8	17.6	17.7	17.7

Function 270: Energy

FUNCTION SUMMARY

The Energy function includes the civilian activities in the Department of Energy, rural electrification and telecommunications loans within the Department of Agriculture, the power programs of the Tennessee Valley Authority [TVA], and the Nuclear Regulatory Commission [NRC].

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $2.8 billion in budget authority [BA] and $3.3 billion in outlays in fiscal year 1999, and $9.5 billion in BA and $12.0 billion in outlays over 5 years. Mandatory spending in this function would be −$2.2 billion in BA and −$3.1 billion in outlays in fiscal year 1999, and −$17.5 billion in BA and −$21.8 billion in outlays over 5 years.

FUNCTION 270: ENERGY

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$0.6	−$0.3	−$1.3	−$6.1	−$0.7
Outlays	0.3	−0.2	−1.8	−6.6	−1.5

Function 300: Natural Resources And Environment

FUNCTION SUMMARY

The Natural Resources and Environment function includes funds to develop, manage, and maintain the Nation's natural resources, and protect public health by ensuring a clean environment. Funding is provided for water resources, conservation and land management, recreational resources, pollution control and abatement, and other natural resources. The major departments and agencies in this function include the Department of the Interior; the Department of Agriculture; the Army Corps of Engineers; the Environmental Protection Agency; and the National Oceanic and Atmospheric Administration [NOAA], in the Department of Commerce.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $22.0 billion in budget authority [BA] and $22.0 billion in outlays in fiscal year 1999, and $102.9 billion in BA and $105.7 billion in outlays over 5 years. Mandatory spending in this function would be $0.6 billion in BA and $0.8 billion in outlays in fiscal year 1999, and $2.2 billion in BA and $2.4 billion in outlays over 5 years.

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$22.6	$21.0	$20.5	$20.5	$20.5
Outlays	22.8	22.4	21.6	20.8	20.5

Function 350: Agriculture

FUNCTION SUMMARY

The Agriculture function includes funds for direct assistance and loans to food and fiber producers, export assistance, market information and inspection services, and agricultural research.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $4.3 billion in budget authority [BA] and $4.3 billion in outlays in fiscal year 1999, and $20.7 billion in BA and $20.8 billion in outlays over 5 years. Mandatory spending in this function would be $7.9 billion in BA and $6.2 billion in outlays in fiscal year 1999, and $34.8 billion in BA and $26.4 billion in outlays over 5 years.

FUNCTION 350: AGRICULTURE

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$12.6	$11.7	$10.6	$10.4	$10.7
Outlays	10.5	10.1	9.0	8.8	9.1

Function 370: Commerce and Housing Credit

FUNCTION SUMMARY

The Commerce and Housing Credit function includes certain discretionary housing programs, such as subsidies for single and multifamily housing in rural areas; net spending by the Postal Service; discretionary funding for commerce programs, such as international trade and exports, science and technology, the periodic census, and small business; and mandatory spending for deposit insurance activities related to banks, thrifts, and credit unions; and mortgage insurance provided by the Federal Housing Administration.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $3.9 billion in budget authority [BA] and $3.2 billion in outlays in fiscal year 1999, and $15.0 billion in BA and $15.3 billion in outlays over 5 years. Mandatory spending in this function would be $0.5 billion in BA and -$0.4 billion in outlays in fiscal year 1999, and $47.6 billion in BA and $30.4 billion in outlays over 5 years.

FUNCTION 370: COMMERCE AND HOUSING CREDIT

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$4.4	$15.3	$13.9	$14.8	$14.2
Outlays	2.8	10.2	10.3	11.4	11.0

Function 400: Transportation

FUNCTION SUMMARY

The Transportation function includes Federal funding for highway, transit, railroad, aviation, maritime, and Coast Guard programs.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $12.6 billion in budget authority [BA] and $40.4 billion in outlays in fiscal year 1999, and $61.4 billion in BA and $200.8 billion in outlays over 5 years. Mandatory spending in this function would be $31.6 billion in BA and $1.7 billion in outlays in fiscal year 1999, and $156.8 billion in BA and $5.0 billion in outlays over 5 years.

FUNCTION 400: TRANSPORTATION

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$44.3	$43.6	$43.6	$43.1	$43.7
Outlays	42.1	41.6	41.3	40.2	40.6

Function 450: Community and Regional Development

FUNCTION SUMMARY

The Community and Regional Development function includes programs that provide Federal funding for economic and community development in both urban and rural areas. It includes programs such as Community Development Block Grants, the Tennessee Valley Authority, the Appalachian Regional Commission and the Federal Emergency Management Agency.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $8.3 billion in budget authority [BA] and $10.7 billion in outlays in fiscal year 1999, and $35.3 billion in BA and $44.2 billion in outlays over 5 years. Mandatory spending in this function would be $0.4 billion in BA and -$0.1 billion in outlays in fiscal year 1999, and $0.2 billion in BA and -$2.3 billion in outlays over 5 years.

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$8.7	$7.3	$6.8	$6.2	$6.2
Outlays	10.6	9.1	8.2	7.4	6.6

Function 500: Education, Training, Employment, and Social Services

FUNCTION SUMMARY

The Education, Training, Employment, and Social Services function includes elementary and secondary education programs, vocational and higher education, employment and job training programs, and grants to States for general social services and rehabilitation services.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $47.3 billion in budget authority [BA] and $46.2 billion in outlays in fiscal year 1999, and $238.7 billion in BA and $233.7 billion in outlays over 5 years. Mandatory spending in this function would be $14.1 billion in BA and $14.0 billion in outlays in fiscal year 1999, and $77.3 billion in BA and $75.6 billion in outlays over 5 years.

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$61.4	$62.3	$63.3	$63.2	$65.6
Outlays	60.2	61.3	62.0	61.8	63.9

Function 550: Health

FUNCTION SUMMARY

The Health function includes the biomedical research services, and health education activities of the United States, including the National Institutes of Health, substance abuse prevention and treatment, and women's health issues. It also includes Medicaid, the Nation's major program to pay for medical and long-term care services for low-income people.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $26.7 billion in budget authority [BA] and $26.3 billion in outlays in fiscal year 1999, and $131.5 billion in BA and $131.0 billion in outlays over 5 years. Mandatory spending in this function would be $117.1 billion in BA and $116.0 billion in outlays in fiscal year 1999, and $652.1 billion in BA and $651.9 billion in outlays over 5 years.

FUNCTION 550: HEALTH

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$143.8	$149.9	$155.9	$162.8	$171.2
Outlays	142.3	149.5	155.6	163.6	172.0

Function 570: Medicare

FUNCTION SUMMARY

This budget function includes the Medicare Part A Hospital Insurance [HI] program, Part B Supplementary Medical Insurance [SMI] program, and premiums paid by qualified aged and disabled beneficiaries.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $2.7 billion in budget authority [BA] and $2.8 billion in outlays in fiscal year 1999, and $13.5 billion in BA and $13.6 billion in outlays over 5 years. Mandatory spending in this function would be $206.9 billion in BA and $207.4 billion in outlays in fiscal year 1999, and $1,172.9 billion in BA and $1,173.4 billion in outlays over 5 years.

FUNCTION 570: MEDICARE

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$209.6	$220.5	$237.5	$248.7	$270.2
Outlays	210.1	219.8	240.4	246.3	270.4

Function 600: Income Security

FUNCTION SUMMARY

The Income Security function includes most of the Federal Government's income support programs. The function includes benefits to Federal retirees and railroad retirees; unemployment benefits; low-income housing; food-stamps; school lunch subsidies; and financial assistance to low-income groups including families with children, the disabled, the elderly, refugees, and households with high energy costs.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $33.7 billion in budget authority [BA] and $41.2 billion in outlays in fiscal year 1999, and $185.7 billion in BA and $197.6 billion in outlays over 5 years. Mandatory spending in this function would be $210.1 billion in BA and $206.3 billion in outlays in fiscal year 1999, and $1,147.3 billion in BA and $1,133.6 billion in outlays over 5 years.

FUNCTION 600: INCOME SECURITY

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$243.8	$256.8	$267.2	$277.4	$287.8
Outlays	247.6	258.2	267.0	274.5	284.0

Function 650: Social Security

FUNCTION SUMMARY

Function 650 consists of the Social Security Program.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $3.2 billion in budget authority [BA] and $3.4 billion in outlays in fiscal year 1999, and $16.0 billion in BA and $16.3 billion in outlays over 5 years. Mandatory spending in this function would be $391.5 billion in BA and outlays in fiscal year 1999, and $2,147.8 billion in BA and outlays over 5 years.

FUNCTION 650: SOCIAL SECURITY

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$394.7	$411.9	$430.9	$451.9	$474.4
Outlays	394.9	412.0	430.9	451.9	474.4

Function 700: Veterans' Benefits and Services

FUNCTION SUMMARY

The Veterans' Benefits and Services function includes funding for the Department of Veterans Affairs [VA] which provides veterans who meet various eligibility rules benefits ranging from medical care, to compensation, pensions, education, housing, insurance, and burial benefits. There are about 25.9 million veterans and about 44 million members of their families.

The VA administers a vast health care system for veterans who meet certain eligibility criteria. Care is provided largely in facilities owned and operated by the VA. In 1996, the VA-operated facilities included 173 medical centers, 130 nursing home care units, 375 outpatient clinics, and 39 domiciliaries. In recent years, about 2.8 million veterans used the VA health care system, representing just over 10 percent of the total veteran population.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $19.1 billion in budget authority [BA] and $19.6 billion in outlays in fiscal year 1999, and $95.6 billion in BA and $96.3 billion in outlays over 5 years. Mandatory spending in this function would be $23.3 billion in BA and $23.4 billion in outlays in fiscal year 1999, and $121.9 billion in BA and $123.1 billion in outlays over 5 years.

FUNCTION 700: VETERANS'' BENEFITS AND SERVICES

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$42.4	$43.0	$43.5	$43.9	$44.8
Outlays	42.9	43.3	43.7	44.2	45.2

Function 750: Administration of Justice

FUNCTION SUMMARY

The Administration of Justice function includes funding for Federal law enforcement activities, including criminal investigations by the Federal Bureau of Investigation [FBI] and the Drug Enforcement Administration [DEA], border enforcement and the control of illegal immigration by the Customs Service and Immigration and Naturalization Service [INS], as well as funding for prison construction, drug treatment, crime prevention programs, and the Federal Judiciary.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $24.4 billion in budget authority [BA] and $23.4 billion in outlays in fiscal year 1999, and $114.2 billion in BA and $116.3 billion in outlays over 5 years. Mandatory spending in this function would be $0.6 billion in BA and $0.6 billion in outlays in fiscal year 1999, and $1.9 billion in BA and $1.6 billion in outlays over 5 years.

FUNCTION 750: ADMINISTRATION OF JUSTICE

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$25.0	$23.3	$22.7	$22.6	$22.5
Outlays	24.0	24.1	23.9	23.4	22.6

Function 800: General Government

FUNCTION SUMMARY

The General Government function consists of the activities of the Legislative Branch, the Executive Office of the President, U.S. Treasury fiscal operations (including Internal Revenue Service), personnel and property management, and general purpose fiscal assistance to states, localities, and U.S. territories.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for $12.5 billion in budget authority [BA] and $11.9 billion in outlays in fiscal year 1999, and $57.2 billion in BA and $56.2 billion in outlays over 5 years. Mandatory spending in this function would be $2.3 billion in BA and $2.4 billion in outlays in fiscal year 1999, and $11.7 billion in BA and $11.9 billion in outlays over 5 years.

FUNCTION 800: GENERAL GOVERNMENT

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$14.8	$13.6	$13.6	$13.6	$13.3
Outlays	14.2	13.9	13.5	13.3	13.1

Function 900: Net Interest

FUNCTION SUMMARY

Net interest is the interest paid on the Federal public debt, minus the interest income received. Function 900 is a mandatory payment, with no discretionary components.

FUNCTION 900: NET INTEREST

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	$244.0	$238.2	$231.4	$224.5	$219.1
Outlays	244.0	238.2	231.4	224.5	219.1

Function 920: Allowances

FUNCTION SUMMARY

The Allowances function displays the budgetary effects of proposals or assumptions that cannot be easily distributed across other budget functions.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For discretionary spending, the budget resolution calls for -$0.5 billion in budget authority [BA] and −$0.5 billion in outlays in fiscal year 1999, and −$12.3 billion in BA and −$10.7 billion in outlays over 5 years. The resolution assumes no mandatory budget authority or outlays in fiscal year 1999 or over 5 years.

FUNCTION 920: ALLOWANCES

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	−$0.5	−$0.9	−$2.9	−$3.2	−$3.2
Outlays	−0.5	−0.9	−2.9	−3.2	−3.2

Function 950: Undistributed Offsetting Receipts

FUNCTION SUMMARY

This function records offsetting receipts that are too large to record in other budget functions. Such receipts are either intrabudgetary (a payment from one Federal agency to another, such as agency payments to the retirement trust funds) or proprietary (a payment from the public for some type of business transaction with the government). The main types of receipts recorded as "undistributed" in this function are: the payments Federal agencies make to retirement trust funds for their employees, payments made by companies for the right to explore and produce oil and gas on the Outer Continental Shelf, and payments by those who bid for the right to buy or use public property or resources, such as the electromagnetic spectrum.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

There is no Discretionary spending in this function. Mandatory spending in this function would be −$44.0 billion in BA and −$44.0 billion in outlays in fiscal year 1999, and −$236.2 billion in BA and −$236.2 billion in outlays over 5 years.

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

[In billions of dollars]

	1999	2000	2001	2002	2003
Budget Authority	−$44.0	−$44.4	−$46.9	−$54.6	−$46.3
Outlays	−44.0	−44.4	−46.9	−54.6	−46.3

Revenues

This budget proposes to relieve families of one of the most onerous forms of taxation—the marriage penalty.

The President's 1993 tax bill exacerbated the marriage penalty by making permanent certain provisions of the tax code that were supposed to be temporary, including the top marginal tax rate of 39.6 percent and the phase-outs for personal exemptions and certain credits. Where the marriage penalty occurs, it punishes those who are trying to form stable families—which are the basis of values and morals in the Nation. At a time when promoting strong families is most needed, the marriage penalty discourages the moral practice of building families.

As noted earlier, taxes in this country are too high. The Federal Government's tax collections are higher today—21 percent of Gross Domestic Product—than at any other time since World War II. Government revenues are growing twice as fast as wages.

REVENUES

[In billions of dollars]

	1999	2000	2001	2002	2003
Total Revenues	$1,755.6	$1,788.8	$1,835.4	$1,906.0	$1,973.7

ADDITIONAL LANGUAGE

SENSE OF CONGRESS LANGUAGE

Sections 7 through 11 of the budget resolution contain the following Sense of Congress provisions.

Section 7—Sense of Congress on the Social Security Trust Fund.

Section 8—Sense of Congress on the Assets for Independence Act.

Section 9—Sense of Congress on a demonstration project on clinical cancer trials.

Section 10—Sense of Congress on the interim payment system for home health benefits under Medicare.

Section 11—Sense of Congress on the levels of Special Education funding.

ADDITIONAL REPORT LANGUAGE

The Committee notes that one of the goals of the Balanced Budget Act [BBA] of 1997 was to expand options for Medicare beneficiaries under the new Medicare+Choice program. The new Medicare payment formula in the BBA was intended to make these choices available to all Americans. But the blending of rates to create greater equity for rural and other lower-payment areas was not implemented in 1998. The resolution assumes that the functional totals reflect the maximum funding of the blended rate as set forth in the Balanced Budget Act of 1997.

It is the goal of the Budget Committee to ultimately balance the budget without relying on the practice of borrowing from Social Security. We wish to emphasize this point so that Americans realize both the unfinished task of balancing the budget and the existence of an ongoing deficit in Federal operations other than Social Security.

The Army Corps of Engineers carries out construction, rehabilitation, and related activities for water resources development projects. These projects have navigation, flood control, water supply, hydroelectric, and other attendant benefits to the Nation. Adequate funding of the Army Corps of Engineers is critical to the health and well-being of the Nation's citizens and its economy. The budget resolution, therefore, assumes funding for the Army Corps of Engineers will be maintained at the 1998 level.

SUMMARY TABLES

TOTAL SPENDING AND REVENUES–
HOUSE BUDGET COMMITTEE RECOMMENDATION–
[In billions of dollars]–

	Fiscal year—						
	1998	1999	2000	2001	2002	2003	1999–2003
SUMMARY							
Total Spending:							
Budget authority	1,673.4–	1,730.4–	1,775.7–	1,820.9–	1,858.4–	1,940.7–	9,126.1
Outlays	1,657.0–	1,721.9–	1,767.6–	1,807.3–	1,858.4–	1,910.3–	9,036.5–
On-Budget:–							
Budget authority–	1,359.5–	1,408.8–	1,443.8–	1,477.5–	1,502.7–	1,571.4–	7,404.2–
Outlays	1,343.1–	1,400.3–	1,435.7–	1,463.9–	1,473.7–	1,541.0–	7,314.6–
Off-Budget:–							
Budget authority–	313.9–	321.6–	331.9–	343.4–	355.7–	369.3–	1,721.9–
Outlays–	313.9–	321.6–	331.9–	343.4–	355.7–	369.3–	1,721.9–
Revenues, Total	1,709.7–	1755.6–	1788.8–	1835.4–	1906.0–	1973.7–	9259.5–
On-Budget––	1,292.4–	1,317.4–	1,331.0–	1358.3–	1408.1–	1452.9–	6867.7–
Off-Budget––	417.3–	438.2–	457.8–	477.1–	497.9–	520.8–	2,391.8–
Surplus/Deficit (−), Total –	52.7–	33.7–	21.2–	28.1–	76.6–	63.4–	223.0–
On-Budget	−50.7–	−82.9	−104.7	−105.6–	−65.6	-88.1	−446.9–
Off-Budget	103.4–	116.6	125.9	133.7	142.2	151.5–	669.9–
Debt Subject to Limit (end of year)	5,436.9–	5,597.0	5,777.2	5,957.2–	6,102.4–	6,269.4–	NA
BY FUNCTION							
National Defense (050):							
Budget authority	267.4	270.5–	274.3–	280.8	288.6–	296.8–	1,411.0–
Outlays	268.1–	265.5–	267.9–	269.6	272.1	279.8–	1,354.9–
International Affairs (150):							
Budget authority–	15.2–	14.2–	12.1–	12.3–	12.3–	12.2–	63.1–
Outlays–	14.1–	13.8–	13.7–	12.9–	11.9–	11.3–	63.6–
General Science, Space & Technology (250):							
Budget authority	18.0–	17.9–	17.7–	17.8–	17.8–	17.8–	89.0–
Outlays	17.7–	17.8–	17.8–	17.6–	17.7–	17.7–	88.6–
Energy (270):							
Budget authority	0.5–	0.6–	-0.3–	-1.3–	-6.1–	-0.7–	-7.8–
Outlays–	1.0–	0.3–	-0.2–	-1.8–	-6.6–	-1.5–	-9.8–
Natural Resources & Environment (300):							
Budget authority–	24.2–	22.6–	21.0–	20.5–	20.5–	20.5–	105.09–
Outlays	23.0–	22.8–	22.4–	21.6–	20.8–	20.5–	108.1–
Agriculture (350):							
Budget authority	11.8	12.2–	11.7–	10.6–	10.4–	10.7–	55.6–
Outlays	10.8–	10.5–	10.1–	9.0–	8.8–	9.1–	47.5–
Commerce & Housing Credit (370):							
Total:							
Budget authority	7.9–	4.4–	15.3–	13.9–	14.8–	14.2–	62.6–
Outlays	1.3–	2.8–	10.2–	10.3–	11.4–	110.–	45.7–
On-Budget:–							
Budget authority–	7.3–	4.4–	14.9–	14.5–	14.8–	14.2–	62.8–
Outlays	0.7	2.8–	9.8–	10.9–	11.4–	11.0–	45.9–

TOTAL SPENDING AND REVENUES——Continued
HOUSE BUDGET COMMITTEE RECOMMENDATION–
[In billions of dollars]–

	Fiscal year—						
	1998	1999	2000	2001	2002	2003	1999–2003
Off-Budget:–							
Budget authority–	0.6–	0.0–	0.4–	-0.6–	0.0–	0.0–	-0.2–
Outlays	0.6–	0.0–	0.4–	-0.6–	0.0–	0.0–	-0.2–
Transportation (400):							
Budget authority–	46.0–	44.3–	43.6–	43.6–	43.1–	43.7–	218.3–
Outlays–	42.5–	42.1–	41.6–	41.3–	40.2–	40.6–	205.8
Community & Regional Development:							
Budget authority	8.7	8.7–	7.3–	6.8–	6.2–	6.2–	35.2–
Outlays	11.2–	10.6–	9.1–	8.2–	7.4–	6.6–	41.9–
Education, Training, Employment, & Social Services (500):							
Budget authority	61.3–	61.4–	62.3–	63.3–	63.2–	65.6–	315.8–
Outlays	56.1–	60.2–	61.3–	62.0–	61.8–	63.9–	309.2–
Health (550):							
Budget authority–	136.2–	143.8–	149.9–	155.9–	162.8–	171.2–	783.6–
Outlays	132.0–	142.3–	149.5–	155.6–	163.6–	172.0–	783.0–
Medicare (570):							
Budget authority	199.2	209.6–	220.5–	237.5	248.7–	270.2–	1,186.5–
Outlays –	199.7–	210.1–	219.8–	240.4–	246.3–	270.4–	1,187.0–
Income Security (600):							
Budget authority	229.5–	243.8–	256.8–	267.2–	277.4–	287.8–	1,333.0–
Outlays–	234.7–	247.6–	258.2–	267.0–	274.5–	284.0–	1,331.3–
Social Security (650):—							
Total:–							
Budget authority	378.9–	394.7–	411.9–	430.9–	451.9–	474.4–	2,163.8–
Outlays	379.1–	394.9–	412.0–	430.9–	451.9–	474.4–	2,164.1–
On-Budget:–							
Budget authority	12.0–	12.6–	13.1–	12.6–	14.5–	15.3–	68.1–
Outlays	12.2–	12.8–	13.2–	12.6–	14.5–	15.3–	68.4–
Off-Budget:							
Budget authority	366.9–	382.1–	398.8–	418.3–	437.4–	459.1–	2,095.7–
Outlays	366.9–	382.1–	398.8–	418.3–	437.4–	459.1–	2,095.7–
Veterans Benefits & Services (700):							
Budget authority	42.6–	42.4–	43.0–	43.5–	43.9–	44.8–	217.59–
Outlays	42.5–	42.9–	43.3–	43.7–	44.2–	45.2–	219.31–
Administration of Justice (750):							
Budget authority	25.1	25.0–	23.3–	22.7–	22.6–	22.5–	116.1–
Outlays	22.5–	24.0–	24.1–	23.9–	23.4–	22.6–	118.0–
General Government (800):–							
Budget authority—	14.5–	14.8–	13.6–	13.6–	13.6–	13.3–	68.9–
Outlays–	14.3–	14.2–	13.9–	13.5–	13.3–	13.1–	68.0–
Net Interest (900):—							
Total:–							
Budget authority	244.2–	244.0–	238.2–	231.4–	224.5–	219.1–	1,157.2–
Outlays	244.2–	244.0–	238.2–	231.4–	224.5–	219.1–	1,157.2–
On-Budget:–							
Budget authority	290.7–	296.8–	297.2–	296.8–	296.6–	298.5–	1,485.9–
Outlays	290.7–	296.8–	297.2–	296.8–	296.6–	298.5–	1,485.9–
Off-Budget:–							
Budget authority	−46.5–	−52.8–	−59.0–	−65.4–	−72.1–	−79.4	−328.7–
Outlays	−46.5–	−52.8–	−59.8–	−65.4–	−72.1–	−79.4–	−328.7–
Allowances (920):							
Budget authority	−14.0–	−0.5 –	−2.1–	−3.2–	−3.2–	−3.3–	−12.3–
Outlays	−14.0–	−0.5–	−0.9–	−2.9–	−3.2–	−3.2–	−10.7–
Undistributed Offsetting Receipts (950):							
Total:							
Budget authority–	−43.8–	−44.0–	−44.4–	−46.9–	−54.6–	−46.3–	−236.2–
Outlays	−43.8–	−44.0–	−44.4	−46.9–	−54.6–	−46.3–	−236.2–

TOTAL SPENDING AND REVENUES——Continued
HOUSE BUDGET COMMITTEE RECOMMENDATION–
[In billions of dollars]–

	Fiscal year—						
	1998	1999	2000	2001	2002	2003	1999–2003
On Budget:							
Budget authority	−36.7–	−36.3–	−36.1–	−38.0–	−45.0–	−35.9–	−191.3–
Outlays	−36.7–	−36.3–	−36.1–	−38.0–	−45.0	−35.9–	−191.3–
Off-Budget:–							
Budget authority	−7.1–	−7.7–	−8.3–	−8.9–	−9.6–	−10.4–	−44.9–
Outlays	−7.1–	−7.7–	−8.3–	−8.9–	−9.6–	−10.4–	−44.9–

DISCRETIONARY SPENDING
HOUSE BUDGET COMMITTEE RECOMMENDATION
[In billions of dollars]

	Fiscal year—						
	1998	1999	2000	2001	2002	2003	1999–2003
SUMMARY							
Total Spending:							
Budget authority	527.9–	531.0–	527.1–	529.1–	536.9–	546.4–	2,670.5
Outlays	557.6	560.8–	561.1	554.4–	550.3–	554.7–	2,781.3
Defense Spending:							
Budget authority	268.6	271.6	275.4	281.9	289.6	297.8	1,416.3
Outlays	269.2	266.6	269.0	270.7	273.1	280.8	1,360.2
Nondefense Spending:							
Budget authority	259.3	259.4	251.7	247.2	247.3	248.6	1,254.2–
Outlays	288.4	294.2	292.1	283.7	277.2	273.9	1,421.1
BY FUNCTION							
National Defense (050):——							
Budget authority	268.6	271.6	275.4	281.9	289.6	297.8	1,416.3–
Outlays	269.2–	266.6	269.0–	270.7	273.1–	280.8	1,360.2–
International Affairs (150):							
Budget authority	19.1	18.5	16.2	15.5	15.2–	15.0–	80.4
Outlays	18.7	18.2	17.7	16.8–	15.8–	15.0–	83.5
General Science, Space, & Technology (250):							
Budget authority	17.9	17.9	17.7	17.7	17.8–	17.8	88.9
Outlays	17.6	17.8	17.7	17.6–	17.7	17.7	88.5
Energy (270):							
Budget authority	2.8	2.8	1.8–	1.8–	1.6–	1.5–	9.5
Outlays	3.9	3.3–	2.8	2.3	2.0	1.6	12.0
Natural Resources & Environment (300):							
Budget authority	23.2	22.0	20.4	20.1	20.2–	20.2–	102.9
Outlays	22.2	22.0	21.8	21.1–	20.6–	20.2–	105.7
Agriculture (350):							
Budget authority–	4.3–	4.3–	4.1–	4.1–	4.1–	4.1–	20.7–
Outlays	4.2–	4.3–	4.2–	4.1–	4.1–	4.1–	20.8–
Commerce & Housing Credit (370):							
Budget authority	3.0	3.9	4.7–	2.2–	2.1–	2.1–	15.0
Outlays	2.8	3.2–	4.7–	2.9–	2.4–	2.1–	15.3–
Transportation (400):							
Budget authority	13.7	12.6	12.2	12.2	12.2–	12.2–	61.4
Outlays	40.0	40.4	40.3	40.3–	40.0–	39.8–	200.8
Community & Regional Development (450):							
Budget authority	8.6	8.3	7.2–	6.9–	6.4–	6.5–	35.3
Outlays	11.4	10.7	9.5–	8.8–	8.1–	7.1–	44.2–
Education, Training, Employment, & Social Services (500):							
Budget authority	46.4	47.3	47.4	47.6	47.9–	48.5–	238.7
Outlays	42.6	46.2	46.5	46.8–	47.0–	47.2–	233.7

DISCRETIONARY SPENDING—Continued
HOUSE BUDGET COMMITTEE RECOMMENDATION
[In billions of dollars]

	Fiscal year—						
	1998	1999	2000	2001	2002	2003	1999–2003
Health (550):							
Budget authority–	26.4–	26.7–	26.5–	26.3–	26.1–	25.9–	131.5
Outlays	25.3	26.3	26.4	26.3–	26.1–	25.9–	131.0
Medicare (570):							
Budget authority	2.7–	2.7–	2.7–	2.7–	2.7–	2.7–	13.5–
Outlays	2.8–	2.8–	2.7–	2.7–	2.7–	2.7–	13.6
Income Security (600):							
Budget authority–	32.2–	33.7–	36.4–	37.4–	38.5–	39.7–	185.7
Outlays	40.6	41.2	41.2	39.8–	37.5–	37.9–	197.6
Social Security (650):							
Budget authority–	3.2–	3.2–	3.2–	3.2–	3.2–	3.2–	16.0
Outlays–	3.3–	3.4–	3.3–	3.2–	3.2–	3.2–	16.3–
Veterans Benefits & Services (700):							
Budget authority	19.1–	19.1–	19.1–	19.1–	19.0–	19.3–	95.6
Outlays	19.1	19.6	19.2	19.1–	19.1–	19.3–	96.3
Administration of Justice (750):							
Budget authority–	24.2–	24.4–	22.9–	22.3–	22.3–	22.3–	114.2–
Outlays–	21.5–	23.4–	23.7–	23.6–	23.1–	22.5–	116.3–
General Government (800):							
Budget authority	12.5	12.5	11.3	11.3	11.2–	10.9–	57.2–
Outlays	12.4	11.9	11.3	11.2–	11.0	10.8	56.2
Net Interest (900):							
Budget authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outlays	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Allowances (920):							
Budget authority	0.0	−0.5	−2.1	−3.2	−3.2–	−3.3–	−12.3—–
Outlays–	0.0–	−0.5–	−0.9–	−2.9–	−3.2–	−3.2–	−10.7–
Undistributed Offsetting Receipts (950):							
Budget authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outlays	0.0	0.0	0.0	0.0	0.0	0.0	0.0

MANDATORY SPENDING–
HOUSE BUDGET COMMITTEE RECOMMENDATION–
[In billions of dollars]–

	Fiscal year—						
	1998	1999	2000	2001	2002	2003	1999–2003
SUMMARY							
Total Spending:							
Budget authority	1,145.5	1,199.3	1,248.8	1,291.7	1,321.4	1,394.4	6,455.6
Outlays	1,099.4	1,161.2	1,206.6	1,252.5	1,279.0	1,355.4	6,254.7
Defense Spending:							
Budget authority	−1.2	−1.1	−1.1	−1.1	−1.0	−1.0	−5.3–
Outlays	−1.1	−1.1	−1.1	−1.1	−1.0	−1.0	−5.3–
Nondefense Spending:							
Budget authority	902.5	1,200.4	1,249.9	1,292.8	1,322.4	1,395.4	6,460.9–
Outlays	1,100.5	1,162.3	1,207.7	1,253.6	1,280.0	1,356.4	6,260.0
BY FUNCTION							
National Defense (050):							
Budget authority	−1.2	−1.1	−1.1	−1.1	−1.0	−1.0	−5.3–
Outlays	−1.1	−1.1	−1.1	−1.1	−1.0	−1.0	−5.3–
International Affairs (150):							
Budget authority	−3.8	−4.3	−4.0	−3.1	−2.9	−2.8	−17.1–
Outlays	−4.6	−4.4	−4.0	−4.0	−3.9	−3.7	−20.0–

MANDATORY SPENDING——Continued

HOUSE BUDGET COMMITTEE RECOMMENDATION–

[In billions of dollars]–

	Fiscal year—						
	1998	1999	2000	2001	2002	2003	1999–2003
General Science, Space, & Technology (250):							
Budget authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0–
Outlays	0.0	0.0	0.0	0.0	0.0	0.0	0.0–
Energy (270):							
Budget authority	−2.3	−2.2	−2.1	−3.2	−7.8	−2.2	−17.5–
Outlays	−2.9	−3.1	−2.9	−4.1	−8.6	−3.1	−21.8–
Natural Resources & Environment (300):							
Budget authority	1.0–	0.6–	0.6–	0.4–	0.3–	0.3–	2.2–
Outlays	0.9–	0.8–	0.6–	0.5–	0.2–	0.3–	2.4–
Agriculture (350):——							
Budget authority	7.5–	7.9–	7.6–	6.4–	6.3–	6.6–	34.8–
Outlays–	6.6–	6.2–	5.9–	4.8–	4.6–	4.9–	26.4–
Commerce & Housing Credit (370):——							
Budget authority	4.9–	0.5–	10.6–	11.7–	12.7–	12.1–	47.6–
Outlays–	−1.6–	−0.4–	5.5–	7.4–	9.0–	8.9–	30.4–
On-Budget:–							
Budget authority	4.3–	0.5–	10.2–	12.3–	12.7–	12.1–	47.8– —–
Outlays	−2.2–	−0.4–	5.1–	8.0–	9.0–	8.9–	30.6– —
Off-Budget:–							
Budget authority	0.6–	0.0–	0.4–	−0.6–	0.0–	0.0–	−0.2– ——
Outlays	0.6–	0.0–	0.4–	−0.6–	0.0–	0.0–	−0.2–
Transportation (400):——							
Budget authority	32.3–	31.6–	31.4–	31.4–	30.9–	31.5–	156.8– ——
Outlays	2.6–	1.7–	1.3–	0.9–	0.3–	0.8–	5.0–
Community & Regional Development:——							
Budget authority	0.1–	0.4–	0.2–	−0.1–	−0.1–	−0.2–	0.2–
Outlays	−0.2–	−0.1–	−0.4–	−0.6–	−0.7–	−0.5–	−2.3–
Education, Training, Employment, & Social Services (500):							
Budget authority	14.9–	14.1–	15.0–	15.7–	15.4–	17.1–	77.3– —–
Outlays	13.6–	14.0–	14.9–	15.2–	14.9–	16.6–	75.6–
Health (550):——							
Budget authority	109.8–	117.1–	123.4–	129.6–	136.7–	145.3–	652.1– ——
Outlays	106.7–	116.0	123.1–	129.2–	137.5–	146.1–	651.9–
Medicare (570):——							
Budget authority	196.5–	206.9–	217.8–	234.8–	245.9–	267.5–	1,172.9– ——
Outlays	196.9–	207.4–	217.1–	237.6–	243.6–	267.7–	1,173.4–
Income Security (600):——							
Budget authority	197.3	210.1–	220.3–	229.9–	238.9–	248.1–	1,147.3– —
Outlays	194.2	206.3	217.0	227.3	236.9	246.1	1,133.6
Social Security (650):							
Budget authority	375.7	391.5	408.7	427.7	448.7	471.2	2,147.8 ——
Outlays–	375.7	391.5–	408.7	427.7	448.7	471.2	2,147.8 —
On-Budget:							
Budget authority	8.8–	9.4–	9.9–	9.4–	11.3–	12.1–	52.1– —–
Outlays–	8.8–	9.4–	9.9–	9.4–	11.3–	12.1–	52.1– —
Off-Budget:							
Budget authority	366.9–	382.1–	398.8–	418.3–	437.4–	459.1–	2,095.7 ——
Outlays–	366.9–	382.1–	398.8–	418.3–	437.4–	459.1–	2,095.7–

MANDATORY SPENDING——Continued
HOUSE BUDGET COMMITTEE RECOMMENDATION–
[In billions of dollars]–

	Fiscal year—						
	1998	1999	2000	2001	2002	2003	1999–2003
Veterans Benefits & Services (700):——							
Budget authority	23.5–	23.3–	23.9–	24.4–	24.8–	25.5–	121.9–
Outlays–	23.4–	23.4–	24.1–	24.6–	25.1–	25.9–	123.1
Administration of Justice (750):——							
Budget authority	0.9–	0.6–	0.4–	0.4–	0.3–	0.2–	1.9– ——
Outlays–	0.9–	0.6–	0.4–	0.3–	0.2–	0.1–	1.6–
General Government (800):——							
Budget authority	2.0–	2.3–	2.3–	2.3–	2.4–	2.4–	11.7– —
Outlays–	1.9–	2.4–	2.6–	2.3–	2.3–	2.3–	11.9–
Net Interest (900):							
Budget authority	244.2–	244.0–	238.2–	231.4–	224.5	219.1–	1,157.2–
Outlays–	244.2–	244.0–	238.2–	231.4–	224.5–	219.1–	1,157.2–
On-Budget:							
Budget authority	290.7–	296.8–	297.2–	296.8–	296.6–	298.5–	1,485.9–
Outlays–	290.7–	296.8–	297.2–	296.8–	296.6–	298.5–	1,485.9–
Off-Budget:							
Budget authority	−46.5–	−52.8–	−59.0–	−65.4–	−72.1–	−79.4–	−328.7–
Outlays	−46.5–	−52.8–	−59.0–	−65.4–	−72.1–	−79.4–	−328.7–
Allowances (920):——							
Budget authority	−14.0–	0.0–	0.0–	0.0–	0.0–	0.0–	0.0– ——
Outlays	−14.0–	0.0–	0.0–	0.0–	0.0–	0.0–	0.0–
Undistributed Offsetting Receipts (950):							
Budget authority	−43.8–	−44.0–	−44.4–	−46.9–	−54.6–	−46.3–	−236.2
Outlays	−43.8–	−44.0–	−44.4–	−46.9–	−54.6–	−46.3–	−236.2
On-Budget:							
Budget authority	−36.7–	−36.3–	−36.1–	−38.0–	−45.0–	−35.9–	−191.3–
Outlays	−36.7–	−36.3–	−36.1–	−38.0–	−45.0–	−35.9–	−191.3–
Off-Budget:							
Budget authority	−7.1–	−7.7–	−8.3–	−8.9–	−9.6–	−10.4–	−44.9–
Outlays	−7.1–	−7.7–	−8.3–	−8.9–	−9.6–	−10.4–	−44.9–

TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 1998–2002

[Billions of Dollars]

Function	Corporations					Individuals					Total 1998–02
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002	
National Defense											
Exclusion of benefits and allowances to Armed Forces personnel	....	....	....	....	....	1.9	1.9	1.9	2.0	2.0	9.7
Exclusion of military disability benefits	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.5
International Affairs											
Exclusion of income earned abroad by U.S. citizens	....	....	....	....	....	1.8	1.9	2.0	2.2	2.3	10.2
Exclusion of certain allowances for Federal employees abroad	....	....	....	....	....	0.2	0.2	0.2	0.2	0.2	1.0
Exclusion of income of foreign sales corporations (FSCs)	1.6	1.7	1.9	2.0	2.1	....	....	....	....	....	9.3
Deferral of income of controlled foreign corporations	1.2	1.3	1.3	1.4	1.5	....	....	....	....	....	6.7
Inventory property sales source rule exception	3.8	3.9	4.0	4.1	4.2	....	....	....	....	....	20.0
General Science, Space, and Technology											
Tax credit for qualified research expenditures	1.6	1.1	0.7	0.4	0.1	(1)	(1)	(1)	(1)	(1)	3.9
Expensing of research and experimental expenditures	2.6	2.8	3.0	3.2	3.4	(1)	(1)	(1)	(1)	(1)	15.0
Energy											
Expensing of exploration and development costs:											
Oil and gas	0.2	0.2	0.2	0.2	0.2	(1)	(1)	(1)	(1)	(1)	1.0
Other fuels	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Excess of percentage over cost depletion:											
Oil and gas	0.4	0.4	0.4	0.4	0.4	0.1	0.1	0.1	0.1	0.1	2.4
Other fuels	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	1.5
Tax credit for enhanced oil recovery costs	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.3
Tax credit for production of non-conventional fuels	1.1	1.1	1.1	1.0	1.0	0.3	0.3	0.3	0.3	0.2	6.7
Tax credits for alcohol fuels [2]	(1)	(1)	(1)	(1)	(1)	....	....	....	....	....	(1)
Exclusion of interest on State and local government industrial development bonds for energy production facilities	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	01.	0.1	1.2
Expensing of tertiary injectants	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of energy conservation subsidies provided by public utilities	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.2
Tax credit for investments in solar and geothermal energy facilities	0.1	0.1	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.5
Tax credit for electricity production from wind and biomass	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.3
Tax credit for electric vehicles	(1)	(1)	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.3
Deductions for clean-fuel vehicles and refueling property	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Natural Resources and Environment											
Expensing of exploration and development costs, nonfuel minerals	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Excess of percentage over cost depletion, nonfuel minerals	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	1.5

TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 1998–2002—Continued

[Billions of Dollars]

Function	Corporations					Individuals					Total 1998–02
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002	
Tax credit and 7-year amortization for reforestation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Expensing of multiperiod timber-growing costs	0.2	0.2	0.2	0.2	0.2	(1)	(1)	(1)	(1)	(1)	1.1
Exclusion of interest on State and local government sewage, water, and hazardous waste facilities bonds	0.2	0.2	0.2	0.2	0.2	0.6	0.6	0.6	0.6	0.6	3.7
Tax credit for rehabilitation of historic structures	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.5
Special rules for mining reclamation reserves	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Exclusion of contributions in aid of construction for water and sewer utilities	(1)	(1)	(1)	(1)	(1)	....	....	....	....	....	0.2
Agriculture											
Expensing of soil and water conservation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Expensing of fertilizer and soil conditioner costs	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Expensing of the costs of raising dairy and breeding cattle	(1)	(1)	(1)	(1)	(1)	0.1	0.1	0.2	0.2	0.2	0.8
Exclusion of cost-sharing payments	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of cancellation of indebtedness income of farmers	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.4
Cash accounting for agriculture	(1)	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	1.2
Income averaging for farmers	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1
Commerce and Housing											
Financial institutions:											
Bad-debt reserves of financial institutions	(1)	(1)	(1)	(1)	(1)	....	....	....	....	....	0.1
Exemption of credit union income	0.8	0.8	0.9	0.9	1.0	....	....	....	....	....	4.4
Insurance companies:											
Exclusion of investment income on life insurance and annuity contracts	1.2	1.2	1.3	1.3	1.3	20.9	21.5	22.0	22.5	23.1	116.2
Small life insurance company taxable income adjustment	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.5
Special treatment of life insurance company reserves	1.9	2.0	2.1	2.3	2.4	....	....	....	....	....	10.8
Deduction for unpaid property loss reserves for property and casualty insurance companies	2.8	3.0	3.1	3.3	3.5	....	....	....	....	....	15.7
Special deduction for Blue Cross and Blue Shield companies	0.4	0.4	0.4	0.4	0.3	....	....	....	....	....	1.9
Housing:											
Deduction for mortgage interest on owner-occupied residences	....	....	....	....	....	43.0	44.7	46.4	48.3	50.2	232.6
Deduction for property taxes on owner-occupied residences	....	....	....	....	....	16.6	17.3	17.9	18.7	19.5	89.9
Exclusion of capital gains on sales of principal residences	....	....	....	....	....	5.6	5.7	5.9	6.1	6.3	29.6
Exclusion of interest on State and local government bonds for owner-occupied housing	0.6	0.6	0.7	0.7	0.7	1.6	1.7	1.8	1.9	1.9	12.2

Exclusion of interest on State and local government bonds for rental housing	0.3	0.3	0.3	0.3	0.3	0.8	0.8	0.9	0.9	0.9	5.8
Depreciation of rental housing in excess of the alternative depreciation system	1.0	1.0	1.0	1.0	1.0	0.8	0.7	0.7	0.7	0.7	8.7
Tax credit for low-income housing	1.1	1.2	1.4	1.5	1.6	2.1	2.3	2.5	2.8	3.0	19.6
Tax credit for first-time homebuyers in the District of Columbia (sunsets taxable years beginning after 12/31/00)	....	....	....	....	....	([1])	([1])	([1])	([1])	([1])	0.1
Other business and commerce:											
Reduced rates of tax on long-term capital gains	....	....	....	....	....	30.8	29.4	29.0	38.8	35.0	163.1
Depreciation of buildings other than rental housing in excess of the alternative depreciation system	2.6	1.9	1.5	1.2	1.2	1.1	0.9	0.7	0.5	0.5	12.1
Depreciation of equipment in excess of the alternative depreciation system	25.3	26.9	28.2	28.8	29.0	6.8	7.4	7.8	7.8	7.7	175.7
Expensing of depreciable business property	0.7	0.6	0.6	0.8	0.8	0.4	0.3	0.3	0.4	0.5	5.4
Exclusion of capital gains at death	....	....	....	....	....	18.0	19.2	20.5	21.9	23.4	103.0
Carryover basis of capital gains on gifts	....	....	....	....	....	1.8	1.9	1.9	2.0	2.1	9.7
Amortization of business startup costs	([1])	([1])	([1])	([1])	([1])	0.3	0.3	0.3	0.3	0.3	1.6
Reduced rates on first $10,000,000 of corporate taxable income	4.2	4.3	4.4	4.5	4.7	....	....	....	....	....	22.1
Permanent exemption from imputed interest rules	([1])	([1])	([1])	([1])	([1])	0.2	0.2	0.2	0.2	0.2	1.1
Expensing of magazine circulation expenditures	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	0.2
Special rules for magazine, paperback book, and record returns	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	0.1
Deferral of gain on non-dealer installment sales	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	4.5
Completed contract rules	0.2	0.2	0.2	0.2	0.2	([1])	([1])	([1])	([1])	([1])	1.1
Cash accounting, other than agriculture	([1])	([1])	([1])	([1])	([1])	0.1	0.1	0.1	0.1	0.1	0.6
Exclusion of interest on State and local government small-issue industrial development bonds	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.2	0.2	0.2	1.7
Deferral of gain on like-kind exchanges	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	3.5
Exception from net operating loss limitations for corporations in bankruptcy proceedings	0.5	0.5	0.5	0.5	0.4	....	....	....	....	....	2.4
Tax credit for employer-paid FICA taxes on tips	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	1.4
Deferral of gain on involuntary conversions resulting from Presidentially-declared disasters	....	....	....	....	....	([1])	([1])	([1])	([1])	([1])	0.1
Transportation											
Deferral of tax on capital construction funds of shipping companies	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.5
Exclusion of employer-paid transportation benefits	....	....	....	....	....	3.3	3.2	3.2	3.2	3.2	16.1
Exclusion of interest on State and local government bonds for high-speed rail	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	0.1
Community and Regional Development											
Empowerment zone tax incentives	0.2	0.2	0.3	0.4	0.3	0.2	0.3	0.4	0.4	0.3	3.0
District of Columbia tax incentives	([1])	([1])	0.1	0.1	0.1	([1])	0.1	0.1	0.1	0.1	0.6
Indian reservation tax incentives	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	1.4

TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 1998–2002—Continued

[Billions of Dollars]

Function	Corporations					Individuals					Total 1998–02
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002	
Expensing of redevelopment costs in certain environmentally contaminated areas (“Brownfields”)	(1)	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	(1)	0.4
Tax credit for rehabilitation of structures, other than historic structures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.4
Exclusion of interest on State and local government bonds for private airports, docks, and mass-commuting facilities	0.3	0.3	0.4	0.4	0.4	0.8	0.9	1.0	1.1	1.0	6.6
Education, Training, Employment, and Social Services											
Education and training:											
Tax credits for tuition for post-secondary education	....	....	....	....	....	6.2	6.3	7.2	7.7	7.6	35.1
Deduction for interest on student loans	....	....	....	....	....	(1)	0.1	0.1	0.2	0.3	0.7
Exclusion of earnings of trust accounts for higher education (“education IRAs”)	....	....	....	....	....	0.2	0.5	0.7	0.8	1.1	3.3
Exclusion of interest on educational savings bonds	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1
Deferral of tax on earnings of qualified State tuition programs	....	....	....	....	....	(1)	0.1	0.1	0.2	0.2	0.7
Exclusion of scholarship and fellowship income	....	....	....	....	....	0.8	0.9	0.9	1.0	1.1	4.6
Exclusion of employer-provided education assistance benefits	....	....	....	....	....	0.2	0.3	0.2	0.1	....	0.8
Parental personal exemption for students age 19 to 23	....	....	....	....	....	0.8	0.9	0.9	1.0	1.1	4.7
Exclusion of interest on State and local government student loan bonds	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	1.6
Exclusion of interest on State and local government bonds for private nonprofit educational facilities	0.3	0.3	0.3	0.4	0.4	0.8	0.8	0.9	1.0	1.0	6.2
Tax credit for holders of qualified education bonds	(1)	0.1	0.1	0.1	0.1	....	....	....	....	....	0.4
Deduction for charitable contributions to educational institutions	0.9	1.0	1.1	1.2	1.4	2.6	2.7	2.8	2.9	3.0	19.6
Employment:											
Exclusion of employee meals and lodging (other than military)	....	....	....	....	....	0.7	0.7	0.8	0.8	0.8	3.8
Exclusion of benefits provided under cafeteria plans [3]	....	....	....	....	....	5.7	6.5	7.2	7.9	8.7	35.9
Exclusion of rental allowances for ministers’ homes	....	....	....	....	....	0.3	0.3	0.3	0.4	0.4	1.7
Exclusion of miscellaneous fringe benefits	....	....	....	....	....	5.8	6.2	6.5	6.9	7.3	32.7
Exclusion of employee awards	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.7
Exclusion of income earned by voluntary employees’ beneficiary associations	....	....	....	....	....	0.5	0.5	0.5	0.6	0.6	2.7
Special tax provisions for employee stock ownership plans (ESOPs)	0.8	0.8	0.9	0.9	1.0	(1)	(1)	(1)	(1)	(1)	4.6
Work opportunity tax credit	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.4
Welfare-to-work tax credit	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Social services:											
Tax credit for children under age 17 [4]	....	....	....	....	....	11.6	19.3	20.3	20.2	19.9	91.4

Tax credit for child and dependent care expenses	....	....	....	....	....	2.8	2.8	2.9	2.9	2.9	14.3
Exclusion of employer-provided child care [5]	....	....	....	....	....	0.9	1.0	1.1	1.2	1.2	5.4
Exclusion of certain foster care payments	....	....	....	....	....	([1])	([1])	([1])	([1])	([1])	0.1
Adoption credit and employee adoption benefits exclusion	....	....	....	....	....	0.4	0.4	0.4	0.4	0.2	1.7
Deduction for charitable contributions, other than for education and health	0.9	1.0	1.1	1.2	1.3	16.3	17.0	17.8	18.7	19.5	94.8
Expensing of costs for removing architectural barriers	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	0.1
Tax credit for disabled access expenditures	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	0.1
Health											
Exclusion of employer contributions for medical care, health insurance premiums, and long-term care insurance premiums [6]	....	....	....	....	....	51.4	54.8	58.1	61.7	65.4	291.3
Exclusion of medical care and CHAMPUS/TRICARE medical insurance for military dependents, retirees, and retiree dependents	....	....	....	....	....	1.5	1.4	1.5	1.5	1.5	7.4
Deduction for health insurance premiums and long-term care insurance premiums by the self-employed	....	....	....	....	....	0.8	0.9	1.0	1.1	1.4	5.2
Deduction for medical expenses and long-term care expenses	....	....	....	....	....	4.4	4.9	5.3	5.9	6.5	27.1
Medical savings accounts	....	....	....	....	....	([1])	0.1	0.1	0.2	0.2	0.6
Exclusion of interest on State and local government bonds for private nonprofit hospital facilities	0.5	0.6	0.6	0.7	0.7	1.5	1.6	1.7	1.9	1.9	11.7
Deduction for charitable contributions to health organizations	0.7	0.7	0.8	0.9	1.0	1.9	2.0	2.1	2.2	2.3	14.6
Tax credit for orphan drug research	([1])	([1])	([1])	([1])	([1])	....	....	....	....	....	0.2
Medicare											
Exclusion of untaxed medicare benefits:											
Hospital insurance	....	....	....	....	....	13.4	14.9	16.5	18.3	20.2	83.2
Supplementary medical insurance	....	....	....	....	....	5.8	6.7	7.6	8.6	9.7	38.4
Income Security											
Exclusion of workers' compensation benefits	....	....	....	....	....	3.8	3.9	4.0	4.2	4.3	20.2
Exclusion of special benefits for disabled coal miners	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.5
Exclusion of cash public assistance benefits	....	....	....	....	....	0.4	0.5	0.5	0.5	0.5	2.4
Net exclusion of pension contributions and earnings:											
Employer plans	....	....	....	....	....	73.5	76.7	80.0	79.9	78.7	388.8
Individual retirement plans	....	....	....	....	....	9.9	10.8	11.9	13.0	14.3	59.9
Keogh plans	....	....	....	....	....	3.9	4.2	4.4	4.6	4.9	22.0
Exclusion of other employee benefits:											
Premiums on group term life insurance	....	....	....	....	....	1.9	1.9	2.0	2.1	2.1	10.0
Premiums on accident and disability insurance	....	....	....	....	....	0.2	0.2	0.2	0.2	0.2	1.0
Exclusion of employer-provided death benefits	....	....	....	....	....	([1])	([1])	([1])	([1])	([1])	0.2
Additional standard deduction for the blind and the elderly	....	....	....	....	....	2.0	2.2	2.3	2.5	2.6	11.6
Tax credit for the elderly and disabled	....	....	....	....	....	([1])	([1])	([1])	([1])	([1])	0.1
Deduction for casualty and theft losses	....	....	....	....	....	0.3	0.3	0.3	0.3	0.3	1.5
Earned income credit (EIC) [7]	....	....	....	....	....	5.2	5.2	5.3	5.5	5.9	27.2

TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 1998–2002—Continued

[Billions of Dollars]

Function	Corporations					Individuals					Total 1998–02
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002	
Social Security and Railroad Retirement											
Exclusion of untaxed social security and railroad retirement benefits	....	....	....	....	....	27.0	28.2	29.5	30.8	32.2	147.8
Veterans' Benefits and Services											
Exclusion of veterans' disability compensation	....	....	....	....	....	1.9	2.0	2.0	2.1	2.1	10.1
Exclusion of veterans' pensions	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.5
Exclusion of GI bill benefits	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.5
Exclusion of interest on State and local government bonds for veterans' housing	(1)	(1)	(1)	(1)	(1)	0.1	0.1	0.1	0.1	0.1	0.5
General Purpose Fiscal Assistance											
Exclusion of interest on public purpose State and local government debt	4.3	4.5	5.1	5.4	5.6	11.7	12.2	13.7	14.7	15.2	92.4
Deduction for nonbusiness State and local government income and personal property taxes	....	....	....	....	....	29.1	30.2	31.3	32.5	33.8	156.8
Tax credit for Puerto Rico and possession income	3.4	3.7	3.9	4.0	3.6	....	....	....	....	....	18.6
Interest											
Deferral of interest on savings bonds	....	....	....	....	....	1.5	1.5	1.5	1.5	1.5	7.5

[1] Positive tax expenditure of less than $50 million.

[2] In addition, the 54-cents-per-gallon exemption from excise tax for alcohol fuels results in a reduction in excise tax receipts, net of income tax effect, of $0.5 billion per year in fiscal years 1998 through 2000, and $0.6 billion in fiscal years 2001 and 2002.

[3] Estimate includes revenue losses from amounts of health insurance purchased through cafeteria plans and child care purchased through flexible spending accounts. These amounts are also included in other line items in this table.

[4] The figures in the table show the effect of the child credit on receipts. The increase in outlays is: $0.6 billion in 1998, $1.1 billion in 1999, $1.1 billion in 2000, $1.1 billion in 2001, and $1.1 billion in 2002.

[5] Estimate includes employer-provided child care purchased through dependent care flexible spending accounts.

[6] Estimate includes employer-provided health insurance purchased through cafeteria plans.

[7] The figures in the table show the effect of the EIC on receipts. The increase in outlays is: $21.7 billion in 1998, $22.5 billion in 1999, $23.4 billion in 2000, $24.4 billion in 2001, and $25.4 billion in 2002.

Note.—Details may not add to totals due to rounding.

Source: Joint Committee on Taxation.

REVENUE COMPARISONS

TABLE 1.—COMPARISON OF TOTAL BUDGET REVENUES

[In billions of dollars]

	Amount
Fiscal year:	
1993 actual–	1,154.4
1994 actual–	1,258.6
1995 actual–	1,351.8
1996 actual–	1,453.1
1997 actual–	1,579.0
1998 estimated (CBO)–	1709.7
Fiscal year 1999:	
Administration's request (February 1998)	1,742.7
Committee level	1,755.6
Fiscal year 2000:	
Administration's request (February 1998)	1,793.6
Committee level	1,788.8
Fiscal year 2001:	
Administration's request (February 1998)	1,862.6
Committee level	1,835.4
Fiscal year 2002:	
Administration's request (February 1998)	1,949.3
Committee level–	1,906.0
Fiscal year 2003:	
Administration's request (February 1998)	2,028.2
Committee level	1,973.7

TABLE 2.—COMPARISON OF ON-BUDGET REVENUES

[In billions of dollars]

	Amount
Fiscal year:	
1993 actual–	842.5
1994 actual–	923.6
1995 actual–	1,000.8
1996 actual–	1,085.6
1997 actual–	1,187.3
1998 estimated (CBO)	1,292.4
Fiscal year 1999:	
Administration's request (February 1998)	1,308.6
Committee level	1,317.4
Fiscal year 2000:	
Administration's request (February 1998)	1,339.7
Committee level	1,331.0
Fiscal year 2001:	
Administration's request (February 1998)	1,389.9
Committee level	1,358.3
Fiscal year 2002:	
Administration's request (February 1998)–	1,455.0
Committee level	1,408.1
Fiscal year 2003:	
Administration's request (February 1998)———	1,511.5
Committee level	1,453.0

TABLE 3.—CBO BASELINE REVENUES BY SOURCE UNDER PAST AND CURRENT LAW

[Includes on- and off-budget revenues, fiscal years, billions of dollars]—

	Historical					Projected
	1950	1960	1970	1980	1990	1999
Individual income tax	15.8–	40.7–	90.4–	244.1–	466.9–	791.6
Corporate income tax–	10.4–	21.5–	32.8–	64.6–	93.5–	200.0
Social Insurance tax and contributions	4.3–	14.7–	44.4–	157.8–	380.0–	600.0
Excises	7.6–	11.7–	15.7–	24.3–	35.3–	69.3

TABLE 3.—CBO BASELINE REVENUES BY SOURCE UNDER PAST AND CURRENT LAW—Continued

[Includes on- and off-budget revenues, fiscal years, billions of dollars]—

	Historical					Projected
	1950	1960	1970	1980	1990	1999
Estate and gift taxes	0.7–	1.6–	3.6–	6.4–	11.5–	23.1
Custom duties	0.4–	1.1–	2.4–	7.2–	16.7–	19.3
Miscellanous receipts	0.2–	1.2–	3.4–	12.7–	28.0–	35.3
Total [1]	39.4–	92.5–	192.8–	517.1–	1032.0	1738.5
On-budget revenues–	37.3–	81.9–	159.3–	403.9–	750.3–	1300.2
Off-budget revenues [2]	2.1–	10.6–	33.5–	113.2–	281.7–	438.2

[1] Details may not add to totals due to rounding.——————

[2] Social Security (OASDI) revenues.

Source: CBO March 1998 baseline revenues.

TABLE 4.—CBO BASELINE REVENUES SOURCE AS PERCENT OF GDP UNDER PAST AND CURRENT LAW

[Includes on- and off-budget revenues, fiscal years]

	Historical					Projected
	1950	1960	1970	1980	1990	1999
Individual income tax	5.8–	7.9–	9.0–	9.0–	8.2–	9.1
Corporate income tax	3.8–	4.1–	3.3–	2.4–	1.6–	2.3
Social Insurance tax and contributions	1.6–	2.8–	4.4–	5.8–	6.7–	6.9
Excises	2.8–	2.3–	1.6–	0.9–	0.6–	0.8
Estate and gift taxes	0.2–	0.3–	0.4–	0.2–	0.2–	0.3
Custom duties	0.1–	0.2–	0.2–	0.3–	0.3–	0.2
Miscellanous receipts	0.1–	0.2–	0.3–	0.5–	0.5–	0.4
Total [1]	14.4–	17.8–	19.1–	19.0–	18.2–	19.9
On-budget revenues	13.6–	15.8–	15.8–	14.9–	13.2–	14.9
Off-budget revenues [2]	0.8–	2.1–	3.3–	4.2–	5.0–	5.0

[1] Details may not add to totals due to rounding.——————

[2] Social Security (OASDI) revenues.

Source: CBO March 1998 baseline revenues.

TOTAL SPENDING AND REVENUES

HOUSE BUDGET COMMITTEE RECOMMENDATION MINUS THE PRESIDENT'S REQUEST

[In billions of dollars]

	Fiscal Year—						
	1998	1999	2000	2001	2002	2003	1999–2003
SUMMARY							
Total Spending:							
Budget authority	2.7	−25.8	−31.4	−42.7	−46.4	−53.5	−199.8
Outlays	0.6	−21.4	−30.9	−42.7	−61.4	−66.6	−223.0
On-Budget:							
Budget authority	2.7	−25.7	−31.2	−42.5	−46.2	−53.3	−198.9
Outlays	0.6	−21.3	−30.7	−42.5	−62.0	−68.1	−224.6
Off-Budget:							
Budget authority	0.0	−0.1	−0.2	−0.2	−0.2	−0.2	−0.9
Outlays	0.0	−0.1	−0.2	−0.2	0.6	1.5	1.6
Revenues, Total	−0.1	−16.7	−25.4	−37.4	−45.7	−55.6	−180.8
Surplus/Deficit, Total	−0.7	−4.7	5.5	5.3	15.7	11.0	42.2
Debt Subject to Limit (end of year)	5436.9	5597.0	5777.2	5957.2	6102.4	6269.4	NA

TOTAL SPENDING AND REVENUES—Continued

HOUSE BUDGET COMMITTEE RECOMMENDATION MINUS THE PRESIDENT'S REQUEST

[In billions of dollars]

	Fiscal Year—						
	1998	1999	2000	2001	2002	2003	1999–2003
BY FUNCTION							
National Defense (050):							
Outlays	0.0	−3.6	−4.2	−1.1	−7.1	−8.9	−24.9
Budget authority	0.0	−0.4	−1.4	−2.8	1.7	−0.1	−3.0
International Affairs (150):							
Budget authority	0.0	−1.7	−3.1	−3.5	−3.7	−3.8	−15.8
Outlays	0.0	−0.7	−1.6	−2.4	−3.3	−3.9	−11.9
General Science, Space & Technology (250):							
Budget authority	0.0	−0.6	−0.8	−1.0	−1.2	−1.3	−4.9
Outlays	0.0	−0.3	−0.6	−0.8	−1.0	−1.2	−3.9
Energy (270):							
Budget authority	0.0	−0.8	−1.4	−2.3	−7.0	−1.5	−13.0
Outlays	0.0	−0.4	−0.7	−2.1	−6.7	−1.4	−11.3
Natural Resources & Environment (300):							
Budget authority	0.0	−1.1	−2.3	−2.2	−2.3	−2.5	−10.4
Outlays	0.0	−0.8	−1.7	−2.2	−2.2	−2.5	−9.4
Agriculture (350):							
Budget authority	0.0	0.0	0.1	0.2	0.1	0.2	0.6
Outlays	0.0	0.0	0.0	0.2	0.1	0.2	0.5
Commerce & Housing Credit (370):							
Total:							
Budget authority	0.0	0.3	−0.2	−0.6	−0.6	−0.6	−1.7
Outlays	−0.2	−0.1	−0.0	0.2	−0.1	−0.4	−0.4
On-Budget:							
Budget authority	0.0	0.3	−0.2	−0.6	−0.6	−0.6	−1.7
Outlays	−0.2	−0.1	0.0	0.2	−0.9	−2.1	−2.9
Off-Budget:							
Budget authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outlays	0.0	0.0	0.0	0.0	0.8	1.7	2.5
Transportation (400):							
Budget authority	1.9	0.4	−0.6	−0.9	−1.4	−2.7	−5.2
Outlays	0.0	−1.4	−2.6	−3.4	−4.2	−5.0	−16.6
Community & Regional Development (450):							
Budget authority	0.0	−3.4	−1.3	−1.5	−2.9	−2.0	−10.1
Outlays	0.0	−0.5	−1.5	−2.0	−1.9	−2.4	−8.3
Education, Training, Employment, & Social Services (500):							
Budget authority	0.6	−4.4	−3.5	−3.9	−3.9	−3.4	−19.1
Outlays	0.6	−1.0	−3.3	−4.3	−4.5	−4.5	−17.6
Health (550):							
Budget authority	0.2	−1.6	−3.1	−6.0	−7.5	−11.7	−29.9
Outlays	0.2	−0.8	−2.3	−5.4	−6.5	−9.8	−24.8
Medicare (570):							
Budget authority	0.0	−0.6	−1.4	−2.0	−0.7	−3.3	−8.0
Outlays	0.0	−0.6	−1.3	−			

TOTAL SPENDING AND REVENUES—Continued

HOUSE BUDGET COMMITTEE RECOMMENDATION MINUS THE PRESIDENT'S REQUEST

[In billions of dollars]

	Fiscal Year—						
	1998	1999	2000	2001	2002	2003	1999–2003
Outlays	0.0	0.1	−0.2	−0.3	−0.2	−0.9	−1.5
Administration of Justice (750):							
Budget authority	0.0	−1.4	−1.7	−2.1	−2.3	−2.8	−10.3
Outlays	0.0	−1.4	−1.9	−2.2	−2.3	−2.7	−10.5
General Government (800):							
Budget authority	0.0	−4.0	−4.9	−5.6	−5.9	−6.7	−27.1
Outlays	0.0	−4.2	−4.9	−5.6	−5.9	−6.7	−27.3
Net Interest (900):							
Total:							
Budget authority	0.0	0.0	−0.2	−0.4	−0,8	−1.3	−2.7
Outlays	0.0	0.0	−0.2	−0.4	−0.8	−1.3	−2.7
On-Budget:							
Budget authority	0.0	0.0	−0.2	−0.4	−0.8	−1.3	−2.7
Outlays	0.0	0.0	−0.2	−0.4	−0.8	−1.3	−2.7
Off-Budget:							
Budget authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outlays	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Allowances (920):							
Budget authority	0.0	−3.8	−2.1	−3.2	−3.2	−3.3	−15.6
Outlays	0.0	−3.7	−0.9	−2.9	−3.2	−3.2	−13.9
Undistributed Offsetting Receipts (950):							
Total:							
Budget authority	0.0	0.0	0.4	0.0	−0.4	−0.2	−0.2
Outlays	0.0	0.0	0.4	0.0	−0.4	−0.2	−0.2
On-Budget:							
Budget authority	0.0	0.0	0.4	0.0	−0.4	−0.2	−0.2
Outlays	0.0	0.0	0.4	0.0	−0.4	−0.2	−0.2
Off-Budget:							
Budget authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outlays	0.0	0.0	0.0	0.0	0.0	0.0	0.0

HOUSE BUDGET COMMITTEE RECOMMENDATION COMPARED TO 1998

[In billions of dollars]

	Fiscal year—				
	1999	2000	2001	2002	2003
SUMMARY					
Total Spending:					
Budget authority	57.0	102.3	147.5	185.0	267.3
Outlays	64.9	110.6	150.3	172.4	253.3
On-Budget:					
Budget authority	49.3	84.3	118.0	143.2	211.9
Outlays	57.2	92.6	120.8	130.6	197.9
Off-Budget:					
Budget authority	7.7	18.0	29.5	41.8	55.4
Outlays	7.7	18.0	29.5	41.8	55.4
Revenues, Total	45.9	79.1	125.7	196.3	264.0
On-Budget	25.0	38.6	65.9	115.7	160.5
Off-Budget	20.9	40.5	59.8	80.6	103.5
Surplus/Deficit, Total	−36.1	−37.1	32.5	172.6	−17.2
On-Budget	−32.2	−54.0	−54.9	−14.9	−37.4
Off-Budget	13.2	22.5	30.3	38.8	48.1
BY FUNCTION					
National Defense (050):					
Budget authority	3.1	6.9	13.4	21.2	29.4
Outlays	−2.6	−0.2	1.5	4.0	11.7

HOUSE BUDGET COMMITTEE RECOMMENDATION COMPARED TO 1998—Continued

[In billions of dollars]

	Fiscal year—				
	1999	2000	2001	2002	2003
International Affairs (150):					
Budget authority	−1.0	−3.1	−2.9	−2.9	−3.0
Outlays	−0.3	−0.04	−1.2	−2.2	−2.8
General Science, Space & Technology (250):					
Budget authority	−0.1	−0.3	−0.2	−0.2	−0.2
Outlays	0.1	0.1	−0.1	0.0	0.0
Energy (270):					
Budget authority	0.1	−0.8	−1.8	−6.6	−1.2
Outlays	−0.7	−1.2	−2.8	−7.6	−2.5
Natural Resources & Environment (300):					
Budget authority	−1.6	−3.2	−3.7	−3.7	−3.7
Outlays	−0.2	−0.6	−1.4	−2.2	−2.5
Agriculture (350):					
Budget authority	0.4	−0.1	−1.2	−1.4	−1.1
Outlays	−0.3	−0.7	−1.8	−2.0	−1.7
Commerce & Housing Credit (370):					
Total:					
Budget authority	−3.5	7.4	6.0	6.9	6.3
Outlays	1.5	8.9	9.0	10.1	9.7
On-Budget:					
On-Budget	−2.9	7.6	7.2	7.5	6.9
Outlays	2.1	9.1	10.2	10.7	10.3
Off-Budget:					
Budget authority	−0.6	−0.2	−1.2	−0.6	−0.6
Outlays	−0.6	−0.2	−1.2	−0.6	−0.6
Transportation (400):					
Budget authority	−1.7	−2.4	−2.4	−2.9	−2.3
Outlays	−0.4	−0.9	−1.2	−2.3	−1.9
Community & Regional Development (450):					
Budget authority	0.0	−1.4	−1.9	−2.5	−2.5
Outlays	−0.6	−2.1	−3.0	−3.8	−4.6
Education, Training, Employment, & Social Services (500):					
Budget authority	0.1	1.0	2.0	1.9	4.3
Outlays	4.1	5.2	5.9	5.7	7.8
Health (550):					
Budget authority	7.6	13.7	19.7	26.6	35.0
Outlays	10.3	17.5	23.6	31.6	40.0
Medicare (570):					
Budget authority	10.4	21.3	38.3	49.5	71.0
Outlays	10.4	20.1	40.7	46.6	70.7
Income Security (600):					
Budget authority	14.3	27.3	37.7	47.9	58.3
Outlays	12.9	23.5	32.3	39.8	49.3
Social Security (650):					
Total:					
Budget authority	15.8	33.0	52.0	73.0	95.5
Outlays	15.8	32.9	51.8	72.8	95.3
On-Budget:					
Budget authority	0.6	1.1	0.6	2.5	3.3
Outlays	0.6	1.0	0.4	2.3	3.1
Off-Budget:					
Budget authority	15.2	31.9	51.4	70.5	92.2
Outlays	15.2	31.9	51.4	70.5	92.2
Veterans Benefit & Services (700):					
Budget authority	−0.2	0.4	0.9	1.3	2.2
Outlays	0.4	0.8	1.2	1.7	2.7
Administration of Justice (750):					
Budget authority	−0.1	−1.8	−2.4	−2.5	−2.6
Outlays	1.5	1.6	1.4	0.9	0.1
General Government (800):					
Budget authority	0.3	−0.9	−0.9	−0.9	−1.2

HOUSE BUDGET COMMITTEE RECOMMENDATION COMPARED TO 1998—Continued

[In billions of dollars]

	Fiscal year—				
	1999	2000	2001	2002	2003
Outlays	−0.1	−0.4	−0.8	−1.0	−1.2
Net Interest (900):					
Total:					
Budget authority	−0.2	−6.0	−12.8	−19.7	−25.1
Outlays	−0.2	−6.0	−12.8	−19.7	−25.1
On-Budget:					
Budget authority	6.1	6.5	6.1	5.9	7.8
Outlays	6.1	6.5	6.1	5.9	7.8
Off-Budget:					
Budget authority	−6.3	−12.5	−18.9	−25.6	−32.9
Outlays	−6.3	−12.5	−18.9	−25.6	−32.9
Allowances (920):					
Budget authority	13.5	11.9	10.8	10.8	10.7
Outlays	13.5	13.1	11.1	10.8	10.8
Undistributed Offsetting Receipts (950):					
Total:					
Budget authority	−0.2	−0.6	−3.1	−10.8	−2.5
Outlays	−0.2	−0.6	−3.1	−10.8	−2.5
On-Budget:					
Budget authority	0.4	0.6	−1.3	−8.3	0.8
Outlays	0.4	0.6	−1.3	−8.3	0.8
Off-Budget:					
Budget authority	−0.6	−1.2	−1.8	−2.5	−3.3
Outlays	−0.6	−1.2	−1.8	−2.5	−3.3

HOUSE BUDGET COMMITTEE RECOMMENDATION COMPARED TO 1998

[Percentage change]

	Fiscal Year—				
	1999	2000	2001	2002	2003
SUMMARY					
Total Spending:					
Budget authority	3.4	6.1	8.8	11.1	16.0
Outlays	3.9	6.7	9.1	10.4	15.3
On-Budget:					
Budget authority	3.6	6.2	8.7	10.5	15.6
Outlays	4.3	6.9	9.0	9.7	14.7
Off-Budget:					
Budget authority	2.5	5.7	9.4	13.3	17.6
Outlays	2.5	5.7	9.4	13.3	17.6
Revenues, Total	2.7	4.6	7.4	11.5	15.4
On-Budget	1.9	3.0	5.1	9.0	12.4
Off-Budget	5.0	9.7	14.3	19.3	24.8
Surplus/Deficit, Total	−68.4	−70.4	61.8	327.5	−32.7
On-Budget	63.5	106.5	108.3	29.4	73.8
Off-Budget	12.8	21.8	29.3	37.5	46.5
BY FUNCTION					
National Defense (050):					
Budget authority	1.2	2.6	5.0	7.9	11.0
Outlays	−1.0	−0.1	0.6	1.5	4.4
International Affairs (150):					
Budget authority	−6.6	−20.4	−19.1	−19.1	−19.7
Outlays	−2.1	−2.8	−8.5	−15.6	−19.9
General Science, Space & Technology (250):					
Budget authority	−0.6	−1.7	−1.1	−1.1	−1.1
Outlays	0.6	0.6	−0.6	0.0	0.0
Energy (270):					
Budget authority	20.0	−160.0	−360.0	−1320.0	−240.0

HOUSE BUDGET COMMITTEE RECOMMENDATION COMPARED TO 1998—Continued

[Percentage change]

	Fiscal Year—				
	1999	2000	2001	2002	2003
Outlays	−70.0	−120.0	−280.0	−760.0	−250.0
Naval Resources & Environment (300):					
Budget authority	−6.6	−13.2	−15.3	−15.3	−15.3
Outlays	−0.9	−2.6	−6.1	−9.6	−10.9
Agriculture (350):					
Budget authority	3.4	−0.8	−10.2	−11.9	−9.3
Outlays	−2.8	−6.5	−16.7	−18.5	−15.7
Commerce & Housing Credit (370):					
Total:					
Budget authority	−44.3	93.7	75.9	87.3	79.7
Outlays	115.4	684.6	692.3	776.9	746.2
On-Budget:					
Budget authority	−39.7	104.1	98.6	102.7	94.5
Outlays	300.0	1300.0	1457.1	1528.6	1471.4
Off-Budget:					
Budget authority	−100.0	−33.3	−200.0	−100.0	−100.0
Outlays	−100.0	−33.3	−200.0	−100.0	−100.0
Transportation (400):					
On-Budget:					
Budget authority	−3.7	−5.2	−5.2	−6.3	−5.0
Outlays	−0.9	−2.1	−2.8	−5.4	−4.5
Community & Regional Development (450):					
Budget authority	0.0	−16.1	−21.8	−28.7	−28.7
Outlays	−5.4	−18.8	−26.8	−33.9	−41.1
Education, Training, Employment, & Social Services (500):					
Budget authority	0.2	1.6	3.3	3.1	7.0
Outlays	7.3	9.3	10.5	10.2	13.9
Health (550):					
Budget authority	5.6	10.1	14.5	19.5	25.7
Outlays	7.8	13.3	17.9	23.9	30.3
Medicare (570):					
Budget authority	5.2	10.7	19.2	24.8	35.6
Outlays	5.2	10.1	20.4	23.3	35.4
Income Security (600):					
Budget authority	6.2	11.9	16.4	20.9	25.4
Outlays	5.5	10.0	13.8	17.0	21.0
Social Security (650):					
Total:					
Budget authority	4.2	8.7	13.7	19.3	25.2
Outlays	4.2	8.7	13.7	19.2	25.1
On-Budget:					
Budget authority	5.0	9.2	5.0	20.8	27.5
Outlays	4.9	8.2	3.3	18.9	25.4
Off-Budget:					
Budget authority	4.1	8.7	14.0	19.2	25.1
Outlays	4.1	8.7	14.0	19.2	25.1
Veterans Benefits & Services (700):					
Budget authority	−0.5	0.9	2.1	3.1	5.2
Outlays	0.9	1.9	2.8	4.0	6.4
Administration of Justice (750):					
Budget authority	−0.4	−7.2	−9.6	−10.0	−10.4
Outlays	6.7	7.1	6.2	4.0	0.4
General Government (800):					
Budget authority	2.1	−6.2	−6.2	−6.2	−8.3
Outlays	−0.7	−2.8	−5.6	−7.0	−8.4
Net Interest (900):					
Total:					
Budget authority	−0.1	−2.5	−5.2	−8.1	−10.3
Outlays	−0.1	−2.5	−5.2	−8.1	−10.3
On-Budget:					
Budget authority	2.1	2.2	2.1	2.0	2.7

HOUSE BUDGET COMMITTEE RECOMMENDATION COMPARED TO 1998—Continued

[Percentage change]

	Fiscal Year—				
	1999	2000	2001	2002	2003
Outlays	2.1	2.2	2.1	2.0	2.7
Off-Budget:					
Budget authority	13.5	26.9	40.6	55.1	70.8
Outlays	13.5	26.9	40.6	55.1	70.8
Allowances (920):					
Budget authority	−96.4	−85.0	−77.1	−77.1	−76.4
Outlays	−96.4	−93.6	−79.3	−77.1	−77.1
Undistributed Offsetting Receipts (950):					
Total:					
Budget authority	0.5	1.4	7.1	24.7	5.7
Outlays	0.5	1.4	7.1	24.7	5.7
On-Budget:					
Budget authority	−1.1	−1.6	3.5	22.6	−2.2
Outlays	−1.1	−1.6	3.5	22.6	−2.2
Off-Budget:					
Budget authority	8.5	16.9	25.4	35.2	46.5
Outlays	8.5	16.9	25.4	35.2	46.5

THE CONGRESSIONAL BUDGET PROCESS

The spending and revenue levels set forth in the budget resolution are executed through two parallel, but separate, mechanisms: allocations to the appropriations and authorizing committees, and reconciliation directives to the authorizing committees. The budget resolution includes instructions directing the authorizing committees to report legislation complying with direct spending and revenue instructions. The accompanying report allocates to the Appropriations Committee and authorizing committees their respective shares of new budget authority.

SPENDING ALLOCATIONS

As required under Section 302(a) of the Congressional Budget Act of 1974, the spending levels established in the budget resolution are allocated to the Appropriations Committee, as well as each of the authorizing committees with jurisdiction over programs that provide direct spending. The allocations serve as a committee-level ceiling on subsequent spending legislation. Legislation exceeding these levels is subject to a point of order.

Under the Balanced Budget Act of 1997, the allocation to the Appropriations Committee is further divided into a defense category, a non-defense category, and the Violent Crime Reduction Trust Fund. In the House, these divisions do not constitute separate allocations and are not enforceable through points of order. Amounts provided under current law encompass programs that affect direct spending—entitlements and other programs that have permanent or pro forma appropriations or offsetting receipts. Amounts subject to discretionary action apply to programs whose spending levels are set in annual appropriations bills.

Committee on Appropriations

The report accompanying the budget resolution allocates a lump sum of discretionary new budget authority and displays the corresponding level of outlays to the committee on Appropriations.

Term. The allocations to the Appropriations Committee are for fiscal year 1999 that begins on October 1, 1998.

Allocations. Upon receiving its 302(a) allocation, the Appropriations Committee is required to divide the allocation among its 13 subcommittees. The amount that each subcommittee receives constitutes its allocation under 302(b). The Appropriations Committee divides the 302(a) allocation among each of its thirteen subcommittees. For the Appropriations Committee, it is the 302(b) allocation that is enforced through a point of order under Section 302(f) of the Congressional Budget Act.

Adjustments. Under the Balanced Budget Act of 1997 [BBA], the discretionary spending limits and the allocations and aggregates in the budget resolution are automatically increased for specified legislation. These adjustments are necessary to avoid points of order for exceeding the budget resolution and triggering a sequester for exceeding the caps. Under Section 314 of the Congressional Budget Act and Section 251 of the Balanced Budget and Emergency Deficit Control Act, adjustments are provided for Continuing Disability Reviews, special drawing rights, arrearages to international organizations, designated emergencies, and an Earned Income Tax Credit Compliance Initiative.

The Chairman of the Budget Committee makes the adjustments in the budget resolution levels. The adjustments are in the amount that is appropriated for the program or activities. Section 314 of the Congressional Budget Act and Section 251 of the Balanced Budget and Emergency Deficit Control Act impose limits on the amount of adjustments for some of the programs or initiatives. The adjustments do not become permanent until the appropriations measures are enacted into law.

Additional Adjustment for Personal Retirement Savings Accounts. In addition to the adjustments enacted into law as part of the BBA, the budget resolution established additional adjustments in levels for fiscal year 1999. The Congress has authority to establish these procedures as an exercise of its rulemaking authority under Article I, Section 5 of the U.S. Constitution and is specifically authorized under Section 301(b)(4) of the Budget Act.

Section 5 of the budget resolution establishes a reserve fund for future legislation establishing Personal Retirement Savings Accounts [PRSAs]. PRSAs are retirement accounts that could be invested in stocks, bonds or government securities. The source of the investments could either be the Federal Government or the individuals themselves.

Under Section 5 of the budget resolution, the Chairman of the Budget Committee can change the allocations and aggregates in the budget resolution for two types of legislation that establish PRSAs. For legislation that provides Federal funding for PRSAs, the Chairman could increase the aggregate levels of new budget authority and outlays along with the appropriate committee allocations of such levels. For legislation that provides preferential tax treatment of individual contributions to these accounts, the Chairman would reduce the aggregate revenue floor. Section 5 would also permit increasing the spending levels and reducing the revenue floor to accommodate a hybrid of both proposals.

If legislation establishing PRSAs is considered, the Chairman of the Budget Committee has discretion whether to make the adjustments and the amount of any such adjustments. However, the maximum adjustment may not exceed the amount provided by that bill for PRSAs and may not exceed the amount of the unified surplus. Due to rapidly changing estimates of the surplus, the adjustment will be based on up-to-date estimates by the Congressional Budget Office [CBO].

Authorizing Committees

The authorizing committees are allocated a lump sum of new budget authority along with the corresponding outlays. Most of this direct spending will occur without further legislative action. The budget authority allocated to these committees is categorized as subject to discretionary action when the resolution assumes an increase or decrease in a program that provides direct spending.

Term. Since the spending authority for authorizing committees is multiyear or permanent, the allocations are for fiscal year 1999, which commences on October 1, 1998, and the 5-year total for fiscal year 1999 through fiscal year 2003. Additionally, the resolution also revises the allocations to the authorizing committees for the current year, fiscal year 1998. These levels supersede those of H. Con. Res. 84 (H. Rept. 105–100). The authorizing committees are not required to file 302(b) allocations.

Types of Spending Authority. The authorizing committees are provided a single allocation of new budget authority that is not provided through annual appropriations. Prior to the BBA, authorizing committees were provided separate allocations of new budget authority and new entitlement authority

These allocations are set forth as follows:

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SECTION 302(a)

[By fiscal year, in millions of dollars]

	1999	2000	2001	2002	2003	1999–2003
Appropriations Committee:						
Current law:						
Budget authority	298,105	315,414	340,851	355,772	362,580	1,672,722
Outlays	290,858	308,296	334,258	349,600	356,544	1,639,556
Discretionary Action:						
Budget authority	530,863	526,992	529,102	536,913	546,502	2,670,372
Outlays	560,885	561,032	554,618	550,292	554,866	2,781,693
Committee total:						
Budget authority	828,968	842,406	869,953	892,685	909,082	4,343,094
Outlays	851,743	869,328	888,876	899,892	911,410	4,421,249
House Agriculture Committee:						
Current law:						
Budget authority	8,947	8,578	7,107	6,878	2,493	34,003
Outlays	6,287	5,973	4,688	4,320	−26	21,242
Discretionary action:						
Budget authority	−669	−690	−817	−891	30,599	27,532
Outlays	−169	−290	−417	−491	30,285	28,918
Committee Total						
Budget authority	8,278	7,888	6,290	5,987	33,092	61,535
Outlays	6,118	5,683	4,271	3,829	30,259	50,160
House National Security Committee:						
Current law:						
Budget authority	48,614	50,355	52,042	53,846	55,661	260,518
Outlays	48,441	50,244	51,935	53,739	55,567	259,926
House Banking and Financial Services Committee:						
Current law:						
Budget authority	4,946	5,678	5,844	5,650	5,125	27,243
Outlays	3,162	−827	−139	232	41	2,469
Discretionary action:						
Budget authority	−810	−605	−794	−825	−855	−3,889
Outlays	−810	−605	−794	−825	−855	−3,889
Committee total:						
Budget authority	4,136	5,073	5,050	4,825	4,270	23,354
Outlays	2,352	−1,432	−933	−593	−814	1,420

House Committee on Education and the Workforce:						
Current law:						
Budget authority	4,578	4,832	5,031	5,230	5,446	25,117
Outlays	3,909	4,269	4,487	4,698	4,910	22,273
Discretionary action:						
Budget authority	849	3,257	3,436	3,915	4,054	15,511
Outlays	647	2,512	3,286	3,619	3,954	14,018
Committee total:						
Budget authority	5,427	8,089	8,467	9,145	9,500	40,628
Outlays	4,556	6,781	7,773	8,317	8,864	36,291
House Commerce Committee:						
Current law:						
Budget authority	10,615	14,369	16,679	16,368	16,537	74,568
Outlays	9,483	14,076	16,361	17,174	17,343	74,437
Discretionary action:						
Budget authority	−700	−1,200	−3,800	−8,556	−4,300	−18,556
Outlays	−700	−1,200	−3,800	−8,556	−4,300	−18,556
Committee total:						
Budget authority	9,915	13,169	12,879	7,812	12,237	56,012
Outlays	8,783	12,876	12,561	8,618	13,043	55,881
House International Relations Committee:						
Current law:						
Budget authority	10,927	9,891	9,985	9,561	8,717	49,081
Outlays	12,166	11,520	10,864	10,420	9,705	54,675
House Government Reform and Oversight Committee:						
Current law:						
Budget authority	58,557	60,539	62,716	65,107	67,741	314,660
Outlays	57,320	59,254	61,375	63,719	66,333	308,001
Discretionary action:						
Budget authority	28	−43	−216	−427	−640	−1,298
Outlays	28	−43	−216	−427	−640	−1,298
Committee total:						
Budget authority	58,585	60,496	62,500	64,680	67,101	313,362
Outlays	57,348	59,211	61,159	63,292	65,693	306,703
House Oversight Committee:						
Current law:						
Budget authority	92	89	90	90	93	454
Outlays	55	262	34	13	57	421

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SECTION 302(a)—Continued

[By fiscal year, in millions of dollars]

	1999	2000	2001	2002	2003	1999–2003
House Resources Committee:						
Current law:						
Budget authority	2,447	2,442	2,364	2,494	2,461	12,208
Outlays	2,487	2,494	2,394	2,439	2,432	12,246
Discretionary action:						
Budget authority	27	4	4	5	18	58
Outlays	27	4	4	5	18	58
Committee total:						
Budget authority	2,474	2,446	2,368	2,499	2,479	12,266
Outlays	2,514	2,498	2,398	2,444	2,450	12,304
House Judiciary Committee:						
Current law:						
Budget authority	4,961	4,902	4,926	4,984	5,079	24,852
Outlays	4,634	4,648	4,706	4,762	4,879	23,629
Discretionary action:						
Budget authority	−160	−45	−45	−45	−45	−340
Outlays	−150	−40	−40	−40	−45	−315
Committee total:						
Budget authority	4,801	4,857	4,881	4,939	5,034	24,512
Outlays	4,484	4,608	4,666	4,722	4,834	23,314
House Transportation and Infrastructure Committee:						
Current law:						
Budget authority	14,593	14,817	14,877	14,917	15,081	74,285
Outlays	16,078	15,794	15,394	15,198	15,215	77,679
Discretionary action:						
Budget authority	30,851	30,572	30,556	30,556	30,556	153,091
Outlays	−566	−643	−513	−427	−375	−2,524
Committee total:						
Budget authority	45,444	45,389	45,433	45,473	45,637	227,376
Outlays	15,512	15,151	14,881	14,771	14,840	75,155
House Select Committee on Intelligence:						
Discretionary action:						
Budget authority	0	1	1	1	1	4
Outlays	0	1	1	1	1	4

House Science Committee:						
Current law:						
Budget authority	38	38	35	32	32	175
Outlays	33	36	36	36	34	175
House Small Business Committee:						
Current law:						
Budget authority	0	0	0	0	0	0
Outlays	−220	−235	−260	−274	0	−989
House Veterans' Affairs Committee:						
Current law:						
Budget authority	1,194	1,160	1,090	999	938	5,381
Outlays	1,351	1,414	1,360	1,316	1,320	6,761
Discretionary action:						
Budget authority	−44	−78	−507	−859	−1,517	−3,005
Outlays	−73	−115	−548	−902	−1,560	−3,198
Committee total:						
Budget authority	1,150	1,082	583	140	−579	2,376
Outlays	1,278	1,299	812	414	−240	3,563
House Ways and Means Committee:						
Current law:						
Budget authority	689,289	710,885	738,465	759,563	774,250	3,672,452
Outlays	685,589	708,500	740,165	756,469	773,552	3,664,275
Discretionary action:						
Budget authority	−2,691	−2,490	−3,114	−3,601	14,614	2,718
Outlays	−1,556	−2,671	−3,337	−3,593	15,082	3,925
Committee total:						
Budget authority	686,598	708,395	735,351	755,962	788,864	3,675,170
Outlays	684,033	705,829	736,828	752,876	788,634	3,668,200
Unassigned:						
Current law:						
Budget authority	−306,610	−315,755	−338,205	−354,567	−369,462	−1,684,599
Outlays	−298,859	−307,851	−331,799	−348,407	−362,978	−1,649,894
Discretionary action:						
Budget authority	−37	−109	−203	−410	−359	−1,118
Outlays	−37	−109	−203	−410	−359	−1,118
Committee total:						
Budget authority	−306,647	−315,864	−338,408	−354,977	−369,821	1,685,717
Outlays	−298,896	−307,960	−332,002	−348,817	−363,337	1,651,012
Total current law:						
Budget authority	851,293	888,234	923,897	946,924	952,772	4,563,120

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES PURSUANT TO SECTION 302(a)—Continued

[By fiscal year, in millions of dollars]

	1999	2000	2001	2002	2003	1999–2003
Outlays	842,774	877,867	915,859	935,454	944,928	4,516,882
Total discretionary action:						
Budget authority	557,507	555,566	553,603	555,776	618,628	2,841,080
Outlays	557,526	557,833	548,041	538,246	596,072	2,797,718
Grand totals:						
Budget authority	1,408,800	1,443,800	1,477,500	1,502,700	1,571,400	7,404,200
Outlays	1,400,300	1,435,700	1,463,900	1,473,700	1,541,000	7,314,600

Memorandum: Discretionary action of the Appropriations Committee by Budget Enforcement Act category.

DISCRETIONARY ACTION BY THE APPROPRIATIONS COMMITTEE

	1999	2000	2001	2002	2003	1999 to 2003
General Purpose						
Defense:						
Budget authority	271,570	275,369	281,850	289,613	297,780	1,416,182
Outlays	266,635	268,997	270,666	273,103	280,806	1,360,207
Nondefense:						
Budget authority	253,801	247,236	243,180	243,228	244,650	1,232,095
Outlays	289,511	286,939	278,936	272,541	269,878	1,397,805
Subtotal:						
Budget authority	525,371	522,605	525,030	532,841	542,430	2,648,277
Outlays	556,146	555,936	549,602	545,644	550,684	2,758,012
Violent Crime Reduction Trust Fund:						
Budget authority	5,492	4,387	4,072	4,072	4,072	22,095
Outlays	4,739	5,096	5,016	4,648	4,182	23,681
Total Discretionary Action:						
Budget authority	530,863	526,992	529,102	536,913	546,502	2,670,372
Outlays	560,885	561,032	554,618	550,292	554,866	2,781,693

RECONCILIATION INSTRUCTIONS

As provided in Section 310(a) of the Congressional Budget Act of 1974, the budget resolution includes reconciliation directions to nine authorizing committees to submit to the Budget Committee changes in law necessary to achieve the specified levels of direct spending and/or revenue. Each of these committees is directed to achieve aggregate direct spending, aggregate revenue, or deficit reduction levels. It is the practice of the committee to reconcile aggregate levels of spending authority. These levels should be compared to current law levels in order to determine the required change in spending levels.

Policy Assumptions. The spending and revenue levels reflect the budgetary effects of the direct spending and tax policies assumed in the budget resolution. Where two committees share jurisdiction over an assumed policy, the reconciliation instructions of both committees reflect the budgetary effects of that policy. Medicare is an exception because parts A and B are allocated to both the Ways and Means and Commerce Committees, though Commerce has no jurisdiction over part A.

Term. The reconciliation targets are for fiscal year 1999 and the 5-year total for fiscal years 1999 through 2003 and fiscal year 2003. Committees have discretion in the levels they would achieve in fiscal years 2000, 2001, 2002, and 2003 as long as they comply with their targets for the first year and the 5-year total.

Direct Spending. All nine of the authorizing committees that received reconciliation instructions are required to make changes in law to achieve direct spending targets. Direct spending is defined in the Balanced Budget and Emergency Deficit Control Act as the combination of budget authority provided by law other than appropriations acts, entitlement authority, and the Food Stamp Program. The instruction to the Committee on Banking and Financial Services are negative because the offsetting receipts from such programs as deposit insurance exceed the outlays from spending programs within its jurisdiction.

Revenue. The Committee on Ways and Means was also reconciled to make changes in laws necessary to achieve a specified revenue level.

These instructions are described below:

HOUSE BUDGET COMMITTEE RECOMMENDATION–

RECONCILIATION BY HOUSE COMMITTEE–

[In billions of dollars]–

[Recommendations due June 26, 1998]–

Committee	1998 Base	1999–	1999 to 2003–
Agriculture:– –			
Direct Spending–	30.5–	30.4–	157.4–
Banking & Financial Services:– –			
Direct Spending–	−9.2–	−8.2–	−35.1–
Commerce:– –			
Direct Spending–	384.7–	417.1–	2,427.8–
Government Reform & Oversight:– –			
Direct Spending–	69.3–	71.6–	384.0–
Education and the Workforce:– –			
Direct Spending–	17.3–	18.7–	100.4–
Judiciary Committee:– –			
Direct Spending–	5.6–	5.2–	26.5–
Transportation & Infrastructure:– –			
Direct Spending–	17.2–	16.2–	78.9
Veterans' Affairs:– –			
Direct Spending–	23.4–	23.8–	125.0–
Ways & Means:– –			
Direct Spending–	379.7–	411.1–	2,374.8– –
Revenues–	1,256.7–	1,277.9	6,637.7

ENFORCING THE BUDGET RESOLUTION

The budget resolution is more than a planning document. Congress is bound by the allocation spending amount and aggregate levels of both spending authority and revenues set forth in the budget resolution. The allocations of spending authority and the aggregate levels of spending authority and revenues are binding on the Congress when it considers subsequent spending and tax legislation. Legislation that would breach the levels set forth in the budget resolution is subject to points of order on the Floor.

The major Budget Act requirements are as follows:

Section 302(f). Prohibits consideration of legislation that exceeds a committee's allocation of new budget authority. Section 302(f) applies to the budget year and the 5-year total for authorizing committees. For appropriations bills, however, it applies only to the budget year. An exception is also provided for legislation that is offset by tax increases (above and beyond those required by the budget resolution).

Section 303(a). Prohibits consideration of spending and tax legislation before the House has passed a budget resolution. Section 303(a) does not apply to budget authority and revenue provisions first effective in an outyear, nor to appropriation bills after May 15th. An exception is provided for tax and spending legislation that is deficit-neutral.

Section 311(a)(1). Prohibits consideration of legislation that exceeds the ceiling on budget authority and outlays or reduces revenue below the revenue floor. Section 311(a)(1) applies to the budget year and 5-year total for bills increasing revenue, but only to the budget year for appropriation bills. Section 311(a) does not apply to spending bills that are under their 302(a) allocations.

Section 401(a). Prohibits consideration of legislation providing borrowing authority, new credit authority or contract authority that is not subject to appropriations.

Section 401(b)(1). Prohibits consideration of legislation creating new entitlement authority in the current year. Section 401(b) does not apply to trust funds primarily financed by earmarked taxes.

Any spending provisions that are designated as an emergency under Section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended are effectively exempt from Sections 302(f), 303(a) and 311(a).

Under Section 312(a) of the Budget Act, the Budget Committee advises the presiding officer on the application of points of order against specific legislation pending before the House. House Budget Committee rules also authorize the chairman to poll the committee on recommendations to the Rules Committee to enforce points of order that would lie against legislation that violates the Budget Act.

The Concurrent Resolution on the Budget for fiscal year 1999 clarifies the budgetary treatment of Federal pay. Section 6 of this budget resolution provides that legislation establishing pay or compensation at a specified level that is subject to annual discretionary appropriations will not be considered as providing new entitlement authority or new budget authority. Accordingly, the budgetary costs of such legislation will be charged to the Committee on Appropriations rather than the authorizing committee.

STATUTORY CONTROLS OVER THE BUDGET

Since 1985 a series of statutory budget controls has been superimposed on the congressional budget process through amendments to the Balanced Budget and Emergency Deficit Control Act. The latest generation of these controls, which were adopted as part of the Omnibus Budget Reconciliation Act of 1990 [OBRA 1990], consists of limits or caps on discretionary appropriations and a Pay-As-You-Go [PAYGO] requirement for tax and entitlement legislation. Both the caps and PAYGO requirements are enforced through automatic spending reductions.

As amended by the Omnibus Budget Reconciliation Act of 1993 [OBRA 1993], these controls would have expired at the end of fiscal year 1998. As part of the Balanced Budget Act of 1997 [H.R. 2015] the discretionary spending limits were modified for fiscal year 1998 and extended through fiscal year 2002. Similarly, the PAYGO requirements were extended through fiscal year 2002. The BBA also made many technical changes in both the congressional budget process and the sequestration procedures that enforce the discretionary caps and PAYGO requirements.

DISCRETIONARY SPENDING LIMITS

OBRA 1990, as amended, established separate limits on appropriations for defense, international affairs, and domestic discretionary appropriations through fiscal year 1993, and a single limit on all appropriations for fiscal years 1994 and 1995. OBRA 1993 extended the single discretionary limit through fiscal year 1998. Any breach of the cap triggers an across-the-board cut in all discretionary programs under the cap. The caps were held harmless for changes in inflation, emergencies, estimating differences, and changes in concepts and definitions.

As part of the Omnibus Crime Control and Prevention Act of 1994, a separate cap was established for programs funded out of the Violent Crime Reduction Trust Fund (and discretionary spending limits were reduced by an equivalent amount). Any breach of this cap would also trigger an across-the-board sequester of the programs authorized out of the trust fund. This cap will expire at the end of fiscal year 1998, while the trust fund extends through fiscal year 2000.

An important element of last year's Balanced Budget Act (H.R. 2015) was the revision and extension of the discretionary spending limits. The BBA revised the level of the cap for fiscal year 1998 and extended the caps through fiscal year 2002.

It is through the revision and extension of these limits that Congress is able to ensure that discretionary savings are realized in fiscal years 1999 through 2002. Since discretionary spending is provided through the appropriations process on an annual basis, the caps provide the only means of capturing discretionary savings beyond the budget year. Of course, the amount of discretionary savings that will ultimately be realized in the outyears depends on the willingness of Congress and the President to abide by the caps in those years.

The BBA established separate limits on defense and non-defense discretionary spending for fiscal years 1998 and 1999. These limits are combined into a single limit on discretionary spending in fiscal years 2000, 2001, and 2002. The separate limit on the Violent Crime Reduction Trust Fund was maintained through fiscal year 2000 at revised levels. Separate discretionary spending limits are intended to prevent Congress and the President from using savings in one category to offset an increase in another. For instance, any savings from funding a lower than recent level for the Low Income Home Energy Assistance Program [LIHEAP], which is in the non-defense discretionary category, could not be used to increase spending for the B–1 bomber, which is in the defense category.

The BBA repealed automatic adjustments in the caps for changes in inflation and estimating differences between OMB and CBO on budget outlays. The BBA retained adjustments for emergencies, estimating differences in outlays, continuing disability reviews and, at the administration's request, added adjustments for the International Monetary Fund, international arrearages, and an Earned Income Tax Credit compliance initiative.

The Director of the Office of Management and Budget [OMB] makes the corresponding adjustments in discretionary spending limits. These adjustments are made after the appropriation is enacted in the President's final sequester report.

The levels of the extended discretionary spending limits included in the Balanced Budget Act of 1997 are as follows (in billions):

	1998	1999	2000	2001	2002
Defense:——					
Budget authority	269	272	n/a	n/a	n/a
Outlays	267	267	n/a	n/a	n/a
Non-Defense:——					
Budget authority	252	256	n/a	n/a	n/a
Outlays	283	288	n/a	n/a	n/a
Violent Crime Trust Fund:–					
Budget authority	6	6	5	n/a	n/a
Outlays	4–	5	6–	n/a	n/a
Discretionary Spending Limits:–					
Budget authority	n/a	n/a	533	542	551
Outlays	n/a	n/a–	559	564	561

These levels have been revised by the President's Budget that was submitted to Congress in February 1998.

In the Senate, these limits constitute separate allocations that are enforceable by 60-vote points of order. Unlike the statutory limits, these allocations may be modified through a concurrent budget resolution.

PAY-AS-YOU-GO REQUIREMENTS

The Balanced Budget Act of 1997 also extended the PAYGO requirements through fiscal year 2002. OBRA 1990 also established a PAYGO requirement for tax and entitlement legislation. Under PAYGO, the sum of all tax and entitlement (or otherwise mandatory) legislation may not increase the net deficit in any fiscal year. Any net increase in the deficit from such legislation is automatically offset through automatic reductions in a specified set of entitlement programs.

The BBA also eliminated the balance on the PAYGO scorecard as of the date of its enactment and specified that any change in the deficit from the BBA and Taxpayers Relief Act would not be counted under PAYGO. As of the date of submission of the President's budget for fiscal year 1999, there is a negligible credit on the PAYGO scorecard for fiscal year 1998 of $142 million.

Finally, the BBA directed OMB to count the proceeds from assets sales under PAYGO. In a major change, the BBA changed the budgetary treatment of assets sales. Since 1990, Section 257 of the Balanced Budget and Emergency Deficit Control Act prohibited OMB from counting the proceeds of asset sales as revenue when estimating the costs of legislation under PAYGO. Until 1994, budget resolutions routinely included similar language that prohibited the Budget Committees from counting the proceeds from asset sales in determining compliance with its allocations, aggregate levels and reconciliation instructions. These rules provided a strong disincentive to sell Federal assets even if such assets could be more efficiently utilized in the private sector.

The BBA repealed the prohibition on counting the proceeds from asset sales under PAYGO. It specifically directed both the Budget Committee and OMB to count both the costs and proceeds from assets sales if the sale is estimated to result in a long-term reduction of the Federal Government's financial liabilities. In order to make this determination both OMB and CBO are directed to calculate the net present value of the asset sale.

TECHNICAL CHANGES IN THE BUDGET PROCESS

In addition to extending the discretionary caps and the PAYGO requirements, the Balanced Budget Act of 1997 made a series of changes in the congressional budget process. These changes were essentially technical and were intended to strengthen and streamline various budgetary procedures. These changes are among the most wide-ranging since the Balanced Budget and Emergency Deficit Control Act of 1985.

Most of the changes in the BBA of 1997 were achieved with the cooperation of Members of the minority. As the bill went to conference, the Budget Committee also worked closely with the Rules Committee on a series of changes in House procedures. Since these efforts were focused on procedural matters instead of budget policy, all parties worked constructively to produce a bill that maximized Congress' ability to enforce budgetary decisions. The committee hopes these efforts will serve as a model for future efforts to undertake more substantive revisions of the budget process.

A complete summary of the Congressional Budget Act changes is contained in the joint statement of managers accompanying the BBA of 1997 (H. Rpt. 105–149). The major changes are enumerated below.

CONGRESSIONAL BUDGET PROCESS

The changes in the congressional budget process focused largely on 302(a) allocations, points of order, and the budgetary treatment of credit programs. All of these changes were made in the Congressional Budget Act of 1974. These changes:

—Provided for a single spending allocation to the authorizing committees. Previously the House provided separate allocations of new entitlement authority and other mandatory, but non-entitlement, budget authority. Neither forms of spending are controlled through annual appropriations. In the case of new entitlement authority, the claimant has a legal right to the specified benefits and may seek redress in court if the benefit is denied. Members have not found the distinction particularly useful and it occasionally has led to inequitable outcomes between committees simply because one committee has an allocation of one form of spending authority and another an allocation of both.

—Changed the default allocation to the Appropriations Committee if the budget resolution is not agreed to by April 15th from levels based on the President's budget submission to the levels assumed in the second year of the most recently agreed to budget resolution.

—Made the requirement that the budget resolution establish limits on loans optional. The inclusion of these levels has essentially been obsolete since 1990 when loans and loan guarantees were first treated as a form of new budget authority as part of the Credit Reform Act.

—Permit additional tax cuts if they are offset with spending cuts. It also broadened the so-called “Rosty” exception” for deficit-neutral legislation. It specified that taxes can be reduced beyond the levels assumed in the budget resolution if they are offset with reductions in direct spending. The reductions must be in excess of any required under reconciliation.

—Repealed a mini-reconciliation process to pay for tax cuts. In the event a bill was reported that reduced revenue, OBRA 1990 permitted the Budget Committee to issue a reconciliation bill to pay for it. Since no such procedures were adopted in the Senate, any bill that passed the House pursuant to these procedures was ineligible for the expedited procedures afforded a reconciliation bill in the Senate. The mini-reconciliation process has not been utilized since its enactment.

—Eliminated the need to waive the Congressional Budget Act if the rule “cures” the bill. Since most points of order applied to the bill as reported, bill sponsors had to secure waivers even if the source of the violation was corrected in the base text (through a rule or manager's amendment).

—Increased committee flexibility in meeting reconciliation targets. The BBA changed the rule that permits the Ways and Means Committee to substitute 20 percent of its entitlement changes with 20 percent of its tax changes as long as the committee meets the net change in the deficit or surplus set forth in its reconciliation instructions. It was argued that the Ways and Means Committee could not invoke the original rule because it applied to the sum of tax and entitlement changes which hypothetically could be zero. The BBA simply provided that the 20 percent rule applies to the sum of the absolute value of the desired revenue and tax change.

—Made several changes regarding new entitlement authority. In the report accompanying the BBA, the conferees expressed their intent that legislation providing new entitlement authority is also a form of new budget authority. Accordingly, references to new entitlement authority were removed from Sections 302(a), 302(f), 303(a), and 311(a). Other changes include moving the definition of new entitlement authority from Section 401(c)(2)(C) to Section 3(9), and clarifying that the point of order in Section 401(b) applies to new entitlement authority.

PAYGO REQUIREMENTS/DISCRETIONARY SPENDING LIMITS

The BBA of 1997 made numerous changes in the statutory controls over the budget that are codified as part of the Balanced Budget and Emergency Deficit Control Act of 1985 as amended most recently by the Balanced Budget Act of 1997. These changes primarily dealt with PAYGO requirements, particularly sequestration procedures. The Balanced Budget Act of 1997:

—Corrected the “look-back” requirement for calculating a PAYGO sequester. As originally drafted in 1990, the language was intended to ensure that legislation enacted after an end-of-year sequester would be picked up in the following year's sequester. OMB maintained that the provision required it to total the deficit effects for the budget year and the prior year in its sequester calculations. This practice effectively allowed the administration to use a credit in one year to offset a deficit increase in the next. The BBA clarified that only the budget effects of legislation enacted after the prior year's sequester are included in the deficit calculation for the following year.

—Permanently extended the budget resolution's five-year window. Prior to 1990, the budget resolution covered the budget year and two planning years. The Omnibus Budget Reconciliation Act of 1990 temporarily extended the window to five years as part of what was then a five-year budget agreement. The BBA of 1997 permanently extended the five-year window, but provided that the budget resolution can specify a different period to enforce through points of order.

—Clarified assumptions in the baseline for farm subsidies. It specified that in the event of an expiration of farm subsidies, the baseline for scoring legislation would assume the prior year's levels. In the 104th Congress, OMB scored the farm bill as "saving" $1.9 billion in fiscal year 1996 relative to a 1949-era law in order to avoid triggering a sequester for that year.

—Revised the formula for calculating sequestration of student loans under PAYGO so that it is equally applied to direct student loans and guaranteed student loans.

—Provided for a "rolling" five-year scorecard under PAYGO. Under the BBA the sum of all legislation must be deficit-neutral for five years from the date of enactment. Previously PAYGO applied for the full five years only in the year following its enactment or extension. Each year, the window was reduced by a year. The contracting window emboldened Congress and the administration to support legislation that increased the deficit just beyond the PAYGO horizon.

—Dropped the separate 302(a) allocation for the Violent Crime Reduction Trust Fund [VCRTF]. This change was intended to put VCRTF spending on a comparable basis with defense and nondefense discretionary spending, which are not subject to points of order under 302(f) even though they fall under separate caps.

—Increased the caps by the amount of emergency-designated appropriations. While the BBA continues to hold appropriations harmless for emergency-designated appropriations, it adjusts the caps upward by the amount of the emergency instead of ignoring the fact that such amounts were appropriated.

—Eliminated adjustments in the baseline for non-indexed programs. Prior to the BBA, OMB and CBO inflated certain not non-indexed programs in their baseline calculations. The BBA directed CBO and OMB to assume no adjustment for inflation unless such an adjustment is required in the underlying law. Under this change, legislation affecting these programs will be estimated relative to a base that assumes a constant level of expenditures. The BBA also provides OMB and the Budget Committees with the authority to determine whether the baseline should assume funding for legislation in which the program sunsets at a date certain.

—Updated the list of programs and activities that are subject to or exempt from PAYGO requirements and the discretionary spending limits.

—Amended the Credit Reform Act to redefine the discount rate used to determine each year's cash flows to more closely follow standard discounting procedures. It also required agencies to base their subsidy cost estimates on the economic and technical assumptions in the President's budget for the year in which the funds are obligated. It requires that the interest rate paid on financing account debt to Treasury, and earned on financing account balances, be identical to the discount rate used to calculate subsidy costs. Finally, it requires that all unobligated balances in liquidating accounts be transferred to the general fund of the Treasury.

—Extended the period for OMB estimates from 10 days after enactment to 15 days. Additionally, the BBA stipulates that OMB must consult in writing with the Budget Committees on scoring issues.

TASK FORCE ON BUDGET PROCESS REFORM

Many House Members have recently indicated strong interest in major budget process reform. The basic structure of the congressional budget process has not been fundamentally revised since the Congressional Budget Act was enacted in 1974. Members have repeatedly expressed frustration over the complexity of the process, the inability to enforce budgetary decisions, and what they perceive as an inherent bias towards higher spending.

More recently, concerns have been raised about the advisability of maintaining separate controls over discretionary and mandatory components of the budget during a period in which the budget is projected to be in balance.

On February 5, 1998, the Budget Committee authorized the creation of a Task Force on Budget Process Reform. The Task Force was authorized pursuant to a colloquy between the Chairman of the Budget Committee and Representative David Hobson. Representative Jim Nussle was appointed as chairman and Representative Cardin the ranking minority member. Mr. Nussle indicated that the Task Force would hold hearings in the following areas: the nature of the budget resolution, baselines and budgetary projections, contingent liabilities, emergencies, and budget enforcement.

The first hearing was held on March 31st on the topic of converting the budget resolution into a law. At this hearing, Dr. Roy Meyers, an assistant professor at the University of Maryland, and David Mason of the Heritage Foundation testified in favor of converting the concurrent budget resolution into a joint resolution. Dr. Allen Schick of the Brookings Institution cautioned that adoption of a joint resolution would reduce the ability of Congress and the President to set forth their own budget priorities.

On April 1st, a hearing was held on baselines and budgetary projections. The witnesses included Tim Penny, a former Member of Congress and current cochairman of the committee for a Responsible Federal Budget; Paul Van de Water, Assistant Director for Budget Analysis, Congressional Budget Office; and Timothy J. Muris, Foundation Professor, George Mason University School of Law. Former Representative Tim Penny, who along with Chairman Kasich and Representative Charles W. Stenholm offered a bill in the 103rd Congress to reform the concept of baseline budgeting, testified in favor of eliminating some elements of the baseline and modifying others. Timothy Muris testified in favor of eliminating the baseline altogether, arguing that it does not provide a true measure of the services being provided. In his testimony, Paul Van de Water defined the concept and evolution of baselines and explained how CBO currently measures its baseline.

A third hearing was held on April 23rd on the budgetary treatment of insurance programs. At that hearing the witnesses included Susan J. Irving, Associate Director for Federal Budget

Issues, Government Accounting Office; Marvin Phaup, Deputy Assistant Director, Special Studies Division, Congressional Budget Office and former CBO director Rudy Penner. All three witnesses testified in favor of reforming the budgetary treatment of federal insurance programs so that they more accurately reflect the true cost of the programs, but continued that the model for estimating risk are not sufficiently developed to immediately integrate accrual measures into the budget.

A fourth hearing is scheduled for June 9th on emergencies. The hearing is expected to feature James L. Witt, the Director of the Federal Emergency Management Agency. Director Witt will be followed by a panel of experts on the budgetary treatment of emergencies. Chairman Nussle also intends to invite Members to testify on their own ideas for reforming the budget process.

At the conclusion of these hearings, the committee intends to report comprehensive legislation reforming the budget process. Working in cooperation with the Rules Committee, the committee plans to bring this legislation to the floor this Congress.

ROLLCALL VOTES AND RELATED MATTER

COMMITTEE VOTES

Clause 2(l)(2)(B) of House Rule XI requires each committee report to accompany any bill or resolution of a public character, ordered to include the total number of votes cast for and against on each rollcall vote on a motion to report and any amendments offered to the measure or matter, together with the names of those voting for and against. Listed below are the rollcall votes taken in the House Budget Committee on the Concurrent Resolution on the Budget for fiscal year 1999.

On May 20, 1998, the committee met in open session, a quorum being present. The committee adopted and ordered reported the Concurrent Resolution on the Budget for fiscal year 1999. The following votes were taken in committee:

1. Mr. Hobson made a motion to authorize the Chairman, consistent with Rule XVI, clause 4 of the Rules of the House, to declare a recess at any time during the committee meeting. The motion was agreed to on a voice vote.

2. Mr. Pomeroy offered an amendment to the chairman's mark relating to Social Security.

The amendment was not agreed to by a rollcall vote of 19 ayes and 20 noes.

Representative	Aye	No	Present	Representative	Aye	No–	Present
Mr. Kasich, Chairman	....	X	–	Mr. Spratt, Ranking–	X	....	....
Mr. Hobson–	....	X	....	Mr. McDermott	X	....	....
Mr. Shays–	....	....	....	Mr. Mollohan	X	....	....
Mr. Herger–	....	X	....	Mr. Costello	X	....	....
Mr. Bunning–	....	X	....	Mrs. Mink	X	....	....
Mr. Smith of Texas–	....	....	....	Mr. Pomeroy–	X	....	....
Mr. Miller	....	X	....	Ms. Woolsey–	X	....	....
Mr. Franks	....	X	....	Ms. Roybal-Allard–	X–	....	....
Mr. Smith of Michigan–	....	X–	....	Ms. Rivers	X	....	....
Mr. Inglis	....	X–	....	Mr. Doggett	X	....	–
Mr. Nussle–	....	X–	....	Mr. Thompson–	X	....	....
Mr. Hoekstra	....	X	....	Mr. Cardin–	X	....	....
Mr. Shadegg	....	X–	....	Mr. Minge–	X	....	....
Mr. Radanovich	....	X	....	Mr. Baesler–	X	....	....
Mr. Bass–	....	X	....	Mr. Bentsen–	X	....	....
Mr. Neumann–	....	....	....	Mr. Davis–	X	....	....
Mr. Parker	....	X–	....	Mr. Weygand–	X	....	....
Mr. Ehrlich	....	X	....	Mrs. Clayton–	X	....	....
Mr. Gutknecht	....	X	....	Mr. Price–	X–	....	–
Mr. Hilleary	....	X	....				
Ms. Granger–	....	X–	....				
Mr. Sununu–	....	X	....				
Mr. Pitts–	....	X	....				

3. Mr. McDermott offered an amendment to the chairman's mark relating to Medicare funding.

The amendment was not agreed to by a rollcall vote of 18 ayes and 22 noes.

Representative	Aye–	No–	Present–	Representative	Aye–	No–	Present
Mr. Kasich, Chairman–	....	X–	....	Mr. Spratt, Ranking–	X	....	....
Mr. Hobson–	....	X–	....	Mr. McDermott	X	....	....
Mr. Shays–	....	X–	....	Mr. Mollohan–	X	....	....
Mr. Herger–	....	X–	....	Mr. Costello	....	....	—
Mr. Bunning	....	X–	....	Mrs. Mink–	X	....	....
Mr. Smith of Texas–	....	....	....	Mr. Pomeroy–	X	....	....
Mr. Miller–	....	X	....	Ms. Woolsey–	X	....	....
Mr. Franks–	....	X	....	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan	....	X	....	Ms. Rivers	X	....	....
Mr. Inglis–	....	X	....	Mr. Doggett–	X–	....	....
Mr. Nussle–	....	X–	....	Mr. Thompson–	X	....	....
Mr. Hoekstra	....	X	....	Mr. Cardin–	X	....	....
Mr. Shadegg–	....	X–	....	Mr. Minge–	X	....	....
Mr. Radanovich	....	X–	....	Mr. Baesler	X	....	....
Mr. Bass–	....	X–	....	Mr. Bentsen	X	....	....
Mr. Neumann–	....	X–	....	Mr. Davis–	X	....	....
Mr. Parker–	....	X–	....	Mr. Weygand—	X	....	....
Mr. Ehrlich–	....	X–	....	Mrs. Clayton–	X	....	....
Mr. Gutknecht–	....	X—	....	Mr. Price–	X	....	—
Mr. Hilleary	....	X	....				
Ms. Granger–	....	X	....				
Mr. Sununu–	....	X	....				
Mr. Pitts–	....	X	....				

4. Mr. Mollohan offered an amendment to the chairman's mark relating to domestic discretionary funding levels.

The amendment was not agreed to by a rollcall vote of 17 ayes and 22 noes.

Representative	Aye–	No–	Present–	Representative	Aye–	No–	Present
Mr. Kasich, Chairman	....	X–	....	Mr. Spratt, Ranking–	X	....	....
Mr. Hobson–	....	X–	....	Mr. McDermott–	....	....	–
Mr. Shays	....	X—	....	Mr. Mollohan–	X	....	....
Mr. Herger–	....	X–	....	Mr. Costello	....	....	—
Mr. Bunning–	....	X–	....	Mrs. Mink–	X	....	....
Mr. Smith of Texas–	....	....	....	Mr. Pomeroy–	X	....	....
Mr. Miller–	....	X–	....	Ms. Woolsey—	X	....	....
Mr. Franks–	....	X–	....	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan	–	X	....	Ms. Rivers–	X	....	....
Mr. Inglis	....	X–	....	Mr. Doggett—	X	....	–
Mr. Nussle–	....	X–	....	Mr. Thompson–	X	....	....
Mr. Hoekstra	....	X–	....	Mr. Cardin	X	....	....
Mr. Shadegg–	....	X–	....	Mr. Minge—	X	....	....
Mr. Radanovich	....	X–	....	Mr. Baesler–	X	....	....
Mr. Bass—	....	X	....	Mr. Bentsen–	X	....	....
Mr. Neumann–	....	X–	....	Mr. Davis–	X	....	....
Mr. Parker–	....	X–	....	Mr. Weygand–	X	....	....
Mr. Ehrlich–	....	X–	....	Mrs. Clayton–	X	....	....
Mr. Gutknecht	....	X–	....	Mr. Price–	X	....	—
Mr. Hilleary	....	X–	....				
Ms. Granger	....	X	....				
Mr. Sununu	....	X	....				
Mr. Pitts	....	X	....				

5. Mr. Spratt and Mr. McDermott offered an amendment to the chairman's mark relating to Transportation funding.

The amendment was not agreed to by voice vote.

6. Mr. Doggett offered an amendment to the chairman's mark relating to child care spending and the child care dependent tax credit.

The amendment was not agreed to by a rollcall vote of 17 ayes to 21 noes.

Representative	Aye	No	Present	Representative	Aye	No–	Present
Mr. Kasich, Chairman	–	X	–	Mr. Spratt, Ranking–	X	....	....
Mr. Hobson–	....	X–	–	Mr. McDermott—	....	....	....
Mr. Shays–	....	X–	–	Mr. Mollohan—	X	....	....
Mr. Herger–	....	X–	–	Mr. Costello—	....	....	....
Mr. Bunning–	....	X–	–	Mrs. Mink—	X	....	....
Mr. Smith of Texas–	....	–	....	Mr. Pomeroy—	X	....	....
Mr. Miller—	....	X–	....	Ms. Woolsey—	X	....	....
Mr. Franks–	–	X–	–	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan–	–	X–	–	Ms. Rivers—	X	....	....
Mr. Inglis—	–	X–	–	Mr. Doggett—	X	....	–
Mr. Nussle–	—	X–	–	Mr. Thompson—	X	....	....
Mr. Hoekstra—	–	X–	–	Mr. Cardin—	X	....	....
Mr. Shadegg—	–	X–	–	Mr. Minge—	X	....	....
Mr. Radanovich–	—	X–	–	Mr. Baesler—	X	....	....
Mr. Bass–	–	X–	–	Mr. Bentsen—	X	....	....
Mr. Neumann—	–	X–	–	Mr. Davis—	X	....	....
Mr. Parker—	–	X–	–	Mr. Weygand—	X	....	....
Mr. Ehrlich—	–	....	—	Mrs. Clayton—	X	....	....
Mr. Gutknecht–	—	X–	–	Mr. Price—	X	....	—
Mr. Hilleary	....	X	....				
Ms. Granger–	....	X	....				
Mr. Sununu	....	X	....				
Mr. Pitts	....	X	....				

7. Mrs. Mink offered an amendment to the chairman's mark relating to the level of child care spending.

The amendment was not agreed on a rollcall vote of 17 ayes and 21 noes.

Representative	Aye	No	Present	Representative	Aye	No–	Present
Mr. Kasich, Chairman–	–	X–	–	Mr. Spratt, Ranking–	X	....	....
Mr. Hobson–	—	X–	–	Mr. McDermott	....	....	—
Mr. Shays—	–	X–	–	Mr. Mollohan—	X	....	....
Mr. Herger—	–	X–	–	Mr. Costello—	X	....	....
Mr. Bunning—	–	X–	–	Mrs. Mink—	X	....	....
Mr. Smith of Texas–	–	X–	–	Mr. Pomeroy—	X	....	....
Mr. Miller——	....	X	—	Ms. Woolsey—	X	....	....
Mr. Franks——	....	X	—	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan—	....	X	—	Ms. Rivers—	X	....	....
Mr. Inglis——	....	X	—	Mr. Doggett—	X	....	–
Mr. Nussle——	....	X	—	Mr. Thompson—	X	....	....
Mr. Hoekstra——	....	X	—	Mr. Cardin—	X	....	....
Mr. Shadegg——	....	X	—	Mr. Minge—	X	....	....
Mr. Radanovich——	....	X	—	Mr. Baesler—	X	....	....
Mr. Bass——	....	X	—	Mr. Bentsen—	....	....	....
Mr. Neumann—	....	....	——	Mr. Davis—	X	....	....
Mr. Parker——	....	X	—	Mr. Weygand—	X	....	....
Mr. Ehrlich—	....	....	——	Mrs. Clayton–	X	....	....
Mr. Gutknecht–	—	X–	–	Mr. Price	X	....	—
Mr. Hilleary	....	X	....				
Ms. Granger–	....	X	....				
Mr. Sununu	....	X	....				
Mr. Pitts	....	X	....				

8. Ms. Roybal-Allard offered an amendment to the chairman's mark relating to school construction funding.

The amendment was not agreed to by a rollcall vote of 17 ayes and 21 noes.

Representative	Aye	No	Present	Representative	Aye	No–	Present
Mr. Kasich, Chairman—	....	X	—	Mr. Spratt, Ranking–	X	....	....
Mr. Hobson——	....	X	—	Mr. McDermott—	X	....	....
Mr. Shays——	....	X	—	Mr. Mollohan—	X	....	....
Mr. Herger——	....	X	—	Mr. Costello—	X	....	....
Mr. Bunning——	....	X	—	Mrs. Mink—	X	....	....
Mr. Smith of Texas—	....	X	—	Mr. Pomeroy—	X	....	....
Mr. Miller——	....	X	—	Ms. Woolsey—	X	....	....
Mr. Franks——	....	X	—	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan—	....	X	—	Ms. Rivers—	X	....	....
Mr. Inglis	....	X	....	Mr. Doggett	....	....	....
Mr. Nussle——	....	X	—	Mr. Thompson—	X	....	....
Mr. Hoekstra	....	X–	....	Mr. Cardin	X	....	....
Mr. Shadegg	....	X	....	Mr. Minge	....	....	....
Mr. Radanovich——	....	X	—	Mr. Baesler—	X	....	....
Mr. Bass–	....	X	–	Mr. Bentsen—	X	....	....
Mr. Neumann—	....	....	–	Mr. Davis–	X	....	....
Mr. Parker—	–	X–	–	Mr. Weygand–	X	....	....
Mr. Ehrlich——	....	X	—	Mrs. Clayton—	X	....	....
Mr. Gutknecht—	....	....	——	Mr. Price—	X	....	—
Mr. Hilleary	....	X	....				
Ms. Granger	....	X	....				
Mr. Sununu	....	X	....				
Mr. Pitts	....	X	....				

9. Mrs. Mink offered an amendment to the chairman's mark relating to Welfare to Work.

The amendment was not agreed to by a rollcall vote of 17 ayes and 22 noes.

Representative	Aye–	No–	Presemt– ——	Representative	Aye–	No	Present
Mr. Kasich, Chairman	....	X	....	Mr. Spratt, Ranking	X	....	....
Mr. Hobson—	....	X	....	Mr. McDermott–	X	....	....
Mr. Shays——	....	X	—	Mr. Mollohan—	X	....	....
Mr. Herger——	....	X	—	Mr. Costello—	X	....	....
Mr. Bunning——	....	X	—	Mrs. Mink—	X	....	....
Mr. Smith of Texas—	....	X	—	Mr. Pomeroy—	X	....	....
Mr. Miller——	....	X	—	Ms. Woolsey—	X	....	....
Mr. Franks——	....	X	—	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan–	....	X	—	Ms. Rivers—	X	....	....
Mr. Inglis——	....	X	—	Mr. Doggett	....	–	—
Mr. Nussle——	....	X	—	Mr. Thompson—	X	....	....
Mr. Hoekstra—	....	X	—	Mr. Cardin—	X	....	....
Mr. Shadegg——	....	X	—	Mr. Minge	....	....	....
Mr. Radanovich—	....	X	—	Mr. Baesler—	X	....	....
Mr. Bass——	....	X	—	Mr. Bentsen—	X	....	....
Mr. Neumann——	....	X	—	Mr. Davis—	X	....	....
Mr. Parker——	....	X	—	Mr. Weygand—	X	....	....
Mr. Ehrlich——	....	X	—	Mrs. Clayton—	X	....	....
Mr. Gutknecht	....	....	....	Mr. Price	X	....	....
Mr. Hilleary—	....	X	——				
Ms. Granger——	....	X	——				
Mr. Sununu——	....	X	——				
Mr. Pitts——	....	X	....				

10. Mr. Price offered an amendment to the chairman's mark relating to class size in school.

The amendment was not agreed to on a rollcall vote with 16 ayes and 23 noes.

Representative	Aye–	No–	Present–	Representative	Aye–	No	Present
Mr. Kasich, Chairman	....	X	....	Mr. Spratt, Ranking	X	....	....
Mr. Hobson——	....	X	—	Mr. McDermott—	X	....	....
Mr. Shays——	....	X	—	Mr. Mollohan—	X	....	....
Mr. Herger——	....	X	—	Mr. Costello—	X	....	....
Mr. Bunning——	....	X	—	Mrs. Mink—	X	....	....
Mr. Smith of Texas—	....	X	—	Mr. Pomeroy—	X	....	....
Mr. Miller——	....	X	—	Ms. Woolsey	....	....	....
Mr. Franks——	....	X	—	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan–	....	X	–	Ms. Rivers	....	....	....
Mr. Inglis——	....	X	—	Mr. Doggett	....	....	....
Mr. Nussle——	....	X	—	Mr. Thompson—	X	....	....
Mr. Hoekstra–	....	X	—	Mr. Cardin—	X	....	....
Mr. Shadegg——	....	X	—	Mr. Minge—	X	....	....
Mr. Radanovich——	....	X	....	Mr. Baesler	X	....	....
Mr. Bass——	....	X	—	Mr. Bentsen—	X	....	....
Mr. Neumann——	....	X	—	Mr. Davis—	X	....	....
Mr. Parker——	....	X	—	Mr. Weygand—	X	....	....
Mr. Ehrlich——	....	X	—	Mrs. Clayton—	X	....	....
Mr. Gutknecht—	....	X	—	Mr. Price—	X	....	—
Mr. Hilleary—	....	X	——				
Ms. Granger——	....	X	——				
Mr. Sununu——	....	X	——				
Mr. Pitts——	....	X	....				

11. Mr. McDermott offered an amendment to the chairman's mark relating to the Medicare program.

The amendment was not agreed to by a rollcall vote of 14 ayes and 27 noes.

Representative	Aye–	No–	Present–	Representative	Aye–	No	Present
Mr. Kasich, Chairman–	....	X	–	Mr. Spratt, Ranking	X	....	....
Mr. Hobson——	....	X	—	Mr. McDermott—	X	....	....
Mr. Shays——	....	X	—	Mr. Mollohan—	X	....	....
Mr. Herger——	....	X	—	Mr. Costello—	X	....	....
Mr. Bunning——	....	X	—	Mrs. Mink—	X	....	....
Mr. Smith of Texas—	....	X	—	Mr. Pomeroy—	X	....	....
Mr. Miller——	....	X	—	Ms. Woolsey—	X	....	....
Mr. Franks——	....	X	—	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan–	....	X	—	Ms. Rivers—	X	....	....
Mr. Inglis	....	X	....	Mr. Doggett	....	....	....
Mr. Nussle——	....	X	—	Mr. Thompson—	X	....	....
Mr. Hoekstra—	....	X	—	Mr. Cardin—	X	....	....
Mr. Shadegg——	....	X	—	Mr. Minge–	—	X	....
Mr. Radanovich—	....	X	—	Mr. Baesler–	—	X	....
Mr. Bass——	....	X	—	Mr. Bentsen–	—	X	....
Mr. Neumann——	....	X	—	Mr. Davis–	—	X	....
Mr. Parker——	....	X	—	Mr. Weygand—	X	....	....
Mr. Ehrlich——	....	X	—	Mrs. Clayton—	X	....	....
Mr. Gutknecht—	....	X	—	Mr. Price—	X	....	—
Mr. Hilleary—	....	X	——				
Ms. Granger——	....	....	——				
Mr. Sununu——	....	X	——				
Mr. Pitts——	....	X	....				

12. Mr. Weygand offered an amendment to the chairman's mark relating to consumer health care protections.

The amendment was not agreed to by a rollcall vote of 19 ayes and 22 noes.

Representative	Aye–	No–	Present–	Representative	Aye–	No	Present
Mr. Kasich, Chairman	....	X	–	Mr. Spratt, Ranking	X	....	....
Mr. Hobson——	....	X	—	Mr. McDermott—	X	....	....
Mr. Shays——	....	X	—	Mr. Mollohan—	X	....	....
Mr. Herger	....	....	——	Mr. Costello—	X	....	....
Mr. Bunning——	....	X	—	Mrs. Mink—	X	....	....
Mr. Smith of Texas—	....	X	—	Mr. Pomeroy—	X	....	....
Mr. Miller——	....	X	—	Ms. Woolsey—	X	....	....
Mr. Franks——	....	X	—	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan–	....	X	—	Ms. Rivers—	X	....	....
Mr. Inglis——	....	X	—	Mr. Doggett—	X	....	–
Mr. Nussle——	....	X	—	Mr. Thompson—	X	....	....
Mr. Hoekstra—	....	X	—	Mr. Cardin—	X	....	....
Mr. Shadegg——	....	X	—	Mr. Minge—	X	....	....
Mr. Radanovich—	....	X	—	Mr. Baesler—	X	....	....
Mr. Bass——	....	X	—	Mr. Bentsen—	X	....	....
Mr. Neumann——	....	X	—	Mr. Davis—	X	....	....
Mr. Parker——	....	X	—	Mr. Weygand—	X	....	....
Mr. Ehrlich——	....	X	—	Mrs. Clayton—	X	....	....
Mr. Gutknecht—	....	X	—	Mr. Price—	X	....	—
Mr. Hilleary—	....	X	——				
Ms. Granger——	....	X	——				
Mr. Sununu——	....	X	——				
Mr. Pitts——	....	X	....				

13. Mr. Thompson offered an amendment to the chairman's mark relating to Individual Development Accounts.

The amendment was agreed to by unanimous consent.

14. Mr. Minge offered an amendment to the chairman's mark relating to the sale of Power Marketing Administrations.

The amendment was not agreed to by a rollcall vote of 15 ayes and 20 noes.

Representative	Aye–	No–	Present–	Representative	Aye–	No	Present
Mr. Kasich, Chairman–	....	X	–	Mr. Spratt, Ranking	X	....	....
Mr. Hobson——	....	X	—	Mr. McDermott—	X	....	....
Mr. Shays——	....	X	—	Mr. Mollohan—	X	....	....
Mr. Herger—	....	....	—	Mr. Costello—	X	....	....
Mr. Bunning –	....	....	——	Mrs. Mink—	X	....	....
Mr. Smith of Texas—	....	X	—	Mr. Pomeroy—	X	....	....
Mr. Miller——	....	X	—	Ms. Woolsey—	X	....	....
Mr. Franks——	....	X	—	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan–	....	X	—	Ms. Rivers—	X	....	....
Mr. Inglis——	....	X	—	Mr. Doggett	....	....	....
Mr. Nussle——	....	X	—	Mr. Thompson—	X	....	....
Mr. Hoekstra—	....	X	—	Mr. Cardin—	X	....	....
Mr. Shadegg——	....	X	—	Mr. Minge—	X	....	....
Mr. Radanovich—	....	X	—	Mr. Baesler—	X	....	....
Mr. Bass——	....	X	—	Mr. Bentsen—	X	....	....
Mr. Neumann——	....	X	—	Mr. Davis	....	....	....
Mr. Parker——	....	X	—	Mr. Weygand—	X	....	....
Mr. Ehrlich——	....	X	—	Mrs. Clayton–	....	....	....
Mr. Gutknecht—	....	X	—	Mr. Price	....	....	....
Mr. Hilleary—	....	X	——				
Ms. Granger——	....	....	——				
Mr. Sununu——	....	X	——				
Mr. Pitts——	....	X	....				

15. Mrs. Mink offered an amendment to the chairman's mark relating to certain education funding and vouchers.

The amendment was not agreed to by a rollcall vote of 17 ayes and 23 noes.

Representative	Aye	No–	Present	Representative	Aye	No–	Present
Mr. Kasich, Chairman		X		Mr. Spratt, Ranking	X		
Mr. Hobson		X		Mr. McDermot–	X		
Mr. Shays		X		Mr. Mollohan	X		
Mr. Herger		X		Mr. Costello	X		
Mr. Bunning–		X		Mrs. Mink	X		
Mr. Smith of Texas		X		Mr. Pomeroy	X		
Mr. Miller		X		Ms. Woolsey	X		
Mr. Franks		X		Ms. Roybal-Allard	X		
Mr. Smith of Michigan		X		Ms. Rivers	X		
Mr. Inglis –		X		Mr. Doggett–	X –		
Mr. Nussle–		X		Mr. Thompson	X		
Mr. Hoekstra		X		Mr. Cardin	X		
Mr. Shadegg–		X		Mr. Minge	X		
Mr. Radanovich		X		Mr. Baesler	X		
Mr. Bass		X		Mr. Bentsen	X		
Mr. Neumann		X		Mr. Davis	X		
Mr. Parker –		X		Mr. Weygand	X		
Mr. Ehrlich–		X		Mrs. Clayton			
Mr. Gutknecht		X		Mr. Price			
Mr. Hilleary		X					
Ms. Granger–		X					
Mr. Sununu–		X					
Mr. Pitts–		X					

16A. Mr. Spratt and Ms. Rivers offered to the chairman's mark relating to funding levels for special education.

The amendment, as amended by the substitute, was agreed to by voice vote.

16B. Mr. Bass offered a substitute to the pending amendment offered by Mr. Spratt and Ms. Rivers, which modified the language to reflect a Sense of the Congress on special education funding levels.

The substitute was agreed to by voice vote.

17. Ms. Rivers and Mr. Price offered an amendment to the chairman's mark relating to science and education.

The amendment was not agreed to by a rollcall vote of 17 ayes and 23 noes.

Representative	Aye	No–	Present	Representative	Aye	No–	Present
Mr. Kasich, Chairman		X		Mr. Spratt, Ranking	X		
Mr. Hobson		X		Mr. McDermott	X		
Mr. Shays		X		Mr. Mollohan	X		
Mr. Herger–		X		Mr. Costello	X		
Mr. Bunning		X		Mrs. Mink	X		
Mr. Smith of Texas		X		Mr. Pomeroy	X		
Mr. Miller		X		Ms. Woolsey	X		
Mr. Franks–		X		Ms. Roybal-Allard	X–		
Mr. Smith of Michigan		X		Ms. Rivers	X		
Mr. Inglis		X		Mr. Doggett	X–		
Mr. Nussle –		X		Mr. Thompson—			
Mr. Hoekstra		X		Mr. Cardin	X		
Mr. Shadegg		X		Mr. Minge	X		
Mr. Radanovich		X		Mr. Baesler	X		
Mr. Bass		X		Mr. Bentsen	X		
Mr. Neumann		X		Mr. Davis	X		
Mr. Parker–		X		Mr. Weygand–	X		
Mr. Ehrlich–		X		Mrs. Clayton–			–
Mr. Gutknecht		X		Mr. Price	X–		–
Mr. Hilleary		X					
Ms. Granger–		X					
Mr. Sununu–		X					

Representative	Aye	No–	Present	Representative	Aye	No–	Present
Mr. Pitts		X					

18. Ms. Woolsey offered an amendment to the chairman's mark relating to natural resources.

The amendment was not agreed to by a rollcall vote of 17 ayes and 22 noes.

Representative	Aye	No–	Present	Representative	Aye	No–	Present
Mr. Kasich, Chairman		X		Mr. Spratt, Ranking	X		
Mr. Hobson –		X		Mr. McDermott	X		
Mr. Shays		X		Mr. Mollohan	X		
Mr. Herger		X		Mr. Costello–	X		
Mr. Bunning–		X		Mrs. Mink	X		
Mr. Smith of Texas		X		Mr. Pomeroy –	X		
Mr. Miller –		X		Ms. Woolsey	X		
Mr. Franks–		X		Ms. Roybal-Allard	X		–
Mr. Smith of Michigan		X		Ms. Rivers	X		
Mr. Inglis		X		Mr. Doggett	X–		
Mr. Nussle		X		Mr. Thompson–			
Mr. Hoekstra		X		Mr. Cardin–	X		
Mr. Shadegg–		X		Mr. Minge	X		
Mr. Radanovich		X		Mr. Baesler	X		
Mr. Bass		X		Mr. Bentsen	X		
Mr. Neumann		X		Mr. Davis	X		
Mr. Parker–		X		Mr. Weygand–	X		
Mr. Ehrlich–				Mrs. Clayton			—
Mr. Gutknecht		X		Mr. Price–	X		—
Mr. Hilleary		X	——				
Ms. Granger–		X	——				
Mr. Sununu		X	——				
Mr. Pitts		X					

19. Mr. Bentsen offered an amendment to the chairman's mark relating to children's health insurance.

The amendment was not agreed to by voice vote. –

20. Mr. Bentsen offered an amendment to the chairman's mark relating to funding for the National Institutes of Health.

The amendment was not agreed to by a rollcall vote of 14 ayes and 25 noes.

Representative	Aye	No–	Present	Representative	Aye	No–	Present
Mr. Kasich, Chairman		X		Mr. Spratt, Ranking	X		
Mr. Hobson		X		Mr. McDermott–			–
Mr. Shays		X		Mr. Mollohan	X		
Mr. Herger		X		Mr. Costello	X		
Mr. Bunning–		X		Mrs. Mink	X		
Mr. Smith of Texas		X		Mr. Pomeroy	X		
Mr. Miller		X		Ms. Woolsey	X		
Mr. Franks		X		Ms. Roybal-Allard	X–		
Mr. Smith of Michigan		X		Ms. Rivers	X		
Mr. Inglis		X		Mr. Doggett	X–		
Mr. Nussle		X		Mr. Thompson–			
Mr. Hoekstra		X		Mr. Cardin	X		
Mr. Shadegg–		X		Mr. Minge		X	
Mr. Radanovich		X		Mr. Baesler		X	
Mr. Bass		X		Mr. Bentsen	X		
Mr. Neumann		X		Mr. Davis	X		
Mr. Parker–		X		Mr. Weygand–	X		
Mr. Ehrlich–		X		Mrs. Clayton–			–
Mr. Gutknecht		X		Mr. Price	X–		–
Mr. Hilleary		X	–				
Ms. Granger–		X	——				

Representative	Aye	No–	Present	Representative	Aye	No–	Present
Mr. Sununu–	....	X	——				
Mr. Pitts	....	X	....				

21. Mr. Cardin offered an amendment to the chairman's mark relating to a tobacco reserve fund.

The amendment was not agreed to by voice vote.

22. Mr. Weygand offered an amendment to the chairman's mark related to funding levels for Medicare Home Health Care Services.

The amendment was modified and agreed to by unanimous consent.

23. Mr. Bentsen offered an amendment to the chairman's mark related to Medicare Beneficiaries' Clinical Cancer Trials Demonstration.

The amendment was modified and agreed to by unanimous consent.

24. Ms. Woolsey offered an amendment to the chairman's mark relating to funding for a school breakfast program.

The amendment was not agreed to by voice vote.

25. Mr. Bentsen recommended report language regarding funding for the Army Corps of Engineers.

The language was accepted for inclusion in the report on the concurrent resolution by unanimous consent.

26. Mr. Minge offered an amendment to the chairman's mark related to Medicare + Choice.

The amendment was withdrawn and by unanimous consent the committee agreed to include similar language in the report on the concurrent resolution.

27. Mr. Minge recommended report language related to the Social Security Trust fund.

The language was accepted for inclusion in the report on the concurrent resolution by unanimous consent.

28. Mr. Spratt and Mr. McDermott offered an amendment to the chairman's mark related to the Energy Department.

The amendment was not agreed to by a rollcall vote of 16 ayes and 23 noes.

Representative	Aye	No	Present	Representative	Aye–	No–	Present
Mr. Kasich, Chairman—	....	X	—	Mr. Spratt, Ranking–	X	....	....
Mr. Hobson——	....	X	—	Mr. McDermott—	....	....	....
Mr. Shays——	....	X	—	Mr. Mollohan—	X	....	....
Mr. Herger——	....	X	—	Mr. Costello—	X	....	....
Mr. Bunning——	....	X	—	Mrs. Mink—	X	....	....
Mr. Smith of Texas—	....	X	—	Mr. Pomeroy—	X	....	....
Mr. Miller——	....	X	—	Ms. Woolsey—	X	....	....
Mr. Franks——	....	X	—	Ms. Roybal-Allard–	X	....	–
Mr. Smith of Michigan—	....	X	—	Ms. Rivers—	X	....	....
Mr. Inglis——	....	X	—	Mr. Doggett——	....	....	....
Mr. Nussle——	....	X	—	Mr. Thompson—	X	....	....
Mr. Hoekstra——	....	X	—	Mr. Cardin—	X	....	....
Mr. Shadegg——	....	X	—	Mr. Minge—	X	....	....
Mr. Radanovich——	....	X	—	Mr. Baesler—	X	....	....
Mr. Bass	....	X	....	Mr. Bentsen	X	....	....
Mr. Neumann–	....	X	....	Mr. Davis	X	....	....
Mr. Parker——	....	X	—	Mr. Weygand—	X	....	....
Mr. Ehrlich——	....	X	—	Mrs. Clayton—	....	....	....
Mr. Gutknecht——	....	X	—	Mr. Price—	X	....	—
Mr. Hilleary——	....	X	——				

Representative	Aye	No	Present	Representative	Aye–	No–	Present
Ms. Granger——	....	X	——				
Mr. Sununu——	....	X	——				
Mr. Pitts——	....	X	....				

29. Mr. Hobson made a motion that the committee adopt the chairman's mark as the Concurrent Resolution on the Budget.

The motion offered by Mr. Hobson was agreed to by voice vote.

30. Mr. Hobson made a motion that the committee report the concurrent resolution with a favorable recommendation.

The motion offered by Mr. Hobson was agreed to by a rollcall vote of 22 ayes and 16 noes.

Representative	Aye	No	Present	Representative	Aye–	No–	Present
Mr. Kasich, Chairman–	X	....	——	Mr. Spratt, Ranking—	....	X	....
Mr. Hobson—	X	....	——	Mr. McDermott——	....	....	....
Mr. Shays—	X	....	——	Mr. Mollohan——	....	X	....
Mr. Herger—	X	....	——	Mr. Costello——	....	X	....
Mr. Bunning—	X	....	——	Mrs. Mink——	....	X	....
Mr. Smith of Texas–	X	....	——	Mr. Pomeroy——	....	X	....
Mr. Miller—	X	....	——	Ms. Woolsey——	....	X	....
Mr. Franks—	X	....	——	Ms. Roybal-Allard—	....	X	–
Mr. Smith of Michigan–	X	....	——	Ms. Rivers——	....	X	....
Mr. Inglis—	X	....	——	Mr. Doggett——	....	....	....
Mr. Nussle—	X	....	——	Mr. Thompson——	....	X	....
Mr. Hoekstra—	X	....	——	Mr. Cardin——	....	X	....
Mr. Shadegg—	X	....	——	Mr. Minge——	....	X	....
Mr. Radanovich—	X	....	——	Mr. Baesler——	....	X	....
Mr. Bass	X	....	....	Mr. Bentsen	....	X	....
Mr. Neumann	....	....	....	Mr. Davis	....	X	....
Mr. Parker—	X	....	——	Mr. Weygand——	....	X	....
Mr. Ehrlich—	X	....	——	Mrs. Clayton——	....	....	....
Mr. Gutknecht–	X	....	–	Mr. Price—	....	X	–
Mr. Hilleary	X	....	....				
Ms. Granger	X	....	....				
Mr. Sununu	X	....	....				
Mr. Pitts	X	....	....				

31. Mr. Hobson requested and received unanimous consent that the Chairman be authorized to make a motion to go to conference and file pursuant to clause 1 of House Rule XX; that staff be authorized to make any necessary technical and conforming corrections in the resolution, any committee amendments, and calculate any remaining elements required in the resolution, prior to reporting the resolution, and that the motion to reconsider be laid on the table.

Budget Committee Oversight Findings

Clause 2(l)(3)(A) of rule XI requires each committee report to contain oversight findings and recommendations required pursuant to clause 2(b)(1) of rule X.

The committee has a long-standing concern about the objectivity with which the Office of Management and Budget [OMB] carries out its responsibilities to execute and enforce budgetary decisions. The committee believes that there is no room for political biases in implementing and enforcing various controls over the federal budget. As outlined below, however, the committee has found numerous examples of OMB being motivated more by the desire to promote the administration's agenda than by objectively interpreting and executing its responsibilities under the Budget Act and the Balanced Budget and Emergency Deficit Control Act.

Inflation Adjustment. OMB manipulated its standard method of accounting for inflation to allow the administration to increase discretionary spending. In 1995, OMB changed its interpretation of the process for adjusting discretionary spending limits for inflation in order to increase the base against which it would calculate its proposed reductions. Accordingly, the Congress was forced to eliminate the adjustment for inflation under the Balanced Budget Act of 1997.

Federal Agriculture Improvement and Reform Act of 1996. OMB manipulated its scoring of major farm legislation to avoid triggering a PAYGO sequester. In 1996, OMB estimated that the Federal Agriculture Improvement and Reform Act of 1996 would reduce the deficit by $1.9 billion in 1996 and $3.7 billion in 1997. CBO estimated that the act would increase the deficit by $3.2 billion in 1996 and $1.5 billion in 1997. OMB used different baseline assumptions against which to compare this act for the 1996 crop year. Based on long-standing practice, OMB should have calculated the impact of this act against a baseline that assumed the provisions of the 1990 farm act were in effect. CBO did so. OMB however, assumed the provisions of the 1938 and 1949 farm acts were in effect for crop year 1996 (affecting fiscal years 1996 and 1997) but that the 1990 act was in effect for crop years 1997 and beyond. OMB's scoring conveniently avoided the need to enact sufficient mandatory savings to avoid a sequester at the time of the 1996 general election. In response to OMB's scoring of the farm bill, the Congress eliminated the PAYGO balance from the Freedom to Farm Act so that it could not be used to pay for subsequent spending initiatives. In the following year, the President's budget actually proposed reinstating these balances as a means of financing its several spending initiatives.

Line-Item Veto Act. OMB sought to undermine the Line-Item Veto Act (Public Law 104–130) the very first time it was exercised. The President used his cancellation authority under the Line-Item Veto Act, to strike three provisions from the two reconciliation acts that carried out the 1997 budget agreement. Under the Line-Item Veto Act, the savings from the canceled items went into the "lockbox" for deficit reduction. In order to reinstate a modified version of these provisions, offsets in spending would have been necessary. OMB objected to this interpretation, believing that they should not have to pay for revised versions of the canceled items a second time. Therefore, OMB supported overturning the requirement that targeted tax preferences be paid for each time they are re-enacted in modified form through the passage of H.R. 2513.

OMB has also improperly applied the Line-Item Veto Act to suit the administration's agenda. The President used the line-item veto to strike a provision in the Treasury and Government Appropriations Act for fiscal year 1998 (Public Law 105–61) that provided an open season for federal employees covered by the Civil Service Retirement System (CSRS) to switch to the Federal Employees' Retirement System (FERS). OMB justified the use of the line-item veto on this provision because it considered this provision to be a "dollar amount of discretionary budget authority" that would be subject to the line-item veto. After a lawsuit was filed challenging this use of the line-item veto, the administration vacated its cancellation. Since the administration never defended the line-item veto in this case, it in effect conceded that OMB wrongly applied the line-item veto.

User Fees. OMB has aggressively promoted new and expanded user fees to significantly increase gross discretionary spending. User fees are charges and assessments levied on a class directly benefiting from, or subject to regulation by, a government program or activity to be utilized solely to support the program or activity. The President's budget submission for fiscal year 1999 proposed $22.8 billion over five years in new and expanded user fees. Since user fees are credited against the appropriations caps as a form of negative spending, the administration was able to increase gross discretionary spending without breaching the caps. In some cases, these fees should have been treated as revenues or offsetting receipts which are not credited against the caps. Furthermore, the President's budget assumes a substantial amount of receipts from taxes on tobacco: $65 billion through 2003 and over $150 billion through 2008. Again, the administration sought to use these receipts to increase gross discretionary spending without breaching the caps. Clearly, these proposals breach the letter and spirit of the Balanced Budget Act of 1997.

Late Scorekeeping Reports. OMB has been chronically late in issuing the cost estimates that are used to enforce PAYGO requirements and the discretionary spending caps. Of 101 OMB cost estimates for legislation enacted during the second session of the 104th Congress, the average time between enactment and cost estimate was 7.5 calendar days, or 2.5 days late. These delays have continued even as Congress has increased the time that OMB has to issue its reports. Prior to the Balanced Budget Act of 1997, OMB was required to submit cost estimates for appropriations and PAYGO legislation 5 calendar days from enactment. Under the Balanced Budget Act of 1997, OMB has 7 workdays after a bill is enacted to issue the cost estimate. Since the enactment of the new deadline, the 27 most recent cost estimates issued after OMB's final sequestration report have averaged 12.6 workdays between the enactment of the bill and the release of a cost estimate, making them an average of 5.6 workdays late. Although OMB now has more time to prepare its reports, they are issued later than before the law was changed.

OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

Clause 2(l)(3)(D) of rule XI requires each committee report to contain a summary of oversight findings and recommendations made by the Committee on Government Reform and Oversight pursuant to clause 4(c)(2) of rule X, whenever such findings have been timely submitted. The Committee on the Budget has received no such findings or recommendations from the Committee on Government Reform and Oversight.

Miscellaneous Budgetary Information

Clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives provides that Committee reports shall contain the statement required by Section 308(a)(1) of the Congressional Budget Act of 1974. This report does not contain such a statement because as a concurrent resolution setting forth a blueprint for the Congressional budget, the budget resolution does not actually provide new budget authority or new entitlement authority or change revenues.

Establishment of Statutory Limit on the Public Debt

Clause 3 of rule XLIX requires the report of the committee on the Budget of the House accompanying any Concurrent Resolution on the Budget to include a clear statement of the effect of adoption of the concurrent resolution upon the statutory limit on the debt. House rule XLIX provides for the automatic engrossment of a bill raising the statutory limit upon the conference report on the Concurrent Resolution on the Budget.

The adoption of this budget resolution will have no effect on the statutory limit on the debt if, as expected, the rule providing for the consideration of the Concurrent Resolution on the Budget for fiscal year 1999 waives the applicability of House Rule XLIX. House Resolution 152 waived the applicability of House Rule XLIX during the consideration of the conference report accompanying House Concurrent Resolution 84, the Concurrent Resolution on the Budget for fiscal year 1998.

According to the Views and Estimates submitted by the Committee on Ways and Means, the current statutory public debt limit of $5.95 trillion will not be reached until sometime early in fiscal year 2001.

Views of Committee Members

Clause 2(l)(5) of rule XI requires each committee to afford a 2-day opportunity for members of the committee to file additional, supplemental minority, or dissenting views and to include the view in its report. The following views were submitted:

ADDITIONAL VIEWS OF HON. BENJAMIN CARDIN

I am disappointed that this budget resolution does not make any provision for the consideration in this Congress of tobacco legislation. This Congress has an historic opportunity to address the issue of tobacco consumption and the tobacco-related health crisis in this country. Nearly half a million Americans will die of tobacco-related illnesses this year, and every year. Three thousand young people begin smoking every day, and one-third of them will die prematurely of tobacco-related disease. Tobacco use among high school seniors is at the highest level in 19 years.

The need to address this issue has been recognized by the attorneys general of more than forty states and the major tobacco companies, which negotiated a comprehensive settlement of the lawsuits the states have brought to recover Medicaid costs. This week, the United States Senate has under consideration bipartisan legislation that addresses this pressing problem. The American people overwhelmingly favor strong measures to deal with the public health threat posed by cigarette smoking.

Unfortunately, the budget resolution we have before us fails to take this matter into consideration. It is completely silent on the question of whether this Congress will act on tobacco legislation of any kind.

During committee markup, I offered an amendment that would have provided the flexibility in this budget resolution needed to accommodate potential tobacco legislation. The amendment created a reserve fund that would have allowed the chairman to adjust function totals and aggregates, as well as committee allocations, if the committees of jurisdiction produce tobacco legislation.

Let me make clear that the amendment did not prescribe any specific solution to this problem. It did not set the amount of any payment imposed on the tobacco industry, or the level of any increase in the price of cigarettes, or the method by which such increase would be implemented. It simply would have given the legislative committees the reassurance that if they reported tobacco legislation, their work would not run afoul of the budget resolution.

Without the amendment, this budget resolution could now frustrate the development and passage of legislation that has broad support among the American people. That result is unnecessary, and should have been avoided.

BEN CARDIN.

ADDITIONAL VIEWS OF HON. JIM McDERMOTT, IN OPPOSITION TO THE REPUBLICAN BUDGET RESOLUTION

Once again, the Republican Congress is forcing through a Budget Resolution that uses deep cuts in our nation's fundamental social programs in order to pay for tax cuts that will disproportionately benefit the wealthiest of Americans. This is the same extremist strategy that led to the shutdown of the federal government in 1995.

Chairman Kasich's latest budget proposal calls for $45 billion in non-defense discretionary cuts and $56 billion in entitlement spending cuts to pay for $101 billion in tax cuts. Although the Majority characterizes these cuts as simply being 1 cent out of every dollar over the next 5 years, the budget reality is much more alarming than their rhetoric would like Americans to believe.

The truth is that the Republic Budget exempts most of the budget from cuts—such as interest on the debt and Social Security—while increasing defense industry program expenditures for outdated, bloated Cold War-style projects such as the Strategic Defense Initiative ("Star Wars") program. After these economic realities and political choices and accounted for, the actual cut in non-defense discretionary funds proposed by the Republicans skyrockets to 7.1% by 2003.

Like last year's Budget Agreement, many of the savings projected in this year's Budget Resolution are backloaded heavily. For example, under the Republican Budget in 1999, they plan just $4.7 billion in cuts, but when the cuts are fully implemented, the cuts multiply 8 times in sizes to $37.4 billion in 2003.

Additionally, the Republicans hit the same budget functions that last year's Budget Agreement targeted for cuts. For example, the 1999 Republican Resolution calls for more than $22 billion in new cuts to Medicare and Medicaid ($10.1 billion cut to Medicare and $12 billion cut to Medicaid). Just last year, Congress cut Medicare alone by $115 billion. These new cuts only make it more difficult for America's senior and disabled population to receive the affordable, high quality health care that they deserve.

It would be one thing if these cuts in Medicare were being used to strengthen the Medicare Hospital Insurance Trust Fund, but instead, the Republicans plan to use them to finance a tax cut for America's wealthiest taxpayers.

The Republicans say that they need to steal from Medicare in order to eliminate the so-called marriage tax penalty. Unfortunately, this excuse rings hollow because significant reduction in the marriage tax penalty does not cost the $101 billion that they say it does. For a much smaller cost, the majority of American families would have the marriage tax penalty eliminated or significantly reduced if Congress simply increased the standard deduction for joint filers so that it equals twice that of single filers.

What makes the Republican “pro-family” argument even more shallow and hypocritical is that this Committee had an opportunity to reduce the marriage penalty last year. Instead of reducing the marriage penalty, the Republicans on this Committee, the Ways and Means Committee, and the Rules Committee voted to cut taxes for America’s largest corporations through reductions in corporate capital gains and the corporate alternative minimum tax—the tax that ensures corporations pay at least some federal taxes.

Since the Republicans took control of Congress, their budget proposals continually have cut spending that boosts the quality of life for low- and middle-income Americans in order to pay for tax cuts that benefit the top tier of American taxpayers. In fact, more than two-thirds of the benefits from last years tax relief will be distributed this tax year to the top 1 percent of American families whose income average more than $650,000/year.

We had a chance to change this disturbing pattern and produce a fair and honest budget that would benefit our entire society. Unfortunately, Chairman Kasich and the Republican caucus chose to take the low road and passed another regressive budget that will lead to far more dislocation and dispossession that this year’s budget proponents are willing to acknowledge.

JIM MCDERMOTT.

ADDITIONAL VIEWS OF HON. DAVID MINGE

The Environmental Protection Agency (EPA) recently announced a "Draft Strategy on Animal Feeding Operations." This strategy will increase the permitting and inspection activities facing animal feeding operations. As a result, agricultural producers will need greater technical assistance and will face increased operating costs associated with compliance activities.

Farmers will need technical assistance in making plans to comply with the regulatory actions by EPA. This increased demand for technical assistance will significantly affect the agencies within the United States Department of Agriculture (USDA) who work directly with farmers, landowners, and conservation districts at the local level, particularly the Natural Resources Conservation Service and the Cooperative Extension Service. Without additional resources, these agencies will not be able to provide the technical assistance to producers that will enable them to comply with other statutory conservation requirements as well as the new EPA strictures.

Preliminary workload estimates from the USDA regarding the potential impact of an EPA strategy involving only the largest operations indicate that the USDA will need $20 million for technical assistance and research. I recommend that such money as is deemed necessary be allocated to the USDA for these purposes. This will help ensure that current programs and priorities within the Department of Agriculture are not adversely affected by this new initiative. In addition, it will enable the Department to help livestock producers comply with the Clean Water Act and maintain USDA's commitments to its conservation partners.

DAVID MINGE.

ADDITIONAL VIEWS OF HON. KENNETH E. BENTSEN, JR.

In addition to sharing the dissenting views of Ranking Member Spratt, I want to make the Committee aware of several issues of particular concern to me and about which I offered amendments during markup of the budget resolution. These issues involve increasing access to medical clinical trials, protecting our children's health, doubling the biomedical research budget, and investing in our nation's water and port infrastructure.

I am pleased that the Committee adopted my amendment expressing the Sense of the Congress that the committees of jurisdiction should consider legislation this session that will establish a three-year demonstration project providing Medicare coverage for beneficiaries' participation in cancer clinical trials. Clinical trials are research studies that test new medications and therapies in clinical settings and are often the only treatment for people with life-threatening illnesses such as cancer, AIDS, heart disease, and Alzheimer's. Many patients cannot afford to participate in such trials because their health plans, including Medicare, do not cover the routine patient care costs associated with these studies. I have introduced legislation, H.R. 3283, to provide Medicare coverage for patient care costs associated with all federally-approved clinical trials, and the President's FY 1999 budget included funding for a three-year demonstration project providing for coverage for Medicare beneficiaries' participation in federally-approved cancer clinical trials. I hope the committees of jurisdiction will follow the lead of the Budget Committee and approve such legislation this year.

In addition to improving access to clinical trials, such legislation would help speed up the development of new therapies. It often takes between three and five years to enroll enough participants in a cancer clinical trial to make the results scientifically legitimate and statistically meaningful. Also, less than three percent of cancer patients, half of whom are over 65, currently participate in clinical trials. This legislation would likely increase enrollment and help researchers obtain meaningful results more quickly.

The value of clinical trials have been underscored by several recent reports about cancer trials that have yielded promising results. Clinical trials have demonstrated the effectiveness of four drugs—Raloxifene, Tomoxifen, Taxol, and Herceptin—in treating breast cancer. In addition, two new angiogenesis drugs, Endostatin and Angiostatin, have suppressed the growth of blood vessels in cancer tumors in mice. The next step will be to test these treatments in humans. By enacting legislation providing Medicare coverage for clinical trials, Congress can help to facilitate such breakthroughs in the future.

I am also pleased that the Committee adopted report language I offered to maintain the U.S. Army Corps of Engineers FY 1999 construction budget at the FY 1998 level of $1.47 billion. The President recommended an FY 1999 funding level of only $784 million—a 47 percent cut. Such a deep cut would have delayed and even terminated vital port, flood control, and waterway improvement projects across the nation.

The U.S. waterway system includes a vast complex of inland and intercoastal waterways, both shallow and deep draft, requiring extensive efforts to protect our communities from flooding while ensuring their environmental benefits. Additionally, the nation's ports and waterways provide an efficient and reliable transportation network, which carried a staggering 2.2 billion tons of foreign and domestic commerce in 1996. U.S. ports are at the forefront of local and regional economic development and job creation. Given the many benefits navigation and other water resources programs provide to the American public, funding of waterway programs should be at a level sufficient to keep pace with growing infrastructure needs. My amendment puts the Budget Committee on record, in accordance with the Senate-passed budget, that the Corps receive sufficient funding to meet construction schedules of ongoing projects, fund operations and maintenance, and initiate a modest program of new starts.

I regret that the Committee did not approve an amendment I offered to make it easier to enroll eligible children in Medicaid and help these children get the health care services they need. According to two recent studies, between 4.4 million and 4.7 million children nationally are eligible for Medicaid, but are not currently enrolled in this health insurance program. In Texas, 748,824 children are eligible to get health coverage through Medicaid, but are not enrolled in the program, according to the Texas Health and Human Services Commission. Of these, 557,104 children have no health insurance whatsoever.

Clearly, we must do a better job of reaching out to and educating these families and getting their children enrolled in Medicaid so they receive the health care to which they are legally entitled. My amendment, like legislation I have introduced, H.R. 3640, would empower public schools, child care centers, child support agencies, and other entities that deal with children to make the preliminary determination that children are eligible for Medicaid. These children could begin receiving health care services while the state reviews their cases and makes a final determination of Medicaid eligibility. These agencies are on the front lines of dealing with children, and I believe that this outreach effort will help ensure that our children get the health care services they need. This legislation builds on provisions of the Balanced Budget Act of 1997 providing for such determination of presumptive eligibility for Medicaid.

I believe my amendment is the right thing to do for kids *and* taxpayers. It is more cost-effective to enroll these children in Medicaid and ensure they are receiving preventive care through a family doctor, rather than through the emergency room where children will be sicker and taxpayers will end up paying more. In the end, we all pay these costs through higher local taxes or higher insurance premiums.

I also regret that the Committee did not approve my amendment to double our nation's investment in biomedical research through the National Institutes of Health (NIH). Such investments save lives and improve our international competitiveness. Our nation's biomedical research is the envy of the world, but we must continue this investment to ensure that we maintain this preeminence.

The Republican budget resolution does not provide sufficient funding for the NIH. While the Senate budget resolution provides for a FY 1999 NIH budget of $15.2 billion, an increase of 11 percent, this budget resolution includes a much lower figure of $14.7 billion. Over five years, this budget resolution would provide an increase of only $5.5 billion as compared to an increase of $13.9 billion under my amendment.

Doubling the NIH budget is necessary to ensure that we are meeting the medical research needs of our nation. The NIH supports the work of more than 50,000 scientists in the United States. Yet, on average, only one in five peer-reviewed grant proposals is funded by the NIH. We need to increase the number of peer-reviewed grants so that more scientists have the resources to conduct cutting-edge research in order to develop more life-saving and cost-effective treatments and therapies can be discovered. This increase is especially critical in this age of managed care to ensure that there is sufficient funding for clinical trials. Academic health centers, where many of these trials are conducted, have traditionally used surplus revenues from patient care to supplement federal funding. With managed care, these surpluses are disappearing just as our scientific community is making breakthroughs in treating cancer and other diseases. With this added investment, more scientists would be able to conduct research that will improve health care and save lives.

I look forward to continuing to work with my colleagues to address these critical issues in this Congress.

KEN BENTSEN.

ADDITIONAL VIEWS OF HON. JERRY F. COSTELLO

Mr. Chairman, I was proud to vote for the Balanced Budget Amendment of 1998 last year. I believe it is a sign of what we can accomplish when we work together to better serve the people of this nation and control federal spending. Since coming to Congress, I have sponsored a Constitutional amendment to balance the federal budget. This year's balanced budget reflects that hard work which allowed us to achieve that goal. These are the values that should govern our future budgets. Unfortunately, the budget resolution that passed the committee does not reflect those values. This resolution includes $100 billion in unspecified cuts. We are left to imagine the programs that will suffer under these severe cutbacks. This budget is not a blueprint to govern, and I could not support it because it fails to protect funding that is vital to our people.

This budget does not protect Social Security by guaranteeing to use the projected budget surplus to pay down the debt. The Social Security Trust Fund has long-range financing problems. Insolvency of the Disability Insurance portion of Social Security is projected to occur in 2015, with the retirement survivors account reaching insolvency in 2031. If the program spending continues as currently designed, our Social Security system will inevitably run a deficit. The time to evaluate and ensure the Social Security Trust Fund remains fiscally sound for generations to come is now. For the first time since 1969, we will experience a budget surplus. There are no better circumstances in which to address the long-range solvency of Social Security.

The Republican budget proposal before us also implies a $10 billion cut to Medicare. This is entirely irresponsible. In this budget resolution we should be strengthening Medicare and extending its solvency. During the Balanced Budget Agreement last year, we worked hard to make difficult choices in Medicare reform to improve the program. This budget completely invalidates that hard work and punishes the seniors of America.

These cuts will not improve or expand Medicare. The savings achieved from these cuts will not be reinvested in the program. They are apparently to be used for the Republican Leadership's proposed tax cuts, which will not benefit senior citizens. Republicans in the House have rejected other proposals honestly intended to expand and improve the quality of Medicare, stating that any such proposals should be considered by the new bipartisan Medicare Commission. I fail to see why a cut to the program does not need to be considered by the Commission. Senior citizens rely on Medicare, and we should not betray their trust.

Unlike previous budget resolutions, this document does not contain cuts to specific programs. We have no idea where the $100 billion in cuts will come from, but we can assume these cuts will affect many valuable programs.

The Economic Development Administration is one program that has offered assistance to many disadvantaged communities in my congressional district. Working with the Southwestern Illinois Development Agency, the EDA has helped communities attract employers and create jobs in areas where unemployment is well above the national and state average, areas that have been affected by the closing of coal mines and the migration of industrial plants which employed thousands of people. This is not a program that benefits bureaucrats, it helps real people find jobs and improve their communities.

The Legal Services Corporation is another good example of a federal program that is effectively being administered at the local level. The creators of the LSC recognized that decisions about how legal services should be allocated are best made not by officials in Washington, but at a local level, by the people who understand the problems that face their communities.

The Legal Services Corporation, begun in 1974 and supported by President Nixon, has had bipartisan support and has served millions of people since its inception. Today, the LSC provides funds to operate programs in approximately 1100 communities nationwide, providing services to more than a million clients per year, benefitting approximately five million individuals, the majority of them children living in poverty. Family law makes up one-third of all of the cases handled by LSC programs each year. In 1995, legal services programs handled over 9,300 cases involving abused and neglected women and children.

AmeriCorps is another valuable program enabling estimated 50,000 students to earn funds for college while performing community service in tasks ranging from assisting teachers to working on environmental clean-up. There are two highly successful AmeriCorps sites in my congressional district. The program in Belleville, Illinois places 34 participants in the disadvantaged Abraham Lincoln and Franklin neighborhoods to clean up damage from the flood of 1993, and offer conflict management training. The 24 participants in the AmeriCorps program in East St. Louis have developed a successful tutoring program in schools where resources are scarce.

The Airport Improvement Program is another critical federal initiative that is jeopardized by this budget. With airline passenger traffic expected to continue to grow, we need to ensure that airports across the country are equipped to handle future capacity. MidAmerica Airport in my district was recently opened to address the congestion program in the St. Louis and MetroEast community. This airport was completed in part through the Airport Improvement Program. Without the development of MidAmerica Airport, the region would face considerable capacity limits in the near future. The AIP is a critical component of safe and efficient air travel.

Earlier this year, the BESTEA transportation bill to fund and improve transportation programs in this country passed the Transportation and Infrastructure Committee unanimously, and it passed the full House by a vote of 337–80. Mr. Chairman, the will of the House is obvious and apparent. That is why it is completely ludicrous that this budget does not include funding to pay for this legislation, which has already been passed overwhelmingly by the House.

Every day, drivers across this country purchase gasoline for their cars. Under federal law, 18.4¢ from every gallon is dedicated to transportation costs. However, due to current budget rules, that money goes to the general treasury. People pay into the Highway Trust Fund with the assumption that their tax dollars will be spent on highways. We have the money to pay for these programs. Those funds should be included in the budget.

This funding is vital because our infrastructure is crumbling around us. In my home state of Illinois, for example, a quarter of all the bridges are structurally deficient. Forty-three percent of roads in Illinois are in poor or mediocre condition. Driving on these roads costs Illinois motorists $1 billion a year in extra vehicle operating costs. That is $144 per driver. These statistics are shameful. As we enter the next millennium, we cannot allow our nation's infrastructure to languish in the past.

In my district in Southwestern Illinois projects funded in BESTEA are critical to meet the transportation needs of many communities. For example, the MetroLink light rail system provides a vital transportation link for commuters and travelers in the St. Louis-MetroEast area. MetroLink, whose ridership has surpassed all expectations, has had an enormous impact on the environment, transportation efficiency and economic development in my district and the entire St. Louis metropolitan region.

This budget also fails to identify ways we may improve the use of our resources. In his budget for this year, the President included funding to modernize and improve our public schools. I strongly believe this program should be added to the House budget resolution. It provides incentives to communities to invest in local school facilities through the use of leveraged bonds. Oh program targets the 100 poorest school districts in the nation, while providing money for the state's to use on poor districts within their jurisdiction.

Often we dedicate our resources to the disadvantaged schools in large urban areas, overlooking the many needy schools in rural areas. My congressional district in Southern Illinois has many schools which would benefit from this program. Many of the schools in my area are dilapidated and over 50 years old. When the school buildings are warm, safe, and comfortable, children are free to concentrate on learning. That is something that will benefit us all.

This resolution gives us $100 billion in cuts without even suggesting where they may come from. I cannot support a resolution that violates the Balanced Budget Agreement from last year and threatens the solvency of Social Security and Medicare. It is my sincere hope that these problems will be addressed before the House passes a budget resolution.

JERRY F. COSTELLO.

SUPPLEMENTAL VIEWS OF HON. DAVID MINGE

For the first time in nearly three decades, the Budget Committee prepares a budget resolution without the heavy burden of a federal deficit. This news makes even the most skeptical deficit hawks (myself included) optimistic. Unfortunately we can hear this good news only if we tune out the fact that Congress continues to borrow money from the Social Security Trust Fund.

There is currently a surplus in the Social Security Trust Fund, a surplus that will help address the coming bulge of retiring baby boomers. However, current budget laws allow Congress to borrow from this Trust Fund each year to pay for other programs. In 1998, $100 billion of the Social Security Trust Fund surplus will be used to conceal our true financial position—which is, tragically, still deficit.

This is a key shortcoming in Congressional budgeting. Hard-fought efforts to remove the Social Security Trust Fund from budget calculations have produced, sadly, only cosmetic changes. Budget projections include a line entitled "On-budget Deficit" which reflects the country's true financial situation. Instead of guiding policy, this figure is usually ignored. The Social Security Trust Fund's "off-budget" status ought to hold Congress to preserve the trust fund for the purpose it was intended. Instead it is a futile exercise that most Members of Congress overlook.

This practice of masking our deficit is shortsighted and unfair. It disregards the upcoming pressures on the system as my generation retires, and it puts an unfair burden on the pocketbooks of my children and grandchildren. If we don't deal with the crisis now, before it happens, we jeopardize the Social Security program itself.

Furthermore, the amount borrowed from the Trust Fund is not calculated as part of the deficit. As mentioned above, the so-called "surplus" is not a surplus if you count the money we'll be borrowing from the Social Security Trust Fund. We should no longer be able to pretend that we've solved the deficit problem until we stop our reliance on using Social Security.

Current budget enforcement mechanisms, Pay-As-You Go (PAYGO) rules and discretionary caps, have kept Congress disciplined with regard to the budget deficit. Some have argued that in the event of a budget surplus, these worthwhile restrictions should no longer apply. Many are looking for more new tax breaks or more new spending programs, and are unwilling to pay for them. Some even claim that the PAYGO rules turn themselves off whenever there is a surplus, even though that claim violates the Bipartisan Budget agreement.

But turning off the pay-as-you-go requirement is not wise. We know that budget pressures will increase greatly when the baby boom generation starts to retire. We know that our nation should be, but is not, increasing its saving in anticipation of the boomers' retirement. And we know that the most direct way for the government to do its part is to put aside some of its tax revenue for the future.

In fact, that is what the Social Security surplus is all about. While most Social Security taxes are used to buy a basic retirement guarantee for our parents and grandparents, some of those taxes are being put aside in the Social Security trust fund, to build up a balance large enough to address the coming bulge of retiring baby boomers.

No longer should we be able to borrow from the Trust Fund and act as though we still have a budget surplus. No longer will we be allowed to use this practice to mask the true size of the deficit. And no longer will we get away with avoiding the impending Social Security crisis.

The prospect of a budget surplus is welcome news. We should take full advantage of this news and practice constraint. Instead of promising new programs or additional tax cuts, we should act to prevent a crisis. Safeguarding Social Security should be our priority.

DAVID MINGE.

DISSENTING VIEW OF HON. PATSY T. MINK

In this Budget Resolution the Majority has turned its back on the budget agreement made last year. They reject our recent success in balancing the budget, while maintaining investment in areas of critical need in this country. Instead the Majority has opted to put forth a measure which will force draconian cuts in areas of important investment in our nation's future such as health care, education, child care, nutrition and welfare.

The Majority Budget will cut an additional $100 billion below last year's budget agreement in domestic programs—programs that address the most critical needs of our nation's population.

At a time when our country is in its greatest period of economic growth, when the budget deficit has been eliminated and a surplus of up to $85 billion is expected, we should be seizing this opportunity to put forth a budget which invests in our nation and increases the ability of all people to thrive in which this economy. Instead we have a budget that miserably fails this country.

Most notably, it fails to address the most pressing needs of the American people. Child care is one of the most crucial issues confronting millions of Americans in their day-to-day lives as they struggle to balance their responsibilities as parents and workers. I offered an amendment to address this need of working parents by increasing investment in federal child care programs.

Currently the federal government spends about $9.4 billion (FY1998) on child care programs including after-school and child care nutrition programs. Based on the President's child care initiative unveiled earlier this year, my amendment would have included an additional $16 billion investment over five years in child care and early childhood education programs, including existing programs such as the Child Care Development Block Grant and Head Start.

In 1996, we passed a Welfare Law which requires welfare mothers to work, but it fell short $1.4 billion short of the funding necessary to provide child care for those welfare parents. My amendment would have allowed us to take care of the working welfare families as well as low-income working parents who are not receiving public assistance.

My amendment also included $3 billion over five years for a new Early Learning Fund to improve the quality and safety of services to children ages 0 to 5 years. In the past year we have all heard about the ground breaking research which revealed the significant capacity for learning in the first three years of a child's life. Assuring quality child care and early childhood education is critical in those early learning years and important to the future success of our nation's children and indeed our entire nation.

The amendment also included an investment of $800 million over five years in after-school programs. This funding would support an estimated 4,000 programs serving half a million children. After-school activities is a way to keep children in a safe place, to provide additional learning experiences and tutoring and most important it keeps children off the streets and involved in productive activities rather than destructive or delinquent activities.

Unfortunately, the Majority is not willing to make a commitment to improve access to quality child care and the amendment failed on a party line vote.

This Resolution also demonstrates the Majority's willingness to turn its back on the welfare reform law championed by the Majority. It includes cuts which will specifically hamper efforts to move participants from welfare to work.

The Resolution eliminates $1.5 billion dedicated for welfare-to-work programs. The elimination of these funds would result in direct loss of funds to 44 states and jeopardize the job training and job placement of 300,000 welfare recipients.

Eliminating these funds turns the welfare law into a unfunded mandate, which requires states to put welfare recipients to work with no funds to provide the job training and work programs necessary to help them attain steady employment.

The Resolution compounds the problem by eliminating the employment and training money under the Food Stamp program. The 1996 welfare reform law limits Food Stamp benefits to abled-bodied adults with no children between the ages of 18 to 50 to 3 months unless they are working or in a training program. The resolution eliminates funding states use to help train and employ these individuals so that they can achieve self-sufficiency or meet the work rule under the Food Stamp program.

Based upon the Chairman's May 12th draft of the Budget Resolution it is clear that the Chairman intends for the Congress to rescind another important provision of the welfare law which allows states to exempt up to 15% of the abled-bodied adults from the work requirement. This exemption allows states to continue to provide Food Stamps for adults with extenuating circumstances which prevent them from finding a job in 3 months. This provision was a key component to the compromise fashioned in the welfare bill, and now the Chairman is suggesting that we eliminate it.

Finally, I want to express my strong opposition to what is clearly an attempt to undermine federal education programs in the Budget Resolution. The Chairman's May 13th draft clearly stated the intention to turn the Title I program for disadvantaged students into a voucher program, and to block grant other education programs.

During debate on the Budget Resolution the Chairman was unclear about his intentions but made specific references to block granting Title I and other education programs. Whether it is a block grant proposal or a voucher proposal, it is clear that the Majority is once again attacking federal education programs that send billions of dollars to our states and local school districts.

I am deeply concerned about any effort which would virtually eliminate the Title I program and replace it with a voucher program. Title I was enacted in 1965 to assist low income communities in educating their most educationally disadvantaged. It was an attempt to equalize educational opportunities for our most needy students.

Based on current funding levels, individual Title I vouchers are likely to be about $700 dollars per student, hardly enough for parents to pay for private education as intended by the proponents of this proposal.

Title I dollars helps raise the individual achievement of disadvantaged children, but also, it helps the overall educational opportunities within the school. Taking the dollars away from these most needy schools through a voucher system, will do nothing but leave the school with less resources and at a greater disadvantage.

Criticism about Title I during Committee debate focused on the ineffectiveness of some programs and how the federal bureaucracy was to blame. This criticism is really not about the federal government, but a complaint against state and local school districts which manages the Title I program. Only .1% of the Title I funds stay at the federal level, for evaluation and administrative costs. That means that states and locals have responsibility for $99.9% of the money. So when the Republicans complain about how that money is being spent, they are criticizing the states and local school districts.

What is ironic is that Majority's criticizes the state and local management of Title I, yet at the same time they propose to block grant even more federal programs, with less accountability to the very same people they contend are running ineffective Title I programs.

While there is always room for improvement, the reality is that in the vast majority of school districts throughout the nation Title I is making a significant difference in the lives of disadvantaged students. To eliminate the Title I program as we know it today is a terrible mistake that would have serious consequences in many low-income communities throughout the country.

In its criticism of federal education programs the Majority consistently refers to 760 federal education programs.

Let's set the record straight. The Department of Education administers 183 education programs, not 760. The 760 number is a false claim used to discredit federal involvement in education.

Based on an analysis by the U.S. Department of Education, the list of 760 programs compiled by the Majority includes 183 programs that no longer exist or are not funded. It includes programs which are educational in nature, but clearly do not impact our elementary and secondary education, such as Department of Defense Training and FAA training programs.

The Majority disparages the debate on education policy in this country by using such false information which misleads the American public of the true nature of federal investment in education.

In my estimation, education should be this nation's highest priority, and the Majority's budget, block grant and voucher programs fall far short of what is necessary to improve education in this nation.

PATSY T. MINK.

DISSENTING VIEWS OF HON. JIM DAVIS

This skeleton of a budget resolution is both unwise and unwarranted. Rather than building on the successful bi-partisan balanced budget agreement of last year, this resolution takes us back to the policies which Congress and the American people rejected just a few years ago. The numbers in this resolution represent draconian cuts in non-defense discretionary spending, and substantial cuts to entitlement programs, including Medicare. Furthermore, I oppose this budget not only for what it does but also for what it fails to do. In addition to the drastic and unrealistic cuts, this resolution does nothing to protect the emerging budget surpluses from being used for additional spending or tax cuts.

This year, for the first time since 1969, the unified federal budget will run a surplus. The latest projections from the Congressional Budget Office estimate a surplus of between $43 billion and $63 billion. Now is not, however, the time to relax our budget discipline. Now is not the time for either a spending spree or the enactment of large and unaffordable tax cuts. Instead, we must put the short-term good news in the context of the long-term budget outlook. The most responsible course of action the Budget Committee can take this year is to live up to the commitments of last year's budget agreement, protect the budget surpluses, retire a portion of the federal debt, and begin to address the long-term solvency of Social Security.

Unfortunately, the budget resolution passed by the Committee does not ensure that the surpluses are used to retire publicly-held debt and instead allows them to be used to finance private accounts, an idea which should be considered only in the context of broader Social Security reform.

The economic benefits of debt reduction are clear. On March 4, 1998, in testimony before this Committee, Federal Reserve Chairman Alan Greespan stated that "we should be aiming for budgetary surpluses and using the proceeds to retire outstanding federal debt." In addition to commenting that markets would respond negatively to any loosening of fiscal discipline, Greenspan further stated, "Putting the unified budget into significant surplus would be the surest and most direct way to increasing national savings."

Reserving budget surpluses and applying them to lower our overall federal debt could have a profound impact on long-term interest rates. Some experts predict a drop of as much as 2 percent. Such a drop in interest rates would have a strong impact on monthly payments on a home mortgage. For example, in Florida, the monthly payment on $115,000 home in Hillsborough County with a 30-year fixed mortgage at 8 percent would be $844. A 2 percent drop in interest rates would lower monthly payments to $689—a savings of $115 each month. That is far more substantial than any short-term targeted tax cuts which might be considered under this budget resolution.

In addition to these positive impacts for home owners, debt reduction would increase economic growth, raise future standards of living, encourage greater savings and investment and help prepare our nation for the retirement of the baby-boom generation. I firmly believe that these steps would help undergird and strengthen our Social Security system as we continue to discuss questions over the long-term solvency of the program. Finally, we should all be reminded that these surpluses in the budget would not exist at all if it were not for the current surpluses in the Social Security Trust Fund. It is simply irresponsible not to include a provision protecting these surpluses until we have addressed Social Security reform and I regret that the Republican majority defeated our amendment to accomplish this goal.

JIM DAVIS.

MINORITY VIEWS

Since the Republican budget resolution is unlikely to form the basis of concurrent resolution, it serves no practical purpose, and deserves to be rejected. Every Democrat on the Committee opposed the plan. Because it makes such a radical and unwarranted break from the Balanced Budget Agreement of 1997, many mainstream House and Senate Republicans have attacked it; and the opposition is bipartisan.

Senator Domenici, Chairman of the Budget Committee, called the budget resolution "a mockery." Senator Stevens, Chairman of the Appropriations Committee, dismissed it saying "I don't know where we are going to get this $45 billion in discretionary cuts. * * * I don't think Congress could function" Representatives Mike Castle, Fred Upton, and Nancy Johnson told the media the cuts are "neither desirable nor attainable."

There are three primary objections to the resolution:

—First, the Republican plan creates a special provision allowing Congress to use all $223 billion in anticipated budget surpluses on a pet idea of the Speaker, "private retirement accounts." This is premature maneuver that would prejudice efforts to reach a bipartisan agreement to strengthen Social Security.

Deciding now to use the surpluses for private accounts before addressing Social Security's long-term problems would siphon off resources that may be needed to maintain the solvency of the Social Security Trust Fund. Budget surpluses should be reserved until a Social Security Commission, the President, and the Congress address the long-term requirements of Social Security.

Spending up to $233 billion on private acounts—without offsetting entitlement cuts or tax increases and without changing the budget rules—would cause a sequestration of Medicare and other entitlements under the pay-as-you-go rule, which remains in force through fiscal year 2006.

—Second, the Republican plan cuts Medicare by $10 billion and Medicaid/children's health by $12 billion over five years, and also cuts other health programs. These cuts come on top of the cuts made in these programs in last year's Balanced Budget Agreement. In the case of Medicaid, the cuts are even deeper than those made last year.

—Third, the Republican plan cuts non-defense discretionary programs another $45 billion over five years, well beyond the tight limits placed on those programs in last year's "Balanced Budget Agreement." By 2003, these programs will be cut 7 percent below the Balanced Budget Agreement and will lose 19 percent of their purchasing power.

The Republican plan imposes a five-year freeze on almost every discretionary program it does not cut. WIC, Head Start, veterans medical care, law enforcement and the Violent Crime Reduction Trust Fund, Superfund, and hundreds of other programs are frozen at 1998 levels through 2003.

In addition to these obvious problems, the Republican plan contains many other serious flaws which are apparent upon examination. For example:

—The Republican budget is unrealistic because it fails to recognize the overwhelming desire of Congress to increase resources for highways and mass transit. By pretending that highways and mass transit can be cut $5 billion below a five-year freeze, the Republican budget ignores the conference agreement on the highway bill and forces other non-defense discretionary programs to absorb billions more in cuts.

—The Republican plan is disingenuous because it imposes almost 100 percent of the discretionary cuts in the future and virtually none in this year's appropriations bills. This begs the question of whether those cuts will ever materialize. If the cuts do not materialize, then the budget is fiscally irresponsible. The tax cuts will eat into surpluses, and the full surpluses will not be reserved for Social Security and used to pay down debt.

—The Republican budget calls for $56 billion in entitlement cuts, even though a majority of entitlements are exempt. These entitlement cuts are inequitably targeted; more than 40 percent of the mandatory cuts come from programs that assist the poor and near poor, even though these programs make up only 23 percent of all mandatory spending. In addition, some of the largest of the entitlement cuts specified in the Republicans' report of May 12, 1998, have been pre-empted. For example, the reduction in Food Stamp administrative costs is being used to increase funding for agricultural research, crop insurance, and Food Stamps for immigrants. These funds gained from repealing the veterans' entitlements to disability benefits for service-connected, smoking-related disabilities and cuts in the XX Social Block Grant have been used to offset increased highway funding under BESTEA.

—The Republican plan violates the "pay-as-you-go" Budget rule by using cuts in discretionary spending to help finance the $100 billion tax cut. Since its passage in 1991, the "pay-as-you-go" rule has required that tax cuts be offset by mandatory spending cuts. The Republican plan would amend the "pay-go" rule by allowing both discretionary and mandatory cuts to count as offsets for their tax cut. Since cuts of additional $45 billion in non-defense discretionary programs are implausible, the $100 billion in tax cuts could be enacted even though the spending cuts never pass. The result: more erosion of the surplus.

—The Republican plan is fiscally unsound in another way: it uses the one-time proceeds of assets sales—the Southeastern, Southwestern, and Western Power Administration—to mask a permanent revenue loss.

—The Republican plan makes all of these budget cuts to finance a decrease in the so-called "marriage penalty." But it does not take

$100 billion to address concerns about the marriage penalty. If given an allowance of $100 billion, the Ways and Means Committee will almost certainly use a substantial portion on other tax cuts, such as deeper cuts in the capital gain rate, reduction of the alternative minimum tax, and exclusions of interest and dividend income.

—The Republican plan misses opportunities to make constructive investments in the future or improve government services and benefits. In the State of the Union address and in his Budget, the President proposed a number of initiatives in education, child care, the environment, and health care and patients' rights. While CBO analysis shows that these initiatives cannot all be afforded within existing budget rules, during markup the Republicans on the Budget Committee voted to reject every single initiative, no matter how inexpensive.

—The Republican plans precludes any tobacco legislation. Any legislation—even a plan that established a payment structure on tobacco companies and turned over all the proceeds to growers and states—constitutes federal income and spending. That spending—the payments to growers and states—would violate the figures in the Republican budget plan. In markup, Republicans turned down an amendment that would have given Chairman Kasich discretion to adjust the figures to allow tobacco legislation to proceed.

—The Republican plan is, in part, just public relations. Republicans wish to take credit for eliminating two cabinet agencies—the Departments of Energy and of Commerce—even though almost all of their duties would simply be picked up by other agencies. For example, the Constitution requires the government to conduct a census every ten years whether or not the Commerce Department is eliminated. Shuffling lines on an organizational chart has little to do with budgeting.

—The Republican plan attempts to impose an ideological agenda on top of a budget agenda. Their resolution allows the first step toward "privatizing" Social Security. In addition, their May 12 plan, whose proposals underlie their budget resolution, would:

Terminate all direct federal assistance to public school districts with economically disadvantaged students by repealing Title I grants.

Repeal Medicaid's guarantee of health care for the poor and replace it with block grants to states.

Repeal federal support for the Corporation for Public Broadcasting.

Repeal Americorps.

Eliminate the Legal Services Corporation.

The Republican resolution is illusory. In committee, Republicans offered a document without specifics on how or where the cuts will be made. But the details of their plan are contained in the May 12 plan prepared by Budget Committee Republicans, which inadvertently became public. The document set off a firestorm of Republican criticism, so they "withdrew" the details and they do not appear in their committee report. Yet the numbers have hardly changed (although the entitlement cuts are deeper, apparently in Medicaid/Children's Health). Further, the May 12 policies continue to underline the numbers: when Democrats offered amendments in markup to undo specific cuts listed in the May 12 Republican document, the Republican members of the Committee did not deny the policies, although they argued against each of the amendments.

According to a May 26 story the BNA Daily Tax Report, Republicans also prepared, but never released, a document called "Budget Committee Mandatory Proposals" which was dated May 19, 1998. The markup occurred the next day on May 20. The May 19 document contained a list of 20 specific entitlement cuts, totaling nearly $57 billion. The list was identical to the cuts in the earlier plan with two exceptions: the May 19 list contained deeper cuts in Medicare and Medicaid. For the record, we are attaching the Republican document dated May 12, 1998, to our dissenting views.

The Republicans are a majority in Congress; it is their responsibility to put forward a plan that can actually be implemented. They have failed that task. Because the Republican plan cuts so deeply and unfairly, and because it deviates so markedly from last year's bipartisan budget agreement, it stands no chance of implementation. Attempts to implement it will lead to congressional failure or veto and, if pushed to the limit, another shutdown of federal services.

The House should reject this plan on a bipartisan basis, and move forward to the real work of governing the nation in a fair and fiscally prudent manner.

JOHN M. SPRATT, Jr.
ALAN B. MOLLOHAN.
PATSY T. MINK.
LYNN C. WOOLSEY.
LYNN N. RIVERS.
BENNIE G. THOMPSON.
KEN BENTSEN.
BOB WEYGAND.
DAVID PRICE.
JIM MCDERMOTT.
JERRY F. COSTELLO.
EARL POMEROY.
LUCILLE ROYBAL-ALLARD.
LLOYD DOGGETT.
BEN CARDIN.
JIM DAVIS.
EVA M. CLAYTON.
DAVID MINGE.

MINORITY VIEWS ON SCHOOL CONSTRUCTION AND MODERNIZATION

During this Committee's consideration of the Fiscal Year 1999 Budget Resolution, we offered an amendment designed to address a crisis which is impeding our children's ability to learn: overcrowded and dilapidated schools. Unfortunately, the amendment failed on a strict party-line vote with all Republicans voting against the measure and all Democrats voting in favor of the amendment. This is unfortunate, because the extent of this crisis is alarming. Millions of our public school children are trying to learn in schools that are overcrowded and in desperate need of repair.

The need for new schools to relieve overcrowding is truly staggering. We currently have the highest number of students in the history of our country, and according to the Department of Education, enrollment will continue to grow at a considerable rate for the next decade. In order to keep pace with this growth, we will need to build 6,000 new schools over the next 10 years, just to maintain current class sizes.

Further, many of our existing schools are in desperate need of repair. According to a 1998 report by the American Society of Civil Engineers, United States' schools are in worse shape than any other part of the nation's infrastructure, including roads, bridges, and mass transit. This is simply unacceptable.

The estimated cost of repairing our nation's schools and building the new facilities needed to relieve overcrowding is daunting. The General Account Office estimates that the combined cost of repairs and new construction is approximately $185 billion. Wiring and equipping schools with the latest technology, which is critical to keep pace with our high-tech economy, will cost billions more, bringing the total national cost to over $200 billion. In California alone, the Department of Education estimates that it will cost $40 billion to repair the state's existing schools and build new ones required to keep pace with our growing population.

Leaky roofs, buildings in disrepair, and overcrowded class rooms are not merely annoyances or inconveniences—they are barriers to learning. Studies have produced strong evidence of the link between academic achievement and the condition of our schools. Students who attend class in clean, safe, modern buildings not only do better in their classes, but they also receive a far more positive message about their self-worth than students who must attend run-down or crowded schools.

In order to help states and localities address this problem, we offered the President's School Modernization Initiative as an amendment to the Budget Resolution. This proposal would establish a federal tax credit to finance the interest on two types of bonds, an expansion of last year's Qualified Zone Academy Bonds and the new School Modernization Bonds. States and local school districts would be able to issue these bonds to finance school construction and repair.

Half of these bonds would go directly to the 100 school districts with the largest numbers of low-income children. The other half would be allocated to states based on their proportion of low-income children. States would then distribute these bonds among their school districts in accordance with their specific needs.

Our amendment earmarked a small part of the $100 billion tax cut included in the Chairman's mark to pay the interest on these bonds. The amendment would have generated $22 billion in funding, while costing the Federal Government only $3 to 5 billion over the next five years.

Critics have put forth many arguments as to why this proposal is untenable. They have said that this will become another massive federal program, leading to federal control over local public schools. This is simply untrue.

Under this legislation, the federal government would be a partner with state and local governments, providing them with the assistance they need to leverage borrowing for school modernization and construction. State and local governments would determine their needs, and decide when, where, and whether they want to spend federal funds to modernize their schools. State and local participation in this program would be totally voluntary.

In addition, there is broad agreement in our states and communities that this legislation is needed. We have included several letters in support of this amendment from groups such as: Rebuild America's Schools, (a coalition of groups and school districts from across the country); Cal Fed School Infrastructure Coalition, (which is comprised of school districts, financial organizations, and businesses located throughout the State of California); Union Bank, the third largest bank in the state of California; and the Secretary of the U.S. Department of Education, the Honorable Richard W. Riley.

Another argument put forth by Republicans is that school repair and construction is the responsibility of States and local school districts, not the federal government. Historically, states and school districts have shouldered the majority of this responsibility. However, many local districts are already at the limit of what they can borrow, making it virtually impossible for them to solve this crisis on their own. Further, this crisis is of such a magnitude—$200 to $300 billion—and so significantly affects our nation's future, that states and localities need federal support.

As the new millennium approaches, it is more important than ever to ensure that our children have safe, modern facilities in which they can acquire the education necessary to compete in our highly technical and global economy. This proposal is in the best interest of our children and our nation. It is regretful and tragic that our Republican colleagues did not agree.

LUCILLE ROYBAL-ALLARD.
JIM DAVIS.
EVA M. CLAYTON.
JERRY COSTELLO.

U.S. DEPARTMENT OF EDUCATION,
Washington, DC, May 1, 1998.

Hon. LUCILLE ROYBAL-ALLARD,
House of Representatives,
Washington, DC.

DEAR LUCILLE: I understand that when the House Budget Committee begins work on the fiscal 1999 Budget resolution you intend to offer provisions to include the President's school modernization initiative in the plan. I certainly appreciate your leadership on behalf of this critically needed program.

I strongly support your amendment. It places a high priority on helping to ensure that our children are educated in safe, modern, and well-equipped schools that can accommodate smaller class sizes and the effective use of technology. I firmly believe that the federal government should support financing arrangements that help States and localities address the substantial needs for construction and renovation of school facilities, particularly in poor urban and rural areas.

Many elementary and secondary schools in America are in deplorable physical condition. According to the General Accounting Office, one-third of all schools, serving more than 14 million students, need extensive repair or renovation. Students are attending schools that have antiquated heating, plumbing, and electrical systems, that often do not meet health and safety codes, and that do not provide full access to individuals with disabilities. In many communities, providing adequate space for growing enrollments is an equally pressing concern. The National Center for Education Statistics projects that elementary and secondary school enrollment will increase by over 2 million students in the next 8 years. States and localities will need to build 6000 new schools to accommodate these students.

The school modernization initiative would provide assistance for school construction through two different funding mechanisms. First, it would expand the existing Qualified Zone Academy Bonds (QZABs) program by permitting QZABs to finance construction and increasing the total authorized bonding authority by $12.4 billion through the year 2000.

Second, the Public School Modernization Act would authorize $9.7 billion in 1999, and the same amount in 2000, for a new type of bond, called Qualified School Construction Bonds. For these bonds, as with QZABs, the federal government would provide bond holders with annual tax credits at a rate that, on average, would allow States and localities to issue the bonds without interest. The new bonds would be used entirely to finance school construction and renovation.

Again, I appreciate your leadership in this regarded and I strongly urge all members of the House Budget Committee to support your amendment.

Yours sincerely,

RICHARD W. RILEY.

CAL-FED SCHOOL INFRASTRUCTURE COALITION,
Sacramento, CA, May 11, 1998.

Hon. LUCILLE ROYBAL-ALLARD,
House of Representatives, Rayburn House Office Building,
Washington, DC.

DEAR CONGRESSWOMAN ROYBAL-ALLARD: The Cal-Fed School Infrastructure Coalition is a California wide organization of school districts and businesses, including financial institutions established to support federal incentives to assist local community efforts to finance school facilities.

We request your support as the House Budget Committee begins consideration of the FY 1999 Budget Resolution. States and local governments across the country are struggling with an overwhelming need to repair, renovate and modernize existing school facilities. Communities across the country and particularly those in California are dealing with rapidly rising school enrollments and a lack of adequate school classrooms to house these new students.

In California the public school enrollment since 1982 has risen by 1.5 million students—a 28% increase. Since 1990, our State's population has grown by 10.1%. The number of Californians under 18 has increased by 30% since 1990. This growth is placing incredible pressure on local school districts to provide appropriate school facilities for our children.

Many school districts in California rely on State monies to meet school construction needs. Funding for the State School Building Program is derived from the proceeds of statewide school construction bond measures. Only one statewide school construction bond has been approved by the voters since 1993. Local bond measures are difficult because a two thirds majority is required for passage. Parents and local taxpayers are struggling, as many districts in our State are faced with building a school a year just to keep up with the increasing student enrollments.

Cal-Fed supports your effort to offer an amendment on school modernization during the House Budget Committee's consideration of the Concurrent Budget Resolution for Fiscal Year 1999. A federal incentive program through tax credits, which will have the effect of providing zero interest bonds for State and local school districts to finance school construction, will assist our local communities. The federal government should join in partnerships with State and local governments working to provide the schools our children must have to compete in today's world economy. This is a national issue requiring participation by the federal government.

The school modernization, renovation and construction crisis is not isolated to a few states and districts. It is a crisis in every state and in all areas—urban, rural and suburban districts. We support your effort to address this issue during the consideration of the Budget Resolution for Fiscal Year 1999.

Sincerely,

MIKE VAIL,
President.

REBUILD AMERICA'S SCHOOLS,
Washington, DC, May 11, 1998.

Hon. LUCILLE ROYBAL-ALLARD,
House of Representatives, Rayburn House Office Building,
Washington, DC.

CONGRESSWOMAN ROYBAL-ALLARD: Rebuild America's Schools is a coalition of national organizations and school districts from around the country working to support federal incentives to help states and local school districts address the pressing need to renovate, modernize, and build schools to house our nation's public school students.

Rebuild America's Schools supports your amendment to include provisions for school modernization legislation among the tax cuts included among the budget assumptions in the Fiscal Year 1999 Budget Resolution.

Your amendment will include the Administration's school modernization program as presented in the FY 1999 budget. This program will provide $19.4 billion in zero interest bonds over two years for the construction and renovation of public school facilities.

The proposal will also expand the Qualified Zone Academy Bonds (QZAB Bonds) program from $400 million to $1.4 billion in each of fiscal years 1999–2000. Under the current program, established in the Taxpayer Relief Act of 1997, $400 million is available in 1998 and 1999 for a variety of activities including school renovation and repair.

As the Budget Committee debates your amendment we strongly encourage the committee to consider the following points:

—The school modernization problem has reached crisis proportions and necessitates a federal response. The General Accounting Office estimates that more than $112 billion in school improvements are needed across the country and $73 billion is needed nationwide to build the new school facilities necessary to meet burgeoning enrollments. This is simply more than states and localities can underwrite, making this initial federal investment critical.

—This is a problem that negatively impacts the safety and learning of school children everywhere. Significant school modernization problems exist in each state and cut across urban, rural and suburban schools. The GAO reports that 38 percent of urban schools, 29 percent of suburban schools, and 30 percent of rural schools have at least one building needing extensive repair or total replacement. This effects over 14 million students in virtually every state.

—The public strongly supports school modernization investment. A recent, bipartisan poll conducted by respected Republican and Democratic pooling firms shows that 70% of the public believe the federal government should provide funding for school modernization and renovation. Commissioned by the National Education Association and the American Federation of Teachers, the poll demonstrated that school modernization is an issue that concerns citizens across ideological and party lines. The need in local communities is real.

Rebuild America's Schools supports your school modernization amendment which will use tax incentives to accomplish a dual purpose. The tax credits to financial institutions and individuals will provide zero interest bonds to school districts. This will enable local communities to build the schools our children will need to compete in the global economy of the 21st Century.

Thank you for your leadership on this important national issue.

Sincerely yours,

ROBERT P. CANAVAN,
Chair.

UNION BANK OF CALIFORNIA,
San Francisco, CA, May 12, 1998.

Re Federal Tax Credit School Financing Proposal.

Hon. JOHN R. KASICH,
Chairman, House Budget Committee, House of Representatives, Cannon House Office Building, Washington, DC.

DEAR CHAIRMAN KASICH: I am writing today to discuss the Federal Tax Credit Program currently being proposed. The idea of receiving federal tax credits in place of interest payments has intrigued several of our clients. The further benefit of the program is that it is directly related to school districts. School district financing's are highly desirable to a large portion of our municipal investors. We believe that this program can work for California school districts and are willing to help provide underwriting and advisory services.

The Union Bank of California is the third largest bank in California. We employ approximately 10,000 residents and have over 250 locations. Our client base is extensive and we understand that this type of financing will require some degree of up-front education to our clients. We believe that the Federal Tax Credit Program is a financing vehicle that can be beneficial to schools and our clients.

Please feel free to call me, if you have any questions concerning this matter.

Sincerely,

JEFFREY A. BARATTA,
Vice President.

APPENDIX A

Republican Budget Cuts: Much Deeper Than the Advertised One Percent

Chairman Kasich argues that his budget plan cuts federal spending by only 1%. The implication is that a 1% cut is trivial and could be borne without any great distress. But such an implication is misleading. In fact, these cuts would hit important and popular government programs funded by discretionary appropriations especially hard. Here's why:

—*It's not where you start, it's where you finish.* The cuts get deeper year by year. The ultimate cut, in 2003, is twice as great as the average cut over five years.

—*Most of the budget is exempt.* The Republicans exempt at least three-fifths of the budget from any cut, so the total reductions fall much more heavily on the remaining programs. Social Security, interest, defense, federal military and civilian retirement, SSI, unemployment compensation, and farm price supports are exempt, for instance.

—*Non-defense discretionary programs are hit hard.* Because they exempt most programs, the Republicans cut non-defense discretionary programs 6.6% in 2003.

—*Discretionary cuts are measured from a five-year freeze.* The 6.6% cut in non-defense discretionary programs is measured from a five-year funding freeze. As a result, it represents an 18.8% loss in purchasing power by 2003.

True, the Balanced Budget Agreement (BBA) will force Congress to find ways to cut a majority of this 18.8%. But the Republican plan goes well beyond the requirements of the BBA. Most important, the "1%" rhetoric is misleading—an 18.8% cut in purchasing power is neither trivial nor easy to accomplish.

—*The Republican plan contradicts the highway bill.* The Republican plan cuts highways and mass transit $5 billion below a five-year freeze level. Yet at the same time, the Republican Leadership and the White House have agreed to increase transportation spending about $18 billion. Unless Republicans scale back their tax cut, the remaining non-defense programs would have to make up the $23 billion difference.

—*Only half of non-defense discretionary spending is on the table.* Robert Reischauer calculates that half of non-defense programs are exempt from cuts (administration of entitlement programs, essential federal functions, politically "sacrosanct" programs, and spending financed by offsetting receipts and trust fund revenues).

—*The result: a 30% cut.* Combine the last two points. Non-defense spending may have to absorb the highway and mass transit increase, and the cuts will likely come from only half the non-defense discretionary programs. This means that the Republican plan will cut non-defense discretionary programs (except highways) about 18% below a freeze. It also means those programs will suffer a 30% loss of purchasing power.

DISCUSSION: HOW DEEP IS A "1% CUT"?

Chairman Kasich argues that his budget plan cuts federal spending by only 1%. The implication is that a 1% cut is trivial and could be borne without any great distress.

But such an implication is misleading for multiple reasons:

The Ultimate Cut vs the Average Cut. The Republican cuts start relatively small—$5 billion in 1999—but they grow year by year. A plausible estimate is that the $100 billion in Republican cuts are distributed as follows:

TABLE 1.—YEAR-BY-YEAR CUTS IN THE REPUBLICAN BUDGET

	Billion	Percent
1999	$4.7	0.3
2000	10.2	0.6
2001	20.7	1.1
2002	27.7	1.5
2003	37.4	1.9
Total	100.7	[1] 1.1

[1] Average.

By 2003, the cut of $37.4 billion reduces federal benefits and services by 1.9%, not 1.1%, nearly twice the claimed amount. The average cut of 1.1% shows what will happen when the Republican program is only halfway finished; it is more meaningful to observe the ultimate goal of their plan.

Most of the Budget is Exempt. The Republican plan exempts most of the federal budget from cuts—Social Security, interest, defense, federal military and civilian retirement, SSI, unemployment compensation, and farm price supports, for example. These seven programs alone constitute 61% of the current budget. As a result, all the Republican cuts are concentrated on a smaller portion of the budget, and are therefore significant, not trivial.

For example, the Republican cuts in non-defense discretionary programs—non-defense programs that are not entitlements—reach 7.1% by 2003.

Cuts Relative to What? The Republicans admit to $100 billion in cuts.[1] But this figure begs the question, "Cuts relative to what expected level?" The May 12 document is silent, but the answer is known:

—Entitlement cuts are measured relative to CBO's projection of entitlement spending under current law.

[1] The Republican document of May 12 states that entitlements will be cut by $54 billion over 5 years and non-defense discretionary programs by $46 billion over five years. Documents circulated at budget resolution markup on May 12 shows spending levels that imply $56 billion in entitlement cuts and $44.5 billion in discretionary cuts. Either way, the cuts total $100 billion over 5 years. This analysis is based on the total of $44.5 billion in discretionary cuts.

—Cuts in discretionary programs are measured two different ways in the same document! The summary says the total cut in discretionary programs in $46 billion (see footnote 1), but the detailed list of discretionary cuts and increases equals $56.8 billion in net cuts. What's going on? Which answer is correct?

(A) The document summary measures non-defense discretionary cuts relative to the total level of non-defense discretionary outlays in the Balanced Budget Agreement of 1997 (BBA).

(B) The detailed list of non-defense discretionary cuts, in contrast, shows each listed program relative to a five-year funding freeze, i.e., relative to the 1998 level with no adjustments for inflation or caseload. In other words, the Republican plan cuts non-defense discretionary outlays $60.8 billion below a five-year freeze. In other words, the BBA is $16 billion more restrictive than a five-year freeze.

TABLE 2.—NON-DEFENSE DISCRETIONARY CUTS IN THE REPUBLICAN BUDGET: LIKELY YEAR-BY-YEAR DISTRIBUTION

	Cut below a 5-year freeze		Cut below the BBA	
	Billions	Percent	Billions	Percent
1999	$3	1.0	$0	0.0
2000	9	2.9	5	1.7
2001	13	4.4	9	3.1
2002	16	5.6	9	3.2
2003	19	6.6	21	7.1
Total	61		45	

In short, the Republican plan promises to cut non-defense discretionary programs around 7 percent, whether one measures from a five-year freeze or from the BBA.

How About Defense? The Republican document of May 12 is silent with respect to defense funding. That silence means that the plan adheres to the levels of defense outlays in the Balanced Budget Agreement, and this assumption is confirmed by the figures in the reported budget resolution. It is noteworthy that the defense spending plan constitutes an increase above the 1998 level—that is, above a five-year freeze—totaling $24 billion over five years and reaching 5.2% by 2003.

Thus, relative to a five-year freeze, by 2003 the Republican plan cuts non-defense programs 6.6% while increasing defense 5.2%.

How Tight is a 7% Cut? A five-year freeze constitutes a 13% loss of purchasing power. (That is, by 2003 the freeze is 13% below CBO's baseline that accounts for inflation.) Clearly, the BBA calls for a substantial reduction in real purchasing power—a reduction so great that it may not itself be sustainable. Senator Pete Domenici, Republican Chairman of the Sente Budget Committee, recently commented that, "I thought when we made our agreement for five years we were too low on appropriations. * * *"[2]

If Senator Domenici is right and the BBA is too tight, than a cut noticeably below the BBA is even more so. Most simply, a 6.6% cut

[2] BNA Tax, Budget, and Accounting, p G–6, May 18, 1998.

below a freeze constitutes a cut of 18.8% in purchasing power. True, Congress has already agreed to find ways to make a majority of that cut. The point, however, is that the rhetoric of a 1% cut is meant to imply little or no pain, while the reality is much different.

Are all Non-Defense Discretionary Programs on the Table? Robert Reischauer, former Director of CBO, has written—

> [A]t least four types [of non-defense discretionary spending] have been and will continue to be difficult to scale back substantially: administration of entitlement programs, essential federal functions, politically "sacrosanct" [programs], and spending financed by offsetting receipts and trust fund revenues.[3]

Reischauer calculates that these four types of non-defense discretionary spending constitute nearly one-half of all non-defense discretionary amounts. If he is correct in his assessment, then the Republican non-defense discretionary cuts—about 6.6% below a freeze—will of necessity fall on an even smaller base, and will reach perhaps 12% below a freeze by 2003.

How About Highways? Reischauer was prophetic when he mentioned that programs financed by trust fund revenues are unlikely to be cut. At the same time that the Republican budget calls for a 5-year, $5 billion cut below the freeze level for highway and mass transit programs, the conference agreement on the highway/mass transit bill has apparently guaranteed a spending increase of about $18 billion.

Unless the Republicans decide to scale back their 5-year tax cut by $23 billion, this increase in transportation outlays means that at least $23 billion in additional cuts will likely come from the remaining non-defense discretionary programs, the half that Reischauer says is "on the table." The $44.5 billion cut on selected non-defense programs may become a $68 billion cut, or half again as large.

What does this mean? Table 2 showed that non-defense discretionary outlays would be cut $19 billion in FY 2003 alone; applied to one-half the non-defense discretionary base, this is a cut of 12%. If the pressure of highway increases means that cut will be half again as large, it would reach 18%. And this, in turn, represents a cut in purchasing power of more than 30%.

[3] Setting National Priorities, Budget Choices for the Next Century, Brookings Institution Press, Washington, D.C., 1997. Reischauer cities as examples: (a) the administrative costs of Social Security and Medicare; (b) essential federal functions such as the federal judiciary, border patrols and the INS, food inspection services, the FBI, the weather service, air traffic controllers, the Census and other statistical bureaus, and the IRS; (c) politically sacrosanct programs such as the NIH, veterans' hospitals, and drug enforcement; and (d) self-financed programs such as highways. See pp 124–129.

APPENDIX B

THE MARRIAGE PENALTY AND THE REPUBLICAN BUDGET

The House Republican Budget includes a $100 billion tax-cut allowance over five years. The stated "Goals" refer only to using this allowance to relieve families of the marriage penalty.

—It does not take a tax cut of $100 billion to address concerns about the marriage penalty. (Page 2)

—The Ways & Means Committee is not likely to use a $100 billion allowance all for the marriage penalty. Other tax cuts will be reported. (Page 3)

—It does not make sense to try to completely eliminate the marriage penalty. (Page 4)

These points are addressed in the following three pages.

IT DOES NOT TAKE A TAX CUT OF $100 BILLION TO ADDRESS CONCERNS ABOUT THE "MARRIAGE PENALTY"

1. The May 12, 1998, Republican Budget document uses a range of $50 to $100 billion, over five years, for dealing with the marriage penalty. See attachment A.

2. The Republican "Contract with America Tax Relief Act" passed by the House in April 1995, had marriage penalty tax relief of only $8.2 billion over five years.

3. The 1995 Republican "Contract with America" "Balanced Budget Act" (H.R. 2491) (which was vetoed by the President) had marriage penalty tax relief of only $3.5 billion over five years (and $7.5 billion over seven years).

See attachment B for a copy of the Joint Committee on Taxation estimate. The provision phased in an increase in the standard deduction for joint filers.

4. A current bipartisan bill to restore the two-earner deduction that was repealed in 1986 would lose less than $50 billion over five years.

H.R. 2593 creates a deduction, on a joint return, of 10 percent of the wage/salary of the spouse with the lower wage/salary, except that no more than $30,000 is eligible for the credit.

The sponsor is Republican Representative Herger, who is on the Budget Committee. Cosponsors include numerous Republicans, including Budget Committee Members Bunning, Granger, Gutknecht, Herger, Hobson, Hoekstra, Neumann, Shadegg, Nick Smith, and Radanovich.

5. Making the standard deduction for joint returns twice the amount for single returns loses $27.7 billion over five years, or less, if there is a phase in.

H.R. 3524 makes this change and is sponsored by Representatives McDermott and Kleczka.

Furthermore, part of any revenue loss from addressing the marriage penalty can be offset by measures to close tax loopholes. But the draft Republican budget called for only $6 billion from closing loopholes, almost all of which comes from a reduction in the incentive to produce non-conventional fuels sources like oil from shale rock.

THE WAYS AND MEANS COMMITTEE IS NOT LIKELY TO USE A $100 BILLION ALLOWANCE ALL FOR THE MARRIAGE PENALTY—OTHER TAX CUTS WILL BE REPORTED

The Budget Committee's views on tax cuts are not binding, as Ways and Means Chairman Archer has made clear. A spokesman for Chairman Archer was quoted as follows in the May 8 Congress Daily A.M.: "Budget Resolutions are illustrative, and the marriage penalty is one of a couple of wonderful illustrations." He went on to say the proposal merely represents an item of Kaisch's "wish list" and that "the decision will ultimately be made by the Ways & Means Committee."

The Chairman of the Ways and Means Committee, Representative Bill Archer, has many other tax cuts under consideration, including:

—deeper capital gains tax cuts,

—larger cuts in the estate tax,

—exclusions for interest and dividend income,

—reductions in the alternative minimum income tax,

—increasing the income threshold between the 15% tax rate and 28% tax rate bracket,[1] and

—accelerated deductions for health insurance.

See attachment C for press citations.

IT DOES NOT MAKE SENSE TO TRY TO COMPLETELY ELIMINATE THE "MARRIAGE PENALTY"

The current tax code produces a mixture of both marriage penalties and marriage bonuses, which are getting little attention. Couples with "bonuses" pay less in tax than if they were single. This mix is the result of trade-offs that have to be made in structuring an income tax.

According to CBO, the dollar size of marriage bonuses is slightly higher than the dollar size of marriage penalties, and a slightly higher percent of couples have marriage bonuses than have marriage penalties. There are reasons to review this situation, but we

[1] Raising the income threshold between the 15% tax rate and 28% tax rate bracket is not going to benefit most taxpayers, and will certainly not benefit lower- and many middle-income taxpayers. Most individual income taxpayers are in the 15% rate bracket already (or owe no tax). For example, next year, a $60,000 income family of four (using only the standard deduction) will be in the 15% tax rate bracket. The Congressional Budget Office (CBO) projects that for 1999, 75 percent of households will either be in the 15 percent marginal tax bracket or owe no tax. Sixty-nine percent of households that will owe income tax will be in the 15 percent marginal tax bracket.

should not overreact and create new imbalances. History shows us what a mistake that would be.

1. Large revenue-losing bills to completely eliminate marriage penalties create new inequities.

New inequities among couples: Eliminating marriage penalties entirely would create new inequities among couples with the same incomes, because the couples would owe different amounts of tax.

Under one popular proposal to allow couples to file as singles, couples with the same income will owe different amounts of income tax. For example, a one-earner couple with a $64,600 income would owe $1,478 more tax than a two-earner couple with the same income.

Bigger marriage bonuses: Some bills would create bigger marriage bonuses. Instead of being neutral toward people's choices, the government would be saying "get married" or "pay much more in taxes." Aren't conservatives supposed to be against this kind of government interference?

Singles penalties: Overdoing the response to the marriage penalty would create larger singles penalties, like the ones that led to a tax revolt in the late 1960's. A single person who did not marry would owe much higher tax than a couple with the same income.

2. Republican bills to reduce the marriage penalty are tilted toward higher-income taxpayers.

For example, one bill with a large number of co-sponsors—which allows couples to file as singles—directs over 80 percent of its tax relief to couples with incomes over $50,000. In comparison, couples with incomes over $50,000 account for only 42 percent of all couples and only 64 percent of all marriage penalties.

3. Republican bills to reduce the marriage penalty do not address marriage penalties faced by lower-income families, because of the structure of the Earned Income Tax Credit.

4. Some marriage-penalty proposals benefit couples who already get marriage bonuses under current tax law and who also have an advantage under Social Security when they retire.

A couple can draw 150% of worker's benefit when a spouse would get a bigger benefit this way than based on her earnings record. A surviving spouse with a sparse earnings history is also eligible for a survivor's benefit based instead on her husband's earnings history.

Attachment A

MAY 12 REPUBLICAN BUDGET PROPOSALS

TAX RELIEF

—Repeal the Marriage Penalty—The President's 1993 tax bill exacerbated the marriage penalty by making permanent certain provisions of the tax code that were supposed to be temporary, including the top marginal tax rate of 39.6 percent and the phase-outs for personal exemptions and certain credits. Where the marriage penalty occurs, it punishes those who are trying to form stable families—which are the bases of values and morals in the Nation. At a time when promoting strong families is most needed, the marriage penalty discourages the moral practice of building families.

The marriage penalty not only raises a family's total tax bill, it also markedly increases the marginal tax rate faced by a working parent. Rather than being taxed at the lower rate a single taxpayer would face, a parent in the work force will frequently face a marginal tax rate of 40 percent or more: a 28-percent income tax rate caused by the inclusion of the spouse's income; 7.65 percent from the Social Security tax; and a State tax rate which averages 5 percent. Any accounting which includes work-related and child-care expenses will regularly produce a situation where a family's income is reduced when a parent returns to work.

The marriage penalty's effect on a family's economic well-being is not a theoretical exercise: the Congressional Budget Office (CBO) reports that the marriage penalty actually reduces the incentive to work and therefore reduces family income as parents are forced into higher tax brackets. The CBO estimates that 21 million married couples pay an average of $1,400 a year in higher taxes from the marriage penalty.

Attachment B

ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION AND TAX SIMPLIFICATION PROVISIONS OF H.R. 2491 (Title XI)(1)

[Estimated Relative to the December 1995 Congressional Budget Office Baseline]
[Fiscal years 1996–2002 in millions of dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	1996–00	1996–02
CONTRACT WITH AMERICA PROVISIONS										
I. Family tax relief provisions:										
1. $500 tax credit for children under age 18—Senate amendment ($75,000/$110,000 phaseout with no indexing).	10/1/95	−4,501	−28,380	−22,782	−23,093	−23,493	−23,647	−23,802	−102,249	−149,698
2. Reduce the marriage penalty	tyba 12/31/95.	....	−548	−651	−884	−1,449	−1,792	−2,147	−3,532	−7,471
3. $5,000 credit for adoption expenses—Senate amendment, but phase out beginning at $75,000 AGI; require finalized adoption only for foreign adoptions; special needs adoptions—House bill.	tyba 12/31/95.	−28	−285	−302	−320	−336	−337	−337	−1,271	−1,945
4. $1,000 deduction (with residency and support tests) for custodial care of certain elderly dependents in taxpayer's home.	tyba 12/31/95.	−75	−116	−119	−121	−124	−127	−131	−555	−813
II. Savings and investment provisions:										
1. Provisions relating to Individual Retirement Arrangements—(a) deductible IRAs—Senate amendment, except increase phaseout range for joint filers in $2,500 increments; Homemakers eligible for full IRA deduction—both House bill and Senate amendment; (b) back-end IRAs—House bill with coordination of contribution limits; (c) definition of special purpose withdrawals—Senate amendment; (d) penalty free withdrawals from deductible IRAs—Senate amendment.	tyba 12/31/95.	−221	−487	−100	−990	−1,817	−3,332	−4,807	−3,615	−11,755

POSSIBLE TAX CUTS UNDER CONSIDERATION BY THE WAYS AND MEANS COMMITTEE

In addition to changes addressing the "marriage penalty" Chairman Archer has said that his committee will consider:

—broadening the 15% tax rate bracket

—modification of the alternative minimum tax

—reduction in estate and gift taxes

—a $400 exemption for interest and dividends received by couples, and $200 for a single person

—increasing the health insurance deduction for the self-employed to 100%

—expanding state-sponsored prepaid tuition plans to cover private colleges and making them totally tax exempt.

(Daily Tax Report, January 21, 1998.)

During its hearings in January and February, the Committee invited witnesses who advocated—

—reducing the estate tax

—increasing the threshold between the 15% tax rate bracket and the 28% tax bracket

—reducing the alternative minimum tax on individuals

—further reducing the tax on capital gains

—further expansions of tax-preferred savings accounts

—extension of the Research and Experimentation Credit

—reductions in income tax rates

—acceleration of the timetable for the 100% health insurance deduction for the self-employed

—expanded allowance for "expensing" (i.e., 100% first-year deduction for capital goods)

—elimination of income-related phaseouts

—an exclusion for interest and dividend income of up to certain amounts

Chairman Archer has announced his intention to eliminate the 18-month holding period for capital gains. (Daily Tax Report, February 13, 1998.)

Chairman Archer has said that all of the following ideas are worthy of consideration:

—health care tax cuts

—broad-based tax relief

—eliminating the tax on people's savings

(Daily Tax Report, May 11, 1998.)

APPENDIX C

DISCRETIONARY COMPARISON OF HOUSE REPUBLICAN BUDGET PLAN AND THE 1997 BIPARTISAN BUDGET AGREEMENT

PRELIMINARY ANALYSIS DISCRETIONARY COMPARISON—FISCAL YEAR 1999 HOUSE REPUBLICAN BUDGET RESOLUTION ABOVE (+)/BELOW (−) 1997 BIPARTISAN BUDGET AGREEMENT [1]

[In billions of dollars]

	1999	5 Yr. total	"Highlights"
Total Discretionary:			
Budget authority	−1.8	−58.2	These cuts are unrealistic.
Outlays	−0.1	−44.7	
Non-defense discretionary:			
Budget authority	−1.8	−58.2	The cuts are back loaded. Only a $100 million net cut in 1999, but $44.7 billion in spending is cut over the next four years.
Outlays	−0.1	−44.5	
050 National Defense: [2]			
Budget authority	0.0	−0.1	Virtually all of the cuts are from non-defense.
Outlays	−0.0	−0.2	
150 International Affairs:			
Budget authority	−0.1	−12.0	U.S. Foreign Policy will be crippled by cuts of this magnitude.
Outlays	−0.7	−10.4	
250, 270 General Science, Space; Energy:			
Budget authority	−0.2	−2.8	
Outlays	−0.3	−2.3	
270 Energy			
Budget authority	−2.0	−12.2	
Outlays	−1.6	−10.8	
300 Natural Resources and Environment:			
Budget authority	−0.2	−4.9	Environmental Programs are cut substantially.
Outlays	0.4	−3.2	
350 Agriculture:			
Budget authority	0.3	1.5	
Outlays	0.2	1.3	
370 Commerce and Housing Credit:			
Budget authority	0.3	−2.5	
Outlays	−0.2	−1.3	
400 Transportation:			
Budget authority	−2.4	−14.6	Transportation outlays fall well short of what is needed to accommodate the BESTEA bill.
Outlays	1.5	3.2	
450 Community and Regional Development:			
Budget authority	0.1	−3.3	
Outlays	−1.9	−8.6	
500 Education and Training:			
Budget authority	0.3	−4.4	Education and Training programs are cut significantly.
Outlays	0.1	−5.7	
550 Health:			
Budget authority	2.0	8.7	
Outlays	1.5	7.4	
570 Medicare:			
Budget authority	−0.0	0.2	

PRELIMINARY ANALYSIS DISCRETIONARY COMPARISON—FISCAL YEAR 1999 HOUSE REPUBLICAN BUDGET RESOLUTION ABOVE (+)/BELOW (−) 1997 BIPARTISAN BUDGET AGREEMENT [1]—Continued

[In billions of dollars]

	1999	5 Yr. total	"Highlights"
Outlays	0.2	0.3	
600 Income Security:			
Budget authority	−2.0	−6.7	Section 8 Housing and other programs for low-income people are cut deeply.
Outlays	−0.3	−8.1	
650 Social Security:			
Budget authority	−0.0	0.1	
Outlays	0.1	0.2	
700 Veterans:			
Budget authority	0.7	4.3	
Outlays	1.0	4.9	
750 Administration of Justice:			
Budget authority	−0.4	−8.6	Law enforcement programs are cut sharply.
Outlays	−0.8	−8.7	
800 General Government:			
Budget authority	0.3	−0.8	
Outlays	−0.2	−2.8	
920 Allowances:			
Budget authority	−0.5	−12.3	Almost one-quarter of the cuts to non-defense programs are unspecified by the resolution.
Outlays	−0.5	−10.7	

[1] The Balanced Budget Agreement has been adjusted slightly to conform with OMB's sequestration preview report, and 2003 has been increased for inflation (2.8%) from the 2002 level. Functions 250 and 270 combined for comparability purposes.

[2] The Cuts shown in each function are likely to be larger when appropriation bills are actually enacted because of the large amount of unspecified cuts in the resolution and the additional cuts that will be needed to accommodate the BESTEA bill.

Note.—Numbers may not add exactly due to rounding. Republican resolution numbers are based on draft budget resolution text.

APPENDIX D

HOUSE REPUBLICAN BUDGET PLAN DATED MAY 12, 1998

INTRODUCTION

Today, Republicans on the House Budget Committee stand committed to the following four goals and the following detailed document reflects this commitment:

—Pay Down the National Debt

—Preserve and Protect Social Security

—Shrink the size of Government, in order to

—Relieve Families of the Marriage Penalty

The Republican Congress's determined effort to balance the Federal budget is now expected to yield a surplus this year. The economy continues to grow, job opportunities are expanding, and inflation remains in check. But this is not the time to simply ride the wave of good fortune. We all know that the best time for reform is when times are good.

The Budget Act of 1997 was just the beginning. The momentum it created should be used to pursue greater reform—and to secure for the long term the benefits that balancing the budget has brought. However, for some of us, last year's agreement reflected higher spending than we would have wanted. What you will find in our budget is a shrinking of government's excesses in order to make those additional reforms we believe are necessary to secure a brighter future for America's families.

We came to Washington to do a job—to maintain fiscal responsibility, to shrink the size of government, and give people more power and control over their own lives.

HIGHLIGHTS OF THE PACKAGE

The House Republican Budget boosts investments in several key areas:

—Increases National Institutes of Health [NIH] funding 8 percent and grants greater flexibility to the institute's director. NIH Is a leader in finding cures for cancer, diabetes, heart disease, Parkinson's arthritis, Alzheimer's, multiple sclerosis, spinal cord injuries, and other diseases.

—Puts more money into special education, to help States meet obligations to students with problems in learning.

—Puts more money into charter schools, which provide more choices to parents in how to educate their children.

—Block grants drug abuse prevention and treatment and public health services.

—Puts more money into the National Parks.

—Rejects the President's proposals to: Cut funds for drug abuse treatment and prevention. Cut funds for Corps of Engineers projects. Cut funds for Forest Service firefighting.

TAX RELIEF

—Repeal the Marriage Penalty—The President's 1993 tax bill exacerbated the marriage penalty by making permanent certain provisions of the tax code that were supposed to be temporary, including the top marginal tax rate of 39.6 percent and he phase-outs for personal exemptions and certain credits. Where the marriage penalty occurs, it punishes those who are trying to form stable families—which are the basis of values and morals in the Nation. At a time when promoting strong families is most needed, the marriage penalty discourages the moral practice of building families.

The marriage penalty not only raises a family's total tax bill, it also markedly increases the marginal tax rate faced by a working parent. Rather than being taxed at the lower rate a single taxpayer would face, a parent in the work will frequently face a marginal tax rate of 40 percent or more: a 28-percent income tax rate caused by the inclusion of the spouse's income: 7.65 percent from the Social Security tax: and a State tax rate which averages 5 percent. Any accounting which includes work-related and child-care expenses will regularly produce a situation where a family's income is reduced when a parent returns to work.

The marriage penalty's affect on a family's economic well beings is not a theoretical exercise: the Congressional Budget Office [CBO] reports that the marriage penalty actually reduces the incentive to work and therefore reduces far y income as parents are forced into higher tax brackets. The CBO estimates that 21 million married couples pay an average of $1,400 a year in higher taxes from the marriage penalty.

[Reverse impact could range from $50 billion to $100 billion over 5 years, depending on the details and timing of the provision.]

Earlier this year President Clinton called for increased spending, increased government, and increased taxes—something we all know the American people have rejected.

Therefore, we decided to commit our budget this year to those goals that will give something back to America's families, instead of taking more away from them. What better to give to them than relief from the penalties placed upon them for being a family—"the marriage penalty"?

The marriage penalty creates a disincentive to work and also increases a family's total tax bill. In fact, 21 million married couples pay $1,400 a year in higher taxes from the marriage penalty. This budget is committed to dedicate any savings we capture toward the elimination of the Marriage Penalty. Families are the basis of values and morality in our country—and the current tax code often punishes people for trying to form stable families.

BUDGET OVERVIEW

—Total non-defense discretionary spending over the next 5 years equals $1.3 trillion.

—Our non-defense discretionary cuts over the next 5 years equal $36 billion (3.5 percent of the total).

—Total entitlement spending over the next 5 years equals $5.2 trillion (excluding more than a projected $1 trillion in interest payments).

—Our entitlement cuts over the next 5 years equal $54 billion (about 1 percent of the total).

—Total spending over the next 5 years equals $9.0 trillion.

—Our proposed cuts equal $100 billion (about 1.1 percent of the total).

MANDATORY SPENDING PROPOSALS

WELFARE REFORM

—End Unnecessary Welfare Spending—The Balanced Budget Act of 1997 provided States with an additional $3 billion in welfare funding over and above the levels enacted by the 1996 welfare reform. With the continuing decline in welfare rolls, the additional funds were unnecessary. Preliminary statistics from the Department of Health and Human Services indicate that States last year spent only 72 percent of the funds provided to them under the 1996 welfare reform. The funds also come with various Federal mandates. As a result, six States have turned down the BBA-enacted grant funds. This proposal assumes recapturing the unspent additional welfare spending.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−1.400	−1.500
Outlays	−178	−748

FOOD STAMPS

—Enhance the Food Stamp Work Requirement—Certain provisions of the Balanced Budget Act of 1997 had the effect of diluting the work requirements of the previous year's welfare reform law. This proposal would restore the original food stamp work requirement in two ways. First, it would eliminate an existing provision allowing continued benefits for up to 15 percent of a State's food stamp recipients who fail to fulfill the work requirement. It also would eliminate funding for additional workfare slots that were created to keep people eligible for benefits. The proposal also keeps the value of the Food Stamp shelter deduction at its current level of $250 though 2003.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−369	−2.269
Outlays	−369	−2.269

—Limit Food Stamp and Medicaid Administrative Cost Growth—This proposal builds on the President's recommendation to reduce reimbursement rates for food stamp and Medicaid administrative costs. The proposal would limit the growth of federal reimbursements for State administrative costs in Food Stamps and Medicaid to the rate of inflation.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−800	−6.200
Outlays	−300	−4.300

HOUSING

—Reduce Flood Insurance Subsidy—This proposal would reduce the subsidy that individuals living in flood plains receive from federally funded flood insurance. The National Flood Insurance Program [NFIP] offers insurance at heavily subsidized rates for buildings constructed before January 1, 1975 or before the completion of a participating community's Flood Insurance Rate Map [FIRM]. Current premiums charged to policy holders cover only 38 percent of approximate costs of the program.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−40	−1.654
Outlays	−40	−1.654

—Reform Selected FHA Programs—This proposal calls for various reforms in Federal Housing Administration [FHA] programs, such as ending rebates to FHA borrowers after mortgage repayment; providing increased flexibility in handling single-family claims; and insuring mortgages up to the "conforming" limit for Fannie Mae and Freddie Mac, as the President has proposed.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−770	−2.235
Outlays	−770	−2.235

TRANSPORTATION

—Establish Airport Takeoff/Landing Slot Charges—Airport takeoff and landing slots are awarded to airlines at no cost, but are valuable commodities for airlines and are often traded or sold commercially. The Federal Aviation Administration [FAA] estimated in 1993 that airport takeoff and landing slots have an average value of $890,000. This proposal would require the FAA to establish charges for the awarding of takeoff and landing slots, and to ensure that no one airline dominates the slots.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−500	−2.500
Outlays	−500	−2.500

—Fully Recover the Cost of the Federal Inland Waterway System—The 11,000-mile Federal inland waterway system is one of the Nation's most heavily subsidized commercial freight transportation modes. Although users pay a fee that partially pays for new construction, the general fund contributes almost 80 percent of the cost of the system. This proposal recommends user fees high enough to fully recover both operations and maintenance and new construction.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−170	−2.014
Outlays	−170	−2.014

ENERGY

—Encourage Private Ownership of the Power Marketing Administrations—This proposal calls for selling, over 5 years, the electric power generating facilities and transmission power lines of the Bureau of Reclamation [BOR] and the Army Corps of Engineers for the Southeastern Power Marketing Administration [SEPA], the Southwestern Power Marketing Administration [SWAPA], and the Western Area Power Marketing Administration [WAPA].

There are various ways the privatization could be implemented. Assets could be sold to existing customers or on the open market, or a transitional government corporation could prepare them for sale within fixed time. In any event, the proposal assumes selling only the assets directly related to power generation—specifically, generators, turbines, and transmission lines (including rights of way, power substations, microwave communication facilities and other real estate), and governing contracts.

The Corps and the BOR would retain other assets—dams, locks, reservoirs, and reservoir lands. Access for recreational and other purposes to the dams, locks, reservoirs, lakes, and reservoir lands will not be impeded, altered, or controlled by any subsequent organization that assumes the assets directly related to power generation.

Concerning the Tennessee Valley Authority [TVA], this proposal calls for Congress to continue pursuing options dealing with the evolution of the power industry as deregulation occurs.

[NOTE.—The proposal has both mandatory and discretionary savings. The figures below reflect only the mandatory savings.]

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−6.556
Outlays	0	−6.556

MEDICARE

—Make Capital Payments More Consistent With Occupancy—Medicare makes additional payments to hospitals to cover costs for facilities and equipment. Payments are based on the assumption that hospitals have 100-percent bed occupancy rates. But actual occupancy rates are currently below 60 percent, so Medicare is paying for capital costs despite an excess hospital bed capacity.

This proposal would reduce hospital capital payments 25 percent over 5 years.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−200	−3.400
Outlays	−200	−3.400

—Eliminate Hospital Bad Debt Payments—Medicare pays hospitals for deductibles and copayments that hospitals fail to collect from Medicare beneficiaries. This proposal would eliminate bad debt payments, giving hospitals the incentive to actively pursue payment as they do for the private sector.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−200	−1.400
Outlays	−200	−1.400

MEDICAID

—Block Grant Medicaid Acute Care/Expand State Flexibility—This proposal recognizes that Governors and State legislatures are more responsive to the needs of their citizens than is far-away Washington. It would block grant to States the acute care portion of Medicaid and grant Governors the flexibility to determine how best to address provisions for beneficiaries with overlapping benefits.

It also would allow all States to pursue "partnership policies" with the private sector to encourage the purchase of long-term care coverage.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−200	−1.800
Outlays	−200	−1.800

THE EARNED INCOME CREDIT [EIC]

—Refocus the Earned Income Credit on Low-Income Families With Children—This proposal restores the original intent of the Earned Income Credit, which was to protect low-income working families with children by limiting eligibility for the credit to working families with qualifying children.

A "qualifying" child is a child under age 19 (or 24 if a full-time student), or permanently and totally disabled, living with the custodial parent. When initially crafted in 1975, the credit was designed to offset an increase in payroll taxes on working poor families with children who otherwise might leave the workforce for welfare. The credit is refundable, which means that after it offsets an individual's income tax liability, any remaining credit amount is refunded to the taxpayer in cash. Persons with no income tax liability can receive the entire amount of their credit as a cash payment. The credit was extended to childless workers by the President's tax bill of 1993. This proposal would repeal that expansion of the EIC.

SPENDING/REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−2.099
Outlays	0	−2.713

FEDERAL RETIREMENT

—Change FEHB Premiums to a Fixed-Dollar Amount—The various health insurance packages in the Federal Employees Health Benefits [FEHB] plan come with different levels of employer contributions toward the premiums. In all cases, the employee pays at least 25 percent of the premium, and the government picks up the remaining percentage. The government's share is then indexed to the rate of medical inflation. This proposal would change the government's contribution from a percentage to a fixed-dollar amount, starting in 2000. The result would be that employees who chose higher-cost insurance coverage would have a greater incentive to be price-conscious in choosing their insurance coverage. [The proposal generates both mandatory savings from the effect on retirees, and discretionary savings from its impact on current Federal workers.]

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−1.524
Outlays	0	−1,524

—Extend the BBA-Enacted Contributions—Under the Balanced Budget Act, Federal employee contributions to the retirement trust fund rise from 7 percent in 1997 to 7.5 percent in 2002 for CSRS workers, and then fall to 7 percent in 2003. For FERS workers, employee contributions rise from 0.8 percent in 1997 to 1.3 percent in 2002, falling back to 0.8 percent in 2003. This proposal would extend the BBA contribution increase through 2003.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−194
Outlays	0	−194

VETERANS

—End VA Smoking Entitlement—This proposal accepts the President's proposal to reverse VA's 1997 decision allowing service-connected disability compensation for tobacco-related illness.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−400	−10.000
Outlays	−400	−10.000

—Extend BBA Provisions—This proposal would extend for 1 year various provisions of the Balanced Budget Act of 1997, such as pension eligibility verification, the pension limit to persons in Medicaid nursing homes, the round-down of the VA compensation COLA, real estate investment conduits, the loan fee for VA housing loans, and the VA's "no-bid" authority with references to foreclosed property.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Year
Budget Authority	0	−374
Outlays	0	−373

OTHER MANDATORY PROPOSALS

—Accept the President's Funding for the Social Services Block Grant—According to the President's Budget: "The Social Services Block Grant supports a broad range of social services programs, but without statutory performance goals or measures of progress.

As a result, the budget reduces funding for this program in order to provide funding for other higher priority programs with greater demonstrated outcomes.'' This proposal accepts the President's recommendation as a means of offsetting higher priority spending on other Federal activities.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−471	−3.182
Outlays	−558	−3.085

—Reduce Litigation Over Surplus Federal Property—This proposal repeals a provision of the McKinney Homeless Assistance Act that gives right of first refusal in the disposal of surplus Federal properties to groups providing aid to the homeless. These groups would retain eligibility to obtain these properties, but would lose preferential treatment. The proposal saves funds primarily by limiting the Federal Government's exposure to litigation and increasing the appraisal value of surplus Federal property.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−20	−100
Outlays	−20	−100

—Fix the July 1998 Student Loan Interest Problem—In 1993, Congress enacted amendments to the Higher Education Act of 1965 that changed the formula for setting the interest rate on federally backed loans effective July 1, 1998. Allowing this change to take effect on July 1 would produce serious instability for students enrolled in America's post-secondary educational institutions. Most experts in the financial community, as well as the Congressional Budget Office and the Congressional Research Service, agree that the change in the interest rate formula would lead many private lenders to withdraw from the Federal Family Education Loan Program [the guaranteed student loan program].

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	1.000
Outlays	−40	800

DISCRETIONARY SPENDING PROPOSALS

EDUCATION

PRIORITY BUDGET PROPOSALS

—Allow Parents to Use Education Savings Accounts to Pay for K–12 Expenses—The Parents and Students Savings Account Plus

Act would allow individuals to contribute up to $2,500 to an education IRA in which interest would build tax free. Current law allows contributions to an education IRA of up to $500 a year and allows funds to be used for college and other kinds of post-secondary education expenses. This proposal would expand the principle, allowing these funds to be used for K–12 expenses as well. Both the original and this expanded educational savings account put resources and incentives into the hands of parents, giving them access to additional educational options.

—Promote Parental Choice in Education—Too many students have no options regarding the schools they attend. Many children of low-income families are forced to attend failing public schools. This is wrong. No parent should ever be forced to send their child to a violent, drug-ridden, or academically failing school. Providing opportunity scholarships to these families would empower parents and make schools accountable to the communities they serve, by giving low-income families the tools to decide what schools their daughters or sons will attend. For too long, these options have only been available to affluent families who can afford private or religious school tuition.

—Individualize the Title I Program for Disadvantaged Children—Currently, Title I funds are allocated to schools based on the number of low-income children attending the school. Individualizing the funding—putting the resources directly into the hands of low-income parents—would expand choices for these families. As a result, schools would become accountable to the children and families they are supposed to be serving.

—Create an Education Block Grant for Elementary and Secondary Education—There are many categorical grants in education that are neither efficient nor cost-effective. Continuing these separate programs often requires duplicative applications and record-keeping systems and can discourage needy school systems from applying for funding. Moreover, the complexity of the grant system discourages the development of coordinated community-based programs and often makes it difficult to prevent or remedy complex problems.

Block grants can provide a simpler, more rational, and more flexible delivery system for Federal aid. Administrative savings from consolidation at the Federal and State level can be used by States and localities to enhance services to children. Perhaps most important, delivering aid this way encourages State and local efforts to develop more innovative and effective programs to improve education. The National Governors' Association has proposed a State Innovative Education Reform Strategies education block grant.

The President's fiscal year 1999 budget takes a different and wrong-headed approach: It eliminates the Title VI education block grant, the one existing Federal program that allows local communities to make decisions about how best to spend Federal education dollars. The President's budget also creates almost 20 new education programs that dictate to school districts how to spend their Federal funds—from training bilingual education teachers to paying for students' advanced placement tests. These may be worthwhile activities, but the Federal Government should not tie the hands of local educational administrators. This proposal rejects the President's elimination of Title VI and restores funds for the program.

—Expand Funding for Charter Schools—Charter schools have made an important impact on the Nation's education system. By enacting legislation allowing for the creation of charter schools, States have helped pave the way for education reform. Charter schools receive public support and are free of bureaucratic regulations and constraints, but they are still accountable to the public. These schools set out goals in their charters that must be met. If a charter school fails to meet these standards, it can lose its charter. Charter schools have improved the state of education in America by increasing the number of options available to students and families, and in doing so they have provided competition for the traditional public school monopoly over low-income families.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	20	100
Outlays	1	74

—Maintain State and Local Control of Educational Testing—Schools already have access to a wide variety of tests that indicate where they stand in comparison with their peers. Two federally funded national tests are the National Assessment of Education Progress [NAEP] and the Third International Math and Science Study [TIMSS]. According to Oklahoma Governor Frank Keating, students in his State take exams based on the State core curriculum in grades 5, 8, and 11, as well as nationally normed tests in grades 3 and 7, and the ACT and SAT college entrance exams in grade 12. According to the Council of Chief State School Officers, almost every State employs similar tests.

The variety of available tests is of greater benefit than a single, nationalized test would be. Just as competition drives the economy, so does it drive the marketplace of ideas. In educational testing, it encourages the test writers to keep finding better ways to assess students' abilities. A nationalized approach would dampen the vigor of this competition, leading inevitably to a lowest-common-denominator exam.

—End Social Promotion and Grade Inflation—Schools should promote students only if they pass tests proving they can do grade-level work.

—Promote Merit-Based Pay for Teachers—All children deserve well-educated teachers. One of the ways to improve the quality of teachers is to reward the best teachers with higher pay. Schools will keep the best teachers, and the best students will be encouraged to become teachers.

—Increase Dollars to the Classroom—This proposal builds on previous, overwhelming House support, by recommending that 95 cents out of every Federal dollar be spent in a classroom. The Committee on Education and the Workforce reports that this proposal would on average add more than $1,800 to each classroom in the country. Pushing dollars to the classroom—for such expenses as hiring new teachers, teacher training, and buying educational materials—will ensure that children will benefit from Federal funds while providing States with maximum flexibility in how to spend these dollars.

—Restore Local Flexibility to Schools—One of the largest problems faced by schools in the Nation is the burden of Federal regulations for health and safety, education, and school nutrition programs.

According to a study by the Ohio Department of Education:

> Federal programs provide less than 5 percent of education funding, but generate over one half of the forms we identified. Forms for Federal programs are also generally longer than other forms. * * * An Ohio school district might submit as many as 330 different forms to the Ohio Department of Education. All districts submit at least 154 forms; the remaining forms are associated with optional programs or special circumstances. About half of all forms are associated with Federal programs.

One approach to easing the burden of regulation has been the Ed-Flex waiver program. Ed-Flex, conceived by Senator Hatfield, allows the Secretary of Education to waive certain Federal statutory or regulatory requirements for six education programs or acts that affect the State and local school districts. Such flexibility should be expanded to all 50 States and to a greater number of education programs.

—Help Schools Fight Drugs and Violence—Safe and orderly classrooms and schools, free from the scourge of drugs and violence, are key elements to successful education. Local communities, not the Federal Government, know best what particular problems exist in their neighborhoods and in their schools, and are far more capable of responding to these problems.

—Boost Funding for Special Education—The Federal government has mandated that all children with disabilities have access to a free appropriate public education. This Federal mandate, while designed with the best of intentions, has placed an enormous burden on local schools. Before the Federal Government pursues new spending initiatives, it should strive to meet its current commitment to help local communities fund special education.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	1,000	3,000
Outlays	50	2,350

—Restructure the Management of Student Aid Systems—The Department of Education has an extremely poor record of managing its major Financial Aid programs for students—the Guaranteed Student Loan program, the Pell Grant Program, and the Direct Loan Program.

To improve the level of service to students and the management of the student aid system, the Education Committee has included in the Higher Education Reauthorization, H.R. 6, language to create a business-like Performance-Based Organization [PBO] to manage the operations for Federal student aid programs. This proposal endorses the plan.

—Provide a Larger Pell Grant to Low-Income Students—By consolidating funding for 15 duplicative higher education programs, the Congressional Budget Office estimates that the maximum Pell Grant could be increased by $350, to $3,350. The President is proposing a Pell Grant increase of $100 for 1999. The Pell Grant Program provides certificates to students from low-income families, helping them attend colleges of their choice. It is the most need-based focused of the Department's student aid programs. In 1998, 3,909,000 students are projected to receive Pell Grant assistance. By eliminating a variety of small, duplicative programs, the Federal Government will spend less on administration and more on assisting needy college students.

SAVINGS PROPOSALS

—Accept President's Proposal to Phase Out Funding for Two Temporary Programs—The President's budget assumes that the School-to-Work Program and the Technology Literacy Challenge Fund are not permanent programs.

SPENDING/REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−1.184
Outlays	0	−518

—Promote English Proficiency for Immigrant Students—Limited-English-Proficient [LEP] students who have been taught primarily in English tested higher in English and mathematics once they exited the limited English proficiency program than students who had received native-language instruction. School districts should have the option of moving students swiftly into English proficiency. At the same time, States should have the option of using education block grant funds if they choose to continue bilingual instructional methods.

SPENDING/REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−204	−1.020
Outlays	−24	−795

HOUSING

PRIORITY BUDGET PROPOSALS

—Consolidate Community Planning and Development Programs—The 64 Community Planning and Development program area should be reduced. This would maximize local flexibility and the effectiveness of the funding associated with them. Even the administration has recommended that 23 of these programs should be terminated.

—Enact Comprehensive Public Housing Reform—Of the 65 separate programs associated with Public Housing, the administration agrees 15 should be terminated. The remaining 50 programs could be consolidated into capital grants and operating grants. The goal would be to break HUD's monopoly over public housing, replacing it with a locally based flexible approach. Additional goals of the reforms could include the following: encourage mixed-income communities, so that low-income people are not concentrated in the poorest neighborhoods; provide resources directly to tenants when a building is distressed, so they can seek alternative places to live; refuse to tolerate housing authorities whose long-standing failures have led to the destruction of neighborhoods and the rise in drug-related crime; encourage all adult, able-bodied residents to work; allow local governments to take their funding in a block grant. If a local government decided it wanted to provide assistance in an innovative way, it should be given the option to receive all of the funding in a block grant, and develop a plan to provide housing assistance.

—Consolidate the Section 8 Assisted Housing Programs—The project-based housing assistance program was significantly reformed recently by legislation enacted to re-engineer the Section 8 portfolio. These reforms—designed to prevent wholesale defaults by the owners of projects subsidized through the Section 8 program who also have federally guaranteed mortgages—are now being phased in. Through additional reforms, the number of Section 8 Assistance programs could be reduced from its current level of 69.

—Separate the Federal Housing Administration from HUD and Restructure It as an Independent Federal Corporation—The Federal Government has a number of corporations that operate like businesses and have achieved some success in serving the public interest. Examples include the Federal Deposit Insurance Corporation and the Pension Benefit Guarantee Corporation. A similar approach could enhance FHA's accountability, and could allow the agency to provide public service using modern technology and information systems. Use of this technology has allowed private entities such as Fannie Mae, the Federal Home Loan Mortgage Corporation [Freddie Mac], and the private mortgage insurers to use considerably less staff than even a streamlined FHA.

—Continue the Consolidation of the Native American Housing Programs—Most Indian housing programs have already been block granted to the Indian tribes. Continuing consolidation would leave only technical assistance, grant and loan guarantee program areas.

SAVINGS PROPOSALS

—Consolidate the Functions of the Community Development Financial Institutions [CDFI] Into the CDBG Program—CDFI is a small dollar program that duplicates programs already funded by CDBG and is carried out by local governments.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−77	−397
Outlays	−15	−255

—Accelerate the President's Proposal to Require the Multifamily Mortgage Program to be Self-Financing—By using funds carried over from previous years, more new mortgage insurance can be extended while the FHA reconfigures its program to charge enough in premiums to cover the cost of the program. The administration also would end this subsidy after 1999.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−81	−105
Outlays	−81	−105

—Accept the President's Proposed Funding Levels in Selected Areas—This proposal accepts the President's recommended funding levels for various areas, including PHAs, Community Development Block Grants, the HOPE VI Program, and the Indian Housing Block Grant (after 2000).

SPENDING EFFECT

[Dollars in millions]

	1999	5 years
Budget Authority	−68	−5.818
Outlays	−47	−2,620

TRANSPORTATION

FREE-STANDING SAVINGS PROPOSALS

—Complete Washington Metro on Schedule in 1999—The Washington Metro is scheduled to complete the final sections of its 103-mile system in fiscal year 1999.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−150	−950

SPENDING EFFECT—Continued

[Dollars in millions]

	1999	5 Years
Outlays	−7	−427

—Focus Airport Improvement Program [AIP] on Small Airports/ Defederalize Large Airports—AIP funds should be focused on smaller airports that have limited funding options for necessary capacity enhancement, safety, security, and noise mitigation programs. But the Federal Aviation Administration should continue to certify large- and medium-size airports for safety.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	0
Outlays	−36	−1.702

—Reduce NASA's Subsidies of Commercial and General Aviation Manufacturers, Except for Safety Research—In certain areas, such as fundamental scientific research and collective risk endeavors, the Federal Government does play an important role. For example, the Department of Defense and National Aeronautics and Space Administration's [NASA's] national security and space transportation mission-required efforts in aeronautical research have contributed significantly toward American preeminence in the aerospace field. But NASA also subsidizes research and development of lower risk and better understood aeronautic technologies where private technology development is feasible and does occur.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−129	−576
Outlays	−61	−515

—Reform Rail Programs—This proposal incorporates the assumptions of Amtrak's 1998 Strategic Plan, which calls for operating self-sufficiency by 2002. It also terminates the experimental high-speed rail development program. Amtrak officials believe that investments in train systems capable of speeds greater than 150 miles-per-hour would provide little benefit on the north-east corridor—because the distance between cities is too small to achieve any significant time savings—and too little potential ridership in the West.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−193	−1.653

SPENDING EFFECT—Continued

[Dollars in millions]

	1999	5 Years
Outlays	−180	−1.636

—Reform Maritime Programs—This proposal assumes the deregulation of ocean shipping, which would eliminate the need for the Federal Maritime Commission., It also calls for commercializing the Saint Lawrence Seaway Development Corporation, as the Canadian government is pursuing.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	1	−82
Outlays	1	−82

PROPOSALS THAT WOULD AFFECT PROGRAMS AUTHORIZED UNDER BESTEA

[PLEASE NOTE—If the Building Efficient Surface Transportation and Equity Act [BESTEA] were enacted, savings from several of the proposals below no longer would be available.]

—Shift Selected Programs to the Highway Trust Fund—BESTEA shifts a number of general fund programs—including the Appalachian Development Highway System, planning and research activities, administrative expenses, and operations of the National Highway Traffic Safety Administration—to the Highway Trust Fund. This change will ensure that the responsibility for most highway and transit costs are borne by highway users rather than by the American taxpayers. Consequently, the funding no longer will be needed from the general fund.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−478	−2.978
Outlays	−302	−2.495

—End Administrative Costs for the ARC—This proposal assumes the Appalachian Regional Commission [ARC] road construction program will be consolidated into the Transportation Trust Fund, generating administrative savings from the consolidation.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−67	−335
Outlays	−114	−453

—Terminate “Intelligent Transportation Systems”—The Intelligent Vehicle Highway System [IVHS] program encompasses a wide variety of technologies—ranging from electronic toll collection to fully automated futuristic highways—intended to “reduce the societal, economic, and environmental costs associated with highway congestion,” and to improve air quality and highway safety. GAO has testified that “IVHS technologies will be costly [as much as $200 billion by 2011] and their commercial success is uncertain.”

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	0
Outlays	−25	−347

—Terminate Redundant Scenic Byways Funding—All the activities of Scenic Byways Funding—except marketing programs—can already be funded through other Federal programs, such as the Surface Transportation Program [Title 23 U.S. Code Section 133], including Safety Programs and Transportation Enhancement Activities. In addition, the private sector provides marketing services through travel brochures and map designations.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	0
Outlays	−4	−52

—Boost Local Decision-Making in Mass Transit Investments—Local governments should have greater control over, and accountability for mass transit capital expenditures. This would give them an incentive to seek more efficient and economical public mass transit systems—including private transit providers—that can deliver better and more effective service.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	0
Outlays	0	−2.027

—Accept Administration’s Funding Levels for in Various Transportation Categories—This proposal assumes the administration’s proposed savings in the areas such as: the Rhode Island Rail Development; the Alaska Rail Development; the expiring Maritime Guaranteed Loan program; National Transportation Safety Board salaries and expenses; NASA’s aeronautics research (principally High-Speed Research); and NASA’s mission support programs. But the proposal rejects the administration’s recommendation to focus the High-Speed Research program on the development of a specific supersonic transport design.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−155	−970
Outlays	−68	−846

JOB TRAINING

—Block Grant JTPA—The Nation's Governors have urged Congress to block grant job training funds to help them continue pursuing this trend. A first step in this direction would be to consolidate programs under the Job Training Partnership Act [JTPA], and achieve administrative savings.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−511	−2.655
Outlays	−120	−2.148

The proposals below will eliminate waste, red tape, and bureaucracy in the activities of the Department of Commerce, and consolidates trade and statistical activities. Certain other important government activities—including those of the census, the National Oceanic and Atmospheric Administration, and the National Institute of Standards and Technology—are retained. But there is no need for a separate cabinet-level department.

—End Duplicative Program in Economic Development [EDA]—EDA gives grants and other financial assistance to cities and rural regions termed "economically distressed." But its definition of "distressed" is so broad that about 90 percent of the U.S. population qualifies as living in such areas.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−345	−1.771
Outlays	−21	−937

—Reform the National Institute of Standards and Technology [NIST]—Under this proposal, the National Institute of Standards and Technology would continue its standards functions, including the laboratories, and be consolidated into the newly independent NOAA. The Advanced Technology Program [ATP] and the Manufacturing Extension Partnerships [MEP] would be ended.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−327	−1.748
Outlays	−33	−862

—Streamline Technology Programs—The National Technical Information Service [NTIS], which is self-supporting, could be restructured and unnecessary grants would be eliminated.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−7	−43
Outlays	−5	−37

—Modernize National Telecommunications and Information [NTIA] Policies and Programs—Under this proposal, Federal spectrum research analysis functions would be handled by the National Bureau of Standards, spectrum management functions would become an independent arm of the Federal Communications Commission; and NTIA's laboratories would be restructured. Other grant programs in NTIA also could be streamlined.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−15	−233
Outlays	−8	−168

—Streamline the National Oceanic & Atmospheric Administration [NOAA]—This measure preserves core NOAA functions, such as fisheries management and the National Weather Service, but terminates the NOAA Corps and Fleet.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−96	−180
Outlays	−61	−127

—Consolidate Functions—Various functions now in the Commerce Department—including statistical and trade functions and minority business developemnt—could be consolidated with other agencies in the government that conduct similar activities. In addition, this consolidation could achieve long-term administrative savings.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−20	−120
Outlays	−10	−106

—End Obsolete Administrative Functions—Six months after enactment, this proposal terminates the offices of the Secretary, General Counsel, Inspector General, and other administrative functions, and includes the President's proposed funding reduction for the ITA's operations and administration account.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−23	−238
Outlays	−20	−228

RESTRUCTURING THE DEPARTMENT OF ENERGY

The proposals below will eliminate waste, red tape, and bureaucracy in the activities of the Department of Energy. Certain important government activities, such as nuclear weapons and nuclear waste cleanup, would remain with the government. But there is no longer a need for a separate cabinet-level department.

—Accept Selected Administration Proposals—This proposal accepts the administration's recommendations for nondefense environmental waste management funding and economic regulation activities, and assumes the administrative effects of the now-completed sale of the Naval Petroleum Reserve [NPR].

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−84	−894
Outlays	−43	−597

—Encourage Private-Sector Energy Research—Private sector industries should undertake applied research from which they will gain near-term profits. This proposal would terminate applied energy research and development within the energy supply and conservation accounts.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−151	−1.999
Outlays	−57	−1.554

—Eliminate Energy-Related Corporate Welfare—in February 1995, the Congressional Budget Office wrote: "Commercial firms already spend a great deal of money to develop new technologies. The major new technologies for enhanced oil recovery, for examples, have come from private industry not DOE. In other instances, DOE continues to develop technologies in which the market clearly has no interest.'' This proposal would terminate funding for coal, oil, and gas research and development, and rescind unobligated money in the Clean Coal Technology Program, leaving a balance for nearly completed projects.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−640	−2.088
Outlays	−116	−1.484

—End Partnership for a New Generation of Vehicle [PNGV]—The PNGV is a multi-agency (Transportation, Energy, Commerce, EPA) public-private research (private sector primarily represented by the three major automakers—GM, Ford, and Chrysler) and development initiative. It develops commercially-viable energy efficient automobiles with one goal: an 80 mile per gallon, low emission vehicle by 2004. Although the goal seems reasonably clear, the initiative is plagued by a lack of focus and direction.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−203	−1.015
Outlays	−57	−806

—Corporatize the National Labs—Consistent with the governance recommendations of the 1995 DOE Task Force on Alternative Futures for the Department of Energy National Laboratories, chaired by Robert Galvin, the proposal assumes a nonprofit research and development corporation, incorporating the basic principles and criteria of a typical business. The DOE weapons-oriented labs should be retained by the government, but many (if not all) of the other DOE national labs would be considered for inclusion in the corporation.

—Reduce Departmental Administration—This proposal is intended to retain only government employees necessary for activities that are inherently governmental. As Department activities are restructured, this proposal is intended to increase accountability and responsiveness of those who are retained. Among the areas affected would be the Office of the Secretary, the Inspector General's Office, and the Energy Information Administration [EIA]. According to the DOE, the mission of the Energy Information Administration [EIA] is to ''provide timely, accurate, and relevant energy information for use by the administration, the Congress, and the general pubic.'' But EIA's reports and data summaries are mainly of interest to universities and the energy related industries. The industries, universities, and the Congressional Research Service are capable of maintaining data in a timely and accurate fashion to compensate for reduction in government activities.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−48	−377
Outlays	−29	−340

—Encourage Private Ownership of the Power Marketing Administrations—This line reflects the discretionary savings from this proposal, which is discussed under the mandatory spending items.

SPENDING/REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−3	−92
Outlays	−2	−77

FOREIGN AFFAIRS

—Cease Supporting the International Development Association [IDA]—IDA, an affiliate of the World Bank, makes concessional (below market rate) loans to the world's poorest nations. Such loans are counterproductive to the development of emerging democracies because they mitigate necessity of making difficult, but necessary, economic policy choices. For this reason, IDA is counterproductive to development and has failed to lead to successful development of Third World nations.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−235	−1.375
Outlays	−18	−1.458

—Complete Current Subscription to Multilateral Development Banks—The end of the Cold War, and the proliferation of financial and technologies advancements, have created an environment in which billions of dollars can move instantly with the tap of a computer key. The key to developing Third World countries is not multilateral assistance, which has failed to achieve the long-stated U.S. goal of developing the economies of the Third World, but facilitating private investment in nations with sound economic and banking policies. Developing nations that institute good policies will attract investment, leading to improved economic growth.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−92	−622
Outlays	−25	−334

—Privatize the U.S. Information Agency (excluding Cuba)—The United States Information Agency [USIA] is a cold war relic in search of a new mission to justify its existence. Historical changes have facilitated foreign travel and access to information. In addition, advances in technology have greatly enhanced people's ability to travel and access information on a global scale.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−190	−3.793
Outlays	−95	−3.459

—Reform the Department of State—This proposal reflects several measures aimed at helping to streamline activities conducted by the Department of State, such as absorbing the Arms Control and Disarmament Agency [ACDA] in the Department and terminating agencies such as the North-South Center in Miami.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−43	−271
Outlays	−32	−256

—Encourage the Private Sector to Support the United States Institute of Peace—The mission of this institute is to develop knowledge about the source and nature of international conflict. The Institute also promotes reconciliation and peace. The Institute for Peace does not effectively make, build, promote or sustain peace in the world.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−43
Outlays	−0	−43

—Terminate Title III of P.L. 480—According to GAO, Title III programs, which are used for economic development purposes such as promoting policy reforms and agricultural development, demonstrate no direct impact on macroeconomic polices. The effectiveness of Title III food aid is highly questionable, and management of its programs is consistently poor.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−30	−150
Outlays	−17	−136

—Emphasize Economic Reform and Graduation from Development Assistance—This proposal consists of several components, including improved targeting of AID and Non-Mid-East Economic Support Funds, and termination of ineffective or counterproductive programs such as the Urban and Environmental Credit Program.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−247	−2.646
Outlays	−22	−1.524

—Make the Trade and Development Agency a Totally Reimbursable Program—The Trade and Development Agency funds finance feasibility studies, orientation visits, training grants, and other technical assistance. These are functions that can and should be fulfilled by the private sector, not through Federal corporate welfare.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−36	−201
Outlays	−9	−144

—Accept Administration's Funding Levels in Selected Foreign Activities—This proposal accepts the President's proposed funding levels in several programs, such as international peacekeeping activities; international conferences and contingencies; contributions to international organizations; and funding for Eastern Europe [SEED] and the NIS of the former Soviet Union.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−146	−2.995
Outlays	−55	−1.578

HEALTH

PRIORITY BUDGET PROPOSALS

—Increase NIH Investments/Enhance Flexibility—the main goal of increased NIH funding is the reduction of human suffering that results from diseases or injury such as cancer, diabetes, heart disease, Parkinson's, arthritis, Alzheimer's mental illness, multiple sclerosis, spinal cord injury.

Medical research is on the brink of significant key advances in the treatment of disease, and the National Institutes of Health [NIH] are making a significant contribution to this progress.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	1.092	5.460
Outlays	331	4.486

—Consolidate Health Programs—This proposal encourages the authorizing committees to expand on the existing substance abuse prevention and treatment block grant by folding smaller discretionary programs into the block grant while expanding State flexibility in program design, as proposed by the National Governors' Association.

The proposal also encourages the committees to consolidate several public health services grants to States into a single block grant with no reduction in Federal funding. States will be able to transfer administrative savings directly toward health services.

BUDGET SAVINGS PROPOSALS

HEALTH RESOURCES AND SERVICES ADMINISTRATION

—Eliminate Federal Funding for Native Hawaiian Health Care—This program was created to provide primary care services and disease prevention services to native Hawaiians. Hawaii has a well-developed employer-based health system providing coverage to residents not insured through the employer mandate.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−3	−15
Outlays	−1	−13

—Focus Health Professions Education Subsidies to Students and Health Shortage Areas—This proposal eliminates subsidies for various health professions education that do not go directly to students. Currently subsidies go mainly to institutions. Market forces with high and rising wages provide ample incentives for individuals to seek training and jobs in health professions.

But because certain rural and urban areas continue to have difficulty attracting and retaining health professionals, this proposal continues funding for programs that assist placement and retention of medical professionals in shortage areas.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−238	−1.190
Outlays	−88	−1.010

—Reduce National Health Service Corps Funding [NHSC]—The NHSC attempts to alleviate the shortage of health care professionals by recruiting physicians and other health care professionals to provide primary care services in designated "Health Professional Shortage Areas." The program's effect on shortage areas is unclear, it is not coordinated with other health professions activities, and HHS has no long-term data to judge the program's impact.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−58	−290
Outlays	−23	−247

—Terminate Chiropractic Demonstration Grants—These grants fund three chiropractic schools to conduct chiropractic demonstrations.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−1	−5
Outlays	0	−4

CENTERS FOR DISEASE CONTROL AND PREVENTION

—Transfer National Institute for Occupational Safety and Health [NIOSH] to NIH—NIOSH conducts research and makes recommendations "for the prevention of work related illnesses and injuries." It is questionable whether this constitutes a "disease." The program also duplicates stated functions of the Occupational Safety and Health Administration [OSHA].

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−153	−765
Outlays	0	−567

—Transfer Mine Safety and Health to the National Institutes of Health—Like the National Institute for Occupational Safety and Health in CDC, this policy would transfer Mine Safety and Health to NIH.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−36	−180
Outlays	−12	−145

AGENCY FOR HEALTH CARE POLICY AND RESEARCH

—Focus Agency for Health Care Policy and Research Activities—The medical community already develops its own guidelines and standards of practice. Data collection and analysis functions of this agency should be consolidated.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−90	−450
Outlays	−3	−314

SUBSTANCE ABUSE AND MENTAL HEALTH ADMINISTRATION [SAMHSA]

—Reject the President's Cuts in Treatment and Prevention—This proposal rejects the President's proposed reductions in the Center for Substance Abuse Prevention and the Center for Substance Abuse Treatment.

ADMINISTRATION RECOMMENDATIONS

—Accept Selected Administration Proposals—This proposal accepts the administration's proposals for the Centers for Excellence; health facilities construction. Hansen's Disease Buildings and Facilities; Health Professions Scholarship Grants to Communities; Nursing Loan Repayments; overhead and buildings and facilities funding in the Office of the CDC Director; extramural construction grants; non-salary administrative costs; and buildings and facilities in the Food and Drug Administration.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−140	−704
Outlays	−55	−584

NATURAL RESOURCES

—Establish Independent Funding of TVA Non-Power Operations—In addition to providing electricity to millions of ratepayers, the Tennessee Valley Authority [TVA] funds a range of non-power activities, most notably navigation, flood control, and dredging along the Tennessee River System. This proposal assumes that beginning in fiscal year 1999, a TVA account will be established within the Inland Waterways Trust Fund [IWTF]. Fees collected from commercial barges on the Tennessee River System and deposited into the IWTF will be deposited into the TVA account.

Monies will be appropriated from the account to fund Water and Land Stewardship activities on the Tennessee River System. Additional funding, if needed, would be provided by the Army Corps of Engineers. While it is recognized that TVA's efforts to identify alternative sources of funding from States, localities, and other sources have been more difficult than originally envisioned, it is expected the agency will continue to pursue such funding. This proposal also assumes that direct congressional appropriation for nonpower activity will no longer be provided.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−70	−350
Outlays	−28	−304

—Reduce Bureaucracy in the Department of the Interior—This proposal recommends significant reductions in the Office of the Secretary and the Office of the Solicitor within the Department of the Interior.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−53	−265
Outlays	−45	−256

—Prioritize Funding for the National Park Service by Reforming the Various Land Management Agencies—This proposal recognizes that funding of the National Park Service remains a major priority, and assumes that savings from the consolidation of the other land management agencies (the Fish and Wildlife Service, the Bureau of Land Management, and the Forest Service) will provide added funding for the Park Service. The proposal urges establishment of an appropriations approach similar to that proposed by Representative Jennifer Dunn. She has introduced legislation requiring the each of the parks known as the "Crown Jewels" (such as Yellowstone and the Grand Canyon) would have a separate, specified amount identified within each of the Park Service's appropriations accounts. Regarding the programs to be consolidated, even the Vice President's National Performance Review urged consolidation of the Forest Service and the BLM, saying: "The land administered by the two agencies share the same users, resources, and management problems. The agencies maintain two separate staffs in more than 70 communities, resulting in inefficient use of Federal resources and overall confusion to land users."

—Focus Construction Funding on Life, Safety, and Critical Historical Resources—The proposal assumes that all new facilities construction would be focused on projects needed to protect life or safety or critical or historical resources.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−214	−1.070
Outlays	−78	−830

—Encourage Swaps—the 105th Congress appropriated $700 million for the administration to acquire high-priority lands—most of which are managed by the National Park Service, the Forest Service, or the Bureau of Land Management. Land acquisitions in the foreseeable future should be achieved through land swaps.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−270	−1.350
Outlays	−70	−1.026

—Reduce Bureaucracy—The proposal also assumes the elimination of six Natural Resources Conservation Service [NRCS] regional offices and approximately 180 associated personnel. The offices—which are in the Department of Agriculture—were created in 1996 as part of a USDA "reorganization." The Department indicated it was "eliminating" positions in Washington, conveying the impression that the Washington bureaucracy was being reduced. In fact, most of those positions were merely shifted to the new regional offices.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−10	−66
Outlays	−9	−64

—Reject the President's Corps of Engineers Reductions/Complete Bay Delta Commitments—This proposal rejects the President's proposed reductions for the Corps of Engineers. It also assumes the completion as scheduled of the Federal contribution to the California Bay Delta Project:

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−255
Outlays	0	−255

AGRICULTURE

—Reduce Bureaucracy in the Department of Agriculture—This proposal assumes reductions in the agriculture bureaucracy without touching programs that benefit farmers. It does, however, halt funds for the Department's strategic space plan.

SPENDING/REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−67	−375
Outlays	−37	−342

—Refocus Farm Leading—The Department of Agriculture, through the Farm Service Agency [FSA], provides direct and guaranteed loans to farmers for farm ownership, farm operations, and emergencies. Associations, Indian tribes, and tribal corporations are also eligible for loans for land acquisition and flood prevention.

This proposal continues to move the lending program toward guaranteed, rather than direct, loans, and captures administrative savings.

SPENDING/REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−1	−89
Outlays	−1	−89

—Create a Revolving Fund for the Rural Community Advancement Program [RCAF]—The Department of Agriculture provides funding through RCAP for various water and waste water loans and direct grants; facility loans; business and industry loans; and other rural development grants. This proposal, based on the model of the Clean Water Act and the Safe Drinking Water Act, assumes the creation of a revolving fund, capitalized by the Federal Government, from which States would lend monies from it to cities, towns, and country governments. The proposal assumes the revolving fund begins in fiscal year 2001.

SPENDING/REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−1.558
Outlays	0	−298

—Streamline the Foreign Agriculture Service [FAS]—The Foreign Agriculture Service maintains attaches at dozen of foreign posts to assist overseas development of markets for U.S. farm commodities through the gathering of market intelligence and analysis on agriculture conditions. In many cases, the attaches are co-located in embassies with staff from the U.S. Foreign and Commercial Service who carry out similar activities and file market intelligence reports similar to those of FAS, albeit ones which focus on non-agriculture products. This proposal assumes administrative savings from eliminating overlapping activities.

SPENDING/REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−46	−238
Outlays	−27	−217

—Increase Private-Sector Role in Rural Business Development—There are various Federal (Small Business Administration), State (economic development offices), and private-sector sources of funding for business development in rural areas (commercial banks), making the Rural Business Cooperative Service Program highly duplicative.

SPENDING/REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−29	−157
Outlays	−6	−106

Crime and Justice

—Reject President's Termination of the Law Enforcement Block Grant—This proposal rejects the President's ill-advised termination of the Law Enforcement Block Grant—the congressional approach to reducing crime. The block grant program gives States and localities the power and resources to choose how they spend the money to combat violent crime according to their local needs and priorities, rather than letting Washington usurp those decisions.

—Stop Inappropriate Use of Federal Funds by the Legal Services Corporation [LSC]—Terminating the LSC would end the most controversial and counterproductive use of Federal funds for legal representations. LSC grants have at times been used to fund political activities and class action lawsuits rather than supporting direct legal assistance to low-income persons.

SPENDING/REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−281	−1.412
Outlays	−247	−1.378

—End Funding for the State Justice Institute—The State Justice Institute funds research and demonstration projects and distributes information about ways to administer justice. In *A Vision of Change for America*, the administration proposed to terminate Federal funding for this program.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−6	−33
Outlays	−2	−26

—Accept President's Proposals for Justice-Related Programs—This proposal adopts the President's construction funding recommendations for various programs in the Department of Justice and the Department of Treasury.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	70	−860
Outlays	−1	−509

GENERAL GOVERNMENT

—Accept the President's General Government, IRS, and District of Columbia Proposals—This proposal accepts a number of the President's recommendations, including those in the following areas: construction of correction facilities, Federal payment to the District; D.C. Management Reform; Medicare Demonstration Project: D.C. criminal justice system (courts); the Financial Management Services; the National Archives; the Office of Personnel Management; the John F. Kennedy Assassination Review Board; and tax law enforcement at the Internal Revenue Service.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−163	−1.047
Outlays	−89	−2.901

—Eliminate the Council of Economic Advisors—The Council of Economic Advisors was established to advise the President on the economy and policies for economic growth. But the President already has at his disposal numerous experts on economic matters located throughout the administration.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−3	−19
Outlays	−3	−19

—Ease Agency Vehicle Purchase Requirements—Under current law, GSA is required to purchase a growing percentage of "fuel-efficient" cars every year. These cars are much more expensive than regular government sedans. Repeal of this requirement would save significant funds and allow GSA to buy the automobiles necessary to accomplish its mission.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−70	−350
Outlays	−53	−333

—Reduce the Number of Political Appointees—This proposal would cap the number of political appointees at 1,800. The term "political appointee" refers to employees of the Federal Government who are appointed by the President and certain policy advisors. Some political appointees must have Senate confirmation. This proposal would not only eliminate about 1,000 positions, but it would also save time the Senate uses for confirmation.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−68	−563
Outlays	−65	−536

—Cut Overhead Costs in Executive Branch—This proposal calls for efficiency savings in the indirect overhead expenses of selected agencies and departments. The reductions in overhead costs are reflected in spending on travel and transportation; shipping; printing and reproduction; utilities; and the operation and maintenance of facilities. Year 2000 computer conversion funding is exempt.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−382	−5.348
Outlays	−382	−5.348

—Cut Overhead Costs in Congress—This proposal assumes overhead cuts in Congress and the legislative branch commensurate with those in the executive branch.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−20	−220
Outlays	−15	−215

—Reduce the Federal Building Fund—This proposal assumes the President's fiscal year 1999 funding level for rental income and construction and acquisition. The proposal also assumes the historical average for repairs and alterations; takes the President's funding level for fiscal year 1999 for rental payments; and the President's fiscal year 1998 level for building operations.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−269	−1.564
Outlays	5	−1.155

ADDITIONAL PROPOSALS

PRIORITY BUDGET PROPOSALS

—Provide Funding for the Decennial Census—In 2000, the Bureau of the Census will conduct the 22nd consecutive decennial enumeration of the U.S. population. The decennial census requires a level of funding resources much larger than the current baseline amount. In fiscal year 1999, this proposal calls for a $509-million increase over the 1998 level; in fiscal year 2000, the proposal calls for $2.3 billion above the 1998 level. The temporary increase results from the logistical support needed for a complex series of census-taking operations, such as: preparing a master list of addresses; mailing questionnaires; hiring enumerators who will telephone or visit households to collect information from those who did not return questionnaires; processing data; and disseminating census results. This provision furnishes sufficient funding to ensure that the Bureau can accurately and effectively collect needed data in 2000. The proposal assumes the Bureau will perform this constitutional duty by applying the same methodology as it did for the 1990 decennial census. This recommendation seeks to increase the accurate enumeration of the United States population by intensifying traditional practices rather than employing statistic methods.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	509	1.956
Outlays	402	2.023

BUDGET SAVINGS PROPOSALS

—Repeal the Davis-Bacon Act in 2000—The Davis-Bacon Act requires that an inflated "prevailing wage" be paid on all federally funded or assisted construction projects. It is a hidden tax on construction jobs that inflates Federal construction costs, destroys job opportunities for minorities, small firms, and less-skilled workers, and imposes an unfunded mandate on State and local governments.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−3.272
Outlays	0	−1.952

—Repeal the Service Contract Act in 2000—The McNamara-O'Hara Service Contract Act of 1965 is a tax on jobs similar to Davis-Bacon, but applies to service, rather than construction, contracts. It requires contractors and their successors to pay an inflated wages and benefits at least to the locality's prevailing standards or those of the previous contractor's collective bargaining agreement.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−2.760
Outlays	0	−2.725

—Privatize the Corporation for Public Broadcasting—The original goal of the Public Broadcasting Act of 1967 was to supply cultural and educational programming not available on the three national networks. Today, a number of channels—Arts and Entertainment, Bravo, The Learning Channel, the Discovery Channel—offer programming similar to that of the Public Broadcasting System [PBS] without any taxpayer assistance.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−650
Outlays	0	−650

—Accept the President's Proposals for EPA Programs—This proposal accepts the President's recommendations in areas such as the EPA's State and Tribal Assistance Grants, building and facilities, and—starting in 2000—Superfund.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−366	−3.406
Outlays	35	−1.620

—Accept Additional Administration Proposals, but Reject the President's Cuts in Firefighting—These include Minerals Management Service, Office of Surface Mining Reclamation and Enforcement (Regulation and Technology account), and the Forestry Incentives Program. The proposal also assumes the President's recommendation for Agriculture Research Service [ARS] buildings and facilities account and for the Cooperative State Research, Education, and Extension Service [CSREES] building and facilities.

The proposal rejects, however, the President's ill-advised proposed reductions in the Forest Service's firefighting budget.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−173	−886
Outlays	−85	−759

—Encourage Private Funding for the Woodrow Wilson Center for Scholars—According to administration documents, the Wilson Center "Facilitates scholarship of the highest quality in the social sciences and humanities." This scholarship program, administered by the Smithsonian, funds scholars, conferences, and publications. Universities and various private organizations could carry out such activity.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−5	−29
Outlays	−3	−26

—End Urban Empowerment Grants—This is a very small program—only $5 million was appropriated last year—that also duplicates what CDBG does.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−5	−25
Outlays	0	−10

—Change FEHB Premiums to a Fixed-Dollar Amount—This line reflects the discretionary savings from this policy, which is described under the mandatory proposals. The discretionary savings result from the proposal's impact on current Federal workers.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−1.622
Outlays	0	−1.622

—Create a New Native America Block Grant—This proposal would accelerate the trend toward self-determination for Native Americans. It assumes the reinvented Bureau of Indian Affairs [BIA] would provide block grants, rather than engaging in the direct provision of services or the direct supervision of tribal activities, providing savings through consolidation and administrative cost reductions. To address the recurrent health care problems endemic to Native Americans, this proposal assumes an extension of the Self-Governance Program to include the Indian Health Service [IHS] in fiscal year 2000.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−65	−1.145
Outlays	−39	−832

—Block Grant Rural Housing Programs—This proposal begins to move the government away from the lending of the past by assuming block grants similar to those endorsed by the National Governors Association.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−114	−588
Outlays	−54	−160

—Accept the President's Proposed Funding Levels for NASA—This proposal assumes the administration's funding levels for the NASA.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−45	−186
Outlays	−7	−601

—Accept Selected Administration Retirement Proposals—This proposal accepts the President's recommended funding levels in areas such as railroad retirement windfall benefits and the rail industry pension fund.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	−16	−289
Outlays	−15	−280

—Terminate AmeriCorps—GAO has estimated that the average cost associated with an AmeriCorps "volunteer" is $27,000. The Corporation for National Service and its AmeriCorps program were originally intended to foster volunteerism in local communities across the country.

Rather than funding the bureaucracy, Corporation and AmeriCorps funds could be sent directly to States for use in community development programs, used for college work-study grants (including public service), or other innovative ideas such as grants for increased student teaching opportunities in under-served or high-poverty areas.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	0	−1.672
Outlays	0	−1.202

—Accept the President's Funding Level for the Small Business Administration [SBA]—This adopts President's funding reduction for salaries and expenses, business loan program, and surety bond guarantees revolving fund accounts.

SPENDING EFFECT

[Dollars in millions]

	1999	5 Years
Budget Authority	10	−67
Outlays	2	−54

TAX LOOPHOLE CLOSINGS

[PLEASE NOTE.—Estimates in this section reflect changes relative to currently projected revenues. Therefore, a positive figures indicates a relative revenue increase, which would, in effect, add to budget savings.]

—Eliminate the Tax Credit for Production of Nonconventional Fuels—This proposal would eliminate the credit for eligible fuels, specifically shale oil, coal bed methane, synfuels produced from coal, and the like.

REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Revenues	800	6.000

—Limit the Deductions for Union Dues—This proposal would limit the deduction for union dues to the costs attributable to collective bargaining, in a manner consistent with the Beck decision.

REVENUE EFFECT

[Dollars in millions]

	1999	5 Years
Revenues	9	143

APPENDIX E

H. Con. Res. 284

CONCURRENT RESOLUTION

Revising the congressional budget for the United States Government for fiscal year 1998, establishing the congressional budget for the United States Government for fiscal year 1999, and setting forth appropriate budgetary levels for fiscal years 2000, 2001, 2002, and 2003.

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1999.

The Congress declares that the concurrent resolution on the budget for fiscal year 1998 is hereby revised and replaced and that this is the concurrent resolution on the budget for fiscal year 1999 and that the appropriate budgetary levels for fiscal years 2000 through 2003 are hereby set forth.

SEC. 2. RECOMMENDED LEVELS AND AMOUNTS.

The following budgetary levels are appropriate for the fiscal years 1998, 1999, 2000, 2001, 2002, and 2003:

(1) FEDERAL REVENUES.—For purposes of the enforcement of this resolution:

(A) The recommended levels of Federal revenues are as follows:

Fiscal year 1998: $1,292,400,000,000.
Fiscal year 1999: $1,317,400,000,000.
Fiscal year 2000: $1,331,000,000,000.
Fiscal year 2001: $1,358,300,000,000.
Fiscal year 2002: $1,408,100,000,000.
Fiscal year 2003: $1,452,900,000,000.

(B) The amounts by which the aggregate levels of Federal revenues should be changed are as follows:

Fiscal year 1998: $0.
Fiscal year 1999: −$4,600,000,000.
Fiscal year 2000: −$10,300,000,000.
Fiscal year 2001: −$20,800,000,000.
Fiscal year 2002: −$27,800,000,000.
Fiscal year 2003: −$37,400,000,000.

(2) NEW BUDGET AUTHORITY.—For purposes of the enforcement of this resolution, the appropriate levels of total new budget authority are as follows:

Fiscal year 1998: $1,359,500,000,000.
Fiscal year 1999: $1,408,800,000,000.
Fiscal year 2000: $1,443,800,000,000.
Fiscal year 2001: $1,477,500,000,000.
Fiscal year 2002: $1,502,700,000,000.

Fiscal year 2003: $1,571,400,000,000.

(3) BUDGET OUTLAYS.—For purposes of the enforcement of this resolution, the appropriate levels of total budget outlays are as follows:

Fiscal year 1998: $1,343,100,000,000.
Fiscal year 1999: $1,400,300,000,000.
Fiscal year 2000: $1,435,700,000,000.
Fiscal year 2001: $1,463,900,000,000.
Fiscal year 2002: $1,473,700,000,000.
Fiscal year 2003: $1,541,000,000,000.

(4) DEFICITS.—For purposes of the enforcement of this resolution, the amounts of the deficits are as follows:

Fiscal year 1998: $50,700,000,000.
Fiscal year 1999: $82,900,000,000.
Fiscal year 2000: $104,700,000,000.
Fiscal year 2001: $105,600,000,000.
Fiscal year 2002: $65,600,000,000.
Fiscal year 2003: $88,100,000,000.

(5) PUBLIC DEBT.—The appropriate levels of the public debt are as follows:

Fiscal year 1998: $5,436,900,000,000.
Fiscal year 1999: $5,597,000,000,000.
Fiscal year 2000: $5,777,200,000,000.
Fiscal year 2001: $5,957,200,000,000.
Fiscal year 2002: $6,102,400,000,000.
Fiscal year 2003: $6,269,400,000,000.

SEC. 3. MAJOR FUNCTIONAL CATEGORIES.

The Congress determines and declares that the appropriate levels of new budget authority and budget outlays for fiscal years 1998 through 2003 for each major functional category are:

(1) National Defense (050):

Fiscal year 1998:
(A) New budget authority, $267,400,000,000.
(B) Outlays, $268,100,000,000.

Fiscal year 1999:
(A) New budget authority, $270,500,000,000.
(B) Outlays, $265,500,000,000.

Fiscal year 2000:
(A) New budget authority, $274,300,000,000.
(B) Outlays, $267,900,000,000.

Fiscal year 2001:
(A) New budget authority, $280,800,000,000.
(B) Outlays, $269,600,000,000.

Fiscal year 2002:
(A) New budget authority, $288,600,000,000.
(B) Outlays, $272,100,000,000.

Fiscal year 2003:
(A) New budget authority, $296,800,000,000.
(B) Outlays, $279,800,000,000.

(2) International Affairs (150):

Fiscal year 1998:
(A) New budget authority, $15,200,000,000.
(B) Outlays, $14,100,000,000.

Fiscal year 1999:

(A) New budget authority, $14,200,000,000.
(B) Outlays, $13,800,000,000.
Fiscal year 2000:
(A) New budget authority, $12,100,000,000.
(B) Outlays, $13,700,000,000.
Fiscal year 2001:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $12,900,000,000.
Fiscal year 2002:
(A) New budget authority, $12,300,000,000.
(B) Outlays, $11,900,000,000.
Fiscal year 2003:
(A) New budget authority, $12,200,000,000.
(B) Outlays, $11,300,000,000.
(3) General Science, Space, and Technology (250):
Fiscal year 1998:
(A) New budget authority, $18,000,000,000.
(B) Outlays, $17,700,000,000.
Fiscal year 1999:
(A) New budget authority, $17,900,000,000.
(B) Outlays, $17,800,000,000.
Fiscal year 2000:
(A) New budget authority, $17,700,000,000.
(B) Outlays, $17,800,000,000.
Fiscal year 2001:
(A) New budget authority, $17,800,000,000.
(B) Outlays, $17,600,000,000.
Fiscal year 2002:
(A) New budget authority, $17,800,000,000.
(B) Outlays, $17,700,000,000.
Fiscal year 2003:
(A) New budget authority, $17,800,000,000.
(B) Outlays, $17,700,000,000.
(4) Energy (270):
Fiscal year 1998:
(A) New budget authority, $500,000,000.
(B) Outlays, $1,000,000,000.
Fiscal year 1999:
(A) New budget authority, $600,000,000.
(B) Outlays, $300,000,000.
Fiscal year 2000:
(A) New budget authority, −$300,000,000.
(B) Outlays, −$200,000,000.
Fiscal year 2001:
(A) New budget authority, −$1,300,000,000.
(B) Outlays, −$1,800,000,000.
Fiscal year 2002:
(A) New budget authority, −$6,100,000,000.
(B) Outlays, −$6,600,000,000.
Fiscal year 2003:
(A) New budget authority, −$700,000,000.
(B) Outlays, −$1,500,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 1998:

(A) New budget authority, $24,200,000,000.
(B) Outlays, $23,000,000,000.
Fiscal year 1999:
(A) New budget authority, $22,600,000,000.
(B) Outlays, $22,800,000,000.
Fiscal year 2000:
(A) New budget authority, $21,000,000,000.
(B) Outlays, $22,400,000,000.
Fiscal year 2001:
(A) New budget authority, $20,500,000,000.
(B) Outlays, $21,600,000,000.
Fiscal year 2002:
(A) New budget authority, $20,500,000,000.
(B) Outlays, $20,800,000,000.
Fiscal year 2003:
(A) New budget authority, $20,500,000,000.
(B) Outlays, $20,500,000,000.
(6) Agriculture (350):
Fiscal year 1998:
(A) New budget authority, $11,800,000,000.
(B) Outlays, $10,800,000,000.
Fiscal year 1999:
(A) New budget authority, $12,200,000,000.
(B) Outlays, $10,500,000,000.
Fiscal year 2000:
(A) New budget authority, $11,700,000,000.
(B) Outlays, $10,100,000,000.
Fiscal year 2001:
(A) New budget authority, $10,600,000,000.
(B) Outlays, $9,000,000,000.
Fiscal year 2002:
(A) New budget authority, $10,400,000,000.
(B) Outlays, $8,800,000,000.
Fiscal year 2003:
(A) New budget authority, $10,700,000,000.
(B) Outlays, $9,100,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1998:
(A) New budget authority, $7,300,000,000.
(B) Outlays, $700,000,000.
Fiscal year 1999:
(A) New budget authority, $4,400,000,000.
(B) Outlays, $2,800,000,000.
Fiscal year 2000:
(A) New budget authority, $14,900,000.
(B) Outlays, $9,800,000,000.
Fiscal year 2001:
(A) New budget authority, $14,500,000,000.
(B) Outlays, $10,900,000,000.
Fiscal year 2002:
(A) New budget authority, $14,800,000,000.
(B) Outlays, $11,400,000,000.
Fiscal year 2003:
(A) New budget authority, $14,200,000,000.

(B) Outlays, $11,000,000,000.

(8) Transportation (400):

Fiscal year 1998:

(A) New budget authority, $46,000,000,000.

(B) Outlays, $42,500,000,000.

Fiscal year 1999:

(A) New budget authority, $44,300,000,000.

(B) Outlays, $42,100,000,000.

Fiscal year 2000:

(A) New budget authority, $43,600,000,000.

(B) Outlays, $41,600,000,000.

Fiscal year 2001:

(A) New budget authority, $43,600,000,000

(B) Outlays, $41,300,000,000.

Fiscal year 2002:

(A) New budget authority, $43,100,000,000.

(B) Outlays, $40,200,000,000.

Fiscal year 2003:

(A) New budget authority, $43,700,000,000.

(B) Outlays, $40,600,000,000.

(9) Community and Regional Development (450):

Fiscal year 1998:

(A) New budget authority, $8,700,000,000.

(B) Outlays, $11,200,000,000.

Fiscal year 1999:

(A) New budget authority, $8,700,000,000.

(B) Outlays, $10,600,000,000.

Fiscal year 2000:

(A) New budget authority, $7,300,000,000.

(B) Outlays, $9,100,000,000.

Fiscal year 2001:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $8,200,000,000.

Fiscal year 2002:

(A) New budget authority, $6,200,000,000.

(B) Outlays, $7,400,000,000.

Fiscal year 2003:

(A) New budget authority, $6,200,000,000.

(B) Outlays, $6,600,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1998:

(A) New budget authority, $61,300,000,000.

(B) Outlays, $56,100,000,000.

Fiscal year 1999:

(A) New budget authority, $61,400,000,000.

(B) Outlays, $60,200,000,000.

Fiscal year 2000:

(A) New budget authority, $62,300,000,000.

(B) Outlays, $61,300,000,000.

Fiscal year 2001:

(A) New budget authority, $63,300,000,000.

(B) Outlays, $62,000,000,000.

Fiscal year 2002:

(A) New budget authority, $63,200,000,000.
(B) Outlays, $61,800,000,000.
Fiscal year 2003:
(A) New budget authority, $65,600,000,000.
(B) Outlays, $63,900,000,000.
(11) Health (550):
Fiscal year 1998:
(A) New budget authority, $136,200,000,000
(B) Outlays, $132,000,000,000.
Fiscal year 1999:
(A) New budget authority, $143,800,000,000.
(B) Outlays, $142,300,000,000.
Fiscal year 2000:
(A) New budget authority, $149,900,000,000.
(B) Outlays, $149,500,000,000.
Fiscal year 2001:
(A) New budget authority, $155,900,000,000.
(B) Outlays, $155,600,000,000.
Fiscal year 2002:
(A) New budget authority, $162,800,000,000.
(B) Outlays, $163,600,000,000.
Fiscal year 2003:
(A) New budget authority, $171,200,000,000.
(B) Outlays, $172,000,000,000.
(12) Medicare (570):
Fiscal year 1998:
(A) New budget authority, $199,200,000,000.
(B) Outlays, $199,700,000,000.
Fiscal year 1999:
(A) New budget authority, $209,600,000,000.
(B) Outlays, $210,100,000,000.
Fiscal year 2000:
(A) New budget authority, $220,500,000,000.
(B) Outlays, $219,800,000,000.
Fiscal year 2001:
(A) New budget authority, $237,500,000,000.
(B) Outlays, $240,400,000,000.
Fiscal year 2002:
(A) New budget authority, $248,700,000,000.
(B) Outlays, $246,300,000,000.
Fiscal year 2003:
(A) New budget authority, $270,200,000,000.
(B) Outlays, $270,400,000,000.
(13) Income Security (600):
Fiscal year 1998:
(A) New budget authority, $229,500,000,000.
(B) Outlays, $234,700,000,000.
Fiscal year 1999:
(A) New budget authority, $243,800,000,000.
(B) Outlays, $247,600,000,000.
Fiscal year 2000:
(A) New budget authority, $256,800,000,000.
(B) Outlays, $258,200,000,000.
Fiscal year 2001:

(A) New budget authority, $267,200,000,000.
(B) Outlays, $267,000,000,000.
Fiscal year 2002:
(A) New budget authority, $227,400,000,000.
(B) Outlays, $274,500,000,000.
Fiscal year 2003:
(A) New budget authority, $287,800,000,000.
(B) Outlays, $284,000,000,000.
(14) Social Security (650):
Fiscal year 1998:
(A) New budget authority, $12,000,000,000.
(B) Outlays, $12,200,000,000.
Fiscal year 1999:
(A) New budget authority, $12,600,000,000.
(B) Outlays, $12,800,000,000.
Fiscal year 2000:
(A) New budget authority, $13,100,000,000.
(B) Outlays, $13,200,000,000.
Fiscal year 2001:
(A) New budget authority, $12,600,000,000.
(B) Outlays, $12,600,000,000.
Fiscal year 2002:
(A) New budget authority, $14,500,000,000.
(B) Outlays, $14,500,000,000.
Fiscal year 2003:
(A) New budget authority, $15,300,000,000.
(B) Outlays, $15,300,000,000.
(15) Veterans Benefits and Services (700):
Fiscal year 1998:
(A) New budget authority, $42,600,000,000.
(B) Outlays, $42,500,000,000.
Fiscal year 1999:
(A) New budget authority, $42,400,000,000.
(B) Outlays, $42,900,000,000.
Fiscal year 2000:
(A) New budget authority, $43,000,000,000.
(B) Outlays, $43,300,000,000.
Fiscal year 2001:
(A) New budget authority, $43,500,000,000.
(B) Outlays, $43,700,000,000.
Fiscal year 2002:
(A) New budget authority, $43,900,000,000.
(B) Outlays, $44,200,000,000.
Fiscal year 2003:
(A) New budget authority, $44,800,000,000.
(B) Outlays, $45,200,000,000.
(16) Administration of Justice (750):
Fiscal year 1998:
(A) New budget authority, $25,100,000,000.
(B) Outlays, $22,500,000,000.
Fiscal year 1999:
(A) New budget authority, $25,000,000,000.
(B) Outlays, $24,000,000,000.
Fiscal year 2000:

(A) New budget authority, $23,300,000,000.
(B) Outlays, $24,100,000,000.

Fiscal year 2001:
(A) New budget authority, $22,700,000,000.
(B) Outlays, $23,900,000,000.

Fiscal year 2002:
(A) New budget authority, $22,600,000,000.
(B) Outlays, $23,400,000,000.

Fiscal year 2003:
(A) New budget authority, $22,500,000,000.
(B) Outlays, $22,600,000,000.

(17) General Government (800):

Fiscal year 1998:
(A) New budget authority, $14,500,000,000.
(B) Outlays, $14,300,000,000.

Fiscal year 1999:
(A) New budget authority, $14,800,000,000.
(B) Outlays, $14,200,000,000.

Fiscal year 2000:
(A) New budget authority, $13,600,000,000.
(B) Outlays, $13,900,000,000.

Fiscal year 2001:
(A) New budget authority, $13,600,000,000.
(B) Outlays, $13,500,000,000.

Fiscal year 2002:
(A) New budget authority, $13,600,000,000.
(B) Outlays, $13,300,000,000.

Fiscal year 2003:
(A) New budget authority, $13,300,000,000.
(B) Outlays, $13,100,000,000.

(18) Net Interest (900):

Fiscal year 1998:
(A) New budget authority, $290,700,000,000.
(B) Outlays, $290,700,000,000.

Fiscal year 1999:
(A) New budget authority, $296,800,000,000.
(B) Outlays, $296,800,000,000.

Fiscal year 2000:
(A) New budget authority, $297,200,000,000.
(B) Outlays, $297,200,000,000.

Fiscal year 2001:
(A) New budget authority, $296,800,000,000.
(B) Outlays, $296,800,000,000.

Fiscal year 2002:
(A) New budget authority, $296,600,000,000.
(B) Outlays, $296,600,000,000.

Fiscal year 2003:
(A) New budget authority, $298,500,000,000.
(B) Outlays, $298,500,000,000.

(19) Allowances (920):

Fiscal year 1998:
(A) New budget authority, −$14,000,000,000.
(B) Outlays, −$14,000,000,000.

Fiscal year 1999:

(A) New budget authority, −$500,000,000.
(B) Outlays, −$500,000,000.

Fiscal year 2000:
(A) New budget authority, −$2,100,000,000.
(B) Outlays, −$900,000,000.

Fiscal year 2001:
(A) New budget authority, −$3,200,000,000.
(B) Outlays, −$2,900,000,000.

Fiscal year 2002:
(A) New budget authority, −$3,200,000,000.
(B) Outlays, −$3,200,000,000.

Fiscal year 2003:
(A) New budget authority, −$3,300,000,000.
(B) Outlays, −$3,200,000,000.

(20) Undistributed Offsetting Receipts (950):

Fiscal year 1998:
(A) New budget authority, −$36,700,000,000.
(B) Outlays, −$36,700,000,000.

Fiscal year 1999:
(A) New budget authority, −$36,300,000,000.
(B) Outlays, −$36,300,000,000.

Fiscal year 2000:
(A) New budget authority, −$36,100,000,000.
(B) Outlays, −$36,100,000,000.

Fiscal year 2001:
(A) New budget authority, −$38,000,000,000.
(B) Outlays, −$38,000,000,000.

Fiscal year 2002:
(A) New budget authority, −$45,000,000,000.
(B) Outlays, −$45,000,000,000.

Fiscal year 2003:
(A) New budget authority, −$35,900,000,000.
(B) Outlays, −$35,900,000,000.

SEC. 4. RECONCILIATION.

(a) SUBMISSIONS.—Not later than June 26, 1998, the House committees named in subsection (b) shall submit their recommendations to the House Committee on the Budget. After receiving those recommendations, the House Committee on the Budget shall report to the House a reconciliation bill carrying out all such recommendations without any substantive revision.

(b) INSTRUCTIONS TO HOUSE COMMITTEES.—

(1) COMMITTEE ON AGRICULTURE.—The House Committee on Agriculture shall report changes in laws within its jurisdiction that provide direct spending such that the total level of direct spending for that committee does not exceed: $30,400,000,000 in outlays for fiscal year 1999 and $157,400,000,000 in outlays in fiscal years 1999 through 2003.

(2) COMMITTEE ON BANKING AND FINANCIAL SERVICES.—The House Committee on Banking and Financial Services shall report changes in laws within its jurisdiction that provide direct spending such that the total level of direct spending for that committee does not exceed: −$8,200,000,000 in outlays for fiscal year 1999 and −$35,100,000,000 in outlays in fiscal years 1999 through 2003.

(3) COMMITTEE ON COMMERCE.—The House Committee on Commerce shall report changes in laws within its jurisdiction that provide direct spending such that the total level of direct spending for that committee does not exceed: $417,100,000,000 in outlays for fiscal year 1999 and $2,427,800,000,000 in outlays in fiscal years 1999 through 2003.

(4) COMMITTEE ON EDUCATION AND THE WORKFORCE.—The House Committee on Education and the Workforce shall report changes in laws within its jurisdiction that provide direct spending such that the total level of direct spending for that committee does not exceed: $18,700,000,000 in outlays for fiscal year 1999 and $100,400,000,000 in outlays in fiscal years 1999 through 2003.

(5) COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT.—The House Committee on Government Reform and Oversight shall report changes in laws within its jurisdiction that provide direct spending such that the total level of direct spending for that committee does not exceed: $71,600,000,000 in outlays for fiscal year 1999 and $384,000,000,000 in outlays in fiscal years 1999 through 2003.

(6) COMMITTEE ON THE JUDICIARY.—The House Committee on the Judiciary shall report changes in laws within its jurisdiction that provide direct spending such that the total level of direct spending for that committee does not exceed: $5,200,000,000 in outlays for fiscal year 1999 and $26,500,000,000 in outlays in fiscal years 1999 through 2003.

(7) COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE.—The House Committee on Transportation and Infrastructure shall report changes in laws within its jurisdiction that provide direct spending such that the total level of direct spending for that committee does not exceed: $16,200,000,000 in outlays for fiscal year 1999 and $78,900,000,000 in outlays in fiscal years 1999 through 2003.

(8) COMMITTEE ON VETERANS' AFFAIRS.—The House Committee on Veterans' Affairs shall report changes in laws within its jurisdiction that provide direct spending such that the total level of direct spending for that committee does not exceed: $23,800,000,000 in outlays for fiscal year 1999 and $125,000,000,000 in outlays in fiscal years 1999 through 2003.

(9) COMMITTEE ON WAYS AND MEANS.—(A) The House Committee on Ways and Means shall report changes in laws within its jurisdiction such that the total level of direct spending for that committee does not exceed: $411,100,000,000 in outlays for fiscal year 1999 and $2,374,800,000,000 in outlays in fiscal years 1999 through 2003.

(B) The House Committee on Ways and Means shall report changes in laws within its jurisdiction such that the total level of revenues for that committee is not less than: $1,277,900,000,000 revenues for fiscal year 1999 and $6,637,700,000,000 in revenues in fiscal years 1999 through 2003.

SEC. 5. RESERVE FUND FOR PERSONAL RETIREMENT SAVINGS ACCOUNTS.

(a) IN GENERAL.—In the House, upon the reporting of a bill or joint resolution (or immediately preceding the consideration of an amendment thereto or upon the filing of a conference report thereon) that—

(1) provides funds for personal retirement savings accounts for individuals, the chairman of the Committee on the Budget may increase the appropriate allocations and aggregates of new budget authority and outlays for each of fiscal years 1999 through 2003 by not more than the amount of outlays resulting from that measure (and the corresponding amount of new budget authority provided by such measure) for such fiscal year; or

(2) provides preferential tax treatment of contributions to personal retirement savings accounts, the chairman of the Committee on the Budget may reduce revenue aggregates for each of fiscal years 1999 through 2003 by the amount of the revenue loss resulting from that measure for such fiscal year.

However, the sum of any adjustments made under paragraphs (1) and (2) for any fiscal year may not exceed an amount that equals an up-to-date projection of the surplus in the unified budget made by the Director of the Congressional Budget Office for that fiscal year. In the House, these revised allocations and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as the aggregates contained in this resolution and allocations contained in the accompanying report.

(b) ADJUSTMENTS AND REVERSALS.—In the House, the adjustments to allocations and aggregates made by the chairman of the Committee on the Budget pursuant to subsection (a) for any measure shall only apply while such measure is under consideration in the House and shall permanently take effect upon the enactment of such measure.

SEC. 6. BUDGETARY TREATMENT OF COMPENSATION AND PAY FOR FEDERAL EMPLOYEES.

In the House, for purposes of enforcing the Congressional Budget Act of 1974, any bill or joint resolution, or amendment thereto or conference report thereon, establishing on a prospective basis compensation or pay for any office or position in the Government at a specified level, the appropriation for which is provided through annual discretionary appropriations, shall not be considered as providing new entitlement authority or new budget authority.

SEC. 7. SENSE OF CONGRESS ON SOCIAL SECURITY.

It is the sense of Congress that, as managing trustee of the social security trust funds, the Secretary of the Treasury should only issue marketable interest-bearing securities to the trust funds for fiscal years beginning after September 30, 1998.

SEC. 8. SENSE OF CONGRESS ON THE ASSETS FOR INDEPENDENCE ACT.

(a) FINDINGS.—The Congress finds that—

(1) 33 percent of all American households have no or negative financial assets and 60 percent of African-American households have no or negative financial assets;

(2) 46.9 percent of all children in America live in households with no financial assets, including 40 percent of Caucasian children and 75 percent of African-American children;

(3) in order to provide low-income families with more tools for empowerment in lieu of traditional income support and to assist them in becoming more involved in planning their future, new public-private relationships that encourage asset-building should be undertaken;

(4) individual development account programs are successfully demonstrating the ability to assist low-income families in building assets while partnering with community organizations and States in more than 40 public and private experiments nationwide; and

(5) Federal support for a trial demonstration program would greatly assist the creative efforts of existing individual development account experiments.

(b) SENSE OF CONGRESS.—It is the sense of Congress that, in carrying out its reconciliation instructions pursuant to this concurrent resolution, the Committee on Ways and Means should include the text of H.R. 2849 (the Assets for Independence Act) in its submission to the House Committee on the Budget.

SEC. 9. SENSE OF CONGRESS ON A DEMONSTRATION PROJECT ON CLINICAL CANCER TRIALS.

It is the sense of Congress that the committees of jurisdiction should consider legislation this session that would establish a 3-year demonstration project providing medicare coverage for beneficiaries' participation in clinical cancer trials.

SEC. 10. SENSE OF CONGRESS ON THE INTERIM PAYMENT SYSTEM FOR HOME HEALTH BENEFITS UNDER MEDICARE.

(a) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the interim payment system for home health service has adversely affected some home health care agencies and medicare beneficiaries;

(2) if home health care is threatened and further reduced, health care costs to Federal and State governments, as well as families, may rise to cover more expensive post-hospital and long-term care;

(3) the committees of jurisdiction should initiate a revision of the interim payment system, paying particular attention to providing a more gradual reduction in home health care costs and additional time for home health care agencies to adjust to lower rates and reimbursements;

(4) due to the critical nature of this issue, Congress should enact an equitable and fair revision of the interim payment system before the adjournment of the 105th Congress; and

(5) the Health Care Financing Administration should fully implement by October 1, 1999, the prospective payment system that was enacted into law last year.

SEC. 11. SENSE OF CONGRESS ON SPECIAL EDUCATION.

(a) FINDINGS.—The Congress finds that—

(1) Federal courts have found that children with disabilities are guaranteed an equal opportunity to an education under the Fourteenth Amendment to the Constitution;

(2) Congress responded to these court decisions by enacting the Individuals with Disabilities Education Act (IDEA) to ensure free and appropriate public education for children with disabilities;

(3) IDEA authorizes the Federal Government to provide 40 percent of the average per pupil expenditure for children with disabilities;

(4) the Federal Government has not fully funded IDEA at its authorized levels; and

(5) if the Federal Government fully funds IDEA, then local school districts will have the flexibility to invest in new technology, hire additional teachers, and purchase books and supplies.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the Federal Government should fully fund programs authorized under IDEA and that such funding is of the highest priority among Federal education programs.

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