Union Calendar No. 25

108TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { 108–37

CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 2004

R E P O R T

OF THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H. Con. Res. 95

ESTABLISHING THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2004 AND SETTING FORTH APPROPRIATE BUDGETARY LEVELS FOR FISCAL YEARS 2003 AND 2005 THROUGH 2013

together with

ADDITIONAL, SUPPLEMENTAL, DISSENTING, AND MINORITY VIEWS

MARCH 17, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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List of Acronyms

Office of Management and Budget	OMB
Congressional Budget Office	CBO
Gross Domestic Product	GDP
Budget Authority	BA
Outlays	OT

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108TH CONGRESS
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HOUSE OF REPRESENTATIVES

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

R E P O R T

together with

ADDITIONAL, SUPPLEMENTAL, DISSENTING, AND MINORITY VIEWS

[To accompany H. Con. Res. 95]

The Fiscal Year 2004 Wartime Budget Resolution

A SUMMARY

INTRODUCTION

The priorities of this budget are clear and self-evident. They are:

- *Protecting America:* This includes winning the war against terrorism, and safeguarding Americans at home.
- *Strengthening the Economy and Creating Jobs:* To meet the Nation's challenges, America's economy must be vigorous enough to provide expanding opportunities and growth in Americans' standard of living. The Government has a responsibility to maintain and pursue policies that support economic growth.
- *Exercising Fiscal Responsibility:* The Government must always strive to achieve its goals without imposing excessive burdens on future generations. For this reason and others, this plan returns to balance within the budget window.

The discussion below summarizes how these priorities are addressed in this plan—the Fiscal Year 2004 Wartime Budget Resolution.

PROTECTING AMERICA

The report on last year's House budget resolution began with the statement: "America *is* at war." That is even more true today—and not solely because of the impending conflict in Iraq, or the growing threats rising from Iran or North Korea. These specific international issues are part of a larger, global problem in which members of terrorist groups can lurk in any city, storing up weapons and cultivating strategy, finally attacking the innocent without compunction or provocation.

These terrorists assaulted Americans several times in the 1990s, including a 1993 bombing at the World Trade Center. But the attack of September 11, 2001, was larger, more deadly, and more devastating than Americans had known since Pearl Harbor—and America changed. The streets outside the Capitol building used to resemble those of a quiet neighborhood in almost any American town; now they are cluttered with barricades and guarded police gates. Airline passengers must routinely allow extended time for personal and baggage inspection, and from time to time, flights are cancelled and passengers evacuated because of real or apparent threats. Americans have come to know the Government's frequent warnings of heightened vulnerabilities. Businesses face greater security needs; lower availability and higher costs of insurance; and generally higher risks and uncertainty.

Finally, whenever there is news of a subway gassed in Tokyo, or a school bus bombed in Jerusalem, Americans now know it could just as easily happen here. That's the kind of war it is; and that's how Americans live today.

The war against this stealthy, shadowy enemy will likely continue for several years, and it will not end with clarity: no terrorist leader will sign a formal surrender, and no victory parades will stream down Broadway.

For these and other reasons, the term "wartime budget" is no mere metaphor. America's security is threatened; it must be protected. That is always the highest priority of any national government; and it is the highest priority of this budget.

NATIONAL DEFENSE

The budget resolution is consistent with the President's requested level as part of a multiyear plan to enable the military both to fight the war against terrorism now, and to transform the Department of Defense [DOD] to counter unconventional threats in the future.

This strategy is intended to transform the military so as to make it agile enough to combat elusive terrorist threats. At the same time, the Pentagon's transformation strategy must maintain a capability to deal with large conventional forces such as North Korea's.

The resolution also is consistent with DOD's desire to maintain pay, benefits, and quality of life programs so as to attract and retain highly capable and motivated personnel.

Among specific provisions are the following:

- A sum of $98.6 billion for pay and benefits, an increase of 5.6 percent. This funds a range of military pay increases from 2.0 percent up to 6.5 percent, targeted by rank and years of service—to help retain DOD's most experienced personnel.
- An increase of $3.4 billion for operations and maintenance, to a total of $117.0 billion for fiscal year 2004.
- The highest procurement funding in 14 years: a sum of $72.7 billion is allowed for in the resolution.
- The highest ever research and development level, $61.8 billion.
- A 20-percent increase for missile defense, to $9.1 billion. The program will focus on fielding an initial capability in 2004 and 2005; this would provide a modest defense against North Korean missiles.
- Full funding of military health care, assuming a total of $27.2 billion.
- A 47-percent increase for Special Operations Forces, including Green Berets.

HOMELAND SECURITY

The budget fully funds the President's request for homeland security. This includes (in addition to other things) the following:

- A total of $15.6 billion for Border and Transportation Security [BTS], the largest and most complex of the agencies in the new Department of Homeland Security [DHS].
- A sum of $4.8 billion for the Transportation Security Administration [TSA], which will be part of the new Border and Transportation Security Agency in the DHS.
- For the U.S. Coast Guard, $5.6 billion (not counting the Coast Guard retirement fund).
- An infusion of $3.5 billion for grants for "first responders" such as local firefighting, and search-and-rescue or police forces.
- Full funding for Project BioShield, in which the National Institutes of Health would have new authority and increased flexibility to speed the arrival of medications and vaccines.
- A total of $400 million for the Strategic National Stockpile, which contains drugs, vaccines, and other medical supplies and equipment that can be delivered to any place in the country within 12 hours of a request for assistance; and funding for the National Disaster Medical System, now part of DHS's National Incident Management System.
- Full funding for border inspection and other responsibilities transferred from USDA to the Department of Homeland Security. These include activities of the Animal and Plant Health Inspection Service [APHIS], and the Plum Island Animal Disease Center in New York.
- Disaster relief funding at its historical levels. The budget includes $3.2 billion for the Federal Emergency Management Agency [FEMA], now part of DHS.
- Full funding for the Bureau of Citizenship and Immigration Services.
- A 9-percent increase for the Secret Service, to $1.3 billion.

STRENGTHENING THE ECONOMY, CREATING JOBS

A flexible, well-functioning economy that promotes high standards of living is a fundamental expression of the Nation itself. It provides a way of measuring national vitality, and helps demonstrate President Reagan's conviction: "We are a Nation that has a Government—not the other way around."

When healthy, the economy nourishes the Nation—by providing expanding opportunities for Americans to improve their circumstances through their own efforts, and by generating material and financial resources to support the Nation's needs (such as its defense and security) and improve standards of living.

Today's economy continues to struggle from the triple shock of the past 2 years: a slowdown and recession inherited by the current administration; an unprovoked terrorist attack on the American homeland; and the uncertainties that accompany today's wartime conditions. Without renewed growth and more jobs America cannot meet its challenges. Hence economic growth and job creation is a major priority of this budget.

ECONOMIC GROWTH PLAN PRINCIPLES

- *Immediate Help:* Accelerating income tax rate cuts, attacking double taxation, and reducing the overall Federal tax burden will enhance the current economic recovery by increasing consumer spending and individual and business investment, and creating jobs.
- *Sustained Future Growth:* New tax reductions, and making the 2001 tax relief permanent, will strengthen the American economy in a sustained manner, and promote GDP growth and job creation in the long-term.
- *A Path to Fiscal Balance:* To meet the anticipated needs and growing demands on the Federal Government over the next 10 years and beyond will require significant revenue growth resulting from achieving and maintaining economic growth of at least 3 percent to 4 percent a year. The economic growth plan in this budget provides the best chance of achieving this.
- *Progressivity:* The biggest percentage reduction in individual income taxes would go to lower- and middle-income taxpayers.

POSSIBLE GROWTH COMPONENTS

Specific provisions of the growth plan will be determined by the Committee on Ways and Means. Nevertheless, the revenue figures in the budget resolution would accommodate the President's growth and jobs plan, including—as examples—the following provisions:

- Accelerated expansion of the 10-percent individual income tax bracket.
- Accelerated reduction of individual income tax rates.
- Accelerated marriage penalty relief.
- Accelerated increase of the child tax credit.
- Relief from the Alternative Minimum Tax.
- Small businesses investment incentives.
- Elimination of the double taxation of corporate earnings.

FAIRNESS OF THE GROWTH PLAN

The growth plan called for in the budget resolution—if designed similar to the President's—would be progressive. Here are some examples:

- The biggest percentage reduction in individual income taxes would be for taxpayers making between $30,000 and $40,000. Their reduction in taxes could be more than 20 percent.
- Next are taxpayers with less than $30,000 in income; their individual income taxes would be reduced 17 percent. Taxpayers making $40,000–$50,000 could see a 14.5-percent tax cut.
- Taxpayers with incomes greater than $100,000 could get the smallest percentage change in their individual income taxes at 11 percent or less.

- Lower-income taxpayers could pay less. Taxpayers making up to $50,000 could pay a smaller share of total individual income taxes than before (2.9 percent vs. 3.8 percent). Taxpayers making more than $100,000 could pay more (73.3 percent vs. 72.4 percent).

EXTENSION OF 2001 TAX CUTS

The budget resolution also provides for permanent extension of the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 that otherwise will expire in 2010.

The resolution accounts for policies that would permanently extend marginal individual income tax rate reductions expiring in 2010; child tax credits expiring in 2010; marriage penalty relief expiring in 2010; education incentives expiring in 2010; repeal of estate and generation-skipping transfer taxes and modification of gift taxes expiring in 2010; modifications of individual retirement accounts and pension plans expiring in 2010; and other incentives for families and children expiring in 2010; the research and experimentation tax credit expiring in 2004; and suspension of disallowance of certain deductions of mutual life insurance companies.

ADDITIONAL TAX RELIEF

Finally, the budget accommodates additional tax relief over the next 10 years. The particular mix of tax policies this amount would entail will be determined by the Committee on Ways and Means, but could include:

- Incentives for charitable giving, health care, and energy production, conservation and reliability, as well as making the R&D tax credit permanent and temporarily extending currently expiring provisions.
- Tariff and other revenue effects of various trade initiatives.

OTHER COMPONENTS OF ECONOMIC SECURITY

The resolution also meets other critical obligations, including:

- Endorsing fundamental Medicare reform, including $400 billion over 10 years for prescription drug coverage.
- Providing the Federal share of funding for highways and mass transit.
- Protecting Social Security—which will be strengthened by a growing economy.
- Maintaining the welfare reform strategy that has reduced welfare rolls by 50 percent.
- Providing for reform of Medicaid, with greater flexibility so that States can cover more of their uninsured populations.
- Continuing unemployment insurance, to provide a safety net for those having trouble finding work in these difficult times.

Fiscal Responsibility

THE NEED TO BALANCE THE BUDGET

Contending with the crises of the past 2 years has driven the Federal budget into deficit. This outcome is understandable and manageable at present—*but not for the long term.* Economic growth, encouraged by the policies described above, can play a key role in shrinking deficits. But another necessary component is spending restraint. Consider:

- In the period from 1998 through 2003, overall Government spending increased an average of 6.7 percent a year, and discretionary spending grew an average of 7.7 percent a year (with both figures excluding interest).
- These figures include the impact of recent emergency spending and the war against terrorism—but those factors only reinforce the need to take firm control of spending.

Among these recent spending trends have been the following:

- Defense appropriations grew 45.7 percent from 1998 through 2003, an average of 7.8 percent a year (including the 2003 omnibus appropriations bill).
- Funding for the National Institutes of Health was doubled, from $13.6 billion in 1998 to $27.2 billion in 2003.
- Since Republicans took the House Majority in 1995, Federal funding for special education has increased an average of nearly 22 percent a year.
- Veterans medical care increased 40 percent—from $17.1 billion in 1998 to $23.9 billion in 2003—an average increase of 6.9 percent a year.

These and other spending initiatives were important. But the Government must not return to excessively burdening tomorrow's generations with today's costs. The Government also must position itself to meet the mounting obligations that will come with the baby-boom retirements and accompanying demands.

THE STRATEGY IN PRINCIPLE

The first step in this process is to restore the budget to balance, accomplished through economic growth and spending restraint. Therefore, this budget calls for a 1-percent spending reduction—a real reduction—in all Government programs except those of the highest priority. Programs exempt from this discipline are national defense, homeland security, Social Security, and Unemployment Insurance.

This is not a matter of "slowing the growth" of spending, or "reducing from the baseline." These are real reductions. They are calculated from the base of actual spending in fiscal year 2003—not from an estimated future level that already include built-in, automatic growth. The approach is based on the commonsense meaning of cutting spending—and that is what this budget does.

Because such reforms may be challenging, the budget allows committees of jurisdiction the option of implementing one-third of the savings in the first year. With this spending discipline, the budget restores fiscal balance in 7 years, according to projections of the nonpartisan Congressional Budget Office. This is based on standard, conventional CBO estimates, without assuming the benefits of economic growth that may result from the budget's tax cuts or deficit reductions.

IMPLEMENTING THE STRATEGY

To further clarify the spending restraint assumed in the budget, here is a point-by-point summary:

- *Committees must reduce spending by 1 percent.* In general, the budget requires that the committees of jurisdiction reduce spending by 1 percentage point from current year (2003) levels. The reductions are applied by committee, not by program. It is up to the committees of jurisdiction to find the savings necessary to meet the levels of spending recommended in the budget resolution.
- *The reduction does not mean 1 percent is cut each year.* The 1 percentage point reduction is taken one time, in fiscal year 2004, and then the program is assumed to grow at the same rate as before. The savings are expected to recur in following years, so that the benefits of the one-time reduction become substantial over time.
- *Small savings now cause large savings over time.* The 1-percent spending cut is assumed to be a permanent change in Government spending. Small permanent changes in spending can make a big impact over time. It is this principle that permits this budget to balance as a result of the one-time change in the levels of spending.
- *The cut affects both mandatory and discretionary spending.* The expected level of spending for fiscal year 2004 is computed the same way for both mandatory and discretionary programs: spending in fiscal year 2004 is expected to be 1 percentage point below the 2003 levels of spending.
- *Despite the 1-percent reduction, other factors cause total spending to rise.* Overall Government spending will not be lower next year than this year because more will be spent on national needs such as defense and homeland security. Also other increases in programs such as Medicare, Medicaid, and Unemployment Insurance benefits cause spending to be higher in 2004 than 2003.
- *The Budget Committee cannot dictate how to achieve the savings.* It is not the role of the Budget Committee to tell the authorizing committees how to reach their reduced spending levels. The committees of jurisdiction make the final decision about how to achieve those savings. *The directives must be achieved by the authorizing committee or the Budget Committee may be asked to recommend changes.* If an authorizing committee cannot achieve the savings, it will fall to the Budget Committee to make recommendations with policy changes that will achieve the recommended levels of cuts.

These are the general guidelines. They will be enforced through the 302(a) allocations to the Appropriations Committee and the authorizing committees. Where further specific provisions apply, they are discussed in the appropriate functional description.

Conclusion

As noted at the outset, this budget has three priorities:

- Protecting America.
- Strengthening the economy and creating jobs.
- Exercising fiscal responsibility.

It strikes a balance among all three priorities; and it recognizes the need to balance the urgent demands of the present against America's obligations to the future. It is, to put it simply, a budget that fulfills America's promise—for today and tomorrow.

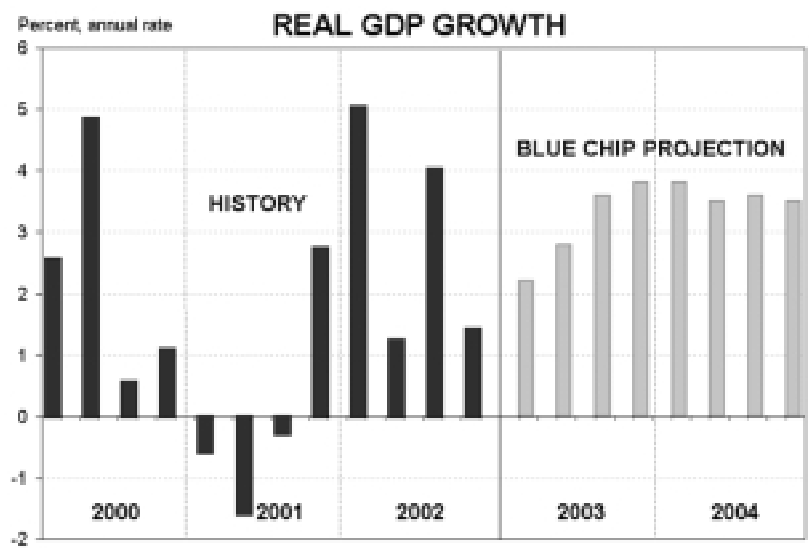
The Economy and Economic Assumptions

Economic Policy and the Performance of the Economy

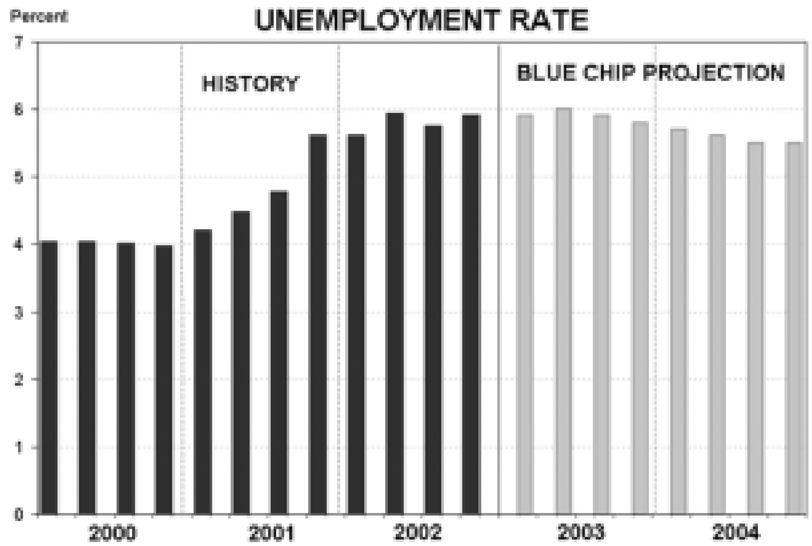
current conditions

The U.S. economy remains in a sluggish and uneven recovery from the economic slowdown and recession of 2000–2001. Growth of real GDP has averaged 2.9 percent at an annual rate following the declines that occurred during the recession—but the growth pattern has been volatile (see chart below).

- Despite the average real growth of nearly 3 percent, the economy continues to struggle with key sectors and markets remaining stagnant—notably manufacturing, business investment, and employment. Persistent uncertainties—partly due to international tensions—continue to hamper the economy.
- Sustained stronger growth of real GDP—in excess of 3¼ percent—will be required to boost job growth and business investment and to reduce unemployment.



- The current Blue Chip outlook projects only a gradual increase in real GDP growth and a slow decline in the unemployment rate (see charts).



RECENT ECONOMIC HISTORY

Economic growth had already begun decelerating sharply before President Bush took office. The claim that the economy was humming when President Bush took office is simply wrong. This is important because misunderstanding recent economic history can lead to ineffective, or even counterproductive, policies.

- In 2000—the last year of the previous administration—the real GDP growth rate plunged from 4.8 percent in the second quarter to 0.6 percent in the third quarter.
- The recession in the manufacturing sector actually began in June 2000, when industrial production peaked and thereafter began to decline. Manufacturing production had already fallen by 2½ percent by January 2001, when President Bush took office. A quarter of a million manufacturing jobs already were lost from July 2000 to January 2001. New orders for manufacturers' durable goods had declined 20 percent by January 2001 from their peak in June 2000.
- The stock market bubble peaked in early 2000 (the Dow-Jones Industrial average peaked in January; the Standard & Poor's 500 index peaked in March). By the time President Bush assumed office, the bubble had burst and the S&P 500 index had already fallen 12 percent in value.
- It is noteworthy that the previous administration, in 1999 and 2000, refused to cut taxes, even though tax revenue was at postwar record levels of 20 percent of GDP or more.
- In December of 2000, President-elect Bush warned publicly that the economy was slipping toward recession, and that Congress should cut taxes. The outgoing administration accused him of "talking down" the economy.

But in 2001, Congress and President Bush acted—even before the recession had been officially declared. Monetary policies also shifted toward promoting economic growth.

- In June 2001, the President signed the Economic Growth and Tax Relief Reconciliation Act of 2001 to reduce the tax burden and stimulate the slowing economy.
- The Federal Reserve cut the Federal funds rate 11 times in 2001, resulting in a total reduction of 4¾ percentage points for the year.

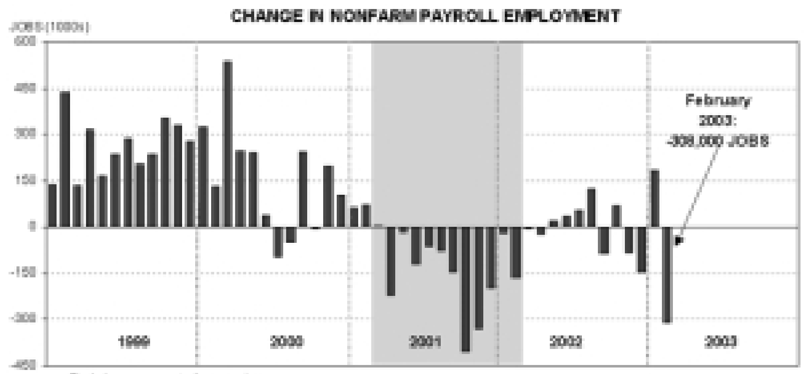
Then terrorists attacked the Pentagon and the World Trade Center—as they had planned since the mid-1990s—and risk and uncertainty rose in the aftermath. But the shock to the economy from the attacks of September 11 depressed consumer and business confidence and ushered in a sustained period of slower growth and heightened risk and uncertainty.

Nevertheless, the 2001 tax relief was timely and helped keep the recession from being worse. It wasn't until the end of November 2001 that the National Bureau of Economic Research officially declared that the recession had begun in March of 2001—9 months after the fact, and nearly 6 months after the tax relief legislation had been implemented.

- At the time of the tax relief bill's passage, Macroeconomic Advisers—a respected private forecaster—labeled the tax cut package a "Fiscal Policy Bull's-eye," stating: "* * * once in a while we get lucky, and fiscal policy delivers to the economy a well-timed dose of stimulus. This year's tax cut is perhaps the best such example in recent memory."
- By the third quarter of 2001—in the middle of the recession, yet even before the recession had been declared—tax rebate checks totaling nearly $40 billion were mailed out to taxpayers, helping to bolster household finances and promote consumption spending, precisely when it was most needed.
- These policy actions helped to keep the recession from being more severe. It should be remembered that, as in all recessions, jobs were lost and unemployment rose—bringing their related costs—but the 2001 recession was relatively mild compared to other recessions historically.

In March 2002, Congress and the President acted further, passing the stimulus of the Job Creation and Worker Assistance Act of 2002. This legislation was targeted precisely at the areas of weakness in the economy: extended unemployment benefits to help with higher unemployment; and, partial expensing of business equipment and software expenditures to help bolster investment.

Following the recession, the bursting of the stock market bubble, and the introduction of increased risk and uncertainty, the economy has emerged into a slow and uneven recovery. Increased uncertainty and slow overall growth in the economy have created an environment in which businesses lack sufficient confidence to boost investment or hiring.



Shaded area represents the recession.

- An important aspect of the slow recovery is the lack of growth in jobs (see chart). The sharp decline in payrolls of 308,000 in February reveals the ongoing risk of a renewed downturn in the economy this year.
- Continued higher growth in labor productivity (output per hour of work) boosts real output, wages and salaries, and standards of living in the long run. In the short run, however, higher productivity growth has allowed businesses to expand output without hiring additional workers. As a result, total wage and salary income has continued to grow following the recession, despite the lack of increased employment.
- The manufacturing sector and business equipment investment have been stagnant with industrial production and manufacturers' new orders and shipments remaining little improved from the recession lows.
- Business structural investment also has been stagnant in recent months, following a large decline from the recession. Lower real economic growth, higher uncertainty, and the combination of lower availability and higher costs of insurance have resulted in a 30-percent decline in real business construction spending from its pre-recession level (see chart below).

- The sharp rise in crude oil prices over the past year and a half—from less than $20 per barrel at the end of 2001 to nearly $40 a barrel recently—is boosting gasoline prices and energy costs generally, acting as an additional drag on the economy.
- One bright spot in the economy is the continued strong performance of the housing sector, with continued high rates of housing starts and home sales. Increased home valuations have contributed to household wealth—helping to cushion the effects of the negative wealth effects from the decline in the stock market. Despite the large declines in stock market wealth, consumer spending has continued to grow throughout the recession and slow growth period of the past several years.
- Even so, faced with higher uncertainty and stagnant employment prospects, consumer confidence has fallen recently to its lowest level in 10 years, contributing to the risks of sustained stagnation in the economy as a whole.

The Need for Policies to Promote Growth

Significant economic risks remain. The economy could continue to exhibit sub-par performance with ongoing slow growth and persisting higher unemployment. The possibility of a renewed downturn cannot be ruled out.

When will the economy return to higher growth and lower unemployment? Ultimately, the economy is expected to recover and return to its potential growth path with sustained growth in jobs, and with the unemployment rate falling back toward its non-inflationary level (about 5 percent).

- The Blue Chip private consensus forecast and the CBO forecast both show that happening over the next 3 to 4 years.
- But given the slow recovery and the uncertain nature of economic forecasting, issues that remain in question are: How long will it take to return to sustained growth? Could the economy ac-

tually do worse than expected? Can Congress do something to help assure the economy gets back to potential faster?

- Monetary policy often is viewed as being better oriented to "help the economy get back to potential faster." But as demonstrated in 1990–92, and in the current recession and recovery, monetary policy does not always move fast enough or have enough effect up front to boost the economy.
- In policy statements and Congressional testimony, the Federal Open Market Committee [FOMC] and Fed Chairman Greenspan have adopted the position that monetary policy has done enough, and that the interest rate cuts and tax cuts already implemented will be sufficient to boost the economy once the uncertainty of the geopolitical situation is resolved.
- The recent sharp decline in consumer confidence coupled with the fall in employment in February—when payrolls fell by 308,000 jobs—illustrates the fragile nature of the recovery and the risks for further job losses.

Doing nothing is unwise. President Bush has been aggressive in making proposals to boost the economy, primarily through tax cuts. The President recognizes that it isn't wise to sit back and wait and hope for monetary policy to work and for the economy to recover on its own.

- Chairman Greenspan and the Fed are assuming that the economy is continuing to struggle almost solely because of geopolitical uncertainty; but they also implicitly assume that the uncertainty will be eliminated, apparently almost immediately.
- The Fed is more optimistic about the economic outlook than many private forecasters. For example, Goldman Sachs economists recently said, "We don't share the FOMC's optimism. In our view, Chairman Greenspan is putting too much weight on geopolitical uncertainties as a constraint on capital spending and economic activity. We believe that the economy will grow much more slowly * * * than the Fed's central forecast" (14 February 2002).
- Some contend the Fed may be understating the risk that the economy will perform less well than the Fed's assumptions. That view argues for additional pro-growth policies to be adopted today.
- If the Fed is concerned about "running out of ammunition"—because interest rates already are so low—that argues even more for the adoption of additional fiscal policies to augment monetary policy in a time when the latter may have limited latitude for action.
- The President and the Congress should act to adopt policies that will promote growth and job creation.

The President's economic growth plan focuses on new and accelerated permanent tax reductions. The budget resolution accommodates the President's plan—or one similar to it—to promote economic growth and jobs. The President's plan accelerates the reductions in personal income tax rates from the 2001 legislation and proposes the elimination of the double taxation of dividend income—as well as establishing the tax cuts on a permanent basis. Congress will work its will on determining specific policies. But some aspects of the President's plan should be kept in mind.

- The reduction in income tax rates generates strong incentives for boosting sustained economic growth. The reduction in the top rates is particularly important as economic evidence shows that those taxpayers are the most responsive to the tax changes, in terms of increasing taxable income and tax payments.
- Economists recognize that permanent reductions in taxes and marginal tax rates will have significant beneficial economic effects, especially compared to reductions that are only temporary.
- The proposed elimination of the double taxation of dividend income is a change that would be part of any reasonable comprehensive tax reform. Regardless of whether it would have an immediate beneficial stimulus effect or not (and it would, especially through gains in the stock market), it is a preferred tax policy change to make. The elimination of the double taxation promotes investment by reducing the cost of capital and improving efficiency.

Beyond its immediate economic benefits, the President's plan also is good for other reasons, including the specific groups it benefits. Among specific groups that would benefit are the following:

- Small-businesses would benefit from the higher investment expensing as well as the lower marginal tax rates.
- Married couples would benefit from the reduction in the marriage penalty—perhaps one of the most egregious sins of the tax system from a social perspective.
- Families would benefit from the increase in the child credits.

FORECASTERS' ESTIMATES OF THE EFFECTS OF THE PRESIDENT'S GROWTH PACKAGE

[Average estimated effect, difference from baseline]

	2003	2004	2005	2006	2007	2008
Effect On:						
Real GDP Level (% change)	0.3	1.2	1.0	0.6	0.3	0.2
Unemployment rate (% points)	−0.2	−0.7	−0.6	−0.3	−0.1	−0.1
Job Gain From Baseline (1,000 Jobs)	291	1,203	959	455	192	167

Note.—Business Roundtable, Economy.com, Global Insight, Heritage Foundation, Macroeconomic Advisors, National Association for Business Economics Survey, and Primark Decision Economics.

CONSERVATIVE PROJECTIONS IN BUDGET RESOLUTION

Economic forecasting is imprecise; nonetheless all budget projections are based on economic assumptions. Even though it is difficult to make economic and budget forecasts, the effort to improve accuracy suggests that we take account of all available information. Economic assumptions that properly account for all of the factors and information that are expected to affect the performance of the economy would include the policies that are part of the budget if they have discernible economic effects.

Private forecasters generally agree that the President's proposed tax reductions would boost growth significantly in 2003 and 2004, and promote higher real GDP, increased job growth and lower unemployment rates over the next several years (see table).

- An average of private forecasters' estimates shows the President's plan boosting real GDP by about 1¼ percent in 2004.
- The estimates also show the plan cutting the unemployment rate by ¾ percentage point in 2004. That represents an increase of more than 1 million jobs.

"Dynamic" estimates would show the beneficial economic "feedback" effects and smaller deficit effects from tax relief. A proper accounting for the beneficial economic effects from the policies to promote economic growth—and the resulting beneficial budget effects—would at least partially offset the scored deficit effects from the proposed tax relief. Nevertheless, the budget resolution is conservative about the economic and budget estimates; those used in the resolution do not include any of the beneficial "dynamic" feedback effects.

SUBSTANTIAL SHORT-RUN BENEFITS, UNCERTAIN LONG-RUN BENEFITS

The policies assumed in the budget resolution would generate substantial short-run benefits. As shown in the table, private forecasters generally agree that the tax relief proposals of the President's "Growth and Jobs" plan would boost GDP and employment. Beneficial economic effects of that magnitude would produce significant dynamic budget feedback effects, with the likely budget benefit in the range of $25 billion to $40 billion per year.

The tax relief proposals also would have long-run beneficial effects, including: incentive effects of lower marginal income tax rates; higher investment from a lower cost of capital because of lower taxation of capital income; and, in general, efficiency gains from more efficient allocations of resources.

A policy proposal with persisting large deficits would raise concerns about adverse long-run economic effects. From the view of conventional economic theory and evidence, persisting long-run deficits would have negative effects on national saving, which in turn would adversely affect investment and the level of real GDP and incomes in the long-run. The "long run" in such cases would be at and beyond the 10- to 15-year horizon. But we have to be cautious about such estimates: the reliability of economic and budget forecasts that far in the future is highly suspect.

In large measure, the question of determining whether significant long-run effects can be identified depends fundamentally on determining the correct baseline for comparison. For example, CBO typically uses its current services baseline projection as the baseline for comparison for alternative policy scenarios—as it is required to do under scoring conventions. But a current services baseline that shows projected accumulating surpluses in the out years—as the current CBO baseline does—is a naive baseline that is unlikely to be realized. When considering a naive baseline projection that shows budget surpluses, a better baseline for comparison in the long run is a baseline of very rough budget balance.

- Budget projections are subject to large projection errors, and errors that grow as the projection horizon expands (see CBO, The Budget and Economic Outlook, January 2002, pp. 89-100). At a 5-year horizon, CBO's budget projections have had an average absolute forecast error of more than 3 percent of GDP. Such errors increase in magnitude as the budget projection horizon increases. At the 10-year horizon the typical budget deficit projection error likely would be much larger than 3 percent of GDP.
- Historical behavior and evidence show that budget surpluses in the absence of tax cuts lead to increases in spending that reduce subsequent surpluses (see Calomiris and Hassett, "Marginal Tax Rate Cuts and the Public Tax Debate," National Tax Journal, March 2002).

The policies of the budget resolution reduce taxes and restrain spending growth, with the budget returning to balance in 7 years. The public debt is projected to decline significantly relative to GDP. Under such a budget outlook, no credible arguments can be raised suggesting any significant negative economic effect in the long run through savings effects or financial markets.

In sum, a variety of uncertain factors must be considered in determining the possible long-run effects. Such factors include: the potential benefits from a lower tax burden and associated reduction in dead-weight losses in the economy; unreliable long-run economic and budget projections; and an uncertain proper baseline for comparison. On balance, the conclusion must be that the estimated long-run economic effects associated with the policy underlying the budget resolution are positive—because of its adherence to fiscal responsibility and spending restraint, and the beneficial effects from reducing taxes and the size of the Government.

COMPARISON OF ECONOMIC ASSUMPTIONS

GDP growth

OMB: The assumptions employed by the administration's Office of Management and Budget [OMB] project real gross domestic product [GDP] growth rates of 2.9 percent in calendar year 2003, 3.6 percent in 2004, 3.5 percent in 2005, and 3.3 percent in 2006.

CBO: The Congressional Budget Office [CBO] projects real GDP growth rates of 2.5 percent in 2003, 3.6 percent in 2004, 3.4 percent in 2005, and 3.3 percent in 2006.

Blue Chip: The Blue Chip Consensus (March 2003) projects 2.6 percent in 2003, 3.6 percent in 2004, 3.4 percent in 2005, and 3.3 percent in 2006. (See table 1, next page).

Inflation

OMB: The administration projects inflation rates of 1.3 percent and 1.5 percent in calendar year 2003 and 2004 for the GDP price index, and 2.2 percent and 2.1 percent for the Consumer Price Index [CPI].

CBO: In comparison, CBO forecasts GDP price index inflation of 1.6 percent in 2003 and 1.7 percent in 2004, and CPI inflation of 2.3 percent and 2.2 percent.

Blue Chip: The Blue Chip Consensus forecasts GDP price index inflation of 1.6 percent and 1.8 percent in 2003 and 2004 and CPI inflation of 2.3 percent and 2.3 percent.

Unemployment

OMB: The administration projects unemployment rates of 5.7 percent for calendar year 2003 and 5.5 percent for 2004.

CBO: For 2003 and 2004 respectively, CBO projects an unemployment rate of 5.9 percent and 5.7 percent. In the medium term, CBO's projection for the unemployment rate is slightly higher than the administration's.

Blue Chip: The Blue Chip projects an unemployment rate of 5.9 percent for 2003 and 5.6 percent for 2004.

TABLE 1.—COMPARISON OF ECONOMIC ASSUMPTIONS

[Calendar years 2003–2008]

	2003	2004	2005	2006	2007	2008
Real GDP (percentage change year over year):						
CBO	2.5	3.6	3.4	3.3	3.2	3.1
OMB	2.9	3.6	3.5	3.3	3.2	3.1
Blue Chip	2.6	3.6	3.4	3.3	3.1	3.1
GDP Price Index (percentage change year over year):						
CBO	1.6	1.7	2.0	2.1	2.1	2.2
OMB	1.3	1.5	1.5	1.7	1.7	1.8
Blue Chip	1.6	1.8	2.0	2.1	2.2	2.2
Consumer Price Index (percentage change year over year):						
CBO	2.3	2.2	2.4	2.5	2.5	2.5
OMB	2.2	2.1	2.1	2.2	2.2	2.3
Blue Chip	2.3	2.3	2.5	2.5	2.6	2.6
Unemployment Rate (percent, annual rate):						
CBO	5.9	5.7	5.4	5.3	5.2	5.2
OMB	5.7	5.5	5.2	5.1	5.1	5.1
Blue Chip	5.9	5.6	5.3	5.2	5.1	5.1
3-month Treasury Bill Rate (percent, annual rate):						
CBO	1.4	3.5	4.8	4.9	4.9	4.9
OMB	1.6	3.3	4.0	4.2	4.2	4.3
Blue Chip	1.4	2.8	4.1	4.4	4.5	4.6
10-year Treasury Note Rate (percent, annual rate):						
CBO	4.4	5.2	5.7	5.8	5.8	5.8
OMB	4.2	5.0	5.3	5.4	5.5	5.6
Blue Chip	4.2	5.1	5.6	5.8	5.8	5.8

Source: CBO, OMB, and Blue Chip Economic Indicators.

Interest rates

OMB: OMB projects 3-month Treasury bill rates at 1.6 percent in calendar year 2003 and 3.3 percent in 2004. Beyond 2004, the administration projects lower interest rates than CBO and the Blue Chip Consensus; the administration's projections for the Treasury bill rates are 0.1 to 0.8 percentage point lower than the CBO's and the Blue Chip's. The administration's projection of the 10-year Treasury note rate is 4.2 percent for 2003 and then steadily increasing to 5.6 percent in 2008.

CBO: CBO forecasts 1.4 percent for 2003 for the Treasury bill rate, and 3.5 percent for 2004. CBO projects higher long-term interest rates than OMB, with differences in the 0.2 to 0.4 percentage point range.

Blue Chip: For the 3-month Treasury bill, the Blue Chip forecasts 1.4 percent in 2003 and 2.8 percent in 2004. For 2003–2004, the Blue Chip projections for long-term interest rates are very similar to those of OMB and CBO. Beyond 2004, the Blue Chip projections are nearly identical to CBO's, but above those of OMB.

In conclusion, the budget resolution uses the CBO's economic assumptions presented in Table 2.

TABLE 2.—ECONOMIC ASSUMPTIONS OF THE BUDGET RESOLUTION

[Calendar years 2002–2013]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real GDP (percentage change year over year):	2.5	3.6	3.4	3.3	3.2	3.1	3.0	2.9	2.6	2.5	2.7
GDP Price Index (percentage change year over year):	1.6	1.7	2.0	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2
Consumer Price Index (percentage change year over year):	2.3	2.2	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Unemployment Rate (percent, annual rate):	5.9	5.7	5.4	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.2
3-month Treasury Bill Rate (percent, annual rate):	1.4	3.5	4.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
10-year Treasury Note Rate (percent, annual rate):	4.4	5.2	5.7	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8

Source: CBO.

Homeland Security

DEPARTMENT OF HOMELAND SECURITY [1]

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	19.8	26.7	26.8	27.2	27.5	28.1	289.6
Outlays	21.9	26.0	27.0	27.4	28.0	27.7	286.1
Discretionary Spending:							
Budget Authority	21.3	27.1	27.3	27.8	28.5	29.2	299.1
Outlays	23.7	26.7	27.6	28.0	28.8	28.6	296.0
Mandatory Spending:							
Budget Authority	−1.5	−0.4	−0.5	−0.6	−1.0	−1.1	−9.6
Outlays	−1.8	−0.7	−0.5	−0.6	−0.8	−0.9	−9.9

[1] These figures reflect spending through the Department of Homeland Security only. Some homeland security activities continue to be funded through other Departments and agencies.

Source: The Congressional Budget Office.

The Department of Homeland Security [DHS] consolidates the activities of 22 Federal agencies, with funding from multiple budget functions. Fiscal year 2004 will be the Department's first full year. The Department's major activities are described below.

The new agency was created by the Department of Homeland Security Act of 2002 (Public Law 107–296), which was enacted on 25 November 2002. The intent is to provide improved management and coordination of homeland security activities in light of the ongoing threat of terrorist attacks. In most cases, the activities were to be moved to the DHS by 1 March 2003. The Department is expected to have approximately 180,000 employees.

The budget resolution fully funds the President's request for homeland security. In the DHS, this includes activities of the Transportation Security Administration, the U.S. Coast Guard, the Bureau of Citizenship and Immigration Services, Border and Transportation Security, First Responder grants, health and medical activities, and Disaster Relief. The resolution assumes no across-the-board reductions in these areas.

It should be noted various Government agencies will continue to carry on activities related to homeland security outside the DHS itself. The Budget Committee should establish a separate budget function for homeland security, to help assure proper oversight of, and attention to these activities in the budget process.

A total of $1.0 billion is assumed for the Department of Homeland Security from programs and activities in Function 050. These include selected nonproliferation activities conducted by the Department of Energy (Function 053); Coast Guard operating expenses (Function 054); the National Bioweapons Defense Analysis Center (Department of Defense—Function 051); and the National Communications System (Department of Defense—Function 051).

The functions of the National Simulation and Analysis Center and the energy security and assurance programs of the Department of Energy (Function 270) are transferred to the new Department's Directorate of Information Analysis and Infrastructure Protection.

The resolution assumes full funding for border inspection and other responsibilities transferred from USDA to the Department of Homeland Security. Under the Department of Homeland Security Act of 2002, several functions previously performed by the U.S. Department of Agriculture [USDA] will be transferred to DHS, including agricultural import and entry inspection activities from the Animal and Plant Health Inspection Service [APHIS]. By June 1, 2003, the Plum Island Animal Disease Center in New York will be transferred to DHS. The resolution assumes $228 million for such activities within the DHS' Border and Transportation Security Agency.

A total of $21 million is provided for Department-wide technology investments as is $9 million for the Critical Infrastructure Assurance Office under Information Analysis and Infrastructure Protection (Function 370).

The budget resolution recommends $4.8 billion in Function 400 for the Transportation Security Administration, which will be part of the new Border and Transportation Security Agency in the Department of Homeland Security. An estimated $2.5 billion will be financed by offsetting collections from aviation passenger fees and airline security fees. The funds will be used to fund airport security screener and supervisory staff necessary to manage passenger and baggage screening; State and local law enforcement personnel for screening checkpoints; Federal air marshals; research and development of more effective and efficient screening technologies; and activities to improve flight deck safety. Funds are also to be used to improve security of other modes of transportation, including port security and mass transit. This is a $534 million reduction from the President's fiscal year 2003 request level (as amended), made possible by the completion of TSA rollout activities this year, the rightsizing of the screener workforce, and the absorption of some activities into other Department of Homeland Security offices.

The resolution recommends $5.6 billion. This level supports the National Strategy for Homeland Security initiative to recapitalize Coast Guard assets.

The resolution restores funding for disaster relief in Function 450 to a level consistent with historical trends. With the creation of the new Department of Homeland Security, FEMA has ceased to be an independent agency, and now is a part of the new Department. Disaster relief funding, formerly controlled by FEMA, now will be administered by the Department. The resolution includes $3.2 billion for disaster relief in fiscal year 2004, a level consistent with the average non-terrorist event costs over the past 5 years. This includes $2 billion in new money, together with funding remaining unspent from prior years. Funding also includes $300 million for a new pre-disaster hazard mitigation program, which will provide grants to State and local governments on a competitive basis. This program will replace an existing formula grant program that had been funded under the Disaster Relief Fund.

The First Responder Grant program also in Function 450 is significantly expanded. The resolution provides $3.5 billion in funding for grants for "first responders" such as local firefighters, and search-and-rescue or police forces. This is a $1.7 billion increase over the 2003 enacted level. Funding will be administered by the Department of Homeland Security's Office of Emergency Preparedness.

In Function 550 the resolution provides a reserve fund of $5.6 billion over 10 years for BioShield, a program to accelerate research, development, and purchase of bioterrorism threat countermeasures.

Also within Function 550, the Department of Homeland Security [DHS] has responsibility for the Strategic National Stockpile, which was recently moved from the Department of Health and Human Services [HHS]. The stockpile contains drugs, vaccines, and other medical supplies and equipment that can be delivered to any place in the country within 12 hours of a request its future capacity. The resolution assumes $400 million to maintain and strengthen the stockpile.

In Function 750, DHS activities include specifically those responsible for securing the Nation's borders, enhancing Federal, State, and local law enforcement efforts, stopping terrorist financing, and bringing terrorist conspirators to justice.

The resolution funds a new Bureau of Citizenship and Immigration Services [BCIS]. With the majority of BCIS funding provided through mandatory fees, $235 million is assumed for discretionary costs.

The resolution assumes $1.3 billion for the Secret Service, a $105-million, or 9-percent, increase over fiscal year 2003 enacted appropriations. Much of this increase is expected to go toward operations of an Executive Office of the President mail inspection facility, and for election-cycle security costs.

The Border and Transportation Security Directorate [BTS], will merge existing border-related operations into two distinct operating agencies, and retain the Transportation Security Administration in its current structure. The resolution assumes $15.6 billion ($6 billion specific to Function 750) in fiscal year 2004 for BTS. Included in the BTS activities are:

- Border Activities. The resolution assumes $8.1 billion for funding the bureaus responsible for enforcing the Nation's customs and immigration laws. The resolution further assumes $480 million for critical border protection and integration efforts including the entry-exit system, $313 million for the Automated Commercial Environment [ACE], $150 for non-intrusive inspection technology, $62 million for the Container Security Initiative, and $18 million for the Customs-Trade Partnership Against Terrorism.

- Bureau of Customs and Border Protection. This bureau consists primarily of Border Patrol officers and inspectors from Immigration and Naturalization Service [INS], Customs, and Agricultural Quarantine and Inspection. The resolution assumes $6.5 billion in funding for the bureau in fiscal year 2004 (excluding $228 million from Function 350). Consistent with the Homeland Security Act, the 30,000-person bureau will focus exclusively on security at and in-between ports-of-entry and will standardize the inspection process and unify the chain of command between existing operations.

- Bureau of Immigration and Customs Enforcement. This agency consists of investigative and interior enforcement personnel from the Customs Service, INS, and the Federal Protective Service. The resolution assumes $2.8 billion for the bureau in fiscal year 2004. The 19,000-person bureau will focus on enforcement of immigration and customs laws and will locate, detain and deport illegal immigrants, track foreign students, and investigate smuggling and other immigration and customs related criminal offenses.
- Federal Law Enforcement Training Center [FLETC]. The resolution assumes $122 million for FLETC. Additionally, FLETC will remain a distinct entity within the BTS directorate.
- IAIP. The resolution assumes a sum of $46 million from Function 750 will be used to support the $829 million needed for the new Information Analysis and Infrastructure Protection [IAIP], which will consolidate the incoming agencies into an operationally cohesive unit but will maintain the National Communications System as a distinct entity.
- Overhead savings. The resolution assumes DHS consolidation efforts will result in $30 million in savings from administrative overhead, with the potential for additional savings as the transition of the Department proceeds.
- Departmental Management. The total request for DHS Departmental Management is $540 million. Specific to Function 750, the resolution assumes $125 million for departmental management, $40 million for its counterterrorism fund and $68 million for technology investments.

Revenue

REVENUE

[On-budget totals, in billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total	1,323.7	1,350.1	1,519.3	1,662.7	1,793.1	1,902.7	19,479.1

SUMMARY

The component of the budget resolution designated as revenue reflects all of the Federal Government's various tax receipts that are classified as "on-budget." This includes individual income taxes; corporate income taxes; excise taxes, such as the gasoline tax; various other taxes, such as estate and gift taxes; and social insurance taxes except for Social Security. Customs duties, tariffs, and other miscellaneous receipts are also included in revenue.

The component of social insurance taxes that is collected for the Social Security system, the Old Age and Survivors and Disability Insurance [OASDI] payroll tax, is off-budget. The remaining social insurance taxes (the Hospital Insurance [HI] payroll portion of Medicare, the Federal Unemployment Tax Act [FUTA] payroll tax, railroad retirement, and other retirement systems) are all on-budget. Pursuant to the Congressional Budget Act of 1974 and the Budget Enforcement Act of 1990, Social Security payroll taxes, which constitute slightly more than a quarter of all Federal receipts, are not included in the budget resolution.

COMMITTEE-REPORTED RESOLUTION

The budget resolution calls for $1.32 trillion in on-budget revenue to be collected in fiscal year 2003, $1.35 trillion to be collected in 2004, $8.23 trillion to be collected from 2004 through 2008 and $19.48 trillion to be collected from 2004 through 2013. This is estimated to result in $1.86 trillion in total revenue in fiscal year 2003, $1.91 trillion in 2004, $11.33 trillion over the next 5 years and $26.55 trillion over the next 10, when off-budget Social Security taxes are added.

The resolution explicitly requires the Committee on Ways and Means to report legislation to the House floor by 11 April 2003, making adjustments in current law to effect a reduction in revenue of $698.3 billion between 2003–2013. This "reconciles" the President's Economic Growth Package under the reconciliation rules of the Budget Act. (A sum of $27.5 billion in new mandatory spending authority is also reconciled to the Ways and Means Committee as budget outlays because of the refundable component of tax credits—such as the child tax credits—are treated as budget outlays by the budget score keeping convention).

The resolution additionally adjusts, but does not reconcile, the revenue baseline down $602 billion in order to provide for permanent extension of the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 that otherwise will expire in 2010.

Finally, the budget accommodates, but does not reconcile, $49.6 billion in additional tax relief over the next 11 years. This additional tax relief policy will be determined by the Committee on Ways and Means, but could include incentives for charitable giving, health care, and energy production, conservation and reliability, as well as extending the research and experimentation tax credit and temporarily extending other currently expiring provisions. Tariff and other revenue effects of various trade initiatives are possible as well.

The budget resolution sets the on-budget revenue level of the Federal Government for the next 11 years but it is the responsibility of the Committee on Ways and Means to make the specific adjustments in law to implement these levels.

THE CONTEXT OF TAX REDUCTION

The average for Federal taxes over the past 40 years is about 18 percent of GDP, with a recent low of 17.5 percent in 1992 (at the beginning of the 1990s economic expansion) and a high of 20.8 percent in 2000 (at the beginning of the recent economic recession). In fiscal year 2003, Federal taxes are expected to be 17.6 percent of GDP. Under current law, taxes as a percent of GDP next year will increase to 17.9 percent, the year after that to 18.5 percent, and over the next 10 years to 20.6 percent—back to record high levels. Economic growth will be hindered under this growing tax burden as a share of the economy. Even with the additional tax relief in this budget resolution, the tax burden on Americans will stay well over the 17.9 percent of GDP post-World War II average.

TAX RELIEF PRINCIPLES

As noted previously, growth plans such as the President's would provide significant benefits. Reducing income tax rates would generate strong incentives for sustained growth—especially when they are permanent reductions. Eliminating the double taxation of corporate earnings would promote investment by reducing the cost of capital and improving efficiency; it would also promote gains in the stock market. Married couples would benefit from the reduction in the marriage penalty, and families from the increase in child credits.

In these and other ways, a carefully designed plan similar to the President's could yield economic benefits for years to come.

MAJOR POLICY ASSUMPTIONS

NEW JOBS AND STRONG GROWTH

The economic growth plan assumed and reconciled in this budget resolution—with a budget impact of $449 billion over the next 6 years, and $729 billion over 11 years—is mainly oriented toward personal income tax reductions. The specific elements of President

Bush's Economic Growth Package could be included in the reconciliation act, as well as additional and/or alternative congressional growth proposals. Growth policies that could be incorporated include:

- Immediate expansion of the 10-percent individual income tax bracket: The expansion of the 10-percent bracket scheduled for 2008 can be accelerated to 2003, and indexed for inflation beginning in 2004. The endpoint of the 10-percent tax bracket would increase from $12,000 of taxable income to $14,000 for married couples and from $6,000 to $7,000 for single taxpayers. This expansion immediately benefits married taxpayers with taxable income of $12,000 and above, and single taxpayers with taxable income of $6,000 and above.
- Accelerated reduction of individual income tax rates: The reduction in income tax rates in excess of 15 percent, scheduled for 2004 and 2006, can also be moved up to 2003, immediately resulting in new rates of 25 percent (instead of 27 percent), 28 percent (instead of 30 percent), 33 percent (instead of 35 percent), and 35 percent (instead of 38.6 percent). These reductions immediately benefit married couples with taxable income of $47,450 and above, and single taxpayers with taxable income of $28,400 and above.
- Faster marriage tax justice: Marriage penalty relief can be accelerated. This would involve an increase in the standard deduction for married couples to double the amount of the standard deduction for single taxpayers in 2003. The "width" of the 15 percent tax bracket for married couples would be increased to twice the "width" for single taxpayers in 2003. These provisions are currently scheduled to phase in over the period between 2005 and 2009. These reductions immediately benefit married couples who claim the standard deduction, or who have taxable income of $47,450 and above.
- Planned increase of the child tax credit immediately: The amount of the child tax credit can be increased to $1,000 in 2003 (from $600), accelerating a scheduled phase-in between 2005 and 2010. In 2003, the increased amount of the child tax credit could be paid in advance beginning in July 2003 on the basis of information on the taxpayer's 2002 tax return filed in 2003. Advanced payments could be made in a manner similar to the advance payment checks that were issued in 2001 to reflect the new 10-percent tax bracket. $27.5 billion in outlays is reconciled to the Ways and Means Committee to make possible the acceleration of the refundable component of this provision as well.
- Individual relief from the Alternative Minimum Tax: To ensure that the benefits from the acceleration of the tax reductions for individual taxpayers proposed by the President are not reduced by the Alternative Minimum Tax [AMT], it is possible to increase the AMT exemption amount by $8,000 for married taxpayers, and by $4,000 for single taxpayers in 2003 through 2005.
- Bigger small business incentive for new investment: The amount of investment that may be immediately deducted by small businesses can be increased from $25,000 to $75,000 beginning in

2003. The amount of investment qualifying for this immediate deduction would not begin to phase out for small businesses until their investments exceed $325,000 (increased from $200,000). Both parameters could be indexed for inflation beginning in 2004.

- Ending Double taxation of corporate earnings: Dividends paid by corporations to individuals could be excluded in whole or in part from taxable income when paid out of previously taxed corporate income. This provision would attack the inherently unfair double taxation of dividends by the Federal Government. It also would encourage corporate reform by providing an incentive for increased accountability of companies to their shareholders. This would come about because of the more favorable condition for capital formation through income-earning stocks rather than pure debt and retained-earning equity. Dividends can provide evidence of a corporation's underlying financial health and enable investors to more readily evaluate a corporation's financial condition. Dividends paid by corporations in excess of previously taxed corporate income would still be included in taxable income.

PRIOR TAX CUTS BECOME PERMANENT

The budget resolution allows for the permanent extension of: marginal individual income tax rate reductions expiring in 2010; the child tax credit expiring in 2010 ($22 billion in outlays also provided for the refundable component); marriage penalty relief expiring in 2010; education incentives expiring in 2010; repeal of estate and generation-skipping transfer taxes and modification of gift taxes expiring in 2010; modifications of individual retirement accounts and pension plans expiring in 2010; and other incentives for families and children expiring in 2010.

OTHER POSSIBLE REVENUE PROPOSALS

The resolution provides about $50 billion in additional tax relief. The particular mix of tax policies this amount can entail will be determined by the Committee on Ways and Means, but could include:

- Charitable giving: Deductions for non-itemizers and tax-free withdrawals from IRA accounts.
- Education: Tax credit for school costs of students who choose to leave failing public schools and deductions for teachers' out-of-pocket classroom expenses.
- Health Care: Tax credit for the purchase of health insurance, an above-the-line deduction for long-term care insurance premiums, permanent extension and reform of Archer Medical Savings Accounts; and an additional personal exemption to home caretakers of family members.
- Savings: Individual Development Accounts [IDAs].
- Environment: Extension of expensing brownfields remediation costs and excluding 50 percent of gains from the sale of property for conservation purposes.
- Energy: Tax credits for producing electricity from renewable sources, using residential solar energy systems, the purchase of

certain hybrid and fuel cell vehicles, energy produced from landfill gas and combined heat and power property, and an excise tax exemption for ethanol.

- Trade: Free trade agreements with Chile and Singapore.
- R&D Tax Credit: The research and experimentation tax credit expires on June 30, 2004.
- Temporary "Extenders": These expiring provisions include minimum tax relief for individuals, allowing full deductiability of net operating losses under AMT, combined work opportunity/welfare-to-work tax credit, deduction for corporate donations of computer technology, Washington, DC tax incentives, and authority to issue Qualified Zone Academy Bonds.

Function-by-Function Presentation

050 NATIONAL DEFENSE
100 HOMELAND SECURITY
150 INTERNATIONAL AFFAIRS
250 SCIENCE, SPACE AND TECHNOLOGY
270 ENERGY
300 NATURAL RESOURCES AND ENVIRONMENT
350 AGRICULTURE
370 COMMERCE AND HOUSING CREDIT
400 TRANSPORTATION
450 COMMUNITY AND REGIONAL DEVELOPMENT
500 EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES
550 HEALTH
570 MEDICARE
600 INCOME SECURITY
650 SOCIAL SECURITY
700 VETERANS BENEFITS
750 ADMINISTRATION OF JUSTICE
800 GENERAL GOVERNMENT
900 NET INTEREST
920 ALLOWANCES
950 UNDISTRIBUTED OFFSETTING RECEIPTS

FUNCTION 050: NATIONAL DEFENSE

FUNCTION 050: NATIONAL DEFENSE

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	392.5	400.6	420.1	440.2	460.4	480.9	4,814.0
Outlays	386.2	400.9	414.2	426.0	438.7	462.9	4,704.4
Discretionary Spending:							
Budget Authority	392.1	400.1	419.4	439.5	459.7	480.1	4,806.5
Outlays	386.4	400.6	413.7	425.4	438.0	462.2	4,697.6
Mandatory Spending:							
Budget Authority	0.4	0.5	0.6	0.7	0.7	0.8	7.4
Outlays	−0.1	0.4	0.6	0.6	0.7	0.7	6.8

FUNCTION SUMMARY

The funding levels in the resolution for Function 050 reflect the Nation's urgent requirement to defeat terrorism overseas and improve homeland security, while providing continued investment in the transformation of the armed forces. The terrorist attacks of 11 September 2001 underscore the necessity for a revitalized military capable of winning decisively against conventional and unconventional threats to the security of the United States.

The National Defense function includes funds to develop, maintain, and equip the military forces of the United States. More than 95 percent of the funding in this function goes to Department of Defense [DOD] military activities, including funds for ballistic missile defense. The function also includes pay and benefits for military and civilian personnel; research, development, testing, and evaluation; procurement of weapon systems; military construction and family housing; and operations and maintenance of the defense establishment. The remaining funding in the function is applied to atomic energy defense activities of the Department of Energy, and other defense-related activities.

In the period of fiscal years 1998–2003, BA in Function 050 has increased at an average annual rate of 7.7 percent—from $271.3 billion to $392.5 billion.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $400.6 billion in BA and $400.9 billion in outlays in fiscal year 2004, an increase of 2.0 percent in BA compared with fiscal year 2003. The function totals are $2,202.1 billion in BA and $2,142.7 billion in outlays over 5 years; and $4,814.0 billion in BA and $4,704.4 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution provides $400.1 billion in BA and $400.6 billion in outlays. This is an increase of $8.0 billion in BA and $14.2 billion in outlays over fiscal year 2003. The resolution calls for $2,198.9 billion in BA and $2,139.8 billion in outlays over 5 years, and $4,806.6 billion in BA and $4,697.6 billion in outlays over 10 years.

Mandatory spending in this function is $0.5 billion in BA and $0.4 billion in outlays in fiscal year 2004; $3.3 billion in BA and

$2.9 billion in outlays over 5 years; and $7.4 billion in BA and $6.8 billion in outlays over 10 years. Over the 2004–2008 period, mandatory spending grows by $0.3 billion; and over the 2004–2013 period by $0.5 billion.

NATIONAL DEFENSE AND THE WAR AGAINST TERRORISM

The BA and outlay funding levels for National Defense will support critical military and homeland security initiatives, consistent with the President's recommendations. The Department of Defense would not be subject to the 1-percent reduction applied to programs in most other areas.

Discretionary spending

The resolution assumes $98.6 billion for pay and benefits, an increase of 5.6 percent. It funds a range of military pay increases from 2.0 percent up to 6.5 percent, targeted by rank and years of service. This initiative is intended to retain DOD's most experienced personnel. The average military pay raise for fiscal year 2004 is 4.1 percent. The resolution also assumes the reduction of out-of-pocket housing costs from 7.5 percent to 3.5 percent for personnel living in private housing. These costs are schedule to drop to zero in fiscal year 2005.

The resolution allows for $117.0 billion for operations and maintenance in fiscal year 2004, an increase of $3.4 billion over the previous year. Operations and maintenance contains funding for training and education, operations, and support of the military forces; maintenance of fielded weapon systems and equipment; and operation and maintenance of facilities. It also includes funding of pay for DOD civilian personnel.

For military procurement, the resolution recommends $72.7 billion. This is the highest funding level for this activity since fiscal year 1990. Procurement contains funding for the purchase and initial fielding of weapon systems, aircraft, ships, vehicles, ammunition, and other combat-related systems.

The resolution accommodates $61.8 billion for research, development, test, and evaluation—the seed money for the next generation of weapons. This represents a $5.0-billion increase over the current year's appropriated level. This level is the highest in DOD's history.

The resolution assumes $6.7 billion that the Office of Management and Budget classifies as Homeland Security-related spending within DOD. This funding provides for initiatives to include intrusion detection, blast mitigation, chemical and biological detection, personal protection gear, harbor patrol, and measures to restrict base access.

The resolution is consistent with the President's request for $9.1 billion for the Missile Defense Agency, a $1.5-billion increase over the previous year. The program will focus on fielding an initial capability in 2004 and 2005; this program would provide a modest near-term defense against North Korean missiles.

The resolution accommodates full funding of health benefits for active duty members, retirees, and their dependents, including the expansion of military health care mandated by the Fiscal Year 2001 Defense Authorization Act. It assumes a total of $27.2 billion in expenditures for health care, including $16.2 billion to support the direct health care system, and $10.8 billion for contract care (some of these expenditures take place outside Function 050).

The Special Forces that play a crucial role in the war against terrorism are assumed to be funded at $4.52 billion, consistent with the President's request. This represents a 47-percent increase over the current year funding level.

Mandatory spending

The resolution assumes $70 million in mandatory BA to permit proceeds from facilities that were acquired, constructed, or improved with commissary surcharges or nonappropriated funds, and that were closed under Base Realignment and Closure authority, to be reapplied to nonappropriated fund activities without an appropriation.

DEPARTMENT OF HOMELAND SECURITY

A portion of funding in this function goes toward activities of the new Department of Homeland Security. Please see the separate section on the Department in this report.

FUNCTION 150: INTERNATIONAL AFFAIRS

FUNCTION 150: INTERNATIONAL AFFAIRS

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	22.5	24.7	28.6	31.1	32.3	33.1	326.4
Outlays	19.3	23.7	24.1	25.6	27.4	28.4	284.5
Discretionary Spending:							
Budget Authority	25.4	27.8	29.1	30.6	31.8	32.8	328.2
Outlays	26.0	26.4	26.9	28.5	30.3	31.2	313.5
Mandatory Spending:							
Budget Authority	−2.9	−3.1	−0.5	0.5	0.4	0.3	−1.7
Outlays	−6.7	−2.7	−2.8	−2.8	−2.9	−2.8	−29.0

FUNCTION SUMMARY

As part of the global war on terrorism, the Department of State and international assistance programs play a vital role in maintaining and expanding support of the international coalition against terrorism. Funds distributed through the International Affairs function provide for international development and humanitarian assistance; international security assistance; the conduct of foreign affairs; foreign information and exchange activities; and international financial programs. The major departments and agencies in this function include the Department of State, the Department of the Treasury, and the United States Agency for International Development [USAID].

Spending in Function 150 grew from $14.8 billion in BA in fiscal year 1998 to $22.5 billion in BA in fiscal year 2003. BA for International Affairs is 1.0 percent of total Federal BA, and above the recent historical low of 0.9 percent in 1998. International Affairs BA was about 1.2 percent of the Federal budget in 1983, and 2.2 percent in 1993.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The budget resolution calls for $24.7 billion in BA and $23.7 billion in outlays in fiscal year 2004, an increase of 9.8 percent in BA compared with fiscal year 2003. The function totals are $149.8 billion in BA and $129.2 billion in outlays over 5 years, and $326.4 billion in BA and $284.5 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution calls for $27.8 billion in BA and $26.4 billion in outlays. This is an increase of $2.4 billion in BA and $376 million in outlays over fiscal year 2003. The resolution calls for $152.2 billion in BA and $143.2 billion in outlays over 5 years, and $328.2 billion in BA and $313.5 billion in outlays over 10 years.

Mandatory spending in this function is −$3.1 billion in BA and −$2.7 billion in outlays in fiscal year 2004; and −$2.4 billion in BA and −$14.0 billion in outlays over 5 years; and −$1.7 billion in BA and −$29.0 billion in outlays over 10 years.

Discretionary spending

The Department of State and international assistance programs play a vital role in maintaining and expanding support of the international coalition against terrorism. The budget resolution recommends the President's request of $4.7 billion to help win the global war against terrorism and alleviate conditions that can promote it.

The resolution allows for $463 million for the Andean Counterdrug Initiative to support the Colombian government's campaign against terrorists and the drug trade that fuels their activities. It also recommends the President's proposal to create a new Government corporation (the Millennium Challenge Corporation) to administer a $1.3 billion fund designed to promote just governance and sound free-market economic policies in International Development Association-eligible countries (with per capita incomes below $1,435 per annum).

The budget resolution allows for $2 billion as the first installment of the President's Emergency Plan for AIDS Relief, a 5-year, $15-billion initiative to turn the tide in the global effort to combat the HIV/AIDS pandemic. This initiative—funded through USAID, the Department of Health and Human Services, and the Centers for Disease Control—virtually triples U.S. funding to fight the international AIDS pandemic, including:

- A sum of $450 million for the Global AIDS Initiative to help the most afflicted countries in Africa and the Caribbean.
- A total of $200 million for the Global Fund to Fight AIDS, Tuberculosis, and Malaria ($100 million in USAID and $100 million in HHS), raising the total U.S. pledge to $700 million, or 29 percent of total pledges.
- A sum of $100 million for the International Mother and Child HIV Prevention Initiative for a total funding level of $300 million ($150 million in USAID and $150 million in HHS funds).

The resolution assumes funds sufficient for the President's proposal to create a new government corporation—the Millennium Challenge Corporation—to administer a $1.3-billion fund designed to promote just governance and sound free-market economic policies in International Development Association-eligible countries (with yearly per-capita incomes below $1,435).

The budget resolution recommends $200 million for the President's proposal to create a new fund with flexible authority to provide emergency food aid and grants.

The resolution also recommends an additional $75 million for the Trust Fund for Heavily Indebted Poor Countries [HIPC], and $20 million for the Treasury Debt Restructuring account for debt reduction under the Tropical Forest Conservation Act.

Mandatory spending

The resolution makes no specific mandatory assumptions.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the resolution. Notwithstanding the recommended level for Function 250, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	23.1	22.8	23.6	24.3	25.1	25.9	260.8
Outlays	21.6	22.3	23.1	23.7	24.4	25.1	254.1
Discretionary Spending:							
Budget Authority	23.0	22.7	23.6	24.3	25.1	25.9	260.5
Outlays	21.5	22.3	23.0	23.6	24.4	25.1	253.6
Mandatory Spending:							
Budget Authority	0.1	0.0	0.0	0.0	0.0	0.0	0.3
Outlays	0.1	0.1	0.1	0.1	0.0	0.0	0.5

FUNCTION SUMMARY

Function 250 consists of General Science, Space and Technology programs. The largest component of this function—about two-thirds of total spending—is for the space flight, research, and supporting activities of the National Aeronautics and Space Administration [NASA]. The function also reflects general science funding, including the budgets for the National Science Foundation [NSF], and the fundamental science programs of the Department of Energy [DOE].

The average growth rate over the last 5 years (1998–2003) was 5.2 percent. BA for Function 250 has grown from $18.0 billion in 1998 to $23.2 billion for fiscal year 2003.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for approximately $22.8 billion in BA and $22.3 billion in outlays in fiscal year 2004, a decrease of 1.6 percent in BA compared with fiscal year 2003. The function totals are $121.8 billion in BA and $118.7 billion in outlays over 5 years; and $260.8 billion in BA and $254.1 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution provides for $22.7 billion in BA and $22.3 billion in outlays. The resolution calls for $121.6 billion in BA and $118.3 billion in outlays over 5 years, and $260.5 billion in BA and $253.6 billion in outlays over 10 years.

Mandatory spending in this function is $30 million in BA and $97 million in outlays in fiscal year 2004; and $153 million in BA and $329 million in outlays over 5 years; and $317 million in BA and $488 million in outlays over 10 years.

Discretionary spending

The resolution provides for $5.5 billion for NSF, a $200 million, or 3.8-percent increase from the fiscal year 2003 level enacted. The resolution includes $4.1 billion for research and related activities. Of this total, $1.1 billion represents 40 percent of the Federal funding for university-based research in math and physical sciences. The budget also recommends $938 million to support education and research in all science, technology engineering, and mathematics disciplines. The research equipment and facilities construction part of NSF's budget would receive $202 million, a 60.2-percent increase over 2003.

Regarding NASA, the budget resolution is consistent with the agency's strategic plan. Until further investigation of the Colombia incident, the resolution considers it premature to add additional funds for a space shuttle replacement.

The resolution provides for $14.5 billion for NASA in Function 250. Another $978 million for NASA science, aeronautics, and technology is included in Function 400 (Transportation), bringing NASA's total to $15.5 billion, $469 million or a 3.1-percent increase over fiscal year 2003. Starting with fiscal year 2004, NASA programs include the full cost of civil servant salaries and other costs previously included in other accounts in the NASA budget. Because of this accounting change, it is impossible to be precise about how these full costs would have been distributed in previous years' budgets. This level of funding in the resolution is consistent with NASA's request prior to the Columbia incident.

Mandatory spending

The resolution makes no specific mandatory spending assumptions in this function.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for Function 250, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 270: ENERGY

FUNCTION 270: ENERGY

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	2.1	2.6	2.7	2.6	2.4	3.0	29.3
Outlays	0.4	0.9	1.0	1.2	1.0	1.4	15.6
Discretionary Spending:							
Budget Authority	3.2	3.6	3.9	3.8	3.8	4.7	45.3
Outlays	3.2	3.6	3.9	3.9	3.8	4.6	45.0
Mandatory Spending:							
Budget Authority	−1.2	−1.0	−1.2	−1.2	−1.4	−1.8	−16.1
Outlays	−2.7	−2.7	−2.9	−2.7	−2.8	−3.2	−29.4

FUNCTION SUMMARY

The Energy function reflects civilian energy and environmental activities and programs of the Federal Government. Through this function, spending is provided for energy supply programs, such as solar and renewable, fossil and nuclear research at the Department of Energy [DOE]; rural electricity and telecommunications loans, administered through the Rural Utilities Service of the Department of Agriculture; electric power generation and transmission programs of the Power Marketing Administrations (the Southeastern Power Administration, the Southwestern Power Administration, the Western Area Power Administration, and the Bonneville Power Administration); and power generation and transmission programs of the Tennessee Valley Authority [TVA]. This function also provides funds for energy conservation programs; emergency energy preparedness (mainly the Strategic Petroleum Reserve); and energy information, policy, and regulation programs, including spending by the Office of the Secretary of Energy and the operations of the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission [NRC] and the U.S. Enrichment Corporation

Function 270 does not include DOE's national security activities—the National Nuclear Security Administration—which are in Function 050 (Defense), or its basic research and science activities, which are in Function 250 (General Science, Space, and Technology).

The average annual funding increase in BA over the past 5 years (1998–2003) is 47.6 percent, for which mandatory charged receipts (negative spending) are mostly responsible. Discretionary funding is up 1 percent a year during this period. Receipts, repayments, and electricity sales result in negative mandatory BA and outlays.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $2.6 billion in BA and $0.9 billion in outlays in fiscal year 2004, an increase of 25 percent in BA compared with fiscal year 2003. The function totals are $13.3 billion in BA and $5.6 billion in outlays over 5 years, and $29.3 billion in BA and $15.6 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution calls for $3.6 billion in BA and outlays. This is an increase of approximately $0.4 billion in BA and $0.5 billion in outlays over fiscal year 2003.

Mandatory spending in this function is −$1.0 billion in BA and −$2.7 billion in outlays in fiscal year 2004; −$6.6 billion in BA and −$14.2 billion in outlays over 5 years, and −$16.1 billion in BA and −$29.4 billion in outlays over 10 years. Over the 2004–2008 period, mandatory spending declines by −$0.6 billion due to increasing offsetting receipts from various loan repayments and liquidations, electricity sales, and fees.

DEPARTMENT OF HOMELAND SECURITY

A portion of funding in this function goes toward activities of the new Department of Homeland Security. Please see the separate section on the Department in this report.

OTHER PRIORITIES

Discretionary spending

The resolution also protects the homeland outside the new Department of Homeland Security. A sum of $619 million is assumed in fiscal year 2004 for the Nuclear Regulatory Commission to continue to review and strengthen NRC's physical facilities and information technology infrastructure to enhance nuclear plant security. $546 million of this amount is provided by fees and receipts.

The resolution can accommodate the President's discretionary proposals, which fulfill the National Energy Policy recommendations to focus Federal investment on future energy solutions. For discretionary spending, the resolution actually provides a 12-percent increase from $3.2 billion in fiscal year 2003 to $3.6 billion in fiscal year 2004, and a 47-percent increase over the next 5 years. This would support new energy research initiatives on hydrogen, nuclear and coal, as well as additional low-income weatherization and conservation assistance.

Mandatory spending

The small aggregate totals in Function 270 come about because the mandatory spending component is negative. Negative spending on the mandatory side of $2.7 billion in 2004, the same as 2003, is due to rural electrification and telecommunications loan repayments and liquidations, Tennessee Valley Authority and Power Marketing Administration electricity sales, nuclear waste disposal fees, and uranium sales and enrichment fees.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for this function, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	30.8	29.2	30.3	30.9	31.4	32.2	331.0
Outlays	28.9	29.9	30.3	31.2	31.3	31.7	327.9
Discretionary Spending:							
Budget Authority	29.2	27.0	27.6	28.2	28.8	29.6	303.1
Outlays	27.9	28.2	28.2	28.4	28.8	29.3	302.0
Mandatory Spending:							
Budget Authority	1.6	2.2	2.7	2.8	2.7	2.6	27.8
Outlays	1.1	1.7	2.1	2.8	2.6	2.4	25.9

FUNCTION SUMMARY

Programs within Function 300 consist of water resources, conservation, land management, pollution control and abatement, and recreational resources. Major departments and agencies in this function are the Department of Interior, including the National Park Service [NPS], the Bureau of Land Management [BLM], the Bureau of Reclamation, and the Fish and Wildlife Service [FWS]; conservation-oriented and land management agencies within the Department of Agriculture [USDA] including the Forest Service; the National Oceanic and Atmospheric Administration [NOAA] in the Department of Commerce; the Army Corps of Engineers; and the Environmental Protection Agency [EPA].

Over the past 5 years, funding for Function 300 has grown by an average annual rate of 4.8 percent.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $29.2 billion in BA and $29.9 billion in outlays in fiscal year 2004. The function totals are $154.1 billion in BA and $154.4 billion in outlays over 5 years, and $331.0 billion in BA and $327.9 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution calls for $27.0 billion in BA and $28.2 billion in outlays. The resolution calls for $141.2 billion in BA and $142.9 billion in outlays over 5 years, and $303.1 billion in BA and $302.0 billion in outlays over 10 years.

Mandatory spending in this function is $2.2 billion in BA and $1.7 billion in outlays in fiscal year 2004. This spending would be $12.9 billion in BA and $11.5 billion in outlays over 5 years, and $27.8 billion in BA and $25.9 billion in outlays over 10 years.

The following recommendations are assumed, or can be accommodated, by the resolution.

Discretionary spending

- A sum of $706 million in funds for reducing the National Park Service's $5-billion backlog in operations and maintenance. After nearly doubling the account in last year's resolution, the resolution increases funds by $45 million, or 7 percent.

- Full funding for the Land and Water Conservation Fund [LWCF] at $901 million. This funding, which comes from receipts for oil and gas drilling primarily from the Outer Continental Shelf, is used by Federal and State governments for local conservation projects, natural resource protection, and outdoor recreation.
- Full funding for the Cooperative Conservation Initiative. The resolution allows $113 million in matching funds for the NPS, FWS, BLM, and other land management agencies to partner with adjacent landowners and other private citizens on resource conservation projects.
- A total of $1.4 billion for the Superfund program, a 9-percent, or $117-million, increase over the 2003 level. This funding level will enable 10 to 20 new construction starts in 2004, and a similar increase in the number of completions by 2006.
- A $17-million increase for NOAA's portion of the multiagency Climate Change Research Initiative [CCRI]. The CCRI will advance climate modeling capabilities and climate-observation systems.
- A sum of $1.2 billion within EPA's budget for scientific research into environmental threats to children's health: and $5 million for the STAR Fellowship program to help attract the Nation's best scientists to EPA.
- Funding for the Forest Service's Hazardous Fuels Treatments Program of $230 million. This program removes the amount of brush and small trees that exacerbate the risk of catastrophic fire which led to the second worst fire season in 50 years last year destroying 7 million acres and killing 21 firefighters. Funding will be focused on activities that protect human life by dedicating 70 percent to the wildland-urban interface. The $230-million level represents a 90-percent increase over the past 3 years.
- A sum of $123 million to support the EPA's homeland security responsibilities. The resolution allows the agency to continue protecting the Nation's critical water infrastructure while upgrading and improving emergency response capabilities.

Mandatory spending

- The Central Utah Project Completion Act [CUP], which clarifies and streamlines completion of project goals. The CUP provides water for agricultural, industrial, and municipal uses.
- Permanent extension of the Recreation Fee Program which allows parks, refuges, forests, and other publicly owned units to spend fees within the units from which they are collected. This proposal is another tool for reducing the multibillion dollar backlog in our existing publicly owned parks, forests, and refuges.
- Legislation to prevent the United Mine Workers of America Combined Benefit Fund from financial crisis by transferring to it any additional interest from the Abandoned Mine Land Reclamation Fund.

- Legislation allowing the Bureau of Land Management to use updated management plans to identify publicly owned areas suitable for sale. Using management plans with the most up-to-date scientific information will allow the BLM to keep the most environmentally sensitive holdings under Federal protection. The proposal also allows a portion of the receipts from sales to be used for restoration projects
- The Water Resources Development Act of 2002, which authorizes the Corps of Engineers to conduct water resource studies and undertake specified projects and programs for flood control, inland navigation, shoreline protection, and environmental restoration.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for Function 300, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 350: AGRICULTURE

FUNCTION 350: AGRICULTURE

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	24.4	24.0	26.1	25.8	25.1	24.0	240.8
Outlays	23.4	23.4	25.2	25.0	24.4	23.5	237.1
Discretionary Spending:							
Budget Authority	5.8	5.1	5.5	5.6	5.7	5.8	59.5
Outlays	5.9	5.5	5.3	5.5	5.6	5.8	59.2
Mandatory Spending:							
Budget Authority	18.7	18.9	20.7	20.2	19.4	18.2	181.3
Outlays	17.5	17.8	19.9	19.5	18.8	17.7	177.9

FUNCTION SUMMARY

The Agriculture function includes funds for direct assistance and loans to food and fiber producers, export assistance, market information, inspection services, and agricultural research. Farm policy is driven by the Farm Security and Rural Investment Act of 2002, which provides producers with continued planting flexibility while protecting them against unique uncertainties such as poor weather conditions and unfavorable market conditions.

Over the past 5 years, funding for Function 350 has grown by an average annual rate of 13.9 percent. A major contributor to this dramatic increase has been the large swings in commodity prices over this period. Commodity prices often fluctuate dramatically from year to year. This has a huge impact on the cost of mandatory programs, which make up approximately 75 percent of Function 350 programs.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $24.0 billion in BA and $23.4 billion in outlays in fiscal year 2004. The function totals are $125.1 billion in BA and $121.5 billion in outlays over 5 years, and $240.8 billion in BA and $237.1 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution allows for $5.1 billion in BA and $5.5 billion in outlays. It allows for $27.7 billion in BA and $27.7 billion in outlays over 5 years, and $59.5 billion in BA and $59.2 billion in outlays over 10 years.

Mandatory spending in this function is $18.9 billion in BA and $17.8 billion in outlays in fiscal year 2004; $97.4 billion in BA and $93.8 billion in outlays over 5 years; and $181.3 billion in BA and $177.9 billion in outlays over 10 years.

DEPARTMENT OF HOMELAND SECURITY

A portion of funding in this function goes toward activities of the new Department of Homeland Security. Please see the separate section on the Department in this report.

OTHER PRIORITIES

Other items assumed in, or accommodated by, the resolution include:

Discretionary spending

- A $23-million increase for the APHIS inspection budget. These funds will be used for inspections at certain ports of entry; increasing the availability of vaccines for foot-and-mouth disease and expanding diagnostic and other scientific and technical services.
- An increase in the USDA food safety budget of $92 million. This includes an increase of $42 million for the Food Safety and Inspection Service [FSIS].
- A $47-million increase for USDA's research agencies for strengthening laboratory security measures; conducting additional research on emerging animal diseases; new vaccine development; new biosecurity database systems; and continued development of the unified Federal-State Diagnostic Network for identifying and responding to high risk biological pathogens.
- A sum of $2.2 billion for agricultural research, education, and extension programs—an increase of $30 million, including increases for bioterrorism, emerging and exotic diseases, genomics, cyber security, and the National Research Initiative [NRI].
- A total of $178 million in funding for the Common Computing Environment program—an increase of $45 million, or 33 percent. By modernizing the Department's computer system, the program will help to improve employee efficiency and internet access and electronic filing capabilities.

Mandatory spending

- A $511-million, or 17-percent increase for the Risk Management Agency, which administers the Crop Insurance Program and protects producers against a wide range of environmental risks.
- Full funding for trade assistance programs, including a 39-percent increase for the Market Access Program, a 4-percent increase for the Public Law 480 program, and a 58-percent increase for the Dairy Export Incentive Program.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for Function 350, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 370: COMMERCE AND HOUSING CREDIT

FUNCTION 370: COMMERCE AND HOUSING CREDIT

[On-budget amounts in billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	8.8	7.4	8.6	8.1	9.2	8.6	86.7
Outlays	5.9	3.6	4.1	3.1	3.4	2.4	26.5
Discretionary Spending:							
Budget Authority	0.2	−0.5	−0.2	−0.5	0.6	0.9	7.1
Outlays	0.1	0.1	−0.3	−0.6	0.5	0.7	6.7
Mandatory Spending:							
Budget Authority	8.7	7.9	8.9	8.6	8.6	7.7	79.6
Outlays	5.8	3.4	4.4	3.7	2.8	1.6	19.8

FUNCTION SUMMARY

Function 370 includes four components: mortgage credit (usually negative BA because receipts tend to exceed the losses from defaulted mortgages); the Postal Service (mostly off budget); deposit insurance (negligible spending due to reserve supporting fees, etc.); and other advancement of commerce (the majority of the discretionary and mandatory spending in this function).

The mortgage credit component of this function includes housing assistance through the Federal Housing Administration [FHA], the Federal National Mortgage Association [Fannie Mae], the Federal Home Loan Mortgage Corporation [Freddie Mac], the Government National Mortgage Association [Ginnie Mae], and rural housing programs of the Department of Agriculture. The function also includes net postal service spending and spending for deposit insurance activities of banks, thrifts, and credit unions. Finally, most, but not all, of the Commerce Department is provided for in this function including the International Trade Administration, Bureau of Economic Analysis, Patent and Trademark Office [PTO], National Institute of Standards and Technology, National Telecommunications and Information Administration, and the Bureau of the Census; as well as independent agencies such as the Securities and Exchange Commission [SEC], the Commodity Futures Trading Commission, the Federal Trade Commission, the Federal Communications Commission [FCC], and the majority of the Small Business Administration [SBA].

More than two-thirds of the spending in Function 370 is out of the FCC's Universal Service Fund. (This fund receives the receipts accounted for as revenue that certain telecommunications operators derive from charges on their consumers and customers to promote service to low-income users and high-cost areas, as well as new services).

The average annual increase in on-budget BA over the past 5 years (1998–2003) for Function 370 is 2 percent. Off-budget BA is down $7.5 billion for the same 5 years and negative in 2003 for the off-budget Postal Service due to receipts exceeding costs.

Summary of Committee-Reported Resolution

The resolution calls for $7.4 billion on-budget in BA and $3.6 billion in on-budget outlays in fiscal year 2004, a decline of 16 percent in BA compared with fiscal year 2003. The function totals are $42.0 billion in BA and $16.5 billion in outlays over 5 years, and $86.7 billion in BA and $26.5 in outlays over 10 years. However, when the "off-budget" U.S. Postal Service component is included (assuming the proposal regarding reduced Postal Service retirement payments to the Treasury—see Function 950), Function 370 actually goes up $2 billion in the aggregate, from $5.2 billion in 2003 to $7.2 billion in 2004, a 38-percent increase.

For fiscal year 2004 discretionary spending, the resolution calls for approximately −$0.5 billion in BA and $0.1 billion in outlays. Discretionary funding is negative due to various receipts and offsets being accounted for here, including for FHA mortgage insurance and excess SEC and PTO fees. These off-setting collections exceed the total costs of the Commerce Department, SBA, and other independent agencies.

Mandatory on-budget spending in this function under the resolution is $7.9 billion in BA and $3.4 billion in outlays in fiscal year 2004; $41.7 billion in BA and $16.0 billion in outlays over 5 years, and $79.6 billion in BA and $19.8 billion in outlays over 10 years. Over the 2004–2008 period, mandatory on-budget spending declines by $1.0 billion. The mandatory spending is all at current law levels, the majority of which is out of the Universal Service Fund for telecommunications service subsidies to schools, libraries, health care providers, high-cost areas and low-income consumers.

DEPARTMENT OF HOMELAND SECURITY

A portion of funding in this function goes toward activities of the new Department of Homeland Security. Please see the separate section on the Department in this report.

OTHER PRIORITIES

The resolution assumes other funding for homeland security purposes of the Commerce Department, including: $83.9 million for the Bureau of Industry and Security to inhibit the global spread of dual-use technologies that could be used in biological, chemical, and nuclear weapons of mass destruction, (formerly the Bureau of Export Administration); $10.3 million for the National Institute of Standards and Technology; and $3.7 million for the International Trade Administration.

Discretionary spending

The SEC can be increased to hire more accountants, attorneys, and examiners to protect investors, root out fraud, and combat corporate wrongdoing. Other activities authorized under the Oxley-Sarbanes Act, including the Public Company Accounting Oversight Board and for a standards setting body, can be fully provided for in this function as well. Funds for Census Bureau needs and planning toward re-engineering the 2010 decennial population count are also assumed. SBA can make available almost $21 billion in non-disaster small business loans, $5.5 billion more than today, under this resolution. (SBA disaster loans are accounted for in Function 450, Regional and Community Development).

Mandatory spending

The resolution assumes the following mandatory spending policies: Reduction of the Postal Service's contributions to the Civil Service trust fund, Merger of the Bank Insurance Fund and the Savings Association Insurance Fund, which will reduce premium payments collected by the combined fund, and legislation to pay interest on bank deposits with the Federal Reserve, known as sterile reserves. The resolution also assumes enactment of legislation providing regulatory relief to certain financial services companies which gives them new investment, lending and ownership options.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for this function, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities.

FUNCTION 400: TRANSPORTATION

FUNCTION 400: TRANSPORTATION

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	64.1	65.4	65.8	66.7	67.7	68.6	698.4
Outlays	67.8	73.8	69.9	68.4	68.3	68.7	712.4
Discretionary Spending:							
Budget Authority	22.6	22.2	22.1	22.5	23.0	23.6	242.7
Outlays	65.2	71.6	67.7	66.4	66.4	66.8	692.74
Mandatory Spending:							
Budget Authority	41.5	43.2	43.6	44.1	44.7	45.1	455.7
Outlays	2.7	2.2	2.1	2.0	1.9	1.9	19.7

FUNCTION SUMMARY

This function funds all major Federal transportation modes and programs including the Transportation Security Administration; the Federal Highway Administration; the Federal Transit Administration; the National Rail Passenger Corporation [Amtrak]; highway, motor carrier and rail safety programs; the Federal Aviation Administration; the aeronautical activities of the National Aeronautics and Space Administration [NASA]; the Coast Guard; the Maritime Administration; and other transportation support activities.

Spending in Function 400 grew from $45.3 billion in BA in fiscal year 1998 to $64.1 billion in BA in fiscal year 2003. BA for Transportation is 3.0 percent of total Federal BA, above the recent historical low of 2.3 percent in 1996. Transportation BA was about 3.1 percent of the Federal budget in 1983, and 2.7 percent in 1993.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $65.4 billion in BA and $73.8 billion in outlays in fiscal year 2004, an increase of 2.1 percent in BA compared with fiscal year 2003. The function totals are $334.2 billion in BA and $349.1 billion in outlays over 5 years, and $698.4 billion in BA and $712.4 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution calls for $22.2 billion in BA and $71.6 billion in outlays. The resolution calls for $113.5 billion in BA and $338.9 billion in outlays over 5 years, and $242.7 billion in BA and $692.74 billion in outlays over 10 years.

Mandatory spending in this function is $43.2 billion in BA and $2.2 billion in outlays in fiscal year 2004; and $220.8 billion in BA and $10.2 billion in outlays over 5 years; and $455.7 billion in BA and $19.7 billion in outlays over 10 years.

DEPARTMENT OF HOMELAND SECURITY

A portion of funding in this function goes toward activities of the new Department of Homeland Security. Please see the separate section on the Department in this report.

HIGHWAY TRUST FUND

The resolution provides $39.2 billion in BA from the Highway Trust Fund for highway, highway safety, and transit programs. The resolution is $3.7 billion over and above the estimated receipts of the Highway Trust Fund, and spends down the existing balance of the Trust Fund. The resolution also assumes the transfer of the receipts from the 2.5-cent gasohol deficit reduction tax from the General Fund to the Highway Trust Fund, increasing receipts by almost $700 million per year. The budget resolution creates a contingency procedure to permit the Transportation and Infrastructure Committee to increase spending above the level in the budget resolution on highways, highway safety, and transit in the surface transportation reauthorization bill it will consider later this year, should additional resources be made available to the Highway Trust Fund.

OTHER PRIORITIES

The budget resolution recommends $14.0 billion for the Federal Aviation Administration, an increase of $425 million over fiscal year 2003 (not including emergency supplemental funding).

These funding levels will support other important transportation objectives, consistent with the president's recommendations, including:

- Increased Funding for Passenger Rail. The budget resolution recommends $900 million for the National Passenger Railroad Corporation [Amtrak] for operations, maintenance, and capital improvements.
- Transportation for the Disabled. The budget resolution assumes the President's initiative to provide $145 million to the Federal Transit Administration to expand transportation opportunities for individuals with disabilities through the New Freedom Initiative.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for this function, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	12.3	14.1	14.4	14.6	15.0	15.4	155.8
Outlays	16.0	15.9	16.0	15.1	14.9	14.5	154.1
Discretionary Spending:							
Budget Authority	11.7	13.9	14.2	14.5	14.8	15.3	155.0
Outlays	16.1	16.0	16.1	15.3	15.1	14.8	156.7
Mandatory Spending:							
Budget Authority	0.5	0.2	0.1	0.1	0.1	0.0	0.8
Outlays	−0.1	−0.1	−0.1	−0.2	−0.2	−0.3	−2.6

Function Summary

Function 450 includes programs that provide Federal funding for economic and community development in both urban and rural areas, including: Community Development Block Grants [CDBGs]; the non-power activities of the Tennessee Valley Authority; the non-roads activities of the Appalachian Regional Commission; the Economic Development Administration [EDA]; and partial funding for the Bureau of Indian Affairs. Funding for disaster relief and insurance—including the Federal Emergency Management Agency [FEMA], now part of the new Department of Homeland Security—also appear here.

The resolution proposes $14.1 billion in BA and $15.9 billion in outlays for fiscal year 2004 for this function. This represents an increase of 15.4 percent in BA and a decline of 0.4 percent in outlays from the fiscal year 2003 level. Over the period 1998–2003, spending will have increased an average annual increase of 2.9 percent. The decline in outlays results from the one-time emergency funding for FEMA, and CDBGs that went for recovery efforts in New York after the terrorist attacks of September 11, 2001. Outlays exceed BA in 2004 because one-time fiscal year 2002 emergency spending in FEMA for recovery from the terrorist attacks of 11 September 2001, and because of CDBG funds still in the pipeline. Outlays decline relative to fiscal year 2003, also because of the end of one-time spending increases in the function, which resulted from the 11 September attacks.

Summary of Committee-Reported Resolution

The resolution calls for $14.1 billion in BA and $15.9 billion in outlays in fiscal year 2004, an increase of 15.4 percent in BA compared with fiscal year 2003. The function totals are $73.5 billion in BA and $76.5 billion in outlays over 5 years, and $155.8 billion in BA and $154.1 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution provides $13.9 billion in BA and $16.0 billion in outlays. It calls for $72.8 billion in BA and $77.3 billion in outlays over 5 years, and $155.0 billion in BA and $156.7 billion in outlays over 10 years.

Mandatory spending in this function is $0.2 billion in BA and −$0.1 billion in outlays in fiscal year 2004; $0.6 billion in BA and −$0.9 billion in outlays over 5 years; and $0.8 billion in BA and −$2.6 billion in outlays over 10 years.

DEPARTMENT OF HOMELAND SECURITY

A portion of funding in this function goes toward activities of the new Department of Homeland Security. Please see the separate section on the Department in this report.

OTHER PRIORITIES

Discretionary spending

The resolution accommodates spending $4.7 billion on CDBGs. These grants provide annual grants to more than 1,000 eligible cities, counties, and States to fund activities aimed at "the development of viable urban communities."

Flood Insurance Mapping funding is assumed to increase to complete updating of flood maps. The resolution contains $200 million, identical to last year's administration request, to continue replacing the Nation's flood insurance rate maps, many of which are out of date and inaccurate.

The resolution assumes nearly $1.5 billion for Rural Wastewater Loans and Grants, which have demonstrated effectiveness at increasing the number of small rural communities with safe drinking water and modern sewer systems. This is the same as the administration's 2003 request.

Mandatory spending

The resolution makes no specific mandatory assumptions in this function.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for this function, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

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

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES
[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	86.2	84.7	84.4	86.7	88.6	90.8	914.5
Outlays	81.3	85.7	83.6	84.6	86.4	88.3	898.5
Discretionary Spending:							
Budget Authority	72.9	75.4	74.2	75.8	77.5	79.4	802.0
Outlays	72.0	74.2	73.1	74.4	75.9	77.7	789.1
Mandatory Spending:							
Budget Authority	13.3	9.4	10.2	10.9	11.2	11.4	112.4
Outlays	9.4	11.5	10.5	10.2	10.5	10.7	109.4

FUNCTION SUMMARY

Function 500 consists of Education, Training and Social Service programs. Education spending consumes two-thirds of the function total, including elementary and secondary education services, higher education aid, and research and general education aids—the latter category incorporating funding for arts, humanities, museums, libraries and public broadcasting. Job training and other Labor Department activities are located in this function, as are social services including the Social Services Block Grant, vocational rehabilitation, and national service.

Function 500 BA rose from $56.7 billion in 1998 to $86.2 billion in 2003, a 9-percent average annual growth rate. During the same time period, outlays rose from $50.5 billion to $81.3 billion, a 10 percent average annual growth rate. The largest component of this was the budget of the Department of Education, whose BA grew from $35.5 billion in 1998 to $61 billion in 2003, an 11-percent average annual increase.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

Total BA and mandatory BA in this function decline between 2003 and 2004 chiefly for these two reasons: a $4.6 billion upward reestimate by CBO of the cost of the outstanding direct student loan portfolio (the entire sum is recorded as new BA in 2003); and the addition of $3.6 billion in BA in 2003 to reflect the resolution's reconciliation instructions to the Committee on Education and the Workforce establishing new Personal Re-employment Accounts [PRAs] for unemployed workers.

The resolution calls for $84.7 billion in BA and $85.7 billion in outlays in fiscal year 2004. The function totals are $435.2 billion in BA and $428.7 billion in outlays over 5 years, and $914.5 billion in BA and $898.5 billion in outlays over 10 years.

Discretionary spending in this function is $75.4 billion in BA and $74.2 billion in outlays in fiscal year 2004. This is an increase of $2.5 billion in BA and $2.2 billion in outlays over fiscal year 2003. Discretionary spending totals $382.2 billion in BA and $375.2 billion in outlays over 5 years, and $802 billion in BA and $789.1 billion in outlays over 10 years.

Mandatory spending in this function is $9.4 billion in BA and $11.5 billion in outlays in fiscal year 2004. This is a reduction of $3.9 billion in BA and an increase of $2.1 billion in outlays from fiscal year 2003. Mandatory spending totals $53 billion in BA and $53.4 billion in outlays over 5 years, and $112.4 billion in BA and $109.4 in outlays over 10 years.

Key items assumed or accommodated by the resolution levels include:

Discretionary spending

- No Child Left Behind. The resolution accommodates an increase of at least $666 million, to $12.35 billion, for Title I grants to low-income school districts. These grant funds are intended to help schools in high-poverty communities meet the accountability standards established in the No Child Left Behind [NCLB] Act of 2001. Funding at the assumed level would result in a 10 percent average annual growth rate for Title I since 1999. The resolution accommodates $1.15 billion, an $82-million increase, for the reading education programs that are central to NCLB. Funding at the assumed level would result in a 33-percent average annual growth rate for reading spending since 1999. The resolution also accommodates $2.85 billion for Teacher Quality State Grants. Funding at the assumed level would result in a 13-percent average annual growth rate in teacher quality spending since 1999.
- Pell Grants. The resolution assumes at least $12.7 billion would go toward the Pell Grant program for low-income undergraduate students, a $1.34-billion increase from 2003. This is one of the largest programmatic increases assumed in the entire resolution. It would fund awards for nearly 5 million students—almost 1 million more than when President Bush took office. The resolution also assumes the President's proposal to allow the Department of Education to match reported income data of Pell applicants with data from the Internal Revenue Service, eliminating under-awards and over-awards, while producing savings to pay down the Pell shortfall. Funding for Pell at the assumed level would result in a 11 percent average annual growth rate since 1999.
- Special Education. Special education remains a top congressional priority. The resolution assumes an increase of at least $660 million for Individuals with Disabilities Education Act [IDEA] Part B Grants to States, to continue progress toward full funding of the authorized maximum level of 40 percent of the national average per pupil expenditure for schoolchildren, thus reducing the burden on States. This year's scheduled reauthorization of IDEA could also alleviate the burden on States by reducing over-identification and unnecessarily burdensome legal requirements. Funding at the assumed level would result in a 17-percent average annual growth rate in special education spending since 1999.

- Impact Aid. The resolution assumes an increase of $50 million for the Impact Aid program, to ensure that school districts accepting children of military personnel are appropriately compensated, and to help ensure that these children are not left behind academically.
- School Choice and Flexibility. The resolution accommodates increased funding for programs encouraging school choice. The assumptions include a $21-million increase in Charter School grants and a $75-million increase in the Credit Enhancement for Charter Schools Facilities program. The resolution also assumes the creation of new, $75 million Choice Incentive Fund that encourages both public and private choice, while reserving a portion of program funds to encourage school choice in the District of Columbia.

Mandatory spending

- New Re-employment Accounts. The resolution includes reconciliation instructions to the Committee on Education and the Workforce to create re-employment accounts as a temporary new benefit. As recommended in the President's economic growth proposal, $3.6 billion in BA is provided in 2003 for the establishment of these accounts. These funds would enable the States to establish accounts containing up to $3,000 for approximately 1.2 million unemployed individuals. Account funds could be used to purchase training, child care, or other services to help enable jobseekers to rejoin the workforce. Those individuals who become reemployed within 13 weeks would be eligible to keep the remaining balance in their account.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for this function, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 550: HEALTH

FUNCTION 550: HEALTH

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	221.9	235.0	248.6	265.3	284.1	303.5	3,193.7
Outlays	218.0	235.4	248.3	264.8	283.2	302.4	3,184.8
Discretionary Spending:							
Budget Authority	49.5	48.1	49.1	50.2	51.3	52.6	533.9
Outlays	44.3	47.1	48.2	49.1	50.2	51.1	520.1
Mandatory Spending:							
Budget Authority	172.4	187.0	199.5	215.1	232.8	250.9	2,659.8
Outlays	173.7	188.3	200.0	215.7	233.0	251.3	2,664.7

FUNCTION SUMMARY

The Health function consists of health care services, including Medicaid, the Nation's major program covering medical and long-term care costs for low-income persons; the State Children's Health Insurance Program [SCHIP], health research and training, including NIH and substance abuse prevention and treatment; and consumer and occupational health and safety, including the Occupational Safety and Health Administration. Medicaid represents about 71 percent of the spending in this function.

Over the period 1998–2003, total BA in Function 550 rose from $135.1 billion to $221.9 billion, a 10.4-percent average annual increase. The largest component of this growth was Medicaid, which increased from $101.2 billion to $147.5 billion. Even this increase represents a moderation of Medicaid growth compared with the early 1990s, when Medicaid spending more than doubled between 1990 and 1995.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $235 billion in BA and $235.4 billion in outlays in fiscal year 2004, an increase of 5.9 percent in BA compared with fiscal year 2003. The function totals are $1.3 trillion in BA and $1.3 trillion in outlays over 5 years, and $3.2 trillion in BA and $3.2 trillion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution provides for $48.1 billion in BA and $47.1 billion in outlays. It calls for $251.2 billion in BA and $245.7 billion in outlays over 5 years, and $533.9 billion in BA and $520.1 billion in outlays over 10 years.

Mandatory spending in this function is $187.0 billion in BA and $188.3 billion in outlays in fiscal year 2004; $1.1 trillion in BA and $1.1 trillion in outlays over 5 years; and $2.7 trillion in BA and $2.7 trillion in outlays over 10 years. Over the 2004–2013 period, mandatory spending grows by $176.9 billion.

DEPARTMENT OF HOMELAND SECURITY

A portion of funding in this function goes toward activities of the new Department of Homeland Security. Please see the separate section on the Department in this report.

OTHER PRIORITIES

Discretionary spending

The Department of Health and Human Services [HHS] plays a lead role in addressing bio-terrorism—a critical part of the budget's effort to enhance homeland security. Four key HHS components participate in homeland bio-terrorism security: the Centers for Disease Control and Prevention [CDC], the Food and Drug Administration [FDA], the Health Resources and Services Administration [HRSA], and the National Institutes of Health [NIH]. In fiscal year 2004, total spending for HHS's bio-terrorism efforts would be $3.6 billion. These funding levels will support critical bio-defense security initiatives, consistent with the President's recommendations.

The NIH has been a priority for Congress during the past several years. Consequently, funding for the Institutes has been boosted from $13.6 billion in fiscal year 1998 to $27.2 billion in fiscal year 2003. The budget assumes that by fiscal year 2004, NIH funding will have more than doubled over the 1998 level, to $27.9 billion.

Mandatory spending

The resolution provides for Medicaid reform to give States greater flexibility and to provide health insurance coverage for new populations. The budget establishes a reserve fund of $3.25 billion in fiscal year 2004 and $8.9 billion over 5 years for Medicaid reform. Over 10 years budget neutrality would be achieved.

Currently, about one-third of Medicaid recipients are not required by Federal Medicaid law to be covered under a State's Medicaid plan. These optional categories of recipients are covered at the discretion of the States. The committee of jurisdiction may give the States flexibility to redesign benefits, co-payments, premiums and other items that in the past would have required them to obtain a waiver from HHS. More of the Nation's uninsured could be covered under the reform proposal, especially adults without children.

Other Medicaid policies include assumptions that expiring fiscal year 2000 State Children's Health Insurance Program funds will be extended for 1 year, that Transitional Medicaid Assistance and the Qualifying Individuals programs [QI–1] are extended for 5 years, and that the Vaccines for Children program will be modified to allow health departments to give vaccines.

The resolution also assumes enactment of abstinence education legislation and assumes States will have the option to expand Medicaid coverage for children with special needs, allowing families of disabled children the opportunity to purchase coverage under the Medicaid program for such children.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for this function, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 570: MEDICARE

FUNCTION 570: MEDICARE

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	248.6	261.3	275.5	312.4	332.0	352.4	3,663.0
Outlays	248.4	261.6	278.4	309.3	332.3	352.3	3,663.1
Discretionary Spending:							
Budget Authority	3.8	3.6	3.7	3.8	3.9	4.0	42.5
Outlays	3.8	3.7	3.7	3.8	3.9	4.0	42.4
Mandatory Spending:							
Budget Authority	244.8	257.7	271.8	308.7	328.1	348.4	3,620.5
Outlays	244.6	258.0	274.7	305.5	328.4	348.3	3,620.7

FUNCTION SUMMARY

This budget function reflects the Medicare Part A Hospital Insurance [HI] Program, Part B Supplementary Medical Insurance [SMI] Program, and premiums paid by qualified aged and disabled beneficiaries. It also includes the "Medicare+Choice" Program, which covers Part A and Part B benefits and allows beneficiaries to choose certain private health insurance plans. Medicare+Choice plans may include health maintenance organizations, preferred provider organizations, provider-sponsored organizations, and private fee-for-service plans. In addition to covering all Medicare-covered services, such plans may add benefits or reduce cost-sharing required by the traditional Medicare program.

Over the period 1998–2003, total BA in Function 570 rose from $193.7 billion to $248.6 billion, a 5.1 percent average annual increase over the period. Medicare actually experienced a decrease in spending from 1998 to 1999, although that slowdown was in contrast to the first half of the 1990s when Medicare spending experienced approximately 13 percent average annual growth rates.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $261.3 billion in BA and $261.6 billion in outlays in fiscal year 2004, an increase of 5.1 percent in BA compared with fiscal year 2003. The function totals are $1.5 trillion in BA and $1.5 trillion in outlays over 5 years and $3.7 trillion in BA and $3.7 trillion in outlays over 10 years. Over the 2004–2013 period, Medicare spending grows by 7 percent annually.

For fiscal year 2004 discretionary spending, the resolution calls for $3.6 billion in BA and $3.7 billion in outlays. This is a decrease of $0.2 billion in BA and $0.1 billion in outlays from fiscal year 2003. Discretionary spending totals $19.0 billion in BA and $19.1 billion in outlays over 5 years, and $42.5 billion in BA and $42.4 billion in outlays over 10 years.

For fiscal year 2004 mandatory spending, the resolution calls for $257.7 billion in BA and $258.0 billion in outlays. This is an increase of $12.9 billion in BA and $13.3 in outlays from fiscal year 2003. Mandatory spending totals $1.5 trillion in BA and $1.5 trillion in outlays over 5 years and $3.6 trillion in BA and $3.6 trillion in outlays over 10 years.

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG BENEFIT

This function allocates $400 billion over 10 years for Medicare modernization and a prescription drug benefit. This is equal to the amount the President proposed in his fiscal year 2004 budget. It is also in addition to the $54 billion increase in Medicare spending in the Fiscal Year 2003 Omnibus Appropriations bill.

The $400-billion amount is rolled into the 1-percent across-the-board reconciliation instructions for the Energy and Commerce and Ways and Means Committees. In other words, the instructions for these committees reflects the net of the $400-billion addition for Medicare and $372 billion in savings ($110.6 billion for Energy and Commerce plus $261.8 billion for Ways and Means).

THE NEED FOR REFORM

The principal arguments for Medicare reform are the following:

Medicare's Financial Liabilities. Medicare baseline growth will average 6.5 percent annually over the next decade. According to CBO, Medicare baseline spending is about $259.3 billion in fiscal year 2004, and is projected to nearly double in the next 10 years, to $464.8 billion in fiscal year 2013. The sources of spending growth are primarily automatic payment updates in Medicare, and increased caseload projections.

Taking the entire Medicare program together, including Parts A and B, dedicated Medicare revenues (i.e. payroll taxes, Social Security benefit taxes, premiums) fall far short of covering total Medicare costs—notwithstanding the Part A surplus. Even today, Medicare's dedicated revenues are lower than expenditures for the program as a whole. As a result, Medicare is increasingly relying on general Federal revenue. The Medicare Trustees project that Medicare expenditures as a percentage of GDP will nearly quadruple, from 2.4 percent now to 8.5 percent in 2076. At the same time, dedicated revenues will only grow from 1.9 percent of GDP currently to 2.5 percent in 2076. The President's budget says Medicare has a $13.3-trillion shortfall, as measured by the present discounted value of the program's future benefits net of future income over the next 75 years. Taken together, Medicare, Social Security, and Medicaid are projected to eventually consume virtually all Federal revenue.

In addition to the financial liabilities facing the total Medicare program, Medicare Part A is facing its own problems. Income dedicated to the Hospital Insurance Program (i.e. Medicare Part A) currently exceeds its expenses. The excess cash is used to purchase Government securities, which are credited to the HI Trust Fund (a system analogous to the Social Security trust funds). According to the Trustees' latest report, payments out of the HI Trust Fund will exceed its direct income in 2016 (or 2021 including interest). After 2021, the securities in the HI trust fund will have to be redeemed to pay benefits. The cash to redeem these bonds can come from only three places: from drawing funding away from other Federal programs; from higher taxes; or from higher debt.

In 2030, according to the Trustees current estimates, the HI Trust Fund itself will have insufficient securities to pay benefits obligated by Medicare. This is the date, therefore, at which the trust fund will be considered insolvent. But as the discussion above shows, by this time Medicare already will have become a severe drain on the Federal budget.

Medicare's Outmoded Benefit. Medicare was established in 1965 and has lagged behind private health coverage over the years. Medicare's outmoded benefit does not cover prescription drugs, provide consistent coverage for many preventive treatments, support coordinated management of chronic diseases, or offer catastrophic coverage.

Medicare Complexity. Recently, providers have testified at congressional hearings regarding Medicare complexity. Among other things, witnesses stated that regulations have become so complex beneficiaries are being denied entitled services. In rural areas, beneficiaries are not able to take advantage of programs intended to help them because the procedures to receive such assistance requires nearly the amount of work to apply for a NIH sponsored research award. According to a February 2002 General Accounting Office report: "[T]he complexity of the environment in which CMS operates the Medicare program cannot be overstated."

FUNCTION 600: INCOME SECURITY

FUNCTION 600: INCOME SECURITY

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	326.6	315.9	326.5	332.4	337.2	345.9	3,524.3
Outlays	334.4	321.6	329.9	334.9	339.2	347.1	3,543.0
Discretionary Spending:							
Budget Authority	44.0	44.4	45.2	46.2	46.3	46.5	476.7
Outlays	50.8	50.6	48.9	49.4	49.1	48.9	503.5
Mandatory Spending:							
Budget Authority	282.6	271.5	281.2	286.3	290.9	299.4	3,047.6
Outlays	283.6	271.0	280.9	285.5	290.1	298.2	3,039.5

Function Summary

The Income Security function (Function 600) includes most of the Federal Government's income support programs. These include: general retirement and disability insurance (excluding Social Security)—mainly through the Pension Benefit Guaranty Corporation [PBGC]—and benefits to railroad retirees. Other components are Federal employee retirement and disability benefits (including military retirees); unemployment compensation; low-income housing assistance, including Section 8 housing; food and nutrition assistance, including food stamps and school lunch subsidies; and other income security programs.

This last category includes: Temporary Assistance to Needy Families [TANF], the Government's principal welfare program; Supplemental Security Income [SSI]; spending for the refundable portion of the Earned Income Credit [EIC]; and the Low Income Home Energy Assistance Program [LIHEAP]. Agencies involved in these programs include the Departments of Agriculture, Health and Human Services, Housing and Urban Development, the Social Security Administration (for SSI), and the Office of Personnel Management (for Federal retirement benefits).

Over the period 1998–2003, BA in the function has had an average annual increase of 6.4 percent. BA and outlays in the function in fiscal year 2004 decline relative to fiscal year 2003 primarily because of the termination of the extended Federal Unemployment Insurance Benefits in May of 2003. Additionally, the reauthorization of the Contingency Fund in the TANF Program in fiscal year 2003 causes a one-time spike in BA and outlays during fiscal year 2003 relative to the remaining period for which the program is reauthorized.

Summary of Committee-Reported Resolution

The resolution calls for $315.9 billion in BA and $321.6 billion in outlays in fiscal year 2004. The function totals are $1.7 trillion in BA and $1.7 trillion in outlays over 5 years, and $3.5 trillion in BA and $3.5 trillion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution calls for $44.4 billion in BA and $50.6 billion in outlays. Discretionary levels are $228.7 billion in BA and $246.9 billion in outlays over 5 years, and $476.7 billion in BA and $503.5 billion in outlays over 10 years.

Mandatory spending in this function is $271.5 billion in BA and $271.0 billion in outlays in fiscal year 2004; and $1.4 trillion in BA and $1.4 trillion in outlays over 5 years, and $3 trillion in BA and $3 trillion in outlays over 10 years. Over the 2004–2008 period, mandatory spending grows by $27.9 billion. Over the 2004–2013 period, mandatory spending grows by $70.4 billion.

Discretionary spending

The resolution accommodates the President's recommended $4.8 billion in BA for the Special Supplemental Feeding Program for Women, Infants and Children [WIC]. This funding level should be sufficient to serve all 7.8 million of the WIC-eligible population. In the event that additional funding is necessary to meet this goal, the resolution assumes a $150-million contingency fund to meet additional unanticipated needs. The proposal for WIC includes a $5 million initiative to combat childhood obesity, and $20 million to support breast feeding. Management initiatives include $5 million for an evaluation of the program, and $30 million to improve State management information systems.

The resolution allows for $2 billion in 2004 for LIHEAP. Of that amount, $300 million would be reserved in an emergency contingency fund which requires a Presidential declaration of an emergency in order to be spent. If the assumed level is enacted by the Appropriations Committee, total funding for LIHEAP would be $212 million above the enacted level fiscal year 2003, including prior year carryover funding.

Mandatory spending

The resolution accommodates $25.6 billion in BA for the Food Stamp Program. Participation in the program is assumed to increase 3 percent over fiscal year 2003. Last year's farm bill included a provision proposed by the administration to restore food stamp eligibility to certain noncitizens made ineligible under the welfare reform bill of 1996.

The resolution allows $11.8 billion in funding for child nutrition programs such as the School Lunch and Breakfast program, Summer Feeding, and the Child and Adult Care Food Program. This amount is sufficient to support anticipated participation levels and food costs in these programs. These programs are scheduled for reauthorization in 2004.

The budget resolution assumes that the TANF block grant, as well as the related child care entitlement to States and other elements of the 1996 welfare reform law will be reauthorized during fiscal year 2003 as passed by the House on 13 February 2003 in the Personal Responsibility, Work, And Family Promotion Act of 2003. The funding levels provided for TANF reflect the relative stability of welfare caseloads, which increased only 1 percent despite the economic downturn and increased unemployment levels. Though poverty rates increased slightly between 2000 and 2001, poverty is still near record lows for single-mother households and

African-American families. More than 3 million children have left poverty since the TANF program was enacted in 1996.

As part of that reauthorization process, the budget accommodates an additional $2.4 billion in mandatory spending for these programs over 5 years (2003–2008) above the baseline, which is consistent with the new spending levels contained in the reauthorization bill which passed the House in 2003. The resolution allows for the enactment of an additional $1 billion over 5 years in new mandatory child care funding which was included in the House bill. The budget accommodates $17.6 billion for the TANF block grant in 2004. This would maintain the funding level at $16.7 billion annually for the block grant, or the level of the initial 6 years of the TANF program. The overall TANF authorization level would be slightly higher due to continuation of TANF supplemental grants, and other minor changes.

The resolution allows for an additional $1 billion over 5 years above current law for the mandatory child care entitlement to States, consistent with the amount contained in the House-passed reauthorization of TANF.

The resolution assumes $4.5 billion would go to assist States with the administrative costs of enforcing court ordered child support. In fiscal year 2002, child support collections reached a record level of $20 billion, including a record $1.6 billion in overdue child support collected from Federal income tax refunds. The resolution anticipates a number of changes proposed for the program as part of the reathorization of TANF. These include providing incentives to States to pass through more child support collections to custodial parents currently on welfare, as well as a greater percentage of child care arrearages collected on behalf of former welfare recipients. Also accommodated are proposals to increase the collection of delinquent child support through tougher sanctions, and new spending of $218 million to improve automated enforcement mechanisms such as database compilation and data matching.

The resolution also accommodates the President's proposal to offer States an optional block grant for foster care payments. The resolution assumes $6.9 billion in 2004 for Foster Care and Adoption Assistance, including the Independent Living program which provides assistance to youths who are aging out of foster care. Of the total, $5.0 billion is for the foster care program, which provides maintenance payments to families caring for foster children.This amount includes a $238-million increase from the 2003 level, and is consistent with the President's legislative proposal to increase State flexibility in the program by offering foster care funding in the form of an optional block grant. States that take advantage of the block grant will obtain administrative simplification and greater flexibility to develop strategies to assist at-risk families and prevent family breakup and deter child abuse and neglect before it occurs.

The resolution assumes enactment of legislation to reduce payments made by the Postal Service to the Civil Service Retirement and Disability Trust fund in response to evidence that the Postal Service may soon be overfunding accruing retirement benefits for its employees. This is due to higher than anticipated prior yields on past pension investments.

The resolution provides for $39.8 billion in Unemployment Insurance Benefit payments in fiscal year 2004, a decline of $14 billion relative to 2003. The decline results in part because extended Federal Unemployment Insurance benefits enacted on 8 January, 2003 will terminate 31 May, 2003, and because economic assumptions assume a drop in the unemployment rate in 2004.

The resolution assumes reforms of the Federal Employees Compensation Act [FECA], the workers compensation program for Federal employees, which will generate savings of $10 million in 2004 and $60 million over 5 years. Among the reforms are charging the full cost of employee benefits to the employing agency to create incentives for agencies to provide safer workplaces, instituting a waiting period before benefits are paid to discourage frivolous claims, and paying slightly higher benefits to all claimants, while eliminating the practice of providing higher benefit levels to employees with dependents versus those with no dependents, despite identical injuries and wage losses. The proposal also will eliminate the incentive for older FECA claimants to remain on the FECA rolls once they reach retirement age by paying beneficiaries over age 65 the equivalent benefit they would have received from their Federal retirement program. This proposal would apply to new claimants only, and holds harmless all current beneficiaries.

The resolution seeks to reduce erroneous overpayments in SSI by accommodating $1.4 billion to conduct Continuing Disability Reviews [CDRs] of SSI Disability recipients to ensure that they remain sufficiently disabled in order to remain eligible for benefits, as well as non-disability redeterminations to verify that SSI recipients continue to have incomes and resources below the threshold for program eligibility. Additionally, the administration proposes to review up to 50 percent of new favorable SSI disability determinations prior to initiating payments to increase payment accuracy. The budget assumes savings of $194 million over 5 years from these reviews.

The resolution assumes the outlay portions of refundable tax credits contained in the President's economic growth package of tax incentives, together with the outlay effects of making refundable tax credit policies of the 2001 tax cuts permanent. Outlays are assumed for the Earned Income Tax Credit and the Child Tax Credit under these provisions.

The resolution accommodates enactment of legislation to simplify computation of annuities under the Civil Service Retirement System for part-time service. It also assumes enactment of H.R. 4069, legislation providing for enhancement of Social Security benefits for women. The resolution also assumes enactment of legislation similar to H.R. 3762 from the 107th Congress, which would make certain changes to laws governing pension plans regulated and insured by the Pension Benefit Guaranty Corporation, and which would alter premium payments made by firms with pensions plans covered by the PBGC.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for this function, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 650: SOCIAL SECURITY

FUNCTION 650: SOCIAL SECURITY

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	13.3	14.2	15.3	16.5	18.0	19.8	224.3
Outlays	13.3	14.2	15.3	16.5	18.0	19.8	224.3
Discretionary Spending:							
Budget Authority	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Outlays	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Mandatory Spending:							
Budget Authority	13.2	14.2	15.3	16.4	17.9	19.8	224.0
Outlays	13.2	14.2	15.3	16.4	17.9	19.8	224.0

FUNCTION SUMMARY

Function 650 consists of the Social Security Program, or Old Age, Survivors, and Disability Insurance [OASDI]. Under provisions of the Congressional Budget Act and the Budget Enforcement Act, Social Security trust funds are "off budget." Nevertheless, a small portion of spending in Function 650—specifically a portion of the budget for the Office of the Inspector General of the Social Security Administration [SSA], the quinquennial adjustment for World War II veterans, and general fund transfers of taxes paid on Social Security benefits—are on budget.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

Total on-budget spending in the resolution is $14.2 billion in BA for fiscal year 2004, an increase of $967 million from the 2003 request.

FUNCTION 700: VETERANS BENEFITS AND SERVICES

FUNCTION 700: VETERANS BENEFITS AND SERVICES

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	57.6	60.7	65.8	64.0	62.3	65.7	670.4
Outlays	57.5	60.7	65.3	63.7	62.0	65.5	667.7
Discretionary Spending:							
Budget Authority	26.5	27.3	27.7	28.2	28.6	29.2	301.7
Outlays	26.9	27.5	27.6	28.0	28.5	29.1	300.5
Mandatory Spending:							
Budget Authority	31.1	33.4	38.1	35.8	33.7	36.5	368.7
Outlays	30.6	33.2	37.7	35.7	33.5	36.4	367.2

FUNCTION SUMMARY

The Veterans Benefits and Services function includes funding for the Department of Veterans Affairs [VA], which provides benefits to veterans who meet various eligibility rules. Benefits range from income security for veterans, principally disability compensation and pensions; veterans education, training, and rehabilitation services; hospital and medical care for veterans; and other veterans' benefits and services, such as home loan guarantees. There are about 25 million veterans, but over the next 20 years this number will decline by one-third, to about 17 million.

Over the period 1998–2003, total BA in Function 700 rose from $42.8 billion to $57.6 billion, excluding medical care receipts from veterans, a 6.1-percent average annual increase. The largest component of this growth was medical care, which increased from $17.9 billion to $23.6 billion.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $60.7 billion in BA and $60.7 billion in outlays in fiscal year 2004, an increase of 5.4 percent in BA compared with fiscal year 2003. The function totals are $318.5 billion in BA and $317.3 billion in outlays over 5 years; and $670.4 billion in BA and $667.7 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution calls for $27.3 billion in BA and $27.5 billion in outlays. This is an increase of $786 million in BA and $607 million in outlays over fiscal year 2003. Discretionary levels are $141 billion in BA and $140.7 billion in outlays over 5 years, and $301.7 billion in BA and $300.5 billion in outlays over 10 years.

Mandatory spending in this function is $33.4 billion in BA and $33.2 billion in outlays in fiscal year 2004; $177.5 billion in BA and $176.6 billion in outlays over 5 years; and $368.7 billion in BA and $367.2 billion in outlays over 10 years. Over the 2004–2013 period, mandatory spending grows by $6.8 billion. (Mandatory spending in the function declines because of fluctuations in the number of yearly benefit payments).

Discretionary spending

The resolution assumes veterans medical care resources are refocused. The emphasis would be on treating veterans with military disabilities, low-income or special needs. Currently, the VA assigns veterans receiving medical care to one of eight priority levels. Veterans with military disabilities, low-income or special needs are given higher priority levels in line with VA's core mission. Veterans without these characteristics fall into the lowest priority levels (Priority Levels 7 and 8). The committee believes that the budget is sufficient to eliminate the long waits for VA medical care. The resolution assumes faster turnaround by focusing care on those who need it most.

The resolution seeks to guarantee that veterans' disability claims are processed accurately and quickly, meeting the timeliness goal in claims processing set by Secretary Principi. It assumes funding for a major expansion in cemeteries to prepare for increased burial demands. The VA's goal is to ensure compassionate and good service, while searching for more efficient ways to meet increased burial demands.

Mandatory spending

The resolution assumes the expansions and revisions of mandatory benefits proposed by the administration's fiscal year 2004 budget. These include:

- Payment of full compensation to New Philippine Scouts and Dependency and Indemnity to Filipino veteran survivors residing in the United States,
- Retroactivity for a second headstone and allowing States to receive a burial plot allowance for all veterans buried at no cost to the veterans estate in State veterans cemeteries, and
- Allowing an alternate beneficiary to claim National Service Life Insurance and Veterans Special Life Insurance proceeds.

In addition, it assumes, as recommended by the Veterans Affairs Committee, continuation of Dependency and Indemnity Compensation for surviving spouses who remarry after age 55; an increase in auto allowance from $9,000 to $11,000 for severely disabled veterans; and accrued benefits for veteran's survivors. These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for this function, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 750: ADMINISTRATION OF JUSTICE

FUNCTION 750: ADMINISTRATION OF JUSTICE
[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	38.5	37.3	37.7	37.6	38.0	38.9	400.5
Outlays	37.7	40.9	39.0	38.0	37.9	38.6	404.2
Discretionary Spending:							
Budget Authority	36.3	33.3	35.6	36.4	37.2	38.3	390.2
Outlays	35.5	37.7	36.5	36.6	37.2	38.1	394.8
Mandatory Spending:							
Budget Authority	2.3	4.0	2.1	1.2	0.7	0.6	10.3
Outlays	2.2	3.2	2.5	1.4	0.6	0.5	9.4

FUNCTION SUMMARY

Function 750 supports the majority of Federal justice and law enforcement programs and activities. This includes funding for the Department of Justice [DOJ], much of the newly formed Department of Homeland Security [DHS], as well as the financial law enforcement activities of the Department of the Treasury, Federal courts and prisons, and criminal justice assistance to State and local governments.

Over the period 1998–2003, BA in the function has increased an average of 8.2 percent. This percent increase largely reflects the Federal Government's initial response to the attacks of September 11, 2001, and its continued commitment to homeland security and fighting terrorism. (Figures for fiscal year 2003 include $1.5 billion for costs related to election reform grants for that same fiscal year. Additional funding for election reform grants will appear in Function 800 beginning in fiscal year 2004).

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $37.3 billion in BA and $40.9 billion in outlays in fiscal year 2004. The function totals are $189.4 billion in BA and $194.4 billion in outlays over 5 years; and $400.5 billion in BA and $404.2 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution calls for $33.3 billion in BA and $37.7 billion in outlays. It calls for $180.8 billion in BA and $186.2 billion in outlays over 5 years, and $390.2 billion in BA and $394.8 billion in outlays over 10 years.

Mandatory spending in this function is $4 billion in BA and $3.2 billion in outlays in fiscal year 2004; $8.6 billion in BA and $8.2 billion in outlays over 5 years; and $10.3 billion in BA and $9.4 billion in outlays over 10 years. Over the 2004–2008 period, mandatory spending declines by $3.4 billion; and over the 2004–2013 period by $3.8 billion. The significant decline in mandatory spending can primarily be attributed to the depletion of the September 11 Victim Compensation Fund by fiscal year 2007.

DEPARTMENT OF HOMELAND SECURITY

A portion of funding in this function goes toward activities of the new Department of Homeland Security. Please see the separate section on the Department in this report.

DEPARTMENT OF JUSTICE

Discretionary spending

The resolution provides for $18.7 billion in discretionary funding for the Department of Justice [DOJ], and thus allows for the hiring of 2,170 new employees. The resolution further assumes additional resources will go toward the traditional crime fighting mission of the Department.

Along with increased support for FBI-led interagency task forces intended to dismantle terrorist networks, the resolution also assumes funding for a number of other initiatives intended to quickly respond to any potential terrorist activity. These initiatives include: $28 million for new agents and other staff specifically responsible for investigating terrorist acts; $60 million for cyber crime investigations, including attacks against the nation's critical infrastructure; $24 million for FBI response units, such as aviation support, crisis response and hostage rescue/SWAT teams; $37 million to support the FBI's improved personnel, facility, and information security; $23 million for additional maximum security prison space to house terrorist inmates; $2 million to assist the U.S. Attorneys in counterterrorism prosecutions; and $2.5 million to increase training for State and local law enforcement on the investigation and prosecution of terrorist incidents.

The resolution assumes $4.2 billion for the Federal Bureau of Investigation [FBI], or a $397 million increase, to hire some 1,911 new personnel, including 811 new intelligence analysts and surveillance personnel.

The resolution assumes $1.6 billion for the Drug Enforcement Administration [DEA]. The resolution also assumes the consolidation of the Treasury, Coast Guard, and Justice Organized Crime Drug Enforcement Task Forces within the DOJ.

Through the enactment of the Homeland Security Act of 2002 [HSA], all of the enforcement actions of the Bureau of Alcohol, Tobacco and Firearms are being merged into DOJ, leaving only the revenue collection arm in the Treasury Department. Consistent with HSA, the resolution assumes $10 million for the national Explosives Licensing Center, which is responsible for reviewing and acting on applications for all Federal explosives licenses and permits. For fiscal year 2004, the resolution assumes $852 million for BATFE.

The resolution assumes an additional $25 million for DOJ to expand their investigative and prosecutorial capacity to address corporate fraud.

The resolution assumes $190 million for forensic DNA programs, including $177 to assist State and local crime labs clear their backlog of unanalyzed DNA samples and make technology improvements. Additional funding of $13 million can also be invested in the FBI's national DNA database.

The resolution assumes continued funding for Community Oriented Policing Services [COPS]. The resolution assumes $164 million for the continuation of the COPS grants program but, acknowledging the completion of the original program mission to hire or redeploy 100,000 police officers by the year 2000 and the inconclusiveness of the program's impact on crime, the resolution assumes no additional funds for the COPS hiring grants. The resolution does, however, allow for officer hiring through the Justice Assistance Grant program funded around $600 million in the resolution.

The resolution assumes the merging of the Treasury Department's Treasury Forfeiture Fund into a single Asset Forfeiture Fund within the DOJ.

DEPARTMENT OF THE TREASURY

The resolution supports Treasury Department anti-terrorism efforts. The Treasury Department plays a crucial role in fighting the war against terrorism by detecting, disrupting, dismantling and blocking terrorist financing operations. Since September 2001, the United States and our allies have blocked a total of $124 million of terrorist-related assets worldwide. The following Treasury agencies, funded in Function 750, are responsible for the success of these operations:

- The Office of Foreign Assets Control [OFAC] is the directorate behind dismantling terrorist financing. OFAC administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. OFAC acts under Presidential wartime and national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze foreign assets under U.S. jurisdiction. Many of the sanctions are based on United Nations and other international mandates, are multilateral in scope, and involve close cooperation with allied governments.
- As the primary tool in fighting the financial war against terrorism, the Financial Crimes Enforcement Network [FinCEN] has the unique role in linking the law enforcement and intelligence communities with the financial industry to root out illegal activities and schemes. The resolution assumes $58 million for FinCEN to improve their information sharing capabilities.
- The Criminal Investigation Division [CID] of the Internal Revenue Service [IRS] is well suited for fighting the financial war against terrorism. With their expertise in gathering and analyzing complex financial information, and applying the evidence to tax, money laundering, and Bank Secrecy Act violations, IRS special agents are an ideal resource for fighting the financial war on terrorism. Assisting IRS special agents, including joint efforts with other agencies, the resolution assumes $4.0 billion ($476 million specifically for Function 750 and strictly Federal law enforcement activities) for them in fiscal year 2004.

OTHER ASSUMPTIONS

Mandatory spending

- Judgeships. The resolution assumes funding for the mandatory costs associated with creating 62 new Federal judgeships and extending five existing bankruptcy judgeships. Additionally, the resolution assumes $10 million in fiscal year 2004 for a cost of living adjustment [COLA] for Federal judges, which was recently made mandatory with the enactment of H.R. 16, A Bill to Authorize Salary Adjustment for Justices and Judges of the United States for fiscal year 2003 (Public Law 108–6).

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for Function 750, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities.

FUNCTION 800: GENERAL GOVERNMENT

FUNCTION 800: GENERAL GOVERNMENT

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	18.2	19.8	20.0	19.7	20.0	19.8	206.1
Outlays	18.1	19.6	20.2	19.7	19.7	19.6	203.5
Discretionary Spending:							
Budget Authority	15.7	17.3	17.6	17.4	17.8	18.3	189.4
Outlays	15.6	16.9	17.9	17.5	17.6	17.9	186.6
Mandatory Spending:							
Budget Authority	2.5	2.5	2.4	2.3	2.2	1.5	16.6
Outlays	2.5	2.7	2.3	2.2	2.1	1.6	16.9

Function Summary

The General Government function consists of the activities of the Legislative Branch; the Executive Office of the President; general tax collection and fiscal operations of the Department of Treasury (including the Internal Revenue Service [IRS]); the property and personnel costs of the General Services Administration and the Office of Personnel Management; general purpose fiscal assistance to States, localities, the District of Columbia, and U.S. territories; and other general Government activities. The IRS accounts for about half of the spending in this function

The average growth rate over the past 5 years (1998–2003) was 2.6-percent. BA for Function 800 has grown from $15.957 billion in 1998 to $18.178 billion in fiscal year 2003.

Summary of Committee-Reported Resolution

The resolution calls for $19.8 billion in BA and $19.6 billion in outlays in fiscal year 2004, an increase of 8 percent in BA compared with fiscal year 2003. The function totals are $99.16 billion in BA and $98.78 billion in outlays over 5 years, and $206.06 billion in BA and $203.517 billion in outlays over 10 years.

For fiscal year 2004 discretionary spending, the resolution calls for $17.3 billion in BA and $16.9 billion in outlays. This is an increase of approximately $1.6 billion in BA and $1.4 billion in outlays over fiscal year 2003. The resolution calls for $88.374 billion in BA and $189.44 billion in outlays over 5 years, and $87.796 billion in BA and $186.618 billion in outlays over 10 years.

Mandatory spending in this function is $2.5 billion in BA and $2.7 billion in outlays in fiscal year 2004; $10.8 billion in BA and $11.0 billion in outlays over 5 years; $15.62 billion in BA and $16.9 billion in outlays over 10 years.

Department of Homeland Security

Both the Federal Computer Incident Response Center and Federal Protective Services (Function 800) are being transferred to the new Department of Homeland Security. Fiscal year 2004 funding for both will come from the transfer of $424 million from the Federal Buildings Fund to the new Department.

OTHER PRIORITIES

Discretionary spending

The resolution accommodates $500 million for the newly created Election Assistance Commission. The funds would be issued to states in the form of grants to purchase modern voting equipment. In October of 2002, Congress enacted and the President signed Public Law 107–252, the Help America Vote Act of 2002, which would provide $2.8 billion over fiscal years 2002 through 2006, mostly for grants to States and localities to improve voting technology and election administration. The law established the Election Assistance Commission to undertake activities to improve the administration of elections and set minimum standards for national elections.

Mandatory spending

The budget resolution assumes the President's mandatory spending proposal to pay financial institutions for their services in lieu of providing compensating balances, and provides $394 million in BA for fiscal year 2004 and $2.1 billion over 5 years in Function 800 for this. (This proposal would reduce the deficit, as the interest saved on lower borrowing exceeds the outlays to pay for the services. The proposal would provide estimated saving of $637 million for the first 5 years and $1.2 billion over 10 years. The savings are reflected in Function 900).

The resolution also assumes a proposal that reduces the Postal Service's contributions to the Civil Service Retirement and Disability Trust Fund to prevent the overfunding of accruing pension benefits for Postal Employees who are part of the old Civil Service Retirement System [CSRS]. Currently, the postal service makes a payment annually to the CSRDF to "forward fund" future retiree annuities. Because of the higher than expected return on the Treasury securities in which the fund is invested, the Postal Service's contribution is soon to be higher than the actual costs of future benefits. The proposal lowers the amount that the Postal Service must pay to the CSRDF to prevent this overfunding. Most of the effect occurs in the off-budget portion of Function 950, but some effects also occur in Function 800, and in the off-budget portion of Function 370.

The resolution also assumes a proposal for the continuation of fiscal assistance provided to the Compact of Free Association between the United States Government and the government of the Federated States of Micronesia [FSM] This would cost $19 million for fiscal year 2004 and $105 million over the next 5 years. This proposal is part of the ongoing negotiation regarding the Compact of Free Association between the U.S. Government and the FSM.

These items are recommended for priority consideration in this function, within the overall framework of the across-the-board percentage reduction assumed in the budget resolution. Notwithstanding the recommended level for this function, the budget resolution provides a lump sum for discretionary spending to the Appropriations Committee, which makes allocations to its subcommittees based on its priorities. Therefore, the aggregate funding levels in this function may increase or decrease depending on how committees determine the savings.

FUNCTION 900: NET INTEREST

FUNCTION 900: NET INTEREST

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	155.6	166.9	205.9	232.7	244.8	251.7	2,393.3
Outlays	155.6	166.9	205.9	232.7	244.8	251.7	2,393.3
On Budget:							
Budget Authority	239.7	256.7	303.8	341.6	366.5	387.6	3,874.7
Outlays	239.7	256.7	303.8	341.6	366.5	387.6	3,874.7
Off Budget:							
Budget Authority	−84.1	−89.8	−97.9	−108.9	−121.8	−135.9	−1,481.3
Outlays	−84.1	−89.8	−97.9	−108.9	−121.8	−135.9	−1,481.3

FUNCTION SUMMARY

Net interest is the interest paid for the Federal Government's borrowing less the interest received by the Federal Government from trust fund investments and loans to the public. Function 900 is a mandatory payment, with no discretionary components.

On-budget BA and outlays for net interest has gone from $287.8 billion in fiscal year 1998 to $239.7 billion in fiscal year 2003, a overall decrease of 3.6 percent per year.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

On-Budget Interest. The resolution calls for $256.7 billion in BA and outlays in fiscal year 2004, an increase of 7.1 percent compared with fiscal year 2003. The function totals are $1,656.2 billion in BA and outlays over 5 years, and $3,874.7 billion in BA and outlays over 10 years.

Off-Budget Interest. The resolution calls for −$89.8 billion in BA and outlays in fiscal year 2004, a decrease of 6.3 percent compared with fiscal year 2003. The function totals are −$554.2 billion in BA and outlays over 5 years, and −$1,481.3 billion in BA and outlays over 10 years.

The resolution assumes a saving in interest payments of $0.3 billion in BA and outlays in fiscal year 2004 and $5.3 billion in BA and outlays over 10 years. This saving arises from replacing Treasury's compensating balances by a permanent indefinite appropriation (see Function 800) that would result in lower borrowing by the Federal Government. There is a small reduction in the interest received from Federal Financing Bank in fiscal years 2004–2013. This is related to Postal Service pension proposal (see Function 950).

FUNCTION 920: ALLOWANCES

FUNCTION 920: Allowances

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	....	−0.2	....	....	....	....	−0.2
Outlays	....	−0.2	(1)	(1)	(1)	....	−0.2
Discretionary Spending:							
Budget Authority	....	−0.2	....	....	....	....	−0.2
Outlays	....	−0.2	(1)	(1)	(1)	....	−0.2
Off Budget:							
Budget Authority	....	....	....	....	....	....	....
Outlays	....	....	....	....	....	....	

[1] Less than −$10 million.

FUNCTION SUMMARY

The Allowances function is used for planning purposes to address the budgetary effects of proposals or assumptions that cross various other budget functions. Once such changes are enacted, the budgetary effects are distributed to the appropriate budget functions in past years.

There is no spending history in Function 920 for the reason mentioned above.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for −$0.2 billion in BA and −$0.2 billion in outlays in fiscal year 2004. The figure carries through the 10 years of the budget resolution.

For fiscal year 2004 discretionary spending, the resolution calls for −$0.2 billion in BA and −$0.2 billion in outlays. There is an offset in Function 500 for those amounts. This offset carries through the 10 years of the budget resolution.

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

[In billions of dollars]

	2003	2004	2005	2006	2007	2008	2004–2013
Total Spending:							
Budget Authority	−50.5	−52.9	−63.4	−66.0	−63.7	−66.6	−676.0
Outlays	−50.5	−52.9	−63.4	−66.0	−63.7	−66.6	−676.0
On Budget:							
Budget Authority	−41.1	−42.9	−52.6	−54.5	−51.5	−53.5	−539.4
Outlays	−41.1	−42.9	−52.6	−54.5	−51.5	−53.5	−539.4
Off Budget:							
Budget Authority	−9.4	−10.0	−10.8	−11.5	−12.2	−13.1	−136.5
Outlays	−9.4	−10.0	−10.8	−11.5	−12.2	−13.1	−136.5

FUNCTION SUMMARY

Receipts recorded in this function are either intragovernmental (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 kind of business transaction with the Government). The main types of receipts recorded in this function are: the payments Federal employers make to employee retirement trust funds; 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. These receipts are treated as mandatory negative spending.

The average annual increase in on-budget receipts (or decline in spending) in BA and outlays over the past 5 years [1998–2003] for Function 950 is −2.1 percent. The average annual increase in off-budget receipts is −5.9 percent.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for −$52.9 billion in BA and outlays for this function in fiscal year 2004, reflecting a −$2.4 billion, or −4.8 percent, increase in receipts (or decrease in spending) compared to the fiscal year 2003 budget. This amount is the baseline for offsetting receipts increased by the reduction ($2.7 billion) in the Postal Service's contribution to the Civil Service Retirement System for prior-year overpayments. Over the 2004–2008 period, BA and outlays are to further decrease by −$16.1 billion due to an average increase for receipts of −5.7 percent per year. Over 10 years, receipts are to total $676.0 billion in BA and outlays.

On-Budget Receipts. The resolution calls for −$42.9 billion in BA and outlays in fiscal year 2004, a decrease of −4.4 percent in BA compared with fiscal year 2003. The function totals are −$255.0 billion in BA and outlays over 5 years, and −$539.4 billion in BA and outlays over 10 years. Over the 2004–2008 period, on-budget BA and outlays further decrease an average of −5.4 percent per year. The on-budget receipts in this function consist of six items at baseline levels: Outer Continental Shelf receipts; spectrum auction receipts; agency contributions to the Medicare Hospital Insurance trust fund; agency contributions to the military retirement fund; agency contributions to the DOD Retiree Health Care Fund; and other agency contributions to the civil and foreign service retirement and disability fund. The resolution does assume a proposal that reduces the Postal Service's contributions to the Civil Service Retirement and Disability Trust Fund to prevent the overfunding of accruing pension benefits for Postal Employees who are part of the old Civil Service Retirement System [CSRS]. Currently, the Postal Service makes a payment annually to the CSRDF to "forward fund" future retiree annuities. Because of the higher than expected return on the Treasury securities in which the fund is invested, the Postal Service's contribution is soon to be higher than the actual costs of future benefits. The proposal lowers the amount that the Postal Service must pay to the CSRDF to prevent this overfunding. The effect of this proposal occurs in this function, Function 800, and in the off-budget portion of Function 370.

Off-Budget Receipts. The resolution assumes −$10.0 billion in BA and outlays in fiscal year 2004, a decrease of −6.6 percent in BA compared with fiscal year 2003. The off-budget function totals −$57.6 billion in BA and outlays over 5 years, and −$136.5 billion in BA and outlays over 10 years. Over the 2004–2008 period, BA and outlays further decrease an average of −6.8 percent per year. The off-budget receipts in this function are agencies' payments to the Social Security trust funds at baseline.

The resolution does not assume the enactment of proposed legislation to permanently extend the Federal Communications Commission's authority (which expires in 2007) to auction spectrum. The resolution also does not assume an analog spectrum lease fee, or a new spectrum license user fee for non-auctioned spectrum.

Summary Tables: Spending and Revenue*

COMPARISON OF TOTAL BUDGET REVENUES FOR PRESIDENT'S REQUEST AND COMMITTEE RECOMMENDATIONS (Table 3)

COMPARISON OF ON BUDGET REVENUES FOR PRESIDENT'S REQUEST AND COMMITTEE RECOMMENDATION (Table 4)

CBO BASELINE REVENUES BY SOURCE, IN BILLIONS OF DOLLARS, UNDER PAST AND CURRENT LAW (Table 5)

CBO BASELINE REVENUES BY SOURCE, PERCENT OF GDP, UNDER PAST AND CURRENT LAW (Table 6)

COMPARISON OF TOTAL BUDGET REVENUES FOR CBO BASELINE AND COMMITTEE RECOMMENDATION (Table 7)

COMPARISON OF TOTAL BUDGET REVENUES, AS PERCENT OF GDP, FOR CBO BASELINE AND COMMITTEE RECOMMENDATION (Table 8)

TAX EXPENDITURE ESTIMATES BY FUNCTION (Table 9)

BUDGET RESOLUTION TOTAL SPENDING AND REVENUE (Table 10)

BUDGET RESOLUTION DISCRETIONARY SPENDING (Table 11)

BUDGET RESOLUTION MANDATORY SPENDING (Table 12)

BUDGET RESOLUTION MINUS THE PRESIDENT'S REQUEST: TOTAL SPENDING AND REVENUES (Table 13)

BUDGET RESOLUTION COMPARED TO 2003: TOTAL SPENDING AND REVENUES (Table 14)

BUDGET RESOLUTION COMPARED TO 2003: PERCENTAGE CHANGE (Table 15)

RECONCILIATION (Table 16)

*Numbers may not add due to rounding.

Revenue Comparisons

TABLE 3.—COMPARISON OF TOTAL REVENUES FOR PRESIDENT'S REQUEST AND COMMITTEE RECOMMENDATION

[In billions of dollars]

	Amount
Fiscal Year:	
1992 Actual	1,091.3
1993 Actual	1,154.4
1994 Actual	1,258.6
1995 Actual	1,351.8
1996 Actual	1,453.1
1997 Actual	1,579.3
1998 Actual	1,721.8
1999 Actual	1,827.5
2000 Actual	2,025.2
2001 Actual	1,991.2
2002 Actual	1,853.2
Fiscal Year 2003:	
President's Request (February 2003)	1,856.4
Committee Level	1,855.3
Fiscal Year 2004:	
President's Request (February 2003)	1,907.2
Committee Level	1,908.0
Fiscal Year 2005:	
President's Request (February 2003)	2,100.0
Committee Level	2,107.2
Fiscal Year 2006:	
President's Request (February 2003)	2,273.1
Committee Level	2,281.9
Fiscal Year 2007:	
President's Request (February 2003)	2,433.2
Committee Level	2,444.4
Fiscal Year 2008:	
President's Request (February 2003)	2,573.4
Committee Level	2,587.2
Fiscal Year 2009:	
President's Request (February 2003)	2,719.7
Committee Level	2,736.6
Fiscal Year 2010:	
President's Request (February 2003)	2,867.9
Committee Level	2,886.7
Fiscal Year 2011:	
President's Request (February 2003)	3,008.0
Committee Level	3,028.0
Fiscal Year 2012:	
President's Request (February 2003)	3,172.8
Committee Level	3,194.1
Fiscal Year 2013:	
President's Request (February 2003)	3,349.8
Committee Level	3,372.4

TABLE 4.—COMPARISON OF ON-BUDGET REVENUES FOR PRESIDENT'S REQUEST AND COMMITTEE RECOMMENDATION

[In billions of dollars]

	Amount
Fiscal Year:	
1992 Actual	788.9
1993 Actual	842.5
1994 Actual	923.6
1995 Actual	1,000.8
1996 Actual	1,085.6
1997 Actual	1,187.3
1998 Actual	1,306.0
1999 Actual	1,383.0
2000 Actual	1,544.6
2001 Actual	1,483.7
2002 Actual	1,337.9
Fiscal Year 2003:	
President's Request (February 2003)	1,324.8
Committee Level	1,323.7
Fiscal Year 2004:	
President's Request (February 2003)	1,349.3
Committee Level	1,350.1
Fiscal Year 2005:	
President's Request (February 2003)	1,512.1
Committee Level	1,519.3
Fiscal Year 2006:	
President's Request (February 2003)	1,654.0
Committee Level	1,662.7
Fiscal Year 2007:	
President's Request (February 2003)	1,781.9
Committee Level	1,793.1
Fiscal Year 2008:	
President's Request (February 2003)	1,888.9
Committee Level	1,902.7
Fiscal Year 2009:	
President's Request (February 2003)	2,000.5
Committee Level	2,017.4
Fiscal Year 2010:	
President's Request (February 2003)	2,112.0
Committee Level	2,130.9
Fiscal Year 2011:	
President's Request (February 2003)	2,215.8
Committee Level	2,235.8
Fiscal Year 2012:	
President's Request (February 2003)	2,343.2
Committee Level	2,364.4
Fiscal Year 2013:	
President's Request (February 2003)	2,480.0
Committee Level	2,502.6

TABLE 5.—COMPARISON OF TOTAL REVENUES FOR CBO BASELINE AND COMMITTEE RECOMMENDATION

[In billions of dollars]

	Amount
Fiscal Year:	
1992 Actual	1,091.3
1993 Actual	1,154.4
1994 Actual	1,258.6
1995 Actual	1,351.8
1996 Actual	1,453.1
1997 Actual	1,579.3
1998 Actual	1,721.8
1999 Actual	1,827.5
2000 Actual	2,025.2
2001 Actual	1,991.2
2002 Actual	1,853.2
Fiscal Year 2003:	
CBO Baseline (March 2003)	1,891.4
Committee Level	1,855.3
Fiscal Year 2004:	
CBO Baseline (March 2003)	2,024.3
Committee Level	1,908.0
Fiscal Year 2005:	
CBO Baseline (March 2003)	2,204.9
Committee Level	2,107.2
Fiscal Year 2006:	
CBO Baseline (March 2003)	2,359.8
Committee Level	2,281.9
Fiscal Year 2007:	
CBO Baseline (March 2003)	2,504.4
Committee Level	2,444.4
Fiscal Year 2008:	
CBO Baseline (March 2003)	2,647.5
Committee Level	2,587.2
Fiscal Year 2009:	
CBO Baseline (March 2003)	2,797.5
Committee Level	2,736.6
Fiscal Year 2010:	
CBO Baseline (March 2003)	2,948.9
Committee Level	2,886.7
Fiscal Year 2011:	
CBO Baseline (March 2003)	3,219.7
Committee Level	3,028.0
Fiscal Year 2012:	
CBO Baseline (March 2003)	3,479.4
Committee Level	3,194.1
Fiscal Year 2013:	
CBO Baseline (March 2003)	3,674.0
Committee Level	3,372.4

TABLE 6.—COMPARISON OF TOTAL REVENUES, AS PERCENT OF GDP, FOR CBO BASELINE AND COMMITTEE RECOMMENDATION

[In billions of dollars]

	Percent
Fiscal Year:	
1992 Actual	17.5
1993 Actual	17.6
1994 Actual	18.1
1995 Actual	18.5
1996 Actual	18.9
1997 Actual	19.3
1998 Actual	19.9
1999 Actual	20.0
2000 Actual	20.8
2001 Actual	19.9
2002 Actual	17.9
Fiscal Year 2003:	
CBO Baseline (March 2003)	17.6
Committee Level	17.2
Fiscal Year 2004:	
CBO Baseline (March 2003)	17.9
Committee Level	16.9
Fiscal Year 2005:	
CBO Baseline (March 2003)	18.5
Committee Level	17.7
Fiscal Year 2006:	
CBO Baseline (March 2003)	18.8
Committee Level	18.1
Fiscal Year 2007:	
CBO Baseline (March 2003)	18.9
Committee Level	18.4
Fiscal Year 2008:	
CBO Baseline (March 2003)	18.9
Committee Level	18.5
Fiscal Year 2009:	
CBO Baseline (March 2003)	19.0
Committee Level	18.6
Fiscal Year 2010:	
CBO Baseline (March 2003)	19.0
Committee Level	18.6
Fiscal Year 2011:	
CBO Baseline (March 2003)	19.8
Committee Level	18.6
Fiscal Year 2012:	
CBO Baseline (March 2003)	20.5
Committee Level	18.8
Fiscal Year 2013:	
CBO Baseline (March 2003)	20.6
Committee Level	18.9

TABLE 7.—CBO BASELINE REVENUES BY SOURCE, IN BILLIONS OF DOLLARS

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

	1950	1960	1970	1980	1990	2000	2002	Projected 2003	Projected 2004
Individual Income Tax	15.8	40.7	90.4	244.1	466.9	1,004.5	858.3	868.9	923.5
Corporate Income Tax	10.4	21.5	32.8	64.6	93.5	207.3	148.0	156.2	184.7
Social Insurance Tax and contributions	4.3	14.7	44.4	157.8	380.0	652.9	700.8	725.4	765.7
Excise Taxes	7.6	11.7	15.7	24.3	35.3	68.9	67.0	68.3	71.1
Estate and Gift Taxes	0.7	1.6	3.6	6.4	11.5	29.0	26.5	21.5	24.0
Customs Duties	0.4	1.1	2.4	7.2	16.7	19.9	18.6	18.4	19.7
Miscellaneous Receipts	0.2	1.2	3.4	12.7	28.0	42.8	33.9	32.7	35.5
Total[1]	39.4	92.5	192.8	517.1	1,032.0	2,025.2	1,853.2	1,891.4	2,024.3
On-Budget Revenues	(37.3)	(81.9)	(159.3)	(403.9)	(750.3)	(1,544.6)	(1,337.9)	(1,359.8)	(1,466.4)
Off-Budget Revenues[2]	(2.1)	(10.6)	(33.5)	(113.2)	(281.7)	(480.6)	(515.3)	(531.6)	(557.9)

[1] Details may not sum to totals due to rounding.
[2] Social Security (OASDI) revenues.

TABLE 8.—OMB BASELINE REVENUES BY SOURCE, AS PERCENT OF GDP

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

	1950	1960	1970	1980	1990	2000	2002	Projected 2003	Projected 2004
Individual Income Tax	5.8	7.8	8.9	8.9	8.1	10.3	8.3	8.1	8.2
Corporate Income Tax	3.8	4.1	3.2	2.4	1.6	2.1	1.4	1.5	1.6
Social Insurance Tax and contributions	1.6	2.8	4.4	5.8	6.6	6.7	6.8	6.7	6.8
Excise Taxes	2.8	2.3	1.6	0.9	0.6	0.7	0.6	0.6	0.6
Estate and Gift Taxes	0.3	0.3	0.4	0.2	0.2	0.3	0.3	0.2	0.2
Customs Duties	0.1	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2
Miscellaneous Receipts	0.1	0.2	0.3	0.5	0.5	0.4	0.3	0.3	0.3
Total[1]	14.4	17.8	19.0	18.9	18.0	20.8	17.9	17.6	17.9
On-Budget Revenues	(13.7)	(15.8)	(15.7)	(14.8)	(13.1)	(15.9)	(12.9)	(12.6)	(13.0)
Off-Budget Revenues[2]	(0.8)	(2.1)	(3.3)	(4.1)	(4.9)	(4.9)	(5.0)	(4.9)	(4.9)

[1] Details may not sum to totals due to rounding.
[2] Social Security (OASDI) revenues.

Table 9.—Tax Expenditure Estimates By Budget Function, Fiscal Years 2003–2007

[Billions of dollars]

Function	Corporations					Individuals					Total 2003–07
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	
National Defense											
Exclusion of benefits and allowances to Armed Forces personnel	....	....	....	....	....	2.5	2.6	2.6	2.7	2.8	13.1
Exclusion of military disability benefits	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.6
International Affairs											
Exclusion of income earned abroad by U.S. citizens	....	....	....	....	....	3.0	3.2	3.4	3.6	3.8	17.0
Exclusion of certain allowances for Federal employees abroad	....	....	....	....	....	0.4	0.4	0.5	0.5	0.6	2.4
Exclusion of extraterritorial income	4.8	5.0	5.3	5.7	6.0	....	....	....	....	....	26.8
Deferral of active income of controlled foreign corporations	4.4	4.6	4.8	5.0	5.2	....	....	....	....	....	24.0
Inventory property sales source rule exception	5.1	5.4	5.7	6.0	6.3	....	....	....	....	....	28.5
Deferral of certain financing income	1.7	1.9	2.1	2.3	1.7	....	....	....	....	....	9.7
General Science, Space, and Technology											
Tax credit for qualified research expenditures	5.1	4.5	2.7	1.4	0.7	[1]	[1]	[1]	[1]	[1]	14.7
Expensing of research and experimental expenditures	3.8	4.7	5.4	5.9	6.2	[1]	[1]	[1]	[1]	[1]	26.6
Energy											
Expensing of exploration and development costs:											
Oil and gas	0.6	0.4	0.3	0.4	0.5	[1]	[1]	[1]	[1]	[1]	2.2
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	0.5	0.5	[1]	[1]	[1]	[1]	[1]	2.2
Other fuels	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	0.1
Tax credit for enhanced oil recovery costs	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 production of non-conventional fuels	0.8	0.5	0.5	0.5	0.6	0.2	0.1	0.1	0.1	0.1	3.6
Tax credits for alcohol fuels [2]	(1)	(1)	(1)	(1)	(1)	....	....	....	....	....	0.1
Exclusion of interest on State and local government industrial development bonds for energy production facilities	(1)	(1)	(1)	(1)	(1)	0.1	0.1	0.1	0.1	0.1	0.8
Exclusion of energy conservation subsidies provided by public utilities	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1
Tax credit for investments in solar and geothermal energy facilities	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Tax credit for electricity production from wind, biomass, and poultry waste	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.3
Natural Resources and Environment											
Expensing of exploration and development costs, nonfuel minerals	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.3
Excess of percentage over cost depletion, nonfuel minerals	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.8
Expensing of multiperiod timber-growing costs	0.2	0.2	0.2	0.2	0.2	(1)	(1)	(1)	(1)	(1)	0.9
Exclusion of interest on State and local governments sewage, water, and hazardous waste facilities bonds	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.4	0.4	0.5	3.1
Special rules for mining reclamation reserves	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Special tax rate for nuclear decommissioning reserve fund	0.3	0.3	0.3	0.3	0.3	....	....	....	....	....	1.5
Exclusion of contributions in aid of construction for water and sewer utilities	(1)	(1)	(1)	(1)	(1)	....	....	....	....	....	0.1
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	(3)	(1)	(1)	(1)	(1)	(3)	(1)	(1)	(1)	(1)	0.1
Expensing of the costs of raising dairy and breeding cattle	(1)	(1)	(1)	(1)	(1)	0.1	(1)	(1)	(1)	(1)	0.2
Exclusion of cost-sharing payments	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1

Table 9.—Tax Expenditure Estimates By Budget Function, Fiscal Years 2003–2007—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 2003–07
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	
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	0.4	0.6	0.6	0.6	0.6	3.2
Income averaging for farmers	....	....	....	....	....	([1])	([1])	([1])	([1])	([1])	0.1
Five-year carryback period for net operating losses atrributable to farming	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	0.2
Commerce and Housing											
Financial institutions:											
Exemption of credit union income	1.1	1.1	1.2	1.3	1.3	....	....	....	....	....	6.0
Insurance companies:											
Exclusion of investment income on life insurance and annuity contracts	1.4	1.4	1.4	1.5	1.5	24.0	24.6	25.2	25.8	26.5	133.2
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	1.3	1.3	1.3	1.4	1.4	....	....	....	....	....	6.8
Deduction of unpaid property loss reserves for property and casualty insurance companies	1.4	1.4	1.4	1.5	1.5	....	....	....	....	....	7.2
Special deduction for Blue Cross and Blue Shield companies	0.3	0.3	0.3	0.3	0.3	....	....	....	....	....	1.5
Housing:											
Deduction for mortgage interest on owner-occupied residences	....	....	....	....	....	69.9	72.6	76.5	80.5	85.5	384.9
Deduction for property taxes on owner-occupied residences	....	....	....	....	....	22.1	21.7	19.0	15.4	14.0	92.1
Exclusion of capital gains on sales of principal residences	....	....	....	....	....	17.8	17.9	18.2	18.4	18.7	91.0

Exclusion of interest on State and local government bonds for owner-occupied housing	0.3	0.3	0.3	0.3	0.3	0.7	0.8	0.8	0.8	0.8	5.3
Exclusion of interest on State and local government bonds for rental housing	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	1.1
Depreciation of rental housing in excess of alternative depreciation system	0.3	0.3	0.4	0.4	0.5	2.8	3.1	3.4	3.8	4.4	19.4
Tax credit for low-income housing	2.9	3.0	3.2	3.3	3.4	1.2	1.3	1.4	1.4	1.5	22.5
Tax credit for first-time homebuyers in the District of Columbia	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	(1)
Tax credit for rehabilitation of historic structures	0.4	0.4	0.4	0.4	0.4	0.1	0.1	0.1	0.1	0.1	2.5
Other business and commerce:											
Reduced rates of tax on long-term capital gains	....	....	....	....	....	55.3	54.7	52.8	53.2	48.6	264.6
Exclusion of capital gains at death	....	....	....	....	....	38.1	41.1	44.3	47.6	49.1	220.2
Carryover basis of capital gains on gifts	....	....	....	....	....	4.5	4.7	5.0	5.3	5.6	25.1
Deferral of gain on non-dealer installment sales	0.7	0.7	0.7	0.7	0.7	0.5	0.5	0.5	0.5	0.5	6.0
Deferral of gain on like-kind exchanges	1.4	1.4	1.5	1.5	1.5	0.5	0.5	0.5	0.5	0.5	9.8
Deferral of gain on involuntary conversions resulting from Presidentially declared disasters	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1
Depreciation of buildings other than rental housing in excess of alternative depreciation system	1.5	1.4	1.1	0.9	1.2	0.9	0.9	0.6	0.2	0.3	9.1
Depreciation of equipment in excess of alternative depreciation system	39.3	36.2	19.1	10.3	14.4	10.5	9.2	4.2	1.6	2.7	147.5
Expensing of depreciable business property ..	−0.1	(3)	0.1	0.2	0.2	−0.6	−0.2	0.5	0.8	0.7	1.5
Amortization of business startup costs	(1)	(1)	(1)	(1)	(1)	0.6	0.6	0.6	0.6	0.6	3.0
Reduced rates on first $10,000,000 of corporate taxable income	4.4	4.6	4.8	4.9	5.1	....	....	....	....	....	23.7
Permanent exemption from imputed interest rules	(1)	(1)	(1)	(1)	(1)	0.3	0.3	0.3	0.3	0.3	1.5
Expensing of magazine circulation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2

Table 9.—Tax Expenditure Estimates By Budget Function, Fiscal Years 2003–2007—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 2003–07
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	
Special rules for magazine, paperback book, and record returns	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	0.1
Completed contract rules	0.2	0.2	0.2	0.2	0.2	[1]	[1]	[1]	[1]	[1]	1.2
Cash accounting, other than agriculture	[1]	[1]	[1]	[1]	[1]	0.5	0.5	0.5	0.5	0.5	2.5
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	0.3	0.3	0.3	2.0
Exception from net operating loss limitations for corporations in bankruptcy proceedings	0.8	0.6	0.6	0.6	0.6	....	....	....	....	....	3.2
Tax credit for employer-paid FICA taxes on tips	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	1.9
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	....	....	....	....	....	3.7	3.8	3.8	3.9	3.9	19.1
Exclusion of interest on State and local government bonds for high-speed rail	[1]	[1]	[1]	[1]	[1]	0.1	0.1	0.1	0.1	0.1	0.5
Community and Regional Development											
New York City Liberty Zone tax incentives	0.4	0.2	0.5	0.7	0.6	0.4	0.3	0.4	0.5	0.3	4.4
Empowerment zone tax incentives	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.4	0.4	0.4	3.5
Renewal community tax incentives	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	2.7
New markets tax credit	[1]	0.1	0.2	0.2	0.3	0.1	0.1	0.2	0.3	0.4	2.0
District of Columbia tax incentives	[1]	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.7
Indian reservation tax incentives	0.4	0.5	0.3	−0.1	−0.3	0.2	0.2	0.2	[3]	−0.1	1.3
Expensing of environmental remediation costs (“Brownfields”)	0.1	[1]	[3]	[3]	[3]	0.1	0.1	[3]	[3]	[3]	0.3

Tax credit for rehabilitation of structures, other than historic structures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of interest on State and local government bonds for private airports, docks, and mass-commuting facilities	0.2	0.2	0.2	0.2	0.2	0.5	0.6	0.6	0.6	0.6	3.9
Education, Training, Employment, and Social Services											
Education and training:											
Tax credits for tuition for post-secondary education	....	....	....	....	....	4.3	4.3	4.3	4.4	4.4	21.7
Deduction for interest on student loans	....	....	....	....	....	0.6	0.7	0.8	0.8	0.9	3.8
Deduction for higher education expenses	....	....	....	....	....	2.1	2.7	2.9	0.7	....	8.4
Exclusion of earnings of trust accounts for higher education (“education IRAs”)	....	....	....	....	....	0.4	0.5	0.6	0.7	0.8	3.0
Exclusion of interest on educational savings bonds	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1
Deferral of tax on earnings of qualified State tuition programs	....	....	....	....	....	0.2	0.2	0.3	0.3	0.4	1.4
Exclusion of scholarship and fellowship income	....	....	....	....	....	1.4	1.5	1.5	1.6	1.6	7.6
Exclusion of employer-provided education assistance benefits	....	....	....	....	....	0.7	0.8	0.8	0.9	0.9	4.1
Parental personal exemption for students age 19 to 23	....	....	....	....	....	1.5	1.4	1.2	0.7	0.5	5.3
Exclusion of interest on State and local government student loan bonds	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	1.8
Exclusion of interest on State and local government bonds for private nonprofit educational facilities [4]	0.3	0.3	0.3	0.3	0.3	0.7	0.7	0.8	0.8	0.8	5.3
Tax credit for holders of qualified zone academy bonds	(1)	0.1	0.1	0.1	0.1	....	....	....	....	....	0.4
Deduction for charitable contributions to educational institutions	1.0	1.1	1.1	1.1	1.2	6.2	6.4	6.6	6.8	7.0	38.3
Above the line deduction for teacher classroom expenses	....	....	....	....	....	0.2	0.1	....	....	....	0.3

Table 9.—Tax Expenditure Estimates By Budget Function, Fiscal Years 2003–2007—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 2003–07
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	
Employment:											
Exclusion of employee meals and lodging (other than military)	....	....	....	....	....	0.9	0.9	0.9	0.9	0.9	4.5
Exclusion of benefits provided under cafeteria plans [5]	....	....	....	....	....	14.0	14.8	16.0	16.8	18.0	79.5
Exclusion of housing allowances for ministers	....	....	....	....	....	0.4	0.5	0.5	0.5	0.5	2.4
Exclusion of miscellaneous fringe benefits	....	....	....	....	....	6.0	6.2	6.4	6.7	7.0	32.3
Exclusion of employee awards	....	....	....	....	....	0.1	0.1	0.2	0.2	0.2	0.8
Exclusion of income earned by voluntary employees' beneficiary associations	....	....	....	....	....	3.0	3.2	3.4	3.5	3.7	16.8
Special tax provisions for employee stock ownership plans ("ESOPs")	0.8	0.9	0.9	0.9	0.9	0.2	0.2	0.3	0.3	0.3	5.6
Work opportunity tax credit	0.3	0.2	0.1	(1)	(1)	0.1	(1)	(1)	(1)	(1)	0.8
Welfare-to-work tax credit	0.1	0.1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.3
Deferral of taxation on spread on acquisition of stock under incentive stock option plans and employee stock purchase plans [6]	....	....	....	....	....	0.3	0.4	0.4	0.5	0.5	2.1
Social services:											
Tax credit for children under age 17 [7]	....	....	....	....	....	27.1	26.9	30.1	31.7	31.0	146.8
Tax credit for child and dependent care expenses	....	....	....	....	....	3.2	3.0	2.5	2.0	1.9	12.6
Exclusion of employer-provided child care [8]	....	....	....	....	....	0.8	0.8	0.9	0.9	1.0	4.4
Tax credit for employer-provided child care	0.1	0.1	0.1	0.1	0.2	(1)	(1)	(1)	(1)	(1)	0.7
Exclusion of certain foster care payments	....	....	....	....	....	0.6	0.6	0.7	0.7	0.8	3.4
Adoption credit and employee adoption benefits exclusion	....	....	....	....	....	0.2	0.3	0.4	0.4	0.4	1.7

Deduction for charitable contributions, other than for education and health	1.7	1.8	1.9	1.9	2.0	32.5	33.5	34.5	35.6	36.7	182.0
Tax credit for disabled access expenditures	[1]	[1]	[1]	[1]	[1]	0.1	0.1	0.1	0.1	0.1	0.4
Health											
Exclusion of employer contributions for health care, health insurance premiums, and long-term care insurance premiums [9]	....	....	....	....	....	79.6	85.1	91.8	98.7	106.6	461.8
Exclusion of medical care and CHAMPUS/TRICARE medical insurance for military dependents, retirees, and retiree dependents	....	....	....	....	....	1.8	1.8	1.8	1.9	1.9	9.1
Deduction for health insurance premiums and long-term care insurance premiums by the self-employed	....	....	....	....	....	2.5	2.9	3.1	3.2	3.4	15.1
Deduction for medical expenses and long-term care expenses	....	....	....	....	....	5.9	6.1	6.3	6.5	6.9	31.6
Exclusion of workers' compensation benefits (medical benefits)	....	....	....	....	....	3.8	3.9	4.0	4.1	4.1	20.0
Medical savings accounts	....	....	....	....	....	[1]	[1]	[1]	[1]	[1]	0.1
Exclusion of interest on State and local government bonds for private nonprofit hospital facilities	0.4	0.4	0.4	0.4	0.4	1.1	1.1	1.1	1.1	1.1	7.7
Deduction for charitable contributions to health organizations	0.9	0.9	1.0	1.0	1.0	4.2	4.4	4.5	4.6	4.8	27.4
Tax credit for orphan drug research	0.2	0.2	0.2	0.2	0.2	....	....	....	....	....	1.0
Tax credit for purchase of health insurance by certain displaced persons	....	....	....	....	....	0.3	0.4	0.5	0.5	0.5	2.1
Medicare											
Exclusion of untaxed Medicare benefits:											
Hospital insurance	....	....	....	....	....	13.9	15.1	16.3	17.5	18.7	81.5
Supplementary medical insurance	....	....	....	....	....	9.1	9.7	10.4	11.3	12.4	52.9
Income Security											
Exclusion of workers' compensation benefits (disability and survivors payments)	....	....	....	....	....	4.7	4.8	4.9	5.0	5.3	24.7
Exclusion of damages on account of personal physical injuries or physical sickness	....	....	....	....	....	1.4	1.4	1.4	1.4	1.7	7.1

Table 9.—Tax Expenditure Estimates By Budget Function, Fiscal Years 2003–2007—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 2003–07
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	
Exclusion of special benefits for disabled coal miners	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.3
Exclusion of cash public assistance benefits	....	....	....	....	....	3.0	3.2	3.3	3.5	3.6	16.6
Net exclusion of pension contributions and earnings:											
Employer plans	....	....	....	....	....	83.5	94.7	99.7	104.9	110.3	493.1
Individual retirement plans	....	....	....	....	....	10.4	13.7	16.1	17.8	19.3	77.3
Keogh plans	....	....	....	....	....	5.7	5.8	6.0	6.4	6.7	30.5
Tax credit for certain individuals for elective deferrals and IRA contributions	....	....	....	....	....	1.6	1.5	1.4	1.3	0.4	6.3
Tax credit for new retirement plan expenses of small businesses	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of other employee benefits:											
Premiums on group term life insurance	....	....	....	....	....	2.4	2.5	2.6	2.7	2.7	12.6
Premiums on accident and disability insurance	....	....	....	....	....	2.3	2.4	2.5	2.7	2.8	12.7
Additional standard deduction for the blind and the elderly	....	....	....	....	....	2.0	2.1	2.2	2.3	2.2	10.7
Tax credit for the elderly and disabled	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1
Deduction for casualty and theft losses	....	....	....	....	....	0.2	0.2	0.2	0.2	0.2	1.1
Earned income credit ("EIC") [7]	....	....	....	....	....	34.1	34.6	35.9	36.8	37.3	178.8
Social Security and Railroad Retirement											
Exclusion of untaxed Social Security and railroad retirement benefits	....	....	....	....	....	21.6	22.2	22.8	23.4	24.2	114.2
Veterans' Benefits and Services											
Exclusion of veterans' disability compensation	....	....	....	....	....	2.6	2.7	2.8	2.8	2.8	13.7
Exclusion of veterans' pensions	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.6
Exclusion of veterans' readjustment benefits	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.6

Exclusion of interest on State and local government bonds for veterans' housing	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
General Purpose Fiscal Assistance											
Exclusion of interest on public purpose State and local government debt	6.6	6.7	6.8	6.9	7.0	16.9	17.3	17.6	17.9	18.2	121.6
Deduction of nonbusiness State and local government income and personal property taxes	....	....	....	....	....	50.9	50.4	46.7	39.0	36.4	223.5
Tax credit for Puerto Rico and possession income, and Puerto Rico economic activity	1.8	1.6	1.4	0.4	....	....	....	....	....	....	5.2
Interest											
Deferral of interest on savings bonds	....	....	....	....	....	1.6	1.6	1.6	1.6	1.6	8.0

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

[2] In addition, the exemption from excise tax for alcohol fuels results in a reduction in excise tax receipts, net of income tax effect, of $0.7 billion in fiscal year 2003, and $0.8 billion per year in fiscal years 2004 through 2007.

[3] Negative tax expenditure of less than $50 million.

[4] Estimate includes tax-exempt bonds for qualified educational facilities.

[5] Estimate includes amounts of employer-provided health insurance purchased through cafeteria plans and employer-provided child care purchased through dependent care flexible spending accounts. These amounts are also included in other line items in this table.

[6] Tax expenditure estimate does not include offsetting denial of corporate deduction for qualified stock option compensation.

[7] The amount of refundable child tax credit and earned income tax credit used to offset taxes other than income tax or paid out as refunds is: $38.1 billion in 2003, $37.9 billion in 2004, $38.5 billion in 2005, $41.7 billion in 2006, and $42.3 billion in 2007.

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

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

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

Source: Joint Committee on Taxation.

TABLE 10.—FISCAL YEAR 2004 BUDGET RESOLUTION TOTAL SPENDING AND REVENUES

[In billions of dollars]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–2008	2004–2013
SUMMARY													
Total Spending:													
BA	2,158.555	2,220.255	2,341.999	2,473.605	2,583.883	2,696.443	2,806.566	2,913.038	3,046.805	3,171.268	3,321.334	12,316.185	27,575.196
OT	2,143.410	2,232.185	2,333.122	2,442.443	2,544.123	2,656.422	2,771.095	2,880.886	3,020.867	3,130.903	3,288.991	12,208.295	27,301.037
On-Budget:													
BA	1,790.046	1,833.379	1,945.086	2,066.138	2,163.834	2,262.530	2,356.013	2,444.106	2,559.262	2,660.496	2,784.115	10,270.967	23,074.959
OT	1,776.895	1,847.707	1,939.000	2,038.048	2,127.443	2,226.263	2,324.692	2,416.407	2,538.165	2,625.454	2,757.585	10,178.461	22,840.764
Off-Budget:													
BA	368.509	386.876	396.913	407.467	420.049	433.913	450.553	468.932	487.543	510.772	537.219	2,045.218	4,500.237
OT	366.515	384.478	394.122	404.395	416.680	430.159	446.403	464.479	482.702	505.449	531.406	2,029.834	4,460.273
Revenues:													
Total	1,855.336	1,908.024	2,107.162	2,281.891	2,444.370	2,587.249	2,736.597	2,886.701	3,028.028	3,194.074	3,372.405	11,328.696	26,546.501
On-budget	1,323.729	1,350.138	1,519.267	1,662.729	1,793.142	1,902.740	2,017.385	2,130.867	2,235.796	2,364.426	2,502.635	8,228.016	19,479.125
Off-budget	531.607	557.886	587.895	619.162	651.228	684.509	719.212	755.834	792.232	829.648	869.770	3,100.680	7,067.376
Surplus/Deficit (−):													
Total	−288.074	−324.161	−225.960	−160.552	−99.753	−69.173	−34.498	5.815	7.161	63.171	83.414	−879.599	−754.536
On-budget	−453.166	−497.569	−419.733	−375.319	−334.301	−323.523	−307.307	−285.540	−302.369	−261.028	−254.950	−1,950.445	−3,361.639
Off-budget	165.092	173.408	193.773	214.767	234.548	254.350	272.809	291.355	309.530	324.199	338.364	1,070.846	2,607.103
Debt Held by the Public (end of year)	3,858	4,179	4,412	4,585	4,697	4,777	4,821	4,823	4,824	4,768	4,690	na	na
Debt Subject to Limit (end of year)	6,687	7,264	7,790	8,290	8,753	9,210	9,651	10,076	10,521	10,931	11,336	na	na
BY FUNCTION													
National Defense (050):													
BA	392.494	400.546	420.071	440.185	460.435	480.886	494.067	507.840	522.103	536.531	551.323	2,202.123	4,813.987
OT	386.229	400.916	414.237	426.011	438.656	462.861	480.650	497.348	516.338	523.884	543.541	2,142.681	4,704.442
International Affairs (150):													
BA	22.506	24.747	28.626	31.082	32.262	33.107	33.759	34.445	35.294	36.128	36.985	149.824	326.435
OT	19.283	23.676	24.128	25.608	27.409	28.389	29.398	30.221	31.065	31.873	32.737	129.210	284.504
General Science, Space, and Technology (250):													
BA	23.153	22.771	23.591	24.344	25.153	25.899	26.503	27.140	27.800	28.464	29.134	121.758	260.799
OT	21.556	22.348	23.082	23.690	24.425	25.127	25.799	26.435	27.079	27.735	28.393	118.672	254.113

Energy (270):													
BA	2.074	2.583	2.707	2.609	2.431	2.988	2.977	3.085	3.182	3.289	3.402	13.318	29.253
OT	0.439	0.929	0.962	1.245	1.023	1.402	1.663	1.784	1.957	2.319	2.295	5.561	15.579
Natural Resources and Environment (300):													
BA	30.816	29.237	30.250	30.940	31.448	32.224	33.454	34.421	35.427	36.343	37.240	154.099	330.984
OT	28.940	29.866	30.274	31.199	31.331	31.706	32.835	33.757	34.741	35.615	36.590	154.376	327.914
Agriculture (350):													
BA	24.418	23.966	26.144	25.799	25.113	24.035	24.239	23.427	22.985	22.651	22.433	125.057	240.792
OT	23.365	23.356	25.194	24.987	24.415	23.523	24.066	23.496	23.002	22.627	22.388	121.475	237.054
Commerce and Housing Credit (370):													
BA	5.212	7.201	8.133	5.667	5.995	5.096	4.988	4.608	4.424	4.256	4.053	32.092	54.421
OT	2.281	3.387	3.559	0.652	0.194	−1.177	−1.289	−1.921	−2.657	−3.163	−3.354	6.615	−5.769
On-budget:													
BA	8.812	7.401	8.633	8.145	9.166	8.628	8.763	8.737	8.939	9.029	9.247	41.973	86.688
OT	5.881	3.587	4.059	3.130	3.365	2.355	2.486	2.208	1.858	1.610	1.840	16.496	26.498
Off-budget:													
BA	−3.600	−0.200	−0.500	−2.478	−3.171	−3.532	−3.775	−4.129	−4.515	−4.773	−5.194	−9.881	−32.267
OT	−3.600	−0.200	−0.500	−2.478	−3.171	−3.532	−3.775	−4.129	−4.515	−4.773	−5.194	−9.881	−32.267
Transportation (400):													
BA	64.091	65.416	65.785	66.691	67.693	68.647	69.825	71.016	72.723	74.432	76.218	334.232	698.446
OT	67.847	73.832	69.861	68.369	68.293	68.700	69.604	71.021	72.573	74.228	75.924	349.055	712.405
Community and Regional Development (450):													
BA	12.251	14.137	14.355	14.647	14.968	15.350	15.701	16.075	16.467	16.857	17.255	73.457	155.812
OT	15.994	15.923	15.990	15.120	14.918	14.500	14.802	15.146	15.524	15.892	16.288	76.451	154.103
Education, Training, Employment and Social Services (500):													
BA	86.169	84.744	84.376	86.663	88.640	90.799	92.377	93.915	95.812	97.615	99.516	435.222	914.457
OT	81.340	85.702	83.593	84.632	86.408	88.343	90.470	92.151	93.918	95.694	97.583	428.678	898.494
Health (550):													
BA	221.878	235.033	248.561	265.324	284.054	303.513	323.793	345.221	370.172	394.838	423.165	1,336.485	3,193.674
OT	218.021	235.408	248.255	264.811	283.181	302.371	322.510	343.935	368.888	393.580	421.858	1,334.026	3,184.797
Medicare (570):													
BA	248.586	261.298	275.475	312.447	332.020	352.392	372.165	392.052	420.691	453.915	490.497	1,533.632	3,662.952
OT	248.434	261.621	278.402	309.300	332.299	352.287	371.929	392.309	423.880	450.312	490.754	1,533.909	3,663.093
Income Security (600):													
BA	326.588	315.939	326.452	332.440	337.235	345.904	354.493	362.278	376.326	379.667	393.564	1,657.970	3,524.298

TABLE 10.—FISCAL YEAR 2004 BUDGET RESOLUTION TOTAL SPENDING AND REVENUES—Continued

[In billions of dollars]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–2008	2004–2013
OT	334.373	321.576	329.892	334.883	339.157	347.149	355.411	363.059	377.070	380.403	394.420	1,672.657	3,543.020
Social Security (650):													
BA	478.882	501.089	521.493	546.791	575.122	606.191	641.237	679.459	720.651	766.311	816.362	2,750.686	6,374.706
OT	476.888	498.690	518.702	543.719	571.753	602.437	637.087	675.006	715.810	760.988	810.549	2,735.301	6,334.741
On-budget:													
BA	13.255	14.223	15.330	16.451	17.975	19.827	21.982	24.357	28.235	31.450	34.481	83.806	224.311
OT	13.255	14.222	15.330	16.451	17.975	19.827	21.982	24.357	28.235	31.450	34.481	83.805	224.310
Off-budget:													
BA	465.627	486.866	506.163	530.340	557.147	586.364	619.255	655.102	692.416	734.861	781.881	2,666.880	6,150.395
OT	463.633	484.468	503.372	527.268	553.778	582.610	615.105	650.649	687.575	729.538	776.068	2,651.496	6,110.431
Veterans Benefits and Services (700):													
BA	57.597	60.710	65.827	63.976	62.320	65.655	66.888	68.158	72.646	69.805	74.452	318.488	670.437
OT	57.486	60.692	65.329	63.720	62.014	65.502	66.644	67.874	72.350	69.416	74.132	317.257	667.673
Administration of Justice (750):													
BA	38.543	37.310	37.673	37.581	37.963	38.880	39.839	40.884	42.152	43.451	44.800	189.407	400.533
OT	37.712	40.895	39.003	38.026	37.859	38.633	39.662	40.696	41.847	43.124	44.464	194.416	404.209
General Government (800):													
BA	18.178	19.768	20.025	19.654	19.955	19.760	20.168	20.572	21.294	22.039	22.829	99.162	206.064
OT	18.103	19.586	20.213	19.713	19.716	19.552	19.761	20.127	20.826	21.700	22.323	98.780	203.517
Net Interest (900):													
BA	155.632	166.909	205.856	232.715	244.783	251.721	256.622	257.956	259.397	260.329	257.045	1,101.984	2,393.333
OT	155.632	166.909	205.856	232.715	244.783	251.721	256.622	257.956	259.397	260.329	257.045	1,101.984	2,393.333
On-budget:													
BA	239.741	256.667	303.803	341.619	366.538	387.576	407.629	425.168	443.855	463.017	478.803	1,656.203	3,874.675
OT	239.741	256.667	303.803	341.619	366.538	387.576	407.629	425.168	443.855	463.017	478.803	1,656.203	3,874.675
Off-budget:													
BA	−84.109	−89.758	−97.947	−108.904	−121.755	−135.855	−151.007	−167.212	−184.458	−202.688	−221.758	−554.219	−1,481.342
OT	−84.109	−89.758	−97.947	−108.904	−121.755	−135.855	−151.007	−167.212	−184.458	−202.688	−221.758	−554.219	−1,481.342
Allowances (920):													
BA	....	−0.223	....	....	....	....	....	....	....	....	....	−0.223	−0.223
OT	....	−0.201	−0.009	−0.007	−0.004	....	....	....	....	....	....	−0.221	−0.221

Undistributed Offsetting Receipts (950):													
BA	−50.513	−52.926	−63.401	−65.950	−63.707	−66.604	−66.529	−69.514	−72.741	−75.653	−78.939	−312.588	−675.964
OT	−50.513	−52.926	−63.401	−65.950	−63.707	−66.604	−66.529	−69.514	−72.741	−75.653	−78.939	−312.588	−675.964
On-budget:													
BA	−41.104	−42.894	−52.598	−54.459	−51.535	−53.540	−52.609	−54.685	−56.841	−59.025	−61.229	−255.026	−539.415
OT	−41.104	−42.894	−52.598	−54.459	−51.535	−53.540	−52.609	−54.685	−56.841	−59.025	−61.229	−255.026	−539.415
Off-budget:													
BA	−9.409	−10.032	−10.803	−11.491	−12.172	−13.064	−13.920	−14.829	−15.900	−16.628	−17.710	−57.562	−136.549
OT	−9.409	−10.032	−10.803	−11.491	−12.172	−13.064	−13.920	−14.829	−15.900	−16.628	−17.710	−57.562	−136.549

TABLE 11.—FISCAL YEAR 2004 BUDGET RESOLUTION DISCRETIONARY SPENDING

[In billions of dollars]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–2008	2004–2013
SUMMARY													
Total Spending:													
BA	765.796	775.386	802.587	830.682	860.381	891.601	915.318	939.877	965.492	991.479	1,018.043	4,160.637	8,990.846
OT	804.682	835.873	844.653	859.483	879.661	911.861	940.906	968.801	999.395	1,018.939	1,050.829	4,331.531	9,310.401
Defense:													
BA	392.137	400.058	419.437	439.507	459.729	480.129	493.288	507.026	521.259	535.680	550.432	2,198.860	4,806.545
OT	386.373	400.561	413.682	425.379	437.995	462.157	479.923	496.588	515.552	523.096	542.715	2,139.774	4,697.648
Nondefense:													
BA	373.659	375.328	383.150	391.175	400.652	411.472	422.030	432.851	444.233	455.799	467.611	1,961.777	4,184.301
OT	418.309	435.312	430.971	434.104	441.666	449.704	460.983	472.213	483.843	495.843	508.114	2,191.757	4,612.753
BY FUNCTION													
National Defense (050):													
BA	392.137	400.058	419.437	439.507	459.729	480.129	493.288	507.026	521.259	535.680	550.432	2,198.860	4,806.545
OT	386.373	400.561	413.682	425.379	437.995	462.157	479.923	496.588	515.552	523.096	542.715	2,139.774	4,697.648
International Affairs (150):													
BA	25.407	27.843	29.122	30.620	31.842	32.791	33.546	34.351	35.187	36.016	36.851	152.218	328.169
OT	26.000	26.376	26.888	28.455	30.266	31.234	32.310	33.233	34.097	34.935	35.754	143.219	313.548
General Science, Space, and Technology (250):													
BA	23.047	22.741	23.561	24.314	25.122	25.867	26.472	27.108	27.767	28.430	29.100	121.605	260.482
OT	21.457	22.251	22.989	23.627	24.381	25.095	25.768	26.404	27.047	27.703	28.360	118.343	253.625
Energy (270):													
BA	3.237	3.625	3.888	3.813	3.794	4.752	4.840	4.960	5.086	5.211	5.344	19.872	45.313
OT	3.151	3.614	3.856	3.915	3.816	4.562	4.804	4.919	5.043	5.167	5.297	19.763	44.993
Natural Resources and Environment (300):													
BA	29.238	27.018	27.588	28.150	28.751	29.646	30.518	31.431	32.374	33.340	34.320	141.153	303.136
OT	27.857	28.167	28.205	28.427	28.771	29.305	30.073	30.914	31.800	32.700	33.657	142.875	302.019
Agriculture (350):													
BA	5.727	5.109	5.467	5.569	5.691	5.838	6.005	6.177	6.354	6.538	6.728	27.674	59.476
OT	5.852	5.537	5.334	5.462	5.599	5.783	5.943	6.116	6.287	6.471	6.658	27.715	59.190

Commerce and Housing Credit (370):													
BA	0.150	−0.503	−0.217	−0.489	0.595	0.916	1.225	1.280	1.369	1.439	1.521	0.302	7.136
OT	0.054	0.147	−0.314	−0.564	0.523	0.730	1.042	1.150	1.234	1.333	1.387	0.522	6.668
On-budget:													
BA	0.150	−0.503	−0.217	−0.489	0.595	0.916	1.225	1.280	1.369	1.439	1.521	0.302	7.136
OT	0.054	0.147	−0.314	−0.564	0.523	0.730	1.042	1.150	1.234	1.333	1.387	0.522	6.668
Off-budget:													
BA	....	....	....	....	....	....	....	....	....	....	....	....	....
OT	....	....	....	....	....	....	....	....	....	....	....	....	....
Transportation (400):													
BA	22.611	22.225	22.140	22.544	23.010	23.554	24.279	25.042	25.828	26.635	27.468	113.473	242.725
OT	65.184	71.603	67.717	66.368	66.366	66.848	67.742	69.169	70.686	72.297	73.940	338.902	692.736
Community and Regional Development (450):													
BA	11.725	13.909	14.227	14.527	14.849	15.313	15.668	16.043	16.434	16.824	17.218	72.825	155.012
OT	16.054	16.016	16.116	15.289	15.145	14.775	15.116	15.491	15.866	16.227	16.614	77.341	156.655
Education, Training, Employment and Social Services (500):													
BA	72.875	75.390	74.170	75.775	77.459	79.444	80.873	82.381	83.947	85.515	87.091	382.238	802.045
OT	71.958	74.172	73.051	74.414	75.943	77.662	79.647	81.218	82.757	84.313	85.892	375.242	789.069
Health (550):													
BA	49.468	48.063	49.093	50.183	51.285	52.591	53.850	55.162	56.522	57.887	59.271	251.215	533.907
OT	44.349	47.097	48.243	49.086	50.216	51.105	52.282	53.540	54.849	56.186	57.537	245.747	520.141
Medicare (570):													
BA	3.798	3.619	3.687	3.785	3.888	4.009	4.221	4.433	4.662	4.936	5.234	18.988	42.474
OT	3.797	3.668	3.723	3.795	3.883	4.000	4.192	4.401	4.629	4.891	5.184	19.069	42.366
Income Security (600):													
BA	44.020	44.436	45.235	46.150	46.305	46.540	47.533	48.538	49.589	50.639	51.691	228.666	476.656
OT	50.781	50.570	48.947	49.387	49.075	48.944	49.724	50.427	51.286	52.128	52.985	246.923	503.473
Social Security (650):													
BA	3.833	4.160	4.226	4.310	4.407	4.519	4.671	4.829	4.991	5.158	5.333	21.622	46.604
OT	3.859	4.171	4.225	4.318	4.408	4.515	4.661	4.816	4.980	5.145	5.320	21.637	46.559
On-budget:													
BA	0.021	0.024	0.024	0.025	0.026	0.026	0.027	0.028	0.029	0.030	0.031	0.125	0.270
OT	0.021	0.023	0.024	0.025	0.026	0.026	0.027	0.028	0.029	0.030	0.031	0.124	0.269
Off-budget:													
BA	3.812	4.136	4.202	4.285	4.381	4.493	4.644	4.801	4.962	5.128	5.302	21.497	46.334
OT	3.838	4.148	4.201	4.293	4.382	4.489	4.634	4.788	4.951	5.115	5.289	21.513	46.290

TABLE 11.—FISCAL YEAR 2004 BUDGET RESOLUTION DISCRETIONARY SPENDING—Continued

[In billions of dollars]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–2008	2004–2013
Veterans Benefits and Services (700):													
BA	26.532	27.318	27.729	28.153	28.610	29.174	30.128	31.102	32.116	33.159	34.234	140.984	301.723
OT	26.902	27.509	27.603	27.980	28.483	29.109	29.969	30.924	31.931	32.968	34.036	140.684	300.512
Administration of Justice (750):													
BA	36.289	33.314	35.592	36.372	37.247	38.266	39.328	40.482	41.819	43.190	44.612	180.791	390.222
OT	35.484	37.693	36.532	36.636	37.212	38.127	39.256	40.398	41.614	42.961	44.373	186.200	394.802
General Government (800):													
BA	15.702	17.284	17.642	17.399	17.797	18.252	18.873	19.532	20.188	20.882	21.595	88.374	189.444
OT	15.570	16.922	17.865	17.516	17.583	17.910	18.454	19.093	19.737	20.418	21.120	87.796	186.618
Allowances (920):													
BA	....	−0.223	....	....	....	....	....	....	....	....	....	−0.223	−0.223
OT	....	−0.201	−0.009	−0.007	−0.004	....	....	....	....	....	....	−0.221	−0.221

TABLE 12.—FISCAL YEAR 2004 BUDGET RESOLUTION MANDATORY SPENDING

[In billions of dollars]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–2008	2004–2013
SUMMARY													
Total Spending:													
BA	1,392.759	1,444.869	1,539.412	1,642.923	1,723.502	1,804.842	1,891.248	1,973.161	2,081.313	2,179.789	2,303.291	8,155.548	18,584.350
OT	1,338.728	1,396.312	1,488.469	1,582.960	1,664.462	1,744.561	1,830.189	1,912.085	2,021.472	2,111.964	2,238.162	7,876.764	17,990.636
On-budget:													
BA	1,028.062	1,062.129	1,146.701	1,239.741	1,307.834	1,375.422	1,445.339	1,509.030	1,598.732	1,674.145	1,771.374	6,131.827	14,130.447
OT	976.051	1,015.982	1,098.548	1,182.858	1,252.164	1,318.891	1,388.420	1,452.394	1,543.721	1,611.630	1,712.045	5,868.443	13,576.653
Off-budget:													
BA	364.697	382.740	392.711	403.182	415.668	429.420	445.909	464.131	482.581	505.644	531.917	2,023.721	4,453.903
OT	362.677	380.330	389.921	400.102	412.298	425.670	441.769	459.691	477.751	500.334	526.117	2,008.321	4,413.983
BY FUNCTION													
National Defense (050):													
BA	0.357	0.488	0.634	0.678	0.706	0.757	0.779	0.814	0.844	0.851	0.891	3.263	7.442
OT	−0.144	0.355	0.555	0.632	0.661	0.704	0.727	0.760	0.786	0.788	0.826	2.907	6.794
International Affairs (150):													
BA	−2.901	−3.096	−0.496	0.462	0.420	0.316	0.213	0.094	0.107	0.112	0.134	−2.394	−1.734
OT	−6.717	−2.700	−2.760	−2.847	−2.857	−2.845	−2.912	−3.012	−3.032	−3.062	−3.017	−14.009	−29.044
General Science, Space, and Technology (250):													
BA	0.106	0.030	0.030	0.030	0.031	0.032	0.031	0.032	0.033	0.034	0.034	0.153	0.317
OT	0.099	0.097	0.093	0.063	0.044	0.032	0.031	0.031	0.032	0.032	0.033	0.329	0.488
Energy (270):													
BA	−1.163	−1.042	−1.181	−1.204	−1.363	−1.764	−1.863	−1.875	−1.904	−1.922	−1.942	−6.554	−16.060
OT	−2.712	−2.685	−2.894	−2.670	−2.793	−3.160	−3.141	−3.135	−3.086	−2.848	−3.002	−14.202	−29.414
Natural Resources and Environment (300):													
BA	1.578	2.219	2.662	2.790	2.697	2.578	2.936	2.990	3.053	3.003	2.920	12.946	27.848
OT	1.083	1.699	2.069	2.772	2.560	2.401	2.762	2.843	2.941	2.915	2.933	11.501	25.895
Agriculture (350):													
BA	18.691	18.857	20.677	20.230	19.422	18.197	18.234	17.250	16.631	16.113	15.705	97.383	181.316
OT	17.513	17.819	19.860	19.525	18.816	17.740	18.123	17.380	16.715	16.156	15.730	93.760	177.864

TABLE 12.—FISCAL YEAR 2004 BUDGET RESOLUTION MANDATORY SPENDING—Continued

[In billions of dollars]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–2008	2004–2013
Commerce and Housing Credit (370):													
BA	5.062	7.704	8.350	6.156	5.400	4.180	3.763	3.328	3.055	2.817	2.532	31.790	47.285
OT	2.227	3.240	3.873	1.216	−0.329	−1.907	−2.331	−3.071	−3.891	−4.496	−4.741	6.093	−12.437
On-budget:													
BA	8.662	7.904	8.850	8.634	8.571	7.712	7.538	7.457	7.570	7.590	7.726	41.671	79.552
OT	5.827	3.440	4.373	3.694	2.842	1.625	1.444	1.058	0.624	0.277	0.453	15.974	19.830
Off-budget:													
BA	−3.600	−0.200	−0.500	−2.478	−3.171	−3.532	−3.775	−4.129	−4.515	−4.773	−5.194	−9.881	−32.267
OT	−3.600	−0.200	−0.500	−2.478	−3.171	−3.532	−3.775	−4.129	−4.515	−4.773	−5.194	−9.881	−32.267
Transportation (400):													
BA	41.480	43.191	43.645	44.147	44.683	45.093	45.546	45.974	46.895	47.797	48.750	220.759	455.721
OT	2.663	2.229	2.144	2.001	1.927	1.852	1.862	1.852	1.887	1.931	1.984	10.153	19.669
Community and Regional Development (450):													
BA	0.526	0.228	0.128	0.120	0.119	0.037	0.033	0.032	0.033	0.033	0.037	0.632	0.800
OT	−0.060	−0.093	−0.126	−0.169	−0.227	−0.275	−0.314	−0.345	−0.342	−0.335	−0.326	−0.890	−2.552
Education, Training, Employment and Social Services (500):													
BA	13.294	9.354	10.206	10.888	11.181	11.355	11.504	11.534	11.865	12.100	12.425	52.984	112.412
OT	9.382	11.530	10.542	10.218	10.465	10.681	10.823	10.933	11.161	11.381	11.691	53.436	109.425
Health (550):													
BA	172.410	186.970	199.468	215.141	232.769	250.922	269.943	290.059	313.650	336.951	363.894	1,085.270	2,659.767
OT	173.672	188.311	200.012	215.725	232.965	251.266	270.228	290.395	314.039	337.394	364.321	1,088.279	2,664.656
Medicare (570):													
BA	244.788	257.679	271.788	308.662	328.132	348.383	367.944	387.619	416.029	448.979	485.263	1,514.644	3,620.478
OT	244.637	257.953	274.679	305.505	328.416	348.287	367.737	387.908	419.251	445.421	485.570	1,514.840	3,620.727
Income Security (600):													
BA	282.568	271.503	281.217	286.290	290.930	299.364	306.960	313.740	326.737	329.028	341.873	1,429.304	3,047.642
OT	283.592	271.006	280.945	285.496	290.082	298.205	305.687	312.632	325.784	328.275	341.435	1,425.734	3,039.547
Social Security (650):													
BA	475.049	496.929	517.267	542.481	570.715	601.672	636.566	674.630	715.660	761.153	811.029	2,729.064	6,328.102
OT	473.029	494.519	514.477	539.401	567.345	597.922	632.426	670.190	710.830	755.843	805.229	2,713.664	6,288.182

On-budget:													
BA	13.234	14.199	15.306	16.426	17.949	19.801	21.955	24.329	28.206	31.420	34.450	83.681	224.041
OT	13.234	14.199	15.306	16.426	17.949	19.801	21.955	24.329	28.206	31.420	34.450	83.681	224.041
Off-budget:													
BA	461.815	482.730	501.961	526.055	552.766	581.871	614.611	650.301	687.454	729.733	776.579	2,645.383	6,104.061
OT	459.795	480.320	499.171	522.975	549.396	578.121	610.471	645.861	682.624	724.423	770.779	2,629.983	6,064.141
Veterans Benefits and Services (700):													
BA	31.065	33.392	38.098	35.823	33.710	36.481	36.760	37.056	40.530	36.646	40.218	177.504	368.714
OT	30.584	33.183	37.726	35.740	33.531	36.393	36.675	36.950	40.419	36.448	40.096	176.573	367.161
Administration of Justice (750):													
BA	2.254	3.996	2.081	1.209	0.716	0.614	0.511	0.402	0.333	0.261	0.188	8.616	10.311
OT	2.228	3.202	2.471	1.390	0.647	0.506	0.406	0.298	0.233	0.163	0.091	8.216	9.407
General Government (800):													
BA	2.476	2.484	2.383	2.255	2.158	1.508	1.295	1.040	1.106	1.157	1.234	10.788	16.620
OT	2.533	2.664	2.348	2.197	2.133	1.642	1.307	1.034	1.089	1.282	1.203	10.984	16.899
Net Interest (900):													
BA	155.632	166.909	205.856	232.715	244.783	251.721	256.622	257.956	259.397	260.329	257.045	1,101.984	2,393.333
OT	155.632	166.909	205.856	232.715	244.783	251.721	256.622	257.956	259.397	260.329	257.045	1,101.984	2,393.333
On-budget:													
BA	239.741	256.667	303.803	341.619	366.538	387.576	407.629	425.168	443.855	463.017	478.803	1,656.203	3,874.675
OT	239.741	256.667	303.803	341.619	366.538	387.576	407.629	425.168	443.855	463.017	478.803	1,656.203	3,874.675
Off-budget:													
BA	−84.109	−89.758	−97.947	−108.904	−121.755	−135.855	−151.007	−167.212	−184.458	−202.688	−221.758	−554.219	−1,481.342
OT	−84.109	−89.758	−97.947	−108.904	−121.755	−135.855	−151.007	−167.212	−184.458	−202.688	−221.758	−554.219	−1,481.342
Allowances (920):													
BA													
OT													
Undistributed Offsetting Receipts (950):													
BA	−50.513	−52.926	−63.401	−65.950	−63.707	−66.604	−66.529	−69.514	−72.741	−75.653	−78.939	−312.588	−675.964
OT	−50.513	−52.926	−63.401	−65.950	−63.707	−66.604	−66.529	−69.514	−72.741	−75.653	−78.939	−312.588	−675.964
On-budget:													
BA	−41.104	−42.894	−52.598	−54.459	−51.535	−53.540	−52.609	−54.685	−56.841	−59.025	−61.229	−255.026	−539.415
OT	−41.104	−42.894	−52.598	−54.459	−51.535	−53.540	−52.609	−54.685	−56.841	−59.025	−61.229	−255.026	−539.415
Off-budget:													
BA	−9.409	−10.032	−10.803	−11.491	−12.172	−13.064	−13.920	−14.829	−15.900	−16.628	−17.710	−57.562	−136.549
OT	−9.409	−10.032	−10.803	−11.491	−12.172	−13.064	−13.920	−14.829	−15.900	−16.628	−17.710	−57.562	−136.549

TABLE 13.—FISCAL YEAR 2004 BUDGET RESOLUTION MINUS THE PRESIDENT'S BUDGET

[In billions of dollars]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–2008	2004–2013
							SUMMARY						
Total Spending:													
BA	0.536	−18.508	−44.021	−54.172	−65.247	−85.959	−104.949	−132.115	−145.148	−152.333	−167.642	−267.907	−970.094
OT	0.523	−13.208	−36.728	−48.527	−61.689	−82.567	−101.476	−127.749	−140.922	−147.708	−163.205	−242.719	−923.779
On-budget:													
BA	0.555	−19.008	−43.939	−50.787	−61.866	−82.013	−100.560	−127.122	−139.512	−146.130	−160.678	−257.613	−931.615
OT	0.542	−13.770	−36.682	−45.165	−58.326	−78.638	−97.103	−122.773	−135.305	−141.524	−156.260	−232.581	−885.546
Off-Budget:													
BA	−0.019	0.500	−0.082	−3.385	−3.381	−3.946	−4.389	−4.993	−5.636	−6.203	−6.964	−10.294	−38.479
OT	−0.019	0.562	−0.046	−3.362	−3.363	−3.929	−4.373	−4.976	−5.617	−6.184	−6.945	−10.138	−38.233
Revenues:													
Total	−1.044	0.836	7.172	8.769	11.199	13.873	16.927	18.847	20.034	21.240	22.616	41.849	141.513
On-Budget	−1.044	0.836	7.172	8.769	11.199	13.873	16.927	18.847	20.034	21.240	22.616	41.849	141.513
Off-Budget	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Surplus/Deficit (−):													
Total	−1.567	14.044	43.900	57.296	72.888	96.440	118.403	146.596	160.956	168.948	185.821	284.568	1,065.292
On-Budget	−1.586	14.606	43.854	53.934	69.525	92.511	114.030	141.620	155.339	162.764	178.876	274.430	1,027.059
Off-Budget	0.019	−0.562	0.046	3.362	3.363	3.929	4.373	4.976	5.617	6.184	6.945	10.138	38.233
							BY FUNCTION						
National Defense (050):													
BA	0.000	0.070	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.070	0.070
OT	0.000	0.034	0.032	0.004	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.070	0.070
International Affairs (150):													
BA	0.000	−0.934	−1.108	−1.226	−1.341	−1.504	−1.654	−1.813	−1.842	−1.877	−1.900	−6.113	−15.199
OT	0.000	−0.531	−0.789	−0.931	−1.055	−1.215	−1.335	−1.468	−1.500	−1.535	−1.561	−4.521	−11.920
General Science, Space, and Technology (250):													
BA	0.000	−0.732	−0.739	−0.768	−0.796	−0.823	−0.847	−0.866	−0.887	−0.908	−0.928	−3.858	−8.294
OT	0.000	−0.330	−0.536	−0.626	−0.672	−0.706	−0.729	−0.748	−0.768	−0.785	−0.805	−2.870	−6.705
Energy (270):													
BA	0.000	−0.252	−0.269	−0.283	−0.282	−0.270	−0.296	−0.299	−0.306	−0.314	−0.322	−1.356	−2.893
OT	0.000	−0.175	−0.206	−0.228	−0.228	−0.202	−0.211	−0.205	−0.218	−0.240	−0.241	−1.039	−2.154

Natural Resources and Environment (300):													
BA	0.000	−1.000	−0.904	−0.864	−0.817	−0.904	−1.014	−1.120	−1.115	−1.089	−1.159	−4.489	−9.986
OT	0.000	−0.491	−0.683	−0.731	−0.701	−0.788	−0.885	−0.986	−0.980	−0.951	−1.022	−3.394	−8.218
Agriculture (350):													
BA	0.000	−0.663	−0.884	−1.042	−1.183	−1.459	−1.840	−2.104	−1.986	−1.899	−1.843	−5.231	−14.903
OT	0.000	−0.337	−0.501	−0.600	−0.688	−0.845	−1.045	−1.205	−1.155	−1.125	−1.084	−2.971	−8.585
Commerce and Housing Credit (370):													
BA	0.000	−0.112	−0.145	−3.470	−2.675	−3.702	−4.025	−4.457	−4.838	−5.091	−5.503	−10.104	−34.018
OT	0.000	−0.043	−0.073	−3.341	−2.514	−3.477	−3.737	−4.089	−4.443	−4.671	−5.085	−9.448	−31.473
On-Budget:													
BA	0.000	−0.112	−0.145	−0.192	0.496	−0.170	−0.250	−0.328	−0.323	−0.318	−0.309	−0.123	−1.651
OT	0.000	−0.043	−0.073	−0.063	0.657	0.055	0.038	0.040	0.072	0.102	0.109	0.533	0.894
Off-Budget:													
BA	0.000	0.000	0.000	−3.278	−3.171	−3.532	−3.775	−4.129	−4.515	−4.773	−5.194	−9.981	−32.367
OT	0.000	0.000	0.000	−3.278	−3.171	−3.532	−3.775	−4.129	−4.515	−4.773	−5.194	−9.981	−32.367
Transportation (400):													
BA	0.000	5.577	0.505	−0.178	−0.764	−1.412	−1.895	−2.433	−2.533	−2.662	−2.749	3.728	−8.544
OT	0.000	5.069	3.439	2.086	0.905	−0.058	−0.695	−0.881	−1.056	−1.221	−1.382	11.441	6.206
Community and Regional Development (450):													
BA	0.000	−0.298	−0.273	−0.282	−0.291	−0.302	−0.318	−0.331	−0.339	−0.348	−0.355	−1.446	−3.137
OT	0.000	−0.162	−0.241	−0.265	−0.256	−0.256	−0.263	−0.268	−0.276	−0.284	−0.291	−1.180	−2.562
Education, Training, Employment and Social Services (500):													
BA	−0.130	−2.270	−2.702	−2.745	−2.877	−3.052	−3.228	−3.405	−3.460	−3.522	−3.573	−13.646	−30.834
OT	−0.115	−1.074	−1.999	−2.290	−2.490	−2.688	−2.854	−3.038	−3.087	−3.146	−3.194	−10.541	−25.860
Health (550):													
BA	0.225	−7.922	−15.847	−19.187	−20.306	−23.052	−26.385	−30.689	−32.446	−34.169	−36.054	−86.314	−246.057
OT	0.225	−7.058	−15.428	−18.918	−20.068	−22.842	−26.185	−30.495	−32.252	−33.956	−35.797	−84.314	−242.999
Medicare (570):													
BA	0.000	−3.880	−7.584	−9.888	−12.648	−18.035	−24.580	−31.782	−34.250	−35.752	−37.874	−52.035	−216.273
OT	0.000	−3.822	−7.605	−9.796	−12.639	−18.015	−24.555	−31.783	−34.418	−35.529	−37.873	−51.877	−216.035
Income Security (600):													
BA	0.198	−3.235	−5.026	−6.546	−8.379	−12.031	−15.391	−18.469	−19.154	−18.566	−18.902	−35.217	−125.699
OT	0.170	−2.659	−4.799	−6.573	−8.224	−11.744	−15.193	−18.317	−18.993	−18.403	−18.749	−33.999	−123.654
Social Security (650):													
BA	0.000	−0.051	−0.006	0.056	0.114	0.120	0.132	0.137	0.146	0.157	0.167	0.233	0.972

TABLE 13.—FISCAL YEAR 2004 BUDGET RESOLUTION MINUS THE PRESIDENT'S BUDGET—Continued

[In billions of dollars]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–2008	2004–2013
OT	0.000	0.011	0.030	0.079	0.132	0.137	0.148	0.154	0.165	0.176	0.186	0.389	1.218
On-Budget:													
BA	0.000	−0.629	−0.001	−0.001	−0.001	−0.001	−0.001	−0.001	−0.001	−0.001	−0.001	−0.633	−0.638
OT	0.000	−0.629	−0.001	−0.001	−0.001	−0.001	−0.001	−0.001	−0.001	−0.001	−0.001	−0.633	−0.638
Off-Budget:													
BA	0.000	0.578	−0.005	0.057	0.115	0.121	0.133	0.138	0.147	0.158	0.168	0.866	1.610
OT	0.000	0.640	0.031	0.080	0.133	0.138	0.149	0.155	0.166	0.177	0.187	1.022	1.856
Veterans Benefits and Services (700):													
BA	0.000	−1.268	−1.538	−1.668	−1.808	−2.273	−2.662	−3.117	−3.316	−3.118	−3.303	−8.555	−24.071
OT	0.000	−0.830	−1.283	−1.495	−1.666	−2.152	−2.548	−2.994	−3.189	−2.983	−3.171	−7.426	−22.311
Administration of Justice (750):													
BA	0.000	−0.963	−0.856	−0.928	−0.963	−1.030	−1.098	−1.173	−1.201	−1.235	−1.266	−4.740	−10.713
OT	0.000	−0.507	−0.786	−0.830	−0.860	−0.927	−0.990	−1.063	−1.088	−1.117	−1.145	−3.910	−9.313
General Government (800):													
BA	−0.017	−0.918	−1.149	−2.953	−1.375	−2.047	−1.950	−2.299	−2.336	−2.398	−2.478	−8.442	−19.903
OT	−0.017	−0.668	−0.995	−2.865	−1.305	−1.981	−1.876	−2.218	−2.254	−2.321	−2.391	−7.814	−18.874
Net Interest (900):													
BA	0.260	0.651	−4.140	−4.253	−6.779	−13.131	−18.595	−28.627	−35.957	−42.581	−52.677	−27.652	−206.089
OT	0.260	0.651	−4.140	−4.253	−6.779	−13.131	−18.595	−28.627	−35.957	−42.581	−52.677	−27.652	−206.089
On-budget:													
BA	0.279	0.729	−4.063	−4.089	−6.454	−12.596	−17.848	−27.625	−34.689	−40.993	−50.739	−26.473	−198.367
OT	0.279	0.729	−4.063	−4.089	−6.454	−12.596	−17.848	−27.625	−34.689	−40.993	−50.739	−26.473	−198.367
Off-Budget:													
BA	−0.019	−0.078	−0.077	−0.164	−0.325	−0.535	−0.747	−1.002	−1.268	−1.588	−1.938	−1.179	−7.722
OT	−0.019	−0.078	−0.077	−0.164	−0.325	−0.535	−0.747	−1.002	−1.268	−1.588	−1.938	−1.179	−7.722
Allowances (920):													
BA	0.000	−0.223	−1.275	−1.275	−0.025	−0.025	−0.025	−0.025	−0.025	−0.025	−0.025	−2.823	−2.948
OT	0.000	−0.201	−0.084	−0.282	−0.529	−0.650	−0.650	−0.275	−0.150	−0.100	−0.025	−1.746	−2.946
Undistributed Offsetting Receipts (950):													
BA	0.000	−0.085	−0.081	3.328	−2.052	−1.027	0.722	0.757	0.697	3.064	3.102	0.083	8.425
OT	0.000	−0.085	−0.081	3.328	−2.052	−1.027	0.722	0.757	0.697	3.064	3.102	0.083	8.425

On-Budget:													
BA	0.000	−0.085	−0.081	3.328	−2.052	−1.027	0.722	0.757	0.697	3.064	3.102	0.083	8.425
OT	0.000	−0.085	−0.081	3.328	−2.052	−1.027	0.722	0.757	0.697	3.064	3.102	0.083	8.425
Off-Budget:													
BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

TABLE 14.—FISCAL YEAR 2004 BUDGET RESOLUTION COMPARED TO 2003: TOTAL SPENDING AND REVENUES

[In billions of dollars]

Fiscal year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–2008	2004–2013
SUMMARY												
Total Spending:												
BA	61.700	183.444	315.050	425.328	537.888	648.011	754.483	888.250	1,012.713	1,162.779	1,523.410	5,989.646
OT	88.775	189.712	299.033	400.713	513.012	627.685	737.476	877.457	987.493	1,145.581	1,491.245	5,866.937
On-budget:												
BA	43.333	155.040	276.092	373.788	472.484	565.967	654.060	769.216	870.450	994.069	1,320.737	5,174.499
OT	70.812	162.105	261.153	350.548	449.368	547.797	639.512	761.270	848.559	980.690	1,293.986	5,071.814
Off-Budget:												
BA	18.367	28.404	38.958	51.540	65.404	82.044	100.423	119.034	142.263	168.710	202.673	815.147
OT	17.963	27.607	37.880	50.165	63.644	79.888	97.964	116.187	138.934	164.891	197.259	795.123
Revenues:												
Total	52.688	251.826	426.555	589.034	731.913	881.261	1,031.365	1,172.692	1,338.738	1,517.069	2,052.016	7,993.141
On-Budget	26.409	195.538	339.000	469.413	579.011	693.656	807.138	912.067	1,040.697	1,178.906	1,609.371	6,241.835
Off-Budget	26.279	56.288	87.555	119.621	152.902	187.605	224.227	260.625	298.041	338.163	442.645	1,751.306
Surplus/Deficit (−):												
Total	−36.087	62.114	127.522	188.321	218.901	253.576	293.889	295.235	351.245	371.488	560.771	2,126.204
On-Budget	−44.403	33.433	77.847	118.865	129.643	145.859	167.626	150.797	192.138	198.216	315.385	1,170.021
Off-Budget	8.316	28.681	49.675	69.456	89.258	107.717	126.263	144.438	159.107	173.272	245.386	956.183
BY FUNCTION												
National Defense (050):												
BA	8.052	27.577	47.691	67.941	88.392	101.573	115.346	129.609	144.037	158.829	239.653	889.047
OT	14.687	28.008	39.782	52.427	76.632	94.421	111.119	130.109	137.655	157.312	211.536	842.152
International Affairs (150):												
BA	2.241	6.120	8.576	9.756	10.601	11.253	11.939	12.788	13.622	14.479	37.294	101.375
OT	4.393	4.845	6.325	8.126	9.106	10.115	10.938	11.782	12.590	13.454	32.795	91.674
General Science, Space, and Technology (250):												
BA	−0.382	0.438	1.191	2.000	2.746	3.350	3.987	4.647	5.311	5.981	5.993	29.269
OT	0.792	1.526	2.134	2.869	3.571	4.243	4.879	5.523	6.179	6.837	10.892	38.553
Energy (270):												
BA	0.509	0.633	0.535	0.357	0.914	0.903	1.011	1.108	1.215	1.328	2.948	8.513
OT	0.490	0.523	0.806	0.584	0.963	1.224	1.345	1.518	1.880	1.856	3.366	11.189
Natural Resources and Environment (300):												
BA	−1.579	−0.566	0.124	0.632	1.408	2.638	3.605	4.611	5.527	6.424	0.019	22.824
OT	0.926	1.334	2.259	2.391	2.766	3.895	4.817	5.801	6.675	7.650	9.676	38.514

Agriculture (350):												
BA	−0.452	1.726	1.381	0.695	−0.383	−0.179	−0.991	−1.433	−1.767	−1.985	2.967	−3.388
OT	−0.009	1.829	1.622	1.050	0.158	0.701	0.131	−0.363	−0.738	−0.977	4.650	3.404
Commerce and Housing Credit (370):												
BA	1.989	2.921	0.455	0.783	−0.116	−0.224	−0.604	−0.788	−0.956	−1.159	6.032	2.301
OT	1.106	1.278	−1.629	−2.087	−3.458	−3.570	−4.202	−4.938	−5.444	−5.635	−4.790	−28.579
On-budget:												
BA	−1.411	−0.179	−0.667	0.354	−0.184	−0.049	−0.075	0.127	0.217	0.435	−2.087	−1.432
OT	−2.294	−1.822	−2.751	−2.516	−3.526	−3.395	−3.673	−4.023	−4.271	−4.041	−12.909	−32.312
Off-budget:												
BA	3.400	3.100	1.122	0.429	0.068	−0.175	−0.529	−0.915	−1.173	−1.594	8.119	3.733
OT	3.400	3.100	1.122	0.429	0.068	−0.175	−0.529	−0.915	−1.173	−1.594	8.119	3.733
Transportation (400):												
BA	1.325	1.694	2.600	3.602	4.556	5.734	6.925	8.632	10.341	12.127	13.777	57.536
OT	5.985	2.014	0.522	0.446	0.853	1.757	3.174	4.726	6.381	8.077	9.820	33.935
Community and RegionalDevelopment (450):												
BA	1.886	2.104	2.396	2.717	3.099	3.450	3.824	4.216	4.606	5.004	12.202	33.302
OT	−0.071	−0.004	−0.874	−1.076	−1.494	−1.192	−0.848	−0.470	−0.102	0.294	−3.519	−5.837
Education, Training, Employment and Social Services (500):												
BA	−1.425	−1.793	0.494	2.471	4.630	6.208	7.746	9.643	11.446	13.347	4.377	52.767
OT	4.362	2.253	3.292	5.068	7.003	9.130	10.811	12.578	14.354	16.243	21.978	85.094
Health (550):												
BA	13.155	26.683	43.446	62.176	81.635	101.915	123.343	148.294	172.960	201.287	227.095	974.894
OT	17.387	30.234	46.790	65.160	84.350	104.489	125.914	150.867	175.559	203.837	243.921	1,004.587
Medicare (570):												
BA	12.712	26.889	63.861	83.434	103.806	123.579	143.466	172.105	205.329	241.911	290.702	1,177.092
OT	13.187	29.968	60.866	83.865	103.853	123.495	143.875	175.446	201.878	242.320	291.739	1,178.753
Income Security (600):												
BA	−10.649	−0.136	5.852	10.647	19.316	27.905	35.690	49.738	53.079	66.976	25.030	258.418
OT	−12.797	−4.481	0.510	4.784	12.776	21.038	28.686	42.697	46.030	60.047	0.792	199.290
Social Security (650):												
BA	22.207	42.611	67.909	96.240	127.309	162.355	200.577	241.769	287.429	337.480	356.276	1,585.886
OT	21.802	41.814	66.831	94.865	125.549	160.199	198.118	238.922	284.100	333.661	350.861	1,565.861
On-budget:												
BA	0.968	2.075	3.196	4.720	6.572	8.727	11.102	14.980	18.195	21.226	17.531	91.761
OT	0.967	2.075	3.196	4.720	6.572	8.727	11.102	14.980	18.195	21.226	17.530	91.760
Off-budget:												
BA	21.239	40.536	64.713	91.520	120.737	153.628	189.475	226.789	269.234	316.254	338.745	1,494.125
OT	20.835	39.739	63.635	90.145	118.977	151.472	187.016	223.942	265.905	312.435	333.331	1,474.101

TABLE 14.—FISCAL YEAR 2004 BUDGET RESOLUTION COMPARED TO 2003: TOTAL SPENDING AND REVENUES—Continued

[In billions of dollars]

Fiscal year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004–2008	2004–2013
Veterans Benefits and Services (700):												
BA	3.113	8.230	6.379	4.723	8.058	9.291	10.561	15.049	12.208	16.855	30.503	94.467
OT	3.206	7.843	6.234	4.528	8.016	9.158	10.388	14.864	11.930	16.646	29.827	92.813
Administration of Justice (750):												
BA	−1.233	−0.870	−0.962	−0.580	0.337	1.296	2.341	3.609	4.908	6.257	−3.308	15.103
OT	3.183	1.291	0.314	0.147	0.921	1.950	2.984	4.135	5.412	6.752	5.856	27.089
General Government (800):												
BA	1.590	1.847	1.476	1.777	1.582	1.990	2.394	3.116	3.861	4.651	8.272	24.284
OT	1.483	2.110	1.610	1.613	1.449	1.658	2.024	2.723	3.597	4.220	8.265	22.487
Net Interest (900):												
BA	11.277	50.224	77.083	89.151	96.089	100.990	102.324	103.765	104.697	101.413	323.824	837.013
OT	11.277	50.224	77.083	89.151	96.089	100.990	102.324	103.765	104.697	101.413	323.824	837.013
On-budget:												
BA	16.926	64.062	101.878	126.797	147.835	167.888	185.427	204.114	223.276	239.062	457.498	1,477.265
OT	16.926	64.062	101.878	126.797	147.835	167.888	185.427	204.114	223.276	239.062	457.498	1,477.265
Off-budget:												
BA	−5.649	−13.838	−24.795	−37.646	−51.746	−66.898	−83.103	−100.349	−118.579	−137.649	−133.674	−640.252
OT	−5.649	−13.838	−24.795	−37.646	−51.746	−66.898	−83.103	−100.349	−118.579	−137.649	−133.674	−640.252
Allowances (920):												
BA	−0.223										−0.223	−0.223
OT	−0.201	−0.009	−0.007	−0.004							−0.221	−0.221
Undistributed Offsetting Receipts (950):												
BA	−2.413	−12.888	−15.437	−13.194	−16.091	−16.016	−19.001	−22.228	−25.140	−28.426	−60.023	−170.834
OT	−2.413	−12.888	−15.437	−13.194	−16.091	−16.016	−19.001	−22.228	−25.140	−28.426	−60.023	−170.834
On-budget:												
BA	−1.790	−11.494	−13.355	−10.431	−12.436	−11.505	−13.581	−15.737	−17.921	−20.125	−49.506	−128.375
OT	−1.790	−11.494	−13.355	−10.431	−12.436	−11.505	−13.581	−15.737	−17.921	−20.125	−49.506	−128.375
Off-budget:												
BA	−0.623	−1.394	−2.082	−2.763	−3.655	−4.511	−5.420	−6.491	−7.219	−8.301	−10.517	−42.459
OT	−0.623	−1.394	−2.082	−2.763	−3.655	−4.511	−5.420	−6.491	−7.219	−8.301	−10.517	−42.459

TABLE 15.—FISCAL YEAR 2004 BUDGET RESOLUTION COMPARED TO 2003 TOTAL SPENDING AND REVENUES

[Percentage change]

Fiscal year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
SUMMARY										
Total Spending:										
BA	2.9	8.5	14.6	19.7	24.9	30.0	35.0	41.2	46.9	53.9
OT	4.1	8.9	14.0	18.7	23.9	29.3	34.4	40.9	46.1	53.4
On-budget:										
BA	2.4	8.7	15.4	20.9	26.4	31.6	36.5	43.0	48.6	55.5
OT	4.0	9.1	14.7	19.7	25.3	30.8	36.0	42.8	47.8	55.2
Off-Budget:										
BA	5.0	7.7	10.6	14.0	17.7	22.3	27.3	32.3	38.6	45.8
OT	4.9	7.5	10.3	13.7	17.4	21.8	26.7	31.7	37.9	45.0
Revenues:										
Total	2.8	13.6	23.0	31.7	39.4	47.5	55.6	63.2	72.2	81.8
On-Budget	2.0	14.8	25.6	35.5	43.7	52.4	61.0	68.9	78.6	89.1
Off-Budget	4.9	10.6	16.5	22.5	28.8	35.3	42.2	49.0	56.1	63.6
Surplus/Deficit (−):										
Total	12.5	−21.6	−44.3	−65.4	−76.0	−88.0	−102.0	−102.5	−121.9	−129.0
On-Budget	9.8	−7.4	−17.2	−26.2	−28.6	−32.2	−37.0	−33.3	−42.4	−43.7
Off-Budget	5.0	17.4	30.1	42.1	54.1	65.2	76.5	87.5	96.4	105.0
BY FUNCTION										
National Defense (050):										
BA	2.1	7.0	12.2	17.3	22.5	25.9	29.4	33.0	36.7	40.5
OT	3.8	7.3	10.3	13.6	19.8	24.4	28.8	33.7	35.6	40.7
International Affairs (150):										
BA	10.0	27.2	38.1	43.3	47.1	50.0	53.0	56.8	60.5	64.3
OT	22.8	25.1	32.8	42.1	47.2	52.5	56.7	61.1	65.3	69.8
General Science, Space, and Technology (250):										
BA	−1.6	1.9	5.1	8.6	11.9	14.5	17.2	20.1	22.9	25.8
OT	3.7	7.1	9.9	13.3	16.6	19.7	22.6	25.6	28.7	31.7
Energy (270):										
BA	24.5	30.5	25.8	17.2	44.1	43.5	48.7	53.4	58.6	64.0
OT	111.6	119.1	183.6	133.0	219.4	278.8	306.4	345.8	428.2	422.8
Natural Resources and Environment (300):										
BA	−5.1	−1.8	0.4	2.1	4.6	8.6	11.7	15.0	17.9	20.8
OT	3.2	4.6	7.8	8.3	9.6	13.5	16.6	20.0	23.1	26.4

TABLE 15.—FISCAL YEAR 2004 BUDGET RESOLUTION COMPARED TO 2003 TOTAL SPENDING AND REVENUES—Continued

[Percentage change]

Fiscal year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agriculture (350):										
BA	−1.9	7.1	5.7	2.8	−1.6	−0.7	−4.1	−5.9	−7.2	−8.1
OT	....	7.8	6.9	4.5	0.7	3.0	0.6	−1.6	−3.2	−4.2
Commerce and Housing Credit (370):										
BA	38.2	56.0	8.7	15.0	−2.2	−4.3	−11.6	−15.1	−18.3	−22.2
OT	48.5	56.0	−71.4	−91.5	−151.6	−156.5	−184.2	−216.5	−238.7	−247.0
On-Budget:										
BA	−16.0	−2.0	−7.6	4.0	−2.1	−0.6	−0.9	1.4	2.5	4.9
OT	−39.0	−31.0	−46.8	−42.8	−60.0	−57.7	−62.5	−68.4	−72.6	−68.7
Off-Budget:										
BA	−94.4	−86.1	−31.2	−11.9	−1.9	4.9	14.7	25.4	32.6	44.3
OT	−94.4	−86.1	−31.2	−11.9	−1.9	4.9	14.7	25.4	32.6	44.3
Transportation (400):										
BA	2.1	2.6	4.1	5.6	7.1	8.9	10.8	13.5	16.1	18.9
OT	8.8	3.0	0.8	0.7	1.3	2.6	4.7	7.0	9.4	11.9
Community and Regional Development (450):										
BA	15.4	17.2	19.6	22.2	25.3	28.2	31.2	34.4	37.6	40.8
OT	−0.4	....	−5.5	−6.7	−9.3	−7.5	−5.3	−2.9	−0.6	1.8
Education, Training, Employment and Social Services (500):										
BA	−1.7	−2.1	0.6	2.9	5.4	7.2	9.0	11.2	13.3	15.5
OT	5.4	2.8	4.0	6.2	8.6	11.2	13.3	15.5	17.6	20.0
Health (550):										
BA	5.9	12.0	19.6	28.0	36.8	45.9	55.6	66.8	78.0	90.7
OT	8.0	13.9	21.5	29.9	38.7	47.9	57.8	69.2	80.5	93.5
Medicare (570):										
BA	5.1	10.8	25.7	33.6	41.8	49.7	57.7	69.2	82.6	97.3
OT	5.3	12.1	24.5	33.8	41.8	49.7	57.9	70.6	81.3	97.5
Income Security (600):										
BA	−3.3	....	1.8	3.3	5.9	8.5	10.9	15.2	16.3	20.5
OT	−3.8	−1.3	0.2	1.4	3.8	6.3	8.6	12.8	13.8	18.0
Social Security (650):										
BA	4.6	8.9	14.2	20.1	26.6	33.9	41.9	50.5	60.0	70.5
OT	4.6	8.8	14.0	19.9	26.3	33.6	41.5	50.1	59.6	70.0
On-Budget:										
BA	7.3	15.7	24.1	35.6	49.6	65.8	83.8	113.0	137.3	160.1

OT	7.3	15.7	24.1	35.6	49.6	65.8	83.8	113.0	137.3	160.1
Off-Budget:										
BA	4.6	8.7	13.9	19.7	25.9	33.0	40.7	48.7	57.8	67.9
OT	4.5	8.6	13.7	19.4	25.7	32.7	40.3	48.3	57.4	67.4
Veterans Benefits and Services (700):										
BA	5.4	14.3	11.1	8.2	14.0	16.1	18.3	26.1	21.2	29.3
OT	5.6	13.6	10.8	7.9	13.9	15.9	18.1	25.9	20.8	29.0
Administration of Justice (750):										
BA	−3.2	−2.3	−2.5	−1.5	0.9	3.4	6.1	9.4	12.7	16.2
OT	8.4	3.4	0.8	0.4	2.4	5.2	7.9	11.0	14.4	17.9
General Government (800):										
BA	8.7	10.2	8.1	9.8	8.7	10.9	13.2	17.1	21.2	25.6
OT	8.2	11.7	8.9	8.9	8.0	9.2	11.2	15.0	19.9	23.3
Net Interest (900):										
BA	7.2	32.3	49.5	57.3	61.7	64.9	65.7	66.7	67.3	65.2
OT	7.2	32.3	49.5	57.3	61.7	64.9	65.7	66.7	67.3	65.2
On-budget:										
BA	7.1	26.7	42.5	52.9	61.7	70.0	77.3	85.1	93.1	99.7
OT	7.1	26.7	42.5	52.9	61.7	70.0	77.3	85.1	93.1	99.7
Off-Budget:										
BA	6.7	16.5	29.5	44.8	61.5	79.5	98.8	119.3	141.0	163.7
OT	6.7	16.5	29.5	44.8	61.5	79.5	98.8	119.3	141.0	163.7
Allowances (920):										
BA	na	na	na	na	na	na	na	na	na	na
OT	na	na	na	na	na	na	na	na	na	na
Undistributed Offsetting Receipts (950):										
BA	4.8	25.5	30.6	26.1	31.9	31.7	37.6	44.0	49.8	56.3
OT	4.8	25.5	30.6	26.1	31.9	31.7	37.6	44.0	49.8	56.3
On-Budget:										
BA	4.4	28.0	32.5	25.4	30.3	28.0	33.0	38.3	43.6	49.0
OT	4.4	28.0	32.5	25.4	30.3	28.0	33.0	38.3	43.6	49.0
Off-Budget:										
BA	6.6	14.8	22.1	29.4	38.8	47.9	57.6	69.0	76.7	88.2
OT	6.6	14.8	22.1	29.4	38.8	47.9	57.6	69.0	76.7	88.2

Reconciliation

As provided in Section 310 of the Budget Act (2 U.S.C. 641), the budget resolution instructs 14 authorizing committees to reconcile and report changes in law necessary to achieve the direct spending and revenue levels provided for in the budget resolution. The Budget Committee makes general assumptions about what each Committee will do to comply with its reconciliation instructions; however, the Committees have wide latitude to develop their legislation. The Budget Committee will report these changes to the House as two separate reconciliation measures, but will not substantively change the legislative language submitted to it by the various committees. The Budget Act gives the Budget Committee the authority to include reconciliation instructions in the budget resolution.

The committees receiving a directive must increase or decrease spending by the specified amount, or in the case of revenue, increase or decrease revenue by the specified amount (the latter is almost exclusively a directive to the Ways and Means Committee). The committees may achieve the amounts specified in any manner they wish. When a directive is received, the committees hold a mark-up as they would on any other bill, but it is reported to the Budget Committee instead of the House. That committee then binds all the submissions together and reports it out of committee as a single bill—the Budget Committee may not make any changes in the submitted text, except the ministerial task of binding it together. The committees are given a deadline for submitting the bill to the Budget Committee.

The reconciliation bill is protected in the Senate: It has an automatic time limit on debate and cannot be filibustered—hence passage only requires 51 votes. A provision that does not increase or decrease spending (or revenue) violates the Byrd Rule, and may be removed from the bill, unless there are 60 votes to waive the point of order. Reconciliation does not apply to discretionary spending, which is controlled by the Appropriations Committee.

Economic Growth Reconciliation Measure

The first reconciliation bill is designed to stimulate economic growth, simplify the tax system, and make it more fair. The reconciliation instruction incorporates two separate directives: one to the Committee on Ways and Means and one to the Committee on Education and the Workforce. The Ways and Means Committee must report a measure by 11 April 2003, that will reduce taxes by \$35.4 billion for fiscal year 2003, \$112.8 billion for fiscal year 2004, \$387.7 billion from 2004 through 2008, and \$662.9 billion from 2004 through 2013. Because tax measures often include tax credits, the directive to the Ways and Means Committee includes the requirement that their submission must also increase direct spending by $4.4 billion for fiscal year 2003, $1.1 billion for fiscal year 2004, $17.4 billion from 2004 through 2008, and $23.1 billion from 2004 through 2013.

The second directive requires the Committee on Education and the Workforce to increase direct spending on programs within its jurisdiction by $3.6 billion for fiscal year 2003. The committee is not required to include any policy assumed by the Budget Committee in its submission as long as it achieves the increases in direct spending contemplated by the directive.

Both committees' direct spending submissions must be transmitted to the House Budget Committee by 11 April 2003.

ELIMINATION OF WASTE, FRAUD AND INEFFICIENCIES

The resolution also instructs 14 committees to report changes in programs within their jurisdiction to the Budget Committee by 18 July 2003. The intent of the instruction is to reduce instances of waste, fraud, and abuse in these program areas. The committees will choose their own methods of complying with the directives. The committees directed to produce these changes are as follows: Committee on Agriculture, Committee on Education and the Workforce, Committee on Energy and Commerce, Committee on Financial Services, Committee on Government Reform, Committee on House Administration, Committee on International Relations, Committee on the Judiciary, Committee on Resources, Committee on Science, Committee on Small Business, Committee on Transportation and Infrastructure, Committee on Veterans Affairs, and the Committee on Ways and Means. Each committee is required to reduce spending in programs, projects and activities within its jurisdiction by 1 percent. The intent of these directives is to produce greater efficiency in Government programs. Consequently, the savings to be attained by this legislation will come from the elimination of waste, fraud, and abuse, and through greater efficiency in program utilization.

For the second set of submissions, a special rule is established for the Energy and Commerce and Ways and Means Committees. It is intended to ensure that the two committees have maximum flexibility in modernizing Medicare, achieving prescription drug coverage, and in meeting their targets for mandatory savings. By reconciling both Medicare and the mandatory savings of each committee, the bill allows the committees to count any savings from Medicare reform towards their mandatory savings requirements. Conversely, if the committees achieve more savings than required by the budget resolution they can use it to augment their reconciliation instructions for Medicare.

As a result of the shared jurisdiction of the two committees over Medicare, the $400 billion for Medicare modernization and prescription drug coverage was reconciled to both committees. In order to ensure that the committees achieve the required level of savings and do not effectively overspend the $400 billion for Medicare, the rule creates a point of order to prevent the two committees from bringing such a bill to the floor. Should such a situation arise, the Leadership will work with the committees to craft a bill in compliance with the overall levels of spending included in the budget resolution.

The following table indicates the amounts required from each reconciled committee:

Fiscal Year 2004 Budget Resolution Reconciliation Instructions by House Authorizing Committee

TABLE 16.—SUBMISSIONS PROVIDING FOR ECONOMIC GROWTH AND TAX SIMPLIFICATION AND FAIRNESS (DUE 11 APRIL 2003)

[By fiscal year in millions of dollars]

	2003	2004	2004–2008	2004–2013
Ways and Means:				
Revenues	35,420	112,785	387,719	662,874
Outlays	4,380	1,111	17,393	23,096
Education and Workforce:				
Budget Authority	3,600	....	....	....

SUBMISSIONS PROVIDING FOR THE ELIMINATION OF WASTE, FRAUD, AND ABUSE IN MANDATORY PROGRAMS (DUE JULY 18, 2003)

[By fiscal year in millions of dollars of outlays, unless otherwise noted]

	2004	2004–2008	2004–2013
Agriculture	−618	−5,696	−19,171
Education and Workforce	−269	−2,675	−9,701
Energy and Commerce	....	105,482	289,436
Financial Services (Budget Authority)	−13	−126	−144
Government Reform	−1,104	−10,680	−39,464
House Administration	−5	−28	−91
International Relations	−161	−1,333	−4,605
Judiciary	−88	−749	−2,475
Resources	−40	−354	−1,137
Science	−1	−6	−15
Small Business	....	....	....
Transportation and Infrastructure	−192	−1,798	−6,087
Veterans' Affairs	−463	−4,347	−15,062
Ways and Means	....	65,213	138,223

Section-by-Section Description

The Budget Resolution establishes a budgetary framework, which includes aggregate levels of total new BA and outlays, total Federal revenues and the amount by which revenues should be changed by bills, the surplus or deficit, new BA and outlays for each major functional category, the debt held by the public, the debt subject to the statutory limit, and directives to authorizing committees.

SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2004

Subsection (a), in accordance with section 301(a) of the Congressional Budget Act of 1974, establishes the appropriate budgetary levels for the current year, fiscal year 2003, for the budget year, fiscal year 2004, and each of the 9 years following the budget year, fiscal years 2005 through 2013. The level for fiscal year 2003 replaces the level established for the House in H.Con.Res. 353 as passed by the House.

Subsection (b) sets out the table of contents of the resolution.

TITLE I—RECOMMENDED LEVELS AND AMOUNTS

SECTION 101. RECOMMENDED LEVELS AND AMOUNTS

Consistent with section 301 of the Congressional Budget Act of 1974, this section establishes the recommended levels for revenue, reduction in revenue, total new BA, total budget outlays, surpluses or deficits, debt held by the public, and the debt subject to the statutory limit. The recommended level of revenue operates as a floor against which all revenue bills are measured pursuant to section 311 of the Budget Act. Similarly, the recommended levels of new BA and budget outlays serve as a ceiling on the consideration of subsequent spending. The surplus or deficit levels reflect only on-budget outlays and revenue and hence do not reflect most outlays and receipts related to the Social Security program and certain Postal Service operations. The debt subject to statutory limit aggregates refers to the portion of gross Federal debt issued by the Treasury to the public or another Government fund or account, whereas the debt held by the public is the amount of debt issued and held by entities or individuals other than the U.S. Government.

SECTION 102. MAJOR FUNCTIONAL CATEGORIES

As further required by section 301(a) of the Budget Act, section 102 establishes the appropriate budgetary levels for 20 functional categories for the current fiscal year, 2003, the budget year, fiscal year 2004, and fiscal years 2004 through 2013. The amount of spending included in any function level for fiscal year 2004 is further described in the "Function-by-Function Presentation" in this report. The functions include the following categories:

050 National Defense
100 Homeland Security
150 International Affairs
250 Science, Space and Technology
270 Energy
300 Natural Resources and Environment
350 Agriculture
370 Commerce and Housing Credit
400 Transportation
450 Community and Regional Development
500 Education, Training, Employment and Social Services
550 Health
570 Medicare
600 Income Security
650 Social Security
700 Veterans Benefits
750 Administration of Justice
800 General Government
900 Net Interest
920 Allowances
950 Undistributed Offsetting Receipts

TITLE II—RECONCILIATION

SECTION 201. RECONCILIATION IN THE HOUSE OF REPRESENTATIVES

As provided in Section 310 of the Congressional Budget Act of 1974, the budget resolution includes reconciliation instructions to a total of 14 authorizing committees to submit to the House Budget Committee changes in law necessary to achieve the direct spending and revenue levels in the budget resolution. The Budget Committee will report these changes to the House as two separate reconciliation measures, but will not substantively change the legislative language submitted to it by the various committees.

Subsection (a) directs two committees to report changes in programs within their jurisdiction to the House Budget Committee by 11 April 2003. The Committee on Ways and Means must report a measure sufficient to reduce revenue by $35.4 billion for fiscal year 2003, $112.7 billion for fiscal year 2004, $387.7 billion from 2004 through 2008, or $662.9 billion from 2004 through 2013; this submission must also increase direct spending by $4.4 billion for fiscal year 2003, $1.1 billion for fiscal year 2004, $17.4 billion from 2004 through 2008, or $662.9 billion from 2004 through 2013. The subsection also directs the Committee on Education and the Workforce to increase direct spending on programs within its jurisdiction by $3.6 billion for fiscal year 2003.

Subsection (b) directs 14 committees to report changes in programs within their jurisdiction to the Budget Committee by 18 July 2003. The committees which must submit legislative language to the Budget Committee are as follows: Committee on Agriculture, Committee on Education and the Workforce, Committee on Energy and Commerce, Committee on Financial Services, Committee on Government Reform, Committee on House Administration, Committee on International Relations, Committee on the Judiciary, Committee on Resources, Committee on Science, Committee on Small Business, Committee on Transportation and Infrastructure, Committee on Veterans' Affairs, and the Committee on Ways and Means.

These committees are essentially reconciled for a 1-percent spending reduction in programs, projects, or activities within their jurisdiction in fiscal year 2004, the period from fiscal year 2004 through 2008, and the period from fiscal year 2004 through 2013. The committees may make whatever changes in the law they deem appropriate as long as they achieve the specified amount of savings for the three periods.

The intent of these directives is to produce greater efficiency in Government programs. Consequently, the savings to be attained by this legislation will come from the elimination of waste, fraud, and abuse, and through greater efficiency in program utilization. (Please see Table 16 in the Reconciliation section of this report for the specific amount this percentage equals and that is reconciled to each committee).

This subsection adds a special rule for the Energy and Commerce and Ways and Means Committees, which were reconciled a net number consisting of required savings and funding for a Medicare Inititiative. It was reconciled to both committees because they both have jurisdiction over Medicare.

TITLE III—RESERVE FUNDS AND CONTINGENCY PROCEDURE

Pursuant to the Congressional Budget Act of 1974, the resolution provides the chairman of the House Budget Committee with the authority to increase the budget aggregates, and in some cases the allocations, for specified legislation whose costs are not assumed in the allocation and/or aggregates. Absent these adjustments, such legislation reported by the committees of jurisdiction would exceed the applicable committee's allocations in violation of section 302(f) of the Budget Act. This would subject the measure to a point of order and preclude the House from considering it. Budget resolutions have long included these adjustments pursuant to section 301(b)(4) of the Budget Act, which permits the budget resolution to include "such other matters, and require such other procedures, relating to the budget, as may be appropriate to carry out the purposes of this Act." Each of the reserve funds established under this title apply to reported bills, amendments, and conference reports.

SUBTITLE A—RESERVE FUND FOR LEGISLATION ASSUMED IN AGGREGATES

SECTION 301. RESERVE FUND FOR MEDICAID

This section creates a reserve fund that allows the chairman of the House Budget Committee to adjust the allocation of BA and outlays to the Committee on Energy and Commerce for any measure that combines funding for Medicaid and the State Children's Health Insurance Program [SCHIP]. The purpose of this reserve fund is to ensure as a condition for setting any increase in the allocation, the bill achieves long term savings. The adjustments in the allocations may not exceed $3.3 billion in new BA and outlays for fiscal year 2004; and $8.9 billion in new BA and outlays for the period of fiscal years 2004 through 2008.

SECTION 302. RESERVE FUND FOR BIOSHIELD

This section creates a reserve fund that allows the chairman of the House Budget Committee to adjust the allocation of BA and outlays to the appropriate committees, for a bill that establishes a program to accelerate the research, development, and purchase of biomedical threat countermeasures. The adjustment was structured to accommodate either a discretionary or mandatory program depending on the type of program. For the adjustment to take place, the measure must provide new mandatory BA to carry out the program. If this is the case, the adjustment made by the Budget Committee chairman may be no more than $890 million in new BA for fiscal year 2004, and $3.4 billion in new BA for fiscal years 2004 through 2008. The adjustment must also be made for the outlays flowing from the BA. Alternatively an adjustment may be made if the appropriate committee authorizes discretionary new BA to carry this program out, and the Committee on Appropriations also reports a bill providing new BA for that purpose. In this case, the adjustment will be made for no more than $890 million in BA for fiscal year 2004 and the resulting outlays.

If the program includes both mandatory and discretionary components or if two bills are enacted, the maximum adjustment the committee may make in fiscal year 2004 is $890 million in BA and outlays.

SUBTITLE B—CONTINGENCY PROCEDURE FOR LEGISLATION NOT ASSUMED IN THE AGGREGATES

SECTION 311. RESERVE FUND FOR HIGHWAYS AND HIGHWAY SAFETY

Transportation spending has a unique character. Typically, a committee has jurisdiction over a program and the spending associated with it is defined as either mandatory or subject to annual appropriations. If a committee expands a mandatory program, the BA is considered to be mandatory and the outlays flowing therefrom are also mandatory. If an authorizing committee increases the authorization level for a program that is subject to annual appropriations, it is not scored as BA, but rather the Appropriations Committee must report a subsequent measure funding the program. It is at that time that the BA is scored and characterized as discretionary. The outlays flowing therefrom are also considered to be discretionary.

Transportation spending is different: The authorizing committee, the Committee on Transportation and Infrastructure, has programs that spend out of the Highway Trust Fund, in which BA is defined as mandatory. In this particular case, the form of BA is termed "contract authority." The outlays flowing therefrom, however, are characterized as discretionary, and are scored against the Appropriations Committee. That committee includes in its annual transportation appropriations act language known as "obligation limitations." These limitations may constrain the amount of outlays flowing from the mandatory BA, depending on their level. Since this is the case, the reserve fund included in this resolution has two components: subsection (a) allows additional mandatory BA for highway and transit programs to be provided by the Committee on Transportation and Infrastructure; and subsection (b) allows additional discretionary outlays to be provided by the Appropriations Committee.

Subsection (a) creates a reserve fund that allows the chairman of the House Budget Committee to adjust the allocation of BA to the Committee on Transportation and Infrastructure for any measure that reauthorizes surface transportation programs and provides new BA for highway and transit spending. The Budget Committee chairman may make an adjustment to its allocation if the Transportation Committee reports a measure that exceeds the amounts specified in section 311. The adjustment may only be made if it is offset by changes in law, either included in same measure, or by previously enacted legislation. The changes in law may effect either direct spending or receipts must be appropriated to the Highway Trust Fund. The adjustment may be made in the BA allocation for fiscal year 2004 and the 5 year period, but the additional resources must offset the additional BA and corresponding outlays in each year.

Subsection (b) creates a reserve fund that allows the chairman of the House Budget Committee to adjust the allocation of outlays to the Committee on Appropriations for any measure that sets total obligation limitations greater than $38.5 billion for fiscal year 2004 for spending from the Highway Trust Fund. In addition, the amount of the adjustment must be offset by increases in resources dedicated to the Highway Trust Fund in fiscal year 2004 as previously referred to in subsection (a).

SUBTITLE C—IMPLEMENTATION OF RESERVE AND CONTINGENCY FUNDS

SECTION 321. APPLICATION AND EFFECTS OF CHANGES IN ALLOCATIONS AND AGGREGATES

This section sets forth the procedures for making adjustments pursuant to the reserve funds included in this resolution. Subsection (a)(1) and (2) provide that the adjustments may only be made during the interval that the legislation is under consideration and do not take effect until the legislation is actually enacted. This is approximately consistent with the procedures for making adjustments for various initiatives under section 314 of the Congressional Budget Act.

Subsection (a)(3) provides that in order to make the adjustments provided for in the reserve funds, the chairman of the House Budget Committee is directed to insert these adjustments in the Congressional Record.

Subsection (b) clarifies that any adjustments made under any of the reserve funds in the resolution have the same effect as if they were part of the original levels set forth in section 101. Therefore the adjusted levels are used to enforce points of order against legislation inconsistent with the allocations and aggregates included in the concurrent resolution on the budget.

Subsection (c) clarifies that the House Budget Committee determines the levels and estimates used to enforce points of order, as is the case for enforcing budget-related points of order, and the determination is made pursuant to section 312 of the Budget Act. This section of the Budget Act provides the chairman of the Budget Committee with the authority to advise the chairman of the House on the appropriate levels and estimates related to legislation being considered on the floor.

TITLE IV—BUDGET ENFORCEMENT

SECTION 401. RESTRICTIONS ON ADVANCE APPROPRIATIONS

Section 401 imposes a limitation on advance appropriations similar to a provision included in the last several budget resolutions. It effectively limits which programs may receive an advance appropriation and an overall amount of advanced appropriations. It is enforced by prohibiting the managers of any appropriations measure from accepting advance appropriations in a conference committee unless a separate vote on the spending is taken by the whole House.

It establishes this procedural mechanism with regard to any advance appropriation for fiscal year 2004 and any year thereafter with two exceptions: First, advance appropriations may be provided for the accounts in the appropriation bills under the section "Accounts Identified Advanced Appropriations" in the Joint Statement of Managers on any Conference Report on the Budget Resolution. The list is expected to be the same as that which appears in this report in the section "Additional Report Language" and with the same heading. In addition, total advance appropriations for these accounts may not exceed $23,178,000,000 in BA for fiscal year 2005.

Subsection (c) defines an "advance appropriation" as any new discretionary BA making general appropriations or continuing appropriations for fiscal year 2004 that first becomes available for any fiscal year after 2004.

This limitation may be enforced by any member making a point of order at the appropriate time against any advance appropriations not falling within an exception or exceeding the overall limit. The effect of a point of order under this section, if sustained by the Chair, is to cause the appropriation(s) to be stricken from the bill or joint resolution. The bill itself, however, would continue to be considered in the House.

SECTION 402. COMPLIANCE WITH SECTION 13301 THE BUDGET ENFORCEMENT ACT OF 1990

This section provides authority to include the administrative expenses related to Social Security in the allocation to the Appropriations Committee. This language is necessary to ensure that the Appropriations Committee retains control of administrative expenses through the Congressional budget process.

In the 106th Congress, the joint Leadership of the House and Senate Budget Committees decided to discontinue including administrative expenses in the budget resolution. This change was intended to make the budget resolution consistent with CBO's baseline which does not include administrative expenses for Social Security.

At the same time, the House Budget Committee believed that these expenses should continue to be reflected in the 302(a) allocations to the Appropriations Committee. Absent a waiver of section 302(a) of the Budget Act, the inclusion of these expenses in the allocation is construed as violating 302(a) of the Budget Act which states that the allocations must reflect the discretionary amounts in the budget resolution (and arguably, section 13301 of the Budget Enforcement Act, which states that Social Security benefits and revenues are off-budget).

Congressional Budget Process

The spending and revenue levels established 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 may include instructions directing the authorizing committees to report legislation complying with entitlement, revenue, deficit or debt reduction targets. The report accompanying the budget resolution distributes or "allocates" amounts set forth in the budget aggregates for programs, projects and activities to the Appropriations Committee for annual appropriations and the authorizing committees if they have permanent or multiyear spending authority. For fiscal year 2004, the budget resolution reported from the Budget Committee includes certain reconciliation instructions.

As required under Section 302(a) of the Congressional Budget Act of 1974, the discretionary spending levels established in the budget resolution are allocated to the Appropriations Committee and the mandatory spending levels are allocated to each of the authorizing committees with mandatory spending authority. These levels are enforced through points of order as discussed in the section "Enforcing the Budget Resolution." Amounts provided under "current law" encompass programs that affect direct spending entitlement and other programs that have spending authority or offsetting receipts. Amounts subject to discretionary action refer to programs that require subsequent legislation to provide the necessary spending authority. Amounts provided under "reauthorizations"' reflect amounts assumed to reauthorize expiring mandatory programs.

The report accompanying the budget resolution provides allocations of BA and outlays for each of the authorizing committees for the current year (fiscal year 2003), the budget year (fiscal year 2004), the 5-year period (fiscal years 2004 through 2008) and the 10-year period covered by the Budget Resolution. Section 302 of the Congressional Budget Act of 1974 (as modified by the Balanced Budget Act of 1997) requires that allocations of BA be provided in the budget resolution for the first fiscal year and at least the 4 ensuing fiscal years (except for the Committee on Appropriations which only receives an allocation for the budget year).

The budget resolution for fiscal year 2004 includes 10-year allocations, but for enforcement purposes, each bill coming to the floor of the House of Representatives will be assessed as to what budgetary implications it has over 5 years.

Appropriations Committee

The report accompanying the budget resolution allocates a lump sum of discretionary BA assumed in the resolution and corresponding outlays to the Committee on Appropriations.

TERM OF THE 302(A) ALLOCATION

The allocation to the Appropriations Committee is for the fiscal year commencing on 1 October 2003. Unlike the authorizing committees, the Appropriations Committee does not receive a 5-year allocation of BA and outlays.

302(B) ALLOCATION

Upon receiving its 302(a) allocation, the Appropriations Committee is required to divide the allocation among its 13 subcommittees. The amount each subcommittee receives constitutes its allocation pursuant to section 302(b) of the Congressional Budget Act.

Authorizing Committees

The authorizing committees are allocated a lump sum of new BA along with the corresponding outlays. A committee is allocated this BA for the programs in its jurisdiction that are implemented by the Executive Branch pursuant to current law. In addition, the committees may be allocated additional BA categorized as subject to discretionary action. This occurs when the budget resolution assumes a new or expanded mandatory program or a reduction in an existing program. Such spending authority must be provided through subsequent legislation and is not controlled through the annual appropriations process.

TERM OF THE 302(A) ALLOCATION

Since the spending authority for the authorizing committees is multi-year or permanent, the allocations are for the forthcoming budget year commencing on 1 October and a 5-year total for fiscal years 2004 through 2008.

The authorizing committees are provided a single allocation of new BA (divided between current law and discretionary action) that is not provided through annual appropriations. They are not required to file 302(b) allocations. Bills first effective in fiscal year 2003 will be measured against the revised level for that year included in the fiscal year 2004 Budget Resolution, and also the 5-year period of fiscal year 2003 through 2007.

Adjustments

In addition to the adjustments made under the Congressional Budget Act, the Budget Resolution also provides the chairman of the House Budget Committee with the authority to make certain adjustments in the aggregates and allocations, in certain circumstances.

- In section 301, chairman of the House Budget Committee is given the authority to make adjustments in the allocation of BA to the Committee on Energy and Commerce if the committee reports a bill that combines the funding of the Medicaid and the

State Children's Health Insurance Program (SCHIP), excluding the funding for Medicaid mandatory eligibility groups, and makes such funds available to the States in separate allotments for acute and long-term care.

- In section 302, the chairman of the House Budget Committee is given the authority to make adjustments in the allocation of BA to the appropriate committee if the committee reports a bill that for a bill that establishes a program to accelerate the research, development, and purchase of biomedical threat countermeasures.
- In section 311, the chairman of the House Budget Committee is given the authority to make adjustments in the allocation of BA to the Committee on Transportation and Infrastructure for a measure increasing highway spending, but only if they are either offset by changes in law either in that measure, or previously enacted legislation. The changes in law must dedicate the additional resources to the Highway Trust Fund. It also provides for an adjustment to accommodate the additional outlays that would flow from the mandatory BA. Most discretionary spending is implemented by appropriating BA, but in the Highway Category, BA is provided on the mandatory side. The outlays resulting therefrom are discretionary and may be restricted through the use of "obligation limits" included in appropriation acts. Again, these outlays must be offset by the changes in law included either in the Transportation's Committee's measure, or previously enacted legislation.

The authority for the chairmen of the Budget Committees to make adjustments pursuant to Section 314 of the Congressional Budget Act of 1974 has expired. Prior to this, emergencies could be designated in legislation, and this would cause an immediate adjustment in the reporting committees allocation, essentially allowing for the additional spending without it being specifically budgeted for in the budget resolution.

ENFORCEMENT

In order to enforce these allocations, Members may raise a point of order against spending legislation that exceeds a committee's allocation (see the section titled "Enforcing the Budget Resolution" in this report). The authorizing committees are given 5-year allocations, and hence the enforcement period for spending under section 302(f) of the Congressional Budget Act will be for the 5 years commencing from the year in which the committee's legislation is first effective.

Statutory Controls Over the Budget

For the second time since the mid-1980s, the Congress and the President are entering a budget cycle in which there are no budget controls enforced through automatic spending cuts. Both the discretionary spending limits [caps] and the pay-as-you-go [PAYGO] rule for entitlement and tax legislation, adopted in 1990 and most recently extended in 1997, expired at the end of fiscal year 2002. The Government has returned to a time when the only comprehensive control over budgeting is the Congressional Budget and Impoundment Control Act of 1974. A reasonable argument may be made that this is a desirable situation, that it is preferable for Congress and the President to make no attempt to develop a joint budgetary framework before considering individual spending and tax bills. Some Members may believe the only true budgetary framework is the sum of all the appropriations, tax, and entitlement measures enacted in a given session of Congress. Further, it may not make sense to extend budget controls that, in recent years, have been routinely circumvented by both Congress and the administration.

The possible extension of the statutory controls presents opportunities, but also may evoke concerns and create difficulties. When first enacted, and through the middle part of the last decade, they served as a useful tool for control over budgetary pressures. Yet, once surpluses were attained in 1999, the statutory controls proved ineffective. The controls were written at a time of deficits and never envisioned an environment with budget surpluses. Now that deficits have returned, it becomes necessary to consider whether Congress should revive a statutory regimen of budgetary discipline to add to the existing Congressional process. There are three basic options: Do nothing and rely on the Congressional process; revive PAYGO and the caps in largely the same structure as first envisioned in 1990; or create a new process of budgetary disciplines, perhaps building on the previous structures.

The administration has stated its desire to extend both PAYGO and the caps for 2 years. The circumstances are different than in the time of previous extensions: In 1990, 1993 and 1997, the period of both PAYGO and the caps was for 5 years rather than two. In addition, in the 1997 extension, PAYGO effects were extended for an additional 5 years, through 2006, to capture out year spending and revenue implications and to prevent any attempts to push budget effects beyond the PAYGO window in order to avoid finding offsets.

The committee agrees there are compelling arguments for reestablishing statutory budget controls. The principal reason is the disappearance of budget surpluses in the wake of 11 September and a sluggish economy. As in the late 1980s and early and mid-

1990s, policy makers may need the discipline imposed by fixed caps on appropriations and a pay-as-you-go rule for new or expanded entitlements. Moreover, the long-term pressures on the budget arising from the aging of the baby boom generation and skyrocketing health costs call for a mechanism such as PAYGO to keep mandatory initiatives within manageable limits.

When first established, both PAYGO and the caps were set for 5 years. This 5-year period was again used during their extension in both 1993 and 1997. For the caps, one recurring difficulty has been the inability to adhere to the spending limits in the last year, or last several years. The first extension in 1993 revised the caps after 3 years. The second extension lasted longer and the caps were largely adhered to from fiscal year 1994 through 1997, indeed overall discretionary spending was in certain years well below the cap level. The cap, however, for fiscal year 1998, was replaced by a new cap during the extension of the Budget Enforcement Act included in the Balanced Budget Act of 1997. This extended the cap regimen through fiscal year 2002. During this period, the discretionary cap was ineffective as a tool for controlling discretionary spending.

However, a 2-year extension has difficulties as well—primarily insofar as predicting what the budget needs will be over that time period, and the possible disparity between a statutory cap and the Congressional Budget Resolution.

Another difficulty that arose throughout the lifetime of the discretionary spending limits was the inconsistency with levels provided for in the budget resolution passed annually pursuant to the Congressional Budget Act. In that resolution, an allocation is provided to the Appropriations Committee, that typically diverged greatly from the statutory level.

Similar problems have arisen with respect to the PAYGO statute. When it was first established, deficits were a chronic problem. The legislation did not anticipate the surpluses that occurred in the late 1990s, and could not accommodate the desire on the part of policymakers to reduce revenue and increase mandatory spending without offsetting the costs. In the last years PAYGO was in effect, substantial reductions in revenue and increases in entitlement spending occurred. During this time, the scorecard was periodically set back to zero to avoid large sequesters.

When large balances remain on the PAYGO scorecard, it becomes an ineffective tool to enforce fiscal discipline. The magnitude of a sequester that would be required when those large balances exist is unrealistic because no Congress would allow it to take place—when the PAYGO scorecard was reset to zero the final time, there were $571 billion worth of balances over 5 years. It is questionable, under the terms of the Deficit Control Act, whether such a massive sequester could even take place, since the sequester base, the programs subject to an across the board reduction, may not be sufficiently large to erase the balance, even to the point of eliminating all programs in the base.

This raises a similar issue: The exemption of most programs from the sequester base makes the threat of a sequester too draconian to the subject programs and hence less likely to occur.

These problems associated with the PAYGO system are not insuperable, and do not gravitate, necessarily, against its extension.

Rather they are issues that need to be considered, and, perhaps by refining how PAYGO works, could be resolved.

The Committee concurs with those who lament Congress' failure to adhere to the caps and PAYGO. Clearly caps and PAYGO cannot substitute for making the difficult choices necessary to put the budget back into surplus and on a path toward eliminating the public debt. Still, a new statutory process along the lines of PAYGO and caps can augment the efforts to impose budgetary discipline and to focus attention on the need for spending control and deficit reduction.

Public Debt Limit

The eventual adoption of this concurrent resolution by the two Houses would result in the engrossment of a House joint resolution adjusting the level of the statutory limit on the public debt pursuant to rule XXVII.

Votes of the Committee

Clause 3(b) of House Rule XIII 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 roll call 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 roll call votes taken in the House Budget Committee on the Concurrent Resolution on the Budget for Fiscal Year 2004.

On 12 March 2003 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 2004. The following votes were taken in committee:

Mr. Shays asked unanimous consent that the chairman be authorized, consistent with clause 4 of House Rule XVI, to declare a recess at any time during the committee meeting.

There was no objection to the unanimous consent request.

Chairman Nussle asked unanimous consent: to dispense with the first reading of the budget aggregates, function levels, and other appropriate matter; that the aggregates, function totals, and other appropriate matter be open for amendment; and that amendments be considered as read.

There was no objection to the unanimous consent requests.

The following votes were taken by the committee:

1. Mr. Baird made a motion to adjourn.

VOTE NO. 1

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking		X	
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS			
Mr. BROWN		X		Mr. SCOTT			

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER				Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO				Mr. COOPER	X		
Mr. VITTER				Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER							
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The motion made by Mr. Baird was not agreed to by a vote of 16 ayes and 21 noes.

2. Mr. Moran offered an amendment to adjust the appropriate revenue, BA, and outlays in the chairman's mark to increase the amount of tax relief in fiscal year 2003, to halve the size of the tax relief over all, and to increase spending to implement an economic stimulus plan. The adjustments are by the following amounts: BA: 2003: $49; outlays: 2003: $49, 2004: 0; 2005: 0.0; 2006: −$1; 2007: −$1; 2008: −$1; 2009: −$1 2010: −$1; 2011: −$1 20012: −$1 2013: −$1; Revenues: 2003: −$67, 2004: $70; 2005: $60; 2006: $46; 2007: $36; 2008: $35;: 2009:$35; 2010: $35; $; 2011: $99; 2012: $151; 2013: $159; (billions for fiscal year).

VOTE NO. 2

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS				Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL			
Mr. PORTMAN		X		Ms. DeLAURO	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT			
Mr. CRENSHAW		X		Mr. FORD			
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER			
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to on a roll call vote of 15 ayes and 23 noes.

3. Mr. Moore offered an amendment to adjust the appropriate the levels of revenue the chairman's mark to halve the size of the tax relief over all so that publicly held debt is reduced in 2009. The adjustments are by the following amounts: In revenues: 2003: $20; 2004: $59; 2005: $53; 2006: $44; 2007: $34; 2008: $34; 2009: $34; 2010: $34; 2011: $98; 2012: $150; 2013: $158; (billions for fiscal year).

The amendment also included a section that prevented Rule XXVII, related to the statutory debt limit, would not apply to the budget resolution for fiscal year 2004 or any future budget resolutions.

VOTE NO. 3

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL			
Mr. PORTMAN				Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 18 ayes and 23 noes.

4. Mr. Spratt offered an amendment reversing the dates of the reconciliation instructions included in the legislative text of the budget resolution to require the spending reduction reconciliation legislation to be submitted to the Budget Committee by 11 April 2003 and the tax related legislation to be submitted by 18 July 2003.

VOTE NO. 4

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL			
Mr. PORTMAN				Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER				Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

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

5. Mrs. Capps offered an amendment to strike the reserve fund providing for Medicare Modernization and Prescription Drugs and insert in lieu thereof a new reserve fund providing a total of $600 billion over 10 years for a prescription drug benefit under the Medicare program under Title XVIII of the Social Security Act, that would be voluntary, comprehensive, affordable, accessible and universally available. It further provided for a $200 billion increase for the prior benefit should savings be enacted by the Ways and Means Committee to offset that cost.

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue would be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 5

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE			
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON			
Mr. HULSHOF		X		Mr. BAIRD			X
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE							

The amendment was not agreed to agreed to by a roll call vote of 16 ayes, 23 noes, and 1 member voting present.

6. Mr. Cooper offered an amendment to strike the reconciliation instruction to the Ways and Means Committee and to instruct that committee as follows: “The Committee on Ways and Means. The House Committee on Ways and Means shall report changes in laws within its jurisdiction that provide direct spending sufficient to reduce the level of direct spending for that committee by $5,705 million in outlays for fiscal year 2004, $14,880 million in outlays for the period of fiscal years 2004 through 2008, and $46,859 million in outlays for the period of fiscal years 2004 through 2013.” It also required a change in the amounts of BA and outlays in each function applicable, and in the aggregate accordingly.

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 6

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 19 ayes and 24 noes.

7. Ms. Majette offered an amendment to strike the reconciliation instruction to the Education and Workforce Committee included in section 201(A)(2)(B) of the legislative text of the budget resolution. It also increased BA and outlays for Function 500 to reflect an in-

crease of the maximum Pell Grant award to $4500, to increase spending on certain education programs, and increase funds for No Child Left Behind programs such as Improving Teacher Quality, Title I (Education for the Disadvantaged), and the 21st Century Community Learning Centers after-school program. The adjustments are by the following amounts: BA: 2003: $7.8; outlays: 2003: $.663, 2004: 0; 2005: $5.7; 2006: $1.2; 2007: $.202; (in billions for fiscal years).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 7

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					

Representative	Aye	No	Present	Representative	Aye	No	Present
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 19 ayes and 24 noes.

8. Ms. Hooley offered an amendment to increase the BA and outlays in Function 450 to reflect an increase in funding for grants for first responders through the Department of Homeland Security. The levels are as follows: BA: 2003: $2.2; outlays: 2003: $.990; 2004: $.660; 2005: $.550; (in billions for fiscal year).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 8

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER			
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 18 ayes and 24 noes.

9. Ms. Baldwin offered an amendment to increase the BA and outlays in functions 550 and 250 to reflect increased funding for scientific research. The levels are as follows: BA for Function 550: 2004: $3546; outlays: 2004: $1028; 2005: $1843; 2006: $390; 2007: $177; 2008: $35. BA for Function 250: 2004: $1000; outlays: 2004: $509; 2005: $369; 2006: $71; 2007: $26; 2008: $8; (millions for fiscal year).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 9

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD			X
Mr. TANCREDO		X		Mr. COOPER			
Mr. VITTER		X		Mr. EMANUEL	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote 17 ayes, 24 noes, and 1 member voting present.

10. Ms. Hooley offered an amendment to increase the BA and outlays in functions 500 to reflect increased funding to reflect the raising of the Federal share of special education to 40 percent. The levels are as follows: BA: 2004: $2.151; outlays: 2004: $.043; 2005: $1.355; 2006: $.645; 2007: $.108 (billions for fiscal year).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 10

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD			
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE			
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 17 ayes and 24 noes.

11. Ms. DeLauro offered an amendment to strike the reconciliation instruction to the Resource Committee and change all other instructions accordingly. The amendment reflected the assumption that opening the coast plain of Arctic National Wildlife Refuge to oil exploration would be specifically rejected.

VOTE NO. 11

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS		X	
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD			
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 17 ayes and 25 noes.

12. Mr. Emanuel offered an amendment to increase BA and outlays for Function 300 to reflect an increase in funding for natural resources and environmental protection programs. BA: 2004: $1,213; 2005: $757; 2006: $887; outlays: 2004: $365; 2005: $503; 2006: $902; 2007: $567.; 2008: $433; 2009: $89 (millions for fiscal year).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

It further added a sense of the Congress supporting an extension of the caps on conservation at the levels P.L. 106–291.

VOTE NO. 12

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD			
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 18 ayes and 24 noes.

13. Ms. DeLauro offered an amendment to increase BA and outlays for Function 600 to reflect funding to expand the number of low-income working families who receive child care assistance for which they are eligible through the Child Care and Development Fund. The levels are as follows: BA: 2004: $1,563; outlays: 2004: $1,172; 2005: $250; 2006: $94; 2007: $31.; 2008: $16; (millions for fiscal year).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 13

Voice vote: No.

The amendment was not agreed to by voice vote.

14. Ms. Hooley offered an amendment to strike the reconciliation instruction to the Veterans' Resource Committee. It also provided for an increase in Function 700 to reflect increased funding for veterans compensation, pensions, life insurance, and education. In mandatory BA: 2004: $463; 2005: $700; 2006: $824; 2007: $960; 2008: $1,400; 2009: $1,770; 2010: $2,190; 2011: $2,360; 2012: $2,120; 2013: $2,275; in mandatory outlays: 2004: $463; 2005: $700; 2006: $824; 2007: $960; 2008: $1,400; 2009: $1,770; 2010: $2,190;

2011: $2,360; 2012: $2,120; 2013: $2,275; in discretionary BA: 2004: 1844; in discretionary outlays: 2004: $1,295; 2005: $347; 2006: $183; 2007: $5. The amendment also provided for an increase in Function 600 to reflect the elimination of the reduction in current law in the military survivor benefit annuity from 55 percent to 35 percent of retired pay at age 62. In mandatory BA: 2004: $10; 2005: $127; 2006: $323; 2007: $644; 2008: $947; 2009: $996; 2010: $1,046; 2011: $1,095; 2012: $1,142; 2013: $1,189; in mandatory outlays: 2004: $10; 2005: $127; 2006: $323; 2007: $644; 2008: $947; 2009: $996; 2010: $1,046; 2011: $1,095; 2012: $1,142; 2013: $1,189; (all figures in millions for fiscal year).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 14

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK				Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD			
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE	X						

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

15. Mr. Kind offered an amendment increase BA and outlays for Function 570 to reflect continuation of current Medicare payment policies for inpatient services to rural hospitals. BA: 2004: $.6; 2005: $.6; 2006: $.7; 2007: $.7; 2008: $.8; 2009: $.8; 2010: $.9; 2011: $.9; 2012: $1.0; 2013: $1.1; in mandatory outlays: 2004: $.6; 2005: $.6; 2006: $.7; 2007: $.7; 2008: $.8; 2009: $.8; 2010: $.9; 2011: $.9; 2012: $1.0; 2013: $1.1; (billions for fiscal year).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 15

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD			
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 18 ayes and 24 noes.

16. Mr. Lewis offered an amendment to increase BA and outlays for Function 600 to reflect funding for HOPE VI, a program for revitalizing distressed housing. The levels are as follows: BA: 2004: $574; outlays: 2004: $0; 2005: $11; 2006: $75; 2007: $115.; 2008: $115; 2009: $115; 2010: $115 (millions for fiscal year).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 16

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD			
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 18 ayes and 24 noes.

17. Mr. Davis offered an amendment to increase BA and outlays for Function 350 by $55 million to reflect the following: An increase of $16 million for capacity building grants to colleges eligible to receive funds under the Act of August 20, 1890; an increase of $12 million for payments to upgrade research, extension and teaching facilities at the 1890 land-grant colleges, including Tuskegee University; an increase of $10 million for payments to the 1890 land-grant colleges, including Tuskegee University; an increase of $11 million for payments for cooperative extension work by the colleges receiving the benefits of the second Morill Act and Tusekegee University; and an increase of $6 million for grants and contracts pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990, to provide Outreach for Socially Disadvantaged Farmers.

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 17

Voice vote: No.

The amendment was not agreed to by a voice vote.

18. Mrs. Capps offered an amendment to strike the Medicaid reserve fund and the reconciliation instruction to the Energy and Commerce Committee included in the legislative text of the budget resolution. It also would increase BA and outlays for Function 550 by $10 billion in fiscal year 2003 to reflect temporary State fiscal relief in the form of an increased Federal match under the Medicaid program.

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 18

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS			
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER				Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 18 ayes and 23 noes.

19. Mr. Scott offered an amendment to increase BA and outlays for Function 500 to reflect BA and outlays for No Child Left Behind. The levels are as follows: BA: 2004: $10.011; outlays: 2004: $.501; 2005: $6.507; 2006: $2.503; 2007: $.501 (billions for fiscal year).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 19

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE							

The amendment not agreed to by a roll call vote of 19 ayes and 23 noes.

20. Mr. Ford offered an amendment expressing the sense of the Congress on reducing the number of the uninsured and a Federal initiative to support core safety providers.

VOTE NO. 20

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS			
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment not agreed to by a roll call vote of 18 ayes and 24 noes.

21. Ms. DeLauro offered an amendment to change the reconciliation instructions in the chairman's mark to reflect the following: The Ways and Means Committee would be directed to increase the child tax credit to $1,000 per child starting immediately for the period of 1 year, to make that tax credit fully refundable, and to reduce the tax cuts assumed in the budget resolution to reflect the cost.

VOTE NO. 21

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 19 ayes and 24 noes.

22. Mr. Edwards offered an amendment to increase BA and outlays by $3.63 billion for Function 600 to reflect full funding for concurrent receipt. It also decreased BA and outlays by $302 million in Function 050 to reflect savings from the repeal of special payments to disabled retirees.

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 22

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking			
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK				Mr. EDWARDS	X		
Mr. BROWN				Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD			X
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 17 ayes, 22 noes, and 1 member voting present.

23. Mr. Thompson offered an amendment expressing the sense of the Congress on Klamath Basin.

VOTE NO. 23

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN			
Mr. GUTKNECHT		X		Ms. HOOLEY			X

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 17 ayes, 24 noes, and 1 member voting present.

24. Mr. Cooper offered an amendment to insert the following reconciliation instruction in the legislative text of the budget resolution: Not later than 15 June 2003, the House Committee on Ways and Means shall report to the House a reconciliation bill that consists of changes in laws within its jurisdiction sufficient to reduce revenues by not more than $2.1 billion for fiscal year 2004 and by not more than $26 billion for the period of fiscal years 2004 through 2013. The intent of the reconciliation language is to fully restore the State sales tax deduction.

VOTE NO. 24

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN			

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND			X
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment not agreed to by a roll call vote of 17 ayes, 24 noes with 1 Member voting present.

25. Mr. Emanuel offered an amendment to increase BA and outlays for Function 500 to increase funding for Pell Grants. BA: 2004: $.200; 2005: $.285; 2006: $.370; 2007: .455; 2008: $.540; 2009: $.625; 2010: $.710; 2011: $.795; 2012: $.880; 2013: $.965; outlays: 2004: $.040; 2005: $.213; 2006: $.300; 2007: .385; 2008: $.470; 2009: $.555; 2010: $.640; 2011: $.725; 2012: $.810; 2013: $.895; (billions for fiscal year).

It also adjusted the aggregate level of revenues by amounts equal to the foregoing outlay changes to Function 500, reflecting an increase in revenue associated with tax law changes that ensure that corporate owned life insurance is only used for legitimate business purposes.

VOTE NO. 25

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN			
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE			
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment not agreed to by a roll call vote of 17 ayes and 24 noes.

26. Mr. Davis offered an amendment to increase BA and outlays for Function 450 by $50 million in fiscal year 2004 to fund empowerment zones; to increase BA and outlays for Function 450 by $40 million in fiscal year 2004 to fund the Brownfield Redevelopment Program; and to increase BA and outlays for Function 600 by $40 million in fiscal year 2004 to fund the Rural Housing and Economic Development Program.

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 26

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN			
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN		X		Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 18 ayes and 24 noes.

27. Mr. Ford offered an amendment to increase BA and outlays for Function 500 to increase funding for the establishment of the Office of Pre-Kindergarten Oriented Professional Support within the Department of Education. The levels are as follows: BA: 2004: $40; 2005: $40; 2006: $40; 2007: $40; 2008: $40; 2009: $40; 2010: $40; 2011: $40; 2012: $40; 2013: $40; outlays: 2004: $1.0; 2005: $5; 2006: $5; 2007: $5; 2008: $5; 2009: $20; 2010: $20; 2011:$40; 2012: $40; 2013: $40; (millions for fiscal year).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 27

Voice vote: No.

The amendment was not agreed to by a voice vote.

28. Mrs. Capps offered an amendment to increase BA and outlays for Function 550 to reflect efforts to address the nursing shortage. The levels are as follows: BA: 2004: $77.00; 2005: $129.00; 2006: $129.00; 2007: $129.00; 2008: $129.00; 2009: $129.00; 2010: $129.00; 2011: $129.00; 2012: $129.00; 2013: $129.00; outlays: 2004: $36.190; 2005: $89.890; 2006: $118.120; 2007: $126.150; 2008: $128.480; 2009: $129.00; 2010: $129.00; 2011: $129.00; 2012: $129.00; 2013: $129.00; (millions for fiscal year).

VOTE NO. 28

Voice vote: No.

The amendment not agreed to by a voice vote.

29. Mr. Cooper offered an amendment expressing the sense of the Congress that Head Start should remain in the Department of Health and Human Services.

VOTE NO. 29

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SHAYS		X		Mr. MORAN	X		
Mr. GUTKNECHT		X		Ms. HOOLEY	X		
Mr. THORNBERRY		X		Ms. BALDWIN	X		
Mr. RYUN		X		Mr. MOORE	X		
Mr. TOOMEY		X		Mr. LEWIS	X		
Mr. HASTINGS		X		Mr. NEAL	X		
Mr. PORTMAN				Ms. DeLAURO	X		
Mr. SCHROCK		X		Mr. EDWARDS	X		
Mr. BROWN		X		Mr. SCOTT	X		
Mr. CRENSHAW		X		Mr. FORD	X		
Mr. PUTNAM		X		Mrs. CAPPS	X		
Mr. WICKER		X		Mr. THOMPSON	X		
Mr. HULSHOF		X		Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. VITTER		X		Mr. EMANUEL	X		
Mr. BONNER		X		Mr. DAVIS	X		
Ms. FRANKS		X		Ms. MAJETTE	X		
Mr. GARRETT		X		Mr. KIND	X		
Mr. BARRETT		X					
Mr. McCOTTER		X					
Mr. DIAZ–BALART		X					
Mr. HENSARLING		X					
Ms. BROWN–WAITE		X					

The amendment was not agreed to by a roll call vote of 19 ayes and 23 noes.

30. Mr. Emanuel offered an amendment to increase BA and outlays for Function 500 to reflect increased funding for education programs. The levels are as follows: BA: 2004: $1.0; 2005: $1.045; 2006: $1.090; 2007: $1.135; 2008: $1.180; 2009: $1.225; 2010: $1.270; 2011: $1.315; 2012: $1.360; 2013: $1.405; outlays: 2004: $.050; 2005: $.702; 2006: $.984; 2007: $1.077; 2008: $1.122; 2009: $1.167; 2010: $1.212; 2011: $1.257; 2012: $1.302; 2013: $1.347; (billions for fiscal year).

VOTE NO. 30

Voice vote: No.

The amendment was not agreed to by a voice vote.

31. Mr. Kind offered an amendment to decrease BA and outlays for Function 350 to reflect a decreased limit on commodity payments. The levels are as follows: BA: 2004: −$60; 2005: −$90; 2006: −$98; 2007: −$90; 2008: −$75; 2009: −$91; 2010: −$71; 2011: −$62; 2012: −$55; 2013: −$50; outlays: 2004: −$60; 2005: −$90; 2006: −$98; 2007: −$90; 2008: −$75; 2009: −$91; 2010: −$71; 2011: −$62; 2012: −$55; 2013: −$50; (millions for fiscal year). The amendment reduce the deficit in the budget resolution by an amount equal to the foregoing outlay changes to Function 350.

VOTE NO. 31

Voice vote: No.

The amendment was not agreed to by a voice vote.

32. Ms. Hooley offered an amendment to increase BA and outlays in Function 500 to reflect an increase of funding for the Dislocated Worker Program. BA: 2004: $211; outlays: 2004: $10.55; 2005: $137.15; 2006: $52.75; 2007: $10.55 (millions for fiscal years).

It also provided that the deficit would be reduced by an amount equal to the outlay changes in the appropriate function for the prior changes, and that the aggregate levels of revenue should be increased by amounts equal to twice the foregoing outlay changes, reflecting a reduction in the tax relief assumed in the budget resolution.

VOTE NO. 32

Voice vote: No.

The amendment not agreed to by a roll call vote of 17 ayes and 24 noes.

33. Mr. Scott moved that the committee recommend certain report language be included in the report on the budget resolution. The report language indicated that the committee recognizes that the 2001 Quadrennial Defense Review by the Navy stressed the need for a 360–400 vessel fleet. It would have also acknowledged that the Department of Defense has recommended a fleet of between 305 and 310. It further would have indicated that the committee recognizes that, according to the Navy, 54 percent of the ships and 30 percent of the submarines are currently deployed, with a total of 67 percent and 51 percent respectively underway. It would have expressed that the committee believes it necessary to meet the minimally suggested fleet of 305 vessels, and thus for the fiscal year 2004 budget, Function 050 should move at least $4.442 billion from the missile defense fund to ship building for three additional vessels.

VOTE NO. 33

Voice vote: No.

The motion was not agreed to by a voice vote.

34. Mr. Edwards, Mr. Schrock, Mrs. Capps, Mr. Thornberry, Mr. Brown, Mr. Crenshaw and Mr. Scott offered an amendment to increase BA and outlays for Function 500 to reflect sufficient funding to maintain Impact Aid services at the 2003 level. The levels are as follow: BA: 2004: $223; outlays: 2004: $201; 2005: $9; 2006: $7; 2007: $4; (millions for fiscal year).

VOTE NO. 34

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman	X			Mr. SPRATT, Ranking	X		
Mr. SHAYS	X			Mr. MORAN	X		
Mr. GUTKNECHT	X			Ms. HOOLEY	X		
Mr. THORNBERRY	X			Ms. BALDWIN	X		
Mr. RYUN	X			Mr. MOORE	X		
Mr. TOOMEY	X			Mr. LEWIS	X		
Mr. HASTINGS	X			Mr. NEAL	X		
Mr. PORTMAN	X			Ms. DeLAURO	X		
Mr. SCHROCK	X			Mr. EDWARDS	X		
Mr. BROWN	X			Mr. SCOTT	X		
Mr. CRENSHAW	X			Mr. FORD	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. PUTNAM	X			Mrs. CAPPS	X		
Mr. WICKER	X			Mr. THOMPSON	X		
Mr. HULSHOF	X			Mr. BAIRD	X		
Mr. TANCREDO		X		Mr. COOPER	X		
Mr. VITTER	X			Mr. EMANUEL	X		
Mr. BONNER	X			Mr. DAVIS	X		
Ms. FRANKS	X			Ms. MAJETTE	X		
Mr. GARRETT	X			Mr. KIND	X		
Mr. BARRETT	X						
Mr. McCOTTER	X						
Mr. DIAZ–BALART	X						
Mr. HENSARLING	X						
Ms. BROWN–WAITE	X						

The amendment was agreed to by a roll call vote of 42 ayes and 1 no.

35. Mr. Nussle offered an amendment that consisted of two revisions to the legislative text. The first replaced reconciliation instructions to the Ways and Means Committee and the Energy and Commerce Committee with instructions combining required savings with funds for Medicare modernization. It included a special role to ensure a required role of savings. The second revision inserts a contingency procedure that would adjust the levels of the budget resolution to accommodate increased spending for highways if offset by a reduction in direct spending or an increase in other resources.

VOTE NO. 35

Voice vote: Yes.

The amendment was agreed to by voice vote.

36. Mr. Shays made a motion that the committee adopt the aggregates, function totals, and other appropriate matter, with any amendments.

VOTE NO. 36

Voice vote: Yes.

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

Chairman Nussle called up the Concurrent Resolution on the Budget for Fiscal year 2004 incorporating the aggregates, function totals, and other appropriate matter as previously agreed.

37. Mr. Shays made a motion that the committee report the Concurrent Resolution with a favorable recommendation and that the Concurrent Resolution do pass.

VOTE NO. 37

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman	X			Mr. SPRATT, Ranking		X	
Mr. SHAYS	X			Mr. MORAN		X	
Mr. GUTKNECHT	X			Ms. HOOLEY		X	
Mr. THORNBERRY	X			Ms. BALDWIN		X	
Mr. RYUN	X			Mr. MOORE		X	
Mr. TOOMEY	X			Mr. LEWIS		X	
Mr. HASTINGS	X			Mr. NEAL		X	
Mr. PORTMAN	X			Ms. DeLAURO		X	
Mr. SCHROCK	X			Mr. EDWARDS		X	
Mr. BROWN	X			Mr. SCOTT		X	
Mr. CRENSHAW	X			Mr. FORD		X	
Mr. PUTNAM	X			Mrs. CAPPS		X	
Mr. WICKER	X			Mr. THOMPSON		X	
Mr. HULSHOF	X			Mr. BAIRD		X	
Mr. TANCREDO	X			Mr. COOPER		X	
Mr. VITTER	X			Mr. EMANUEL		X	
Mr. BONNER	X			Mr. DAVIS		X	
Ms. FRANKS	X			Ms. MAJETTE		X	
Mr. GARRETT	X			Mr. KIND		X	
Mr. BARRETT	X						
Mr. McCOTTER	X						
Mr. DIAZ–BALART	X						
Mr. HENSARLING	X						
Ms. BROWN–WAITE	X						

The motion offered by Mr. Shays was agreed to by a roll call vote of 24 ayes and 19 noes.

Mr. Shays asked for unanimous consent that the chairman be authorized to make a motion to go to conference pursuant to clause 1 of House Rule XXII, the staff be authorized to make any necessary technical and conforming corrections in the resolution, and any committee amendments, and calculate any remaining elements required in the resolution, prior to filing the resolution.

There was no objection to the unanimous consent requests.

Additional Report Language

ACCELERATED MODERNIZATION PLAN

The Department of Agriculture animal health facilities play a critical role in responding effectively to emerging animal diseases such as Foot and Mouth and Mad Cow diseases as well as threats to human welfare. The committee recommends that these facilities receive sufficient funding to meet these growing demands. In particular, the committee believes that the Accelerated Modernization Plan for USDA's health facilities in Ames, Iowa should be adequately funded so that modernization plans at Ames may be completed in a timely manner.

INLAND WATERWAYS

The committee recognizes the importance of the inland waterway system and the need to modernize the navigation infrastructure so agriculture and related industries can compete in the international marketplace.

WATER TRUST FUNDS

Mr. Bonner and Mr. Hulshof expressed concern about the issue of Water Trust Funds. The administration budget proposes to expand the authorized uses of the Inland Waterways Trust Fund and the Harbor Maintenance Trust Fund to finance 25 to 50 percent of operation and maintenance costs for inland waterways, in addition to the currently authorized financing for 50 percent of construction and major rehabilitation costs of inland waterways improvements. For coastal harbors, the Harbor Maintenance Trust Fund would be used for the first time to finance the Federal share of project construction costs, in addition to the currently authorized financing for the Federal share of the costs to operate and maintain the general navigation features of these harbors. The committee wants to be clear that the budget resolution does not assume enactment of a proposal by the administration to change the purposes of two trust funds that finance U.S. Army Corps of Engineers work on the inland waterway system and on the nation's coastal harbors.

MILLENIUM CHALLENGE ACCOUNTS

The Millennium Challenge Account (MCA) is an unprecedented foreign assistance program that builds on America's core values of freedom, generosity, and dedication to progress and economic prosperity. The MCA will provide aid designed to initiate rapid economic growth in low-income countries that pursue sound policies. Through standards set by the MCA, the United States is committing itself to the belief that successful societies cannot be created without strong leadership, significant investments in health and education, and economies based on sound market principles.

Establishing criteria to measure and reward the progress of low-income nations allows the United States to provide a powerful and influential incentive to foreign governments to embrace and sustain reforms. Special consideration should be provided to these low income countries that have demonstrated successful post conflict national reconciliation and adherence to the rule of law yet have difficulty in creating a physical infrastructure to support economic growth due to the debilitating effects of regular natural disasters such as cyclones and hurricanes. Nations such as Bangladesh; Bolivia; Ghana; Georgia; Honduras; Mongolia; Mozambique; Senegal; and Sri Lanka, with less than $1,435 per capita incomes, are clearly exemplifying the criteria that MCA outlines.

HEALTH FACILITIES PROJECT

Mr. Tancredo raised the issue of Fitzsimons Army Hospital. To be clear on this matter, the committee recognizes the importance of new construction projects within the Department of Veterans Affairs and the benefits these projects can bring to the improved health care of our nation's veterans. The Colorado University School of Medicine plans a major relocation of all its facilities to the site of the closed Fitzsimons Army Hospital. Veterans Affairs is considering whether to recommend replacement of the Denver VA Medical Center, a 50 year old structure now colocated with the Colorado Medical School as part of that relocation. Priority for this project should be given consideration within the Department of Veterans Affairs Medical Programs funding allocations for construction projects.

MIXED OXIDE FUEL FACILITY

Mr. Barrett raised the issue of Mixed Oxide Facilities. To be clear on this matter, the budget resolution assumes full funding of the President's $415 million request for the construction of the Department of Energy's [DOE] Mixed Oxide [MOX] Fuel Facility and Pit Disassembly and Conversion Facility [PDCF] for fiscal year 2004. This funding would be used to initiate construction of the MOX Fuel Facility and complete the design of the PDCF at the Savannah River Site.

LOWRY BOMBING AND GUNNERY RANGE

Mr. Tancredo raised the issue of the Lowry Bombing and Gunnery Range. To be clear on this matter, the committee recognizes the continuing challenges presented to State and local governments by finding of unexploded and hazardous munitions on sites previously used for training by the Department of Defense. The U.S. Army Corps of Engineers is conducting reclamation and mitigation activities at the former Lowry Bombing and Gunnery Range in Arapahoe County, Colorado. Given the proximity of the site to Cherry Creek High School, Aurora Reservoir, and encroaching suburbs, the committee believes that full funding to complete this cleanup should be given consideration within the Department of Defense Formerly Used Defense Sites (FUDS) account.

LAND GRANT COLLEGES

During committee consideration of the budget resolution, Mr. Davis raised the issue of Land Grant Colleges. To be clear on this matter, the committee recognizes the outstanding achievements of 1890 Colleges of Agriculture and recommends that these institutions be given equal consideration for funding that 1862 land grant schools receive during the coming fiscal year.

ARTIFICIAL NEURAL NETWORKS

Mr. Tancredo raised the issue of the Artificial Neural Networks. To be clear on this matter, the committee is aware of research into Artificial Neural Networks (ANN) which are capable of recognizing complex patterns in data and information. The committee believes such networks are excellent tools for clinical decision making in prostate cancer, testicular cancer, cardiovascular problems, and other medical situations. Research to date has been encouraging, but expansion of the research efforts to include a more diverse population base would aid the ANN is determining optimal treatment. Therefore, the committee asks that the ANN receive priority in funding consideration for cooperative studies research and medical research under the Department of Veterans Affairs Medical and Prosthetic Research budget in order to continue research in the diagnosis and prognosis of prostate cancer

CENTER FOR DISEASE CONTROL AND PREVENTION

The Budget Committee believes the Center for Disease Control and Prevention's building and facilities master plan should be adequately funded so that it may be brought to completion.

GENERAL FUND DIESEL FUEL EXCISE TAX

Mr. Hulshof raised the issue of the Diesel Fuel Excise Tax. To be clear on this matter, the unfair and discriminatory 4.3 cents per gallon general fund excise tax imposed on rail and inland waterway carriers should be repealed. This tax unfairly targets railroad and barges for discriminatory tax treatment and is inconsistent with sound transportation policy. The resolution also opposes the creation or diversion of revenue from the tax to new or existing Federal trust funds.

MEDICARE HOME HEALTH

Mr. Ryun raised the issue of the Medicare Home Health Care program. To be clear on this matter, the committee recognizes the importance of Home Health Care for seniors and disabled citizens and notes that the 10 percent rural add-on payment for Home Health will be eliminated on 1 April 2003. MedPAC has expressed concern that payments under the Home Health PPS may not be appropriately distributed for some rural providers.

MEDICARE PAYMENT EQUITY

The committee believes that the Medicare+Choice regional disparity among reimbursement rates is unfair. Further, there is also a need to assess the fairness of urban/rural payment disparities in the fee-for-service.

NAVY'S LPD–17 PROGRAM

Mr. Vitter raised the issue of the Navy's LPD–17 Program. To be clear on this matter, the budget resolution supports the President's position on advanced procurement and construction of advance components for one fiscal year 2005 LPD–17 Class ship. LPD–17 acquisition program will replace 41 obsolete amphibious ships, all of which are beyond their economical service life. In addition, when complete, the LPD–17 program will reduce amphibious ship manning requirements by approximately 9,000 sailors. It is the committee's understanding that during the development of the fiscal year 2004 Defense Budget, the LPD–17 program procurement profile was modified to stretch program, which was to be completed by 2008, by procuring just one ship a year through fiscal year 2010. The new acquisition profile will substantially increase the procurement cost of these vital ships. The additional $260 million will stabilize and optimize production schedules and meet the unfunded requirements of both the Chief of Naval Operations and the Commandant of the Marine Corps.

Alternative version: The budget supports the President's request of $1.192 billion for the LPD–17 program. In addition, the committee is concerned that the current program procurement profile will stretch program, which was to be completed by 2008, by procuring just one ship a year through fiscal year 2010, thus increasing costs to the taxpayers and the Navy. The committee also understands that both the Chief of Naval Operations and the Commandant of the Marine Corps have included advanced LPD–17 procurement on their unfunded requirements and request list.

COAST GUARD

Mr. Vitter raised the issue of the Coast Guard. To be clear on this matter, the Coast Guard has been protecting America's maritime interests with honor and distinction since 1790. From our ports and inland waterways, to the Gulf of Mexico and the Mississippi River system and beyond, our Nation's maritime assets provide critical transportation and trade routes essential to growing our economy. A terrorist attack on any of our maritime systems would be devastating to our economy. As one of the core agencies of the new Department of Homeland Security, the Coast Guard will continue its mission to protect our maritime interests with distinction and honor, and the committee believes it is vital to the Homeland Security Department's mission that the Coast Guard receives ample funding.

MARITIME ADMINISTRATION

Mr. Scott raised the issue of the Maritime Administration's designation of certain vessels. Currently, the Maritime Administration's [MARAD] has 130 vessels designated for disposal as part of its Ship Disposal Program. At least 40 of these vessels are in particularly bad condition. They are anchored in the James River in Virginia, Suisin Bay in California, and the Neches River in Texas.

The vessels contain hazardous substances that pose a risk to the environment unless these vessels are either scrapped, repaired, or used for another purpose—including the fish reef program, by another Federal or State agency, or as donations to museums—in the near future. The committee has held hearings on the matter, and recognizes the imporance of addressing this issue.

DEPARTMENT OF ENERGY'S DEFENSE ENVIRONMENTAL MANAGEMENT

Mr. Hastings raised the issue of the Defense Environmental Management. To be clear on this matter, the budget resolution assumes full funding of the President's $7.2 billion request for the Department of Energy's [DOE] Environmental Management Program for Fiscal Year 2004. The funding level provided in the resolution will allow for accelerating the completion of cleanup by decades and save billions of dollars in spending.

CHILD NUTRITION ACT

Mr. Putnam raised the issue of the Child Nutrition Act. To be clear on this matter, the budget resolution should ensure that Federal nutrition programs, including reauthorization of the Child Nutrition Act by Congress this year, provides funding resources to encourage the greater availability of fruit, vegetables and 100 percent juice products in Federal nutrition programs.

FOOD AND DRUG ADMINISTRATION

During committee consideration of the budget resolution, Mr. Kind as well as Mr. Gutknecht raised the issue of the enforcement of laws administered by the Food and Drug Administration. The committee urges the Food and Drug Administration to ensure all applicable domestic food production laws are abided by and enforced.

VISN

Ms. Brown-Waite raised the issue of cancelled appointments for VA medical care. To be clear on this matter, the committee recommends that the Veterans' Administration make a quarterly report to each Member of Congress on appointment cancellations within their respective Veterans Integrated Service Network [VISN]. The report should include the number of VA initiated cancellations for doctors' appointments and reasons for these cancellations.

INDIVIDUAL DEVELOPMENT ACCOUNTS

Mrs. Capps raised the issue of Individual Development Accounts. To be clear on this matter, the committee believes that asset accumulation is an important component of helping low-income families and individuals enter the financial mainstream and improve their financial security in both the short and long-terms. The committee is further aware that Individual Development Accounts (IDAs) are an innovative program that has proven successful in permitting low-income, working families and individuals build the necessary financial resources to buy their first house, expand postsecondary education and job training opportunities, or start a small business. In short, IDAs are matched savings accounts that provide valuable assistance for struggling families and individuals to achieve their piece of the American Dream.

The future success of IDAs is greatly dependent on the availability of needed matching funds to supplement the hard earned savings of working families and individuals who are committed to building a better life. Bipartisan legislation has been introduced in past Congresses and, once again, President Bush's fiscal year 2004 budget request has echoed those legislative proposals, calling for the creation of a tax credit for financial institutions to provide the matching dollars required by IDAs.

The committee believes the Federal Tax Code should support a significant expansion of IDAs so that low-income, working families can save, build assets, and move their lives forward; thus making positive contributions to the economic and social well being of the United States, as well as to its future.

VETERANS' OUTPATIENT CLINICS

Ms. Brown-Waite raised the issue of Veterans' Outpatient Clinics. To be clear on this matter, the committee recommends that one or more Veterans' Outpatient Clinics, providing general and specialist care to veterans, be placed in VISN 8. These clinics must provide, but are not limited to, audiologists, cardiologists, and dermatologists.The committee further recommends that preference for the site of this project be given to areas with donated land and building space.

IMPACT AID

The committee strongly supports funding for the education of dependents of military personnel. Payments to school districts accepting these children, made under the Impact Aid program, are necessary to ensure that local school districts receive full compensation for their students living on Federal property. The Impact Aid program is intended to fill a gap created by the Federal Government; Congress should fully fund this program to ensure that all children have access to the best possible education.

SALMON RECOVERY

Pacific Salmon are historically, culturally, and economically important to the people of the Northwest. The United States Government has negotiated treaties with the Columbia River Indian tribes. The National Marine Fisheries Service in December 2000 issued a biological opinion on the Federal Columbia River Power System calling for greater efforts by the Federal Government, to satisfy the ESA standards of section 7(a)(2) of the Endangered Species Act; and the citizens of the Pacific Northwest are committed to salmon recovery and their hard work in communities throughout the region to advance local solutions deserves Federal assistance. This resolution assumes that the Pacific Northwest salmon recovery program, administered by Federal agencies on the Federal Columbia River Power System and Pacific coast, should be made a high-priority item for funding.

Federal Pay Parity

Members of the uniformed services and civilian employees of the United States make significant contributions to the general welfare of the Nation. Increases in the pay of members of the uniformed services and of civilian employees of the United States have not kept pace with increases in the overall pay levels of workers in the private sector, so that there now exists a 32 percent gap between compensation levels of Federal civilian employees and compensation levels of private sector workers, and an estimated 10 percent gap between compensation levels of members of the uniformed services and compensation levels of private sector workers. In almost every year during the past two decades, there have been equal adjustments in the compensation of members of the uniformed services and the compensation of civilian employees of the United States. The committee believes that rates of compensation for civilian employees of the United States should be adjusted at the same time, and in the same proportion, as are rates of compensation for members of the uniformed services.

Accounts Identified for Advance Appropriations

INTERIOR APPROPRIATIONS

Elk Hills (89 5428 02 271)

LABOR, HEALTH AND HUMAN SERVICES, EDUCATION APPROPRIATIONS

Corporation for Public Broadcasting (20 0151 01 503)
Employment and Training administration (16 0174 01 504)
Education for the Disadvantaged (91 0900 01 501)
School Improvement (91 1000 01 501)
Children and Family Services [Head Start] (75 1536 01 506)
Special Education (91 0300 01 501)
Vocational and Adult Education (91 0400 01 501)

TRANSPORTATION APPROPRATIONS

Transportation (highways; transit; Farley Building)

TREASURY, GENERAL GOVERNMENT APPROPRIATIONS

Payment to Postal Service (18 1001 01 372)

VETERANS, HOUSING AND URBAN DEVELOPMENT APPROPRIATIONS

Section 8 Renewals (86 0319 01 604)

Other Matters to Be Discussed Under the Rules of the House

COMMITTEE ON THE BUDGET OVERSIGHT FINDINGS AND RECOMMENDATIONS

Clause 3(c)(1) of rule XIII requires each committee report to contain oversight findings and recommendations pursuant to clause 2(b)(1) of rule X. The Budget Committee has no findings to report at the present time.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Clause 3(c)(2) of Rule XIII 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 provide new BA or new entitlement authority or change revenues.

GENERAL PERFORMANCE GOALS AND OBJECTIVES

Clause 3(c)(4) of rule XIII requires each committee report to contain a statement of general performance goals and objectives, including outcome-related goals and objectives, for which the measure authorizes funding. The Budget Committee has no such goals and objectives to report at this time.

VIEWS OF COMMITTEE MEMBERS

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

BUSH BUDGET SPENDS $5 TRILLION FROM SOCIAL SECURITY LOCKBOX

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
–317	–452	–512	–464	–429	–404	–416	–421	–427	–458	–424	–434	–5158

Prepared by the Democratic Staff of the House Budget Committee.

APRIL 2001 BASELINE TO FEBRUARY 2003 CURRENT POLICY

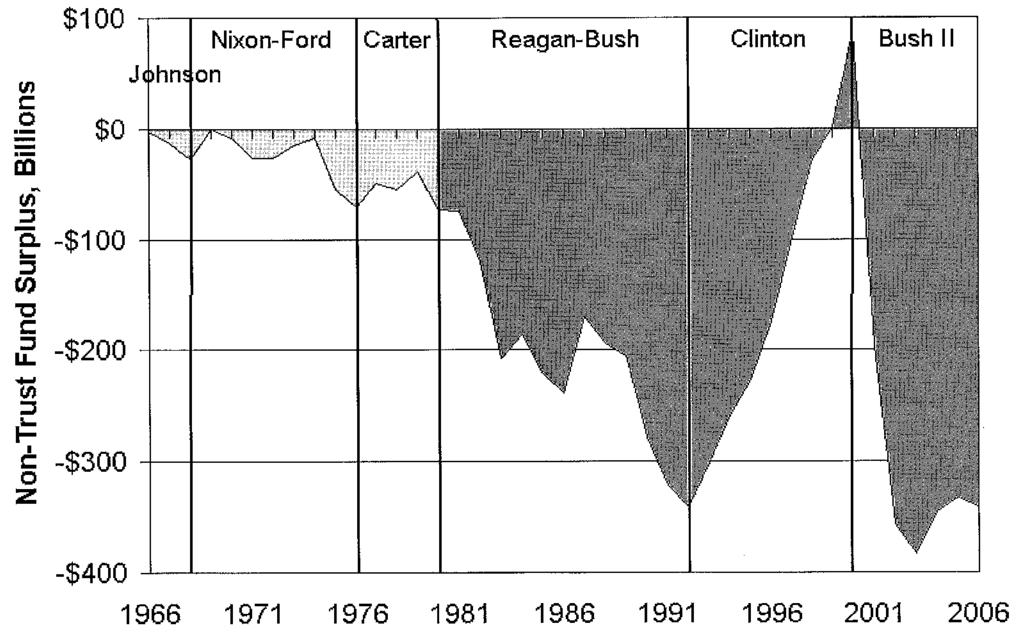
[In billions of dollars]

	2002	2003	2004	2002–11
April 2001 Baseline Surplus	283	334	387	5,637
Economic adjustments	–284	–352	–292	–3,174
Adjusted Surplus	....	....	....	2,463
Enacted Policy (with debt service):				
Tax Cuts	–41	–94	–120	–1,491
Stimulus	–59	–41	–31	–79
Other Enacted Legislation	–57	–110	–104	–1,022
Subtotal: Enacted Policies	....	....	....	2,592
Current Baseline	–158	–264	–158	–129
FY '04 Budget Proposals	....	–40	–149	–1,993
Budget Deficits	–158	–304	–307	–2,122

Prepared by the Democratic Staff of the House Budget Committee.
Source: CBO Baseline, OMB Policies.

3

Republicans Raid Social Security and Medicare



Prepared by the Democratic Staff of the House Budget Committee

Source: CBO,OMB

02/08/02

MINORITY VIEWS OF REPRESENTATIVES JOHN M. SPRATT, JR., JIM MORAN, DARLENE HOOLEY, TAMMY BALDWIN, DENNIS MOORE, JOHN LEWIS, RICHARD E. NEAL, ROSA L. DELAURO, CHET EDWARDS, ROBERT C. "BOBBY" SCOTT, HAROLD E. FORD, JR., LOIS CAPPS, MIKE THOMPSON, BRIAN BAIRD, JIM COOPER, RAHM EMANUEL, ARTUR DAVIS, DENISE L. MAJETTE, AND RON KIND

[Chart 1] We begin this process in a fiscal hole, with deficits as far as the forecasts go, and a President's budget that offers no solutions; it only compounds our problems. Just consider the first table in CBO's analysis of the President's budget, released Friday March 7, 2003. [Chart 2] Add the top-line from 2002 across to the year 2013, and you will see, written on one line, the fiscal legacy of this Administration. Under its policies, the on-budget deficit from 2002 through 2013 adds up to $5.158 trillion.

With deficits like these, we can understand why Republicans rejected the President's budget and wrote their own, but it is difficult to take this budget—with its enormous unspecified spending cuts—at face value. We think the Republican budget leads us down the same path, deeper and deeper into deficit and debt.

How did we get from a budget that was $236 billion in surplus in the year 2000 to a budget that is in deficit by $287 billion in 2003?

When the first President Bush left office, he left behind the largest deficit in the nation's history. President Clinton sent Congress a budget to cut that deficit by more than half over five years. It passed by one vote amid taunts that it would "cut the economy off at the knees" and "mushroom the deficit." The deficit did not "mushroom;" it shrank. The bottom-line of the budget got better every year. By 1998 it was balanced for the first time in thirty years. By 2000, the budget was in surplus by $236 billion.

And so the second President Bush took office with an advantage few presidents have enjoyed: a budget in surplus, projected at $5.6 trillion over 10 years, according to OMB. We warned that this projected surplus was based on a blue-sky forecast, and implored the Republicans not to be reckless with the first round of tax cuts.

Republicans enacted their tax cuts anyway, and they took a $1.7 trillion bite out of the surplus. By July of 2001, despite the claimed benefit from enactment of the Republican tax cuts, the economy had taken another bite out of the surplus, so much so that when CBO sent us its Mid-Session Review in July 2001, the surplus, not including Social Security, was down to $575 billion, and not including Medicare, it was down to about $300 billion. The Administration blames today's deficits on the tragedy of September 11, but most of the on-budget surplus was already gone by the time the terrorists struck.

So, this is where we find ourselves as we consider the budget for Fiscal Year 2004. [Chart 3] OMB acknowledges that it overstated the surplus by at least $3.2 trillion. Its latest forecast, adjusted for the economy, is $2.463 trillion, but here's the rub: Congress has enacted policies committing all of that and more. In fact, there is no surplus; in place of the $5.6 trillion surplus, there is a deficit of $129 billion.

We could excuse the first tax cut as a failure to use due care. Republicans took a bet on a blue-sky forecast. But now, they are on notice. Every dollar of tax reduction that Republicans enact now will go straight to the bottom line and add to the deficit; and that's exactly what happens with the President's budget. But deficits don't deter this Administration. The President goes right on and proposes $1.993 billion of new policy actions, $1.6 trillion in new tax cuts, and racks up $2.1 trillion in deficits between now and 2011. This is no longer a failure to use due care. This is willful, wanton, and intentional. This, in our opinion, is reckless.

Apparently, House Republicans agree, to an extent, because what they do in their budget resolution is repudiate the President's budget. They look down that road he would take us, toward $5 trillion in additional deficits, and they opt for another route.

But the President has proposed $1.6 trillion in new tax cuts, and Republicans don't reject them; they cling tenaciously to these new tax cuts. They subordinate everything in the budget to these additional tax cuts.

—They subordinate veterans; cutting their benefits by $15.062 billion over the next ten years.

—They subordinate students; cutting guaranteed loans by as much as $9.701 billion over the next ten years.

—They subordinate the elderly; cutting Medicare by as much as $261.771 billion over the next ten years.

—They subordinate the poor; cutting Medicaid by as much as $110.564 billion over the next ten years.

—They subordinate environment; taking $2.475 billion from the Resources Committee.

They also cut discretionary spending. To make a little room for his tax cuts, the President has already cut non-defense, non homeland security discretionary budget authority by $143 billion below current services over 10 years. House Republicans cut it by another $126 billion. So much for education, and for Leave No Child Behind. It is funded in the President's budget at $9 billion less than what was authorized for 2004. Since House Republicans double the cuts in discretionary spending, presumably it will be funded even lower.

Furthermore, the Republican budget does nothing to provide help for the fiscal crisis facing the states, and in fact makes it worse. Because of the linkages between the federal and state tax codes, the dividend tax proposal at the heart of the Republican "economic growth" plan would make worse the serious budget shortfalls that states are already facing. Across the country, states are facing the worst fiscal crisis in 50 years, which is forcing them to raise taxes and impose drastic spending cuts.

We don't agree with their budget policies, but we might grant that their spending cuts are politically bold—if we believed they would ever happen. But we don't think this budget is on the level.

Here is one telltale indication that it's not real. This budget calls for the tax cuts to be reported by April 11. It does not call for the reconciliation bills, with $470 billion in spending reduction, to be reported until July 18, 2003, long after votes on the tax bill have come and gone.

Here's another suspicious indicator. If Republicans are serious about saving $470 billion, they might provide us with examples of how you would do it. All we get is "waste, fraud, and abuse." When the "Contract with America" called for Medicare cuts of $280 billion, Democrats asked how in the world that could be done without emasculating Medicare, and that's what Republicans told us, "waste, fraud, and abuse." Here they go again.

There is another reason this budget is not real. The largest category in this budget is defense; and the spending level for defense, as high as it is at $400 billion, is a plug number. Once this resolution has passed, and the tax cuts have passed, the Pentagon will send Congress an enormous supplemental that will go straight to the deficit, because this budget makes no provision for how to pay for the war.

We can understand why Republicans did not want to go with the President's budget, down a road that leads to more than $5 trillion in additional debt, but this budget leads in the same direction, because the massive spending cuts that Republicans propose will never be made. But the tax cuts may be, and after they are passed, and the defense supplemental has passed, the cost of war on the one hand and tax cuts on the other will drive the bottom line out of sight.

We know that Republicans think their 2001 tax cuts helped the struggling economy. But in the end, the only one of those tax cuts that worked was the rebate proposal, which Republicans co-opted from Democrats. The only thing that the U.S. economy has to show for the Republican 2001 tax cut is more debt. Instead of paying off the public debt by 2008, the debt will increase by $1.5 trillion by 2008.

The failure of the $1.7 trillion 2001 Republican tax cut unquestionably should give us pause before we add even more debt to the burden of the U.S. economy, just five years before the baby-boom generation begins to retire on Social Security, and just eight years before it begins to collect Medicare benefits.

The bad news isn't over. The Administration's, and even CBO's, receipts projections still have plenty of room to fall before they get back to the levels of the middle 1990s. We could lose hundreds of billions of dollars from our revenue collections, even before the effects of the new tax cuts in the Republican resolution. After those tax cuts, we could well have another deficit and debt explosion like the one we had in the 1980s.

The Republican resolution is a risk that we cannot afford. The signs are so obvious and so clear. We went through these policies in the 1980s, and the result was an explosion of deficits and debt. The hemorrhaging was stopped only by the Democratic reversal of policy in the 1990s. Now, immediately after Republicans gained control of the White House along with the Congress and turned policy around again, the debt has begun to mount once more. And rather than being chastened, and trying to correct their error, Republicans want to push their debt policy still further. How can the Congress fail to see what is happening?

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ADDITIONAL VIEWS OF REPRESENTATIVE ROBERT C. "BOBBY" SCOTT

While I concur with the Minority's Views, there are a few points that need additional emphasis.

While September 11 has changed our fiscal reality, we also have to be honest about the fiscal state of emergency we find ourselves in. By July 2001, two months before the attacks, the unified surplus had already plummeted by $2.5 trillion. We were well on our way to a deficit before the attacks.

Before this Administration and its policies, we were also on our way to paying off the national debt by 2011. We are now on our way to paying a skyrocketing "debt tax." The debt we are experiencing is not theoretical; the interest, the "debt tax," we have paid and will pay is quite real. In fact, the interest we are paying soon will be eclipsing the non-defense discretionary spending. From the Majority's own budget document, by 2013, we will be paying $477 billion in interest on the debt while only spending $468 billion on the entire non-defense discretionary budget. That $477 billion in interest does not even begin to reduce the debt: it just is just interest on the debt.

Indeed, if we are going to reduce the debt, we will need much more than balanced budgets each year. We will need to return to surpluses. Unfortunately, this budget never projects an on-budget surplus during any year in the future.

In addition to the present deficit projections, the sad fact is that the effect of the tax cuts are going to be worse than they currently appear; because they are phased in, the tax cuts' true cost is hidden in the first years. We will not see how expensive they are until, their full effect is felt in the second 10 years. Furthermore, that cost will also kick in at the same time our fiscal reality is dramatically changed by the baby boomers' retirement.

This fiscal irresponsibility is compounded by the pattern of spending cuts contained in the budget; cuts such as reduction to school lunches, heating assistance to low-income families, health care for veterans, Medicare, and education, just to name a few.

If we are going to deal with the financial crisis we are finding ourselves in, we need to start making tough choices. We cannot have all that we want right now, including tax cuts. Tax cuts for the few and eroding safety nets for the many are not the answer.

BOBBY SCOTT.