107TH CONGRESS 2d Session | HOUSE OF REPRESENTATIVES | REPORT 107–376

CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 2003

R E P O R T

OF THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H. Con. Res. 353

ESTABLISHING THE CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2003 AND SETTING FORTH APPROPRIATE BUDGETARY LEVELS FOR EACH OF FISCAL YEARS 2004 THROUGH 20007

together with

ADDITIONAL AND MINORITY VIEWS

MARCH 15, 2002.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

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[To accompany H. Con. Res. 353]

A WARTIME BUDGET

to Secure America's Future

THE HOUSE BUDGET RESOLUTION FOR FISCAL YEAR 2003

SUMMARY

America *is* at war. It is not a skirmish or a police action or a peacekeeping operation. It is a full-scale military conflict against a well-armed, stealthy, and widely dispersed enemy whose members may spend years planning and training for one, often suicidal action—an action such as the vicious assault on Americans that occurred on 11 September 2001.

It is a war that requires steadfast resolve, and it may continue for years. At the same time, Americans must face up to a range of other public concerns demanding their attention. Doing so requires an ability to choose priorities and balance interests. Such is the balance maintained by this budget resolution for fiscal year 2003.

It is a wartime budget that provides the three fundamental securities the Government is obliged to protect: national security, economic security, and personal security.

- *Security for the Nation:* This plan supports the President's request for winning the war against terrorism overseas and enhancing the safety of American homeland. In addition, it promotes scientific research that can speed the discovery of technologies capable of improving the lives of all Americans; and it keeps promises to America's veterans.
- *Security of a Growing Economy:* The budget returns to the practice of paying down debt, further easing the burden of Government on the economy. It includes the recently enacted economic recovery and worker assistance bill, and provides for an additional $28 billion in tax relief over the next 5 years. It further contributes to the economy through investments in energy, transportation, and agriculture.
- *Security for Ourselves and Our Families' Future:* Because America is a community of individuals, the budget helps Americans pursue their own destinies—by supporting education and health care, safeguarding the environment, and protecting retirement security.

The remainder of this document provides policy detail of the ways in which this balanced budget contributes to the Government's principal task: Securing America's Future.

A Balanced Budget

This budget is numerically balanced in fiscal year 2003, with the sole exception of recently enacted emergency legislation to support the economic recovery and help displaced workers. The Chairman's Mark calls for $2.077 trillion in tax revenue in fiscal year 2003, and $2.123 trillion in outlays. The difference of $45.6 billion is accounted for by the Job Creation and Worker Assistance Act. This job creation measure, signed by the President on 9 March 2002, was designated an emergency measure—providing needed support for the economy's recovery from September's terrorist attacks. The measure also provides much-needed help for people out of work.

The budget also sets fiscal policy on a path to balance without exception by fiscal year 2004. This will allow the Government to resume repayment of the public debt.

Responding to the Triple Threat

It is widely understood that a balanced budget is a proper benchmark *under normal political and economic circumstances.* But even balanced budget amendment proposals allow flexibility when emergencies occur, such as wars or economic recessions. In such emergencies, the balanced budget requirement is to be temporarily suspended.

Americans have endured three extraordinary challenges since the middle of 2001: a national emergency resulting from terrorist attacks on the American homeland; a subsequent war against terrorism; and an economic slowdown once considered severe enough to qualify as a recession. Any one of these would qualify as an exception under most balanced budget amendments. More important, the American public—recently made accustomed to swelling budget surpluses—has appeared willing to tolerate short-term deficits to contend with the Nation's crises.

Security for the Nation

Ensuring the Nation's security is the highest obligation of the Federal Government. If a nation cannot defend itself and its citizens, none of its other activities really matter.

For America today, the most prominent role of national defense is the war against terrorism. This budget fully supports the President's commitment not just to fight the war, but to win it. The budget also enhances protections of American homeland, promotes scientific research that can lead to technological advances in the future, and keeps America's promises to the Nation's military veterans.

WINNING THE WAR AGAINST TERRORISM

The resolution provides funding consistent with the President's program to combat terrorism. The administration has requested $27.3 billion in budget authority [BA] for this purpose in fiscal year 2003, a $16.8-billion, or 260-percent, increase over fiscal year 2002 (including fiscal year 2002 emergency spending of $3.5 billion in BA). Total national defense funding would be $393.8 billion in BA in fiscal year 2003, and $2.129 trillion over the next 5 years.

Specific anti-terrorism measures supported by this budget include the following:

- *Forward Deployment:* The resolution supports 250,000 forward-deployed (in theaters of operation) troops in the war against terrorism. Although the number of combat personnel in areas such as Afghanistan is small, they must be supported by large numbers of logistical, intelligence support, and other personnel in adjacent land areas and at sea.
- *Intelligence Enhancements:* The budget supports an increase in funding for programs found effective in the war against terrorism in Afghanistan, including at least $3 billion to improve intelligence gathering and computer networking. Intelligence programs in particular are intended to provide forewarning for potential future terrorist attacks.
- *Unmanned Aerial Vehicles [UAVs]:* The resolution accommodates the President's request for $158 million for missile-firing Predator drones like those used for the first time against the Taliban. Another $629 million will speed production of Global Hawk, the long-range UAV that also debuted in Afghanistan.
- *Precision Munitions:* The budget provides $1.6 billion to buy 45,000 laser-guided bomb kits and 33,000 new satellite-guided bomb kits. It emphasizes precision munitions, intended to maximize military effectiveness while minimizing both collateral damage and vulnerability of U.S. aircrews.
- *Space-Based Radar:* The budget accommodates one of the President's top priorities: development of a constellation of satellites that would track moving vehicles on the ground as well as aircraft. This program would expand on the success enjoyed by Joint Stars, an aircraft-based radar that has the capability of tracking vehicle movement.

These provisions are included in overall national defense levels that should accommodate defense "transformation" (modernizing the force for 21st century combat) while maintaining readiness and supporting armed forces personnel. For example, the resolution provides funds for a 4.1-percent across-the-board pay raise for military personnel, beginning in January 2003. Further details of the overall defense budget appear in the discussion under Function 050.

SECURING THE HOMELAND

In the aftermath of the terrorist attacks of 11 September, and the subsequent threat of biological agents (such as anthrax) being used as weapons, the budget resolution reflects the priority of enhancing the security of America's homeland. It proposes $37.7 billion for homeland security activities in fiscal year 2003, an increase of $8.4 billion, or 29 percent, over fiscal year 2002 (which included emergency spending of $9.8 billion in BA). Major policy initiatives supported by this funding level (distributed among various budget functions) include the following:

- *Grants to First Responders:* The resolution funds a new Federal grant program to help States and localities respond to acts of terrorism. The program—to be administered by the Federal Emergency Management Administration—provides $3.5 billion in fiscal year 2003. The grants will allow local police, fire departments, and emergency rescue teams to hire needed employees, train staff, enhance preparedness, and purchase equipment to rescue victims of terrorism in the critical early hours after an attack.

- *Defending Against Biological Terrorism:* Spending for the Department of Health and Human Services' bioterrorism efforts rises from $2.8 billion in fiscal year 2002 to $4.3 billion in fiscal year 2003. Funds would be used to counter bioterrorism through enhancements in hospitals and other public health facilities, research and development, pharmaceutical stockpiles, and a national information network for better detection of biological attacks and natural disease outbreaks.
- *Securing the Nation's Borders:* For the Immigration and Naturalization Service, the budget provides an increase of $700 million, or 12 percent (excluding the fiscal year 2002 emergency supplemental). This will support hiring 570 Border Patrol agents and 1,160 inspection agents. The budget also includes $380 million for a new visa tracking system. For the Customs Service, the proposed budget is $2.3 billion, an increase of $146 million, or 7 percent. Of the total, $744 million is for Northern Border Security—an increase of $212 million, or 39.8 percent—and $684 million for Maritime Security—an increase of $329 million, or 92.7 percent.
- *Securing Maritime Borders:* The budget provides $6.1 billion for the Coast Guard, an increase of more than $1 billion (not including the fiscal year 2002 emergency supplemental), or 20 percent. After 11 September, the Coast Guard's port security mission grew from approximately 1 percent to 2 percent of daily operations to between 50 percent and 60 percent. The Coast Guard also has important national security missions such as interdiction of illegal migrants, drug interdiction, and port security.
- *Aviation Security:* Congress created the Transportation Security Administration to improve aviation security by accelerating deployment of explosive-detection systems and other airport security equipment; facilitate passenger and baggage inspection; and deploy more Federal Air Marshals. The budget provides $4.8 billion in budget resources: $2.5 billion in new budget authority and $2.2 billion in offsetting collections through a combination of new passenger and air carrier fees.

INVESTING IN FUTURE TECHNOLOGY

The resolution provides $22.7 billion in BA for science, an increase of $675 million, or 2.1 percent, over 2002. It reflects 2.6-percent annual growth in this function over the next 5 years. Key provisions include the following:

- *National Science Foundation:* The resolution enhances the Nation's commitment to science and provides $4.0 billion for the

National Science Foundation's research and related activities, an increase of $374 million over fiscal year 2002.

- *NASA:* The budget provides $15 billion for the National Aeronautics and Space Administration [NASA], 1.4-percent increase over fiscal year 2002. This is in addition to the 5-percent increase NASA received in 2002. The funding level is consistent with the NASA Advisory Council's recommendations.

KEEPING THE PROMISE TO VETERANS

Mindful of those who have made past contributions to the Nation's security, the budget also continues a record of support for America's veterans.

- *Veterans Health Care:* The budget includes $23.9 billion for VA medical care, an increase of $2.6 billion, or 12.0 percent, above the fiscal year 2002 levels. The budget does not assume the $1,500 deductible for priority 7 veterans (those who neither have service-connected disabilities nor are low-income). The increased discretionary funding will ensure that veterans receive high-quality health care, and accurate and timely entitlement benefits.
- *Concurrent Receipt:* The resolution assumes sufficient funding to accommodate an increase in military retirement benefits a veteran can collect without the current-law offset required when the veteran also is collecting disability compensation from the Department of Veterans Affairs [VA]. In a 5-year phase-in, the budget assumes an increase in military retirement payments, currently subject to offset, for those with VA disability ratings of 60 percent or greater, equal to what would be received under full concurrent receipt.

SECURITY OF A GROWING ECONOMY

In his first inaugural address, President Reagan said: "We are a Nation that has a Government—not the other way around." His point was confirmed by Americans' response to the assault of 11 September. Through large and small acts of courage, of generosity, and of resolve, they proved the conviction that America is great because Americans are good.

After the attacks, it was frequently said that Americans needed quickly to "return to normalcy," to restore their way of life; otherwise, the argument went, the terrorists would already have won.

But there was a more fundamental reason for restoration: Americans' way of life is the Nation's strength. It sustains America's institutions, including government, and one of its clearest expressions is the Nation's economy. Indeed, the Government secures its own stability by maintaining conditions that promote economic growth—because when the economy provides growing opportunities and prosperity, it strengthens Americans' support for their Nation and its Government.

Today, the U.S. economy appears poised to return to solid noninflationary growth following the difficult economic environment that existed over the past year and a half, including the sharp slowdown in growth that began in the second half of 2000 and the downturn in real gross domestic product [GDP] after the terrorist attacks. Aggressive policy actions by the President, the Congress, and the Federal Reserve combined to help keep the downturn relatively mild and brief. The quick return to growth is a tribute to the resiliency and flexibility of the Nation's economy and to the people who make it work. Nevertheless, even in a relatively mild downturn, many individuals face significant hardships through lost wages, jobs, and declines in business—a loss of economic security.

The U.S. economy must return to a path of higher growth and employment, as envisioned in this budget resolution, to ensure that economic security will be realized.

RECENT ECONOMIC PERFORMANCE AND POLICY ACTIONS

Following the significant slowdown that began in the second half of 2000, the U.S. economy experienced substantial disruptions during 2001. Real GDP, which had been growing at more than a 4-percent annual rate over the late 1990's, slowed to only a 1.6 percent annual rate of growth in the second half of 2000.

During 2001, the economy weakened further with a brief decline in real GDP, a decline in payroll employment, and a rising unemployment rate. The terrorist acts of 11 September threw a shock through the economy—a blow that apparently drove a slow economy into negative growth. The National Bureau of Economic Research—the independent organization recognized as the official arbiter of business cycle turning points—said it was not clearly apparent until after the attacks that the economy was experiencing a decline sufficiently severe to be called a "recession."

Policymakers had been responding throughout the year. In January 2001, the Federal Reserve began a series of aggressive interest rate reductions. From January through August, the Fed cut the Federal funds rate by 300 basis points, from 6.5 percent to 3.5 percent. Meanwhile, Congress and the President produced the Economic Growth and Tax Relief Reconciliation Act of 2001 [EGTRRA]—including marginal income tax rate reductions and a tax rebate—which quickly put money in the hands of consumers to help keep the economy growing. Following the 11 September attacks, monetary and fiscal policy acted to provide additional support for the economy. The Federal Reserve continued to quickly reduce interest rates, lowering the Federal funds rate an additional 175 basis points to 1.75 percent—the lowest level in 4 decades.

The Government's actions helped keep the downturn relatively mild. It now appears the economy will have experienced only 1 quarter of decline in real GDP—the 1.3-percent annual rate of decline in the 3d quarter of 2001. Although most forecasters expected a continued decline in real GDP, preliminary data show the surprising result that real GDP resumed its growth—at a 1.4-percent annual rate—in the 4th quarter of 2001. Other incoming data available at this time—including lower unemployment insurance claims; lower unemployment rates and an increase in nonfarm payroll jobs in February; a strong rebound in non-automotive retail sales in January and February; an upturn in industrial production in January and February—support the view that the economy resumed its expansion early this year. Many forecasters are now expecting real GDP growth to exceed 2 percent at an annual rate in the 1st quarter of 2002. If these preliminary data hold true and the recovery continues, this will have been the mildest recession on record for the post-World War II era.

The economy's recent performance has differed sharply from what typically occurs during recessions. In most recessions, a chain-reaction occurs as declines in one sector spill over into declines in other sectors, leading to a deeper aggregate decline. In the recent episode, some sectors certainly experienced significant deterioration, particularly manufacturing and investment: manufacturing activity declined sharply with manufacturing industrial production falling nearly 8 percent from June 2000 to December 2001; nonresidential fixed investment spending fell by more than 9 percent from the 4th quarter of 2000 to the 4th quarter of 2001. In labor markets, the number of nonfarm payroll jobs declined by 1.5 million from March to December 2001, and the unemployment rate rose from 3.9 percent in October 2000 to 5.8 percent in December 2001. So, the downturn has not been without costs.

But contrary to what typically happens, the declines in these areas did not spill over significantly into the largest component of GDP: personal consumption expenditures. In fact, quarterly measures of real consumption spending continued to increase throughout 2001, even surging by 6 percent at an annual rate in the 4th quarter—the period shortly after the September attacks.

Clearly, the well-timed fiscal policy action from the tax cut package passed in June, with its marginal income tax rate reductions and the associated rebate checks distributed over the following several months, helped to bolster disposable personal income, consumer confidence, and spending at precisely the time it was needed. At the time of its passage, one respected private forecaster (Macroeconomic Advisers of St. Louis) labeled the tax cut package a "Fiscal Policy Bullseye," 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." The Federal Reserve's interest rate cuts also played an important role, reducing credit and borrowing costs and allowing automobile manufacturers to provide special low-cost financing deals that helped boost auto purchases.

The recent enactment of the Job Creation and Worker Assistance Act of 2002 is an additional example of a well-targeted fiscal policy action, directed precisely at the economy's areas of weakness: higher unemployment and lower investment. The extension of unemployment insurance benefits will support the finances of the longer-term unemployed. The provisions allowing 30-percent expensing of equipment and software will promote business investment spending—a critically important component for promoting a continuation of the era of higher labor productivity growth.

FOLLOWING THROUGH

This budget demonstrates the lessons learned from recent fiscal and tax policy. From 1998 through 2001, Congress reduced the Government's debt held by the public by nearly a half trillion dollars. The practice sprang from the prudent and typically American notion that in times of plenty, one should repay one's debts. But it may have had salutary economic effects as well, by easing government's burden on the economy.

Following a temporary departure from this path—caused by the national emergency that resulted from September's terrorist attacks—this budget calls for a return to public debt reduction by 2004—and even sooner if the economy grows faster than expected. Over the 5-year budget period, 2003–2007, the budget envisions reducing public debt by a net total of $181 billion.

The budget also applies suitable tax policy. It assumes no tax increases. It includes the recently enacted Job Creation and Worker Assistance Act. The budget also accommodates $28 billion in additional tax relief—subject to the discretion of the Committee on Ways and Means. These measures could include incentives for charitable giving, energy, and education.

ADDITIONAL ECONOMIC SECURITY MEASURES

The budget also support various other policies that will help sustain long-term economic growth. These include the following:

- *Energy:* The resolution assumes the administration's discretionary spending proposals, which fulfill the President's National Energy Policy recommendations to focus Federal investment on future energy solutions.
- *Transportation:* The resolution fully funds highways and highway safety programs at levels guaranteed by the Transportation Equity Act for the 21st Century [TEA-21], which automatically adjusts highway spending based on receipts from Federal highway user taxes. But because of the unforseen magnitude of the swing in revenue estimates from fiscal year 2002 to fiscal year 2003, State highway and highway safety planning and construction programs have been confronted with significant uncertainty about their future funding levels.

  Therefore, the resolution provides an additional $1.2 billion in outlays for highway and highway safety spending for fiscal year 2003, which provides sufficient outlays to restore the $4.4 billion in budget authority that would be cut in fiscal year 2003 were the Revenue Aligned Budget Authority [RABA] provision of TEA-21 implemented.
- *Agriculture:* The budget resolution includes full funding of the House-passed farm bill (H.R. 2646). These funds will maintain a safety net for farmers and provide long-term certainty to benefit them in their planning efforts. The resolution increases critical homeland security initiatives by $146 million within the Department of Agriculture consistent with the President's recommendations, including an increase of $48 million for animal health monitoring, and a $28-million increase for the Food Safety and Inspection Services, to enhance consumer protection efforts regarding meat, poultry, and egg products.

ECONOMIC ASSUMPTIONS OF THE BUDGET RESOLUTION

The budget resolution uses the economic assumptions developed by the Office of Management and Budget [OMB] and presented in *Analytical Perspectives, Budget of the United States Government,* *Fiscal Year 2003* (see Table 1). OMB forecasts that real GDP will increase 0.7 percent from 2001 to 2002, followed by a stronger growth rates in subsequent years as the economy rebounds and returns to expansion. For the 2003–2007 projection period, real GDP growth is initially stronger, growing at 3.8 percent in 2003, 3.7 percent in 2004, and 3.6 percent in 2005, before settling back to 3.2 percent in 2006 and a trend rate of 3.1 percent by 2007. With the stronger growth in the economy, the civilian unemployment rate is expected to decline steadily, from 5.9 percent in 2002 to 4.9 percent in 2006. Inflation is expected to remain at relatively low levels, with the GDP chain-weighted price index inflation projected to remain below 2 percent at an annual rate throughout the projection, and consumer price index [CPI] inflation rising gradually from 1.8 percent in 2002 to 2.4 percent for 2005–2007. The 3-month Treasury bill rate is expected to increase as the economy rebounds, rising from a 2.2-percent annual average for 2002 to 4.3 percent in 2005–2007. The 10-year Treasury note rate is projected to remain relatively flat at 5.1 percent for 2001–2005, before rising slightly to 5.2 percent in 2006–2007.

TABLE 1.—ECONOMIC ASSUMPTIONS OF THE BUDGET RESOLUTION

[Calendar years 2002–2007]

	2002	2003	2004	2005	2006	2007
Real GDP (percentage change year over year)	0.7	3.8	3.7	3.6	3.2	3.1
GDP Price Index (percentage change year over year)	2.0	1.8	1.7	1.8	1.9	1.9
Consumer Price Index (percentage change year over year)	1.8	2.2	2.3	2.4	2.4	2.4
Unemployment Rate (percent, annual average)	5.9	5.5	5.2	5.0	4.9	4.9
3-month Treasury Bill Rate (percent, annual average)	2.2	3.5	4.0	4.3	4.3	4.3
10-year Treasury Note Rate (percent, annual average)	5.1	5.1	5.1	5.1	5.2	5.2

COMPARISON OF ECONOMIC ASSUMPTIONS

A comparison of economic assumptions reveals that the OMB assumptions are roughly similar to those of the Congressional Budget Office [CBO] and the private consensus forecast as revealed by the Blue Chip consensus (see Table 2). The comparison forecasts shown in the table are CBO's updated March 2002 economic projection and the March 2002 Blue Chip consensus. For 2002, CBO and Blue Chip forecast significantly higher real GDP growth than OMB—1.7 percent for CBO and 2.0 percent for Blue Chip, compared to 0.7 percent for OMB. The relatively stronger growth rates for CBO and Blue Chip in 2002 result in somewhat lower real growth rates relative to OMB for 2003–2007. That is, CBO and Blue Chip expect the initial stages of economic recovery to be stronger and to occur sooner than does OMB. These differences mean the OMB economic projections start off being more conservative by a significant degree relative to CBO and Blue Chip. By the last 2 years of the projection period, OMB, CBO, and Blue Chip projections for real GDP growth are nearly identical, in the 3.1-percent to 3.2-percent range.

In the initial years of the projections, the inflation comparisons are mixed, but for the 2004–2007 period, the OMB and CBO projections show somewhat lower inflation than Blue Chip, by roughly 0.2 percentage point to 0.4 percentage point, depending on the specific point of comparison. The OMB inflation projection, in turn, generally is slightly lower than CBO by about 0.1 percentage point to 0.2 percentage point. OMB's projection for the unemployment rate is nearly identical to that of the Blue Chip, while CBO projects a higher unemployment rate throughout the projection by 0.2 percentage point to 0.3 percentage point. OMB's interest rate projections are generally somewhat lower than those of CBO and Blue Chip. For example, CBO expects a larger and faster increase in the 3-month Treasury bill rate than OMB and Blue Chip: CBO's projection reaches a 4.9-percent rate in 2004, compared to 4.3 percent for Blue Chip and 4.0 percent for OMB in that year. OMB's projection for the ultimate level of the 3-month Treasury bill rate, 4.3 percent, is somewhat lower than Blue Chip's 4.7 percent and CBO's 4.9 percent. For the 10-year Treasury note rate, OMB's projection of 5.1 percent to 5.2 percent over the projection period is lower than CBO's and Blue Chip's paths, showing increases to the 5.8 percent [CBO] and 5.9 percent [Blue Chip] levels.

TABLE 2.—COMPARISON OF ECONOMIC ASSUMPTIONS

[Calendar years 2002–2007]

	2002	2003	2004	2005	2006	2007
Real GDP (percentage change year over year):						
OMB	0.7	3.8	3.7	3.6	3.2	3.1
CBO	1.7	3.4	3.5	3.2	3.2	3.2
Blue Chip	2.0	3.6	3.4	3.3	3.2	3.1
GDP Price Index (percentage change year over year):						
OMB	2.0	1.8	1.7	1.8	1.9	1.9
CBO	1.4	2.0	2.0	2.0	2.0	2.0
Blue Chip	1.3	1.8	2.1	2.2	2.2	2.2
Consumer Price Index (percentage change year over year):						
OMB	1.8	2.2	2.3	2.4	2.4	2.4
CBO	1.8	2.5	2.5	2.5	2.5	2.5
Blue Chip	1.4	2.4	2.7	2.7	2.8	2.8
Unemployment Rate (percent, annual average):						
OMB	5.9	5.5	5.2	5.0	4.9	4.9
CBO	6.1	5.9	5.4	5.2	5.2	5.2
Blue Chip	5.9	5.5	5.2	5.0	5.0	4.9
3-month Treasury Bill Rate (percent, annual average):						
OMB	2.2	3.5	4.0	4.3	4.3	4.3
CBO	2.2	4.5	4.9	4.9	4.9	4.9
Blue Chip	2.1	3.4	4.3	4.5	4.7	4.7
10-year Treasury Note Rate (percent, annual average):						
OMB	5.1	5.1	5.1	5.1	5.2	5.2
CBO	5.0	5.5	5.8	5.8	5.8	5.8
Blue Chip	5.2	5.6	5.8	5.9	5.9	5.9

Sources: OMB, CBO, Blue Chip Economic Indicators (March 10, 2002).

It is noteworthy that, of the past 32 House budgets, 17 *did not* use CBO economic assumptions—and 5 of those did use OMB. Looked at another way, of 21 House budget resolutions adopted from fiscal years 1977 through 1996, 11 did not use CBO.

SECURITY FOR OURSELVES AND OUR FAMILIES' FUTURE

Personal security is what allows Americans to pursue their individual destinies, and fulfill their own lives. As Americans do this, freely and within the law, the entire Nation prospers from their imagination and productivity. The Government can enhance personal security by supporting its building blocks—which include education, health, natural resources, and security in retirement. The Government also should help maintain good stewardship of the

Nation's natural resources, to preserve and nurture them for future generations.

EDUCATION

The Chairman's Mark is consistent with the President's requested level for education spending. This includes $22 billion for programs authorized under the No Child Left Behind law, including a $1-billion increase for Title I aid to low-income schools, and a $1-billion reserve fund increase for special education. The resolution also adjusts the levels in subsequent years to accommodate a 12-percent annual increase in spending for the Individuals with Disabilities Education Act [IDEA]—a rate of increase that would allow for full funding of the program within 10 years. Some key points:

- *Special Education:* The mark creates a reserve fund for increasing IDEA $1 billion above the 2002 level. This 13-percent increase would bring the overall funding level to $8.53 billion. For 2004 and subsequent years covered by the resolution, the mark raises levels sufficiently to accommodate 12-percent annual increases in IDEA spending, a rate of increase that puts the Federal Government on a 10-year path to meet its full commitment to the States to assist with special education financing.
- *Low-Income School Districts:* A $1-billion increase is provided for Title I grants to low-income school districts. The increase is to be allocated through the targeted grants formula, which focuses resources on the highest-poverty school districts. Last year, Title I grew by $2.7 billion, a 22-percent increase.
- *Reading First:* The budget provides a $100-million increase, to $1 billion, for the President's reading initiative. This increase will help the program improve early reading instruction and also prevent more children from being inappropriately steered into special education by addressing reading difficulties at an early age.
- *New Elementary and Secondary Education Programs:* The resolution also accommodates the following sums for new programs requested by the President: $100 million for loan programs that assist with charter school construction; $50 million for a choice demonstration fund to support research projects encouraging both private and public school choice options; and $25 million for a voluntary public school choice program, to improve intradistrict and interdistrict choice options, particularly for parents of children attending low-performing schools.
- *Pell Grants:* The resolution assumes $549 million to increase Pell Grant funding, enough to maintain the historically high Pell Grant maximum level at $4,000.

HEALTH CARE

The budget also supports a variety of measures to protect Americans' health and well-being. Among these are the following:

- *Medicare:* The budget provides substantial funds for the Government's health coverage program for seniors, reflecting a fund of $5 billion in 2003, $5 billion in 2004, and $350 billion over 10 years for a Medicare modernization and a prescription drug benefit.
- *Fighting Bioterrorism:* The problem of bioterrorism became a focus of Government activities shortly after the terrorist attacks last September. The Department of Health and Human Services [HHS] is the lead agency in the efforts to prevent and address bio-terrorism. For fiscal year 2003, total spending for HHS's bio-terrorism efforts would rise to $4.3 billion, an increase of $1.3 billion, or 45 percent, above the fiscal year 2002 level.

  These funding levels will support critical homeland security initiatives, consistent with the President's recommendations, including the following:

  – *The National Pharmaceutical Stockpile*—The budget calls for $650 million for the Stockpile and costs related to stockpiling smallpox vaccines and next-generation anthrax vaccines currently under development.

  – *Facilities Enhancements*—The budget counters the threat of bio-terrorism with enhancements in hospitals and other public health facilities, research and development, pharmaceutical stockpile, and a national information network for better detection of biological attacks as well as natural disease outbreaks.

  – *Research*—A total of $1.7 billion is included in the budget for bio-terrorism research, including genomic sequencing of pathogens, development of an improved anthrax vaccine, and National Institutes of Health [NIH] laboratory and research facilities construction related to bioterrorism.
- *The National Institutes of Health:* NIH remains a priority. Funding in this resolution accommodates the President's proposal to double NIH's 1998 funding level of $13.6 billion by 2003. To accomplish this, the 2003 budget assumes $27.2 billion for NIH, a $3.9 billion increase above the 2002 level.

THE ENVIRONMENT

Economic prosperity should go hand-in-hand with good stewardship of America's natural resources—resources that should be preserved and nurtured for future generations. In this regard, the Chairman's Mark is consistent with the President's funding level, which includes full funding for the Land and Water Conservation Fund at $911 million; a doubling of the Environmental Protection Agency's brownfields cleanup budget; and an additional $663 million to reduce the National Park Service's $4.9 billion backlog in operations and maintenance.

RETIREMENT SECURITY

Americans' values include the conviction that one's retirement should be secure as well. Among the budget's contributions to this are the following:

- *Social Security:* This program is off-budget and not directly addressed in the budget resolution. Nevertheless, it is well known that Social Security faces serious and growing financial problems that will affect workers, beneficiaries, and the Federal budget by the middle of the next decade. This budget makes a down payment on needed reform by returning to debt reduction. This improves the potential for economic growth, increases national savings, and helps ensure that the Nation will be equipped to provide the real resources necessary to keep Social Security's promise in the future. All Social Security benefits are fully protected under this budget.
- *Security for Pensions and Savings:* A balanced budget and debt reduction also are among the best measures for securing Americans' private savings and pensions. In addition, the budget supports the President's proposals to strengthen Federal deposit insurance, which insures trillions of dollars of private financial assets. The budget also supports the President's plans to improve management at the Securities and Exchange Commission, and make the commission more responsive to changes in financial markets resulting from global competition and technology.

CONCLUSION—THE REAL MEANING OF BALANCE

The principle of a balanced budget is more than simply a numbers game in which spending and revenue match up. It reflects the sense that Members of Congress are controlling the budget, not *being* controlled by *it.* This can only occur when Congress disciplines spending. If lawmakers must resort to higher taxes every time the Government's spending demands increase, then spending is running away with the budget. Instead of raising taxes to match whatever the spending demands are, Congress should first determine an appropriate level of taxation consistent with economic growth, and then *live within its means.* But for the emergency economic recovery measure noted above, that is what this budget does.

Balance also means balancing the interests of various groups of Americans; and this budget does that as well. For families, it provides there will be no tax increases. For seniors, it fully protects Social Security, and allots $350 billion over 10 years to modernize Medicare and add a prescription drug benefit. For farmers, it fully funds the House-passed farm bill (H.R. 2646), which will expand market opportunities, maintain an adequate safety net, and provide long-term financial stability. Everyone who learns can benefit from the budget's education funding; but America's minorities can especially benefit from the proposals in this area—including the President's No Child Left Behind program, his Reading First initiative, and his $1 billion increase for low-income schools under Title I.

The budget funds these priorities within the broader framework of winning the war against terrorism, protecting the American homeland, and supporting the economic recovery. That is the real meaning of balance expressed by this resolution.

REVENUE

FUNCTION SUMMARY

The revenue totals reflect 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 the revenue function.

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.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The budget resolution calls for $1.532 trillion in on-budget revenue to be collected in fiscal year 2003, and $8.672 trillion to be collected from 2003 through 2007. (If Social Security taxes were added, the result would be a total of $2.077 trillion in total in fiscal year 2003, and $11.698 trillion over the next 5 years.)

Under the fiscal year 2003 budget resolution, taxpayers would keep $109 billion more of their own money between now and 2007 than under the February current law baseline. Most of this tax relief is for the emergency economic revitalization, job creation and worker assistance bill signed by the President on 9 March 2002. The major Presidential economic security initiative restores $81 million to the American people over 6 years through the Internal Revenue Code. In 2003 alone, tax relief totals $44 billion, all but $4.4 billion of which is for economic revitalization.

The economic recovery is expected to build into strong future growth, partly due to last year's tax reduction and no proposed tax increases in the future. It already appears that last year's economic slowdown was less severe than originally thought, and the tax relief almost certainly played a role in this.

The budget also accommodates, but does not reconcile, $28 billion in additional tax relief over 5 years. The particular mix of tax policies this amount could entail would be determined by the Committee on Ways and Means, but it could include incentives for charitable giving, education tax breaks for teachers and for families transferring their children out of failing schools, and energy conservation, reliability, and production provisions. Tariff and other revenue effects of various trade initiatives are possible as well.

THE CONTEXT OF TAX REDUCTION

Just 8 years ago, in 1992, tax revenues were only 17.5 percent of gross domestic product [GDP]. Even with the additional tax relief in this budget, the tax burden on Americans will stay historically high, at more than 19 percent of GDP. In comparison, the post-World War II average is 18 percent.

The Office of Management and Budget projects the Federal Government would collect $11.8 trillion in taxes over the next 5 years under the tax law in effect in February of this year. Under the proposals in this budget, tax collections would be slightly below $11.7 trillion—a reduction of less than 1 percent. By comparison, the Federal Government's tax collections over the previous 5 years (1997–2001) was $9.1 trillion.

After this additional round of tax relief, Federal revenues will still grow by 30 percent over the next 5 years, from $1.99 trillion in 2001 to $2.59 trillion in 2007.

REVENUE

[On-budget totals, in billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total	1,450.3	1,531.9	1,626.6	1,748.0	1,838.0	1,927.2	8,671.7

REVENUE COMPARISONS

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

[In billions of dollars]

	Amount
Fiscal Year:	
1997 Actual	1,579.3
1998 Actual	1,721.8
1999 Actual	1,827.5
2000 Actual	2,025.2
2001 Actual	1,991.0
Fiscal Year 2002:	
Administration's Request (February 2002)	1,946.1
Committee Level	1,967.5
Fiscal Year 2003:	
Administration's Request (February 2002)	2,048.1
Committee Level	2,077.2
Fiscal Year 2004:	
Administration's Request (February 2002)	2,175.4
Committee Level	2,200.1
Fiscal Year 2005:	
Administration's Request (February 2002)	2,338.0
Committee Level	2,356.2
Fiscal Year 2006:	
Administration's Request (February 2002)	2,455.3
Committee Level	2,471.6

	Amount
Fiscal Year 2007:	
Administration's Request (February 2002)	2,571.7
Committee Level	2,592.5

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

[In billions of dollars]

	Amount
Fiscal Year:	
1997 Actual	1,187.3
1998 Actual	1,306.0
1999 Actual	1,383.0
2000 Actual	1,544.6
2001 Actual	1,483.5
Fiscal Year 2002:	
Administration Request (February 2002)	1,428.9
Committee Level	1,450.3
Fiscal Year 2003:	
Administration Request (February 2002)	1,502.7
Committee Level	1,531.9
Fiscal Year 2004:	
Administration Request (February 2002)	1,601.9
Committee Level	1,626.6
Fiscal Year 2005:	
Administration Request (February 2002)	1,729.8
Committee Level	1,748.0
Fiscal Year 2006:	
Administration Request (February 2002)	1,821.6
Committee Level	1,838.0
Fiscal Year 2007:	
Administration Request (February 2002)	1,906.4
Committee Level	1,927.2

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

[In billions of dollars]

	Amount
Fiscal Year:	
1997 Actual	1,579.3
1998 Actual	1,721.8
1999 Actual	1,827.5
2000 Actual	2,025.2
2001 Actual	1,991.0
Fiscal Year 2002:	
OMB Projection (January 2002)	2,010.7
Committee Level	1,967.5
Fiscal Year 2003:	
OMB Projection (January 2002)	2,121.1
Committee Level	2,077.2
Fiscal Year 2004:	
OMB Projection (January 2002)	2,234.5
Committee Level	2,200.1
Fiscal Year 2005:	
OMB Projection (January 2002)	2,365.9
Committee Level	2,356.2
Fiscal Year 2006:	
OMB Projection (January 2002)	2,461.3
Committee Level	2,471.6
Fiscal Year 2007:	
OMB Projection (January 2002)	2,581.1
Committee Level	2,592.5

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

[In billions of dollars]

	Percent
Fiscal Year:	
1997 Actual	19.3
1998 Actual	19.9
1999 Actual	20.0
2000 Actual	20.8
2001 Actual	19.6
Fiscal Year 2002:	
OMB Projection (January 2002)	19.4
Committee Level	19.0
Fiscal Year 2003:	
OMB Projection (January 2002)	19.4
Committee Level	19.0
Fiscal Year 2004:	
OMB Projection (January 2002)	19.4
Committee Level	19.1
Fiscal Year 2005:	
OMB Projection (January 2002)	19.5
Committee Level	19.4
Fiscal Year 2006:	
OMB Projection (January 2002)	19.2
Committee Level	19.3
Fiscal Year 2007:	
OMB Projection (January 2002)	19.2
Committee Level	19.3

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

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

	1950	1960	1970	1980	1990	2000	Projected [1]	
							2002	2003
Individual Income Tax	15.8	40.7	90.4	244.1	466.9	1,004.5	949.9	1,009.0
Corporate Income Tax	10.4	21.5	32.8	64.6	93.5	207.3	202.5	208.0
Social Insurance Tax and contributions	4.3	14.7	44.4	157.8	380.0	652.9	708.0	750.5
Excise Taxes	7.6	11.7	15.7	24.3	35.3	68.9	67.0	69.2
Estate and Gift Taxes	0.7	1.6	3.6	6.4	11.5	29.0	27.5	23.6
Customs Duties	0.4	1.1	2.4	7.2	16.7	19.9	19.3	20.7
Miscellaneous Receipts	0.2	1.2	3.4	12.7	28.0	42.8	36.4	40.2
Total [2]	39.4	92.5	192.8	517.1	1,032.0	2,025.2	2,010.7	2,121.1
On-Budget Revenues	(37.3)	(81.9)	(159.3)	(403.9)	(750.3)	(1,544.6)	(1,493.5)	(1,575.7)
Off-Budget Revenues [3]	(2.1)	(10.6)	(33.5)	(113.2)	(281.7)	(480.6)	(517.2)	(545.3)

[1] Prior to 3/9/02 enactment of the emergency economic security plan.
[2] Details may not sum to totals due to rounding.
[3] 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	Projected [1]	
							2002	2003
Individual Income Tax	5.8	7.8	8.9	8.9	8.1	10.3	9.2	9.2
Corporate Income Tax	3.8	4.1	3.2	2.4	1.6	2.1	2.0	1.9
Social Insurance Tax and contributions	1.6	2.8	4.4	5.8	6.6	6.7	6.8	6.9
Excises	2.8	2.3	1.6	0.9	0.6	0.7	0.6	0.6
Estate and Gift Taxes	0.3	0.3	0.4	0.2	0.2	0.3	0.3	0.2
Customs Duties	0.1	0.2	0.2	0.3	0.3	0.2	0.2	0.2
Miscellaneous Receipts	0.1	0.2	0.3	0.5	0.5	0.4	0.4	0.4
Total [2]	14.4	17.8	19.0	18.9	18.0	20.8	19.4	19.4

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

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

	1950	1960	1970	1980	1990	2000	Projected [1]	
							2002	2003
On-Budget Revenues	(13.7)	(15.8)	(15.7)	(14.8)	(13.1)	(15.9)	(14.4)	(14.4)
Off-Budget Revenues [3]	(0.8)	(2.1)	(3.3)	(4.1)	(4.9)	(4.9)	(5.0)	(5.0)

[1] Prior to 3/9/02 enactment of emergency economic security plan.
[2] Details may not sum to totals due to rounding.
[3] Social Security (OASDI) revenues.

TABLE 9.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2002–2006

[Billions of dollars]

Function	Corporations					Individuals					Total 2002–06
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	
National Defense											
Exclusion of benefits and allowances to Armed Forces personnel	....	....	....	....	....	2.3	2.3	2.4	2.4	2.4	11.8
Exclusion of military disability benefits	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.5
International Affairs											
Exclusion of income earned abroad by U.S. citizens	....	....	....	....	....	2.8	3.0	3.2	3.4	3.6	16.0
Exclusion of certain allowances for Federal employees abroad	....	....	....	....	....	0.3	0.4	0.4	0.4	0.5	2.0
Exclusion of extraterritorial income	4.8	5.2	5.6	6.0	6.5	....	....	....	....	....	28.1
Deferral of active income of controlled foreign corporations	4.2	4.4	4.7	5.0	5.3	....	....	....	....	....	23.6
Inventory property sales source rule exception	4.8	5.2	5.6	6.0	6.4	....	....	....	....	....	28.0
Deferral of certain financing income	0.6	0.2	....	....	....	....	....	....	....	....	0.8
General Science, Space, and Technology											
Tax credit for qualified research expenditures	5.0	5.4	4.7	2.8	1.5	(1)	(1)	(1)	(1)	(1)	19.4
Expensing of research and experimental expenditures	4.5	4.7	4.7	4.8	5.0	(1)	(1)	(1)	(1)	(1)	23.7
Energy											
Expensing of exploration and development costs:											
Oil and gas	1.6	1.2	0.7	0.3	0.6	(1)	(1)	(1)	(1)	(1)	4.4
Other fuels	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Excess of percentage over cost depletion:											
Oil and gas	0.5	0.4	0.4	0.4	0.4	(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	1.4
Tax credit for production of non-conventional fuels	1.3	0.8	0.5	0.5	0.5	0.3	0.2	0.1	0.1	0.1	4.5
Tax credit for alcohol fuels [2]	(1)	(1)	(1)	(1)	(1)	....	....	....	....	....	(1)
Exclusion of interest on State and local government industrial development bonds for energy production facilities	(1)	(1)	(1)	(1)	(1)	0.1	0.1	0.1	0.1	0.1	0.7
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, closed-loop biomass, and poultry waste	(1)	(1)	(1)	(1)	0.1	(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	0.7
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 government 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	0.4	2.9
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	0.2	0.2	0.3	0.3	0.3	....	....	....	....	....	1.3
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	(1)	(1)	(1)	(1)	(1)	0.1	0.1	0.1	0.1	0.1	0.3
Expensing of the costs of raising dairy and breeding cattle	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of cost-sharing payments	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of cancellation of indebtedeness income of farmers	....	....	....	....	....	0.1	(1)	(1)	(1)	(1)	0.2
Cash accounting for agriculture	(1)	(1)	(1)	(1)	(1)	0.5	0.3	0.3	0.3	0.3	1.7
Income averaging for farmers	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1
Five-year carryback period for net operating losses attributable to farming	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Commerce and Housing Credit											
Financial institutions:											
Exemption of credit union income	0.9	0.9	0.9	1.0	1.0	....	....	....	....	....	4.7
Insurance companies:											
Exclusion of investment income on life insurance and annuity contracts	1.3	1.4	1.4	1.5	1.5	23.6	24.2	24.9	25.5	26.2	131.6
Small life insurance company taxable income adjustment	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.7
Special treatment of life insurance company reserves	1.2	1.3	1.3	1.4	1.4	....	....	....	....	....	6.6
Deduction of unpaid loss reserves for property and casualty insurance companies	2.9	3.0	3.0	3.1	3.2	....	....	....	....	....	15.2
Special deduction for Blue Cross and Blue Shield companies	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.5
Housing:											
Deduction for mortgage interest on owner-occupied residences	....	....	....	....	....	66.5	69.8	72.1	76.5	80.5	365.5
Deduction for property taxes on owner-occupied residences	....	....	....	....	....	21.4	22.1	21.4	18.8	15.5	99.2
Exclusion of capital gains on sales of principal residences	....	....	....	....	....	13.8	13.8	13.9	14.0	14.1	69.6
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	0.1	0.1	0.2	0.2	0.2	1.0
Depreciation of rental housing in excess of alternative depreciation system	0.3	0.3	0.3	0.3	0.3	2.5	2.7	2.8	3.1	3.4	16.0
Tax credit for low-income housing	2.7	2.9	3.0	3.2	3.3	1.2	1.2	1.3	1.4	1.4	21.6
Tax credit for first-time homebuyers in the District of Columbia	....	....	....	....	....	(1)	(1)	(1)	....	....	0.1
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	....	....	....	....	....	65.1	57.4	56.8	53.8	53.3	286.4
Exclusion of capital gains at death	....	....	....	....	....	37.3	40.1	43.1	46.3	49.8	216.6
Carryover basis of capital gains on gifts	....	....	....	....	....	4.2	4.4	4.6	4.8	5.1	23.1
Deferral of gain on non-dealer installment sales	0.6	0.6	0.6	0.7	0.7	0.4	0.4	0.4	0.4	0.4	5.2
Deferral of gain on like-kind exchanges	1.3	1.4	1.4	1.5	1.5	0.4	0.5	0.5	0.5	0.5	9.5
Deferral of gain on involuntary conversions resulting from Presidentially-delcared disasters	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1

TABLE 9.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2002–2006—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 2002–06
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	
Depreciation of buildings other than rental housing in excess of alternative depreciation system	1.2	1.2	1.1	0.9	0.9	0.5	0.5	0.4	0.4	0.3	7.4
Depreciation of equipment in excess of alternative depreciation system	28.0	31.0	32.8	33.9	34.5	7.5	8.4	8.8	9.0	9.1	203.0
Expensing of depreciable business property	0.3	0.3	0.2	0.2	0.1	1.3	1.3	0.9	0.6	0.4	5.6
Amortization of business startup costs	(1)	(1)	(1)	(1)	(1)	0.5	0.5	0.5	0.5	0.6	2.6
Reduced rates on first $10,000,000 of corporate taxable income	4.7	4.7	4.8	4.9	5.0	....	....	....	....	....	24.1
Permanent exemption from imputed interest rules	(1)	(1)	(1)	(1)	(1)	0.2	0.3	0.3	0.3	0.3	1.4
Expensing of magazine circulation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Special rules for magazine, paperback book, and record returns	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
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)	0.3	0.3	0.3	0.3	0.3	1.5
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	1.9
Exception from net operating loss limitations for corporations in bankruptcy proceedings	0.5	0.5	0.5	0.5	0.5	....	....	....	....	....	2.5
Tax credit for employer-paid FICA taxes on tips	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.3	2.0
Ordinary income treatment of losses from sales of small business corporation stock	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.2
Transportation											
Deferral of tax on capital construction funds for shipping companies	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.5
Exclusion of employer-paid transportation benefits	....	....	....	....	....	3.7	3.7	3.8	3.8	3.9	18.9
Exclusion of interest on State and local government bonds for high-speed rail	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.5
Community and Regional Development											
Empowerment zone tax incentives	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	3.3
Renewal community tax incentives	0.1	0.1	0.1	0.2	0.2	0.3	0.4	0.4	0.4	0.4	2.7
New markets tax credit	(1)	(1)	0.1	0.2	0.2	(1)	0.1	0.1	0.2	0.3	1.3
District of Columbia tax incentives	(1)	(1)	0.1	0.1	0.1	(1)	0.1	0.1	0.1	0.1	0.6
Indian reservation tax incentives	0.2	0.2	0.1	(3)	−0.1	0.1	0.1	0.1	(3)	−0.1	0.7
Expensing of environmental remediation costs (“Brownfields”)	0.1	0.1	(1)	(3)	(3)	0.1	0.1	0.1	(3)	(3)	0.5
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	0.5	0.5	0.5	0.5	3.6
Education, Training, Employment, and Social Services											
Education and training:											
Tax credits for tuition for post-secondary education	....	....	....	....	....	4.3	4.3	4.3	4.3	4.3	21.5

Deduction for interest on student loans	....	....	....	....	....	0.6	0.6	0.7	0.8	0.8	3.5
Deduction for higher education expenses	....	....	....	....	....	1.5	2.1	3.7	2.9	0.1	10.3
Exclusion of earnings of trust accounts for education (“Coverdell accounts”)	....	....	....	....	....	0.3	0.4	0.5	0.6	0.7	2.5
Exclusion of interest on educational savings bonds	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of earnings of qualified tuition programs	....	....	....	....	....	0.1	0.2	0.2	0.3	0.3	1.1
Exclusion of scholarship and fellowship income	....	....	....	....	....	1.3	1.4	1.5	1.5	1.6	7.3
Exclusion of employer-provided education assistance benefits	....	....	....	....	....	0.5	0.7	0.8	0.8	0.9	3.7
Parental personal exemption for students age 19 to 23	....	....	....	....	....	1.0	1.0	0.9	0.4	0.1	3.4
Exclusion of interest on State and local government student loan bonds	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.3	1.7
Exclusion of interest on State and local government bonds for private nonprofit educational facilities	0.2	0.2	0.2	0.3	0.3	0.6	0.6	0.6	0.6	0.7	4.4
Tax credit for holders of qualified zone academy bonds	(1)	(1)	0.1	0.1	0.1	....	....	....	....	....	0.3
Deduction for charitable contributions to educational institutions	1.0	1.1	1.2	1.3	1.4	5.5	6.1	6.4	6.6	6.5	37.1
Employment:											
Exclusion of employee meals and lodging (other than military)	....	....	....	....	....	0.8	0.9	0.9	0.9	0.9	4.4
Exclusion of benefits provided under cafeteria plans [4]	....	....	....	....	....	11.4	12.7	13.7	14.8	15.6	68.2
Exclusion of housing allowances for ministers	....	....	....	....	....	0.4	0.4	0.5	0.5	0.5	2.3
Exclusion of miscellaneous fringe benefits	....	....	....	....	....	5.7	6.0	6.2	6.4	6.7	31.0
Exclusion of employee awards	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.7
Exclusion of income earned by voluntary employees’ beneficiary associations	....	....	....	....	....	1.6	1.7	1.7	1.8	1.9	8.7
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	5.7
Work opportunity tax credit	0.3	0.1	0.1	(1)	(1)	0.1	(1)	(1)	....	....	0.6
Welfare-to-work tax credit	0.1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	....	....	0.2
Exclusion of spread on acquisition of stock under incentive stock option plans and employee stock purchase plans	....	....	....	....	....	0.5	0.6	0.8	0.9	1.0	3.8
Social services:											
Tax credit for children under age 17 [5]	....	....	....	....	....	26.9	26.9	26.8	30.2	31.5	142.3
Tax credit for child and dependent care expenses	....	....	....	....	....	3.1	3.1	3.0	2.5	2.0	13.8
Exclusion of employer-provided child care [6]	....	....	....	....	....	0.6	0.8	0.8	0.9	0.9	4.0
Tax credit for employer-provided child care	(1)	0.1	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.6
Exclusion of certain foster care payments	....	....	....	....	....	0.5	0.5	0.6	0.6	0.6	2.8
Adoption credit and employee adoption benefits exclusion	....	....	....	....	....	0.2	0.2	0.3	0.3	0.3	1.3
Deduction for charitable contributions, other than for education and health	1.7	1.9	2.1	2.2	2.4	30.0	32.9	34.8	35.8	35.1	178.9
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 [7]	....	....	....	....	....	69.1	75.1	80.0	86.5	93.3	404.1
Exclusion of medical care and CHAMPUS/TRICARE medical insurance for military dependents, retirees, and retiree dependents	....	....	....	....	....	1.4	1.5	1.5	1.5	1.5	7.4

TABLE 9.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2002–2006—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 2002–06
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006	
Deduction for health insurance premiums and long-term care insurance premiums by the self-employed	....	....	....	....	....	1.6	2.4	2.8	2.9	3.1	12.8
Deduction for medical expenses and long-term care expenses	....	....	....	....	....	5.6	6.0	6.4	6.8	7.2	32.0
Exclusion of workers' compensation benefits (medical benefits)	....	....	....	....	....	3.5	3.7	3.8	3.9	4.0	18.9
Archer 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	1.0	1.0	1.0	1.0	1.1	7.2
Deducation for charitable contributions to health organizations	1.0	1.0	1.1	1.2	1.3	3.8	4.2	4.4	4.5	4.5	27.0
Tax credit for orphan drug clinical testing	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.7
Medicare											
Exclusion of untaxed Medicare benefits:											
Hospital insurance	....	....	....	....	....	16.9	18.0	19.5	21.0	22.6	98.0
Supplementary medical insurance	....	....	....	....	....	9.8	11.1	11.9	12.7	13.7	59.2
Income Security											
Exclusion of workers' compensation benefits (disability and survivors payments)	....	....	....	....	....	5.4	5.6	5.8	6.1	6.4	29.3
Exclusion of damages on account of personal physical injuries or physical sickness	....	....	....	....	....	1.4	1.4	1.4	1.4	1.4	7.0
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	....	....	....	....	....	0.7	0.7	0.7	0.7	0.8	3.6
Net exclusion of pension contributions and earnings:											
Employer plans	....	....	....	....	....	87.9	87.7	86.7	89.1	93.5	445.0
Individual retirement plans	....	....	....	....	....	14.0	14.2	15.4	16.8	18.1	78.5
Keogh plans	....	....	....	....	....	5.6	5.7	5.8	6.0	6.3	29.3
Tax credit for certain individuals for elective deferrals and IRA contributions	....	....	....	....	....	1.3	1.9	1.7	1.6	1.5	8.0
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	....	....	....	....	....	2.3	2.4	2.5	2.6	2.7	12.5
Premiums on accident and disability insurance	....	....	....	....	....	2.3	2.4	2.6	2.7	2.8	12.8
Additional standard deduction for the blind and the elderly	....	....	....	....	....	2.0	2.1	2.2	2.3	2.3	10.8
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)[5]	....	....	....	....	....	33.7	35.0	35.7	36.2	37.0	177.6
Social Security and Railroad Retirement											
Exclusion of untaxed social security and railroad retirement benefits	....	....	....	....	....	22.6	23.5	24.3	25.0	25.7	121.1

Veterans' Benefits and Services											
Exclusion of veterans' disability compensation	....	....	....	....	....	2.3	2.4	2.4	2.5	2.6	12.1
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	0.7
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	6.1	6.2	6.2	6.3	6.4	15.7	15.8	16.0	16.3	16.5	112.0
Deduction of nonbusiness State and local government income and personal property taxes	....	....	....	....	....	44.9	46.3	45.3	41.5	34.7	212.7
Tax credit for Puerto Rico and possession income, and Puerto Rico economic activity	2.6	2.2	2.0	1.8	0.5	....	....	....	....	....	9.1
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 per year in fiscal years 2002 through 2006.

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

[4] 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.

[5] 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: $38.5 billion in 2002, $39.5 billion in 2003, $40.2 billion in 2004, $40.5 in 2005, and $43.4 billion in 2006.

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

[7] 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.

FUNCTION 050: NATIONAL DEFENSE

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.

Spending in this function grew from $292.3 billion in budget authority [BA] and $274.9 billion in outlays in fiscal year 1999 to $347.5 billion in BA and $344.8 billion in outlays in fiscal year 2002 (including emergency spending of $3.9 billion in BA and $11.7 billion in outlays).

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $393.8 billion in BA and $375.3 billion in outlays in fiscal year 2003, an increase of 13.3 percent in BA compared with fiscal year 2002. The function totals are $2.13 trillion in BA and $2.04 trillion in outlays over 5 years.

For fiscal year 2003 discretionary spending, the resolution calls for $392.7 billion in BA and $374.9 billion in outlays. This is an increase of $45.1 billion in BA and $30.1 billion in outlays over fiscal year 2002.

Mandatory spending in this function is $1.1 billion in BA and $0.4 billion in outlays in fiscal year 2003; and $7.2 billion in BA and $5.4 billion in outlays over 5 years. Over the 2003-2007 period, mandatory spending grows by $5.8 billion above the baseline; this growth reflects spending for concurrent receipt of military retired pay and VA disability compensation.

The BA and outlay funding levels for National Defense will support critical homeland security initiatives, consistent with the President's recommendations. It accommodates the President's request for $4.6 billion to protect DOD personnel and facilities within the United States. The resolution provides funding levels consistent with the President's request for $600 million for DOD domestic consequence management and intelligence, as well as $1.3 billion for maintaining air patrols in United States airspace.

The resolution accommodates funding for 250,000 forward-deployed (in theaters of operation) troops in the war on terrorism, and for programs found effective in the war on terrorism in Afghanistan, including $3 billion to improve intelligence gathering and computer networking. These programs provide warning against potential future terrorist attacks. The resolution accommodates the President's estimate of $158 million for missile-firing Predator drones like those used for the first time against the Taliban. Another $629 million will accelerate production of Global Hawk, the long-range unmanned aerial vehicle [UAV] that also debuted in Afghanistan. The President has requested $1.6 billion to buy 45,000 laser-guided bomb kits and 33,000 new satellite-guided bomb kits. Precision munitions kits are intended to maximize military effectiveness while minimizing both collateral damage and vulnerability of U.S. aircrews. The budget resolution accommodates full funding for these weapons in the war against terrorism.

The levels should accommodate defense "transformation" (modernizing the force for 21st century combat) while maintaining readiness and supporting armed forces personnel. The resolution provides funds for a 4.1-percent across-the-board pay raise for military personnel, beginning in January 2003. It also accommodates the President's requested $68.7 billion for military procurement, a $7.6-billion increase over this year's level. The President has proposed $53.9 billion for research, development, test, and evaluation—the seed money for the next generation of weapons. Resolution funding levels accommodate this request, which is a $5.5-billion increase over this year's appropriated level. The President's budget seeks $7.8 billion to explore technologies to protect against missile attack; budget resolution levels are consistent with the request. The resolution fully funds the President's readiness estimate of $140.4 billion, a $12.7-billion increase over this year's appropriated level. (Note: some DOD summary tables show operations and maintenance BA at $150.4 billion, but that would include the emergency reserve fund for the war against terrorism). The resolution accommodates $22.4 billion for military health care, a $4.1-billion increase over this year's appropriated level. The administration seeks this increase to continue to fund the expansion of military health care mandated by the fiscal year 2001 Defense Authorization Act.

FUNCTION 050: NATIONAL DEFENSE

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	347.5	393.8	401.6	422.7	444.2	466.5	2,128.9
Outlays	344.8	375.3	390.6	409.7	425.1	439.2	2,039.8
Discretionary Spending:							
Budget Authority	347.6	392.7	400.5	421.5	442.5	464.4	2,121.7
Outlays	344.8	374.9	389.9	408.7	423.6	437.3	2,034.4
Mandatory Spending:							
Budget Authority	−000.1	1.1	1.1	1.2	1.7	2.0	7.2
Outlays	(*)	0.4	0.6	1.0	1.5	1.9	5.4

Note.—* Less than $50 million.

FUNCTION 150: INTERNATIONAL AFFAIRS

FUNCTION SUMMARY

The resolution supports the war against terrorism by providing the funding necessary to maintain and expand support of the international coalition, and to provide employees at U.S. diplomatic missions safe, secure, and functional facilities.

Funds distributed through the International Affairs function provide for international development and humanitarian assistance, such as the Child Survival and Disease Programs Fund; international security assistance, including economic and military assistance to Israel and Egypt; international narcotics control and law enforcement; the conduct of foreign affairs, including embassies and other diplomatic missions abroad; foreign information and exchange activities; and international financial programs, including Export-Import Bank activities. The major departments and agencies in this function include the Department of State, the Department of the Treasury, the Agency for International Development, and the Broadcasting Board of Governors.

Spending in this function changed from $37.9 billion in budget authority [BA] and $15.2 billion in outlays in fiscal year 1999 to $22.2 billion in BA and $23.4 billion in outlays in fiscal year 2002. (The fiscal year 1999 foreign operations appropriations included $17.9 billion in budget authority, with no outlays, for the International Monetary Fund to confront the Asian financial crisis, Russia's economic problems, and other situations threatening global economic stability.)

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $23.8 billion in BA and $22.3 billion in outlays in fiscal year 2003, an increase of 7.2 percent in BA compared with 2002; and $127.1 billion in BA and $116.4 billion in outlays over 5 years.

For discretionary spending, the resolution calls for $25.3 billion in BA and $25.4 billion in outlays in fiscal year 2003. The 5-year discretionary spending totals are $133.1 billion in BA and $131.8 billion in outlays. Mandatory spending in this function is −$1.6 billion in BA and −$3.1 billion in outlays in fiscal year 2003; and −$6.0 billion in BA and −$15.4 billion in outlays over 5 years. In fiscal year 2003, the mandatory BA and outlay levels are negative, reflecting interest income earned on U.S. Government securities held by the Exchange Stabilization Fund and the liquidation of obligations made prior to the enactment of the Federal Credit Reform Act of 1992.

The resolution supports an increase in military assistance to key countries supporting the United States in the war against terrorism by accommodating the President's request to increase Foreign Military Financing by $457 million (not including the fiscal year 2002 emergency supplemental) to a total of $4.1 billion for fiscal year 2003.

The provision of safe, secure, and functional facilities for employees at U.S. diplomatic missions worldwide remains a priority.

Funding in this resolution accommodates the President's proposal to increase the State Department's Diplomatic and Consular Programs by $310 million (not including the fiscal year 2002 emergency supplemental), to a total of $4.0 billion for fiscal year 2003.

The resolution accommodates the President's request to maintain and expand programs to stem the flow of cocaine and heroin from Colombia and its Andean neighbors; the budget assumes the President's $86-million increase for the Andean Counterdrug Initiative.

The resolution also supports an historically high level of funding to fight the HIV/AIDS pandemic and other infectious diseases by accommodating the President's proposal to provide nearly $1.2 billion in total U.S. bilateral and multilateral assistance for HIV/AIDS, tuberculosis, and malaria programs in developing countries. It also supports a U.S. contribution of $100 million for the Global Fund for HIV/AIDS, tuberculosis, and malaria.

FUNCTION 150: INTERNATIONAL AFFAIRS

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	22.2	23.8	24.7	25.5	26.1	27.0	127.1
Outlays	23.4	22.3	22.7	23.2	23.8	24.5	116.4
Discretionary Spending:							
Budget Authority	24.1	25.3	26.0	26.7	27.3	27.9	133.1
Outlays	26.8	25.4	25.8	26.3	26.9	27.5	131.8
Mandatory Spending:							
Budget Authority	−1.9	−1.6	−1.3	−1.2	−1.1	−0.9	−6.0
Outlays	−3.4	−3.1	−3.1	−3.1	−3.1	−3.0	−15.4

FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

FUNCTION SUMMARY

The General Science, Space, and Technology function consists of funds in two major categories: general science and basic research; and space flight, research, and supporting activities. The general science component includes the budgets for the National Science Foundation [NSF] and the fundamental or basic science programs of the Department of Energy [DOE]. The largest component of the function — about two-thirds of total spending — is for the space flight, research, and supporting activities of the National Aeronautics and Space Administration.

Over the period 1999–2002, total budget authority [BA] in Function 250 rose from $18 billion to $22.2 billion, a 4.6-percent annual average increase and outlays rose from $18.2. billion in fiscal year 1998 to $21.6 billion in fiscal year 2002, a 4.9-percent annual average increase.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The budget resolution calls for $22.7 billion in BA and $22 billion in outlays in fiscal year 2003, an increase of 3.1 percent in BA compared with fiscal year 2002. The 5-year spending totals are $119.6 billion in BA and $117.2 billion in outlays. Mandatory spending in this function is $0.1 billion in BA and $0.1 billion in outlays in fiscal year 2003, and $0.2 billion in BA and $0.4 billion in outlays over 5 years.

The resolution enhances the Nation's commitment to science and provides $4.0 billion for the National Science Foundation's research and related activities, an increase of $374 million, over fiscal year 2002.

FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	22.1	22.7	23.4	23.9	24.5	25.1	119.6
Outlays	21.6	22.1	22.8	23.6	24.1	24.7	117.2
Discretionary Spending:							
Budget Authority	21.9	22.6	23.4	23.9	24.5	25.0	119.4
Outlays	21.5	21.9	22.7	23.5	24.0	24.6	116.9
Mandatory Spending:							
Budget Authority	0.1	0.1	(*)	(*)	(*)	(*)	0.2
Outlays	0.1	0.1	0.1	0.1	(*)	(*)	0.4

Note.—*Less than $50 million.

FUNCTION 270: ENERGY

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.

Spending in this function decreased from $1.0 billion in budget authority [BA] and $0.9 billion in outlays in fiscal year 1999 to $0.6 billion in BA and $0.5 billion in outlays in fiscal year 2002. Receipts, repayments, and electricity sales result in negative mandatory budget authority and outlays.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $0.316 billion in BA and $0.364 billion in outlays in fiscal year 2003, a decrease of 44 percent in BA compared with 2002 that results from increased negative spending on the mandatory side due to rural electrification and telecommunications loan repayments and liquidations, TVA and Power Marketing Administration electricity sales, nuclear waste disposal fees, and uranium sales and enrichment fees. The 5-year function totals are $2.2 billion in BA and $2.1 billion in outlays.

For discretionary spending, the resolution calls for $3.3 billion in BA and $3.4 billion in outlays in fiscal year 2003 (up from $3.2 billion and $3.3 billion in 2002, respectively); and $17.4 billion in BA and $17.5 billion in outlays over 5 years, a 13-percent increase.

Mandatory spending is −$2.9 billion in BA and −$3.0 billion in outlays in fiscal year 2003; and −$15.2 billion in BA and −$15.5 billion in outlays over 5 years.

The resolution protects the homeland through additional resources for the NRC to continue to review nuclear plant security to strengthen physical facilities and information technology infrastructure. More resources are also provided for the DOE Office of Emergency Operations for energy systems security and assurance planning, response and recovery.

The resolution assumes the President's discretionary proposals, which fulfill the National Energy Policy recommendations to focus Federal investment on future energy solutions. It also assumes the proposed increase in the Bonneville Power Administration's borrowing authority ceiling. While the budget resolution does not specifically include future savings from leasing limited tracts of land for oil and gas exploration in the Arctic National Wildlife Refuge, it does not preclude the House from taking further action in this regard. Should final Congressional authorization occur, net savings would accrue to the Federal Government in the form of receipts that would be reflected in subsequent budgets.

FUNCTION 270: ENERGY

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	0.6	0.3	0.2	0.7	0.5	0.5	2.2
Outlays	0.5	0.4	0.1	0.6	0.5	0.5	2.1
Discretionary Spending:							
Budget Authority	3.2	3.3	3.4	3.5	3.6	3.7	17.4
Outlays	3.3	3.4	3.4	3.5	3.6	3.6	17.5
Mandatory Spending:							
Budget Authority	−2.7	−2.9	−3.2	−2.8	−3.0	−3.1	−15.2
Outlays	−2.8	−3.0	−3.3	−2.9	−3.1	−3.2	−15.5

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT

FUNCTION SUMMARY

Funds distributed through this function are intended to develop, manage, and maintain the Nation's natural resources, and to promote a clean environment. Funding is provided for water resources, conservation and land management, recreational resources, pollution control and abatement, and other natural resources. The major departments and agencies in this function are the Department of the Interior, including the National Park Service, the Bureau of Land Management, the Bureau of Reclamation, and the Fish and Wildlife Service; certain agencies in the Department of Agriculture, including the Forest Service; the National Oceanic and Atmospheric Administration [NOAA]; the Army Corps of Engineers; and the Environmental Protection Agency [EPA].

Spending in this function grew from $24.4 billion in budget authority [BA] and $24.0 billion in outlays in fiscal year 1999 to $30.1 billion in BA and $29.5 billion in outlays in fiscal year 2002, an 8.5-percent average annual BA increase.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $29.2 billion in BA and $29.8 billion in outlays in fiscal year 2003, a decrease of 0.3-percent in BA and an increase of 0.1-percent in outlays compared with 2002 levels. The 5-year function totals are $153.5 billion in BA and $154.9 billion in outlays.

For discretionary spending, the resolution calls for $27.6 billion in BA and $28.7 billion in outlays in fiscal year 2003; $141.5 billion in BA and $145.6 billion in outlays over 5 years. Mandatory spending is $1.6 billion in BA and $1.1 billion in outlays in fiscal year 2003, and $12.0 billion in BA and $9.3 billion in outlays over 5 years.

Included in the resolution's assumptions are the following recommendations by the President:

- Full funding of the Land and Water Conservation Fund [LWCF] at $911 million. This funding, which comes from receipts for oil and gas drilling primarily on the Outer Continental Shelf, is used by Federal and State governments for local conservation projects, natural resource protection, and outdoor recreation. For only the second time in its 37-year history, the LWCF is fully funded to its authorized level.
- An additional $663 million in 2003 as a down payment on eliminating the National Park Service's deferred maintenance backlog, currently estimated at $4.9 billion. This funding level follows a 30-percent increase in park maintenance funds in 2002.
- A sum of $366 million for operations at the U.S. Fish and Wildlife Service's refuge system an 18-percent increase over fiscal year 2002.

- A total of $4.1 billion in funding for the EPA's Operating Program, which comprises the agency's core regulatory, research, and enforcement activities. This is a $400 million increase over last year's budget resolution.
- A doubling in EPA funds to assist States and municipalities clean up brownfields or contaminated industrial sites. The resolution calls for $200 million a 104-percent increase over last year's budget request.
- A 17-percent increase in the Corps' salmon conservation efforts including $100 million for the Columbia River Ecosystem Restoration programs.
- A high level of funding for the wildland fire program to reduce fire risk and minimize the damage of wildfires including $229 million for the Forest Service's Hazardous Fuels Treatments program, with more than 70 percent directed to the wildland-urban interface.
- The second installment of $164 million for Indian school maintenance and repairs with the goal of eliminating the $942 million backlog in tribal school maintenance by 2006.

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	30.1	29.2	30.5	31.4	30.9	31.5	153.5
Outlays	29.5	29.8	30.4	30.9	31.7	32.0	154.9
Discretionary Spending:							
Budget Authority	29.0	27.6	28.2	28.8	28.2	28.8	141.5
Outlays	28.9	28.7	28.6	29.0	29.5	29.8	145.6
Mandatory Spending:							
Budget Authority	1.1	1.6	2.4	2.7	2.7	2.6	12.0
Outlays	0.6	1.1	1.8	1.9	2.2	2.2	9.3

FUNCTION 350: AGRICULTURE

FUNCTION SUMMARY

The Agriculture function includes funds for direct assistance and loans to food and fiber producers, export assistance, market information and inspection services, and agricultural research and services. Farm policy is driven by the Federal Agricultural Improvement and Reform [FAIR] Act of 1996, which gave farmers flexibility to make planting decisions based on market conditions, not Government directives.

Spending in this function grew from $24.1 billion in budget authority [BA] and $23.0 billion in outlays in fiscal year 1999 to $28.8 billion in BA and $28.7 billion in outlays in fiscal year 2002, a 7-percent average annual BA increase. Included in these levels is over $30.0 billion in additional ad hoc assistance which was provided in fiscal years 1999 through 2002, principally to address the impact of historically low commodity prices on producers or to remedy the effects of natural disasters. It should also be noted, however, that certain components of the broader policy envisioned under the FAIR Act such as regulatory relief, tax relief, and the expansion of overseas markets have been largely unfulfilled to date.

SUMMARY OF COMMITTEE REPORTED RESOLUTION

The budget resolution seeks to help farmers compete in the world marketplace, as well as to maintain competitive markets at home. Another priority is providing farmers and ranchers with a strong safety net and a means to manage economic downturns. The resolution accomplishes this second goal by fully budgeting for the House-passed farm bill (H.R. 2646). The resolution provides further that the funding streams are fungible on a year by year basis.

Enactment of a new farm bill is needed throughout Rural America. Crop prices remain below historical averages due to favorable weather conditions, a strong U.S. dollar relative to our competitors, heavily subsidized international competitors, and a government-wide failure to provide farmers with meaningful regulatory relief. New farm legislation that is properly budgeted will provide an adequate safety net and certainty for our agricultural producers to make sound, long-term business decisions.

The budget resolution provides $23.6 billion in BA and $24.0 billion in outlays in fiscal year 2003.

For discretionary spending, the resolution calls for $4.9 billion in BA and $5.5 billion in outlays in fiscal year 2003 and $27.5 billion in BA and $28.0 billion in outlays over 5 years. Mandatory spending is $18.8 billion in BA and $18.5 billion in outlays in fiscal year 2003 and $80.4 billion in BA and $80.2 billion in outlays over 5 years.

The budget also assumes the following presidential recommendations:

- Increased funding to improve port of entry security at high-risk border crossings with Canada, Mexico, and other sensitive areas, such as Hawaii.
- Supports USDA food safety activities, including record funds of $804 million for the Food Safety and Inspection Service [FSIS] to maintain the current level of 7,600 meat and poultry inspectors.
- Increases of $82 million for the Animal, Plant and Health Inspection Service which protects U.S. agriculture at our borders, and detects and responds to diseases and pest outbreaks.
- Focuses USDA research on competitive in-house programs including bio-based products, biotechnology, counter-terrorism, invasive species, and genomics.
- Expands overseas markets for American agricultural products by strengthening USDA's market intelligence capabilities and the Department's expertise for resolving technical trade issues with foreign trading partners.

FUNCTION 350: AGRICULTURE

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	28.8	23.6	22.8	21.1	20.2	20.1	107.8
Outlays	28.7	24.1	22.7	21.1	20.2	20.1	108.2
Discretionary Spending:							
Budget Authority	5.7	4.9	5.6	5.5	5.7	5.8	27.5
Outlays	5.9	5.5	5.5	5.5	5.6	5.8	28.0
Mandatory Spending:							
Budget Authority	23.2	18.8	17.2	15.6	14.6	14.3	80.4
Outlays	22.7	18.5	17.1	15.6	14.6	14.3	80.2

FUNCTION 370: COMMERCE AND HOUSING CREDIT

FUNCTION SUMMARY

Function 370 includes four components: mortgage credit (includes negative spending due to various program receipts and proceeds); 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, Commerce Department funding 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, and the majority of the Small Business Administration.

Overall, on-budget total budget authority [BA] in Function 370 has gone from $4.6 billion in fiscal year 1996 to −$10.3 billion in fiscal year 2002. On-budget outlays in this function went from $1.6 billion in outlays in fiscal year 1996 to $1.6 billion in fiscal year 2002.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

For on-budget spending in this function, the resolution calls for $8.8 billion in BA and $5.0 billion in outlays in fiscal year 2003, an increase of 14 percent in BA compared with 2002. The on-budget function totals are $44.3 billion in BA and $16.6 billion in outlays over 5 years.

For fiscal year 2003 on-budget discretionary spending, the resolution calls for −$534 million in BA and −$335 million in outlays. The 5-year on-budget discretionary spending totals are −$2.1 billion in BA and −$2.2 billion in outlays. Discretionary spending is negative because receipts in this function (which are treated as a form of negative spending) exceed the financial obligations and resulting outlays of the balance of the functions' programs. The various baseline receipts and offsets recorded here include FHA mortgage insurance proceeds and excess SEC and PTO fees. These exceed the total costs of the Commerce Department, SBA and other independent agencies.

On-budget mandatory spending in this function is $9.3 billion in BA and $5.3 billion in outlays in fiscal year 2003; and $46.4 billion in BA and $18.8 billion in outlays over 5 years. 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.

The resolution reflects outlays from the emergency terrorist response provided to the Postal Service in fiscal year 2002 and supports homeland security needs in the Bureau of Export Administration to inhibit the global spread of dual-use technologies that could be used in biological, chemical, and nuclear weapons of mass destruction, and in central Commerce Department management offices to strengthen physical and information technology security.

The resolution does not assume the administration's legislative proposals for shifting spectrum auction deadlines and for imposing annual analog fees.

FUNCTION 370: COMMERCE AND HOUSING CREDIT

[On-budget amounts, in billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	7.7	8.8	9.3	8.8	8.0	9.4	44.3
Outlays	1.6	5.0	4.2	3.1	1.9	2.4	16.6
Discretionary Spending:							
Budget Authority	(*)	−0.5	−0.2	−0.5	−0.9	0.1	−2.1
Outlays	0.3	−0.3	−0.3	−0.6	−1.0	(*)	−2.2
Mandatory Spending:							
Budget Authority	7.7	9.3	9.5	9.3	8.9	9.4	46.4
Outlays	1.3	5.3	4.4	3.7	2.9	2.4	18.8

Note.—* Less than $50 million.

FUNCTION 400: TRANSPORTATION

FUNCTION SUMMARY

As demonstrated by the terrorists attacks of 11 September 2001, the Department of Transportation [DOT] is on the front line in the war against terrorism and the budget reflects this recognition. The major DOT homeland security initiatives includes the first full year of funding for the Transportation Security Administration [TSA] to provide security screening of airline passengers and baggage; the deployment of Federal Air Marshals to provide security on commercial aircraft; and additional operational funds for the United States Coast Guard to enhance port security and deploy Sea Marshals to secure commercial passenger and cargo vessels as they enter and exit U.S. ports.

This function supports all major Federal transportation programs. Ground transportation (the Federal-aid highway program; mass transit operating and capital assistance; the National Rail Passenger Corporation [Amtrak]; and, high-speed rail and rail safety programs) accounts for about two-thirds of transportation spending. Additional components of this function are the Federal Aviation Administration airport improvement program; the FAA's facilities and equipment program; the operation of the national air traffic control system; the aeronautical activities of the National Aeronautics and Space Administration; water transportation through the Coast Guard and the Maritime Administration; and other transportation support activities.

Over the period 1999–2002, total spending in Function 400 rose from $51.6 billion in budget authority [BA] and $42.5 billion in outlays to $65.3 billion in BA and $61.3 billion in outlays, a 26.5-percent increase in BA and 44.2-percent increase in outlays.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $63.4 billion in BA and $60.6 billion in outlays in fiscal year 2003; and $317.6 billion in BA and $304.6 billion in outlays over 5 years.

For discretionary spending, the resolution calls for $20.8 billion in BA and $57.4 billion in outlays in fiscal year 2003. The 5-year discretionary spending totals are $107.7 billion in BA and $293.7 billion in outlays. Mandatory spending in this function is $42.6 billion in BA and $3.2 billion in outlays in fiscal year 2003; and $209.9 billion in BA and $10.9 billion in outlays over 5 years.

The resolution fully funds highway, highway safety, and transit programs at the levels guaranteed by the Transportation Equity Act for the 21st Century [TEA-21], which automatically adjusts highway spending based on receipts from Federal highway user taxes. But, because of the unforeseen magnitude of the swing in revenue estimates from fiscal year 2002 to fiscal year 2003, State highway, highway safety, and construction programs have been confronted with significant uncertainty about their future funding levels. As a result, the resolution provides an additional $1.2 billion in outlays for highway and highway safety spending for fiscal 2003, that provides sufficient outlays to restore the cuts in fiscal year

2003 required under the Revenue Aligned Budget Authority [RABA] provisions of TEA-21. In addition, the resolution fully funds the Federal Aviation Administration's operating ($7.5 billion), capital ($3.0 billion), and airport grants ($3.4 billion) programs under the Aviation Investment and Reform Act for the 21st Century.

To assist Americans with disabilities in overcoming transportation barriers to work, the resolution assumes the President's $145 million proposal to fund two new programs under his New Freedom Initiative to increase the ability of individuals with disabilities to integrate into the workforce.

FUNCTION 400: TRANSPORTATION

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	65.3	63.4	67.0	67.6	68.2	68.9	335.1
Outlays	61.3	60.6	59.4	60.0	61.3	63.3	304.6
Discretionary Spending:							
Budget Authority	18.8	20.8	21.0	21.5	22.0	22.5	107.7
Outlays	54.8	57.4	57.5	58.0	59.4	61.4	293.7
Mandatory Spending:							
Budget Authority	46.5	42.6	46.0	46.1	46.3	46.4	227.4
Outlays	6.6	3.2	2.0	1.9	1.9	1.9	10.9

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

FUNCTION SUMMARY

The Community and Regional Development function has taken on new importance as a significant share of homeland security funding appears in this function for the Federal Emergency Management Agency [FEMA]. FEMA's traditional mission of disaster relief and mitigation has been augmented with new responsibilities to protect the public from the effects of terrorism through enhanced capabilities of first responders such as police, firefighters, and emergency medical technicians.

The function also contains programs that provide Federal funding for economic and community development in both urban and rural areas. This includes programs such as Community Development Block Grants. In the subfunction called "area and regional development" are the non-power activities of the Tennessee Valley Authority, the non-roads activities of the Appalachian Regional Commission, the Economic Development Administration, and partial funding for the Bureau of Indian Affairs. The Federal Flood Insurance program also appears in this function.

Spending in this function grew from $11.3 billion in budget authority [BA] and $11.9 billion in outlays in fiscal year 1999 to $18.5 billion in BA and $15.3 billion in outlays in fiscal year 2002 (including emergency spending of $6.7 billion in BA and $2.8 billion in outlays).

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $14.7 billion in BA and $17.4 billion in outlays in fiscal year 2003, a decrease of 25.8 percent in BA compared with 2002. The 5-year function totals are $77.7 billion in BA and $84.0 billion in outlays.

For discretionary spending, the resolution calls for $15.1 billion in BA and $18.0 billion in outlays in fiscal year 2003; $79.6 billion in BA and $87.4 billion in outlays over 5 years. Mandatory spending is −$467 million in BA and −$604 million in outlays in fiscal year 2003; −$1.9 billion in BA and −$3.4 billion in outlays over 5 years.

The budget assumes the President's Homeland Security initiatives, including:

- A total of $3.5 billion in 2003 for grants to first responders such as police, firefighters and emergency medical teams, which will be administered by the Federal Emergency Management Administration. The grants will allow local fire departments, police departments, and emergency rescue teams to hire needed employees, train staff, enhance preparedness, and purchase needed equipment to improve their ability to rescue victims of terrorism in the critical early hours after an attack, when it is more likely that lives can be saved.
- Providing $50 million in 2003 for funding the Office of National Preparedness, the office within FEMA that works with

State and local governments to ensure that their planning, training and equipment needs are addressed. The office will also administer the new first responder grant program.

The budget also assumes:

- A new $300-million Disaster Mitigation Grant program, which will replace the formula-based Hazard Mitigation Grant Program. The new grants will be competitively based.
- Providing $350 million to modernize the Nation's flood maps, and to digitize them and make them available over the internet. Flooding is the single most pervasive disaster faced in the Nation, and among the most preventable. Flood damage represents 57 percent of the total disaster relief resources consumed by the nation annually. But many of the Nation's flood insurance maps are out of date or inaccurate. The new funding seeks to correct this problem.
- Providing $2.9 billion in disaster relief funding for 2003, including $1.8 billion in new budget authority. Additionally, the budget proposes an intensive review of unspent balances beginning with the 1994 Northridge Earthquake in California which is expected to generate $1.1 billion in grant recoveries over a 2-year period. Unspent balances often result from mitigation and other projects that appeared to be needed after a disaster but which were not pursued after further public review or examination.
- Transfering of the Emergency Food and Shelter Program to the Department of Housing and Urban Development, where it will be consolidated with several other programs which serve the needs of the homeless

The budget also assumes the President's proposal to retarget funding within the Community Development Block Grant program from wealthier communities to communities in need, including a new initiative to improve living conditions in the Colonias along the Southwestern border.

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	18.5	14.7	15.3	15.5	15.9	16.3	77.7
Outlays	15.3	17.4	18.0	17.5	15.7	15.5	84.0
Discretionary Spending:							
Budget Authority	18.4	15.1	15.6	15.9	16.3	16.7	79.6
Outlays	15.3	18.0	18.6	18.2	16.4	16.3	87.4
Mandatory Spending:							
Budget Authority	0.1	−0.5	−0.3	−0.4	−0.4	−0.4	−1.9
Outlays	(*)	−0.6	−0.6	−0.7	−0.7	−0.7	−3.4

Note.—* Less than $50 million.

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

FUNCTION SUMMARY

Function 500 consists of education, training and social service programs. Department of Education spending consumes the majority of the function total, and has grown rapidly in recent years. This function includes 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.

Over the period 1999–2002, total budget authority [BA] in Function 500 rose from $55.5 billion to $79.2 billion, a $14.3-percent average annual increase.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $81.1 billion in BA and $79.1 billion in outlays in fiscal year 2003, an increase of $1.9 billion, or 2.3 percent in BA compared with 2002. The function totals are $433.2 billion in BA and $420.7 billion in outlays over 5 years.

For discretionary spending, the resolution calls for $72.1 billion in BA and $70.4 billion in outlays in fiscal year 2003. The 5-year discretionary spending totals are $384.5 billion in BA and $373.3 billion in outlays.

Mandatory spending in this function is $9.0 billion in BA and $8.8 billion in outlays in fiscal year 2003; $48.7 billion in BA and $47.4 billion in outlays over 5 years.

- Special Education—The resolution creates a fiscal year 2003 IDEA reserve fund to increase special education funding by $1 billion above the 2002 level. For fiscal years 2004 and subsequent years covered by the resolution, the Function 500 levels assume 12-percent annual increases for IDEA. These outyear increases are at a rate sufficient to achieve full funding of IDEA by 2012 and are contingent on reauthorization of the IDEA statute.
- No Child Left Behind—The resolution assumes the President's proposed $22 billion funding level for elementary and secondary education programs authorized under the No Child Left Behind act. This includes a $1-billion increase for targeted Title I aid to low-income school districts and a $100 million increase to $1 billion for the President's Reading First initiative.
- Other Elementary and Secondary education programs—The resolution assumes funding for the following new elementary/secondary education programs proposed by the President:
  - $100 million for a credit enhancement for charter school facilities program, which would provide grants to public and

nonprofit entities to leverage funds to help charter schools purchase, construct, renovate or lease academic facilities.

- $50 million for a choice demonstration fund to support research projects that develop, implement, and evaluate innovative approaches to providing parents with expanded school choice options, including both private and public school choice; and
- $25 million for a voluntary public school choice program to support efforts to establish intradistrict and interdistrict public school choice programs to provide parents, particularly those whose children attend low-performing public schools, with greater choice for their children's education.

The resolution also assumes a $53-million increase for research and dissemination funding for the Office of Educational Research and Improvement. This would expand efforts to develop proven, research-based practices for improving student achievement and disseminate those practices to States and school districts across the country.

The resolution assumes funding for the following post-secondary education proposals:

- $549 million to increase Pell Grant funding, enough to maintain the historically-high Pell Grant maximum level at $4,000.
- A 3.6-percent increase for funding to historically black colleges, universities and graduate institutions; as well as Hispanic-serving institutions.

On the mandatory side, the resolution accommodates new tax credits for education amounting to $165 million in fiscal year 2003 and $3.5 billion over 5 years.

Training and Employment

Nearly $5 billion is provided for job training programs operated by the Department of Labor; this total assumes a $73-million increase for the Job Corps program. It is also assumed that $1.3 billion in State carryover funds will be available. In all, the number of individuals receiving job training services is expected to increase under this budget.

Social Services

- Compassion Initiatives—Creates a $110 million Compassion Capital Fund, which would provide grants to faith-based community organizations that provide services to low income communities. Provides $10 million for Maternity Group Homes to assist young unwed mothers. Provides $25 million for mentoring the children of prisoners. Launches a $20 million Responsible Fatherhood Initiative to encourage noncustodial fathers to play a role in their children's lives and to economically support their children.
- Social Services Block Grant—The budget provides $1.7 billion for the block grant in fiscal year 2003, the same funding level available in fiscal year 2002.

- Head Start—The budget increases funding for Head Start by $130 million in 2003 to maintain program participation.
- Community Services Block Grant [CSBG]—The budget funds CSBGs at $570 million in fiscal year 2003, a reduction of $80 million from the fiscal year 2002 level of $650 million. The grants provide a small fraction of the budget to a largely static group of organizations. Moreover, little performance data exist to show the outcome of CSBG funding. The budget assumes that reductions are transferred to other higher-priority high performing programs.

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	79.2	81.1	83.3	86.5	89.5	92.8	433.2
Outlays	71.4	79.1	81.8	84.1	86.4	89.3	420.7
Discretionary Spending:							
Budget Authority	71.6	72.1	74.3	76.8	79.3	82.1	384.5
Outlays	63.9	70.4	72.7	74.6	76.5	79.1	373.3
Mandatory Spending:							
Budget Authority	7.7	9.0	9.0	9.7	10.2	10.7	48.7
Outlays	7.4	8.8	9.0	9.4	9.9	10.3	47.4

FUNCTION 550: HEALTH

FUNCTION SUMMARY

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 2003, total spending for HHS's bio-terrorism efforts would rise to $4.3 billion, an increase of $1.3 billion, or 45 percent, above the fiscal year 2002 level. These funding levels will support critical homeland security initiatives, consistent with the President's recommendations.

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 68 percent of the spending in this function.

Over the period 2001–2002, total budget authority [BA] in Function 550 rose from $182.1 billion to $201.1 billion, a 10.4-percent increase. Over the period 1999–2002, total budget authority [BA] in Function 550 rose from $142.2 billion to $201.0 billion, a 13.8-percent average annual increase. The largest component of this growth was Medicaid, which increased from $108.0 billion to $144.8 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.

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 $23.3 billion in fiscal year 2002. The budget assumes that by fiscal year 2003, NIH funding will have doubled over 5 years, to $27.3 billion.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $223.5 billion in BA and $219.9 billion in outlays in fiscal year 2003, an increase of 11.4 percent in BA compared with fiscal year 2002. The function totals are $1,287.2 billion in BA and $1,276.1 billion in outlays over 5 years.

For discretionary spending, the resolution calls for $48.4 billion in BA and $44.5 billion in outlays in fiscal year 2003. The 5-year discretionary spending totals are $254.8 billion in BA and $245.6 billion in outlays.

Mandatory spending in this function is $175.0 billion in BA and $175.4 billion in outlays in fiscal year 2003 and $1,032.4 billion in BA and $1,030.5 billion in outlays over 5 years.

The budget resolution assumes a total of $4.3 billion to protect the Nation from bio-terrorism. These funds include $650 million for the National Pharmaceutical Stockpile and costs related to stockpiling smallpox vaccines and next-generation anthrax vaccines currently under development. The $4.3 billion also counters the threat of bio-terrorism with enhancements in hospitals and other public health facilities, research and development, pharmaceutical stockpiles, and a national information network for better detection of biological attacks as well as natural disease outbreaks. A total of $1.7 billion is assumed in the budget for bio-terrorism research, including genomic sequencing of pathogens, development of an improved anthrax vaccine, and NIH laboratory and research facilities construction related to bio-terrorism.

The resolution assumes enactment of the National Vaccine Compensation Program Improvement Act and the President's proposal for abstinence education. The resolution also assumes Medicaid initiatives in fiscal year 2004.

FUNCTION 550: HEALTH

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	200.7	223.5	237.9	255.8	274.5	295.5	1,287.2
Outlays	194.9	219.9	236.6	253.9	272.6	293.0	1,276.1
Discretionary Spending:							
Budget Authority	45.8	48.4	49.6	50.9	52.3	53.5	254.8
Outlays	39.9	44.5	47.7	49.8	51.2	52.5	245.6
Mandatory Spending:							
Budget Authority	154.8	175.0	188.3	204.8	222.2	242.0	1,032.4
Outlays	154.9	175.4	188.9	204.2	221.5	240.5	1,030.5

FUNCTION 570: MEDICARE

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, medical savings accounts, 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.

The budget provides $237.7 billion in budget authority [BA] for Medicare in fiscal year 2003, an increase of $7.4 billion dollars or 3 percent. Function 570 will grow from $237.7 billion in fiscal year 2003 to $317.4 billion in 2007, a 6.6 percent average annual increase over the next 5 years.

Over the period 1999–2002, total BA in Function 570 rose from $190.6 billion to $230.3 billion, a 6.5 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 1990's when Medicare spending experienced approximately 13 percent average annual growth rates.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $237.7 billion in BA and $237.6 billion in outlays in fiscal year 2003, an increase of 3 percent in BA compared with fiscal year 2002. The function totals are $1.366 trillion in BA and $1.366 trillion in outlays over 5 years.

For discretionary spending, the resolution calls for $3.6 billion in BA and $3.6 billion in outlays in fiscal year 2003. The 5-year discretionary spending totals are $18.9 billion in BA and $18.8 billion in outlays.

For mandatory spending, the resolution calls for $234.1 billion in BA and $234.0 billion in outlays in fiscal year 2003. The 5-year mandatory spending totals are $1.347 trillion in BA and $1.347 trillion in outlays over 5 years.

Medicare Modernization and Prescription Drug Benefit

This function allocates $350 billion over 10 years for Medicare modernization, a prescription drug benefit, and adjustments to Medicare on a fee-for-service, capitated, or other basis. The committee intends that all these elements will be considered as part of a single comprehensive package.

The $350 billion amount is $50 billion more than the amount contained in the fiscal year 2002 Budget Resolution Conference Report for Medicare reform and prescription drugs. The budget resolution does not preclude an authorizing committee from spending more than its allocation on Medicare initiatives as long as a committee's total net spending does not exceed its allocation. Funding for Medicare initiatives will be held in a reserve fund.

Although the budget accommodates more funding for Medicare initiatives than the President, the budget endorses the broad principles the President has laid out for strengthening Medicare. They are the following:

- All seniors should have the option of a subsidized prescription drug benefit as part of modernized Medicare.
- Modernized Medicare should provide better coverage for preventive care and serious illness.
- Today's beneficiaries and those approaching retirement should have the option of keeping the traditional plan with no changes.
- Medicare should make available better health insurance options, like those available to all Federal employees.
- Medicare legislation should strengthen the program's long-term financial security.
- The management of the Government Medicare plan should be strengthened to improve care for seniors.
- Medicare's regulations and administrative procedures should be updated and streamlined, while the instances of fraud and abuse should be reduced.
- Medicare should encourage high-quality health care for all seniors.

The need for reform

The principal arguments for Medicare reform are the following:

Medicare's Financial Liabilities: According to the 2001 Trustees Report, the Medicare HI Trust Fund is projected to be insolvent by 2029. But that is only part of Medicare's financial outlook.

According to the Congressional Budget Office [CBO], the total Medicare Program (including both the HI and SMI Trust Funds) is already generating huge liabilities: in 2003, Medicare will require $71 billion in general revenues and, over 10 years, Medicare will require $1.2 trillion in general revenues.

Beyond CBO's 10-year projections, Medicare's financial liabilities will be exacerbated by the retirement of the baby-boomers in about 2011. As they retire, the growth of the working population—who will finance retirees' benefits—will not keep pace with that of the retired population. The trustees project a permanent shift in the ratio of workers to beneficiaries, from 4.0 workers to beneficiaries today, to 2.3 in 2030 and 2.0 in 2075.

The 2001 Trustees Report significantly revised upward the long-range Medicare cost growth assumptions following a recommendation of the 2000 Medicare Technical Review Panel. The Panel believed that Medicare costs and overall health care spending will grow faster than GDP based on the historical impact of advances in medical technology on health care cost increases. Consequently, the trustees estimate that total Medicare spending will increase from 2.34 percent of GDP in 2001 to 8.49 percent of GDP in 2075.

Over the long term, Medicare spending will nearly quadruple its share of the economy.

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: Providers have testified at congressional hearings that their participation in Medicare is becoming increasingly burdensome. Providers state that they are being inundated with a large volume of complicated, unclear, and inconsistent information from CMS. Moreover, because rules change frequently, providers understanding of billing rules may be obsolete and incorrect.

The General Accounting Office [GAO] has prepared a report titled: *Medicare: Provider Communications Can Be Improved.* The report—requested in November 2000 by Messrs. Nussle and Chambliss, and Mrs. Johnson—gives the latest evidence of the need for fundamental Medicare reform. The report says in part: "[Medicare] information given to physicians by carriers is often difficult to use, out of date, inaccurate, and incomplete." The report also says: "[T]he complexity of the environment in which CMS operates the Medicare program cannot be overstated."

FUNCTION 570: MEDICARE

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	230.3	237.7	245.6	272.9	292.4	317.4	1,366.0
Outlays	226.3	237.6	245.9	272.8	292.2	317.7	1,366.1
Discretionary Spending:							
Budget Authority	3.6	3.6	3.7	3.8	3.9	4.0	18.9
Outlays	3.6	3.6	3.7	3.7	3.8	3.9	18.8
Mandatory Spending:							
Budget Authority	226.6	234.1	241.9	269.1	288.5	313.4	1,347.1
Outlays	222.7	234.0	242.2	269.0	288.3	313.7	1,347.3

FUNCTION 600: INCOME SECURITY

FUNCTION SUMMARY

The Income Security function covers most of the Federal Government's income support programs. The function includes 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; food and nutrition assistance, including food stamps and school lunch subsidies; and other income security programs. They include Temporary Assistance to Needy Families [TANF]; Supplemental Security Income [SSI]; the refundable portion of the Earned Income Credit [EIC]; and the Low-Income Home Energy Assistance Program [LIHEAP].

Agencies involved include the Departments of Agriculture, Health and Human Services, Housing and Urban Development, and Education; the Social Security Administration (for SSI); and the Office of Personnel Management (for Federal retirement benefits).

Spending in this function grew from $243.5 billion in budget authority [BA] and $242.4 billion in outlays in fiscal year 1999 to $314.6 billion in BA and $319.1 billion in outlays in fiscal year 2002.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $322.0 billion in BA and $322.4 billion in outlays in fiscal year 2003, an increase of 2.4 percent in BA compared with 2002. The function totals are $1.678 trillion in BA and $1.669 trillion in outlays over 5 years.

For fiscal year 2003 discretionary spending, the resolution calls for $44.9 billion in BA and $48.4 billion in outlays. The 5-year discretionary spending totals are $237.8 billion in BA and $247.0 billion in outlays.

Mandatory spending in this function is $277.1 billion in BA and $274.0 billion in outlays in fiscal year 2003; $1.440 trillion in BA and $1.422 in outlays over 5 years.

Consistent with the President's budget, the resolution encourages continued State innovation, and the mobilization of private-sector, corporate, and faith-based sources, for addressing the needs of low-income Americans—a process that began with the historic 1996 welfare reform law. The budget assumes the President's recommended net new spending for re-authorization of the 1996 law for the next 5 years, including the Temporary Assistance to Needy Families block grant and the Child Care entitlement to states.

The budget resolution also supports the President's proposals for the Department of Housing and Urban Development [HUD], which reflect the overall effort to restrain the rate of growth among Federal agencies relative to recent years. The budget provides sufficient funding to renew all expiring public housing contracts, and adds funding for 34,000 new Section 8 vouchers. Additionally, the budget provides new funding to increase home-ownership among low-income families. In addition, the budget assumes the President's proposal to permit public housing authorities to obtain mortgages on their properties as a source of funding for capital improvements.

Among the administration's policy proposals aimed at helping low-income families and children are the following:

- Providing $1.7 billion for LIHEAP funding to help low-income families heat their homes.
- Funding the Special Supplemental Nutrition Program for Women, Infants and Children [WIC] at $4.7 billion in fiscal year 2003, a level sufficient to serve all of the estimated 7.8 million women and children eligible for assistance.

FUNCTION 600: INCOME SECURITY

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	314.6	322.0	325.4	334.5	344.0	352.0	1,678.0
Outlays	319.1	322.4	323.8	332.6	341.8	348.0	1,668.5
Discretionary Spending:							
Budget Authority	43.2	44.9	47.3	48.2	48.4	48.9	237.8
Outlays	47.5	48.4	49.4	50.0	50.0	49.2	247.0
Mandatory Spending:							
Budget Authority	271.3	277.1	278.0	286.3	295.7	303.1	1,440.2
Outlays	271.6	274.0	274.3	282.6	291.7	298.9	1.421.5

FUNCTION 650: SOCIAL SECURITY

FUNCTION SUMMARY

Function 650 consists of the Social Security Program, or Old Age, Survivors, and Disability Insurance [OASDI]. It is the largest budget function in terms of outlays, and provides funds for the Government's largest entitlement program. Under provisions of the Congressional Budget Act of 1974 and the Budget Enforcement Act of 1990, Social Security trust funds are considered to be "off budget." But a small portion of spending within 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.

Total on-budget spending in this function grew from $10.8 billion in budget authority [BA] and outlays in fiscal year 1999 to $13.9 billion in BA and outlays in fiscal year 2002, a 4-year cumulative increase of $3.1 billion, or 28.3 percent.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

Total on-budget spending in the resolution is $14.3 billion in BA and outlays for fiscal year 2003, an increase of $392 million in BA and outlays, or 2.8 percent, over the prior year. Between fiscal years 2003 and 2007, the resolution provides total on-budget spending of $80.4 billion in BA and outlays, a cumulative 5-year increase of $3.7 billion in BA and outlays, or 26 percent over fiscal year 2002.

For fiscal year 2003 on-budget discretionary spending, the resolution calls for $21 million in BA and outlays, an increase of $2 million in BA and outlays, or 10.5 percent, over fiscal year 2002. Between fiscal years 2003 and 2007, the resolution provides on-budget discretionary spending of $109 million in BA and $107 million in outlays, a 5-year cumulative increase of $4 million in BA and outlays, or 15 percent over fiscal year 2002.

On-budget mandatory spending in this function is $14.3 billion in BA in fiscal year 2003, an increase of $390 million, or 2.8 percent over fiscal year 2002. Between fiscal years 2003 and 2007, the resolution provides on-budget mandatory spending of $80.4 billion in BA and outlays, a 5-year cumulative increase of $4.1 billion in BA and outlays, or 30 percent over fiscal year 2002.

The largest component of on-budget spending in Function 650 is the transfer of income taxes paid on benefits to the OASDI Trust Funds. Taxes on Social Security benefits are collected as Federal income taxes, then an equivalent payment to the Social Security Trust Funds is made from the general funds of the Treasury. Transfers of estimated aggregate tax liabilities are made quarterly and then adjusted as actual receipts are known. In fiscal year 2003, the estimated amount of income tax transfers is $13.3 billion in BA, an increase of $833 million or 6.7 percent over fiscal year 2002.

Although OASDI benefits paid to Social Security recipients are off budget, it is notable that beneficiaries will receive a 2.6-percent cost-of-living adjustment [COLA] in calendar year 2002 and an estimated 1.8-percent COLA in calendar year 2003. The level of the COLA is determined annually by the Social Security Administration. Over 5 years, the estimated COLA for Social Security recipients ranges from 1.8 percent (in calendar year 2003) to 2.4 percent (in calendar year 2007).

Experts agree that Social Security's spending path is unsustainable in the long run. This trend is driven largely by demographics. As the labor force shrinks relative to the number of retirees, and as beneficiaries live substantially longer in retirement, the costs of Social Security soon will outstrip its revenue base.

According to the most recent report of the Social Security Trustees (March 2001), benefit costs will outstrip payroll tax revenues as early as 2016. In this first year, the cash shortfall in Social Security will total $28 billion (in constant 2001 dollars). At this time, SSA will redeem a portion of the special obligations bonds held by the Social Security trust funds. To meet this obligation, the Treasury will need to increase taxes, increase public debt, or cut other government programs by an equivalent amount.

By 2020, the annual cash shortfall will reach $182 billion, and by 2038 the Social Security trust funds will run out of bonds entirely. By then, the annual cash shortfall will exceed $1 trillion.

In December 2001, the President's Commission to Strengthen Social Security released its analysis of the financial problems confronting Social Security and its recommendations for addressing them. The Commission, comprising both Republicans and Democrats, determined that reforming Social Security to include personal retirement accounts would lead to better long-run outcomes for future beneficiaries, the Social Security program, and the economy as a whole. Further, the Commission recommended that Congress and the President engage in a period of national discussion for at least one year to carefully consider all policy alternative, as well as the consequences of inaction, and then take the appropriate steps necessary to strengthen Social Security.

FUNCTION 650: SOCIAL SECURITY

[On-budget amounts, in billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	13.9	14.3	15.2	16.1	16.9	18.0	80.4
Outlays	13.9	14.3	15.2	16.1	16.9	18.0	80.4
Discretionary Spending:							
Budget Authority	(*)	(*)	(*)	(*)	(*)	(*)	0.1
Outlays	(*)	(*)	(*)	(*)	(*)	(*)	0.1
Mandatory Spending:							
Budget Authority	13.9	14.3	15.1	16.0	16.8	18.0	80.3
Outlays	13.9	14.3	15.1	16.0	16.8	18.0	80.3

Note.—* Less than $50 million.

FUNCTION 700: VETERANS BENEFITS AND SERVICES

FUNCTION SUMMARY

The Veterans Benefits and Services function includes funding for the Department of Veterans Affairs [VA], which provides 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 1999–2002, total budget authority [BA] in Function 700 rose from $44.2 billion to $50.9 billion, a 4.8-percent average annual increase. The largest component of this growth was medical care, which increased from $17.3 billion to $22.1 billion. Over this period, outlays rose from $43.2 billion to $50.7 billion, a 5.5-percent average annual increase.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $56.9 billion in BA and $56.7 billion in outlays in fiscal year 2003, an increase of 11.7 percent in BA compared with fiscal year 2002. The function totals are $306.2 billion in BA and $305.0 billion in outlays over 5 years.

For discretionary spending, the resolution calls for $26.8 billion in BA and $26.5 billion in outlays in fiscal year 2003. Discretionary spending is $2.8 billion above the fiscal year 2002 level. These levels are sufficient to ensure that veterans receive high-quality health care, and accurate and timely entitlement benefits. It also continues the commitment to ensure that veterans' cemeteries remain places of honor. The $1,500 deductible for category 7 veterans proposed in the administration's fiscal year 2003 budget is not assumed in the resolution.

Mandatory spending in this function is $30.1 billion in BA and $30.2 billion in outlays in fiscal year 2003 and $167.3 billion in BA and $166.9 billion in outlays over 5 years.

The resolution assumes a significant increase in spending for retired military personnel who are severely disabled. While a specific policy is assumed in the resolution, the committee of jurisdiction, need not adopt this specific proposal.

Concurrent receipt for disabled military retirees: Building on legislation reported by the Committee on Armed Services, which provided "special compensation" for severely disabled military retirees, the budget resolution assumes substantial funding for progress on concurrent receipt. It provides $516 million in 2003 and $5.8 billion over the 5-year period 2003–2007. The committee of jurisdiction will determine the concurrent receipt policy and might act to provide enhanced retirement benefits for all retirees currently subject to the offset. The budget resolution assumes enhanced benefits for severely disabled military retirees, as show in the following example, which is presented for illustrative purposes only. The 2003 funds would support a 250 percent increase in the current "special compensation" payments for severely disabled (60 percent and higher) providing these higher payment to all military retirees with VA disability compensation ratings of 60 percent or higher. Thus, on 1 January 2003, monthly payments would increase by 250 percent, as indicated in Table 1.

TABLE 1

VA disability rating	2002 Monthly special compensation payments	2003 Monthly payments	2007 Monthly payments
60	$50	$125	$790
70	100	250	995
80	100	250	1,155
90	200	500	1,299
100	300	750	2,163

The budget resolution assumption of substantial funding for progress on concurrent receipt are reflected in budget levels for function 050, National Defense. The discussion is presented here for completeness.

FUNCTION 700: VETERANS BENEFITS AND SERVICES

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	50.9	56.9	59.1	61.2	63.4	65.6	306.2
Outlays	50.7	56.7	58.9	63.5	63.2	62.6	305.0
Discretionary Spending:							
Budget Authority	23.9	26.8	27.2	27.7	28.3	28.9	138.8
Outlays	23.8	26.5	27.1	27.6	28.2	28.8	138.1
Mandatory Spending:							
Budget Authority	27.0	30.1	32.0	33.5	35.1	36.6	167.3
Outlays	26.9	30.2	31.8	35.9	35.1	33.9	166.9

FUNCTION 750: ADMINISTRATION OF JUSTICE

FUNCTION SUMMARY

In the wake of the terrorist attacks of 11 September 2001, the Federal Government has made homeland defense and security its highest domestic priority. The resolution recognizes this priority and provides increased funding for securing the Nation's borders, enhancing Federal, State, and local law enforcement, stopping terrorist financing, and bringing terrorist conspirators to justice.

This function supports all major Federal justice and law enforcement programs and activities. Function 750 includes funding for the Department of Justice, the Federal law enforcement activities of the Department of the Treasury, the Federal courts, and criminal justice assistance to State and local governments.

Spending in this function grew from $27.6 billion in budget authority [BA] and $26.1 billion in outlays in fiscal year 1999 to $36.4 billion in BA and $33.6 billion in outlays in fiscal year 2002 (including emergency spending of $2.8 billion in BA and $2.1 billion in outlays).

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution calls for $36.9 billion in BA and $39.3 billion in outlays in fiscal year 2003, an increase of 1 percent in BA compared with fiscal year 2002. The function totals are $192.9 billion in BA and $198.1 billion in outlays over 5 years.

For fiscal year 2003 discretionary spending, the resolution calls for $32.1 billion in BA and $35.1 billion in outlays. This is a decrease of $2.4 billion in BA and an increase of $3.0 billion in outlays from fiscal year 2002.

Mandatory spending in this function is $4.8 billion in BA and $4.3 billion in outlays in fiscal year 2003; and $16.6 billion in BA and $16.8 billion in outlays over 5 years. Over the 2003–2007 period, mandatory spending declines by $2.2 billion, primarily as a result of benefit payments from the September 11 Victim Compensation Fund.

To support flexible grant funding for State and local law enforcement, the resolution assumes the President's proposal for merging Byrne Grants, Local Law Enforcement Block Grants, and the Community Oriented Policing Services Hiring Grants into a new $800 million Justice Assistance Grant Program. The resolution also assumes $380 million in BA and a corresponding level of outlays for the Immigration and Naturalization Service to implement a visa tracking system as part of a comprehensive plan to protect the United States and its territories from threats of terrorist attack.

As part of an en bloc amendment adopted by the committee, the budget resolution decreases Function 750 by $400 million in BA and outlays in fiscal year 2003, fiscal year 2004, and fiscal year 2004, and fiscal year 2005, and provides a corresponding increase in Function 800 to reflect the provision of funding for matching grants, administered by the Federal Election Commission's Office of Election Administration or by a new Federal elections administration entity, to enable State and local jurisdictions to take advantage of improved voting technologies and administration, including voting machines, registration systems, voter education, and poll worker training.

FUNCTION 750: ADMINISTRATION OF JUSTICE

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	36.4	36.9	39.7	37.6	38.9	39.8	192.9
Outlays	33.6	39.3	42.2	38.2	38.8	39.6	198.1
Discretionary Spending:							
Budget Authority	34.5	32.1	35.6	35.1	36.3	37.2	176.3
Outlays	32.0	35.1	37.6	35.5	36.2	36.9	181.2
Mandatory Spending:							
Budget Authority	1.9	4.8	4.1	2.5	2.6	2.6	16.6
Outlays	1.6	4.3	4.6	2.7	2.6	2.6	16.8

FUNCTION 800: GENERAL GOVERNMENT

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 the Treasury; the property and personnel costs of the General Services Administration and 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 Internal Revenue Service [IRS] accounts for about half the spending in this function.

Over the period 1999–2002, total budget authority [BA] in Function 800 rose from $17.0 billion to $17.1 billion, a less than 1-percent average annual increase. Outlays rose from $15.6 billion in fiscal year 1999 to $18.3 billion in fiscal year 2002, a 5.8-percent average annual increase.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The budget resolution calls for $17.6 billion in BA and $17.4 billion in outlays in fiscal year 2003, an increase of 2.9 percent in BA compared with fiscal year 2002. The 5-year spending totals are $91.3 billion in BA and $90.7 billion in outlays. For discretionary spending, the budget resolution calls for $16.0 billion in BA and $15.9 billion in outlays in fiscal year 2003. The 5-year discretionary spending totals are $82.6 billion in BA and $82.1 billion in outlays. Mandatory spending in this function is $1.5 billion in BA and $1.5 billion in outlays in fiscal year 2003, and $8.7 billion in BA and $8.6 billion in outlays over 5 years.

The resolution provides the necessary funding for the IRS to continue the reforms and modernization required by the 1998 IRS Restructuring and Reform Act to improve customer service and provide taxpayers accurate information.

As part of an en bloc amendment adopted by the committee, the budget resolution increases Function 800 by $400 million in BA and outlays in fiscal year 2003, fiscal year 2004, and fiscal year 2005, and provides a corresponding decrease in Function 750 to reflect the provision of funding for matching grants, administered by the Federal Election Commission's Office of Election Administration or by a new Federal elections administration entity, to enable State and local jurisdictions to take advantage of improved voting technologies and administration, including voting machines, registration systems, voter education, and poll worker training.

FUNCTION 800: GENERAL GOVERNMENT

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	17.1	17.6	18.1	18.4	18.4	18.8	91.3
Outlays	17.7	17.4	18.2	18.3	18.2	18.6	90.7
Discretionary Spending:							
Budget Authority	15.6	16.0	16.3	16.6	16.6	17.0	82.6

FUNCTION 800: GENERAL GOVERNMENT—Continued

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Outlays	16.0	15.9	16.3	16.6	16.5	16.8	82.1
Mandatory Spending:							
Budget Authority	1.4	1.5	1.8	1.8	1.8	1.8	8.7
Outlays	1.7	1.5	1.9	1.7	1.8	1.7	8.6

FUNCTION 900: NET INTEREST

FUNCTION SUMMARY

Net interest is the interest paid for the Federal Government's borrowing. The accounting of net interest in the budget resolution includes only the on-budget component of interest spending. Function 900 is a mandatory payment, with no discretionary components.

On-budget total budget authority [BA] and outlays for net interest has gone from $241.2 billion in fiscal year 1998 to $177.9 billion in fiscal year 2002, an overall decrease of 26.2-percent.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution estimates $178.7 billion for net interest in fiscal year 2003, an $0.8 billion or 0.4-percent increase over fiscal year 2002. Over the 2003–2007 period, net interest is estimated to grow an average of 0.3-percent per year.

On-Budget Interest—The resolution provides $262.5 billion in budget authority [BA] for function 900 in fiscal year 2003, a $7.8 billion or 3.1 percent increase over fiscal year 2002. Over the 2003–2007 period, BA grows an average of 3.6 percent per year.

Off-Budget Interest—The resolution assumes -$83.9 billion for interest credited to the Social Security Trust Fund in fiscal year 2003, $7.0 billion or 9.2 percent more than fiscal year 2002. Over the period 2003–2007, interest credited to the Social Security Trust Fund is expected to grow an average of 9.9 percent per year.

Due to the triple threat of the war against terrorism, the need to protect the homeland and the economic recession, on-budget interest spending rises, though at a relatively moderate pace, from $275 billion in 2001 to $302 billion in 2007. But this increase masks the real benefit to taxpayers of the debt reduction incorporated in this budget. When off-budget interest is taken into account (the increasing Federal credit accruing to the Social Security Trust Fund surplus in the form of Government IOUs, and entered as negative spending), the overall net interest spending of the Federal Government is actually being reduced. It declines from $206 billion in 2001 to $180 billion in 2007.

Spending in this function fell from $281.8 billion in BA and outlays in fiscal year 1999 to $254.7 billion in BA and outlays in fiscal year 2002; and from $275.0 billion in BA and outlays in fiscal year 2001 to $254.7 billion in BA and outlays in fiscal year 2002.

FUNCTION 900: NET INTEREST

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	177.9	178.7	185.3	185.9	183.6	180.3	913.8
Outlays	177.9	178.7	185.3	185.9	183.6	180.3	913.8
On-Budget:							
Budget Authority	254.7	262.5	277.3	286.9	294.6	302.4	1,423.8
Outlays	254.7	262.5	277.3	286.9	294.6	302.4	1,423.8

FUNCTION 900: NET INTEREST—Continued

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Off-Budget:							
Budget Authority	−76.8	−83.9	−92.0	−101.0	−111.0	−122.1	−510.0
Outlays	−76.8	−83.9	−92.0	−101.0	−111.0	−122.1	−510.0

FUNCTION 920: ALLOWANCES

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.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution provides −$689 million in budget authority [BA] and −$1.8 billion in outlays for the function in fiscal year 2003, a $587 million or 46-percent increase in BA over fiscal year 2002. Over the 2003–2007 period, budget authority decreases insignificantly.

For discretionary spending, the budget resolution calls for −$589 million in budget authority [BA] and −$1.7 billion in outlays in fiscal year 2003. The 5-year spending totals are −$3.1 billion in BA and −$4.1 billion in outlays. The majority of these savings are a multi-agency rescission in fiscal year 2002 of low-priority programs and out-year program prioritization.

For mandatory spending, the resolution provides −$100 million in BA and outlays in fiscal year 2003. The 5-year spending totals are −$665 million in BA and outlays. This represents the baseline spectrum relocation fee in current law.

FUNCTION 920: ALLOWANCES

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Spending:							
Budget Authority	−1.3	−0.7	−0.9	−0.8	−0.6	−0.7	−3.7
Outlays	0.0	−1.8	−0.9	−0.8	−0.6	−0.7	−4.7
Discretionary Spending:							
Budget Authority	−1.3	−0.6	−0.6	−0.6	−0.6	−0.6	−3.1
Outlays	0.0	−1.7	−0.5	−0.6	−0.6	−0.6	−4.1
Mandatory Spending:							
Budget Authority	0.0	−0.1	−0.3	−0.2	0.0	−0.1	−0.7
Outlays	0.0	−0.1	−0.3	−0.2	0.0	−0.1	−0.7

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

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 budget authority and outlays.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The resolution provides $57.8 billion in undistributed off-setting receipts in fiscal year 2003, which are treated as negative budget authority [BA] and outlays in the function, $11.3 billion or 24-percent more receipts than fiscal year 2002. Over the 2003–2007 period, undistributed off-setting receipts increase an average of 3.2-percent per year.

On-Budget Receipts—The resolution provides −$48.2 billion in BA and outlays for the function in fiscal year 2003, a $11.0 billion or 29-percent decrease below fiscal year 2002. Over the 2003–2007 period, BA and outlays further decrease an average of 2.5-percent per year. The on-budget receipts in this function consist of 7 items at baseline levels: Outer Continental Shelf receipts; spectrum auction receipts; agency contributions to the HI trust fund; agency contributions to the military retirement fund; Postal Service contributions to the Civil Service Retirement and Disability Fund; agency contributions to the DoD Retiree Health Care Fund; and other agency contributions to the civil and foreign service retirement and disability fund.

Off-Budget Receipts—The resolution provides −$9.6 billion in BA and outlays for the function in fiscal year 2003, a $321 million or 3.5-percent decrease below fiscal year 2002. Over the 2003–2007 period, BA and outlays further decrease an average of 6.7-percent per year. The off-budget receipts in this function are agencies' payments to the Social Security trust funds at baseline.

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Total Receipts:							
Budget Authority	−46.5	−57.8	−66.4	−68.4	−62.9	−65.6	−321.1
Outlays	−46.5	−57.8	−66.4	−68.4	−69.2	−65.6	−321.1
On-Budget Receipts:							
Budget Authority	−37.2	−48.2	−56.2	−57.4	−51.2	−53.2	−266.1
Outlays	−37.2	−48.2	−56.2	−57.4	−51.2	−53.2	−266.1

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS—Continued

[In billions of dollars]

	2002	2003	2004	2005	2006	2007	2003–2007
Off-Budget Receipts:							
Budget Authority	−9.2	−9.6	−10.2	−11.0	−11.7	−12.4	−55.0
Outlays	−9.2	−9.6	−10.2	−11.0	−11.7	−12.4	−55.0

TABLE 10.—FISCAL YEAR 2003 BUDGET RESOLUTION AS REPORTED BY THE HOUSE BUDGET COMMITTEE, TOTAL SPENDING AND REVENUES

[In billions of dollars]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
			SUMMARY				
Total Spending:							
BA	2,065.960	2,158.232	2,219.574	2,323.033	2,428.600	2,539.936	11,669.375
OT	2,033.215	2,122.808	2,192.393	2,289.095	2,382.671	2,479.205	11,466.172
On-Budget:							
BA	1,701.964	1,784.032	1,839.183	1,928.997	2,019.464	2,113.668	9,685.344
OT	1,671.678	1,756.223	1,813.604	1,897.834	1,977.123	2,057.436	9,502.220
Off-Budget:							
BA	363.996	374.200	380.391	394.036	409.136	426.268	1,984.031
OT	361.537	366.585	378.789	391.261	405.548	421.769	1,963.952
Revenues:							
Total	1,967.544	2,077.236	2,200.077	2,356.181	2,471.621	2,592.512	11,697.627
On-budget	1,450.346	1,531.893	1,626.605	1,747.988	1,837.957	1,927.213	8,671.656
Off-budget	517.198	545.343	573.472	608.193	633.664	665.299	3,025.971
Surplus/Deficit (−):							
Total	−65.671	−45.572	7.684	67.086	88.950	113.307	231.455
On-budget	−221.332	−224.330	−186.999	−149.846	−139.166	−130.223	−830.564
Off-budget	155.661	178.758	194.683	216.932	228.116	243.530	1,062.019
Debt Held by the Public (end of year)	3,437	3,495	3,503	3,445	3,365	3,264	NA
Debt Subject to Limit (end of year)	6,059	6,414	6,760	7,069	7,366	7,655	NA
			BY FUNCTION				
National Defense (050):							
BA	347.514	393.831	401.640	422.740	444.243	466.458	2,128.912
OT	344.777	375.261	390.579	409.696	425.090	439.181	2,039.807
International Affairs (150):							
BA	22.156	23.752	24.683	25.481	26.137	27.043	127.096
OT	23.403	22.343	22.675	23.165	23.769	24.467	116.419
General Science, Space, and Technology (250):							
BA	22.065	22.743	23.398	23.917	24.476	25.055	119.589
OT	21.645	22.095	22.798	23.577	24.073	24.667	117.210
Energy (270):							
BA	0.561	0.316	0.157	0.687	0.526	0.532	2.218
OT	0.510	0.364	0.129	0.644	0.467	0.454	2.058
Natural Resources and Environment (300):							
BA	30.115	29.215	30.546	31.449	30.851	31.474	153.535
OT	29.490	29.849	30.356	30.937	31.686	32.038	154.866
Agriculture (350):							
BA	28.822	23.641	22.779	21.098	20.231	20.088	107.837
OT	28.663	24.054	22.669	21.089	20.247	20.116	108.175
Commerce and Housing Credit (370):							
BA	10.541	13.954	9.642	9.285	8.405	10.602	51.888
OT	3.617	3.537	4.891	2.960	1.015	1.567	13.970
On-budget:							
BA	7.728	8.800	9.274	8.798	8.015	9.405	44.292
OT	1.602	4.985	4.192	3.128	1.910	2.361	16.576
Off-budget:							
BA	2.813	5.154	0.368	0.487	0.390	1.197	7.596
OT	2.015	−1.448	0.699	−0.168	−0.895	−0.794	−2.606
Transportation (400):							
BA	65.314	63.447	66.950	67.561	68.221	68.897	335.076
OT	61.319	60.646	59.425	59.967	61.282	63.266	304.586
Community and Regional Development (450):							
BA	18.459	14.668	15.315	15.515	15.895	16.295	77.688
OT	15.292	17.352	17.961	17.461	15.705	15.548	84.027

TABLE 10.—FISCAL YEAR 2003 BUDGET RESOLUTION AS REPORTED BY THE HOUSE BUDGET COMMITTEE, TOTAL SPENDING AND REVENUES—Continued

[In billions of dollars]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
Education, Training, Employment and Social Services (500):							
BA	79.243	81.087	83.291	86.527	89.513	92.784	433.202
OT	71.358	79.104	81.783	84.065	86.400	89.309	420.661
Health (550):							
BA	200.662	223.486	237.880	255.767	274.526	295.491	1,287.150
OT	194.860	219.917	236.608	253.917	272.648	292.985	1,276.075
Medicare (570):							
BA	230.256	237.704	245.612	272.903	292.418	317.411	1,366.048
OT	226.313	237.598	245.856	272.795	292.173	317.667	1,366.089
Income Security (600):							
BA	314.573	322.034	325.372	334.538	344.039	352.017	1,678.000
OT	319.131	322.385	323.791	332.599	341.754	348.019	1,668.548
Social Security (650):							
BA	461.161	476.769	497.460	521.660	548.305	577.629	2,621.823
OT	459.501	475.756	495.527	519.539	546.002	575.120	2,611.944
On-budget:							
BA	13.911	14.303	15.170	16.063	16.863	18.013	80.412
OT	13.912	14.303	15.170	16.062	16.863	18.012	80.410
Off-budget:							
BA	447.250	462.466	482.290	505.597	531.442	559.616	2,541.411
OT	445.589	461.453	480.357	503.477	529.139	557.108	2,531.534
Veterans Benefits and Services (700):							
BA	50.919	56.858	59.127	61.220	63.401	65.550	306.156
OT	50.696	56.733	58.888	63.473	63.246	62.642	304.982
Administration of Justice (750):							
BA	36.425	36.948	39.663	37.606	38.880	39.776	192.873
OT	33.605	39.329	42.215	38.196	38.775	39.550	198.065
General Government (800):							
BA	17.069	17.565	18.067	18.426	18.442	18.788	91.288
OT	17.655	17.373	18.193	18.384	18.227	18.546	90.673
Net Interest (900):							
BA	177.871	178.664	185.291	185.873	183.646	180.345	913.819
OT	177.870	178.664	185.290	185.872	183.645	180.344	913.815
On-budget:							
BA	254.695	262.520	277.326	286.887	294.598	302.442	1,423.773
OT	254.694	262.520	277.325	286.886	294.597	302.441	1,423.769
Off-budget:							
BA	−76.824	−83.856	−92.035	−101.014	−110.952	−122.097	−509.954
OT	−76.824	−83.856	−92.035	−101.014	−110.952	−122.097	−509.954
Allowances (920):							
BA	−1.276	−0.689	−0.917	−0.816	−0.631	−0.696	−3.749
OT	0.0	−1.791	−0.859	−0.787	−0.609	−0.678	−4.724
Undistributed Offsetting Receipts (950):							
BA	−46.490	−57.761	−66.382	−68.404	−62.924	−65.603	−321.074
OT	−46.490	−57.761	−66.382	−68.404	−62.924	−65.603	−321.074
On-budget:							
BA	−37.247	−48.197	−56.150	−57.370	−51.180	−53.155	−266.052
OT	−37.247	−48.197	−56.150	−57.370	−51.180	−53.155	−266.052
Off-budget:							
BA	−9.243	−9.564	−10.232	−11.034	−11.744	−12.448	−55.022
OT	−9.243	−9.564	−10.232	−11.034	−11.744	−12.448	−55.022

TABLE 11.—FISCAL YEAR 2003 BUDGET RESOLUTION AS REPORTED BY THE HOUSE BUDGET COMMITTEE, DISCRETIONARY SPENDING

[In billions of dollars]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
SUMMARY							
Total Spending:							
BA	709.290	759.059	780.807	809.458	837.672	870.178	4,057.174
OT	731.975	781.470	809.814	833.459	853.993	877.218	4,155.954
Defense:							
BA	347.570	392.745	400.502	421.498	442.515	464.415	2,121.675
OT	344.792	374.867	389.943	408.706	423.587	437.317	2,034.420
Nondefense:							
BA	361.720	366.314	380.305	387.960	395.157	405.763	1,935.499
OT	387.183	406.603	419.871	424.753	430.406	439.901	2,121.534
BY FUNCTION							
National Defense (050):							
BA	347.570	392.745	400.502	421.498	442.515	464.415	2,121.675
OT	344.792	374.867	389.943	408.706	423.587	437.317	2,034.420
International Affairs (150):							
BA	24.097	25.315	25.961	26.656	27.263	27.928	133.123
OT	26.800	25.409	25.764	26.291	26.886	27.456	131.806
General Science, Space, and Technology (250):							
BA	21.930	22.601	23.379	23.901	24.460	25.038	119.379
OT	21.497	21.949	22.697	23.522	24.045	24.644	116.857
Energy (270):							
BA	3.228	3.264	3.399	3.495	3.573	3.652	17.383
OT	3.281	3.371	3.428	3.514	3.581	3.645	17.539
Natural Resources and Environment (300):							
BA	29.013	27.579	28.156	28.799	28.154	28.835	141.523
OT	28.853	28.703	28.596	29.010	29.450	29.841	145.600
Agriculture (350):							
BA	5.661	4.859	5.606	5.534	5.663	5.804	27.466
OT	5.937	5.517	5.527	5.530	5.628	5.815	28.017
Commerce and Housing Credit (370):							
BA	−0.021	−0.534	−0.204	−0.535	−0.925	0.054	−2.144
OT	0.345	−0.335	−0.254	−0.593	−1.004	−0.043	−2.229
On-budget:							
BA	−0.021	−0.534	−0.204	−0.535	−0.925	0.054	−2.144
OT	0.345	−0.335	−0.254	−0.593	−1.004	−0.043	−2.229
Off-budget:							
BA							
OT							
Transportation (400):							
BA	18.811	20.827	20.977	21.451	21.954	22.476	107.685
OT	54.767	57.420	57.451	58.031	59.381	61.370	293.653
Community and Regional Development (450):							
BA	18.365	15.135	15.632	15.896	16.268	16.653	79.584
OT	15.258	17.956	18.600	18.154	16.414	16.258	87.382
Education, Training, Employment and Social Services (500):							
BA	71.563	72.060	74.256	76.814	79.302	82.095	384.527
OT	63.919	70.350	72.747	74.634	76.504	79.051	373.286
Health (550):							
BA	45.849	48.442	49.596	50.923	52.295	53.524	254.780
OT	39.922	44.502	47.696	49.750	51.174	52.503	245.625
Medicare (570):							
BA	3.648	3.619	3.697	3.782	3.874	3.969	18.941
OT	3.590	3.647	3.664	3.748	3.840	3.932	18.831

TABLE 11.—FISCAL YEAR 2003 BUDGET RESOLUTION AS REPORTED BY THE HOUSE BUDGET COMMITTEE, DISCRETIONARY SPENDING—Continued

[In billions of dollars]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
Income Security (600):							
BA	43.229	44.940	47.348	48.242	48.378	48.885	237.793
OT	47.505	48.399	49.448	49.954	50.031	49.167	246.999
Social Security (650):							
BA	3.528	3.858	4.103	4.197	4.294	4.396	20.848
OT	3.743	3.989	4.080	4.169	4.266	4.366	20.870
On-budget:							
BA	0.019	0.021	0.021	0.022	0.022	0.023	0.109
OT	0.020	0.021	0.021	0.021	0.022	0.022	0.107
Off-budget:							
BA	3.509	3.837	4.082	4.175	4.272	4.373	20.739
OT	3.723	3.968	4.059	4.148	4.244	4.344	20.763
Veterans Benefits and Services (700):							
BA	23.933	26.781	27.164	27.705	28.295	28.903	138.848
OT	23.764	26.500	27.057	27.569	28.163	28.767	138.056
Administration of Justice (750):							
BA	34.525	32.116	35.552	35.085	36.328	37.193	176.274
OT	32.023	35.050	37.599	35.471	36.186	36.927	181.233
General Government (800):							
BA	15.637	16.041	16.285	16.631	16.612	17.004	82.573
OT	15.979	15.867	16.315	16.586	16.470	16.830	82.068
Allowances (920):							
BA	−1.276	−0.589	−0.602	−0.616	−0.631	−0.646	−3.084
OT	....	−1.691	−0.544	−0.587	−0.609	−0.628	−4.059

TABLE 12.—FISCAL YEAR 2003 BUDGET RESOLUTION AS REPORTED BY THE HOUSE BUDGET COMMITTEE, MANDATORY SPENDING

[In billions of dollars]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
SUMMARY							
Total Spending:							
BA	1,356.670	1,399.173	1,438.767	1,513.575	1,590.928	1,669.758	7,612.201
OT	1,301.240	1,341.338	1,382.579	1,455.636	1,528.678	1,601.987	7,310.218
On-budget:							
BA	996.183	1,028.810	1,062.458	1,123.714	1,186.064	1,247.863	5,648.909
OT	943.426	978.721	1,007.849	1,068.523	1,127.374	1,184.562	5,367.029
Off-budget:							
BA	360.487	370.363	376.309	389.861	404.864	421.895	1,963.292
OT	357.814	362.617	374.730	387.113	401.304	417.425	1,943.189
BY FUNCTION							
National Defense (050):							
BA	−0.056	1.086	1.138	1.242	1.728	2.043	7.237
OT	−0.015	0.394	0.636	0.990	1.503	1.864	5.387
International Affairs (150):							
BA	−1.941	−1.563	−1.278	−1.175	−1.126	−0.885	−6.027
OT	−3.397	−3.066	−3.089	−3.126	−3.117	−2.989	−15.387
General Science, Space, and Technology (250):							
BA	0.135	0.142	0.019	0.016	0.016	0.017	0.210
OT	0.148	0.146	0.101	0.055	0.028	0.023	0.353
Energy (270):							
BA	−2.667	−2.948	−3.242	−2.808	−3.047	−3.120	−15.165
OT	−2.771	−3.007	−3.299	−2.870	−3.114	−3.191	−15.481
Natural Resources and Environment (300):							
BA	1.102	1.636	2.390	2.650	2.697	2.639	12.012
OT	0.637	1.146	1.760	1.927	2.236	2.197	9.266
Agriculture (350):							
BA	23.161	18.782	17.173	15.564	14.568	14.284	80.371
OT	22.726	18.537	17.142	15.559	14.619	14.301	80.158
Commerce and Housing Credit (370):							
BA	10.562	14.488	9.846	9.820	9.330	10.548	54.032
OT	3.272	3.872	5.145	3.553	2.019	1.610	16.199
On-budget:							
BA	7.749	9.334	9.478	9.333	8.940	9.351	46.436
OT	1.257	5.320	4.446	3.721	2.914	2.404	18.805
Off-budget:							
BA	2.813	5.154	0.368	0.487	0.390	1.197	7.596
OT	2.015	−1.448	0.699	−0.168	−0.895	−0.794	−2.606
Transportation (400):							
BA	46.503	42.620	45.973	46.110	46.267	46.421	227.391
OT	6.552	3.226	1.974	1.936	1.901	1.896	10.933
Community and Regional Development (450):							
BA	0.094	−0.467	−0.317	−0.381	−0.373	−0.358	−1.896
OT	0.034	−0.604	−0.639	−0.693	−0.709	−0.710	−3.355
Education, Training, Employment and Social Services (500):							
BA	7.680	9.027	9.035	9.713	10.211	10.689	48.675
OT	7.439	8.754	9.036	9.431	9.896	10.258	47.375
Health (550):							
BA	154.813	175.044	188.284	204.844	222.231	241.967	1,032.370
OT	154.938	175.415	188.912	204.167	221.474	240.482	1,030.450
Medicare (570):							
BA	226.608	234.085	241.915	269.121	288.544	313.442	1,347.107
OT	222.723	233.951	242.192	269.047	288.333	313.735	1,347.258
Income Security (600):							
BA	271.344	277.094	278.024	286.296	295.661	303.132	1,440.207

TABLE 12.—FISCAL YEAR 2003 BUDGET RESOLUTION AS REPORTED BY THE HOUSE BUDGET COMMITTEE, MANDATORY SPENDING—Continued

[In billions of dollars]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
OT	271.626	273.986	274.343	282.645	291.723	298.852	1,421.549
Social Security (650):							
BA	457.633	472.911	493.357	517.463	544.011	573.233	2,600.975
OT	455.758	471.767	491.447	515.370	541.736	570.754	2,591.074
On-budget:							
BA	13.892	14.282	15.149	16.041	16.841	17.990	80.303
OT	13.892	14.282	15.149	16.041	16.841	17.990	80.303
Off-budget:							
BA	443.741	458.629	478.208	501.422	527.170	555.243	2,520.672
OT	441.866	457.485	476.298	499.329	524.895	552.764	2,510.771
Veterans Benefits and Services (700):							
BA	26.986	30.077	31.963	33.515	35.106	36.647	167.308
OT	26.932	30.233	31.831	35.904	35.083	33.875	166.926
Administration of Justice (750):							
BA	1.900	4.832	4.111	2.521	2.552	2.583	16.599
OT	1.582	4.279	4.616	2.725	2.589	2.623	16.832
General Government (800):							
BA	1.432	1.524	1.782	1.795	1.830	1.784	8.715
OT	1.676	1.506	1.878	1.748	1.757	1.716	8.605
Net Interest (900):							
BA	177.871	178.664	185.291	185.873	183.646	180.345	913.819
OT	177.870	178.664	185.290	185.872	183.645	180.344	913.815
On-budget:							
BA	254.695	262.520	277.326	286.887	294.598	302.442	1,423.773
OT	254.694	262.520	277.325	286.886	294.597	302.441	1,423.769
Off-budget:							
BA	−76.824	−83.856	−92.035	−101.014	−110.952	−122.097	−509.954
OT	−76.824	−83.856	−92.035	−101.014	−110.952	−122.097	−509.954
Allowances (920):							
BA		−0.100	−0.315	−0.200		−0.050	−0.665
OT		−0.100	−0.315	−0.200		−0.050	−0.665
Undistributed Offsetting Receipts (950):							
BA	−46.490	−57.761	−66.382	−68.404	−62.924	−65.603	−321.074
OT	−46.490	−57.761	−66.382	−68.404	−62.924	−65.603	−321.074
On-budget:							
BA	−37.247	−48.197	−56.150	−57.370	−51.180	−53.155	−266.052
OT	−37.247	−48.197	−56.150	−57.370	−51.180	−53.155	−266.052
Off-budget:							
BA	−9.243	−9.564	−10.232	−11.034	−11.744	−12.448	−55.022
OT	−9.243	−9.564	−10.232	−11.034	−11.744	−12.448	−55.022

TABLE 13.—FISCAL YEAR 2003 BUDGET RESOLUTION AS REPORTED BY THE HOUSE BUDGET COMMITTEE MINUS THE PRESIDENT'S BUDGET

[In billions of dollars]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
SUMMARY							
Total Spending:							
BA	−23.816	−6.016	8.699	12.572	13.123	10.141	38.519
OT	−23.377	−5.411	3.310	12.212	13.580	11.518	35.209
On-Budget:							
BA	−23.818	−6.016	8.699	12.572	13.123	10.141	38.519
OT	−23.379	−5.411	3.310	12.212	13.580	11.518	35.209
Off-Budget:							
BA	0.002	0.000	0.000	0.000	0.000	0.000	0.000
OT	0.002	0.000	0.000	0.000	0.000	0.000	0.000
Revenues:							
Total	21.906	29.187	24.735	18.159	16.334	20.855	109.270
On-Budget	21.906	29.187	24.735	18.159	16.334	20.855	109.270
Off-Budget	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Surplus/Deficit (−):							
Total	45.283	34.598	21.425	5.947	2.754	9.337	74.061
On-Budget	45.285	34.598	21.425	5.947	2.754	9.337	74.061
Off-Budget	−0.002	0.000	0.000	0.000	0.000	0.000	0.000
BY FUNCTION							
National Defense (050):							
BA	0.000	0.516	0.652	1.025	1.605	2.006	5.804
OT	0.000	−0.264	1.432	1.025	1.605	2.006	5.804
International Affairs (150):							
BA	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
General Science, Space, and Technology (250):							
BA	0.000	0.189	0.194	0.199	0.204	0.209	0.995
OT	0.000	0.047	0.139	0.171	0.183	0.192	0.732
Energy (270):							
BA	0.000	−0.149	−0.149	−0.150	−0.150	−0.150	−0.748
OT	0.000	−0.149	−0.149	−0.150	−0.150	−0.150	−0.748
Natural Resources and Environment (300):							
BA	−0.617	0.006	0.001	−0.095	−0.106	−0.112	−0.306
OT	−0.177	0.006	0.001	0.028	−0.007	−0.053	−0.025
Agriculture (350):							
BA	−4.021	0.000	0.000	0.000	0.000	0.000	0.000
OT	−4.021	0.000	0.000	0.000	0.000	0.000	0.000
Commerce and Housing Credit (370):							
BA	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
On-budget:							
BA	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
Off-budget:							
BA	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
Transportation (400):							
BA	0.000	−0.317	8.435	2.834	2.152	1.456	14.560
OT	0.000	1.180	3.044	3.863	4.222	4.502	16.811
Community and Regional Development (450):							
BA	0.000	0.007	0.028	0.060	0.100	0.153	0.348
OT	0.000	0.043	0.075	0.115	0.165	0.227	0.625
Education, Training, Employment and Social Services (500):							
BA	−1.456	0.358	1.601	2.691	3.778	5.030	13.458
OT	−0.180	0.234	0.927	1.547	2.347	3.378	8.433
Health (550):							
BA	0.000	−0.770	−4.052	−4.459	−4.163	−3.827	−17.271

TABLE 13.—FISCAL YEAR 2003 BUDGET RESOLUTION AS REPORTED BY THE HOUSE BUDGET COMMITTEE MINUS THE PRESIDENT'S BUDGET—Continued

[In billions of dollars]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
OT	0.000	−0.694	−4.459	−4.981	−4.340	−3.917	−18.391
Medicare (570):							
BA	0.000	3.320	1.625	11.598	10.482	11.970	38.995
OT	0.000	3.320	1.625	11.598	10.482	11.970	38.995
Income Security (600):							
BA	8.578	4.020	0.182	−0.284	−1.950	−3.118	−1.150
OT	8.578	4.023	0.187	−0.275	−1.945	−3.119	−1.129
Social Security (650):							
BA	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
On-budget:							
BA	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
Off-budget:							
BA	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
Veterans Benefits and Services (700):							
BA	0.000	1.145	1.180	1.209	1.239	1.270	6.043
OT	−0.001	1.042	1.166	1.199	1.230	1.261	5.898
Administration of Justice (750):							
BA	0.000	−0.400	−0.400	−0.400	0.000	0.000	−1.200
OT	0.000	−0.400	−0.400	−0.400	0.000	0.000	−1.200
General Government (800):							
BA	0.000	0.393	−0.801	0.399	−0.101	−0.001	−0.111
OT	0.000	0.393	−0.801	0.399	−0.101	−0.001	−0.111
Net Interest (900):							
BA	−0.576	−1.995	−3.540	−4.358	−4.665	−4.988	−19.546
OT	−0.576	−1.995	−3.540	−4.358	−4.665	−4.988	−19.546
On-budget:							
BA	−0.578	−1.995	−3.540	−4.358	−4.665	−4.988	−19.546
OT	−0.578	−1.995	−3.540	−4.358	−4.665	−4.988	−19.546
Off-budget:							
BA	0.002	0.000	0.000	0.000	0.000	0.000	0.000
OT	0.002	0.000	0.000	0.000	0.000	0.000	0.000
Allowances (920):							
BA	−25.724	−8.289	−2.009	−0.399	−0.204	−0.259	−11.160
OT	−27.000	−8.147	−1.689	−0.271	−0.348	−0.292	−10.747
Undistributed Offsetting Receipts (950):							
BA	0.000	−4.050	5.752	2.702	4.902	0.502	9.808
OT	0.000	−4.050	5.752	2.702	4.902	0.502	9.808
On-budget:							
BA	0.000	−4.050	5.752	2.702	4.902	0.502	9.808
OT	0.000	−4.050	5.752	2.702	4.902	0.502	9.808
Off-budget:							
BA	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

TABLE 14.—HOUSE BUDGET COMMITTEE RECOMMENDATION COMPARED TO 2002: TOTAL SPENDING AND REVENUES

[In billions of dollars]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
SUMMARY							
Total Spending:							
BA	....	96.983	158.325	261.784	367.351	478.687	1,363.130
OT	....	93.865	163.450	260.152	353.728	450.262	1,321.457
On-Budget:							
BA	....	86.781	141.932	231.746	322.213	416.417	1,199.089
OT	....	88.819	146.200	230.430	309.719	390.032	1,165.200
Off-Budget:							
BA	....	10.202	16.393	30.038	45.138	62.270	164.041
OT	....	5.046	17.250	29.722	44.009	60.230	156.257
Revenues:							
Total	....	109.194	232.035	388.139	503.579	624.470	1,857.417
On-Budget	....	81.049	175.761	297.144	387.113	476.369	1,417.436
Off-Budget	....	28.145	56.274	90.995	116.466	148.101	439.981
Surplus/Deficit (−):							
Total	....	15.329	68.585	127.987	149.851	174.208	535.960
On-Budget	....	−7.770	29.561	66.714	77.394	86.337	252.236
Off-Budget	....	23.099	39.024	61.273	72.457	87.871	283.724
BY FUNCTION							
National Defense (050):							
BA	....	46.317	54.126	75.226	96.729	118.944	391.342
OT	....	30.484	45.802	64.919	80.313	94.404	315.922
International Affairs (150):							
BA	....	1.596	2.527	3.325	3.981	4.887	16.316
OT	....	−1.060	−0.728	−0.238	0.366	1.064	−0.596
General Science, Space, and Technology (250):							
BA	....	0.678	1.333	1.852	2.411	2.990	9.264
OT	....	0.450	1.153	1.932	2.428	3.022	8.985
Energy (270):							
BA	....	−0.245	−0.404	0.126	−0.035	−0.029	−0.587
OT	....	−0.146	−0.381	0.134	−0.043	−0.056	−0.492
Natural Resources and Environment (300):							
BA	....	−0.281	1.050	1.953	1.355	1.978	6.055
OT	....	0.538	1.045	1.626	2.375	2.727	8.311
Agriculture (350):							
BA	....	−1.160	−2.022	−3.703	−4.570	−4.713	−16.168
OT	....	−0.588	−1.973	−3.553	−4.395	−4.526	−15.035
Commerce and Housing Credit (370):							
BA	....	3.413	−0.899	−1.256	−2.136	0.061	−0.817
OT	....	−0.080	1.274	−0.657	−2.602	−2.050	−4.115
On-budget:							
BA	....	1.072	1.546	1.070	0.287	1.677	5.652
OT	....	3.383	2.590	1.526	0.308	0.759	8.566
Off-budget:							
BA	....	2.341	−2.445	−2.326	−2.423	−1.616	−6.469
OT	....	−3.463	−1.316	−2.183	−2.910	−2.809	−12.681
Transportation (400):							
BA	....	−1.867	1.636	2.247	2.907	3.583	8.506
OT	....	−0.673	−1.894	−1.352	−0.037	1.947	−2.009
Community and Regional Development (450):							
BA	....	−3.791	−3.144	−2.944	−2.564	−2.164	−14.607
OT	....	2.060	2.669	2.169	0.413	0.256	7.567
Education, Training, Employment and Social Services (500):							
BA	....	3.120	5.324	8.560	11.546	14.817	43.367
OT	....	7.746	10.425	12.707	15.042	17.951	63.871
Health (550):							
BA	....	22.834	37.228	55.115	73.874	94.839	283.890

TABLE 14.—HOUSE BUDGET COMMITTEE RECOMMENDATION COMPARED TO 2002: TOTAL SPENDING AND REVENUES—Continued

[In billions of dollars]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
OT	....	25.067	41.758	59.067	77.798	98.135	301.825
Medicare (570):							
BA	....	7.448	15.356	42.647	62.162	87.155	214.768
OT	....	11.285	19.543	46.482	65.860	91.354	234.524
Income Security (600):							
BA	....	7.461	10.799	19.965	29.466	37.444	105.135
OT	....	3.254	4.660	13.468	22.623	28.888	72.893
Social Security (650):							
BA	....	15.608	36.299	60.499	87.144	116.468	316.018
OT	....	16.255	36.026	60.038	86.501	115.619	314.439
On-budget:							
BA	....	0.392	1.259	2.152	2.952	4.102	10.857
OT	....	0.391	1.258	2.150	2.951	4.100	10.850
Off-budget:							
BA	....	15.216	35.040	58.347	84.192	112.366	305.161
OT	....	15.864	34.768	57.888	83.550	111.519	303.589
Veterans Benefits and Services (700):							
BA	....	5.939	8.208	10.301	12.482	14.631	51.561
OT	....	6.038	8.193	12.778	12.551	11.947	51.507
Administration of Justice (750):							
BA	....	0.523	3.238	1.181	2.455	3.351	10.748
OT	....	5.724	8.610	4.591	5.170	5.945	30.040
General Government (800):							
BA	....	0.496	0.998	1.357	1.373	1.719	5.943
OT	....	−0.282	0.538	0.679	0.572	0.891	2.398
Net Interest (900):							
BA	....	0.854	7.481	8.063	5.836	2.535	24.769
OT	....	0.855	7.481	8.063	5.836	2.535	24.770
On-budget:							
BA	....	7.888	22.694	32.255	39.966	47.810	150.613
OT	....	7.889	22.694	32.255	39.966	47.810	150.614
Off-budget:							
BA	....	−7.034	−15.213	−24.192	−34.130	−45.275	−125.844
OT	....	−7.034	−15.213	−24.192	−34.130	−45.275	−125.844
Allowances (920):							
BA	....	−0.689	−0.917	−0.816	−0.631	−0.696	−3.749
OT	....	−1.791	−0.859	−0.787	−0.609	−0.678	−4.724
Undistributed Offsetting Receipts (950):							
BA	....	−11.271	−19.892	−21.914	−16.434	−19.113	−88.624
OT	....	−11.271	−19.892	−21.914	−16.434	−19.113	−88.624
On-budget:							
BA	....	−10.950	−18.903	−20.123	−13.933	−15.908	−79.817
OT	....	−10.950	−18.903	−20.123	−13.933	−15.908	−79.817
Off-budget:							
BA	....	−0.321	−0.989	−1.791	−2.501	−3.205	−8.807
OT	....	−0.321	−0.989	−1.791	−2.501	−3.205	−8.807

TABLE 15.—HOUSE BUDGET COMMITTEE RECOMMENDATION COMPARED TO 2002: TOTAL SPENDING AND REVENUES

[Percentage change]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
SUMMARY							
Total Spending:							
BA	....	4.7	7.7	12.7	17.8	23.2	66.1
OT	....	4.6	8.1	12.8	17.4	22.2	65.1
On-Budget:							
BA	....	5.1	8.4	13.7	19.0	24.5	70.7
OT	....	5.3	8.8	13.8	18.6	23.4	69.9
Off-Budget:							
BA	....	2.8	4.5	8.3	12.4	17.1	45.1
OT	....	1.4	4.8	8.2	12.2	16.7	43.3
Revenues:							
Total	....	5.5	11.8	19.7	25.6	31.7	94.3
On-Budget	....	5.6	12.1	20.5	26.7	32.8	97.7
Off-Budget	....	5.4	10.9	17.6	22.5	28.6	85.0
Surplus/Deficit (−):							
Total	....	−25.2	−112.6	−210.2	−246.1	−286.1	−880.2
On-Budget	....	3.6	−13.7	−30.8	−35.7	−39.9	−116.5
Off-Budget	....	14.8	25.1	39.4	46.5	56.5	182.3
BY FUNCTION							
National Defense (050):							
BA	....	13.3	15.6	21.6	27.8	34.2	112.5
OT	....	8.8	13.3	18.8	23.3	27.4	91.6
International Affairs (150):							
BA	....	7.2	11.4	15.0	18.0	22.1	73.7
OT	....	−4.5	−3.1	−1.0	1.6	4.5	−2.5
General Science, Space, and Technology (250):							
BA	....	3.1	6.0	8.4	10.9	13.6	42.0
OT	....	2.1	5.3	8.9	11.2	14.0	41.5
Energy (270):							
BA	....	−43.7	−72.0	22.5	−6.2	−5.2	−104.6
OT	....	−28.6	−74.7	26.3	−8.4	−11.0	−96.4
Natural Resources and Environment (300):							
BA	....	−1.0	3.6	6.6	4.6	6.7	20.5
OT	....	1.8	3.6	5.5	8.1	9.3	28.3
Agriculture (350):							
BA	....	−4.7	−8.2	−14.9	−18.4	−19.0	−65.2
OT	....	−2.4	−8.0	−14.4	−17.8	−18.4	−61.0
Commerce and Housing Credit (370):							
BA	....	32.4	−8.5	−11.9	−20.3	0.6	−7.7
OT	....	−2.2	35.2	−18.2	−71.9	−56.7	−113.8
On-budget:							
BA	....	13.9	20.0	13.8	3.7	21.7	73.1
OT	....	211.2	161.7	95.3	19.2	47.4	534.8
Off-budget:							
BA	....	83.2	−86.9	−82.7	−86.1	−57.4	−229.9
OT	....	−171.9	−65.3	−108.3	−144.4	−139.4	−629.3
Transportation (400):							
BA	....	−2.9	2.5	3.4	4.5	5.5	13.0
OT	....	−1.1	−3.1	−2.2	−0.1	3.2	−3.3
Community and Regional Development (450):							
BA	....	−20.5	−17.0	−15.9	−13.9	−11.7	−79.0
OT	....	13.5	17.5	14.2	2.7	1.7	49.6
Education, Training, Employment and Social Services (500):							
BA	....	4.0	6.8	11.0	14.8	19.0	55.6
OT	....	10.9	14.6	17.8	21.1	25.2	89.6
Health (550):							
BA	....	11.4	18.6	27.5	36.8	47.3	141.6

TABLE 15.—HOUSE BUDGET COMMITTEE RECOMMENDATION COMPARED TO 2002: TOTAL SPENDING AND REVENUES—Continued

[Percentage change]

Fiscal year	2002	2003	2004	2005	2006	2007	2003–2007
OT	....	12.9	21.4	30.3	39.9	50.4	154.9
Medicare (570):							
BA	....	3.2	6.7	18.5	27.0	37.9	93.3
OT	....	5.0	8.6	20.5	29.1	40.4	103.6
Income Security (600):							
BA	....	2.4	3.4	6.3	9.4	11.9	33.4
OT	....	1.0	1.5	4.2	7.1	9.1	22.9
Social Security (650):							
BA	....	3.4	7.9	13.1	18.9	25.3	68.6
OT	....	3.5	7.8	13.1	18.8	25.2	68.4
On-budget:							
BA	....	2.8	9.1	15.5	21.2	29.5	78.1
OT	....	2.8	9.0	15.5	21.2	29.5	78.0
Off-budget:							
BA	....	3.4	7.8	13.0	18.8	25.1	68.1
OT	....	3.6	7.8	13.0	18.8	25.0	68.2
Veterans Benefits and Services (700):							
BA	....	11.7	16.1	20.2	24.5	28.7	101.2
OT	....	11.9	16.2	25.2	24.8	23.6	101.7
Administration of Justice (750):							
BA	....	1.4	8.9	3.2	6.7	9.2	29.4
OT	....	17.0	25.6	13.7	15.4	17.7	89.4
General Government (800):							
BA	....	2.9	5.8	8.0	8.0	10.1	34.8
OT	....	−1.6	3.0	3.8	3.2	5.0	13.4
Net Interest (900):							
BA	....	0.5	4.2	4.5	3.3	1.4	13.9
OT	....	0.5	4.2	4.5	3.3	1.4	13.9
On-budget:							
A	....	3.1	8.9	12.7	15.7	18.8	59.2
OT	....	3.1	8.9	12.7	15.7	18.8	59.2
Off-budget:							
BA	....	9.2	19.8	31.5	44.4	58.9	163.8
OT	....	9.2	19.8	31.5	44.4	58.9	163.8
Allowances (920):							
BA	....	NA	NA	NA	NA	NA	NA
OT	....	NA	NA	NA	NA	NA	NA
Undistributed Offsetting Receipts (950):							
BA	....	24.2	42.8	47.1	35.3	41.1	190.5
OT	....	24.2	42.8	47.1	35.3	41.1	190.5
On-budget:							
BA	....	29.4	50.8	54.0	37.4	42.7	214.3
OT	....	29.4	50.8	54.0	37.4	42.7	214.3
Off-budget:							
BA	....	3.5	10.7	19.4	27.1	34.7	95.4
OT	....	3.5	10.7	19.4	27.1	34.7	95.4

SECTION BY SECTION DESCRIPTION

The Budget Resolution provides for aggregate levels of total new budget authority and outlays, total Federal revenues and the amount by which the aggregate level of Federal revenues should be increased or decreased by bills reported by the appropriate committees, the surplus or deficit, new budget authority and outlays for each major functional category, and the public debt.

SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2003

In accordance with section 301(a) of the Congressional Budget Act of 1974, this section establishes the appropriate budgetary levels for the budget year, fiscal year 2003, and each of the succeeding 4 years, fiscal years 2004 through 2007.

TITLE I RECOMMENDED LEVELS AND AMOUNTS

SECTION 101. RECOMMENDED LEVELS AND AMOUNTS

Consistent with section 301 of the Congressional Budget Act of 1975, this section establishes the recommended levels for revenue, reduction in revenue, total new budget authority, total budget outlays, surpluses or deficits, and debt subject to the statutory limit. Additionally, the resolution establishes the appropriate levels of debt held by the public. The recommended level of revenue operates as a floor against which all revenue bills are measured pursuant to section 311 of the Congressional Budget Act of 1974. Similarly, the recommended levels of new budget authority 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 Social Security and certain Postal Service operations. The debt subject to statutory limit aggregates refer 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. HOMELAND SECURITY

As a result of the increased importance to securing U.S. territories from the threat of terrorist attacks, the resolution establishes a separate level of budget authority and outlays for homeland security. It establishes these levels for fiscal year 2003 only because of the uncertainty of the future funding requirements of homeland security. The amount of budget authority and outlays for homeland security is a component of the overall budget authority and outlay aggregate levels of spending included in the previous section. In addition, spending on homeland security is distributed across various functional categories that appear in the following section, and is included in the totals of those relevant functions. Amounts established for homeland security are further described in the introduction of this report. Similarly, specific assumptions related to homeland security are further described the in the "Function By Function" analysis in this report.

SECTION 103. MAJOR FUNCTIONAL CATEGORIES

As further required by section 301(a) of the Congressional Budget Act of 1974, section 103 establishes the appropriate budgetary levels for 20 functional categories for the current fiscal year, fiscal year 2002, the budget year, fiscal year 2003, and fiscal years 2004 through 2007. The categories correspond to those used in the President's fiscal year 2003 budget submission. The amount of spending included in any function level for fiscal year 2003 is further described in the "Function By Function" analysis in this committee report.

TITLE II RESERVE FUNDS AND CONTINGENCY FUNDS

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 Congressional Budget Act of 1974. This would subject the measure to a point of order and preclude the House from considering the measure. 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."

SUBTITLE A—RESERVE FUND FOR LEGISLATION ASSUMED IN AGGREGATES

SECTION 201. RESERVE FUND FOR WAR ON TERRORISM

This section creates a reserve fund that requires the Chairman of the House Budget Committee to adjust the allocation of budget authority to the Committee on Appropriations or the Committee on Armed Services for any measure that provides funding for the war on terrorism for fiscal year 2003. The amount of the adjustment may not exceed $10 billion in budget authority for that fiscal year likely be made after the Committee on Armed Services has acted and after the Appropriations Committee reports a bill providing budget authority for the war on terrorism.

Section 201 was included at the direct request of the administration. The Committee assumes that the Chairman would exercise his authority under this section for any measure that provides amounts related to the war on terrorism and for which an adjustment is necessary.

SECTION 202. RESERVE FUND FOR MEDICARE MODERNIZATION AND PRESCRIPTION DRUGS

Subsection (a) creates a reserve to provide funds for Medicare Reform, a new Prescription Drug benefit for senior Americans and to increase the reimbursements made to Medicare and Medicare providers. It provides the Chairman of the House Budget Committee with the authority to make adjustments in the allocations to both the Ways and Means Committee and the Energy and Commerce Committee. It is the intent of this section to ensure that these three elements of Medicare policy are initially considered as part of a single legislative package.

The two committees may report out legislation for these purposes, though the cost of the legislation may not increase new budget authority and outlays by more than $5 billion in fiscal year 2003 and $350 billion for fiscal years 2003 through 2012. Though each committee may report a bill, the Budget Committee anticipates the two versions will be combined before the legislation will be considered on the floor and the resulting legislation will be consistent with the adjusted levels.

Subsection (c) gives authority to the Chairman of the House Budget Committee to further revise the allocation levels as appropriate if it becomes clear that the legislation reported will not be enacted.

SECTION 203. RESERVE FUND FOR SPECIAL EDUCATION

The budget resolution provides for a trajectory of annual increases in the Function 500 level sufficient to achieve full funding of the authorized maximum amount for the Individuals with Disabilities Education Act (IDEA) Part B Grants to States program (special education) within 10 years. It does so by allowing for annual increases in special education of up to 12 percent each year. The amounts are reflected in the budgetary totals and in Function 500 (Education, Training and Social Services).

The resolution includes procedural mechanisms to ensure that the annual sums made available are only for IDEA. This is accomplished through two separate reserve funds: one for fiscal year 2003, and another for fiscal years 2004 and subsequent years. For fiscal year 2003, the resolution reserves $1 billion from the Appropriations Committee's 302(a) allocation. This reserve will be released by the Chairman only to increase special education funding above the 2002 level.

For fiscal years 2004 and subsequent years, the budget resolution permits additional increases for special education contingent on reauthorization of IDEA. The resolution allows for the Education and the Workforce Committee to make changes during reauthorization to the financing structure of special education whether they result in maintenance of discretionary spending, a transition to mandatory spending, or some combination thereof and does not preclude the making available of additional resources in the future above and beyond those provided herein.

The Budget Committee Chairman has discretion in determining the maximum amount of the adjustment each year. This determination will be based, in part, on an assessment of the amount necessary to maintain a path to full funding. This discretion is appropriate because the reauthorization may reduce the cost of the program such that annual increases of less than 12-percent are sufficient to attain the same goal of full funding.

Under this resolution, the maximum level of funding (budget authority) available for IDEA Part B Grants to States in each fiscal year is the following: $8.529 billion in 2003; $9.587 billion in 2004; $10.755 billion in 2005; $12.047 billion in 2006; and $13.497 billion in 2007.

SECTION 204. RESERVE FUND FOR HIGHWAYS AND HIGHWAY SAFETY

Section 204 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 increases the obligation limitation for the Highway Category. The Chairman may make the adjustment if the bill reported sets an obligation limitation higher than $23.864, but it may result in no more than $1.18 billion in additional outlays for fiscal year 2003. In addition, the bill reported, in order to access the funds held in reserve, must distribute these amounts as specified under section 1102 of the Transportation Equity Act for the 21st Century [TEA-21].

The reserve fund is intended to hold the highway trust fund harmless for the reduction in the obligation limitation resulting from a decline in highway tax revenues. Under TEA-21, the contract authority, obligation limitation and outlay levels are tied to receipts into the highway trust fund. If receipts decline from the anticipated levels in TEA-21, the spending levels are automatically reduced. In February the President complied with this statutory requirement by reducing the obligation limitation by $4.369 billion, which also resulted in a reduction in outlays of $1.18 billion for fiscal year 2003. While the highway trust fund experienced a windfall of $9 billion over the last 3 years when receipts exceeded the levels assumed in TEA-21, the Committee believes it is not reasonable in the current economic climate for States to absorb the full reduction in spending required under the adjustment in the Balanced Budget and Emergency Deficit Control Act known as Revenue Aligned Budget Authority [RABA].

This section was negotiated as part of a three-party agreement between the Administration, the Committee on Transportation and Infrastructure, and the Budget Committee. As part of this agreement, the Administration agreed to identify additional sources of contract authority for the authorizing committees. The Transportation and Infrastructure Committee agreed to suspend action on H.R. 3694, the Highway Funding Restoration Act; to support an extension of the discretionary spending limits, general purpose, highways and transit; and to resist demands to raise the obligation limitation by $8.6 billion (the difference between the obligation limitation as adjusted under RABA for fiscal year 2002 and the RABA-adjusted obligation limitation for fiscal year 2003). Finally, the Budget Committee agreed to make additional resources available to the Appropriations Committee to increase the obligation limitation, and to work to not only extend the highway, transit and general purpose caps, but to revise RABA to eliminate the sharp year-to-year swings in spending.

SUBTITLE B—CONTINGENCY FUND FOR ADDITIONAL SURPLUSES

SECTION 211. CONTINGENCY FUND FOR ADDITIONAL SURPLUSES

Section 211 establishes a reserve fund to demonstrate that any surpluses in excess of the levels assumed in the budget resolution are used solely for deficit reduction or debt repayment. It recognizes that the assumptions on which the resolution is based could well turn out overly optimistic and the updated forecasts in August could yield a higher surplus. If this is the case, the Chairman is directed to reduced the appropriate levels of the on-budget surplus as well as the public debt and debt held by the public levels by the amount of the excess.

SUBTITLE C—CONTINGENCY FUNDS FOR ACCOUNTING CHANGES

SECTION 221. RESERVE FUND FOR ACCRUAL ACCOUNTING

In his Budget submission to Congress, the President recommended a policy change in the way government agencies account for payments to various retirement funds. To accommodate this change, the Administration's budget assumes an increase in discretionary budget authority together with an offsetting reduction in mandatory budget authority and outlays. As part of his budget submission for fiscal year 2003, President Bush proposed funding certain retirement and health costs on an accrual basis and reflecting these costs within the budgets of the appropriate Federal agencies. This would entail shifting funding for these costs from central mandatory accounts to program accounts within each Federal agency.

The Committee believes that there is much to commend in this approach. If properly designed, accrual budgeting has the potential to improve budgetary decision by recognizing the full cost of manpower decisions and to attribute such costs to the appropriate agency, programs or activity. If not properly executed, however, it could unfairly penalize the Appropriations Committee because it would be expected to incur higher discretionary costs.

In order to address the Appropriations Committee's concerns, section 251 would make additional resources available to the Appropriations Committee should accrual legislation be enacted. Upon the enactment of such legislation, the House Budget Committee Chairman would increase the allocation to the Appropriations Committee by the amount of BA and outlays that the Congressional Budget Office estimates is necessary to accommodate the accrual shift. At the same time, it would reduce the 302(a) allocation to the authorizing committee making the change to ensure that any illusory savings attributed to it under existing scoring rules are not used to increase Federal financial commitments.

SECTION 222. CONTINGENCY FUND FOR STUDENT LOANS

Section 231 establishes a reserve fund to facilitate a reclassification of administrative expenses for student loans. If legislation is enacted subjecting this program to annual appropriations, it would direct the House Budget Committee to increase the 302(a) allocations to the Committee on Appropriations by the amount of additional resources necessary to accommodate the reclassified program. In order to ensure that this does not increase the deficit, it would also reduce the allocation to the Committee on Education by the same amount because these savings would be attributed to them and could otherwise be used to incur further obligations.

SUBTITLE D—IMPLEMENTATION OF CONTINGENCY AND RESERVE FUNDS

SECTION 231. 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 pursuant to section 312 of the Budget Act.

Subsection (d) provides that Medicare-related legislation considered under section 302(f) will be limited to the first and 10-year levels assumed in the resolution. Otherwise, it would have been solely limited to the first year and the 5 year total.

TITLE III—BUDGET ENFORCEMENT

SECTION 301. RESTRICTIONS ON ADVANCE APPROPRIATIONS

Section 301 imposes a limitation on advance appropriations similar to a provision included in the last two budget resolutions. It effectively limits which programs can receive an advance appropriation and 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 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, advance appropriations for these accounts may not exceed $23.543 billion in budget authority for fiscal year 2003.

The second exception exempts the Corporation for Public Broadcasting from the limitation, and allows advance appropriations for the accounts that fund it.

Subsection (c) defines an "advance appropriation" as any new discretionary budget authority making general appropriations or continuing appropriations for fiscal year 2003 that first becomes available for any fiscal year after 2003.

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 302. 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).

SECTION 303. REPORTING REQUIREMENT FOR CONGRESSIONAL BUDGET OFFICE

The variability between projected and actual economic and technical factors are a large part of the forecasting inaccuracies identified by the Congressional Budget Office [CBO] in its estimates. This section requires CBO to report to Congress and include the following: a variance analysis between forecasted and actual budget results; and a comparison of the differing impact between forecasted economic variables used to model that year's projections and what actually happened recommendations on how to use the backcast to improve forecasting accuracy in the future.

Title IV—Senses of Congress and Sense of House Provisions

SECTION 401. COMBATING INFECTIOUS DISEASES

Section 401 states a sense of the Congress relating to the Federal assistance to certain countries to combat infectious diseases.

SECTION 402. ASSET BUILDING FOR THE WORKING POOR

Section 402 states a sense of the Congress relating to Individual Development Accounts and the working poor.

SECTION 403. FEDERAL EMPLOYEE PAY

Section 403 states a sense of the Congress relating to Federal employee pay

SECTION 404. MEDICARE + CHOICE REGIONAL DISPARITIES

Section 404 states a sense of the Congress relating to Medicare + Choice.

SECTION 405. BORDER SECURITY AND ANTI-TERRORISM

Section 405 states a sense of the Congress relating to border security and anti-terrorism.

SECTION 406. PACIFIC NORTHWEST SALMON RECOVERY

Section 406 states a sense of Congress relating to the recovery of Pacific Northwest salmon.

THE 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 2003, the budget resolution reported from the Budget Committee does not include any 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.

This budget resolution provides for 5-year allocations of budget authority and outlays for each of the authorizing committees. Section 302 of the Congressional Budget Act of 1974 (as modified by the Balanced Budget Act of 1997) requires that allocations of budget authority 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). An exception is made for certain Medicare modernization legislation which receives an allocation for fiscal year 2003 and the totals for fiscal years 2003 through 2012.

APPROPRIATIONS COMMITTEE

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

Term

The allocation to the Appropriations Committee is for the fiscal year commencing on 1 October 2002. Unlike the authorizing committees, the Appropriations Committee does not receive a 5-year allocation of budget authority and outlays.

Allocations

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. The allocations are divided into general purpose discretionary, highway, mass transit, and conservation categories of spending. These division levels do not constitute separate allocations and hence are not subject to points of order under section 302(f) of the Congressional Budget Act of 1974.

Adjustments Made Under the Congressional Budget Act

Section 314 of the Congressional Budget Act of 1974 establishes a process by which the budget resolution can accommodate programs for which spending authority was not assumed in the budget resolution. Section 314 directs the Chairman of the Budget Committee to make adjustments to the 302(a) allocations and the budgetary aggregates for two purposes. Through these adjustments, additional budget authority and outlays will be made available for designated emergencies, and adoption assistance. The Office of Management and Budget makes similar adjustments to the discretionary spending limits under section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 (see the section on Statutory Controls Over the Budget).

Additional Adjustments Made Pursuant to the Budget Resolution

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 201, the Chairman of the House Budget Committee is given authority to adjust the allocation of budget authority to the Committee on Appropriations or the Committee on Armed Services for any measure that provides funding for the war against terrorism for fiscal year 2003.

In section 202, the Chairman of the House Budget Committee is given the authority to make adjustments in the allocation of budget authority to the Committee on Ways and Means and the Committee on Energy and Commerce if either committee reports a bill which provides for Medicare modernization and a prescription drug benefit; and adjustments to the Medicare program on a fee-for-service, capitated, or other basis.

In section 203, the Chairman of the House Budget Committee is given authority to adjust the allocation of budget authority to the Committee on Appropriations for any measure that provides funding for grants to States under Part B of the Individuals with Disabilities Education Act [IDEA] for fiscal year 2003. It also allows the Chairman of the Budget Committee to make additional adjustments for the period of fiscal year 2003 through 2007.

In section 204, the Chairman of the House Budget Committee is given the authority to make adjustments in the allocation to the Appropriations Committee in order to provide higher spending amounts for highway projects. The Budget Committee Chairman, under the terms of this reserve fund, will make an adjustment to the obligation limits which are included in the appropriation measure. Most discretionary spending is implemented by appropriating budget authority, but in the Highway Category, budget authority is provided on the mandatory side. The outlays resulting therefrom are restricted through the use of "obligation limits" included in appropriation acts.

In section 211, the Chairman of the House Budget Committee is given the authority to make adjustments in the surplus or deficit, as applicable, and reduce the level of the public debt and debt held by the public to ensure that any additional surpluses that may arise, as determined by the House Budget Committee in consultation with the Office of Management and Budget and the Congressional Budget Office, are used solely for deficit reduction and debt repayment.

In section 221, the House Budget Committee Chairman may adjust the allocation of the appropriations if given the authority to make adjustments in the allocation of budget authority to the Committee on Appropriations if it reports a measure providing funding for agencies charged with the full cost of accrued Federal retirement and health benefits. The adjustment may only be made if legislation is first enacted which requires Federal agencies to be so charged.

In section 222, there is established a reserve fund to facilitate a reclassification of administrative expenses for student loans. If legislation is enacted subjecting this program to annual appropriations, it would direct the House Budget Committee to increase the 302(a) allocations to the Committee on Appropriations by the amount of additional resources necessary to accommodate the reclassified program.

AUTHORIZING COMMITTEES

The authorizing committees are allocated a lump sum of new budget authority along with the corresponding outlays. A committee is allocated this budget authority 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 budget authority 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

Since the spending authority for the authorizing committees is multi-year or permanent, the allocations are for the forthcoming budget year commencing on October 1 and a 5-year total for fiscal years 2003 through 2007.

Allocations

The authorizing committees are provided a single allocation of new budget authority (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 2002 will be measured against the budget resolution for that year (H.Con.Res. 83) and also the 5-year budget window encompassed by the new budget resolution starting in fiscal year 2003. Again, Medicare modernization and related initiatives are enforced through an allocation for fiscal year 2003 and the totals for fiscal years 2003 through 2012.

ENFORCEMENT

In order to enforce these allocations, Members may raise a point of order against spending legislation that exceeds a committee's allocation (see section on Enforcing the Budget Resolution). 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.

ENFORCING THE BUDGET RESOLUTION

HOUSE ENFORCEMENT PROCEDURES

The budget resolution is more than a planning document. The allocations of spending authority and the aggregate levels of both spending authority and revenues are binding on the Congress when it considers subsequent spending and tax legislation. Legislation breaching the levels set forth in the budget resolution is subject to points of order on the House floor.

Any Member of the House may raise a point of order against any tax or spending legislation that creates new entitlement authority during certain points in a calendar year, or breeches the allocations and aggregate spending levels established in the budget resolution. If the point of order is sustained, the House is precluded from further consideration of the measure.

These points of order may take on added importance if the discretionary spending limits and pay-as-you-go requirements set forth in the Balanced Budget and Emergency Deficit Control Act are not extended. Absent the threat of sequestration, the Congress will have impose budgetary discipline with the limited tools of the Congress budget process.

The major Budget Act requirements are as follows:

Section 302(f)

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

Section 303(a)

This section prohibits the consideration of spending and tax legislation before the House has passed a budget resolution. Section 303(a) does not apply to budget authority and revenue provisions first effective in an outyear or to appropriation bills after May 15.

Section 311(a)(1)

Section 311(a)(1) prohibits the consideration of legislation that exceeds the ceiling on budget authority and outlays or reduces revenue below the revenue floor. Section 311(a)(1) applies to the budget year and 10-year total for bills increasing revenue, but only to the budget year for appropriations bills. Section 311 does not apply to spending bills that do not breach the committee's 302(a) allocations.

Section 401(a)

This section of the Congressional Budget Act prohibits the consideration of legislation providing borrowing authority, new credit authority, or contract authority not subject to discretionary appropriations.

Section 401(b)(1)

This section prohibits the consideration of legislation creating new entitlement authority in the year preceding the budget year. It does not apply to trust funds primarily financed by earmarked taxes.

Sections 303(g), 308(b)(2), and 311(c)

Under sections 303(g), 308(b)(2), and 311(c) of the Budget Act, the Budget Committee advises the presiding officer on the application of points of order against specific legislation pending before the House. House Budget Committee rules also authorize the chairman to poll the committee on recommendations to the Rules Committee to enforce the Budget Act by not waiving points of order against specific legislation.

STATUTORY CONTROLS OVER THE BUDGET

For the first time since the mid-1980's, 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, are scheduled to expire at the end of the current fiscal year.

In lieu of calling for an outright extension of the caps and PAYGO, as it did last year, the administration states that it will work with Congress to extend budgetary disciplines.

It is unclear if the caps will be extended. A reasonable argument can be made that Congress should return to the days of the early 1980's, when Congress and the President made no attempt to develop a joint budgetary framework before they considered individual spending and tax bills. Some Members may believe that the only true budgetary framework is the sum of all the appropriations, tax, and entitlement bills that are 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. Finally, it can be argued that it is impossible to get an agreement on the caps and PAYGO when there is divided control of the Congress.

Yet, the Committee believes there are compelling arguments for extending the Budget Enforcement Act [BEA]. The principal reason is the disappearance of budget surpluses in the wake of 11 September and a recession from which the economy is only now beginning to recover. As in the late 1980's and early and mid-1990's, 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 entitlement initiatives within manageable limits.

The Committee concurs with those who lament Congress's failure to adhere to the caps. Clearly the caps and PAYGO cannot be a substitute for making the tough choices necessary to put the budget back on a path toward eliminating the public debt. Still, the BEA can augment the efforts of those in Congress and the administration to impose budgetary discipline. Congress should extend the caps, if it is willing to comply with them or to permit a sequester if it fails to comply with these limits.

There is no consensus for abandoning what limited tools the Congress has for imposing budget discipline should yearly caps be allowed to lapse. Last year the House Budget Committee reported by a unanimous vote, legislation changing the caps. In addition, the Chairmen and Ranking Minority Members of both the House and Senate Budget Committees have recognized the value of extending the BEA framework. Even among committees with disparate institutional concerns, a consensus seems to be emerging that the caps should be retained. The administration, too, has supported an extension of the caps and PAYGO or the adoption of some other form of budgetary controls.

DISCRETIONARY SPENDING LIMITS

The discretionary spending limits continue through the end of fiscal year 2002. Though all the regular appropriations bills have been enacted, a sequester is still possible if Congress passes supplemental appropriations taking total discretionary spending above the limit for this fiscal year. Typically such supplemental appropriations are designated "emergencies" and cause an automatic adjustment in the limits and the sequestration process is not applicable.

While the caps were extended under the Balanced Budget Act of 1997 through fiscal year 2002, additional caps have been put in place for two program areas within overall discretionary spending. Included in the Transportation Equity Act for the 21st Century [TEA 21] (Public Law 105–178) were separate categories for highway and mass transit spending for fiscal years 1999 through 2003.

In addition, the Department of the Interior and Related Agencies Appropriations Act of 2001 (Public Law 106–291), created a new spending limit specifically for the conservation category of discretionary appropriations. The conservation category spending caps extend through fiscal year 2006. This category has a variety of "sub-category" spending limits for each fiscal year through 2006 that identify the various program spending levels funded in the overall conservation category.

Although these separate categories for transportation and conservation extend beyond the expiration of the general discretionary limit, because the enforcement mechanism of sequestration expires along with the Deficit Control Act in fiscal year 2002, they cannot be enforced unless some form of extension of the sequestration process is enacted.

In the Department of Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act (Public Law 107–117), the statutory caps for fiscal year 2002 were increased to $681,441,000,000 in new budget authority and $670,206,000,000 in outlays. In addition, the measure altered the outlay cap in the Conservation category to $1,473,000, to accommodate re-estimates of spending resulting from the budget authority cap limit when the Conservation category was created.

TABLE 14.—STATUTORY CAPS BY BUDGET ENFORCEMENT ACT CATEGORY

[In millions of dollars]

	2002	2003	2004	2005	2006
Discretionary Category:					
BA	704,548	NA	NA	NA	NA

TABLE 14.—STATUTORY CAPS BY BUDGET ENFORCEMENT ACT CATEGORY—Continued

[In millions of dollars]

	2002	2003	2004	2005	2006
Outlay	696,092	NA	NA	NA	NA
Highway Category:					
BA	NA	NA	NA	NA	NA
Outlay*	28,489	29,100	NA	NA	NA
Mass Transit Category:					
BA	NA	NA	NA	NA	NA
Outlay	5,275	5,531	NA	NA	NA
Conservation Category:					
BA	1,760	1,920	2,080	2,240	2,400
Outlay	1,473	1,872	2,032	2,192	2,352
Total Discretionary Spending Limits:					
BA	706,308	NA	NA	NA	NA
Outlay	731,329	NA	NA	NA	NA

Notes: The discretionary spending limits expire in 2002.

These figures are based on the final sequestration report for 2001 issued by the Office of Management and Budget. The category limits for Conservation displayed beyond fiscal year 2003 are the statutory levels and have not been adjusted by either the Congressional Budget Office or the Office of Management and Budget.

The highway and mass transit categories do not have budget authority limits. Obligation limitations, which are not counted as budget authority, control all of the spending in the highway category and most of the spending in the mass transit category.

PAY-AS-YOU-GO REQUIREMENTS

The Omnibus Budget Reconciliation Act of 1990 established a pay-as-you-go [PAYGO] requirement for tax and entitlement legislation. Under PAYGO, the sum of all tax and entitlement (or otherwise mandatory) legislation may not increase the net deficit in any fiscal year. The Balanced Budget Act of 1997 extended the PAYGO requirements through fiscal year 2002. As amended by the Omnibus Budget Reconciliation Act of 1993, PAYGO had been scheduled to expire at the end of fiscal year 1998. PAYGO is enforced through a sequestration applied to all non-exempt entitlement programs. At the end of the first session of the 107th Congress, the President signed the Department of Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act (Public Law 107–117). Included in the act was legislation requiring the pay-as-you-go balances that would have resulted in a significant sequester in fiscal year 2002 be set to zero in the final sequestration report prepared by the Office of Management and Budget.

Though the PAYGO statutory requirements expire at the end of fiscal year 2002, sequestration may occur through fiscal year 2006. In fact large balances remain on the PAYGO scorecard for fiscal year 2003, and each year through fiscal year 2006. Any legislation enacted prior to the end of this fiscal year that either increases spending or decreases revenue, and that is not offset, will add to the balances on the scorecard. These balances, if not reset to zero in some future legislation, will cause large across-the-board spending reductions in all non-exempt mandatory spending programs.

TABLE 15.—PAY-AS-YOU-GO SCORECARD

[In millions of dollars]

	2002	2003	2004	2005	2006	2007
Outlay Effect	−180	24,173	24,413	23,832	9,219	1,000
Receipt Effect	0	−86,866	−106,319	−107,744	−126,474	0

TABLE 15.—PAY-AS-YOU-GO SCORECARD—Continued

[In millions of dollars]

	2002	2003	2004	2005	2006	2007
Net Budget Cost	−180	111,039	130,732	131,576	135,693	1,000

Source: Office of Management and Budget as of March 12, 2002.

Note: For net budget costs, positive value indicates sequester would be required unless offsets are enacted. Negative value indicates balances of savings available as offsets.

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 2003.

On March 13, 2002 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 2003. The following votes were taken in Committee:

Mr. Sununu 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.

1. Mr.McDermott offered an amendment to replace the Chairman's Mark with the budget recommended by the President, as adjusted for Public Law 107–147, the Job Creation and Worker Assistance Act of 2002, as re-estimated by the Congressional Budget Office.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking		X	
Mr. SUNUNU		X		Mr. McDERMOTT		X	
Mr. HOEKSTRA		X		Mr. THOMPSON		X	
Mr. BASS		X		Mr. BENTSEN			
Mr. GUTKNECHT		X		Mr. DAVIS		X	
Mr. HILLEARY		X		Mrs. CLAYTON			
Mr. THORNBERRY		X		Mr. PRICE		X	
Mr. RYUN		X		Mr. KLECZKA		X	

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. COLLINS		X		Mr. CLEMENT		X	
Mr. FLETCHER		X		Mr. MORAN		X	
Mr. MILLER		X		Ms. HOOLEY		X	
Mr. TOOMEY		X		Ms. BALDWIN		X	
Mr. WATKINS		X		Mrs. McCARTHY		X	
Mr. HASTINGS		X		Mr. MOORE		X	
Mr. DOOLITTLE		X		Mr. CAPUANO		X	
Mr. PORTMAN				Mr. HONDA		X	
Mr. LA HOOD				Mr. HOEFFEL		X	
Ms. GRANGER		X		Mr. HOLT		X	
Mr. SCHROCK		X		Mr. MATHESON		X	
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

The amendment offered by Mr. McDermott was not agreed to by a vote of zero ayes and 39 noes.

2. Mr. McDermott offered an amendment to insert at the appropriate place language making all necessary conforming changes to the spending, revenue, debt, interest, aggregate, and other amounts in the Chairman's Mark related to the amendment.

It inserted the following reconciliation directive: Not later than July 30, 2002, the House Committee on Ways and Means shall report to the House a reconciliation bill that consists of changes within its jurisdiction that implements one of the three proposals recommended on December 21, 2001 by the President's Commission to Strengthen Social Security for partially privatizing Social Security.

Upon reporting of such a reconciliation bill to the House, the Chairman of the House Budget Committee shall have authority to change spending, revenue, debt, interest, aggregate, and other amounts in the Budget Resolution to reflect provisions of the reconciliation bill to partially privatize Social Security.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking		X	
Mr. SUNUNU		X		Mr. McDERMOTT		X	
Mr. HOEKSTRA		X		Mr. THOMPSON		X	

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. BASS		X		Mr. BENTSEN			
Mr. GUTKNECHT		X		Mr. DAVIS		X	
Mr. HILLEARY		X		Mrs. CLAYTON			
Mr. THORNBERRY		X		Mr. PRICE		X	
Mr. RYUN		X		Mr. KLECZKA		X	
Mr. COLLINS		X		Mr. CLEMENT		X	
Mr. FLETCHER		X		Mr. MORAN		X	
Mr. MILLER		X		Ms. HOOLEY			
Mr. TOOMEY		X		Ms. BALDWIN		X	
Mr. WATKINS		X		Mrs. McCARTHY		X	
Mr. HASTINGS		X		Mr. MOORE		X	
Mr. DOOLITTLE		X		Mr. CAPUANO		X	
Mr. PORTMAN				Mr. HONDA		X	
Mr. LA HOOD		X		Mr. HOEFFEL		X	
Ms. GRANGER		X		Mr. HOLT		X	
Mr. SCHROCK		X		Mr. MATHESON		X	
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

The amendment offered by Mr. McDermott was not agreed to on a roll call vote of 0 ayes and 39 noes.

3. Mr. Moran offered an amendment to create a "Trigger to Protect the Social Security Trust Fund Surplus." It provided that if the Congressional Budget Office [CBO] projects an on–budget deficit in any fiscal year, effective on January 1, 2003, then the concurrent resolution on the budget for the budget year must reduce on-budget deficits relative to CBO's projections and put the budget on a path to balance within 5 years. It also created a point of order in the Senate against the consideration of a budget if it so included an on-budget deficit for any such year. In addition, it created a point of order in the Senate against the consideration of an amendment to a budget resolution that would cause an on-budget deficit for any fiscal year.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SUNUNU		X		Mr. McDERMOTT	X		
Mr. HOEKSTRA		X		Mr. THOMPSON	X		
Mr. BASS		X		Mr. BENTSEN			
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON			
Mr. THORNBERRY		X		Mr. PRICE	X		
Mr. RYUN		X		Mr. KLECZKA	X		
Mr. COLLINS		X		Mr. CLEMENT	X		
Mr. FLETCHER		X		Mr. MORAN	X		
Mr. MILLER		X		Ms. HOOLEY			
Mr. TOOMEY	X			Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY	X		
Mr. HASTINGS		X		Mr. MOORE			
Mr. DOOLITTLE		X		Mr. CAPUANO	X		
Mr. PORTMAN				Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER		X		Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK							

The amendment offered by Moran was not agreed to by a roll call vote of 16 ayes and 21 noes.

4. Mr. Honda offered an amendment to increase budget authority and outlays in Function 500 to reflect increased funding levels for the newly reauthorized Elementary and Secondary Education Act to improve teacher quality, support Title I (Education for the Disadvantaged), increase funding for 21st Century Community Learning Centers after school program, and support other programs the act authorizes: In Budget Authority: 2003: 3.0; 2004: 3.021; 2005: 3.042; 2006: 3.063; 2007: 3.084; Outlays: 2003: .150; 2004: 2.101; 2005: 2.866; 2006: 3.036; 2007: 3.057. ($billions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SUNUNU		X		Mr. McDERMOTT	X		
Mr. HOEKSTRA		X		Mr. THOMPSON	X		
Mr. BASS		X		Mr. BENTSEN	X		
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON	X		
Mr. THORNBERRY		X		Mr. PRICE	X		
Mr. RYUN		X		Mr. KLECZKA			
Mr. COLLINS				Mr. CLEMENT	X		
Mr. FLETCHER		X		Mr. MORAN			
Mr. MILLER		X		Ms. HOOLEY	X		
Mr. TOOMEY		X		Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY			
Mr. HASTINGS				Mr. MOORE	X		
Mr. DOOLITTLE				Mr. CAPUANO	X		
Mr. PORTMAN		X		Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER				Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

The amendment offered by Mr. Honda was not agreed to by a roll call vote of 16 ayes and 20 noes.

5. Mr. Price offered an amendment to amend the Chairman's Mark to show year-by-year numbers for Fiscal Years 2003 through 2012 for all spending, revenue, interest, debt, aggregate and other amounts. It was to be amended to show year-by-year numbers for fiscal years 2003 through 2012 for all economic assumptions.

It stated that all spending, revenue, interest, debt, aggregate and other amounts in the Chairman's Mark be based on the most current estimates by the Congressional Budget Office of the previous pre-policy baseline and for all policies embodied in the Chairman's Mark.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SUNUNU		X		Mr. McDERMOTT	X		
Mr. HOEKSTRA		X		Mr. THOMPSON	X		
Mr. BASS		X		Mr. BENTSEN	X		
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON	X		
Mr. THORNBERRY		X		Mr. PRICE	X		
Mr. RYUN		X		Mr. KLECZKA			
Mr. COLLINS				Mr. CLEMENT	X		
Mr. FLETCHER		X		Mr. MORAN	X		
Mr. MILLER		X		Ms. HOOLEY	X		
Mr. TOOMEY		X		Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY			
Mr. HASTINGS		X		Mr. MOORE	X		
Mr. DOOLITTLE				Mr. CAPUANO	X		
Mr. PORTMAN		X		Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER		X		Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

The amendment offered by Mr. Price was not agreed to agreed to by a roll call vote of 17 ayes and 22 noes.

6. Mr. Bentsen offered an amendment to increase budget authority and outlays in Function 570 (Medicare) to reflect additional spending for a Medicare prescription drug benefit within the Medicare program. In Budget Authority: 2003: 0; 2004: 0; 2005: 26; 2006: 22; 2007: 21; Outlays: 2003: 0; 2004: 0; 2005: 26; 2006: 22; 2007: 21. (billions for fiscal year)

It also included the directive to include a reconciliation instruction to the Ways and Means Committee requiring that the additional spending in Function 570 be budget-neutral.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SUNUNU		X		Mr. McDERMOTT	X		
Mr. HOEKSTRA		X		Mr. THOMPSON	X		
Mr. BASS		X		Mr. BENTSEN	X		
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON	X		
Mr. THORNBERRY		X		Mr. PRICE	X		
Mr. RYUN		X		Mr. KLECZKA			
Mr. COLLINS				Mr. CLEMENT	X		
Mr. FLETCHER		X		Mr. MORAN	X		
Mr. MILLER		X		Ms. HOOLEY	X		
Mr. TOOMEY		X		Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY	X		
Mr. HASTINGS		X		Mr. MOORE	X		
Mr. DOOLITTLE		X		Mr. CAPUANO	X		
Mr. PORTMAN		X		Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER		X		Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

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

7. Mr. Matheson offered an amendment to increase the budget authority and outlays in Function 750 to reflect the restoration of funding for Local Law Enforcement Block Grants. In Budget Authority: 2003: 488; 2004: 502; 2005: 517; 2006: 533; 2007: 548; Outlays: 2003: 467; 2004: 478; 2005: 486; 2006: 506; 2007: 520. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking			
Mr. SUNUNU		X		Mr. McDERMOTT	X		
Mr. HOEKSTRA		X		Mr. THOMPSON	X		
Mr. BASS		X		Mr. BENTSEN			
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON	X		
Mr. THORNBERRY		X		Mr. PRICE	X		
Mr. RYUN		X		Mr. KLECZKA			
Mr. COLLINS				Mr. CLEMENT	X		
Mr. FLETCHER		X		Mr. MORAN	X		
Mr. MILLER		X		Ms. HOOLEY	X		
Mr. TOOMEY		X		Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY	X		
Mr. HASTINGS		X		Mr. MOORE	X		
Mr. DOOLITTLE		X		Mr. CAPUANO	X		
Mr. PORTMAN		X		Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER		X		Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

The amendment offered by Mr. Matheson was not agreed to by a roll call vote of 16 ayes and 23 noes.

8. Mr. Holt offered an amendment to increase the budget authority and outlays in Function 250 to reflect increased funding for scientific research. In Budget Authority: 2003: 535; 2004: 546; 2005: 557; 2006: 569; 2007: 581; Outlays: 2003: 134; 2004: 393; 2005: 482; 2006: 513; 2007: 534. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking			
Mr. SUNUNU		X		Mr. McDERMOTT	X		
Mr. HOEKSTRA		X		Mr. THOMPSON			
Mr. BASS		X		Mr. BENTSEN			
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON	X		
Mr. THORNBERRY		X		Mr. PRICE	X		
Mr. RYUN		X		Mr. KLECZKA			
Mr. COLLINS				Mr. CLEMENT	X		
Mr. FLETCHER		X		Mr. MORAN	X		
Mr. MILLER		X		Ms. HOOLEY	X		
Mr. TOOMEY		X		Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY	X		
Mr. HASTINGS		X		Mr. MOORE	X		
Mr. DOOLITTLE		X		Mr. CAPUANO	X		
Mr. PORTMAN		X		Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER		X		Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

The amendment offered by Mr. Holt was not agreed to by a roll call vote 15 ayes and 23 noes.

9. Ms. Baldwin offered an amendment to increase budget authority and outlays for Function 550 to reflect an increase in spending for the State Children's Health Insurance Program [SCHIP]. In Budget Authority: 2003: 2.1; 2004: 5.0; 2005: 1.6; 2006: 1.3; 2007: .1; Outlays: 2003: 1.9; 2004: 1.9; 2005: 1.6; 2006: 1.3; 2007: .1. ($billions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking			
Mr. SUNUNU		X		Mr. McDERMOTT	X		
Mr. HOEKSTRA		X		Mr. THOMPSON	X		
Mr. BASS		X		Mr. BENTSEN			
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON			
Mr. THORNBERRY		X		Mr. PRICE			
Mr. RYUN		X		Mr. KLECZKA			
Mr. COLLINS		X		Mr. CLEMENT	X		
Mr. FLETCHER		X		Mr. MORAN	X		
Mr. MILLER		X		Ms. HOOLEY	X		
Mr. TOOMEY		X		Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY	X		
Mr. HASTINGS		X		Mr. MOORE	X		
Mr. DOOLITTLE		X		Mr. CAPUANO	X		
Mr. PORTMAN		X		Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER		X		Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

The amendment offered by Ms. Baldwin was not agreed to by a roll call vote of 14 ayes and 24 noes.

10. Mr. Hoeffel offered an amendment to increase budget authority and outlays for Function 300 to reflect an increase in funding for natural resources and environmental protection programs. In Budget Authority: 2003: 2,358; 2004: 2,618; 2005: 2,815; 2006: 4,312; 2007: 4,527; Outlays: 2003: 1,481; 2004: 2,151; 2005: 2,541; 2006: 3,707; 2007: 4,199. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SUNUNU		X		Mr. McDERMOTT	X		
Mr. HOEKSTRA		X		Mr. THOMPSON	X		
Mr. BASS		X		Mr. BENTSEN			
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON			
Mr. THORNBERRY		X		Mr. PRICE			
Mr. RYUN		X		Mr. KLECZKA			
Mr. COLLINS		X		Mr. CLEMENT	X		
Mr. FLETCHER		X		Mr. MORAN	X		
Mr. MILLER		X		Ms. HOOLEY	X		
Mr. TOOMEY		X		Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY	X		
Mr. HASTINGS		X		Mr. MOORE	X		
Mr. DOOLITTLE		X		Mr. CAPUANO	X		
Mr. PORTMAN		X		Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER		X		Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

The amendment offered by Mr. Hoeffel was not agreed to by a roll call vote of 15 ayes and 24 noes.

11. Mr. McDermott offered an amendment to increase budget authority and outlays for Function 600 to reflect additional funding to expand the number of low—income children receiving childcare assistance under the Child Care and Development Fund [CCDF] and improve the quality of the care they receive. In Budget Authority: 2003: 1,290; 2004: 1,790; 2005: 2,286; 2006: 2,779; 2007: 3,272;

Outlays: 2003: 516; 2004: 1,320; 2005: 2,073; 2006: 2,722; 2007: 3,062. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

The amendment offered by Mr. McDermott was not agreed to by voice vote.

12. Ms. Baldwin offered an amendment to increase budget authority and outlays for Function 500 to reflect an increase in funding for the following: To increase enrollment in Head Start to one million eligible children and increasing the maximum Pell Grant award to $4,500 for 2003. In Budget Authority: 2003: 2.788; 2004: 2.801; 2005: 2.814; 2006: 2.827; 2007: 2.841; Outlays: 2003: .652; 2004: 2.704; 2005: 2.794; 2006: 2.812; 2007: 2.825. ($billions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

The amendment offered by Ms. Baldwin was not agreed to by voice vote.

13. Mr. Clement offered an amendment to increase budget authority and outlays for Function 400 to reflect an increase in funding for the Federal-aid Highways program. In Budget Authority: 2003: 1,300; 2004: 1,328; 2005: 1,354; 2006: 1,382; 2007: 1,410; Outlays: 2003: 351; 2004: 904; 2005: 1,144; 2006: 1,246; 2007: 1,323. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

The amendment offered by Mr. Clement was not agreed to by voice vote.

14. Mrs. Clayton offered an amendment to increase budget authority and outlays for Function 550 to reflect temporary and targeted increases in the Medicaid program's Federal medical assistance percentage [FMAP]. In Budget Authority: 2002: 4.6; 2003: 1.7; 2004: 0.0; 2005: 0.0; 2006: 0.0; 2007: 0.0; Outlays: 2002: 4.6; 2003: 1.7; 2004: 0.0; 2005: 0.0; 2006: 0.0; 2007: 0.0. ($billions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

The amendment offered by Mrs. Clayton was not agreed to by a voice vote.

15. Ms. Hooley offered an amendment to increase budget authority and outlays for Function 500 to reflect raising the Federal share of special education funding 40 percent. In Budget Authority: 2003: 1.5; 2004: 2.8; 2005: 4.1; 2006: 5.4; 2007: 6.7; Outlays: 2003: 0.030; 2004: 1.001; 2005: 2.296; 2006: 3.606; 2007: 4.906. ($billions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

The amendment offered by Ms. Hooley was not agreed to by a voice vote.

16. Mr. Moore offered an amendment to increase budget authority and outlays for Function 370 to reflect funding of pay parity for employees of the Securities and Exchange Commission [SEC]. In Budget Authority: 2003: 69; 2004: 72; 2005: 74; 2006: 76; 2007: 79; Outlays: 2003: 53; 2004: 71; 2005: 73; 2006: 75; 2007: 77. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SUNUNU		X		Mr. McDERMOTT	X		
Mr. HOEKSTRA		X		Mr. THOMPSON	X		
Mr. BASS		X		Mr. BENTSEN			
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON	X		
Mr. THORNBERRY		X		Mr. PRICE	X		
Mr. RYUN		X		Mr. KLECZKA			
Mr. COLLINS		X		Mr. CLEMENT	X		
Mr. FLETCHER		X		Mr. MORAN	X		
Mr. MILLER		X		Ms. HOOLEY	X		
Mr. TOOMEY		X		Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY	X		
Mr. HASTINGS		X		Mr. MOORE	X		
Mr. DOOLITTLE		X		Mr. CAPUANO	X		
Mr. PORTMAN		X		Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER		X		Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. PUTNAM		X					
Mr. KIRK		X					

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

17. Ms. Baldwin offered an amendment to increase budget authority and outlays for Function 500 to reflect a freeze of the Workforce Investment Act's funding at the fiscal year 2002 level for employment and training programs. In Budget Authority: 2003: 686; 2004: 686; 2005: 686; 2006: 686; 2007: 686; Outlays: 2003: 70; 2004: 515.9; 2005: 625.6; 2006: 646.2; 2007: 664.1. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SUNUNU		X		Mr. McDERMOTT	X		
Mr. HOEKSTRA		X		Mr. THOMPSON	X		
Mr. BASS		X		Mr. BENTSEN			
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON	X		
Mr. THORNBERRY		X		Mr. PRICE	X		
Mr. RYUN		X		Mr. KLECZKA			
Mr. COLLINS		X		Mr. CLEMENT	X		
Mr. FLETCHER		X		Mr. MORAN	X		
Mr. MILLER		X		Ms. HOOLEY	X		
Mr. TOOMEY		X		Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY	X		
Mr. HASTINGS		X		Mr. MOORE	X		
Mr. DOOLITTLE		X		Mr. CAPUANO	X		
Mr. PORTMAN		X		Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER		X		Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

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

18. Ms. Hooley offered an amendment to increase budget authority and outlays for Function 300 to reflect a freeze of the Army Corps of Engineers [ACOE] funding at the fiscal year 2002 level in the construction general and operations and maintenance accounts. In Budget Authority: 2003: 3,693; 2004: 3,693; 2005: 3,693; 2006: 3,693; 2007: 3,693; Outlays: 2003: 2,697; 2004: 3,736; 2005: 3,693; 2006: 3,693; 2007: 3,693. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

The amendment offered by Ms. Hooley was not agreed to by a voice vote.

19. Mr. Holt offered an amendment to increase budget authority and outlays for Function 400 to reflect an increase in funding for Amtrak. In Budget Authority: 2003: 679; 2004: 0.0; 2005: 0.0; 2006: 0.0; 2007: 0.0; Outlays: 2003: 679; 2004: 0.0; 2005: 0.0; 2006: 0.0; 2007: 0.0. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

The amendment offered by Mr. Holt was not agreed to by a voice vote.

20. Mr. Matheson offered an amendment to increase budget authority and outlays for Function 300 to reflect an increase in funding for the Payment in Lieu of Taxes program to fully fund the program at the authorized level by 2007. In Budget Authority: 2003: 25; 2004: 50; 2005: 75; 2006: 100; 2007: 125; Outlays: 2003: 25; 2004: 50; 2005: 75; 2006: 100; 2007: 125. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman		X		Mr. SPRATT, Ranking	X		
Mr. SUNUNU		X		Mr. McDERMOTT	X		

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. HOEKSTRA		X		Mr. THOMPSON	X		
Mr. BASS		X		Mr. BENTSEN			
Mr. GUTKNECHT		X		Mr. DAVIS	X		
Mr. HILLEARY		X		Mrs. CLAYTON	X		
Mr. THORNBERRY		X		Mr. PRICE	X		
Mr. RYUN		X		Mr. KLECZKA			
Mr. COLLINS		X		Mr. CLEMENT		X	
Mr. FLETCHER		X		Mr. MORAN		X	
Mr. MILLER		X		Ms. HOOLEY	X		
Mr. TOOMEY		X		Ms. BALDWIN	X		
Mr. WATKINS		X		Mrs. McCARTHY		X	
Mr. HASTINGS		X		Mr. MOORE	X		
Mr. DOOLITTLE		X		Mr. CAPUANO	X		
Mr. PORTMAN		X		Mr. HONDA	X		
Mr. LA HOOD		X		Mr. HOEFFEL	X		
Ms. GRANGER		X		Mr. HOLT	X		
Mr. SCHROCK		X		Mr. MATHESON	X		
Mr. CULBERSON		X					
Mr. BROWN		X					
Mr. CRENSHAW		X					
Mr. PUTNAM		X					
Mr. KIRK		X					

The amendment offered by Mr. Matheson was not agreed to by a roll call vote of 14 ayes and 27 noes.

21. Mr. Capuano offered an amendment to increase budget authority and outlays for Function 600 (Income Security) to reflect increased funding for ensuring the safety and security of public housing, create new opportunities for home ownership for low and moderate-income families through the HOME program, sheltering the homeless, and providing flexible housing assistance to families through additional Section 8 rental housing vouchers, housing for persons living with HIV and AIDS, and housing in rural areas. In Budget Authority: 2003: 1,235; 2004: 1,265; 2005: 1,275; 2006: 1,272; 2007: 1,272; Outlays: 2003: 160; 2004: 520; 2005: 894; 2006: 1,071; 2007: 1,224. ($millions for fiscal year)

It also directed that the aggregate levels of revenues be adjusted by amounts equal to the changes in that function, reflecting a reduction in the amount of the new tax cuts assumed in the budget resolution.

The amendment offered by Mr. Capuano was not agreed to by a voice vote.

22. Mr. Capuano asked for language to be included in the report on the concurrent resolution on the budget. The report language read as follows: “The budget resolution assumes that full and equitable funding will be provided to local first responders in desperate need of Federal assistance for homeland security efforts. The committee recognizes that our Nation’s first responders rose to the occasion in recent months, answering the call to protect and stabilize our communities after the terrorist attacks on September 11th as well as the anthrax attacks of October 2001. While we are encouraged by the President’s proposed increases in homeland security spending, particularly the $3.5 billion for FEMA’s proposed State and Local Terrorism Preparedness initiative, $2.625 billion of which will be directed toward local communities, we note with concern that local communities may not be able to participate because of an onerous 25% local ‘match’ prerequisite for Federal assistance. In order to relieve local communities of this unfunded mandate, and ensure that local first responders may continue to serve as America’s first line of defense, the committee recommends that Congress consider waiving the local match requirement for local terrorism preparedness.”

The report language offered by Mr. Capuano was not accepted.

23. Mr. Putnam offered an amendment related to border security. The amendment expressed the sense of the House that the budget resolution assumes $380 million in Function 750 will be used to implement a visa tracking system in the Immigration and Naturalization Service.

The amendment offered by Mr. Putnam was agreed to by a voice vote.

24. Mr. Gutknecht offered an amendment that expressed the sense of the House that rural and lower-payment areas within the Medicare + Choice program, which receive lower reimbursements due to the formula used in the program, should receive any additional funds given to the Medicare + Choice program if a bill reforming Medicare is reported from the Ways and Means Committee.

Mr. Gutknecht’s amendment was agreed to by the Committee.

25. Mr. Nussle offered an en bloc amendment comprised of four amendments: an amendment sponsored by Mr. Moran that it is the sense of the House that 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 as the military; an amendment sponsored by Mr. Price that increased budget authority in Function 750 by $400 million in fiscal years 2003, 2004, and 2005 and reduced budget authority by the same amount in Function 800 in order to increase funding for poll worker training and voter education and other election-related needs; an amendment expressing the sense of Congress on Asset Building for the Working Poor sponsored by Mr. Thompson to encourage the creation of Individual Development Accounts, which are savings accounts for low-income people augmented by the Federal Government; and an

amendment sponsored by Ms. Hooley expressing the sense of Congress that indicates the 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.

The en bloc amendment was agreed to by voice vote.

Mr. Sununu made a motion that the Committee adopt the aggregates, function totals, and other appropriate matter, with any amendments.

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

Chairman Nussle called up the Concurrent Resolution on the Budget for fiscal year 2003 incorporating the aggregates, function totals, and other appropriate matter as previously agreed.

Mr. Sununu made a motion that the Committee report the Concurrent Resolution with a favorable recommendation and that the Concurrent Resolution do pass. The motion offered by Mr. Sununu was agreed to by a roll call vote of 23 ayes and 17 noes.

final vote passage

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. NUSSLE, Chairman	X			Mr. SPRATT, Ranking		X	
Mr. SUNUNU	X			Mr. McDERMOTT		X	
Mr. HOEKSTRA	X			Mr. THOMPSON		X	
Mr. BASS	X			Mr. BENTSEN			
Mr. GUTKNECHT	X			Mr. DAVIS		X	
Mr. HILLEARY	X			Mrs. CLAYTON		X	
Mr. THORNBERRY	X			Mr. PRICE		X	
Mr. RYUN	X			Mr. KLECZKA			
Mr. COLLINS	X			Mr. CLEMENT		X	
Mr. FLETCHER	X			Mr. MORAN		X	
Mr. MILLER	X			Ms. HOOLEY		X	
Mr. TOOMEY	X			Ms. BALDWIN		X	
Mr. WATKINS	X			Mrs. McCARTHY		X	
Mr. HASTINGS	X			Mr. MOORE		X	
Mr. DOOLITTLE	X			Mr. CAPUANO		X	
Mr. PORTMAN	X			Mr. HONDA		X	
Mr. LA HOOD				Mr. HOEFFEL		X	
Ms. GRANGER	X			Mr. HOLT		X	
Mr. SCHROCK	X			Mr. MATHESON		X	
Mr. CULBERSON	X						

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. BROWN	X						
Mr. CRENSHAW	X						
Mr. PUTNAM	X						
Mr. KIRK	X						

Mr. Sununu 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

DEFENSE ENVIRONMENTAL RESTORATION WASTE MANAGEMENT

The budget resolution accommodates $6.7 billion for the Department of Energy's [DOE] Environmental Management Program for fiscal year 2003 as requested by the administration. Additionally, the Committee recommends that an additional $300 million be made available, consistent with the administration's request, to fully fund DOE's expedited cleanup agreements with the States. The Committee recommends that DOE ensure each site in the complex be provided sufficient funding to continue cleanup at not less than last year's level.

FOREIGN ASSISTANCE

The Committee has included full funding for the President's international affairs request. The Committee is aware of the urgent funding needs to support the war against terrorism, our Middle East allies, and the war against drugs in the Andean countries. The United States is the world's leading democracy and superpower. Programs funded in this account, provide desperately needed assistance and hope to countless people across the globe. Through the work of the Department of State, Department of the Treasury, and U.S. Agency for International Development in cooperation with non-governmental organizations (NGOs), critical work is being performed in areas including health care, emergency relief, democracy building, and international security assistance. The 11 September terrorist attacks highlight the need for these programs. Funds spent through the foreign assistance programs assist stability and prevent conflicts and disasters before they become a global financial burden, a threat to national security, and, most important a threat to the lives of innocent men, women and children.

BUDGET ESTIMATES

The Committee is dedicated to employing the most accurate estimates to prepare the budget. In fiscal year 2001, the Congressional Budget Office [CBO] forecast a unified budget surplus that was more than $150 billion higher than the surplus actually achieved. In fiscal year 2000, CBO projections underestimated the actual surplus by $60 billion. More than half the budget surplus inaccuracy was due not to changes in legislation, but to errors in "economic and technical" factors used to predict economic activity. One area of potential improvement for CBO's current model is the relation of tax relief to government receipts, and how lower tax rates may boost the economy. In addition, CBO should consider whether tax increases result in higher government spending without diminishing economic activity. Expert and academic studies have well established that labor and productivity are linked to taxes and government spending through elastic responses to changes at the margin. CBO's current model has not adopted this well-settled principle.

One recognized expert, Federal Reserve Chairman Alan Greenspan, testified before the Senate Banking, Housing and Urban Affairs on March 7, 2002, saying, "As you know, Senator, most economists will agree that, in evaluating the effects of various different fiscal policies, it would be far better to use what we call dynamic scoring—that is, the ability to get the interaction of the effect as well as the initial impact." There is a clear need for more accurate estimating of taxation and its effect on labor and capital, and assessing what tax rates are optimum to cause more labor or capital to be employed in productive activities, which can spur the economy to higher output.

The committee believes that current budget forecasting models are inaccurate. Accurate forecasts are essential decision-making tools for Congress. Budget projections can be improved by using Real World models that anticipate economic responses to changes in government policy. The Congressional Budget Office is encouraged to consider the effects of policy on economic behavior in future forecasts.

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.

NATIONAL INSTITUTES OF HEALTH

The National Institutes of Health [NIH] is the world's leading biomedical research institution. Due to the ground breaking research of the NIH, lives are saved and health care costs reduced while jobs are created. This research has produced major advances in the treatment of countless diseases including cancer, heart disease and diabetes, which affect millions of American families. The Committee specifically notes the important research being done at NIH to cure juvenile diabetes. The budget resolution assumes increased funding for the NIH and believes that it is a high priority program within the overall discretionary spending allocation.

NASA AERONAUTICAL RESEARCH

Amounts included under this function assume a high priority for funding advanced technology low noise jet engine development leading toward the production of Stage IV aircraft engines for commercial use.

FEDERAL FIRE PREVENTION ASSISTANCE

The Committee reports the following findings: (1) Increased demands on firefighting and emergency medical personnel have made it difficult for local governments to adequately fund necessary fire safety precautions. (2) The government has an obligation to protect the health and safety of the firefighting personnel of the United States and to ensure that they have the financial resources to protect the public. (3) The high rates in the United States of death, injury, and property damage caused by fires demonstrate a critical need for Federal investment in support of firefighting personnel.

In the wake of the terrorist attacks of 11 September 2001, and the ultimate sacrifice paid by over 300 firefighters, it is the Sense of Congress that the Assistance to Firefighters Grant Program should, at a minimum, be fully funded. The Assistance to Firefighters Grant Program, administered by the Federal Emergency Management Agency, should also remain a separate and distinct program, which provides financial resources for basic fire fighting needs.

INLAND WATERWAYS SYSTEM

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.

U.S. FUTURE'S EXCHANGE

The Committee is aware that the administration's fiscal year 2003 budget assumes enactment of yet-to-be proposed legislation to establish a "transactions fee" on commodity futures and options contracts traded on U.S. futures exchanges. The resolution does not specifically assume enactment of such a fee. The Committee is also aware of concerns that this new fee could harm the competitive position of U.S. futures exchanges, reduce liquidity in these regulated exchange markets, and encourage customers to take their business to competing overseas markets at the expense of U.S. employment and tax revenues.

EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES

The Committee strongly supports the continued funding of the Round II Urban and Rural Empowerment Zone and Enterprise Community (EC/EZ) initiatives at least at the level pledged by the Round II designation of 1999. The Committee recognizes that the current EC/EZ initiative is yielding measurable results; improving the economy and quality of life in distressed areas; enabling self-sufficiency of disadvantaged residents; and leveraging private and nonprofit resources. In competing for designation, these communities were selected for their thoughtful use of Federal funds over a full 10-year cycle, not on how quickly they could withdraw from funds from the Treasury. The Round II EZ/EC designees have received only a small portion of the Federal grant funds they were promised to implement their strategic plans for revitalization. This resolution assumes the program will receive sufficient resources to continue progress on this important work.

WORKER TRAINING

The Committee's assumption regarding net discretionary spending increases for education in Function 500 includes a recognition that the federally assisted national workforce development system administered by the U.S. Department of Labor is central to America's "second chance" education system. Each year, tens of thousands of youth and adults receive remedial education, skills training, and various employment and re-employment services, which they access through the newly established national network of one-stop centers. Continued Federal investment in the new national workforce development system is critical to the Nation's competitiveness in the world economy.

TAX BENEFITS FOR EDUCATION

The Committee recognizes that changes in the tax code can significantly contribute to strengthening the educational system. These changes include providing a tax credit to individuals for qualified educational expenses such as tuition, books, computer technology or special education services; providing a tax credit to corporations and individuals for donations to public schools or to organizations that give tuition scholarships to low-income children; providing a tax credit for teachers to help defray the costs associated with professional development and out-of-pocket classroom expenses; and expanding 529 savings plans to elementary secondary education.

FRAGILE X

The Committee recognizes the importance of funding for fragile X research. Thousands of Americans families are devastated by fragile X, and increased funding for research could create tremendous opportunities for the potential for the development of a cure and tools for early diagnosis. The Committee believes increased funding would enhance and increase the efforts and commitments to fragile X research.

MEDICARE HOME HEALTH

The committee recognizes the importance of home health care for seniors and disabled citizens. It acknowledges that the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 reformed the home heath payment system to restore home health funding and delay the automatic 15 percent payment reduction for 1 year. However, The committee believes that Congress and the administration should continue to work together to maintain quality care for patients whose care is more extensive and expensive than the typical Medicare patient, including the sickest and frailest Medicare beneficiaries. Consequently, Congress and the administration should work together to avoid the 15 percent reduction in the prospective payment system.

MEDICARE PATIENT ACCESS

Recognizing the importance of patient access to care, the Committee urges the House to undertake balanced reform of the Medicare program's reimbursement for drugs and practice expenses.

GLOBAL AIDS

Each day, AIDS, tuberculosis and malaria kill more than 17,000 people. The Global Fund will support a wide range of interventions, from education and prevention to the procurement of HIV/AIDS/TB-related drugs and commodities, including antiretroviral agents in situations where their use can be managed effectively, and the anti-malaria interventions such as insecticide-treated bed nets. To maximize the Global Fund's impact, the funds will be used for results-based programs that specifically increase the number of people covered by the direct provision of drugs, other commodities and services to beneficiaries in countries severely affected by these diseases. The Budget Committee encourages the State Department to seek additional funding for the Global Fund to fight HIV/AIDS/TB and Malaria as part of a potential supplemental appropriations request for fiscal year 2002.

ELECTION REFORM

The budget resolution assumes that $400 million will be provided for matching grants, administered by the Federal Election Commission's Office of Election Administration or by a new Federal elections administration entity, to enable State and local jurisdictions to take advantage of improved voting technologies and administration, including voting machines, registration systems, voter education, and poll worker training.

TAX SALES FAIRNESS

The Committee reports the following findings: (1) in 1986 the ability to deduct State sales taxes was eliminated from the Federal tax code; (2) the States of Tennessee, Texas, Wyoming, Washington, Florida, Nevada, and South Dakota have no State income tax; (3) the citizens of those seven States continue to be treated unfairly by paying significantly more in taxes to the Government than taxpayers with an identical profile in different State because they are prohibited from deducting their State sales taxes from their Federal income taxes in lieu of a State income tax; (4) the design of the Federal tax code is preferential in its treatment of States with State income taxes over those without State income taxes; (5) the current Federal tax code infringes upon States' rights to tax their citizens as they see fit in that the Federal tax code exerts unjust influence on States without State income taxes to impose one their citizens; (6) the current surpluses that our Government holds provide an appropriate time and opportunity to allow taxpayers to deduct either their State sales taxes or their State income taxes from their Federal income tax returns; and (7) over 50 Members of the House have cosponsored legislation to restore the sales tax deduction option to the Federal tax code. The Committee believes that the Committee on Ways and Means should consider legislation that makes State sales tax deductible against Federal income taxes.

INTERNATIONAL FOOD AID

The budget resolution assumes full funding of the President's request for PL 480 Title II, which is $1.185 billion and full funding for the ocean freight differential for the use of U.S. flag vessels for PL 480 Title II. Private voluntary organizations and cooperatives, which currently implement nearly all of the CCC-funded Food for Progress programs would continue to be eligible to implement Food for Progress programs.

HEALTH RELATED REPORT LANGUAGE

It is the view of the Committee that grants to the States for the establishment of health insurance risk pools merit serious consideration. The Committee is also aware that funding for graduate medical education [GME] conducted at independent children's hospitals is necessary to ensure access to care by millions of children nationwide; that a precipitous decline in Medicaid disproportionate share hospital [DSH] payments could be detrimental to the ability of rural and urban hospital to deliver essential services to underserved communities; and that funding for Ryan White CARE Act serves as a safety net for thousands of low-income people living with HIV/AIDS who are ineligible for entitlement programs. Moreover, the CARE Act provides critically needed grants directly to existing community-based clinics and public health providers and ongoing comprehensive services to persons with HIV/AIDS. Finally, the Committee is aware that funding for indirect medical education [IME] payments to the Nation's teaching hospitals plays an important role in maintaining high quality medical care for Medicare beneficiaries.

RELIEF FUNDING FOR AFGHANISTAN

The budget resolution assumes that reconstruction aid and humanitarian assistance directed to the people of Afghanistan be high priorities for funding. The Committee acknowledges and supports the President's proposals to provide substantial reconstruction assistance for post-Taliban Afghanistan. The Committee is a aware of the critical need for humanitarian assistance to aid in the repatriation of more than 3l.6 million Aghan refugees that have been displaced. The Committee notes that the United States is the largest single provider of humanitarian assistance to the Afghan people. The Committee believes that every effort should be made to encourage other countries to participate financially toward rebuilding Afghanistan.

COAST GUARD

The Committee believes that it is important to the Coast Guard to fund the President's fiscal year 2003 budget request. In light of budget shortfalls and personnel and operational constraints, the Coast Guard has maintained its longstanding and distinguished reputation of protecting American's critical maritime interests. The Coast Guard should be provided with the necessary resources to protect America's maritime homeland security while maintaining other vital missions such as search and rescue, pollution prevention, fisheries law enforcement, drug and migrant interdiction and boating safety.

DIESEL FUEL DEFICIT REDUCTION TAX

The 4.3 cent-per gallon Diesel Fuel Deficit Reduction Tax remains an issue which needs redress even though Congress has twice passed legislation to repeal this unfair and discriminatory tax. This tax is inconsistent with sound national transportation policy because it effectively singles out the nation's railroads and the inland waterway industry.

HOMELAND SECURITY—AGRICULTURAL BIOTERRORISM

The strength and value of the U.S. food and agricultural system makes it a logical terrorist target. By virtue of its significance to the American economy, U.S. agriculture is vulnerable to a bioterrorism incident specifically targeting key animal or plant commodities. The U.S. Department of Agriculture's (USDA) internal and external agency structures must be strengthened to protect America's agricultural industry from agricultural bioterrorism threats, and to position key agencies, such as USDA, as critical components of America's Homeland Security infrastructure. Homeland Security policies, in particular with regard to the USDA, must focus on preventing and responding to potential attacks on American agriculture's infrastructure and the nation's food supply, in the same way and with the same vigor, that we address threats to our population and non-agricultural economic targets.

AGRICULTURE—INVASIVE SPECIES

Ensuring the continued strength of our nation's agricultural infrastructure requires an investment in services to protect farmers, ranchers, and consumers from the threats of crop and animal pests and food borne diseases. The FY 2003 Budget sets the framework to safeguard U.S. plant and animal resources from inadvertent as well as intentional pests and disease threats.

Helping protect the health of animal and plant resources from inadvertent, as well as intentional pest and disease threats is the primary responsibility of the U.S. Department of Agriculture. The FY 2003 budget should strengthen USDA's Animal and Plant Health Inspection Service (APHIS) reflecting the continued and enhanced challenges to protecting U.S. agriculture at our borders. These resources will be used to more effectively detect and respond to a pest or disease outbreak and enhanced monitoring and surveillance systems for pest and disease outbreaks.

Once detected, prompt eradication of an outbreak is essential to limit damages and reduce overall control costs. The 2003 budget continues an emphasis on funding of several critical eradication programs, including the Citrus Canker eradication program, vital to the State of Florida. Ensuring the safety of our food supply from intentional as well as nonintentional threats represents a major area of concern for all Americans. The FY 2003 Budget represents an investment toward his end, as protection of our food supply is the first line of defense in establishing a strong and well-fortified agriculture infrastructure.

ACCOUNTS IDENTIFIED FOR ADVANCE APPROPRIATIONS

Interior Appropriations

Elk Hills (89 5428 02 271)

Labor, Health and Human Services, Education Appropriations

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

Transportation (highways; transit; Farley Bldg.)

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's oversight findings and recommendations are reflected in the body of this report.

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 budget authority or new entitlement authority or change revenues.

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:

ADDITIONAL VIEWS OF HON. MARK STEVEN KIRK

"What we anticipate seldom occurs; what we least expected generally happens."—Prime Minister Benjamin Disraeli

If he were alive today, Disraeli could assist the Congress to forecast budget trends. As Chairman Nussle stated during the markup of the House Budget Concurrent Resolution, we know that the budget projections we use this year will be proven wrong by the end of fiscal year (FY) 2003. Taxpayers trust us to prudently allocate trillions of dollars—but we are guided by faulty numbers. This status quo is not acceptable. We must improve the accuracy of forecasts we rely on to set federal budget priorities.

Even the one year estimates that the Congressional Budget Office (CBO) provided were seriously off the mark. These surplus/deficit forecasts primarily are inaccurate because of misestimated "economic and technical variables" used by CBO to advise the Congress. These technical details—rarely examined by any member of Congress—are vitally important to congressional decision making and are responsible for almost half of the errors we make each year in the preparation of the budget.

The table below lists the projected surplus or deficit by the CBO for the coming year. The errors are always in the billions and recently missed the mark by over $50 billion. This error alone is over four times the size of Illinois state budget. More importantly, at least 45 percent of the errors were caused by faulty estimates and in some years the error equaled three times that amount. Table 1 illustrates the point:

TABLE 1.—HISTORICAL COMPARISON OF CBO'S BASELINE ONE-YEAR BUDGET PROJECTION COMPARED TO ACTUAL BUDGET NUMBERS

[Impact of legislative changes on budget projection inaccuracies/$ in billions]

	Projected surplus or deficit	Actual surplus or deficit	Inaccuracy	Inaccuracy as a % of surplus or deficit	Variance due to enacted legislation	Impact of variance due to enacted legislation on Inaccuracy (%)	Variance not accounted for by legislation	Impact of variance not accounted for by legislation on Inaccuracy (%)
2001	$487	$333	−$154	46.2	−$84	54.5	−$70	45.5
2000	400	460	60	13.0	−$27	([1])	88	146.7
1999	339	354	15	4.2			15	100.0
1998	239	310	70	22.6	$4	5.1	67	94.9
1997	123	222	99	44.6	$1	1.0	98	99.0
1996	96	134	38	28.3			38	100.0
1995	59	68	9	13.2	−2	([1])	11	122.0
1994	−22	0	22		−1	([1])	23	104.5
1993	−112	−56	56	100.0	6	10.7	50	89.3
1992	−151	−91	60	65.9	−6	([1])	66	110.0
1991	−99	−75	24	32.0	−13	([1])	37	154.2
1990	42	−37	−79	213.5	2	([1])	−80	101.3

[1] Variance reduced inaccuracy.

Projected Surplus or Deficit is net of interest adjustments; Inaccuracy as a % of Surplus/Deficit is calculated using absolute numbers.

Source: Congressional Budget Office, "Uncertainties in Projecting Budget Surpluses: A Discussion of Data and Methods," February 2002.

In six out of the last twelve years, legislative changes actually diminished the impact of misjudged economic forecasts and technical errors.

We must begin the process of learning from our mistakes, to compare projected estimates to actual performance and determine the cause for errors. This will establish a path for progressively more accurate forecasts—first for the next fiscal year, then for longer term horizons. To this end, I am pleased that this year's Budget Resolution includes my suggestion that CBO provide Congress with a detailed formal review of why their forecast was off. This look back—or "backcasting"—review will include the following:

(1) a sensitivity analysis that will show which mis-forecast variables caused the greatest errors in projected surpluses and deficits;

(2) an identification of the technical factors that contributed to forecasting inaccuracies;

(3) a variance analysis between forecasted and actual budget results, and most importantly;

(4) recommendations on how to improve forecasting accuracy in the future.

I commend CBO for its early recognition of forecasting errors for FY2002. In testimony before the Senate Budget Committee on March 6, 2002, Budget Director Crippen advised the Congress of revisions to the projections that CBO published in January. Its latest data analysis shows that higher than expected economic growth added $23 billion to Federal revenue in fiscal year 2002 and $16 billion in fiscal year 2003.

How can CBO miss their projections so quickly? CBO's current "static" economic model requires the Congress to ignore changes in taxpayer behavior and the economy. Under this outdated rule, Congress did not properly account for the stimulative effect of Congress's tax relief enacted last year. CBO's current model assumes that tax relief reduces government receipt in certain ways that can be projected, but gives only uncertain boosts to the economy that cannot be projected. Meanwhile, tax increases result in higher government that can be projected without diminishing economic activity that cannot be predicted. Our model—the critical tool used by the American people's elected representatives to set their priorities—assumes that taxpayers do not change their behavior in reaction to legislative changes that affect their pocketbook—but the academic literature and common sense clearly indicates that this critical assumption is wrong. Benjamin Franklin advised the Congress that taxing a good make it less available. Models in use on Wall Street show that when the government increases taxes on something—such as saving and investment—we get less of it. A change in tax policy influences the decisions that individuals and businesses make—thereby affecting federal revenues. In order to make the best decisions, Congress needs Real World Scoring Estimates that do not ignore the interaction between federal taxes, federal programs, and individual behavior.

We should support the views of Alan Greenspan, who testified before the Senate Banking, Housing and Urban Affairs on March 7, 2002, saying, "As you know, Senator, most economists will agree that, in evaluating the effects of various different fiscal policies, it would be far better to use what we call dynamic scoring—that is, the ability to get the interaction of the effect as well as the initial impact."

What does the term "Real World Scoring" mean? It means taking into account how real individuals respond when they are provided incentives to undertake an activity desired by Congress or to stop something Congress wishes to diminish. We measure the impact of individual behavior on the overall economy. This is the Real World. It recognizes that decreases in taxes on labor or capital will cause more labor or capital to be employed in productive activities, which can spur the economy to higher levels of output. This is not done now by either CBO or the Joint Tax Committee. The data show that this is large part of the reason why the Budget Committee and the Congress as a whole often misjudges the impact of tax changes. If we hold forecasters accountable for their errors during this time that we are evaluating the impact of the first major tax cut in a generation, I am confident that we will see the Real World in action.

Budget estimates or changes in capital gains tax policy demonstrate the serious shortcomings of today's "Static Analysis." In 1984, Congress passed the "Deficit Reduction Act" which temporarily reduced the long-term capital gains holding period from 12 months to six months, making it easier for investors to qualify for better tax treatment. Investors reacted—and quickly. Capital gains realizations in 1986 jumped to almost twice that of 1985. However, this investor stampede was short-lived because Congress repealed the partial long-term capital gains exclusions as part of the "Tax Reform Act of 1986." Budget experts prepared static estimates that anticipated large federal revenue gains from the higher capital gains tax. Instead, capital gains realizations tumbled in 1987. Despite these clear errors in the economic model, we left the erroneous assumptions in place and continued building errors into our tax policy.

The static model was again found to be wrong in 1997, when Congress passed the "Taxpayer Relief Act," lowering the long-term capital gains tax rate to 20 percent. A static trending of current capital gains realization growth rates predicted a dismal drop in revenues due to the tax cut. Instead, capital gains realizations increased steadily, and capital gains tax revenues substantially contributed to the surpluses from 1998 to 2000. Table 2 clearly outlines the errors repeated by the model used by Congress:

TABLE 2.—ANTICIPATED CAPITAL GAINS REALIZATIONS COMPARED TO ACTUAL CAPITAL GAINS REALIZATIONS, TRACKED WITH CHANGES IN TAX POLICY

[In billions of dollars]

Tax year	Static expectation of capital gains realizations	Actual capital gains realizations	Difference
Deficit Reduction Act (lowering capital gains rates)—1984:			
1985	171	171	
1986	192	332	140
Tax Reform Act of 1986 (raising capital gains rates):			
1987	213	137	−75
1988	237	154	−83
1989	267	146	−121

TABLE 2.—ANTICIPATED CAPITAL GAINS REALIZATIONS COMPARED TO ACTUAL CAPITAL GAINS REALIZATIONS, TRACKED WITH CHANGES IN TAX POLICY—Continued

[In billions of dollars]

Tax year	Static expectation of capital gains realizations	Actual capital gains realizations	Difference
1990	292	114	−178
1991	301	103	−199
1992	307	118	−189
1993	335	144	−191
1994	368	142	−226
1995	410	170	−239
1996	448	252	−196
Taxpayer Relief Act of 1997 lowers cap gains rate, effectively restoring about 90% of the exclusion available before 1986:			
1997	269	356	87
1998	288	446	158
1999	308	546	238
2000	329	643	314

The static capital gains realization estimates from 1985 through 1996 are derived by methods consistent with those used by the Joint Committee on Taxation, starting with 1985 as the baseline year; the projections for 1997 through 2000 apply existing trends to 1996 actual realizations, as a static analysis would do.

Budget projections that fail to take into account what will happen when Congress subsidizes something will also be off, sometimes badly. When a good or service costs less, individuals will use more of it. The relationship between the fall in the price of a good or service and its increased use depends on its demand elasticity. Broccoli farmers growing former President Bush's least favorite commodity could drop the price of their product by 50 percent and not see much of an increase in consumption. Chocolate producers, on the other hand, might see consumers buying more than twice the amount of candy bars if they cut prices by half. Economic projections that do not incorporate a increase in usage of a subsidized product at an appropriate measure of elasticity will underestimate the cost of any new government program.

This has often happened with Medicare Part B projections. When Congress added a renal dialysis benefit to Medicare in 1972, forecasts used at that time predicted that program enrollment would level out at about 90,000 patients by 1995. The 90,000 mark was surpassed in 1985. By 1995, enrollment stood at 239,000. By 2005, Medicare actuaries expect enrollment to exceed 400,000. Home health care is another example. Medicare payments for home health care exceeded all expectations in the early 1990s jumping 51 percent in 1990 alone, and increasing by a factor of four—from $4 billion to $17 billion—between 1990 and 1995. Congress excluded foreign sugar to allow domestic producers to charge four times the world price to American families. With such strong incentive, more and more domestic producers entered production. Eventually, the United States produced so much domestic sugar that the elimination of all imports could not support the high prices demanded by Congress.

Finally, getting unit costs wrong can be just as bad as getting utilization rates wrong. In 1986, the Air Force estimated that the unit cost of developing and purchasing the B–2 Bomber would be $700 million, measured in 2000 dollars. In 1998, the Government Accounting Office estimated that each B–2 would $2.2 billion—and this didn't include expected modifications. Recent estimates place the cost at $2.7 billion. Total program cost has risen from $44 billion for 20 aircraft in 1998 to $57 billion for 21 B–2s. Such cost overruns leave less money to fund other priorities, such as new education initiatives.

Whether we are talking about correctly measuring taxpayer responses to tax rate reductions or increases, beneficiary responses to new subsidies, or correctly projecting unit costs of large capital assets, accurate Real World Estimates should be a bipartisan initiative, focused on the goal of making government more effective. Increasing the reliability of the projections we work with will improve the quality of our policy decisions. When we truly understand that well-crafted policies can encourage economic growth, we can keep this economy rolling.

MARK STEVEN KIRK.

MINORITY VIEWS OF JOHN M. SPRATT, JR., JIM McDERMOTT, BENNIE G. THOMPSON, KEN BENTSEN, JIM DAVIS, EVA M. CLAYTON, DAVID E. PRICE, GERALD D. KLECZKA, JAMES P. MORAN, DARLENE HOOLEY, TAMMY BALDWIN, MICHAEL E. CAPUANO, MICHAEL M. HONDA, JOSEPH M. HOEFFEL, AND RUSH D. HOLT

Three times in the 1990s, Congress enacted measures to bear down on the deficit beginning with the Budget Summit in 1990, and then the Clinton budget in 1993, and finally the Balanced Budget Act of 1997. And each year, for eight straight years from 1993 through 2000, we reaped the results. Each year, the bottom line of the budget got better.

The prospects peaked last year when CBO and OMB projected current policies out ten years and saw unified surpluses that totaled $5.6 trillion.

Democrats knew these were blue sky forecasts, and we warned against betting the budget on them. We urged that a third of the on-budget surplus be set aside for Social Security, and until we had settled on a plan for saving Social Security, that it be held in reserve, in case these rosy projections didn't pan out.

Democrats proposed tax cuts, but we also proposed more for education, more for prescription drugs under Medicare, and more for debt reduction.

From fiscal improvement to fiscal reversal

Fiscal year	Surplus/deficit
1992	−$290.4
1993	−255.1
1994	−203.3
1995	−164.0
1996	−107.5
1997	−22.0
1998	+69.2
1999	+125.5
2000	+236.4
2001	+127.1
2002	−46.0

President Bush proposed much larger tax cuts, $1.7 trillion to start with; these became the driving force in the Republican budget resolution. We pointed out that the impact on the budget, when debt service was included, would come to more than $2 trillion, out of a non-Social Security budget surplus of only $2.6 trillion. We pointed to clouds gathering over the economy, and warned that if CBO were off by just 10 percent, the budget would be back in the red, and back into the Social Security surplus.

Here is what the President said in reply:

> Tax relief is central to my plan to encourage economic growth, and we can proceed with tax relief without fear of budget deficits, even if the economy softens. Projections for

> the surplus in my budget are cautious and conservative. They already assume an economic slowdown in the year 2001.—President Bush, Western Michigan University, March 27, 2001

Democrats thought that both political parties had drawn one bright line in the budget, and made the Social Security surpluses inviolate. In fact, these are the promises made by the President and Congressional Republicans:

> None of the Social Security trust funds and Medicare trust funds will be used to fund other spending initiatives or tax relief.—A Blueprint for New Beginnings: A Responsible Budget for America's Priorities, Office of Management and Budget, February 28, 2001, Page 11

> To make sure the retirement savings of America's seniors are not diverted into any other program, my budget protects all $2.6 trillion of the Social Security surplus for Social Security and for Social Security alone.—President Bush, Address to Joint Session of Congress, February 27, 2001

> We are going to wall off Social Security trust funds and Medicare trust funds . . . And consequently, we pay down the public debt when we do that. So we are going to continue to do that. That's in the parameters of our budget and we are not going to dip into that at all.—House Speaker Dennis Hastert, Quoted in BNA's Daily Tax Report, March 2, 2001

> We must understand that it is inviolate to intrude against either Social Security or Medicare and if that means forgoing or, as it were, paying for tax cuts, then we'll do that.—House Majority Leader Richard Armey, BNA's Daily Tax Report, July 11, 2001

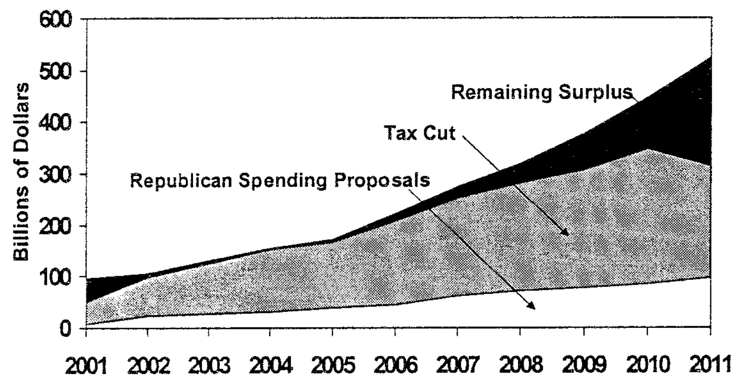
The lock-boxes brought to the floor may have been gimmicks; but Democrats thought we had consensus on the core concept. We thought we had agreement that the trust fund surpluses would be saved, not borrowed and spent, to buy back Treasury debt held by the public. That could add more than $3 trillion to national savings, boost the economy, and in time retire virtually all the Treasury's debt. Then, in 2025, when the Social Security trustees needed to begin liquidating bonds to pay benefits, the Treasury would be in far stronger shape to redeem those obligations.

Before the last budget year was over we would find this principle honored in the breach.

Our arguments and admonitions went unheeded last year. The Republicans passed their budget, and left no margin for error as the chart below shows. For the next seven years, they spent virtually the entire non-Social Security, non-Medicare surplus; if anything at all were to go wrong, the nation's entire economic strategy would be ruined.

So, when the forecasting errors began to show up, when the economy began to drop below OMB's projections, the unified surplus went down too, as this table below shows. According to the August estimate, before the influences of the terrorist attack in September, the surplus went down by $2.5 trillion, or 45 percent.

Last Year's Republican Budget Left No Margin for Error



April 2001 Projection of Non-Medicare, Non-Social Security Surplus;
Tax and Spending Proposals in Last Year's Republican Budget Resolution

This year, if Republicans pass the President's budget, by OMB's accounting, the surplus will be slashed all the way down to $661 billion, just 12 percent of what was projected last year. Instead of $5.6 trillion, the unified surplus will be $0.6 trillion.

The 10-Year Unified Budget Surplus

Trillions of Dollars

	2002-2011	2003-2012
April 2001	5.637	N.A.
August 2001	3.113	N.A.
February 2002	0.661	1.002

Source: Office of Management and Budget

And that surplus, as the next table shows, is only what is left over of the surplus in Social Security. By OMB's own reckoning, if Republicans vote to pass the President's budget this year, they will be voting to spend all $560 billion of the Medicare surplus and $1.650 trillion dollars of the Social Security surplus, from 2002 through 2011 creating a $1.650 trillion on-budget deficit.

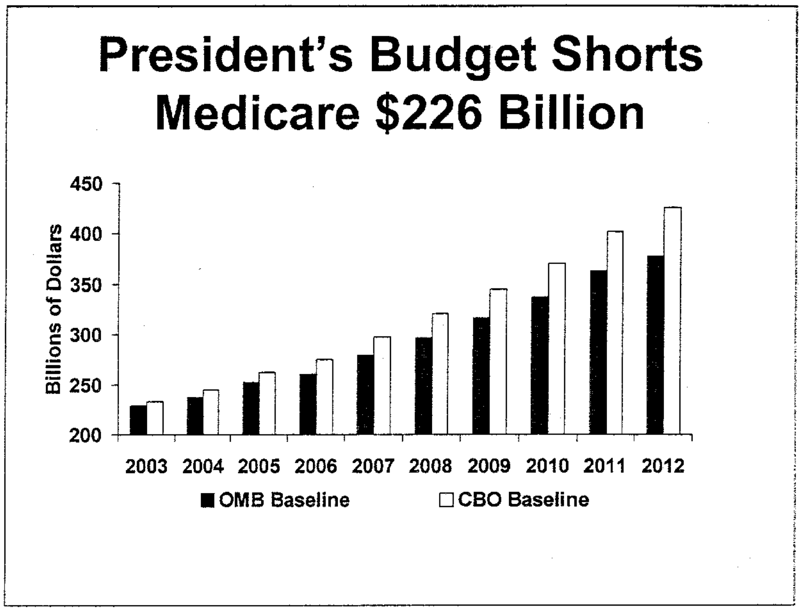
The 10-Year Non-Social Security Surplus

Trillions of Dollars

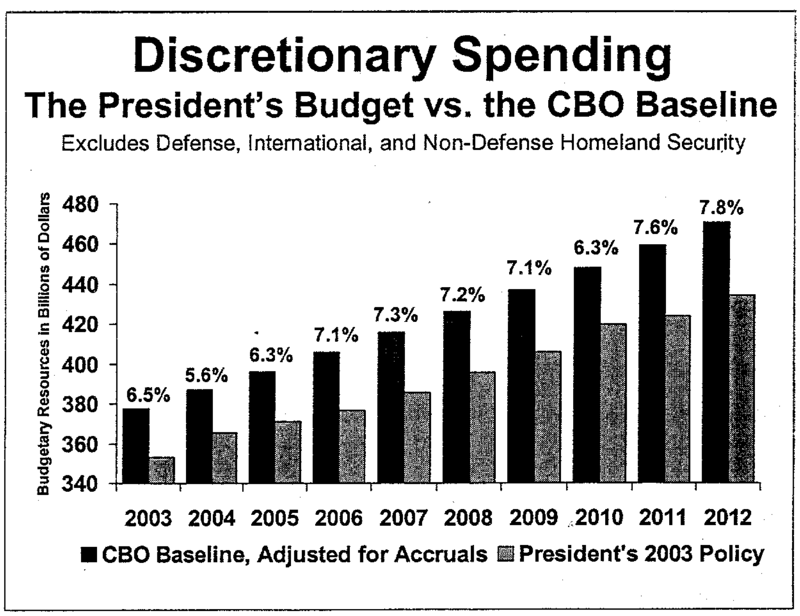
	2002-2011	2003-2012
April 2001	3.046	N.A.
August 2001	0.575	N.A.
February 2002	-1.650	-1.464

Source: Office of Management and Budget

That dire calculation assumes that OMB's estimate of Medicare spending is correct, even though it is $226 billion less than CBO estimates the cost to Medicare will be.



OMB's calculation also assumes that Republicans can hold non-defense discretionary spending for ten years $215 billion below what CBO estimates is needed to maintain the level of current services.

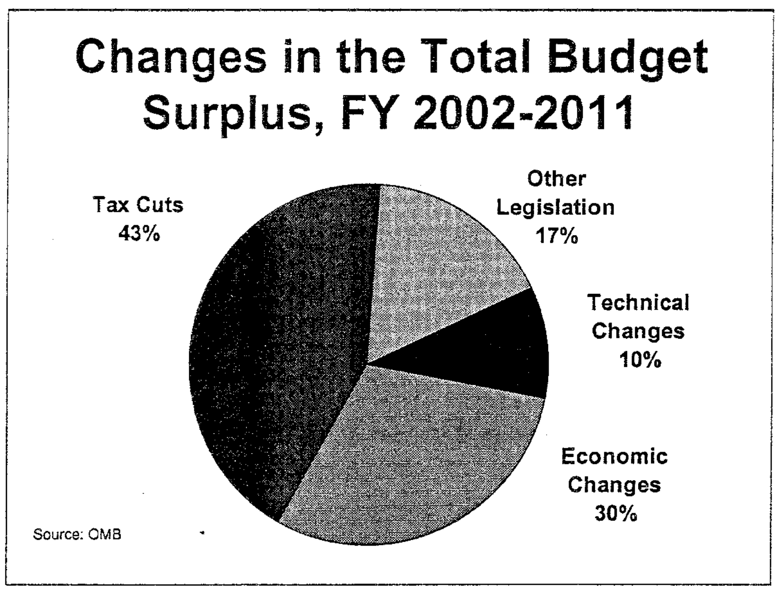


That calculation further assumes that the nation can make it through the next ten years without major adjustments to the individual Alternative Minimum Tax, even though the number of tax filers affected will increase twenty-fold, from fewer than 2 million to 39 million. The President's budget overlooks the AMT altogether. The cost of correcting this problem will be at least $450 billion.

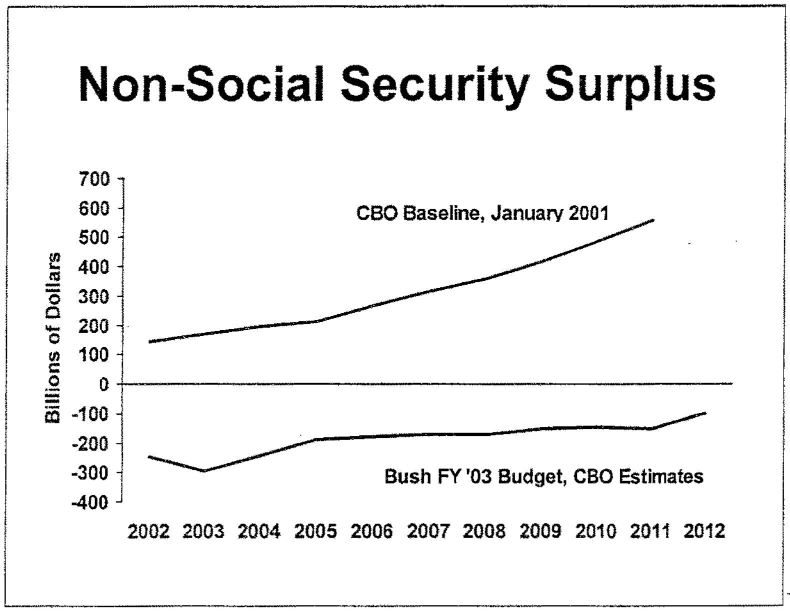
Any developments could cause the Republican budget to consume the entire Social Security surplus, in addition to the surplus in Medicare.

So much for the lock box. And sadly, so much for our plan to save the Social Security surplus. The Republican budget dashes any hope that we can carry it out.

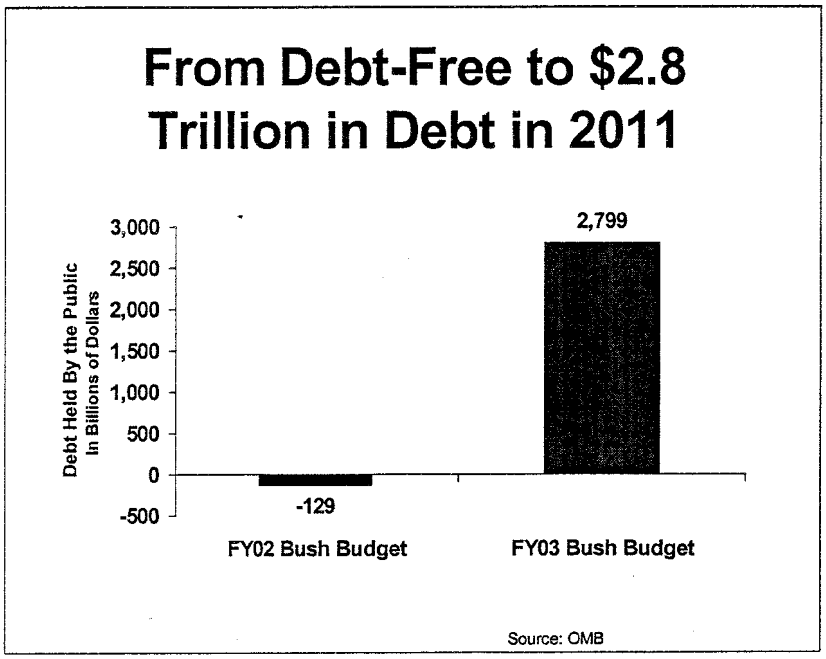
Republicans can seek absolution by blaming the economy and the war, but this next pie chart, using OMB numbers, shows that the largest share of the blame (43 percent), stems from the tax cuts they enacted.



Last year, the budget, excluding Social Security, was totally in the black. Every year for ten years, CBO projected an on-budget surplus, as the following chart shows. The two Republican budgets, this year and last, cause that bottom line to do an about-face. Now, CBO says that every year for ten years, there will be an on-budget deficit.



As of last year, according to CBO, all the Treasury debt held by the public could be paid, or payment provided for, by 2008. But under today's Republican budget, between 2001 and 2004, Treasury debt held by the public actually goes up. And by 2008, when the baby boomers start to retire, the government will owe more debt to the public ($3.479 trillion) that it owes today. (CBO Analysis of President's Budget, Page 18, Table 2.)



So much for paying down the public debt.

Facing such a reversal, one would hope that Republicans would be scrambling for solutions. But rather than face the problem, they avoid it. For the first time in years, rather than adopting the baseline that is consistent with the Budget Act and with past practice, Republicans pick the projections that favor Republican policies most: the very same OMB estimates, derived by political appointees, that Congressional Republicans protested by shutting down the government just seven short years ago.

For the first time in years, Republicans also offer only a five-year budget instead of a ten-year budget. Presumably, their budget yields no consequences that they want to acknowledge in the second five years, and so they choose not to show those years at all. Republicans propose new programs, like drug coverage under Medicare, but because they present only a five-year budget, we have no way of telling if those initiatives are realistically funded. By not running their budget past 2007, Republicans avoid deciding whether the tax cut sunset in 2010 is to be repealed in their Budget Resolution. But the very day of the markup of the resolution, while Republicans were telling us that their proposal was silent on extending the tax cuts, their Speaker was announcing a new bill to do just that. This choice has a big impact on revenues, almost $400 billion. Without knowing out-year revenues, the Congress is at a loss to know if near-term tax cuts—extenders, for example—can be accommodated in this budget.

This budget does not recover in five years. As for what happens in ten years, we are left to infer. Either Republicans have no ten-year plan of recovery, which is bad or they have a plan but it won't stand scrutiny, which is worse. In any event, there are no targets, no objectives, and no strategies that we can find in this budget. It takes the track all the President's witnesses took at Budget Committee hearings this year, which is to admit that there is no workout strategy, except a hope for more economic growth than the forecast already assumes.

This is not the path that led to eight straight years of better bottom lines. And this is not the path that leads to debt reduction and Social Security solvency and the furtherance of priorities that Democrats hold high, like education. Republicans went the wrong way at the fork last year. Before this year is out, we hope in some way to get the budget back on path. But this resolution takes us in the opposite direction.

JOHN M. SPRATT, Jr.
JIM MCDERMOTT.
BENNIE G. THOMPSON.
JIM DAVIS.
EVA M. CLAYTON.
DAVID PRICE.
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RUSH HOLT.
KEN BENTSEN.

APPENDIX

H. CON. RES. 353

A Concurrent Resolution establishing the congressional budget for the United States Government for fiscal year 2003 and setting forth appropriate budgetary levels for each of fiscal years 2004 through 2007.

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2003.

The Congress declares that this is the concurrent resolution on the budget for fiscal year 2003 and that the appropriate budgetary levels for fiscal years 2004 through 2007 are hereby set forth.

TITLE I—RECOMMENDED LEVELS AND AMOUNTS

SEC. 101. RECOMMENDED LEVELS AND AMOUNTS.

The following budgetary levels are appropriate for each of fiscal years 2003 through 2007:

(1) FEDERAL REVENUES.—For purposes of the enforcement of this resolution:

(A) The recommended levels of Federal revenues are as follows:

Fiscal year 2003: $1,531,893,000,000.
Fiscal year 2004: $1,626,605,000,000.
Fiscal year 2005: $1,747,988,000,000.
Fiscal year 2006: $1,837,957,000,000.
Fiscal year 2007: $1,927,213,000,000.

(B) The amounts by which the aggregate levels of Federal revenues should be reduced are as follows:

Fiscal year 2003: $4,431,000,000.
Fiscal year 2004: $5,455,000,000.
Fiscal year 2005: $6,418,000,000.
Fiscal year 2006: $5,994,000,000.
Fiscal year 2007: $5,555,000,000.

(2) NEW BUDGET AUTHORITY.—For purposes of the enforcement of this resolution, the appropriate levels of total new budget authority are as follows:

Fiscal year 2003: $1,784,032,000,000.
Fiscal year 2004: $1,839,183,000,000.
Fiscal year 2005: $1,928,997,000,000.
Fiscal year 2006: $2,019,464,000,000.
Fiscal year 2007: $2,113,668,000,000.

(3) BUDGET OUTLAYS.—For purposes of the enforcement of this resolution, the appropriate levels of total budget outlays are as follows:

Fiscal year 2003: $1,756,223,000,000.
Fiscal year 2004: $1,813,604,000,000.
Fiscal year 2005: $1,897,834,000,000.
Fiscal year 2006: $1,977,123,000,000.
Fiscal year 2007: $2,057,436,000,000.

(4) ON-BUDGET DEFICITS.—For purposes of the enforcement of this resolution, the amounts of the on-budget deficits are as follows:

Fiscal year 2003: $224,330,000,000.
Fiscal year 2004: $186,999,000,000.
Fiscal year 2005: $149,846,000,000.
Fiscal year 2006: $139,166,000,000.
Fiscal year 2007: $130,223,000,000.

(5) PUBLIC DEBT.—The appropriate levels of the public debt are as follows:

Fiscal year 2003: $6,414,000,000,000.
Fiscal year 2004: $6,760,000,000,000.
Fiscal year 2005: $7,069,000,000,000.
Fiscal year 2006: $7,366,000,000,000.
Fiscal year 2007: $7,655,000,000,000.

(6) DEBT HELD BY THE PUBLIC.—The appropriate levels of debt held by the public are as follows:

Fiscal year 2003: $3,495,000,000,000.
Fiscal year 2004: $3,503,000,000,000.
Fiscal year 2005: $3,445,000,000,000.
Fiscal year 2006: $3,365,000,000,000.
Fiscal year 2007: $3,264,000,000,000.

SEC. 102. HOMELAND SECURITY.

The Congress determines and declares that the appropriate levels of new budget authority and outlays for fiscal year 2003 for Homeland Security are as follows:

(1) New budget authority, $37,702,000,000.
(2) Outlays, $21,860,000,000.

SEC. 103. MAJOR FUNCTIONAL CATEGORIES.

The Congress determines and declares that the appropriate levels of new budget authority and outlays for fiscal years 2003 through 2007 for each major functional category are:

(1) National Defense (050):

Fiscal year 2003:
(A) New budget authority, $393,831,000,000.
(B) Outlays, $375,261,000,000.

Fiscal year 2004:
(A) New budget authority, $401,640,000,000.
(B) Outlays, $390,579,000,000.

Fiscal year 2005:
(A) New budget authority, $422,740,000,000.
(B) Outlays, $409,696,000,000.

Fiscal year 2006:
(A) New budget authority, $444,243,000,000.
(B) Outlays, $425,090,000,000.

Fiscal year 2007:
(A) New budget authority, $466,458,000,000.
(B) Outlays, $439,181,000,000.

(2) International Affairs (150):
Fiscal year 2003:
(A) New budget authority, $23,752,000,000.
(B) Outlays, $22,343,000,000.
Fiscal year 2004:
(A) New budget authority, $24,683,000,000.
(B) Outlays, $22,675,000,000.
Fiscal year 2005:
(A) New budget authority, $25,481,000,000.
(B) Outlays, $23,165,000,000.
Fiscal year 2006:
(A) New budget authority, $26,137,000,000.
(B) Outlays, $23,769,000,000.
Fiscal year 2007:
(A) New budget authority, $27,043,000,000.
(B) Outlays, $24,467,000,000.

(3) General Science, Space, and Technology (250):
Fiscal year 2003:
(A) New budget authority, $22,743,000,000.
(B) Outlays, $22,095,000,000.
Fiscal year 2004:
(A) New budget authority, $23,398,000,000.
(B) Outlays, $22,798,000,000.
Fiscal year 2005:
(A) New budget authority, $23,917,000,000.
(B) Outlays, $23,577,000,000.
Fiscal year 2006:
(A) New budget authority, $24,476,000,000.
(B) Outlays, $24,073,000,000.
Fiscal year 2007:
(A) New budget authority, $25,055,000,000.
(B) Outlays, $24,667,000,000.

(4) Energy (270):
Fiscal year 2003:
(A) New budget authority, $316,000,000.
(B) Outlays, $364,000,000.
Fiscal year 2004:
(A) New budget authority, $157,000,000.
(B) Outlays, $129,000,000.
Fiscal year 2005:
(A) New budget authority, $687,000,000.
(B) Outlays, $644,000,000.
Fiscal year 2006:
(A) New budget authority, $526,000,000.
(B) Outlays, $467,000,000.
Fiscal year 2007:
(A) New budget authority, $532,000,000.
(B) Outlays, $454,000,000.

(5) Natural Resources and Environment (300):
Fiscal year 2003:
(A) New budget authority, $29,215,000,000.

(B) Outlays, $29,849,000,000.
Fiscal year 2004:
(A) New budget authority, $30,546,000,000.
(B) Outlays, $30,356,000,000.
Fiscal year 2005:
(A) New budget authority, $31,449,000,000.
(B) Outlays, $30,937,000,000.
Fiscal year 2006:
(A) New budget authority, $30,851,000,000.
(B) Outlays, $31,686,000,000.
Fiscal year 2007:
(A) New budget authority, $31,474,000,000.
(B) Outlays, $32,038,000,000.
(6) Agriculture (350):
Fiscal year 2003:
(A) New budget authority, $23,641,000,000.
(B) Outlays, $24,054,000,000.
Fiscal year 2004:
(A) New budget authority, $22,779,000,000.
(B) Outlays, $22,669,000,000.
Fiscal year 2005:
(A) New budget authority, $21,098,000,000.
(B) Outlays, $21,089,000,000.
Fiscal year 2006:
(A) New budget authority, $20,231,000,000.
(B) Outlays, $20,247,000,000.
Fiscal year 2007:
(A) New budget authority, $20,088,000,000.
(B) Outlays, $20,116,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 2003:
(A) New budget authority, $8,800,000,000.
(B) Outlays, $4,985,000,000.
Fiscal year 2004:
(A) New budget authority, $9,274,000,000.
(B) Outlays, $4,192,000,000.
Fiscal year 2005:
(A) New budget authority, $8,798,000,000.
(B) Outlays, $3,128,000,000.
Fiscal year 2006:
(A) New budget authority, $8,015,000,000.
(B) Outlays, $1,910,000,000.
Fiscal year 2007:
(A) New budget authority, $9,405,000,000.
(B) Outlays, $2,361,000,000.
(8) Transportation (400):
Fiscal year 2003:
(A) New budget authority, $63,447,000,000.
(B) Outlays, $60,646,000,000.
Fiscal year 2004:
(A) New budget authority, $66,950,000,000.
(B) Outlays, $59,425,000,000.
Fiscal year 2005:
(A) New budget authority, $67,561,000,000.

(B) Outlays, $59,967,000,000.
Fiscal year 2006:
(A) New budget authority, $68,221,000,000.
(B) Outlays, $61,282,000,000.
Fiscal year 2007:
(A) New budget authority, $68,897,000,000.
(B) Outlays, $63,266,000,000.
(9) Community and Regional Development (450):
Fiscal year 2003:
(A) New budget authority, $14,668,000,000.
(B) Outlays, $17,352,000,000.
Fiscal year 2004:
(A) New budget authority, $15,315,000,000.
(B) Outlays, $17,961,000,000.
Fiscal year 2005:
(A) New budget authority, $15,515,000,000.
(B) Outlays, $17,461,000,000.
Fiscal year 2006:
(A) New budget authority, $15,895,000,000.
(B) Outlays, $15,705,000,000.
Fiscal year 2007:
(A) New budget authority, $16,295,000,000.
(B) Outlays, $15,548,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 2003:
(A) New budget authority, $81,087,000,000.
(B) Outlays, $79,104,000,000.
Fiscal year 2004:
(A) New budget authority, $83,291,000,000.
(B) Outlays, $81,783,000,000.
Fiscal year 2005:
(A) New budget authority, $86,527,000,000.
(B) Outlays, $84,065,000,000.
Fiscal year 2006:
(A) New budget authority, $89,513,000,000.
(B) Outlays, $86,400,000,000.
Fiscal year 2007:
(A) New budget authority, $92,784,000,000.
(B) Outlays, $89,309,000,000.
(11) Health (550):
Fiscal year 2003:
(A) New budget authority, $223,486,000,000.
(B) Outlays, $219,917,000,000.
Fiscal year 2004:
(A) New budget authority, $237,880,000,000.
(B) Outlays, $236,608,000,000.
Fiscal year 2005:
(A) New budget authority, $255,767,000,000.
(B) Outlays, $253,917,000,000.
Fiscal year 2006:
(A) New budget authority, $274,526,000,000.
(B) Outlays, $272,648,000,000.
Fiscal year 2007:

(A) New budget authority, $295,491,000,000.
(B) Outlays, $292,985,000,000.

(12) Medicare (570):

Fiscal year 2003:
(A) New budget authority, $237,704,000,000.
(B) Outlays, $237,598,000,000.

Fiscal year 2004:
(A) New budget authority, $245,612,000,000.
(B) Outlays, $245,856,000,000.

Fiscal year 2005:
(A) New budget authority, $272,903,000,000.
(B) Outlays, $272,795,000,000.

Fiscal year 2006:
(A) New budget authority, $292,418,000,000.
(B) Outlays, $292,173,000,000.

Fiscal year 2007:
(A) New budget authority, $317,411,000,000.
(B) Outlays, $317,667,000,000.

(13) Income Security (600):

Fiscal year 2003:
(A) New budget authority, $322,034,000,000.
(B) Outlays, $322,385,000,000.

Fiscal year 2004:
(A) New budget authority, $325,372,000,000.
(B) Outlays, $323,791,000,000.

Fiscal year 2005:
(A) New budget authority, $334,538,000,000.
(B) Outlays, $332,599,000,000.

Fiscal year 2006:
(A) New budget authority, $344,039,000,000.
(B) Outlays, $341,754,000,000.

Fiscal year 2007:
(A) New budget authority, $352,017,000,000.
(B) Outlays, $348,019,000,000.

(14) Social Security (650):

Fiscal year 2003:
(A) New budget authority, $14,303,000,000.
(B) Outlays, $14,303,000,000.

Fiscal year 2004:
(A) New budget authority, $15,170,000,000.
(B) Outlays, $15,170,000,000.

Fiscal year 2005:
(A) New budget authority, $16,063,000,000.
(B) Outlays, $16,062,000,000.

Fiscal year 2006:
(A) New budget authority, $16,863,000,000.
(B) Outlays, $16,863,000,000.

Fiscal year 2007:
(A) New budget authority, $18,013,000,000.
(B) Outlays, $18,012,000,000.

(15) Veterans Benefits and Services (700):

Fiscal year 2003:
(A) New budget authority, $56,858,000,000.
(B) Outlays, $56,733,000,000.

Fiscal year 2004:
(A) New budget authority, $59,127,000,000.
(B) Outlays, $58,888,000,000.
Fiscal year 2005:
(A) New budget authority, $61,220,000,000.
(B) Outlays, $63,473,000,000.
Fiscal year 2006:
(A) New budget authority, $63,401,000,000.
(B) Outlays, $63,246,000,000.
Fiscal year 2007:
(A) New budget authority, $65,550,000,000.
(B) Outlays, $62,642,000,000.
(16) Administration of Justice (750):
Fiscal year 2003:
(A) New budget authority, $36,948,000,000.
(B) Outlays, $39,329,000,000.
Fiscal year 2004:
(A) New budget authority, $39,663,000,000.
(B) Outlays, $42,215,000,000.
Fiscal year 2005:
(A) New budget authority, $37,606,000,000.
(B) Outlays, $38,196,000,000.
Fiscal year 2006:
(A) New budget authority, $38,880,000,000.
(B) Outlays, $38,775,000,000.
Fiscal year 2007:
(A) New budget authority, $39,776,000,000.
(B) Outlays, $39,550,000,000.
(17) General Government (800):
Fiscal year 2003:
(A) New budget authority, $17,565,000,000.
(B) Outlays, $17,373,000,000.
Fiscal year 2004:
(A) New budget authority, $18,067,000,000.
(B) Outlays, $18,193,000,000.
Fiscal year 2005:
(A) New budget authority, $18,426,000,000.
(B) Outlays, $18,334,000,000.
Fiscal year 2006:
(A) New budget authority, $18,442,000,000.
(B) Outlays, $18,227,000,000.
Fiscal year 2007:
(A) New budget authority, $18,788,000,000.
(B) Outlays, $18,546,000,000.
(18) Net Interest (900):
Fiscal year 2003:
(A) New budget authority, $262,520,000,000.
(B) Outlays, $262,520,000,000.
Fiscal year 2004:
(A) New budget authority, $277,326,000,000.
(B) Outlays, $277,325,000,000.
Fiscal year 2005:
(A) New budget authority, $286,887,000,000.
(B) Outlays, $286,886,000,000.

Fiscal year 2006:
(A) New budget authority, $294,598,000,000.
(B) Outlays, $294,597,000,000.
Fiscal year 2007:
(A) New budget authority, $302,442,000,000.
(B) Outlays, $302,441,000,000.
(19) Allowances (920):
Fiscal year 2003:
(A) New budget authority, −$689,000,000.
(B) Outlays, −$1,791,000,000.
Fiscal year 2004:
(A) New budget authority, −$917,000,000.
(B) Outlays, −$859,000,000.
Fiscal year 2005:
(A) New budget authority, −$816,000,000.
(B) Outlays, −$787,000,000.
Fiscal year 2006:
(A) New budget authority, −$631,000,000.
(B) Outlays, −$609,000,000.
Fiscal year 2007:
(A) New budget authority, −$696,000,000.
(B) Outlays, −$678,000,000.
(20) Undistributed Offsetting Receipts (950):
Fiscal year 2003:
(A) New budget authority, −$48,197,000,000.
(B) Outlays, −$48,197,000,000.
Fiscal year 2004:
(A) New budget authority, −$56,150,000,000.
(B) Outlays, −$56,150,000,000.
Fiscal year 2005:
(A) New budget authority, −$57,370,000,000.
(B) Outlays, −$57,370,000,000.
Fiscal year 2006:
(A) New budget authority, −$51,180,000,000.
(B) Outlays, −$51,180,000,000.
Fiscal year 2007:
(A) New budget authority, −$53,155,000,000.
(B) Outlays, −$53,155,000,000.

TITLE II—RESERVE AND CONTINGENCY FUNDS

Subtitle A—Reserve Funds for Legislation Assumed in Aggregates

SEC. 201. RESERVE FUND FOR WAR ON TERRORISM.

In the House, if the Committee on Appropriations or the Committee on Armed Services reports a bill or joint resolution, or if an amendment thereto is offered or a conference report thereon is submitted, that provides new budget authority (and outlays flowing therefrom) for the Department of Defense relating to activities to respond to or protect against acts or threatened acts of terrorism, the chairman of the Committee on the Budget shall make the appropriate revisions to the allocations and other levels in this resolution by the amount provided by that measure for that purpose, but the total adjustment for all measures considered under this section shall not exceed $10,000,000,000 in new budget authority for fiscal year 2003 and outlays flowing therefrom.

SEC. 202. RESERVE FUND FOR MEDICARE MODERNIZATION AND PRESCRIPTION DRUGS.

(a) IN GENERAL.—In the House, if the Committee on Ways and Means or the Committee on Energy and Commerce reports a bill or joint resolution, or if an amendment thereto is offered or a conference report thereon is submitted, that provides a prescription drug benefit and modernizes medicare, and provides adjustments to the medicare program on a fee-for-service, capitated, or other basis, the chairman of the Committee on the Budget may revise the appropriate committee allocations for such committees and other appropriate levels in this resolution by the amount provided by that measure for that purpose, but not to exceed $5,000,000,000 in new budget authority and $5,000,000,000 in outlays for fiscal year 2003 and $350,000,000,000 in new budget authority and $350,000,000,000 in outlays for the period of fiscal years 2003 through 2012.

(b) APPLICATION.—After the consideration of any measure for which an adjustment is made pursuant to subsection (a), the chairman of the Committee on the Budget shall make any further appropriate adjustments.

SEC. 203. RESERVE FUND FOR SPECIAL EDUCATION.

(a) FISCAL YEAR 2003.—In the House, if the Committee on Appropriations reports a bill or joint resolution, or if an amendment thereto is offered or a conference report thereon is submitted, that provides in excess of $7,529,000,000 in new budget authority for fiscal year 2003 for grants to States authorized under part B of the Individuals with Disabilities Education Act (IDEA), the chairman of the Committee on the Budget may revise the appropriate allocations for such committee and other appropriate levels in this resolution by the amount provided by that measure for that purpose, but not to exceed $1,000,000,000 in new budget authority for fiscal year 2003 and outlays flowing therefrom.

(b) FISCAL YEARS 2004–2007.—In the House, if the Committee on Education and the Workforce reports a bill or joint resolution, or if an amendment thereto is offered or a conference report thereon is submitted, that reauthorizes grants to States under part B of the Individuals with Disabilities Education Act (IDEA), the chairman of the Committee on the Budget may revise the applicable allocations of the appropriate committees to accommodate a total budget authority and outlay level for such program not in excess of the following: $9,587,000,000 in budget authority for fiscal year 2004 and outlays flowing therefrom, $10,755,000,000 in budget authority for fiscal year 2005 and outlays flowing therefrom, $12,047,000,000 in budget authority for fiscal year 2006 and outlays flowing therefrom, and $13,497,000,000 in budget authority for fiscal year 2007 and outlays flowing therefrom (assuming changes from current policy levels of the following: $1,752,000,000 in new budget authority for fiscal year 2004, $2,763,000,000 in new budget authority for fiscal year 2005, $3,894,000,000 in new budget authority for fiscal year 2006, and $5,180,000,000 in new budget authority for fiscal year 2007).

SEC. 204. RESERVE FUND FOR HIGHWAYS AND HIGHWAY SAFETY.

(a) IN GENERAL.—In the House, if the Committee on Appropriations reports a bill or joint resolution, or if an amendment thereto is offered or a conference report thereon is submitted, that establishes an obligation limitation in excess of $23,864,000,000 for fiscal year 2003 for programs, projects, and activities within the highway category (under section 251(c)(7)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985), the chairman of the Committee on the Budget may increase the allocation of outlays for such committee by the amount of outlays resulting from such excess, but—

(1) only if chairman of the Committee on the Budget determines that the bill or joint resolution, or amendment thereto or conference report thereon, that establishes such obligation limitation provides that the obligation limitation is made available solely for programs, projects, or activities as distributed under section 1102 of the Transportation Equity Act for the 21st Century;

(2) only if the total amount of obligation limitation for programs, projects, or activities distributed by such formula for fiscal year 2003 exceeds $23,864,000,000; and

(3) does not exceed $1,180,000,000 in outlays for fiscal year 2003.

(b) RULE OF ENFORCEMENT.—In the House, section 302(f)(1) of the Congressional Budget Act of 1974 shall be deemed to also apply to the applicable allocation of outlays in the case of any bill or joint resolution that establishes an obligation limitation for fiscal year 2003 for programs within the highway category, or amendment thereto or conference report thereon.

Subtitle B—Additional Surpluses Reserved for Debt Reduction

SEC. 211. CONTINGENCY FUND FOR ADDITIONAL SURPLUSES.

In the House, if after the release of the report pursuant to section 202(e)(2) of the Congressional Budget Act of 1974 entitled the Budget and Economic Outlook: Update (for fiscal years 2003 through 2012), the chairman of the Committee on the Budget determines, in consultation with the Directors of the Congressional Budget Office and of the Office of Management and Budget, that the estimated unified surplus for fiscal year 2003 and for the period of fiscal years 2003 through 2007 exceeds the estimated unified surplus for fiscal year 2003 and for that period as set forth in the report of the Committee on the Budget for this resolution, then the chairman of that committee may increase the surplus or reduce the deficit, as applicable, and reduce the level of the public debt and debt held by the public by the difference between such estimates for that period.

Subtitle C—Contingency Funds for Accounting Changes

SEC. 221. CONTINGENCY FUND FOR ACCRUAL ACCOUNTING.

In the House, if legislation is enacted that charges Federal agencies for the full cost of accrued Federal retirement and health benefits and the Committee on Appropriations reports a measure that provides new budget authority to carry out that legislation, the chairman of the Committee on the Budget may revise the section 302(a) allocation for the Committee on Appropriations by the amounts provided by that committee in that measure for the purpose of carrying out that legislation, but such amounts shall not exceed the reduction in mandatory budget authority estimated by the Director of the Congressional Budget Office to result from that legislation.

SEC. 222. CONTINGENCY FUND FOR RECLASSIFICATION OF STUDENT AID ACCOUNTS.

In the House, if a bill or joint resolution is enacted that amends the Higher Education Act to make student aid administration subject to annual appropriations, the chairman of the Committee on the Budget may—

(1) increase the section 302(a) allocation for the Committee on Appropriations by the amount provided by that measure but not to exceed $797,000,000 in new budget authority for fiscal year 2003; and

(2) make the appropriate adjustment in the section 302(a) allocation for the Committee on Education and the Workforce resulting from the enactment of the bill or joint resolution making the student aid administration subject to annual appropriations.

Subtitle D—Implementation of Reserve and Contingency Funds

SEC. 231. APPLICATION AND EFFECT OF CHANGES IN ALLOCATIONS AND AGGREGATES.

(a) APPLICATION.—Any adjustments of allocations and aggregates made pursuant to this resolution shall—

(1) apply while that measure is under consideration;

(2) take effect upon the enactment of that measure; and

(3) be published in the Congressional Record as soon as practicable.

(b) EFFECT OF CHANGED ALLOCATIONS AND AGGREGATES.—Revised allocations and aggregates resulting from these adjustments shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations and aggregates contained in this resolution.

(c) BUDGET COMMITTEE DETERMINATIONS.—For purposes of this resolution—

(1) the levels of new budget authority, outlays, direct spending, new entitlement authority, revenues, deficits, and surpluses for a fiscal year or period of fiscal years shall be deter-

mined on the basis of estimates made by the Committee on the Budget; and

(2) such chairman may make any other necessary adjustments to such levels to carry out this resolution.

(d) SPECIAL RULE.—In the House, for the purpose of enforcing this resolution against consideration of any bill or joint resolution, or amendment thereto or conference report thereon, for which an adjustment is made under section 202, section 302(f) of the Congressional Budget Act of 1974 shall apply to the appropriate section 302(a) allocations for fiscal years 2003 through 2012 included in the joint explanatory statement of managers accompanying this resolution.

TITLE III—BUDGET ENFORCEMENT

SEC. 301. RESTRICTIONS ON ADVANCE APPROPRIATIONS IN THE HOUSE.

(a) IN GENERAL.—(1) In the House, except as provided in subsection (b), an advance appropriation may not be reported in a bill or joint resolution making a general appropriation or continuing appropriation, and may not be in order as an amendment thereto.

(2) Managers on the part of the House may not agree to a Senate amendment that would violate paragraph (1) unless specific authority to agree to the amendment first is given by the House by a separate vote with respect thereto.

(b) EXCEPTION.—In the House, an advance appropriation may be provided—

(1) for fiscal year 2004 for programs, projects, activities or accounts identified in the joint explanatory statement of managers accompanying this resolution under the heading "Accounts Identified for Advance Appropriations" in an aggregate amount not to exceed $23,178,000,000 in new budget authority; and

(2) for the Corporation for Public Broadcasting.

(c) DEFINITION.—In this section, the term "advance appropriation" means any discretionary new budget authority in a bill or joint resolution making general appropriations or continuing appropriations for fiscal year 2003 that first becomes available for any fiscal year after 2003.

SEC. 302. COMPLIANCE WITH SECTION 13301 OF THE BUDGET ENFORCEMENT ACT OF 1990.

(a) IN GENERAL.—In the House, notwithstanding section 302(a)(1) of the Congressional Budget Act of 1974 and section 13301 of the Budget Enforcement Act of 1990, the joint explanatory statement accompanying the conference report on any concurrent resolution on the budget shall include in its allocation under section 302(a) of such Act to the Committee on Appropriations amounts for the discretionary administrative expenses of the Social Security Administration.

(b) SPECIAL RULE.—In the House, for purposes of applying section 302(f) of the Congressional Budget Act of 1974, estimates of the level of total new budget authority and total outlays provided by a measure shall include any discretionary amounts provided for the Social Security Administration.

SEC. 303. REPORTING REQUIREMENTS FOR THE CONGRESSIONAL BUDGET OFFICE.

The report submitted by the Director of the Congressional Budget Office on or before February 15 of each year pursuant to section 202(e)(1) of the Congressional Budget Act of 1974 shall include the following information for the preceding fiscal year—

(1) a comparison of the different impact between forecasted economic variables used to model projections for that fiscal year and what actually happens;

(2) an identification of the technical factors that contributed to the forecasting inaccuracies for that fiscal year;

(3) a variance analysis between forecasted and actual budget results for that fiscal year; and

(4) recommendations on how to improve forecasting accuracies.

TITLE IV—SENSE OF CONGRESS AND SENSE OF HOUSE PROVISIONS

SEC. 401. COMBATING INFECTIOUS DISEASES.

(a) FINDINGS.—Congress finds that—

(1) the United States has historically taken an unparalleled leadership role in providing humanitarian assistance and relief to the world's poorest people;

(2) that role has included initiatives to expand trade, relieve debt of countries pursuing structural economic reforms, and provide medical technology to improve health and life expectancy around the globe; and

(3) good governance and continued economic reforms are essential to eliminating poverty, encouraging economic growth, and ensuring stability in developing countries.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the United States should continue to assist, through expanded international trade, debt relief, and medical assistance to combat infectious diseases, those countries that reform their economies, promote democratic institutions, and respect basic human rights.

SEC. 402. ASSET BUILDING FOR THE WORKING POOR.

(a) FINDINGS.—Congress finds the following:

(1) For the vast majority of United States households, the pathway to the economic mainstream and financial security is not through spending and consumption, but through savings, investing, and the accumulation of assets.

(2) One-third of all Americans have no assets available for investment and another 20 percent have only negligible assets. The situation is even more serious for minority households; for example, 60 percent of African-American households have no or negative financial assets.

(3) Nearly 50 percent of all children in America live in households that have no assets available for investment, in-

cluding 40 percent of Caucasian children and 73 percent of African-American children.

(4) Up to 20 percent of all United States households do not deposit their savings in financial institutions and, thus, do not have access to the basic financial tools that make asset accumulation possible.

(5) Public policy can have either a positive or a negative impact on asset accumulation. Traditional public assistance programs based on income and consumption have rarely been successful in supporting the transition to economic self-sufficiency. Tax policy, through $288,000,000,000 in annual tax incentives, has helped lay the foundation for the great middle class.

(6) Lacking an income tax liability, low-income working families cannot take advantage of asset development incentives available through the Federal tax code.

(7) Individual Development Accounts have proven to be successful in helping low-income working families save and accumulate assets. Individual Development Accounts have been used to purchase long-term, high-return assets, including homes, postsecondary education and training, and small businesses.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the Federal tax code should support a significant expansion of Individual Development Accounts so that millions of 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.

SEC. 403. FEDERAL EMPLOYEE PAY.

(a) FINDINGS.—The House finds the following:

(1) Members of the uniformed services and civilian employees of the United States make significant contributions to the general welfare of the Nation.

(2) 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) a 32 percent gap between compensation levels of Federal civilian employees and compensation levels of private sector workers, and (B) an estimated 10 percent gap between compensation levels of members of the uniformed services and compensation levels of private sector workers.

(3) The President's budget proposal for fiscal year 2003 includes a 4.1 percent pay raise for military personnel.

(4) The Office of Management and Budget has requested that federal agencies plan their fiscal year 2003 budgets with a 2.6 percent pay raise for civilian Federal employees.

(5) 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.

(b) SENSE OF THE HOUSE.—It is the sense of the House 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.

SEC. 404. SENSE OF THE HOUSE ON MEDICARE+CHOICE REGIONAL DISPARITIES.

(a) FINDINGS.—The House finds that—

(1) one of the goals of the Balanced Budget Act of 1997 was to expand options for Medicare beneficiaries under the Medicare+Choice program;

(2) the funding formula in that Act was intended to make these choices available to all Americans; and

(3) despite attempts by Congress to equalize regional disparities in Medicare+Choice payments in the Balanced Budget Refinement Act of 1999 and the medicare, medicaid, and SCHIP Benefits and Improvement and Protection Act of 2000, rural and other low-payment areas have continued to lag significantly behind their higher-payment counterparts in average adjusted per capita (AAPCC) reimbursements.

(b) SENSE OF THE HOUSE.—It is the sense of the House that if the Committee on Ways and Means reports a bill to reform medicare, it should apply all new funds directed to the Medicare+Choice program to increase funding to counties receiving floor or blended rates relative to counties receiving the minimum update.

SEC. 405. BORDER SECURITY AND ANTI-TERRORISM.

It is the sense of the House that this resolution assumes $380 million in new budget authority and a corresponding level of outlays in functional category 750 (Administration of Justice) for the Immigration and Naturalization Service to implement a visa tracking system as part of a comprehensive plan to protect the United States and its territories from threats of terrorist attack.

SEC. 406. PACIFIC NORTHWEST SALMON RECOVERY.

(a) FINDINGS.—Congress finds that—

(1) Pacific Salmon are historically, culturally, and economically important to the people of the Northwest;

(2) the United States Government has negotiated treaties with the Columbia River Indian tribes;

(3) 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

(4) the citizens of the Pacific Northwest are committed to salmon recovery and their hard work in communities throughout the region to advance local solutions deserve Federal assistance.

(b) SENSE OF CONGRESS.—It is the sense of Congress that 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.

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