

THE FEDERAL BUDGET FOR FISCAL YEAR 1982

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ISSUE DEFINITION

The last budget actions of the 1st session of the 97th Congress in mid-December included reaffirming the budget totals of the First Concurrent Budget Resolution (with the understanding that the totals were no longer valid) and passing a continuing resolution on appropriations to fund most Federal activities through March 31, 1981.

The First Concurrent Budget Resolution was reaffirmed because Congress could not reach a consensus on the actual budget outlook for the rest of FY82 (a partial result of the current economic decline and a lack of direction from the Reagan Administration). The President's budget proposals, to be released in January 1982, and more time, should allow Congress to construct a more realistic Third or Revised Second Concurrent Budget Resolution in the spring of 1982.

The continuing resolution cut about \$4 billion more from Federal spending for FY82 and was needed because many regular appropriation bills had not been completed. The passage also marked the temporary end of a power struggle between the President and Congress on spending.

BACKGROUND AND POLICY ANALYSIS

The success or failure of recommended economic and budgetary goals is dependent on congressional action, favorable economic conditions, and the lack of external disruptions, such as poor harvests or oil supply problems. Even with favorable circumstances it is not clear that the economic goals desired and forecast can be achieved with the proposed, and partly in place, budgetary (and monetary) tools. Recent signs of a weakening economy cast additional doubt on achieving the original economic goals.

The last complete and official budget estimates by the Reagan Administration were from the Office of Management and Budget's (OMB) report, Mid-session Review of the 1982 Budget (MSR), that was issued in mid-July of 1981. More recent partial budget estimates from the Reagan Administration were available in early Dec. These latest budget numbers are based on current policy and do not reflect any future proposed spending cuts or tax increases. The table below contains OMB's July estimates for budget authority, receipts, outlays, deficit, and debt subject to limit for FY82. It also has the Dec. estimates for receipts, outlays, and the deficit. The next official and complete budget estimates will be contained in the FY83 Budget documents to be released in Jan. 1982.

Current Budget Total Estimates for FY82
(in billions of dollars)

	Budget Authority	Receipts	Outlays	Deficit	Debt Subject to limit
OMB(7/81)	779.5	662.4	704.8	42.5	1074.9

OMB (12/81)	NA	621.9	731.0	109.1	NA
N.A. - Not available					

The Congressional Budget Office (CBO) also released some budget and economic forecasts in Sept. The mid-point of CBO's budget estimates were \$655 billion for receipts, \$731 billion for outlays, and \$76 billion for deficit.

Budget authority is authority provided by law resulting in the eventual expenditure of Federal funds. Receipts are collections of funds from the public, primarily of taxes and social insurance premiums. Outlays occur when the Government disburses cash or checks. The Deficit is the difference between outlays and receipts. Debt subject to limit includes virtually all public debt but only a portion of agency debt. Table 1 contains a history of budget forecast for FY81 and FY82. Table 2 contains budget authority and outlays by budget function. Table 5 contains a history of OMB's and CBO's economic forecasts.

Current Status of the Budget

Congress completed action on the Second Concurrent Budget Resolution for FY82 (S.Con.Res. 50) on Dec. 9-10, 1981. The resolution reaffirmed the budget totals contained in the First Concurrent Budget Resolution (H.Con.Res. 115) passed in May 1981, with the understanding that the budget totals were badly dated because of deteriorating economic conditions. Congress also understood that the budget totals would need revision in the spring of 1982.

Preliminary action on the second concurrent budget resolution, which sets binding levels on the budget totals, began shortly after the August recess. Indications of a worsening economy and unclear and slow directions from the Reagan Administration slowed Congressional action. Neither the budget resolution, (scheduled final action is Sept. 25) nor any appropriation bill (except the legislative and continuing resolution to fund the Government through Nov. 20, 1981) were completed by Oct. 1, 1981.

Through all of Oct. and most of November no final action occurred on either the budget resolution or any appropriations bill. After three days of non-stop activity, Congress passed a new continuing resolution on Nov. 22, two days after the expiration of the first resolution (the Government was legally out of money). The new resolution was adopted in the morning and was promptly vetoed by President Reagan as too expensive. Many in Congress disputed that claim but were unable to override the veto. By late that afternoon Congress had adopted an extension of the first continuing resolution through Dec. 15 which again funded the entire Government.

The budget resolution also advanced, although its fate was clouded by uncertainty. The unsettled state of the economic forecasts for FY82 (and beyond) and the non-passage of the appropriation bills led to an inability to agree on budget totals.

The Budget Debate

The primary debate over the Reagan budget proposals is one of policy. A secondary debate concerns the economic forecast and projections. The two subjects are closely connected: changes in policy and budget totals will

affect the economic outlook; changes in the economic outlook will affect the budget totals (but not necessarily policy choices). Often the debate did not distinguish between the two, lumping them together and creating confusion.

The Reagan Administration proposed a series of budget cuts in March based on an economic forecast showing favorable developments through 1984 (lower inflation, interest rates, and unemployment; higher GNP growth). Although there were dissenters in Congress on both policy and economic grounds, Congress adopted essentially the Reagan policy proposals in the First Concurrent Budget Resolution (H.Con.Res. 115, 5/20-21/81), the reconciliation instruction and bill (The Omnibus Budget Reconciliation Act of 1981, H.R. 3982, P.L. 97-35, 8/13/81) and the tax reduction bill (The Economic Recovery Tax Act of 1981, P.L. 97-34, 8/13/81).

If the issues are kept distinct a number of separate issues can be raised in relation to the policy choices made and economic forecasts created. The main policy debate, whether recognized or not, deals with the Federal share of the GNP: backers of the Administration's policy support a smaller share of GNP for the Federal Government; those opposed don't want the Federal share to shrink. Another policy issue concerns the redistribution of funding within the Federal Government, from social spending to defense, from discretionary programs to entitlements. This debate goes on among and between those supporting and opposing the proposed (and partially enacted) policies. A smaller debate continues, mostly among the policy supporters, of whether additional reductions (and when) would be beneficial.

The second part of the debate deals with the economic forecast and projections used to develop the budget totals. Recent experience has shown how much economic forecasts can differ over a short period of time.

Small changes in economic variables result in substantial changes in budget totals. The changes reflect the sensitivity of the Federal budget, through numerous programs, to changes in economic conditions. The changes in budget totals because of changes in economic conditions do not necessarily reflect any planned change in policy. Because of this sensitivity, this debate centered on the Administration's ability to achieve either the long or short-term budget totals presented in March (in pure form this issue is not concerned with program objectives or changes).

Even the Administration has abandoned its long-term goal of balancing the budget in FY84 in the face of the currently worsening economic situation.

The most recent economic forecasts indicate either no or very little growth in the first half of FY82 followed by moderate growth in the second half or fourth quarter. This is a reversal from the forecast in March 1981. The implication for the budget in relation to the March estimates is more rapid growth in outlays and slower growth in receipts leading to higher deficits. A possibility exists that the current economic forecasts are not fully accounting for the tax and spending changes enacted this year. If this is the case, more favorable economic forecasts may be expected in the future, as conditions warrant.

The Reagan Budget

A major concern with the Reagan budget was (and is) the lack of consensus on the economic effects of the proposals (in addition to the numerous proposed policy changes). Initially most forecasts did not see as optimistic

an economic future as the Administration. Recent forecasts have reinforced the earlier impression of too much optimism on the part of the Reagan Administration towards the short-and long-range economic conditions. (The Administration itself has reduced its expectations since March-see table 5.) If the other forecasts are more correct than the administration's, then we should expect higher outlays, lower receipts, and a larger deficit than recommended and forecast in the Reagan Administration's budget documents, a result being reflected in OMB figures released in early Dec. 1981, see Table 1).

The success or failure of the Reagan budget and economic proposals are partially dependent on the economic conditions that will prevail over the next several years. The accuracy of the economic forecasts used in developing the budget proposals will partially determine the success or failure of the proposals.

Congressional action on the First Budget Resolution (H.Con.Res. 115) closely followed President Reagan's policy recommendations. The budget totals were similar to the recommendations, but changed economic conditions (faster first quarter economic growth, continued high interest rates) resulted in an economic forecast that departed somewhat from the one made by the Administration. The economic forecast used in H.Con.Res. 115 had a higher growth rate, higher inflation rate, and higher interest rates than contained in the Administration forecast. Assuming there were only small policy differences between the congressional budget and the Administration's budget, these higher rates should have led to higher outlays and higher receipts, but such effects were not reflected in the congressional budget totals.

The Mid-session Review of the 1982 Budget (OMB) presented a budget picture similar to the original budget proposals in March. The economic outlook presented in the Mid-session Review reflected the events of the intervening months and changed economic forecasts, showing for 1982 (compared with March) slower real growth, slower rates of inflation, slightly higher rates of unemployment, and higher interest rates. Changes in forecast economic conditions usually effect the budget in the following manner: slower real growth lowers both revenues and outlays; higher unemployment will lower receipts and raise outlays; and higher interest rates will raise outlays faster than it raises revenues. When these factors were taken into account, with some cancelling each other, OMB (in the MSR) estimated that revenues would rise by slightly more than outlays (both are higher than in March) leaving a slightly smaller deficit. When CBO went through a similar exercise revising their forecast in September they estimated that outlays would rise significantly more than revenues, producing a larger deficit than forecast in March, July or September by OMB. (See Table 5 for a comparison of economic forecasts.)

In early Dec., 1981, OMB released budget figures reflected the deteriorated economic conditions of 1981. The budget figures were based on current policy and contained no policy changes. The figures showed outlays much higher, receipts much lower, and a much larger deficit than had been estimated previously by the Reagan Administration or CBO.

By mid-December (Dec. 9-10) Congress had completed legislative action on the second concurrent budget resolution (S.Con.Res. 50). The resolution reaffirmed the first concurrent resolution (H.Con.Res. 115) and did not attempt to account for the economic and budgetary changes that have occurred since May 1981. (See above for a discussion of why Congress did this.)

Within the reports of the House and Senate Budget Committees that accompanied S.Con.Res. 50 (S.Rept. 97-279, H.Rept. 97-369) were more realistic (but not identical) assessments of the budgetary and economic outlook for the rest of FY82.

The next official administration budget documents will be released in January 1982 (the budget for FY83, which will contain revisions for FY82).

Outlays and Receipts

The Reagan budget for FY82 proposed slowing the overall growth of Federal expenditures and rearranging the priorities of Federal spending. Funds were to be shifted to national defense and the social safety net programs and away from other activities. The budget revisions also contained proposed reductions in taxes as part of a slowing in the growth rate of Federal receipts. The congressional first budget resolution (H.Con.Res. 115) closely followed these recommendations.

Recent (fall, 1981) worsening of the short term economic outlook indicated higher than projected outlays and lower than projected receipts are likely to occur in FY82. OMB's early Dec. release of some budget totals tends to confirm this view. New official budget numbers including policy changes are expected in Jan. 1982.

The objectives of these policy changes were to revitalize the economy through encouragement of savings and investment, to slow inflation, and to fortify national defense. Using the July OMB estimates and actuals, outlay growth rates are forecast to decline from 17.4% for 1979 to 1980 to 6.7% from 1981 to 1982. From 1980 to 1982 national defense outlays will rise from 23.4% to 26.7% of all outlays; human resources outlays (consisting of the budget functions: education, training, employment, and social services; health; income security; and veterans benefits and services) remain almost the same, 52.3% to 51.5%; net interest outlays climb slightly from 9.1% to 10.8%; and all other outlays are to fall from 15.2% to 11.0% of total outlays. The September budget revisions of OMB increasing both outlays and receipts have changed these growth rates somewhat and the Dec. 1981 OMB estimates show an outlay growth rate of 10.7% for 1981 to 1982 (not the 6.7% estimated in July). (See Tables 1 and 2.)

Receipt growth rates are expected to decline from 11.6% for 1979-1980 to 9.4% for 1981-82 using the OMB July estimates and down to 3.2% using the OMB Dec. estimates. Within overall receipts, individual income taxes, corporate income taxes, customs duties, and miscellaneous receipts all show declines as percentages of total receipts from 1981 to 1982. Social insurance taxes and contributions and excise taxes show increases as percentages of total receipts for the same period, 1981 to 1982.

The First Budget Resolution included room for a \$51.3 million decrease in revenues (tax cut) for FY82. The Economic Recovery Act of 1981 (P.L. 97-34), signed into law on Aug. 13, 1981, is estimated to reduce revenues by \$37.7 billion in FY82.

Although the tax cut was smaller than the amount allowed for in the 1st budget resolution, OMB budget estimates have not indicated either a significant increase in receipts or a reduction in the deficit. Budget estimates from sources other than the Administration indicate an increase in the deficit

even with the smaller than expected tax cut (these differences are attributed to differences in economic outlook rather than policy factors).

In both cases, outlays and receipts, totals for FY82 are higher than totals for FY80 or FY81. The reduction in outlays and receipts are reductions from the levels that would have occurred if fiscal policy and government growth rates had remained unchanged. Although total outlays and receipts continue to increase between 1980 and 1982, some budget function outlays and corporation income taxes show actual dollar reductions. (See Tables 1 and 2.)

Off-Budget Outlays

Off-budget outlays are estimated (OMB, 7/81) to increase between 1980 and 1982 by \$4.0 billion (from \$14.2 billion to \$18.2 billion), but the two-year change obscures the decline of \$5.8 billion from 1981 to 1982. Much of this reduction is due to proposed changes in certain Federal credit programs that are financed through the Federal Financing Bank (FFB). Because off-budget outlays are off-budget, estimates or limits on them do not appear in the Congressional budget process. Although the off-budget outlays do not appear in the budget totals, their effect is to increase the size of the Federal deficit (not the budget deficit) by the amount of the off-budget outlays.

Credit Budget

The credit budget, a recent addition to the budget and the budget process, is an attempt to recognize and control a portion of the Federal budget that has been growing rapidly and relatively unnoticed over the past decade. Both direct loans (through new loan obligations) and loan guarantees (through new commitments) fall under the limits of the credit budget. The methods of control include limits placed in appropriation bills or through changes in the authorizing legislation.

The Reagan Administration in the Mid-session Review proposes reductions in the FY82 credit budget by \$18.7 billion (to \$138.9 billion) and a reduction of \$19.2 billion (to \$146.2 billion) for FY81 from the Carter estimates for these years. The reductions would occur in programs that don't meet the criteria the Administration is using in judging the value of Federal programs. (See Table 4; or for additional specific information on the programs involved, see pages 19-21 of the Mid-session Review of the 1982 Budget.) The First Budget Resolution (H.Con.Res. 115) recommended a credit budget of \$137.0 billion for FY82.

Deficit and Debt

The budget deficit in the Mid-Session Review is forecast to decline from \$59.6 billion in FY80 to \$42.5 billion in FY82. The Carter forecast, of January 1981, had the deficit decline to \$27.5 billion in FY82. Much of the difference between the two deficit figures is due to the proposed and enacted tax reductions of the Reagan Administration (P.L. 97-34). Following President Reagan's lead, the First Budget Resolution (H.Con.Res. 115) set the deficit at \$37.65 billion, which left room for the tax reduction.

The OMB Mid-session review lowers, from March, the estimate for the deficit (from \$45 billion to \$42.5 billion) but questions have been raised

about the accuracy of the OMB estimate. The later CBO report, the Economic and Budget Outlook: An Update (Sept. 1981), projected a deficit for FY82 of \$65 billion (the midpoint of the CBO projection range), a figure which includes \$15 billion in unspecified and unenacted (but requested) budget reductions for FY82. CBO also sees deficits continuing through at least 1984, a clear difference of opinion between the Reagan Administration and CBO.

The September Presidential request for an additional \$16 billion in budget savings would put the deficit at \$43.1 billion according to OMB estimates. Without the \$16 billion savings, which must still be approved by Congress, the September estimate of the deficit is \$59.1 billion for FY82. The early Dec. 1981 OMB deficit estimate was \$109.1 billion which is based on Federal policy in existence. This estimate is closer to the estimates being made by private forecasters than the earlier estimates and probably reflects the changes that have occurred in the economic outlook.

Much of the difference in deficit forecasts is attributable to the Administration's more optimistic economic forecast. If the lower interest rates do not materialize Federal spending, especially interest on the Federal debt, will be higher than the Administration estimated in July.

The continuation of the budget deficits through (at least) FY82 means that the Federal debt will continue to increase. Debt subject to limit is expected to climb from \$908.7 billion in FY80 to \$1074.9 billion in FY82 (OMB forecast, July 1981). The First Budget Resolution estimated the Federal debt subject to limit at \$1,079.8 billion by the end of FY82.

Reconciliation

In addition to establishing budget targets, the Congressional First Budget Resolution also contained reconciliation instructions for various House and Senate Committees. The instructions (and their enactment) were used to enforce spending restrictions on Congress. The Omnibus Reconciliation Act of 1981 (P.L. 97-35) set levels of authorization for specific programs. The Appropriation Committees and their subcommittees, still working on appropriation bills for FY82, cannot fund functions or programs at levels higher than those set by the Reconciliation Act.

The reconciliation instructions included total savings of approximately \$51 billion in budget authority and \$36 billion in outlays for FY82 for both the House and Senate Committees.

The Senate passed their version of reconciliation (S. 1377) on June 25, 80 to 15. The House after tense debate passed their version of reconciliation (H.R. 3982) on June 26, 232 to 193. The House-passed version was a substitute amendment (Gramm/Latta) for the House Budget Committee's reported bill.

The Senate version claimed outlay savings of \$38.5 billion and the House version savings of \$35.7 to \$38.2 billion, depending on whose estimate was used. Both versions saved more than required in the reconciliation instructions of the First Concurrent Budget Resolution and both were similar to President Reagan's proposals.

The conference on reconciliation (composed of 250 members) finished its work on July 29, 1981. It recommended \$35.2 billion in savings for FY82

(from a budget baseline) and \$130 billion in savings over the five years FY81-FY84. President Reagan signed the bill into law on Aug. 13, 1981 (P.L. 97-35).

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TABLE 1
BUDGET TOTALS, FY80 - FY82
(In billions of dollars)

<u>FY/Source</u>	<u>Budget Authority</u>	<u>Receipts</u>	<u>Outlays</u>	<u>Deficit</u>	<u>Public Debt Subject To Limit</u>
1980 Actual	658.8	520.0	579.6	59.6	908.7
1981					
2nd Con. Budget Res. for FY81 (H.Con.Res. 448, 11/20/80)	694.6	605.0	632.4	27.4	978.6
Carter (1/15/81)	726.5	607.5	662.7	55.2	987.3
Reagan (3/10/81)	710.1	600.3	655.2	54.9	987.4
1st Con. Budget Res. (H.Con.Res.115, 5/21/81)	717.5	603.3	661.35	58.05	999.8
Mid-Session Review (OMB, 7/15/81)	717.1	605.6	661.2	55.6	989.9
Economic & Budget Outlook (CBO, (9/10/81)	NA	605	665	60	NA
Actual	NA	602.6	660.5	57.9	997.2
1982					
Carter (1/15/81)	809.8	711.8	739.3	27.5	1,053.6
Reagan (3/10/81)	772.4	650.3	695.3	45.0	1,071.2
1st Con. Budget Res. (H.Con.Res.115, 5/21/81)	770.9	657.8	695.45	37.65	1,079.8
Mid-Session Review (OMB, 7/15/81)	779.5	662.4	704.8	42.5	1,074.9
Economic & Budget Outlook (CBO, 9/10/81) (a)	NA	655.0	720.0	65.0	NA
Sept. Revisions (OMB, 9/24/81)	761.2	666.2	709.3	43.1	NA
Dec. Current Services (OMB)	NA	621.9	731.0	109.1	NA

(a) - Mid-range of CBO projections.
N.A. - Not available

Source: OMB. FY82 Budget Revisions. March 1981. Conference Report.

First Concurrent Resolution on the Budget-FY1982. May 15, 1981.
OMB. Mid-Session Review of the 1982 Budget. July 1981.
CBO. The Economic and Budget Outlook: An Update. Sept. 1981.
Office of the President. Fact sheet, Fall budget program.
Sept. 24, 1981.

TABLE 2
Budget Authority (BA) and Outlays (O) by Function, 1980-1982
(In Billions of Dollars)

<u>Function</u>	<u>1980</u> <u>Actual</u>	<u>1981</u> <u>Reagan</u> (3/81)	<u>1981</u> 1st Con. Budget Res. (H.Con.Res.115) (5/81)	<u>1981</u> Mid-Session Review (OMB, 7/81)
National Defense				
BA	145.8	180.7	181.0	179.9
O	135.9	162.1	162.9	160.4
International Affairs				
BA	15.5	23.7	23.55	23.6
O	10.7	11.3	11.25	11.8
General Science, Space, and Technology				
BA	6.1	6.5	6.5	6.5
O	5.7	6.2	6.2	6.2
Energy				
BA	36.4	5.8	7.3	6.4
O	6.3	9.3	9.8	9.5
Natural Resources and Environment				
BA	13.1	10.4	10.5	10.7
O	13.8	13.7	13.6	13.6
Agriculture				
BA	4.9	5.6	5.6	5.7
O	4.8	1.2	2.7	4.0
Commerce and Housing Credit				
BA	10.5	6.4	6.6	6.6
O	7.8	3.2	3.4	4.2
Transportation				
BA	20.2	25.5	25.0	25.1
O	21.1	24.0	23.9	22.9
Community and Regional Development				
BA	10.1	8.2	8.3	8.5
O	10.0	10.3	11.4	10.5
Education, Training Employment and Social Services				
BA	30.6	29.4	30.8	30.5
O	30.8	30.6	31.8	31.6
Health				
BA	59.8	71.3	72.2	71.9
O	58.2	66.7	66.8	67.7
Income Security				
BA	224.2	249.9	250.35	250.7
O	193.1	229.7	227.6	226.4
Veterans Benefits and Services				
BA	21.2	22.9	23.3	23.2
O	21.2	22.4	22.8	22.9

Administration of Justice				
BA	4.4	4.4	4.4	4.4
O	4.6	4.7	4.7	4.7
General Government				
BA	4.6	5.4	5.3	5.0
O	4.5	5.1	5.0	5.0
General Purpose				
Fiscal Assistance				
BA	8.7	6.2	6.1	6.2
O	8.6	6.8	6.8	6.9
Interest				
BA	64.5	77.2	79.5	83.1
O	64.5	77.2	79.5	83.1
Allowances				
BA	--	--	--	--
O	--	--	--	--
Undistributed Offsetting Receipts				
BA	-21.9	-29.3	-28.8	-30.2
O	-21.9	-29.3	-28.8	-30.2

TABLE 2 -- Continued

Functions	<u>1982</u>	<u>1982</u>	<u>1982</u>	<u>1982</u>
	Carter 1/81	Reagan 3/81	1st Con. Budget Res. (H.Con.Res.115) 5/81	Mid-Sessio Review (OMB, 7/81)
National Defense				
BA	200.3	266.3	226.3	225.7
O	184.4	188.8	188.8	188.1
International Affairs				
BA	19.6	17.9	17.4	17.7
O	12.2	11.2	11.15	11.4
General Science, Space, and Technology				
BA	8.1	7.2	7.2	7.2
O	7.6	6.9	7.0	6.9
Energy				
BA	12.1	9.0	4.5	9.1
O	12.0	8.7	6.0	9.1
Natural Resources and Environment				
BA	13.6	7.9	8.2	7.9
O	14.0	11.9	12.4	12.2
Agriculture				
BA	5.6	5.5	5.5	5.3
O	4.8	4.4	4.5	5.4
Commerce and Housing Credit				
BA	10.7	8.2	7.7	8.3
O	8.1	3.1	4.0	4.1
Transportation				
BA	25.5	20.5	21.2	20.7
O	21.6	19.9	20.4	21.0
Community and Regional Development				
BA	9.2	7.3	7.1	6.7
O	9.2	8.1	8.7	8.5
Education, Training Employment and Social Services				
BA	36.3	24.6	26.2	25.4
O	34.5	25.8	26.85	26.9
Health				
BA	86.1	83.5	83.5	83.3
O	74.6	73.4	73.35	73.8
Income Security				
BA	279.6	261.8	262.7	262.6
O	255.0	241.4	239.7	238.5
Veterans Benefits and Services				
BA	25.0	24.2	24.8	24.7
O	24.5	23.6	24.05	24.0

Functions	<u>1982</u> Carter (1/81)	<u>1982</u> Reagan (3/81)	<u>1982</u> 1st Con. Budget Res. (H.Con.Res.115) (5/81)	<u>1982</u> Mid-Session Review (OMB, 7/81)
Administration of Justice				
BA	4.8	4.2	4.45	4.2
O	4.9	4.4	4.3	4.4
General Government				
BA	5.4	5.1	5.0	5.1
O	5.2	5.0	4.9	5.1
General Purpose				
Fiscal Assistance				
BA	6.9	6.5	6.5	6.5
O	6.9	6.4	6.4	6.4
Interest				
BA	89.9	82.5	85.7	92.3
O	89.9	82.5	85.7	92.3
Allowances				
BA	3.0	2.3	--	0.7
O	1.9	1.8	--	0.7
Undistributed Offsetting				
Receipts				
BA	-31.9	-32.0	-32.9	-33.7
O	-31.9	-32.0	-32.9	-33.7

BA - Budget Authority

O - Outlays

Sources: Office of Management and Budget. Budget of the U.S.
Government, FY 1982. Jan. 1981.
Office of Management and Budget. Fiscal Year 1982
Budget Revisions. March 1981.

TABLE 3
Off-Budget Outlays
(in billions of dollars)

Fiscal Year	1980 Actual	1981	1982	1983	1984
Carter (1/81)	14.2	23.2	18.3	15.3	14.7
Reagan (3/81)	14.2	23.6	16.7	10.7	9.5
Mid-Sesseion Review (7/81, OMB)	14.2	24.0	18.2	NA	NA

NA: Not available

Source: OMB. Fiscal Year 1982 Budget Revision. March 1981 OMB.
Mid-session Review of the 1982 Budget. July 1981.

TABLE 4
Summary of Credit Budget
(in billions of dollars)

	<u>1981 Estimate</u>	<u>1982 Estimate</u>		
		1st Con. Bud. Res. Reagan (3/81)	(H.Con.Res. 115) (5/81)	Mid-Session Review (7/81, OMB)
Total direct loan obligations, on and off-budget, net	55.0	49.4	51.9	59.3
Total primary guarantee commitments	85.2	78.5	85.1	79.6
Total Credit Budget	140.2	127.9	137.0	138.9

Source: OMB. Fiscal Year 1982 Budget Revisions. March 1981.
OMB. Mid-session Review of the 1982 Budget. July 1981.

TABLE 5
Economic Assumptions, 1980-1984
(Calendar years; dollar amounts in billions)

	1980 Actual	1981	1982	1983	1984
		-----estimates-----			
GROSS NATIONAL PRODUCT					
Current Dollars:					
Carter (1/15/81)	2,629	2,928	3,312	3,718	4,156
Reagan (3/10/81)		2,920	3,293	3,700	4,098
1st Budget Res. (5/21/81)		2,941	3,323	3,734	4,135
MSR (7/15/81, OMB)		2,951	3,296	3,700	4,097
E&BO (9/10/81, CBO)		2,931	3,255	3,624	4,018
change, annual avg.					
Carter	8.9	11.4	13.1	12.3	11.8
Reagan		11.1	12.8	12.4	10.8
1st Budget Res.		12.1	11.7	12.3	10.7
MSR		12.4	11.7	12.3	10.8
E&BO		11.6	11.1	11.3	10.9
Constant Dollars					
Carter	1,482	1,493	1,545	1,600	1,659
Reagan		1,497	1,560	1,638	1,711
1st Budget Res.		1,511	1,572	1,651	1,725
MSR		1,519	1,570	1,648	1,721
E&BO		1,523	1,586	NA	NA
change, annual avg.					
Carter	-0.1	0.9	3.5	3.5	3.7
Reagan		1.1	4.2	5.0	4.5
1st Budget Res.		2.0	4.2	5.0	4.5
MSR		2.6	3.4	5.0	4.5
E&BO		2.3	3.1	4.1	4.0

TABLE 5
Economic Assumptions, 1980-1986
(Calendar years; dollar amounts in billions)

	1980	1981	1982	1983	1984
	Actual	-----estimates-----			
PRICE LEVEL					
GNP Deflator					
% change, annual avg.					
Carter	9.0	10.5	9.3	8.5	7.8
Reagan		9.9	8.3	7.0	6.0
1st Budget Res.		9.7	8.3	7.0	6.0
MSR		9.6	8.0	7.0	6.0
E&BO		9.1	7.7	7.0	6.6
Consumer Price Index					
% change, annual avg.					
Carter	13.5	12.5	10.3	8.7	7.7
Reagan		11.1	8.3	6.2	5.5
1st Budget Res.		11.1	8.3	6.2	5.5
MSR		9.9	7.0	5.7	5.2
E&BO		10.1	7.2	7.0	6.2
UNEMPLOYMENT RATE					
Total, Annual Average					
Carter	7.2	7.8	7.5	7.1	6.7
Reagan		7.8	7.2	6.6	6.4
1st Budget Res.		7.5	7.2	6.6	6.4
MSR		7.5	7.3	6.6	6.2
E&BO		7.4	7.3	6.9	6.5
INTEREST RATE, 3-mo. Treasury					
bills (% , yearly avg.)					
Carter	11.5	13.5	11.0	9.4	8.5
Reagan		11.1	8.9	7.8	7.0
1st Budget Res.		13.5	10.5	9.4	8.2
MSRO		13.6	10.5	17.5	16.8

NA: Not available

MSR - Mid-Session Review

E&BO - Economic & Budget Outlook

Sources: OMB. Fiscal Year 1982 Budget Revisions. March, 1981.

OMB. Budget of the U.S. Government, FY 1982. Jan. 1981.

OMB. Mid-Session Review of the 1982 Budget. July, 1981.

CBO. The Economic and Budget Outlook: An Update. Sept. 1981.

LEGISLATION

P.L. 97-35, H.R. 3982 (S. 1377)

Omnibus Budget Reconciliation Act of 1981

The House (and final) version of the reconciliation bill that reduces Federal spending by \$35.2 billion in FY82. A substitute (H.R. 3964) was inserted when it passed the House on June 26, 1981. The measure cleared Congress on July 31, 1981, and was signed into law on Aug. 13, 1981 by President Reagan.

H.Con.Res. 115 (First Concurrent Resolution on the FY82 Budget.)

The resolution was approved by the House Budget Committee on Apr. 16, 1981. The Gramm/Latta substitute, closely resembling President Reagan's budget proposals, passed the full House on May 7th (253 to 176).

A conference was called to resolve the difference between the House and Senate versions of the 1st concurrent budget resolution. The Conference Committee issued a report (S.Rept. 97-86, H.Rept. 97-46) on H.Con.Res. 115 on May 15, 1981. The measure was approved by the House and Senate on May 20-21, 1981.

P.L. 97-51, H.J.Res. 325 (1982 Continuing Appropriations)

A measure passed on Sept. 30 to fund the Government through Nov. 20. Its purpose was to allow time to pass the appropriation bills.

H.J.Res. 357 (1982 Continuing Appropriation)

A measure passed on Nov. 22 and vetoed on Nov. 23 that would have funded the Government, in the absence of the passage of regular appropriations, through July 15, 1982. President Reagan vetoed it as too costly.

P.L. 97-85, H.J.Res. 368 (1982 Continuing Appropriations)

A measure passed to fund the Government through Dec. 15, 1981. Supposedly this will allow the Congress and the President to enact some or all the regular appropriation bills.

P.L. 97-92, H.J.Res. 370 (1982 Continuing Appropriations)

A measure passed on Dec. 10-11, 1981 to fund those parts of the Government not covered by an enacted regular appropriation bill (the majority of Federal activities at the time). The resolution included \$4 billion of the \$8 billion in spending reductions requested by President Reagan. The measure expires on Mar. 31, 1982.

S.Con.Res. 19 (First Concurrent Resolution on the FY82 Budget.)

The resolution was approved by the Senate Budget Committee on May 1st and by the full Senate on May 12. It closely resembles President Reagan's budget proposals.

S.Con.Res. 50 (Second Concurrent Budget Resolution for FY82)

The Second Budget Resolution, which reaffirmed the first budget resolution, was passed on Dec. 9-10, 1981. The necessity of revising this resolution at some future date to make it conform to changed economic and budgetary conditions was recognized at its passage.

REPORTS AND CONGRESSIONAL DOCUMENTS

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- Omnibus Reconciliation Act of 1981; report to accompany H.R. 3982. Washington, U.S. Govt. Print. Off., 1981. Report no. 97-158, vol. I-III
- U.S. Congress. House. Conference report. Omnibus Budget Reconciliation Act of 1981; report to accompany H.R. 3982. Washington, U.S. Govt. Print. Off., July 29, 1981. (97th Congress, 1st session. House. Report no. 97-208)
- U.S. Congress. Senate. Committee on the Budget. Revised second concurrent resolution on the budget, FY 1981. Report. Washington, U.S. Govt. Print. Off. March 23, 1981. Report no. 97-28
- Committee on the Budget. First Concurrent Resolution on the Budget -- Fiscal Year 1982; report to accompany S.Con.Res. 19. Washington, U.S. Govt. Print. Off. May 1, 1981. Report no. 97-49
- Committee on Conference. First Congressional Budget Resolution -- Fiscal Year 1982; report to accompany H.Con.Res. 115. Washington, U.S. Govt. Print. Off. May 15, 1981. Report no. 97-86, House version Report no. 97-46
- Omnibus Reconciliation Act of 1981; report to accompany S. 1377. Washington, U.S. Govt. Print. Off., 1981. Report no. 97-139

CHRONOLOGY OF EVENTS

- 12/11/81 -- Senate adopted H.J.Res. 370, continuing appropriatins.
- 12/10/81 -- House adopted H.J.Res. 370, continuing appropriations.
-- House adopted S.Con.Res 50, second budget resolution.
- 12/09/81 -- Senate adopted S.Con.Res. 50, second busget resolution.
- 11/23/81 -- Congress approved an extension of the Sept. 30 Government-wide appropriation bill through Dec. 15, 1981 (H.J.Res. 368).
-- President Reagan vetoes a Government-wide appropriations bill that would have extended through July 15, 1982.
- 11/22/81 -- Congress approved a second Government-wide continuing appropriation through July 15, 1982 (H.J.Res. 357)

- 09/30/81 -- Congress approved a Government-wide continuing appropriation through Nov. 20, 1981 (P.L. 97-51).
- 09/29/81 -- The Senate approved a measure to raise the debt limit to \$1,079.8 billion.
- 09/24/81 -- President Reagan proposed an additional \$13 billion in budget savings.
- 09/10/81 -- CBO released its report, the Economic and Budget Outlook: An update.
- 08/13/81 -- Omnibus Budget Reconciliation Act of 1981 signed into law by Pres. Reagan (P.L. 97-35).
- 08/13/81 -- The Economic Recovery Act of 1981 (the tax bill) was signed into law by President Reagan (P.L. 97-34).
- 07/31/81 -- House and Senate agreed to conference report on H.R. 3982, the reconciliation bill.
- 07/29/81 -- Conference reported out the reconciliation bill (H.R. 3982), H.Rept. 97-208.
- 07/15/81 -- OMB released its Mid-Session Review of the 1982 budget.
- 07/13/81 -- Senate passed the reconciliation bill, amended (S. 1377).
- 06/26/81 -- House passed H.R. 3982, a bill of reconciliation (232-193).
- 06/25/81 -- Senate passed S. 1377, a bill of reconciliation (80-15).
- 06/19/81 -- House Budget Committee reported H.R. 3982, a bill of reconciliation (H.Rept. 97-158).
- 06/17/81 -- Senate Budget Committee reported S. 1377, a bill of reconciliation (S.Rept. 97-139).
- 05/20-21/81 -- First Concurrent Resolution on the Budget (H.Con.Res. 115) for FY82 passed the House and Senate.
- 05/15/81 -- Conference report on the 1st Con. Budget Res. (H.Con.Res. 115) issued.
- 05/12/81 -- Senate adopted its version of the 1st Con. Budget Res. (substituting S.Con.Res. 19 for H.Con.Res. 115, 78-20).
- 05/07/81 -- House adopted its version of the 1st Con. Budget Res. (H.Con.Res. 115, 270-154).
- 05/04/81 -- Senate Budget Committee reported out S.Con.Res. 19, 1st Con. Budget Res. for FY82.
- 04/16/81 -- House Budget Committee reported out H.Con.Res. 115, 1st Con. Budget Res. for FY82.

- 03/25/81 -- CBO released a report, An Analysis of President Reagan's Budget Revisions for FY 1982.
- 03/23/81 -- Sen. Budget Comm. reported a revised 2nd concurrent Budget Resolution for FY 1981 (and FY82 and FY83), including reconciliation instructions.
- 03/10/81 -- President Reagan released his budget revisions for FY81 (and FY82).
- 02/18/81 -- President Reagan's preliminary version of his FY82 budget was presented.
- 02/06/81 -- Increase in the debt limit signed into law (P.L. 97-2).
- 02/03/81 -- CBO released a report, reducing the Federal Budget: Strategies and examples, fiscal years 1982-1986.
- 01/27/81 -- CBO released a report, An Analysis of President Carter's Budgetary Proposals for fiscal year 1982.
- 01/15/81 -- President Carter released his FY82 budget recommendations.

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----- Fiscal year 1982 budget revisions. Washington, U.S. Govt. Print. Off. March 1981.

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----- A Program for Economic Recovery, Feb. 18, 1981. Washington, U.S. Govt. Print. Off. Feb. 18, 1981.

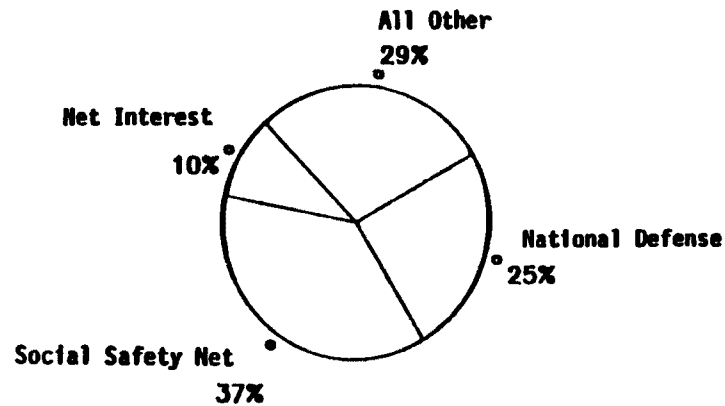
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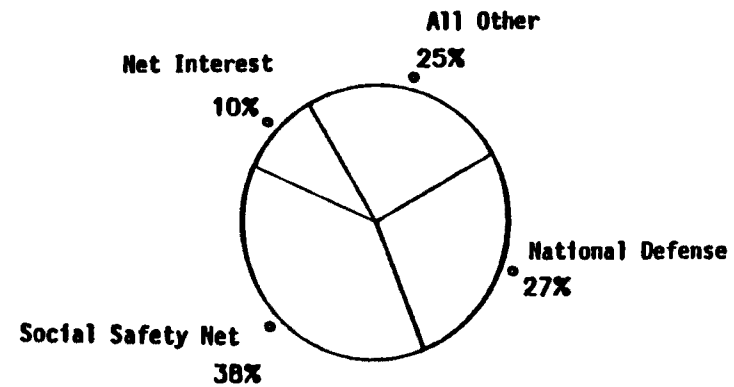
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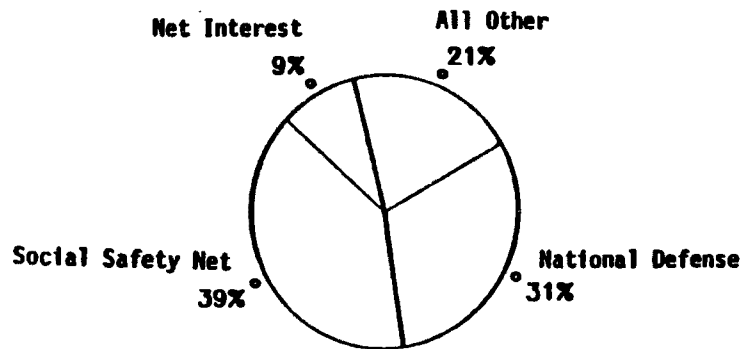
COMPOSITION OF THE ADMINISTRATION'S BUDGET FOR FISCAL YEARS 1981 – 1984



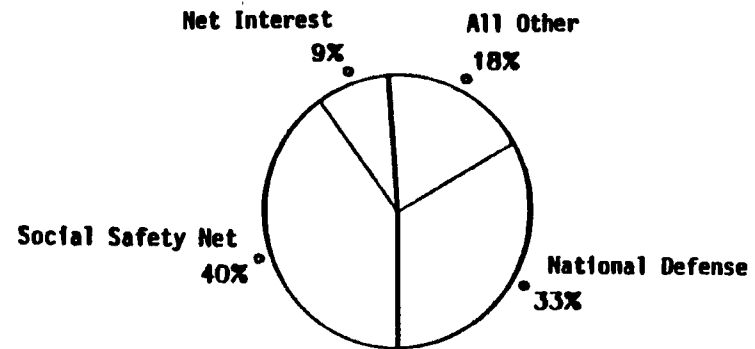
PERCENT DISTRIBUTION
FY 1981



PERCENT DISTRIBUTION
FY 1982



PERCENT DISTRIBUTION
FY 1983



PERCENT DISTRIBUTION
FY 1984

PROJECTED OUTLAYS FOR SOCIAL SAFETY NET PROGRAMS
(By fiscal year, in billions of dollars)

Program	Actual 1980	Administration Estimates			
		1981	1982	1983	1984
Social Security (OASDI)	117.1	137.8	154.8	170.1	184.4
Railroad Retirement	4.7	5.3	5.7	6.1	6.3
Medicare	35.0	41.2	47.1	54.2	61.4
Basic Unemployment Benefits	16.4	22.2	18.6	16.5	16.6
Assistance Payments (AFDC)	7.3	7.8	6.8	6.9	6.9
Supplemental Security Income	6.4	7.3	8.0	9.4	8.7
Veterans' Benefits and Services					
Income security programs	11.7	13.0	14.3	15.5	16.6
Hospital and medical care	6.5	6.8	7.2	7.5	7.9
Total	205.2	241.4	262.6	286.1	308.8

SOURCE: Office of Management and Budget. March, 1981

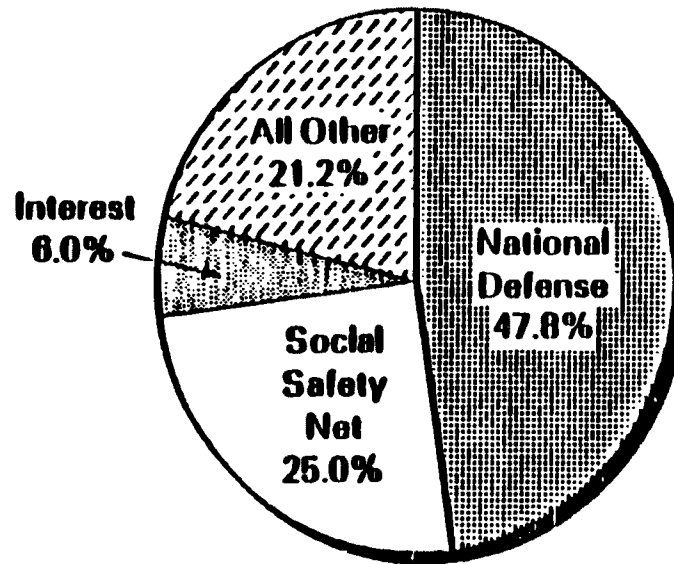
COMPOSITION OF THE ADMINISTRATION'S BUDGET FOR FISCAL YEARS 1981-1984

Major Category	Actual 1980	Administration Estimates			
		1981	1982	1983	1984
Outlays in billions of dollars					
National Defense	135.9	162.1	188.8	226.0	255.6
Social Safety Net	205.2	241.4	262.6	286.1	308.8
Net Interest	52.5	64.1	68.2	68.9	67.8
All Other a/	186.1	187.6	175.7	150.8	138.0
Total	579.6	655.2	695.3	732.0	770.2
Percent Distribution					
National Defense	23.4	24.7	27.2	30.9	33.2
Social Safety Net	35.4	36.8	37.8	39.1	40.1
Net Interest	9.1	9.8	9.8	9.4	8.8
All Other a/	32.1	28.6	25.3	20.6	17.9
Total	100.0	100.0	100.0	100.	100.0

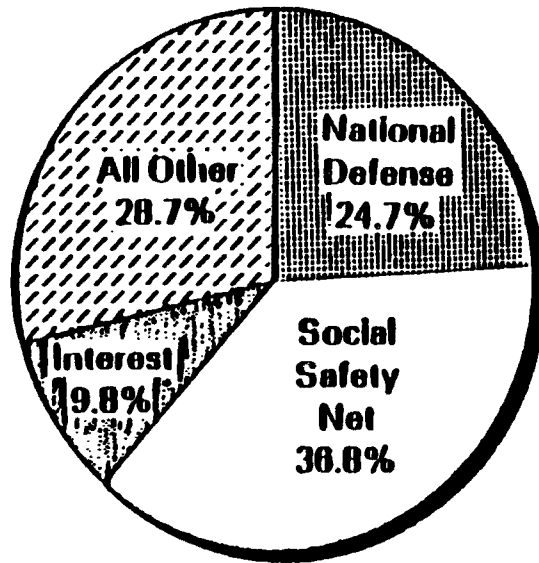
SOURCE: Office of Management and Budget. March, 1981

^{a/} For 1983-1984, the estimates assume that budget savings to be identified later will be in the all other category.

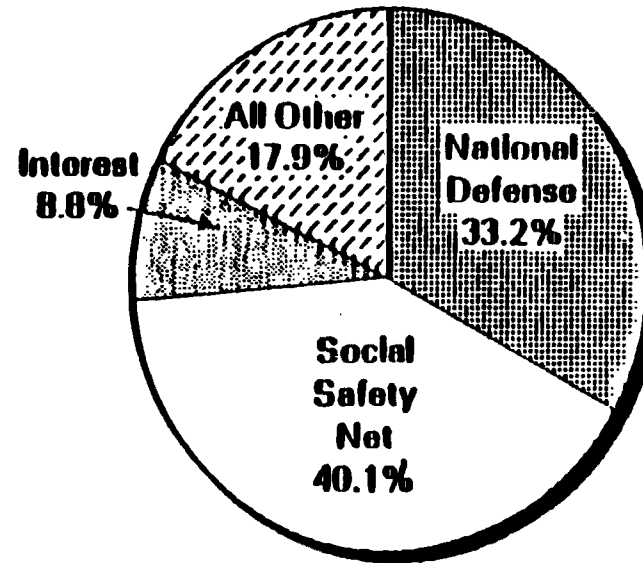
Budget Shares



1962



1981

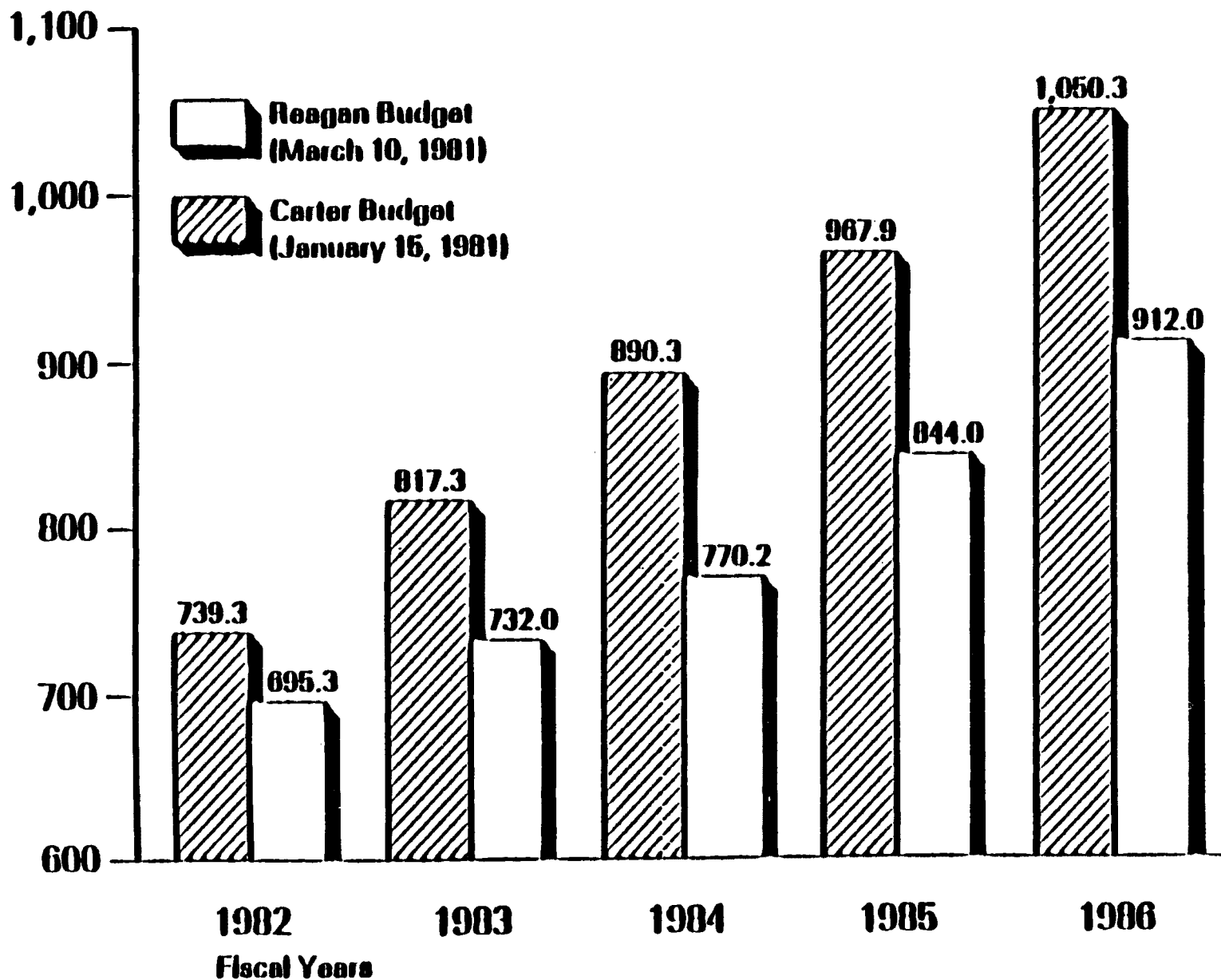


1984

Graphs released by the Office of Management and Budget in March, 1981.

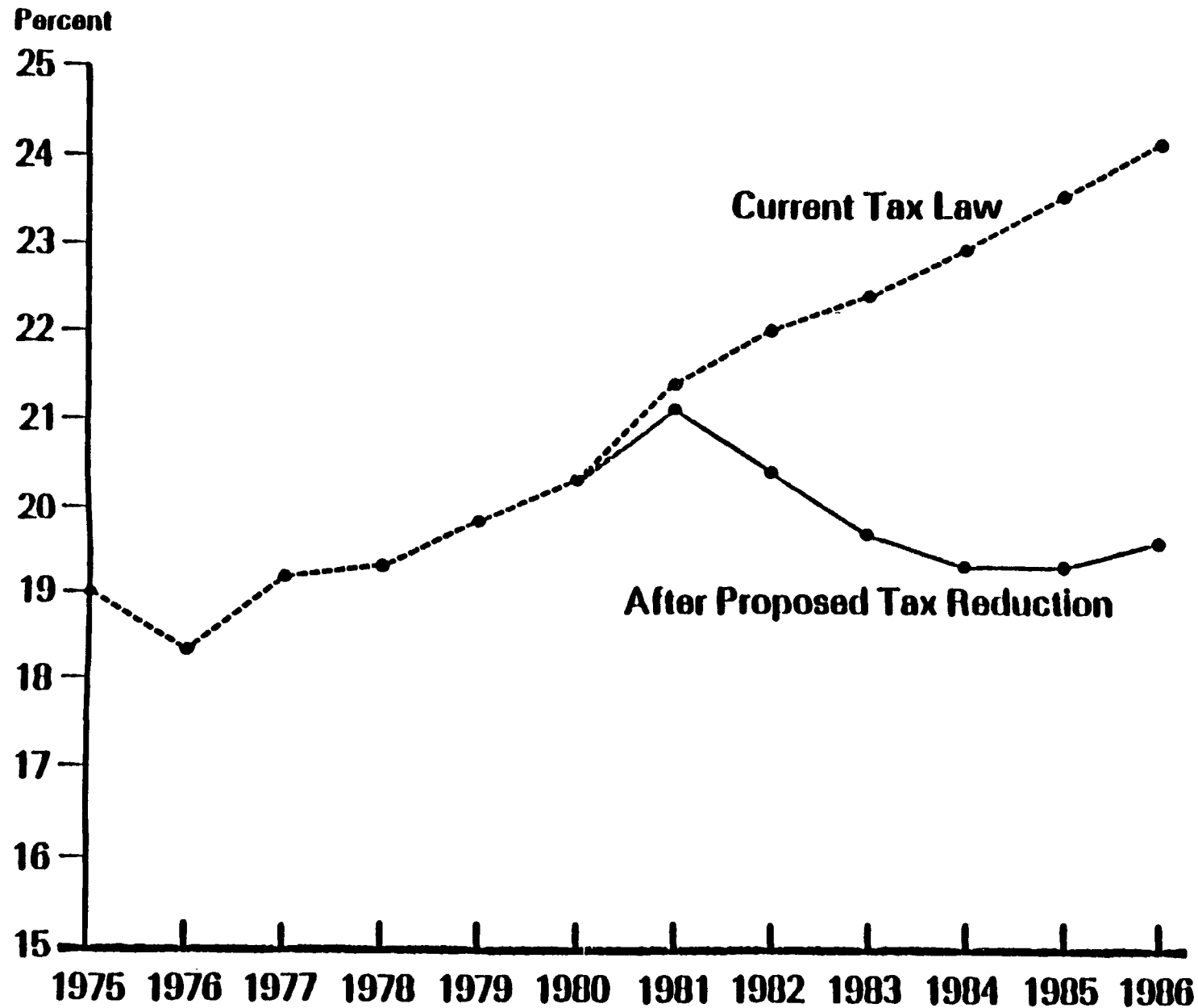
Total Outlays, Including Defense

Billions of Dollars



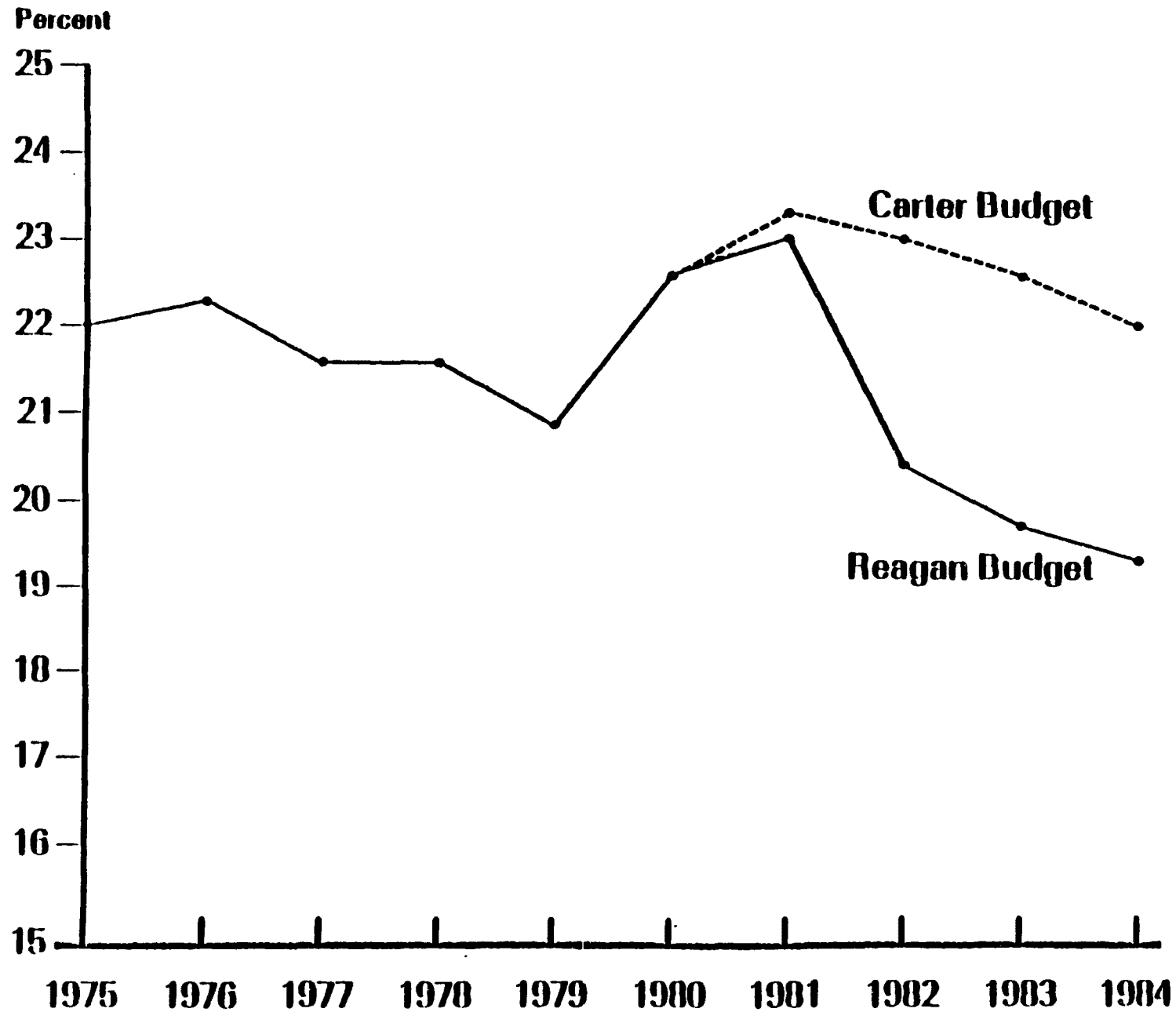
Graphs released by the Office of
Management and Budget in March, 1981.

Budget Receipts as a Percent of Gross National Product



Graphs released by the Office of
Management and Budget in March, 1981.

Budget Outlays as a Percent of Gross National Product



Graphs released by the Office of
Management and Budget in March, 1981