APPROPRIATIONS UPDATE

HOUSE COMMITTEE ON THE BUDGET
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CONTINUING APPROPRIATIONS FOR FISCAL YEAR 2003 (H.J.RES. 111)

SUMMARY

This resolution would provide for the continued operations of the Government through 4 October 2002. A continuing resolution [CR] is necessary because none of the regular appropriations for fiscal year 2003 – which begins on 1 October – has been enacted. The resolution would fund all projects or activities funded in fiscal year 2002 at the same rate of operations until either: 1) the enactment of an appropriation act covering the project or activity; or 2) the expiration of the CR. As has traditionally been the case, the CR provides for the continued funding of emergency-designated appropriations. Because of the unique circumstances affecting fiscal year 2002 appropriations – principally the need to rebuild New York and the Pentagon after the terrorist attacks of 11 September 2001 – the continuation of those appropriations leads to a level of nondefense spending that is $8.2 billion above the amount contained in the President's budget request and the House budget resolution.

COST OF THE LEGISLATION

Under congressional procedures, the cost of a short-term continuing resolution is determined on an annualized basis, which makes the assumption that the bill would extend for the entire fiscal year. On that assumption, the Congressional Budget Office [CBO] estimates that the CR would provide $744.3 billion in discretionary budget authority for fiscal year 2003. That amount is $11.3 billion above the fiscal year 2002 amount (see Table 1 below), largely because of an appropriation for the accruing costs of Department of Defense health care. That $8.3 billion appropriation is necessary because the requirement to accrue those costs first takes effect for fiscal year 2003.

The other $3-billion increase results from technical factors, such as spending increases for fee-based programs, assumed in CBO's construction of the spending "freeze" baseline.

Table 1: Continuing Appropriations for Fiscal Year 2003
(fiscal years; millions of dollars)

	2002 Enacted	Administration 2003 Request	302(a) for 2003	CR
Budget Authority	732,975	759,052	748,096	744,250
Outlays	732,893	788,462	785,590	773,015

The CR appears to be $14.8 billion below the administration's request. That comparison, however, does not account for the sea change in Federal budgetary priorities that the President has called for to defend the homeland and fight terrorism abroad. As shown in Table 2 (on the reverse side), the budget has provided for a $23-billion increase in defense spending relative to a CR at fiscal year 2002 levels (including the $10-billion war reserve that has not yet been allocated by the Armed Services and Appropriations Committees), and an $8.2-billion decrease in nondefense spending. The increase in defense is intentional; the decrease is nondefense is largely an artifact of the

(continued on reverse side)

additional expenditures needed for immediate disaster relief in the wake of last September's terrorist attacks: to rebuild infrastructure in New York City; to refurbish damaged areas at the Pentagon; and to maintain a adequate stockpile of vaccines to be available in the event of an attack on the United States using biological weapons. A recent analysis by the Office of Management and Budget has conservatively estimated that $16.2 billion in one-time expenditures are included in the fiscal year 2002 base used for the continuing resolution. Of that amount, $14.9 billion was for nondefense programs. Removing that spending from the CR would show that the budget in fact provides for $6.7 billion in additional nondefense discretionary spending on recurring Government programs and activities.

Table 2: Comparison of Current-Rate CR With President's Request
(fiscal year 2003 budget authority, in millions of dollars)

	Budget [a]	CR	Difference
Defense Bills[b]	376,133	353,176	22,957
Nondefense Bills	382,919	391,074	-8,155
Total	759,052	744,250	14,802

[a] Includes Defense War Reserve.
[b] Defense bills are Defense and Military Construction appropriations bills.

COMPLIANCE WITH THE BUDGET RESOLUTION

The CR technically complies with the House Concurrent Resolution on the Budget for Fiscal Year 2003 (H.Con.Res. 353). As shown above, the amount of new budget authority does not exceed the amount available under the 302(a) allocation available to the House Appropriations Committee, so that allocation is not breached. Further, the budgetary aggregates for budget authority and outlays are not exceeded, so there is no violation of section 311(a) of the Congressional Budget Act, which prohibits the consideration of legislation exceeding the aggregate levels of budget authority and outlays established in the budget resolution.

As the 13 regular appropriations bills are enacted, it is likely that this CR could cause a breach in the budgetary aggregates, and hence a violation of section 311(a) of the Budget Act. For example, if the defense and military construction bills are enacted at the levels passed by the House, continuation of the current CR would cause a breach of the budget authority aggregates of at least $3.4 billion.

AUTHORIZATION ISSUES

The CR provides for a one-quarter extension (through 31 December 2002) of current law welfare and transitional Medicaid provisions that otherwise expire at the end of the fiscal year. The Budget Committee Chairman has agreed that the cost of this extension should not be charged against the allocation of the House Committee on Appropriations, and has approved language directing that the cost be attributed to the House Committee on Ways and Means, the committee with jurisdiction over welfare reform. This provision is expected to cost $145 million in fiscal year 2003, and $165 million over the 5-year period of fiscal years 2003-2007. In addition, the bill continues to prohibit the collection of certain pesticide fees that are counted as revenues. This provision is expected to result in a revenue loss of $25 million if continued for all of fiscal year 2003.

Both the increase in direct spending for welfare, and the revenue loss from the fees, are not counted against the discretionary allocations, but rather must be offset under the pay-as-you-go procedures.

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