COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

BUDGET ISSUE UPDATE JUNE 15, 2000
SPENDING AND REVENUE BILLS NOW BEFORE CONGRESS

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FY 2001 APPROPRIATIONS

The table of appropriations actions to date, shown here at attachment 1, shows very little real progress on the spending bills Congress must pass and the President must sign into law to keep government running after October 1.

For some time, we have feared that this year would mirror the end of Calendar years 1998 and 1999. Congress and the President compromise their differences by adding money to accounts that matter most to each--without any consistent policy direction or a coherent sense of priorities--and notwithstanding the discretionary caps contained in the 1997 Balanced Budget Act. Through a combination of so-called "emergency" exceptions and creative accounting, they managed to follow that pattern in each of the last two years all the while maintaining the fiction that they were complying with the caps.

Hold on to your hats. We fear that may be a best-case scenario. The worst case could prove to be a short term continuing resolution and a lame duck session. Someone once said that lame duck sessions of Congress really should be called lame turkeys. The last such session that occurred after the White House and the Senate changed hands in an election was a turkey indeed. Too many people had too little to lose and just wanted to get one last goodie for their State or district or bedrock constituencies before they left town.

Therefore, we are convinced that winding up this Congress before the election is worth almost any price--so long as the price is denominated in discretionary spending dollars. We do not underestimate the momentum for increased discretionary spending. (See our last update.) Neither do we think it would be easy to reverse the growth in discretionary spending--even if that should be the intent of the new president and Congress to be elected this fall. But we are convinced that a lame duck session would produce a worse outcome. So we are prepared to hold our nose and urge both parties and the Administration to put the 106th Congress to bed for good as soon as possible, even if that does result in another discretionary spending splurge.

It seems crystal clear that Congress and the President cannot or will not live with in the BBA caps. Therefore, the absolute best thing that they could do would be to stand up, be counted, and pass legislation to set new discretionary caps, then pass appropriations bills consistent with the new caps and go home!

You may say, dream on. But that would provide the clearest, most honest and straightforward picture of our political leaders' priorities going into an election--and that might do more for public confidence that all the talk and media hype around campaign finance reform!

BILLS TO REDUCE RECEIPTS

The table at attachment 2 shows our estimates of likely budgetary impacts of the revenue bills reported by the House Ways and Means Committee and/or passed by the House. These estimates are based on material published by CBO and JTC.

The sum of the parts is greater than the whole. That is to say that total 5-year revenue loses would be greater than the amounts contained in the budget resolution for that purpose, if all of these bills were signed into law.

True, these bills will not all be signed into law. Also, the budget provides for some adjustments to the amounts available for revenue reductions, if the estimates of on-budget surpluses increase as expected this summer.

But Congress should live within their budget. And the Ways and Means Committee is considering legislation to require any increased on-budget surpluses (based on CBO estimates in January and July) to be used for debt reduction.

The only way Congress can use surpluses to retire debt is if they have surpluses left over after new spending legislation and tax cuts are enacted. Unfortunately we don't think there will be much left over, after they have finished spending and/or cutting taxes.

WHAT IS THE BEST USE OF BUDGET SURPLUSES?

Our Board overwhelmingly supports using current surpluses for debt reduction.

We are concerned about the rate of growth in Federal spending--growth in discretionary spending and the potential for further expansions of Medicare this year.

We are concerned because current the fiscal policy trend is unsustainable, notwithstanding projected budget surpluses. Anything that makes that trend less sustainable is a bad thing.

GO HOME AND RUN

Both the (presumptive) Democratic and Republican Presidential candidates have plans for the entire surplus (at least), plans that do not mesh perfectly with legislation before Congress this year. Wouldn't it be better to hold off on new/increased spending and tax changes? Wouldn’t it be better to let those elected this fall decide the disposition of projected surpluses?

- It took a quarter century to eliminate budget deficits. There is just about decade before the baby boom begins to retire and the Medicare trust fund goes bankrupt.

- Best we leave as much money on the table as possible to give those who will face those challenges maximum flexibility to solve the problems we all know lie ahead.

The medical community says that Americans don't get enough exercise. Metaphorically, we fear that our elected leaders' fiscal policy muscles may get too much exercise this year. Better they exercise their spending and tax muscles less and their electoral muscles more.

We urge Congressional Leaders and the White House to close up shop early this year, go out in the country, run for election or re-election. Tell voters how you propose to use projected surpluses and let them decide how those surpluses should be deployed. That may be a novel idea but it clearly would serve the country better than either a replay of the last two years or a lame turkey session of the 106th Congress.

Current Status of FY2001Appropriations Bills

Bill No.	Subcommittee Approval		Committee Approval		House Passage	Senate Passage	Conf. Report	Conf. Report Approval		Public Law
	House	Senate	House	Senate				House	Senate	
Agriculture H.R. 4461 S. 2536	05/04/2000 (vv)	05/04/2000 (vv)	05/10/2000 (vv) H.Rept. 106-619	05/09/2000 (vv) S.Rept. 106-288						
Commerce, Justice, State	06/06/2000 (vv)									
Defense H.R. 4576 S. 2593	05/11/2000 (vv)	05/17/2000 (vv)	05/25/2000 (vv) H.Rept. 106-644	05/18/1999 (28-0) S.Rept. 106-298	06/07/2000 (367-58)	^M^M				
District										
Energy and Water										
Foreign Ops S. 2522		05/08/2000		05/09/2000 (vv) S.Rept. 106-291						
Interior H.R. 4578	05/17/2000 (vv)		05/25/2000 (31-22) H.Rept 106-646							
Labor, HHS, Ed H.R. 4577 S. 2553	05/10/2000 (8-6)	05/10/2000 (vv)	05/24/2000 (29-22) H.Rept. 106-645	05/11/2000 (28-0) S.Rept. 106-293						

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Bill No.	Subcommittee Approval		Committee Approval		House Passage	Senate Passage	Conf. Report	Conf. Report Approval		Public Law
	House	Senate	House	Senate				House	Senate	
S. 2603			H.Rept. 106-635	S.Rept. 106-304						
Military Const. H.R. 4425 S. 2521	05/02/2000 (uc)	05/08/2000	05/09/2000 (vv) H.Rept. 106-614	05/09/2000 (vv) S.Rept. 106-290	05/16/2000 (386-22)					
Transportation H.R. 4475	05/08/2000 (vv)		05/16/2000 (vv) H.Rept. 106-622		05/19/2000 (395-13)					
Treasury										
VA/HUD	05/23/2000 (vv)		06/07/2000 (vv)							

Roll call votes are given within parentheses; vv = voice vote; uc = unanimous consent.

FOOTNOTES

[1] Senate passed H.R. 4425, after striking all after the enacting clause and inserting in lieu thereof the text of S. 2521, as amended. See the Congressional Record, 5/18/00, pages

S4122 - S4170

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[2] On 5/25/00, by a vote of

(98-2)

the Senate agreed to the motion to advance S. 2603 to the third reading, and subsequently the bill was engrossed and returned to the Senate calendar.

ESTIMATED IMPACTS OF REVENUE LEGISLATION CURRENTLY BEFORE THE 106TH CONGRESS

Congressional Budget Office (CBO) Estimates of Budget Impacts (Fiscal Years--$ in Millions)

Bill No	Description	Last Action	2000	2001	2002	2003	2004	2005	5-yr total	2006	2007	2008	2009	2010
H. R. 6	Marriage Tax Elimination*		0	-4,106	-6,206	-8,371	-11,052	-16,674	**-46409**	-19,371	-21,435	-26,133	-29,133	-29,308
H. R. 7	Tax-Free Education IRA Expenditures	Reported W&M	-1	-182	-612	-826	-985	-1,135	**-3741**	1,289	1,435	1,572	1,712	1,847
H. R. 8	Estate Tax Elimination	Reported W&M		-8	-5,068	-6,720	-7,689	-8,841	**-28326**	*********No official estimate available at this time*********				
H. R. 416	Federal Retirement Coverage Corrections	Passed House 3/23/99	***Estimated Costs less than five hundred thousand per year***											
H. R. 1376	Extend Tax Benefits Combat Personnel*	Passed House 4/15/00	*************************Joint Committee on Taxation (JTC) estimated that this provision would have negligible effect*************************											
H.R. 2923	Extend Expiring Provisions*	Reported W&M	44	-7,071	-4,890	-5,542	-5,838	-5,292	**-28589**	-4,251	-4,918	-5,799	-7,066	NA
H.R. 3081	Minimum Wage*	Passed House 3/9/00	0	-2,329	-8,360	-9,694	-9,852	-11,220	**-41455**	-12,149	-13,192	-13,946	-14,906	NA
H. R. 3916	Telephone Ex Taxes	Passed House 5/5/00	-232	-1,444	-3,039	-4,799	-5,043	-5,303	**-19860**	-5,578	-5,868	-6,174	-6,502	-6,852
H. R. 4163	Taxpayer Bill Rights	Passed House2/10/00	0	1,319	-772	-854	-882	-916	**-2105**	-953	-993	-1,040	-1,090	-1,146
5-Year Revenue Loss Estimate									**-170,485**					-35,459
Outlay impacts														
Marriage Tax Elimination			10	5	1,082	1,051	1,055	1,076	**4,279**	1,085	1,104	1,101	1,093	1,083
Federal Retirement Coverage Corrections-Discretionary			29	88	83	90	56	40	**386**	45	50	-19	-23	NA
Federal Retirement Coverage Corrections-Mandatory			-9	-31	-26	-27	-19	-16	**-128**	-17	-19	16	19	NA
Extend Expiring Provisions			2	4	6	6	7	7	**32**	7	7	7	7	NA
Minimum Wage			5	10	-2	3	3	4	**23**	4	4	4	4	NA
5-year Mandatory Spending total									**4,206**					
5-year paygo impact									**174,691**					

Total 2010 Estimated Revenue Impacts	-35,459
"Straight-line" estimated impacts in where there	-7,359
is no estimate for 2010 and show full impact of	-15,226
eliminating estate taxes in 2010	-48,150
Total Estimated Revenue Loss in 2010 (CRFB)	**-106,194**
Total 2010 Estimated Outlay Impacts were available	1,083
"Straight-line" estimated impacts in where there	-27
is no direct outlay estimate for 2010	20
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Total Estimated Direct Outlay Impacts in 2010	**1,087**
Total Estimated PAYGO IMPACTS IN 2010	**107,281**