



BUDGET WEEK

Committee on the Budget • Majority Caucus
U.S. House of Representatives
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Summarizing budgetary issues in legislation
scheduled for the House floor

31 March 2003

Week of 31 March 2003

SUSPENSION CALENDAR

1) ***Small Pox Vaccination Compensation Fund*** (H.R. 1463). 

This bill is intended to provide benefits for certain individuals with injuries resulting from the administration of a smallpox vaccine, allowing for a per beneficiary lifetime benefit of as much as \$50,000 per beneficiary for loss employment income, and for death benefits in an amount comparable to the Public Safety Officer Benefit which under current law is approximately \$250,000. These benefits do not cause direct spending to be increased. A final estimate, at the time of publication, was not available. The bill includes a small change in the definition of eligibility for certain tort liability. The final effect of this provision has yet to be estimated, but it would likely result in a small increase in direct spending. Because of this provision, it is anticipated the bill would violate section 302 of the Congressional Budget Act, because it would increase spending over the allocation of budget authority to the Energy and Commerce Committee, in violation of section 302.

2) ***Honoring the City of Fayetteville, North Carolina, and its Many Partners for the Festival of Flight, a Celebration of the Centennial of Wilbur and Orville Wright's First Flight; the First Controlled, Powered Flight in History*** (H.Con.Res. 58). 

This resolution has no budget implications.

3) ***Northern Ireland Peace and Reconciliation Support Act of*** (H.R. 1208). 

This bill authorizes appropriations for fiscal years 2004 and 2005 for United States contributions to the International Fund for Ireland. The bill authorizes the appropriation of \$25 million in 2004 and \$25 million in 2005. The bill would not affect direct spending – spending not subject to appropriation – or revenue.

4) ***Expressing Condolences on the Assassination of the Serbian Prime Minister*** (H.Res.149). 

This resolution has no budgetary implications.

5) ***To Expand and Improve the Assistance Provided by Small Business Development Centers to Indian Tribe Members, Native Alaskans, and Native Hawaiians*** (H.R. 1166). 

This bill authorizes Small Business Development Centers in eligible States to apply for additional Small Business Administration grants, subject to appropriation (limited to \$300,000 each per fiscal year) to provide services for outreach, development, and enhancement on Indian lands of small business startups and expansions owned by Indian tribe members, Native Alaskans, and Native Hawaiians.

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PLEASE NOTE: This document addresses budgetary issues only. It should not be taken to address support or opposition on any other grounds. A green flag indicates no serious budgetary or budget compliance concerns. A yellow flag indicates moderate or potential problems. A red flag indicates serious problems. Also note: Floor schedules and legislative details are subject to change after publication.

This document was prepared by the majority staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and therefore may not reflect the views of all the committee's members.

6) ***The Higher Education Relief Opportunities for Students Act of 2003*** (H.R. 1412). 
The bill specifically extends specific waiver authority within title IV of the Higher Education Act for the Secretary of Education, and allows the Secretary to provide assistance and flexibility to members of the Armed Services as they transfer in and out of postsecondary education during a national emergency. This waiver authority allows the Secretary to defer the accrual of student loan interest while students are called up to active duty or active service in the military. The Budget Committee expects that this bill will increase direct spending by about \$15 million in 2003. As a result, this bill causes the Committee on Education and the Workforce to exceed its allocation of budget authority for the current fiscal year. If this bill were reported by the Committee on Education and the Workforce, it would violate section 302(f) of the Congressional Budget Act because it exceeds the reporting committee's allocation.

7) ***Coconino/Tonto National Forest Land Exchange Act*** (H.R. 622). 
This bill directs the Secretary of Agriculture to convey to certain private land owners specified lands in the Tonto National Forest and specified lands northeast of Payson, AZ. In exchange, the land owners are to convey certain lands adjacent to the Montezuma Castle National Monument and within the Tonto and Coconino National Forests. The bill requires the values of Federal and non-Federal lands be equalized. This bill does not increase direct spending or reduce revenue.

8) ***To Amend the Federal Land Policy and Management Act of 1976 and the Mineral Leasing Act to Clarify the Method by Which the Secretary of the Interior and the Secretary of Agriculture Determine the Fair Market Value of Certain Rights of Way Granted, Issued, or Renewed Under These Acts*** (H.R. 762). 
The Federal Land Policy and Management Act and the Mineral Leasing Act direct the Secretary of the Interior and the Secretary of Agriculture to charge fees for linear rights-of-way across federal lands. This bill amends current law to require the two agencies to revise the rates used to establish those fees. A similar bill last Congress was expected by CBO to result in a \$14-million decrease in direct spending as a result of an increase in offsetting receipts. The Budget Committee believes, however, that the policies in this bill have been largely instituted by the affected agencies. Therefore the bill is not expected to produce any savings. The bill does not increase direct spending or reduce revenue.

9) ***To Expand the Boundaries of the Ottawa National Wildlife Refuge Complex and the Detroit River International Wildlife Refuge*** (H.R. 289). 
This bill expands the Ottawa National Wildlife Refuge Complex to include specified land and water in the State of Ohio. The bill permits the Secretary of the Interior to acquire by donation, purchase, or exchange the land and water, and interests in land and water, within the boundaries of the Complex. The bill authorizes such sums as are necessary.

10) ***Expressing the Sense of the Congress Regarding the Blue Star Banner and the Gold Star*** (H.Con.Res.109). 
This resolution has no budgetary implications.

11) ***Business Checking Freedom Act of 2003*** (H.R. 758). 
This bill, reported by the Financial Services Committee, allows depository institutions to pay interest on business demand deposit accounts, and permits the Federal Reserve System to pay interest on any reserve balances held on deposit at the Federal Reserve by insured depository institutions. The Federal Reserve Board also would be given greater flexibility in setting reserve requirements. The reduction in revenue that results from the interest payments on reserves is accompanied by transfers from surplus funds of Federal Reserve Banks to the U. S. Treasury over the next 5 years. In the past, the Budget Committee has not recognized such transfers as having a budget consequence, because they are effectively an intragovernmental transfers between the Federal Reserve and the general fund. Hence, the bill would cause revenue to be reduced by \$570 million over 5 years.

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This revenue loss will not cause the total amount of revenue provided for under the budget resolution currently in force, and therefore is not in violation of the Congressional Budget Act.

LEGISLATION CONSIDERED UNDER A RULE

- Bill:** *Social Security Protection Act of 2003* (H.R. 743). 
- Committee:** Ways and Means
- Summary:** This bill strengthens the supervision of people who handle benefit checks belonging to others, such as children. It also bars Social Security benefits to fugitives, and changes the Social Security Administration's procedures for paying attorneys who represent successful claimants. In all, the Act contains more than two dozen provisions, although many would have little or no budgetary effect.
- Cost:** The bill would lead to a \$2-million on-budget cost in 2004, but will produce savings thereafter, from \$16 million in 2005 to \$147 million in 2013. Enacting the measure will decrease spending and increase revenue by a combined \$655 million over the 2004-2013 period. About two-thirds of those effects are in Social Security, which is off budget. The bill also will affect discretionary spending: implementing the bill would cost the Social Security Administration \$15 million to \$20 million a year through 2010, and smaller amounts after that, for extra enforcement and processing activities.
- Budget Act:** Though the bill causes net savings, in both on-budget and off-budget categories, there is a small spending increase in 2004. This violates section 302(f) of the Budget Act, which prohibits a committee from exceeding its allocation of budget authority in the first year and over a 5-year period. The bill also will violate section 303 of the Budget Act if those changes in spending first occur in fiscal year 2004. Section 303 of the Budget Act prohibits any spending measure first effective in a fiscal year for which there is no budget resolution; Congress is still operating under the budget resolution for fiscal year 2003, and has yet to agree to a fiscal year 2004 resolution.
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- Bill:** *Federal Deposit Insurance Reform Act of 2003* (H.R. 522).
- Committee:** Financial Services
- Summary:** The Budget Committee is reviewing this bill and will present further information subsequently.
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- Bill:** *Postal Civil Service Retirement System Funding Reform Act of 2003* (H.R. 735). 
- Committee:** Government Reform
- Summary:** This bill reduces the Postal Service's required payments to the Civil Service Retirement and Disability Fund [CSRDF] by \$3 billion, to \$5 billion a year. The legislation specifies that the Postal Service and the Department of the Treasury should determine how to apply the savings that would result over the 2003-2005 period. CBO expects the Postal Service would use those savings to repay debt, delay future rate increases, and invest in capital projects or other activities to increase productivity. For fiscal years after 2005, the bill requires that savings resulting from reduced payments to the CSRDF be held in escrow and remain unavailable for obligation unless authorized by subsequent legislation.
- Cost:** By reducing Postal Service payments to the CSRDF, CBO estimates that the bill reduces

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the agency's off-budget cost by about \$12 billion over the 2003-2008 period. CBO also estimates that the bill increases on-budget costs by about \$19 billion over the same period. The net effect of this legislation on the unified Federal budget would be a cost of about \$7.1 billion over the 2003-2008 period, because on-budget offsetting receipts – representing payments from the Postal Service to the CSRDF – would be reduced.

Budget Act: This bill exceeds the allocation of budget authority to the reporting committee, Government Reform, under the current budget resolution. Accordingly, the bill violates the Congressional Budget Act and gives rise to a 302(f) point of order under that Act. This point of order applies against any legislation that causes a committee to breach its allocation of budget authority. Both the House and Senate budget resolutions for fiscal year 2004 accommodate this provision, and it is expected that a conference report on the budget will do so as well. If so, no violation will then occur.

Bill: *Emergency Wartime Supplemental Appropriations Act for Fiscal Year 2003*

Committee: Appropriations

Summary: The supplemental appropriations measure has yet to be reported, so its specifics have yet to be determined. The Budget Committee expects that it will largely follow the President's request. That request had three main purposes: 1) to fund the military operations in Operation Iraqi Freedom and in the war against terror; 2) to provide humanitarian relief for the people of Iraq; and 3) bolster funding for homeland security.

Cost: The total amount of the supplemental request is likely to be about the same as the President's request, \$74.7 billion. Although the Appropriations Committee has yet to determine the specifics, it may largely follow the President's request. In his request, the President asked for \$62.6 billion for the military, both in Iraq and in other operations related to the war against terrorism. This would include funds for transporting forces to the region, supplying the military, and maintaining vehicles, vessels, aircraft, and equipment. It will allow the replacement of cruise missiles, smart bombs, and other high-tech munitions currently being used by the Armed Forces. It will pay for active duty soldiers, in addition to training, housing, and equipment costs. It includes \$2 billion through the Department of Homeland Security for state and local terrorism preparedness and prevention. It also includes funds for Iraq relief and reconstruction, including those provided through the Department of Defense. This would total about \$3.5 billion.

Budget Act: The Appropriations Committee already has exceeded the total amount of budget authority for fiscal year 2003 provided to it by the budget resolution currently in force. Therefore, any further spending in any appropriations measure for 2003 will cause a further breach by the committee. In previous years, a designation of "emergency" would have allowed an adjustment of the committee's allocation to accommodate the additional spending – and most, if not all, the items in this measure would warrant such a designation. But the "emergency" designation expired at the end of fiscal year 2002, along with the discretionary spending caps and the pay-as-you-go rules. Without such a designation – and because it is a certainty that this supplemental will provide additional budget authority without offsetting it through reductions elsewhere in the budget – the bill will violate section 302(f) of the Congressional Budget Act. Any amendment that provides budget authority also will be subject to this point of order. In addition, because the measure provides budget authority prior to 302(b) allocations being issued by the Appropriations Committee, it violates section 302(c) of the Budget Act. The bill also will violate section 311 of the Budget act, which prohibits bills that cause total aggregate spending in budget authority or outlays to be higher than that provided by the budget resolution.

Prepared by **The Committee on the Budget**