

CRS Report for Congress

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Federal Budget: Social Spending Targets in the FY 1999 House Budget Resolution

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Each year Congress adopts a concurrent resolution on the budget specifying aggregate budget totals (revenues, budget authority, outlays, and deficits/surpluses) over a 5-year period. The congressional budget resolution is a spending plan; it carries no statutory authority. It provides a framework for the 13 regular appropriations bills (discretionary spending allocations) and budget reconciliation measures (direct spending legislation). As required under Section 302(a) of the Congressional Budget Act of 1974, the resolution provides total spending allocations for the Appropriations Committee (known as 302(a) allocations) to be divided among the 13 subcommittees (known as 302(b) allocations). The resolution may instruct authorizing committees to submit legislation making changes to existing law or pending legislation to comply with direct spending, revenue, and deficit reduction levels outlined by the Budget Committee. These reconciliation instructions specify which authorizing committee(s) must submit legislation as well as spending targets and submission deadlines. If more than one authorizing committee is required to submit legislation, the Budget Committee combines the measures and reports an omnibus budget reconciliation bill. Differences between the House and Senate versions of the budget plan must be resolved and final passage given to the measure in both chambers. The House approved its version of the 1999 budget resolution (H.Con.Res. 284, amended, H.Rept. 105-555) on June 5, 1998, by a vote of 216 to 204.

This fact sheet will not be updated. A fact sheet on the Senate budget resolution is available (98-415 EPW), and a fact sheet on the conference agreement will be produced. In this discussion, all years are fiscal years.

Social Spending Targets. While the Budget Committee report on H.Con.Res. 284 does not provide details on the policy assumptions behind the budget totals, spending targets for the social program functional categories are presented in **Table 1** below. The resolution contains “sense of Congress” provisions regarding full funding for programs under the Individuals with Disabilities Education Act and the issuance of only marketable securities to the Social Security trust funds by the Secretary of the Treasury beginning FY1999. Reconciliation instructions in the resolution specify direct spending and revenue targets for nine authorizing committees which are required to report legislation in compliance with these targets no later than June 26, 1998.

From 1999-2003, social spending would grow at an estimated average annual rate of 2.1% in real terms (excluding inflation) compared to an estimated rate of 0.2% for total outlays. On a *unified* budget basis (including Social Security), the budget is projected to run surpluses each year during the period beginning in 1998. When Social Security is excluded, on-budget deficits remain peaking at \$105.6 billion in 2001.

**Table 1. Proposed Spending Targets in H.Con.Res. 284
(H.Rept. 105-555 dated May 27, 1998)**
(unified budget basis, dollars in billions)

Category	1999	2000	2001	2002	2003
<i>Social programs</i>	\$1,098.0	\$1,144.1	\$1,199.6	\$1,242.3	\$1,309.9
ETESS	60.2	61.3	62.0	61.8	63.9
Health	142.3	149.5	155.6	163.6	172.0
Medicare	210.1	219.8	240.4	246.3	270.4
Income Security	247.6	258.2	267.0	274.5	284.0
Social Security	394.9	412.0	430.9	451.9	474.4
Veterans Benefits	42.9	43.3	43.7	44.2	45.2
Net Interest	244.0	238.2	231.4	224.5	219.1
National Defense	265.5	267.9	269.6	272.1	279.8
Other Nondefense	114.4	117.4	106.7	90.5	101.5
Total outlays	\$1,721.9	\$1,767.6	\$1,807.3	\$1,829.4	\$1,910.3
Total revenues	\$1,755.6	\$1,788.8	\$1,835.4	\$1,906.0	\$1,973.7
Unified budget surplus	\$33.7	\$21.2	\$28.1	\$76.6	\$63.4
On-budget deficit ^a	-82.9	-104.7	-105.6	-65.6	-88.1
Off-budget surplus ^b	116.6	125.9	133.7	142.2	151.5
<i>Real growth rates from previous year</i>					
<i>Social programs</i>		1.9%	2.4%	1.1%	3.0%
Net Interest		-4.6%	-5.1%	-5.3%	-4.7%
National Defense		-1.4%	-1.7%	-1.4%	0.4%
Other Nondefense ^c		0.3%	-11.2%	-17.2%	9.5%
Total outlays		0.3%	-0.2%	-1.1%	2.0%

Source: H.Con.Res. 284, H.Rept. 105-555 (May 27, 1998). Real percent change calculated using the implicit GDP deflator. Detail may not sum to totals due to rounding. Table prepared by CRS.

NOTE: For related information, see CRS Report 98-415, *Federal Budget: Social Spending Targets in the FY1999 Senate Budget Resolution*, and CRS Report 98-268, *Federal Budget: Social Spending in the President's FY1999 Budget*, by Dawn Nuschler; and CRS Issue Brief 98012, *The Budget for Fiscal Year 1999*, by Philip D. Winters. For information on the Congressional Budget Office's estimates of the effects of the President's proposal using its own economic and technical assumptions, see *An Analysis of the President's Budgetary Proposals for Fiscal Year 1999*, March 1998.

^a Excludes the Social Security trust funds and the Postal Service which are off-budget entities.

^b Includes the Social Security trust funds and the Postal Service. Off-budget surpluses are due almost entirely to the Social Security trust funds. In 1997, the Postal Service accounted for less than \$500 million of the \$81 billion off-budget surplus. Currently, there is a surplus in the Social Security trust funds because payroll taxes exceed benefit payments and administrative costs. According to projections in the 1998 Social Security trustees' report, trust fund outgo will exceed tax income

beginning in 2013 as the “baby boom” generation begins to retire. Under current law, the balance in the Social Security trust funds is projected to reach zero in 2032.

^c The Balanced Budget Act of 1997 (P.L. 105-33) extended the caps on discretionary spending through 2002. As a result, annual growth rates would decline over the period until 2003.