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Floor Briefing

THURSDAY, MAY 3, 2001

The House will meet at 10:00 a.m. for legislative business.

Bill subject to a rule (1 bill):

H.Con.Res. 83 – FY 2002 Budget Resolution Conference Report

Floor Situation

The House is scheduled to consider the conference report to H.Con.Res. 83 as its only order of business today. The Rules Committee reported a rule waiving all points of order against the conference report to accompany H.Con.Res. 83, which is debatable for one hour.

Conference Report Highlights

The conference report to H.Con.Res. 83 provides \$666.6 billion in discretionary spending for FY 2002-2011. The resolution establishes a budget that provides a historic \$2.3 trillion in public debt reduction by 2011 (the maximum that can be repaid without penalties), \$1.35 trillion in tax relief over 11 years, including a \$100 billion for immediate economic stimuli, an 11.5 percent increase for improved education programs, and a \$14.5 billion increase in defense spending (to increase military pay, improve troop housing, and expand health benefits for military retirees). The budget also dedicates \$300 billion for Medicare modernization (including the addition of a prescription drug benefit) and provides a reserve fund if additional Medicare modernization funds are necessary. Finally, it accommodates the President's proposed increase for the National Institutes of Health (NIH).

The conference report is consistent with the provisions of H.R. 2, the Social Security and Medicare Lock-Box Act of 2001, which passed the House this year

on February 13, by a vote of 407-2. The act creates a point of order against legislation that reduces the total unified surplus below the combined total of the Social Security Trust Fund surplus and the Medicare Hospital Insurance (HI) Trust Fund surplus. The point of order would not apply to legislation reforming Social Security or Medicare, and would terminate upon enactment of such legislation. Consequently, the measure creates a procedural "lock-box" protecting the Social Security and Medicare surpluses from being used for any purpose other than debt reduction until the enactment of Social Security and Medicare reform legislation.

Specifically, the conference report provides:

- * \$324.8 billion in budget authority (BA) in FY 2002 for national defense;
- * \$50.7 billion in education spending BA;
- * an increase in spending for Medicare to \$229.2 billion in BA and outlays in FY 2002 (an increase of \$11.7 billion over FY 2001), with a reserve fund of up to \$300 billion for Medicare reform/prescription drugs;
- * a total of \$457.3 billion (\$22 billion more than FY 2001) in BA and \$455.1 billion in outlays for Social Security (including off-budget spending) in FY 2002;
- * \$26.3 billion in BA for agriculture related programs in FY 2002;
- * \$51.5 billion in BA for veterans' benefits and services in FY 2002
- * an increase in spending in international affairs to \$23.2 billion in BA and \$19.1 billion in outlays in FY 2002; and
- * an increase in transportation-related spending to \$66.0 billion in BA and \$56.2 billion in outlays in FY 2002.

Major Changes from the House Passed Version

The conference report provides for:

a 4.9 percent increase in discretionary spending above FY 2001 levels (a .9 percent increase from the House passed version);

an FY 2002 emergency fund level of \$5 billion (\$.6 billion decrease from the House passed version);

\$59 billion in funding over five years, and up to \$300 billion over ten years, for Medicare reform and the addition of a prescription drug benefit (\$147 billion over ten years more than the House passed version);

an increase in education spending to \$50.7 (\$6.2 billion more than the House passed version);

emergency spending of \$5.5 billion in FY 2001 and \$7.4 billion in FY 2002; and an additional \$66.2 billion held in reserve for reauthorization of farm support programs between FY 2003 and 2011;

an additional \$7.1 billion increase over 10 years for veterans education and other benefits;

\$6.5 billion for additional FY 2001 defense funding, \$324.8 billion for FY 2002, \$1.7 trillion over five years, and \$3.7 trillion over ten years; and

the resolution includes reconciliation instructions to the authorizing committees to report changes in law necessary to achieve the direct spending, revenue, and deficit reduction targets in the budget resolution. The resolution instructs the Committee on Ways and Means to report four reconciliation bills providing \$85 billion in FY 2001, \$62 billion in FY 2002, and \$533 billion in FY 2002 through FY 2006; for at least \$1.35 trillion over the next eleven years.

Legislative History

The resolution was reported from the Budget Committee on Wednesday, March 21, by a vote of 23-19. It was introduced by Mr. Nussle on Monday, March 26, 2001. The resolution passed the House by a vote of 222-205 on March 28, 2001. The resolution passed the Senate by a vote of 65-35 on April 6, 2001.

For additional information or questions, call the Budget Committee at 6-7270.

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