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Daily

Floor Briefing

WEDNESDAY, MARCH 28, 2001

The House will meet at 9:00 a.m. for legislative business.
Last vote expected between 5:00 p.m. and 6:00 p.m.

Bill Subject to a Rule:

H.Con.Res. 83 – Budget Resolution for FY 2002

Bill Subject to a Rule (1 bill):

Floor Situation

Last night, the Rules Committee reported a structured rule for the consideration of H. Con. Res. 83 that provides 40 minutes of additional general debate, adopts an amendment printed in part A of the Rules Committee report, makes in order four substitute amendments printed in part B of the report (Progressive Caucus Substitute for 40 minutes, Blue Dog Substitute for 40 minutes, Republican Study Committee Substitute for 40 minutes, and the Democratic Substitute for 50 minutes), and provides 10 minutes of wrap up debate.

For additional information on the floor situation, please contact the Rules Committee at 5-9191.

Summary

H.Con.Res. 83 establishes a blueprint for the congressional budget for FY 2002 and sets budget levels 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), \$1.62 trillion in tax relief over 10 years (an average of \$1,600 for a family of four), an 11.5 percent increase for improved education programs, and a \$5.7 billion increase in defense spending (to increase military pay, improve troop housing, and expand health benefits for military retirees). The budget also dedicates \$153 billion for Medicare modernization (including the addition of a prescription drug benefit) and provides a reserve fund, if additional Medicare modernization funds are necessary. The resolution also provides a \$2.8 billion increase to the National Institutes of Health (NIH).

Finally, the budget 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 resolution calls for:

- an increase in spending for national defense to \$324.6 billion (a \$14.3 billion increase over FY 2001) in budget authority (BA) and \$319.2 billion in outlays in FY 2002;
- an increase in education spending to \$44.5 billion (a \$4.6 billion increase over FY 2001) in BA;
- an increase in spending for Medicare to \$229.1 billion in BA and outlays in FY 2002 (an increase of \$11.6 billion over FY 2001);
- an increase in spending in international affairs to \$23.9 billion in BA and \$19.6 billion in outlays in FY 2002 (an increase of \$1.4 billion over FY 2001);

- an increase in transportation-related spending to \$61.0 billion in BA and \$55.6 billion in outlays in FY 2002; and
- a total of \$457.2 billion (\$22 billion more than FY 2001) in BA and \$455.0 billion in outlays for Social Security (including off-budget spending) in FY 2002.

Legislative History

H.Con.Res. 83 was introduced on Monday, March 26, 2001. The resolution was reported from the committee on Wednesday, March 21, by a vote of 23-19.

Amendments

The following amendments were made in order by the rule for the time specified:

Part A

Amendment to be considered as adopted upon passage of the rule:

This amendment authorizes the Appropriations Committee chairman to adjust the 302(b) allocations for emergency appropriations. In addition, it clarifies (1) that the strategic reserve may be used to finance Medicare reform and a prescription drug benefit; (2) that the reserve fund for FY 2001 could be used to cover tax relief in the current fiscal year; (3) that the following reserve funds permit the Budget Committee chairman to make adjustments in the reconciliation instructions, if appropriate, as well as budgetary totals in the budget resolution: the strategic reserve fund, the supplemental reserve fund for Medicare, and the reserve fund for fiscal year 2001; and (4) that the Appropriations Committee is permitted to provide a specified level of advanced appropriations, which would be charged against the budget resolution in the fiscal year in which the appropriation first becomes available for obligation.

Part B

Progressive Caucus Substitute

Mr. DeFazio and **Mr. Kucinich** will introduce an amendment in the nature of a substitute that divides the available on-budget surplus into thirds: one-third for debt reduction one-third for tax relief and one-third for increased discretionary

spending. Specifically, the amendment makes the following changes in proposed discretionary spending levels:

- reduces Department of Defense funding by 20 percent;
- Spends \$28 billion more in education for FY2002 than the Budget Committee;
- provides for \$45 billion more in FY 2002 Medicare spending for a prescription drug benefit than the Budget Committee;
- provides funding for election reform;
- provides funding for affordable housing construction;
- eliminates the deductibility of excessive CEO compensation and of tobacco advertising and marketing; and
- reduces funding for Overseas Private Investment Corporation and the Advanced Technology Program. **40 Minutes**

Staff Contact: 5-6416 (Kucinich)

The "Blue Dog" Substitute

Mr. Stenholm and **Mr. Moore** will offer an amendment in the nature of a substitute that sets budget priorities within a five year (instead of Committee's ten year) framework and divides the available on-budget surplus into 25 percent for increased discretionary spending, 25 percent for tax cuts, and 50 percent for debt reduction. All spending and tax initiatives to be fully implemented within the five year window. Specifically, the amendment:

- cuts taxes \$181 billion dollars over six years, including an immediate \$23 billion dollar cut retroactive to FY2001;
- Enforces discretionary spending levels by establishing spending caps for the next 5 years that allow discretionary spending to increase by 5.5% in FY 2002 and an average of 2.8% a year from 2003-2006, for an average rate of growth of 3.3% over the entire five year period;
- increases proposed defense spending by \$20 billion in budget authority and \$25 billion in outlays from FY 2002-2006;
- Provides \$92 billion over five years for a prescription drug plan through a Medicare defined benefit which has a 10 year cost of \$320 billion; and
- Includes language that expresses the sense of Congress advocating fiscal responsibility. **40 Minutes**

Staff Contact: Ed Lorenzen (Stenholm), 5-6605

The Republican Study Committee Substitute

Mr. Flake will introduce an amendment in the nature of a substitute that limits discretionary spending for FY 2002 to a 2.9 percent increase over FY 2001 levels

(\$6.7 billion less than FY 2002 levels proposed by the Budget Committee). Specifically, the amendment:

- provides \$2.3 trillion in tax relief between 2002 and 2011 and an additional \$93 billion in tax relief for the current fiscal year;
- sets defense spending at \$350 billion in FY 2002, \$25 billion more than the Committee Budget;
- funds Agriculture, Veterans, and Social Security at the Budget Committee recommended levels;
- locks away 100% of the Social Security and Medicare surpluses and achieves the maximum level of public debt reduction, consistent with the Budget Committee's resolution;
- requires that any prescription drug benefit be a part of an overall Medicare reform package that does not weaken the long-term solvency of the system by increasing baseline spending;
- provides specific protection for Social Security reform legislation provided that the reforms include private individual accounts;
- includes special provisions to ensure that the impact of a proposed tax measure on the economy and federal revenues is taken into account and to ensure that "triggers" are not added to any tax measure; and
- provides that the House and Senate Appropriations Committees coordinate their 302(b) allocations. **40 Minutes**

Staff Contact: Rob Ziegler, 5-2635

The Democrat Substitute

Mr. Spratt will offer an amendment in the nature of a substitute that divides the non-Social Security, non-Medicare surplus into thirds with one-third for spending (about \$270 billion more in non-defense discretionary spending than the Budget Committee), one-third for a targeted \$910 billion tax cut, and one-third for debt reduction and resources for Medicare and Social Security. It also provides that Social Security and Medicare funds shall be used exclusively to fund benefits promised in current law and takes the Medicare Hospital Insurance (HI) surplus the same off-budget status as the Social Security surplus. Finally, it expresses the sense of Congress that to preserve funding for vital health care professions, such as nursing, as well as health care research, the Congress should fully fund these programs, specifically including health care profession training, and other health-related programs, at a level sufficient to support continuation of current services. **50 Minutes**

Staff Contact: Tom Kahn, 6-7200

For additional information on the substitutes, contact the Budget Committee at 6-7270.

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