

Spending for grants was substantially reduced during the first session of the 97th Congress. Total outlays in this category, which were \$55 billion in 1981, are estimated to decline to \$49 billion in 1982. In addition, outlays for all major categories of grants are projected to stay virtually level in current dollar terms through 1985, as a result of statutory authorization ceilings. In many cases, these authorization limits were set in the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35). After 1985, when most of the authorization ceilings have expired, the programs are assumed to keep pace with inflation. As a result of this relatively slow growth, grants would decline from 7 percent of total budget outlays in 1982 to 5 percent in 1987, and from 1.6 percent of GNP to 1.1 percent.

### Net Interest

The net interest category for the most part represents interest paid on that portion of the federal debt held by the public. It excludes interest paid to government trust funds that hold federal securities, and includes interest payments on tax refunds and interest collections from federal agencies and the public. Net interest outlays have been the fastest growing category of federal spending in recent years and now represent 11 percent of total outlays.

Net interest costs depend on the level of the total interest-bearing debt held by the public and on interest rates. The debt grows by the amount of unified budget deficits and deficits of off-budget agencies that borrow funds from the Treasury. The net interest costs in the baseline reflect both the interest rate assumptions and the projected deficits detailed in Chapter II. Although interest rates are projected to decline after 1983, the federal budget deficit rises throughout the projection period. As a result, net interest outlays grow rapidly and represent 15 percent of the budget by 1987.

The dramatic effect of the deficit on net interest outlays is illustrated in Table 20. The first line of the table shows net interest outlays under the large and growing deficits characterizing the baseline. The second line shows what net interest costs would be if the unified budget deficit remained constant in the future at its estimated 1982 level of \$109 billion. The third line projects interest outlays under the assumption that the budget deficit is \$38 billion in 1982 and \$19 billion in 1983, and that the budget is balanced in 1984 and thereafter, as assumed in the 1982 budget resolutions. (All three lines employ the baseline interest rate assumptions.)

In the baseline, with rapidly growing deficits, net interest outlays roughly double over the next five years. With a constant unified budget

TABLE 20. NET INTEREST OUTLAY PROJECTIONS UNDER ALTERNATIVE DEFICIT ASSUMPTIONS (By fiscal year, in billions of dollars)

	1982	1983	1984	1985	1986	1987
Baseline Deficits	85	106	130	143	156	168
Constant Deficits after 1982	85	103	117	122	125	127
Balanced Budget by 1984	81	86	86	80	74	68

deficit, interest outlays still grow each year, although less rapidly. In the third case, interest outlays grow from 1982 to 1983, reflecting the projected increase in interest rates as well as the small additional deficits, but level off in 1984 and decline thereafter. By 1987, net interest outlays are \$168 billion in the baseline, \$127 billion with a level deficit, and \$68 billion with a balanced budget.

#### Other Federal Operations

The other federal operations category includes the remainder of the budget. The major components are foreign aid, general science research and space technology, domestic energy programs, farm price supports, housing credit activities, and other day-to-day operations of the federal government. It also includes allowances for future pay raises for civilian agency employees, and such offsetting receipts as rents and royalties from Outer Continental Shelf lands. These components are detailed in Table 21. Outlays in this category for 1982 include an unusually large amount of farm price support payments, brought about by bumper farm crops and low commodity prices. Outlays for price supports, and for the other federal operations category as a whole, are projected to fall by \$6 billion in 1983, as crop levels decline and prices rise. After 1983, outlays for the category grow slowly in dollar terms and continue to fall as a share of GNP. By 1987, they represent only 6 percent of total outlays and 1.4 percent of GNP.

#### Off-Budget Federal Entities

As explained in Chapter II, the spending of certain federal entities is excluded from the unified budget totals. The outlays of these off-budget

TABLE 21. BASELINE OUTLAY PROJECTIONS FOR OTHER FEDERAL OPERATIONS (By fiscal year, in billions of dollars)

	1982 Base	Projections				
		1983	1984	1985	1986	1987
International Affairs	11	12	12	13	14	14
Science, Energy, and Natural Resources Programs	20	20	20	20	21	22
Farm Price Supports and Other Agricultural Programs	13	8	6	7	7	7
Commerce and Housing Credit, Transportation, and Community and Regional Development	16	13	15	16	17	17
Human Resources Programs	13	13	13	14	14	15
Administration of Justice and General Government	9	10	10	10	10	10
Allowances for Pay Raises	--	2	4	6	9	11
Undistributed Offsetting Receipts	<u>-17</u>	<u>-19</u>	<u>-20</u>	<u>-23</u>	<u>-25</u>	<u>-28</u>
Total	64	58	59	62	67	69

entities, however, must be added to the unified budget deficit to derive the total federal deficit that must be financed. A new off-budget entity was created in 1981, when the Congress removed from the budget the appropriation for acquiring oil for the Strategic Petroleum Reserve. The Postal Service fund was given off-budget status in 1974.

Except for the Strategic Petroleum Reserve and the Postal Service fund, the outlays of the off-budget federal entities are incurred for carrying out federal loan programs. As shown in Table 22, the Federal Financing Bank (FFB) accounts for most of the projected off-budget outlays. The FFB's outlays do not come from programs that the FFB operates itself. Instead, the FFB assists other programs within the government by purchasing their outstanding loans (loan assets) or purchasing obligations that they have guaranteed.

TABLE 22. BASELINE OUTLAY PROJECTIONS FOR OFF-BUDGET FEDERAL ENTITIES (By fiscal year, in billions of dollars)

	1982 Base	Projections				
		1983	1984	1985	1986	1987
Federal Financing Bank	16	17	16	16	17	17
Strategic Petroleum Reserve	3	2	2	2	3	5
Other	<u>1</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total	20	19	18	18	20	22

\*Less than \$500 million.

When the FFB buys loan assets, it in effect converts direct loans that have already been made by another agency into off-budget direct loans of the FFB. If the selling agency is in the budget, its loan asset sales reduce net budget outlays. Also, when the FFB purchases newly originated guaranteed loans, it has the effect of converting loan guarantees that are not recorded in the budget totals into direct federal loans outside the budget.

Net outlays of the Federal Financing Bank have grown rapidly since it was established in 1974. Between 1977 and 1981, FFB net outlays grew from \$8 billion to \$21 billion. For 1982-1987, net outlays by the FFB are projected to be in the range of \$16 to \$17 billion, reflecting administrative efforts to slow the growth of federal credit activities. Outlays for the Strategic Petroleum Reserve--the other major off-budget item--reflect the latest fill schedule and the projected price of oil.

#### SENSITIVITY OF SPENDING PROJECTIONS TO ECONOMIC ASSUMPTIONS

The sensitivity of spending projections to changes in the underlying economic assumptions was discussed briefly in Chapter II. Revenues, outlays, and deficits under more optimistic and pessimistic economic assumptions were compared with those under the baseline economic assumptions. This section gives more detail on outlay estimates under these alternative assumptions.

The optimistic economic path presented in Chapter II is characterized by lower inflation, interest rates, and unemployment than in the baseline, and the pessimistic path by the opposite. As a result, outlays in the pessimistic path are higher than those in the baseline for all categories of spending, and outlays in the optimistic path are uniformly lower. A breakdown of the changes to the baseline projections is provided in Table 23.

TABLE 23. EFFECT ON BASELINE OUTLAY PROJECTIONS OF ALTERNATIVE ECONOMIC ASSUMPTIONS (By fiscal year, in billions of dollars)

	1983	1984	1985	1986	1987
<b>National Defense</b>					
Optimistic alternative	-0.1	-0.6	-1.2	-2.1	-3.0
Pessimistic alternative	0.5	1.7	3.6	5.8	8.1
<b>Social Security</b>					
Optimistic alternative	-0.1	-0.7	-2.5	-4.1	-5.9
Pessimistic alternative	0.2	1.4	3.9	7.1	10.8
<b>Medicare and Medicaid</b>					
Optimistic alternative	-0.1	-0.5	-0.9	-1.3	-1.7
Pessimistic alternative	0.2	0.7	1.5	2.3	3.2
<b>Unemployment Compensation</b>					
Optimistic alternative	-1.7	-2.8	-4.0	-4.8	-4.4
Pessimistic alternative	1.8	3.5	4.9	6.2	7.2
<b>Other Benefit Payments</b>					
Optimistic alternative	-0.6	-1.5	-2.5	-3.3	-4.0
Pessimistic alternative	0.5	1.5	2.8	4.5	6.1
<b>Net Interest</b>					
Optimistic alternative	-5.9	-18.4	-26.2	-32.4	-40.0
Pessimistic alternative	6.4	13.4	21.1	32.4	46.9
<b>Other Outlays</b>					
Optimistic alternative	-0.4	-1.2	-1.9	-2.9	-4.0
Pessimistic alternative	0.4	1.3	2.7	4.4	6.4
<b>Total</b>					
Optimistic alternative	-8.9	-25.7	-39.1	-50.8	-63.0
Pessimistic alternative	10.0	23.4	40.4	62.8	88.8

Baseline outlays for national defense respond to changes in the rate of inflation largely because the cost of purchasing the assumed investment program and force structure varies. In addition, one component of defense spending--military retirement benefits--is explicitly indexed for increases in the cost of living.

Social Security benefits are adjusted once a year in July, based on the most recent first-quarter-over-first-quarter ratio in the Consumer Price Index. While benefits for newly eligible individuals reflect the recent growth in average wage levels, the primary determinant of short-run changes in total benefit outlays is the amount of the annual cost-of-living adjustment. Social Security disability insurance outlays also vary somewhat with the unemployment rate, since persons who are medically eligible are drawn onto the benefit rolls in increasing numbers as the job market weakens.

Medicare and Medicaid outlays tend to respond more or less automatically to changes in the inflation rate, since the federal government is paying for the cost of services provided to eligible families and individuals. The number of low-income persons eligible for Medicaid also grows as unemployment rises.

Unemployment compensation is, not surprisingly, the federal spending program that is most sensitive to the unemployment rate. Recent legislation has made this sensitivity much smoother than in the past. In previous years, an increase in the unemployment rate could be sufficient to trigger the extended benefits program, which provided an additional 13 weeks of benefits for insured unemployed workers when the national unemployment rate exceeded roughly 7.5 percent. The 1981 Reconciliation Act eliminated the national trigger for extended unemployment benefits, leaving only the individual state triggers. Under the new law, a variation of one percentage point in the unemployment rate for a given year alters unemployment insurance outlays in that year by about \$4 billion.

Most other benefit payments--including supplemental security income, railroad retirement, veterans' pensions, civil service retirement, and food stamps--are directly indexed to changes in the CPI or similar indexes. Even where benefits are not formally indexed, the baseline generally assumes that cash benefit levels keep pace with inflation. Some benefit programs, especially food stamps, also respond to changes in the unemployment rate, as increases or decreases in unemployment make more or fewer people eligible for benefits.

Net interest costs respond to changes in both interest rates and deficits. In the optimistic or pessimistic path, net interest outlays are lower

or higher than in the baseline partly because of lower or higher interest rates. The very large changes in interest outlays shown in Table 23, however, are primarily the result of differences in deficits, which reflect the effects on revenues and other outlays of the respective alternative path.

The remaining outlays represent primarily nondefense discretionary spending. In the baseline, these outlays vary with changes in inflation because they are generally assumed to stay constant in real terms. In addition, projections of certain programs (for example, guaranteed student loans, the Government National Mortgage Association special assistance functions fund, and the exchange stabilization fund) are affected by interest rate assumptions.

### RELATION OF PROJECTIONS TO BUDGET RESOLUTION TARGETS

The 1982 budget resolutions proposed a sharp reduction in the growth of federal spending and a dramatic shift in relative spending priorities from nondefense programs to defense programs. The annual growth in federal outlays was to be held to 5.4 percent during 1982-1984. National defense outlays as a share of total budget outlays were to increase from about 24 percent in 1981 to 32 percent in 1984.

The baseline outlay projections presented in this report are significantly different from the budget resolution targets for 1982-1984. Total baseline outlays for these years are considerably higher than the resolution targets, as shown in Table 24. The projected annual growth in outlays under baseline assumptions averages 10.4 percent for 1982-1984--almost twice the rate specified by the budget resolutions. While the share of total outlays allocated to national defense rises to 27 percent by 1984 under the baseline projections, it falls short of the 32 percent share contained in the 1984 resolution target.

The reasons the baseline outlay projections exceed the budget resolution targets by large and growing amounts are, for the most part, a changed economic outlook and other factors beyond the immediate control of the Congress. As discussed in Chapter II, the economic assumptions used for the baseline projections show less economic growth, higher unemployment, and higher interest rates than were assumed for the 1982 budget resolutions. For calendar years 1982-1984, the baseline projections assume that the economy will grow at an average rate of 2.6 percent, whereas the 1982 budget resolutions assume an average annual real growth rate of 4.5 percent. The unemployment rate averages 8.1 percent for 1982-1984 in the baseline economic assumptions, compared with 6.7 percent in the 1982 budget resolution assumptions. The assumed annual average interest rate

TABLE 24. COMPARISON OF BASELINE OUTLAY PROJECTIONS AND FISCAL YEAR 1982 BUDGET RESOLUTION TARGETS (By fiscal year, in billions of dollars)

	1982	1983	1984
<b>National Defense</b>			
1982 budget resolution target	189	223	251
CBO baseline projection	190	214	238
Difference	1	-9	-13
<b>Health and Income Security Programs</b>			
1982 budget resolution target	313	338	363
CBO baseline projection	330	360	389
Difference	17	22	26
<b>Net Interest</b>			
1982 budget resolution target	70	71	69
CBO baseline projection	85	106	130
Difference	15	35	61
<b>Other Nondefense Programs</b>			
1982 budget resolution target	123	120	119
CBO baseline projection	135	129	132
Difference	12	9	13
<b>Unspecified Future Legislative Changes</b>			
1982 budget resolution target	--	-20	-28
CBO baseline projection	--	--	--
Difference	--	20	28
<b>Total</b>			
1982 budget resolution target	695	732	774
CBO baseline projection	740	809	889
Difference	45	77	115

for 91-day Treasury bills is 12.2 percent during 1982-1984 for the baseline assumptions and 9.4 percent for the budget resolutions. The assumed inflation rates for this period, however, are fairly similar for both the baseline projections and the 1982 resolution targets.

The largest difference between the 1982 budget resolution outlay targets and the baseline projections is for net interest costs. The variance is the result of both higher interest rates and higher levels of federal debt to

be financed. As seen in Table 24, net interest costs in the baseline projections exceed the levels assumed for the budget resolutions by \$15 billion in 1982, \$35 billion in 1983, and \$61 billion in 1984.

Another large difference can be attributed to the higher unemployment rates assumed for the baseline projections. Unemployment compensation and other benefit payments sensitive to the level of unemployment are projected to be above those assumed in the budget resolutions by about \$8 billion in 1982, and by similar amounts in 1983 and 1984. Because of bumper farm crops and low commodity prices, outlays for farm price supports are projected to be approximately \$9 billion higher in 1982 than those assumed in the budget resolutions, \$4 billion higher in 1983, and about \$2 billion higher in 1984.

In the baseline projections, the cost of health care services provided through the Medicare and Medicaid programs is also significantly above that assumed for the budget resolutions. For 1982, the projected higher costs are close to \$4 billion, and rise to about \$9 billion by 1984. These projections are largely the result of higher-than-expected increases in hospital costs during the past year.

Finally, the 1982 budget resolutions assume significant outlay reductions in 1983 and 1984 as the result of unspecified future legislative changes. They amount to \$20 billion in outlays for 1983 and \$28 billion for 1984. These assumed savings are not included in the baseline projections.



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APPENDIX A.      **BASELINE SPENDING PROJECTIONS BY MAJOR  
FUNCTIONAL CATEGORY**

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An important classification of federal spending is by the major functions or purposes being served by federal programs. The Congressional Budget Act of 1974 requires the Congress to include estimates of budget authority and outlays for each major function in its annual budget resolutions. The functional classification is a means of presenting spending estimates according to the national needs that federal programs are intended to serve, regardless of the methods used to carry out the activities. National needs are grouped in 16 broad areas, ranging from national defense, international affairs, and energy programs to agriculture, transportation, health, and general government programs. Three additional categories--interest, allowances, and undistributed offsetting receipts--do not address specific national needs but are included to cover the entire budget.

The relationship between the functional classification and the major program spending categories used in Chapter IV is as follows:

- o The national defense category is the same for both classifications.
- o The bulk of benefit payments for individuals are classified in the health, income security, and veterans' benefits and services categories (functions 550, 600, and 700).
- o Grants to state and local governments (other than grants for payments for individuals) are found in functions 300, 400, 450, 500, and 850.
- o Net interest consists of the interest category (function 900) and the interest received by trust funds, which constitutes approximately one-half of the undistributed offsetting receipts category (function 950).
- o Other federal operations are distributed throughout all functional categories except national defense and interest.

This appendix provides a functional distribution both of the baseline projections and of baseline spending without discretionary inflation adjustments.

## FUNCTIONAL DISTRIBUTION OF BASELINE PROJECTIONS

Tables A-1 and A-2 present the baseline projections of budget authority and outlays by the 19 major functions used for Congressional budget resolutions. The largest single functional category is income security (function 600), which consists mainly of benefit payments for individuals such as Social Security and other general retirement and disability insurance, federal civilian employee retirement and disability, unemployment compensation, housing assistance, food and nutrition assistance, and other benefit programs. In 1982, outlays for this function are estimated to be \$253 billion, which represents 34 percent of total budget outlays. Under the baseline assumptions, outlays for income security programs are projected to grow by \$109 billion, to \$362 billion in 1987. As a share of total budget outlays, income security programs would decline slightly by the end of the projection period (32 percent in 1987).

The next largest function is national defense (function 050), which makes up 26 percent of total outlays in 1982 and is projected to grow as a share of total baseline outlays to about 27 percent by 1987. Another function that is projected to grow faster than total budget outlays under baseline assumptions is the health category (function 550), largely because cost increases are assumed to continue to be more rapid for the Medicare and Medicaid programs than for other domestic programs. Health outlays are projected to grow from 10 percent of total outlays in 1982 to 13 percent by 1987 under continuation of existing spending policies.

Outlays for interest (function 900) are projected to rise sharply, growing from 14 percent of total outlays in 1982 to 18 percent in 1987. Spending for the remaining functions is, in the aggregate, roughly constant over the forecast period and declines from 16 percent of total outlays to 10 percent.

## FUNCTIONAL DISTRIBUTION OF BASELINE PROJECTIONS WITHOUT DISCRETIONARY INFLATION ADJUSTMENTS

As explained in Chapters I and II, the baseline projections assume that spending in annually-appropriated accounts is increased each year to keep pace with inflation. These inflation adjustments, however, are discretionary in nature and need not be provided by the Congress. Tables A-3 and A-4 show what the functional distribution of baseline budget authority and outlays would be if these discretionary adjustments were not assumed. It should be noted that, by convention, the interest outlays shown are the same as those in the baseline and are not adjusted to reflect the lower deficits that would result from reduced spending in other functional categories.

TABLE A-1. BASELINE BUDGET AUTHORITY PROJECTIONS BY FUNCTION (By fiscal year, in billions of dollars)

	1982 Base	Projections				
		1983	1984	1985	1986	1987
National Defense (050)	216	242	266	284	300	316
International Affairs (150)	15	17	19	24	21	22
General Science, Space, and Technology (250)	7	7	7	7	8	8
Energy (270)	5	6	6	6	6	7
Natural Resources and Environment (300)	10	11	11	12	12	12
Agriculture (350)	5	6	8	7	7	7
Commerce and Housing Credit (370)	7	6	7	9	10	10
Transportation (400)	20	22	23	24	25	26
Community and Regional Development (450)	7	8	8	9	10	10
Education, Training, Employment, and Social Services (500)	25	28	30	31	33	34
Health (550)	83	92	100	113	128	142
Income Security (600)	262	286	306	340	370	397
Veterans' Benefits and Services (700)	24	25	26	27	28	29
Administration of Justice (750)	5	5	5	5	5	5
General Government (800)	5	5	5	5	5	5
General Purpose Fiscal Assistance (850)	7	7	7	8	8	9
Interest (900)	102	127	154	172	188	205
Allowances (920)	--	2	4	6	9	11
Undistributed Offsetting Receipts (950)	-34	-39	-45	-52	-58	-66
Total	771	863	948	1,037	1,114	1,191

TABLE A-2. BASELINE OUTLAY PROJECTIONS BY FUNCTION (By fiscal year, in billions of dollars)

	1982 Base	Projections				
		1983	1984	1985	1986	1987
National Defense (050)	190	214	238	263	286	303
International Affairs (150)	11	12	12	13	14	14
General Science, Space, and Technology (250)	7	7	7	7	8	8
Energy (270)	6	5	5	5	6	6
Natural Resources and Environment (300)	13	12	12	12	12	12
Agriculture (350)	14	8	6	7	8	8
Commerce and Housing Credit (370)	5	3	4	5	5	6
Transportation (400)	21	21	22	23	24	25
Community and Regional Development (450)	9	8	8	8	9	9
Education, Training, Employment, and Social Services (500)	27	27	29	30	31	33
Health (550)	77	88	99	113	128	145
Income Security (600)	253	273	290	314	337	362
Veterans' Benefits and Services (700)	24	25	25	27	28	29
Administration of Justice (750)	5	5	5	5	5	5
General Government (800)	5	5	5	5	5	5
General Purpose Fiscal Assistance (850)	6	7	7	8	8	9
Interest (900)	102	127	154	172	188	205
Allowances (920)	--	2	4	7	9	12
Undistributed Offsetting Receipts (950)	<u>-34</u>	<u>-39</u>	<u>-45</u>	<u>-52</u>	<u>-58</u>	<u>-66</u>
Total	740	809	889	971	1,052	1,130

TABLE A-3. BASELINE BUDGET AUTHORITY PROJECTIONS,  
WITHOUT DISCRETIONARY INFLATION ADJUSTMENTS,  
BY FUNCTION (By fiscal year, in billions of dollars)

	1982 Base	Projections				
		1983	1984	1985	1986	1987
National Defense (050)	216	232	242	249	252	256
International Affairs (150)	15	17	17	17	17	18
General Science, Space, and Technology (250)	7	7	6	6	6	6
Energy (270)	5	5	5	5	5	5
Natural Resources and Environment (300)	10	10	10	10	9	9
Agriculture (350)	5	6	8	7	7	7
Commerce and Housing Credit (370)	7	6	7	8	8	8
Transportation (400)	20	21	21	21	21	21
Community and Regional Development (450)	7	7	8	8	8	8
Education, Training, Employment, and Social Services (500)	25	27	27	27	27	26
Health (550)	83	91	99	111	126	140
Income Security (600)	262	284	303	335	363	388
Veterans' Benefits and Services (700)	24	24	24	24	24	24
Administration of Justice (750)	5	5	5	5	5	5
General Government (800)	5	5	5	5	5	5
General Purpose Fiscal Assistance (850)	7	7	7	7	7	7
Interest (900)	102	127	154	172	188	205
Allowances (920)	--	2	4	6	9	11
Undistributed Offsetting Receipts (950)	<u>-34</u>	<u>-39</u>	<u>-45</u>	<u>-52</u>	<u>-58</u>	<u>-66</u>
Total	771	843	907	968	1,027	1,082

TABLE A-4. BASELINE OUTLAY PROJECTIONS, WITHOUT DISCRETIONARY INFLATION ADJUSTMENTS, BY FUNCTION  
(By fiscal year, in billions of dollars)

	1982 Base	Projections				
		1983	1984	1985	1986	1987
National Defense (050)	190	210	226	240	251	257
International Affairs (150)	11	11	11	12	11	11
General Science, Space, and Technology (250)	7	7	6	6	6	6
Energy (270)	6	5	5	4	5	5
Natural Resources and Environment (300)	13	12	11	10	10	9
Agriculture (350)	14	8	6	7	8	8
Commerce and Housing Credit (370)	5	3	4	5	5	5
Transportation (400)	21	21	21	21	21	21
Community and Regional Development (450)	9	8	8	8	8	8
Education, Training, Employment, and Social Services (500)	27	27	27	27	27	27
Health (550)	77	87	99	112	126	143
Income Security (600)	253	272	289	312	334	358
Veterans' Benefits and Services (700)	24	24	24	23	23	24
Administration of Justice (750)	5	5	5	5	5	5
General Government (800)	5	5	5	5	5	5
General Purpose Fiscal Assistance (850)	6	7	7	7	7	7
Interest (900)	102	127	154	172	188	205
Allowances (920)	--	2	4	7	9	12
Undistributed Offsetting Receipts (950)	-34	-39	-45	-52	-58	-66
Total	740	801	866	930	991	1,048

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APPENDIX B.      BASELINE SPENDING PROJECTIONS BY COMMITTEE  
                          JURISDICTION

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This appendix provides an allocation of the baseline spending projections for 1983-1987 among Congressional spending and authorizing committees. The need for such allocations arises from various aspects of the Congressional budget process.

Section 301(c) of the Congressional Budget Act (Public Law 93-344) requires that House and Senate committees report to the Budget Committees by March 15 their estimates of the new budget authority, and the resulting outlays, that they intend to provide for the upcoming fiscal year. Through these reports, committees state their views and recommendations as a first step in Congressional decisionmaking on the budget. To assist in preparing these reports, the Budget Committees furnish the committees in their respective Houses with budget estimates and projections organized by committee jurisdiction. In recent years, the Senate Budget Committee has used the Congressional Budget Office baseline spending projections for this purpose, while the House Budget Committee has used the President's budget.

Committee allocations are even more crucial later in the budget process. Section 302 of the Budget Act requires that the joint explanatory statement accompanying a conference report on a concurrent budget resolution include an estimated allocation of the resolution spending totals among the committees of the House of Representatives and the Senate that have jurisdiction over bills and resolutions that provide new budget authority. This allocation of budget resolution spending totals (budget authority and outlays) among committees with spending jurisdiction has become known as the committee "crosswalk." (It is also referred to as the section 302 committee allocation.)

The allocation of baseline spending projections by authorizing committee was used by the Budget Committees as the basis for developing the reconciliation instructions contained in the First Concurrent Resolution on the Budget for Fiscal Year 1982 (H. Con. Res. 115). The reconciliation instructions for fiscal years 1982-1984 were directed only to authorizing committees and required those committees to reduce spending by specified amounts below baseline levels. Each committee, however, had discretion regarding how these savings were to be achieved.

The committee allocations also are a key part of budget score-keeping. Committee actions on bills and resolutions providing new budget

authority and, in the House, new entitlement authority are compared with the committee allocations in the budget resolution to determine whether they are consistent. In this way, committees can be held accountable for actions that would cause the budget resolution spending totals to be exceeded.

### ALLOCATION BY SPENDING JURISDICTION

The allocation of spending totals is determined according to the committees having responsibility for bills and resolutions that provide budget authority or directly affect outlays. The spending allocation rules were developed by staff of the Appropriations and Budget Committees of both Houses and by CBO. They are used by the Budget Committees for developing the budget resolution section 302 crosswalk estimates and by CBO in its scorekeeping tabulations.

The following rules are applied by both the House and the Senate in determining direct spending jurisdictions.

- o The Appropriations Committees of each House receive allocations for budget authority and outlays that are provided through regular annual appropriation acts, both discretionary and mandatory, including outlays resulting from annual appropriations enacted in prior years. These committees also receive allocations for the outlays resulting from limitations on spending from trust and revolving funds as established in annual appropriation acts. (The annual limitation on the administrative expenses of the Social Security programs is an example.)
- o Committees with authorizing jurisdiction are allocated the budget authority and outlays resulting from permanent appropriations under the jurisdiction of each of these committees. Most trust fund spending, such as Social Security and unemployment compensation, falls into this category.
- o Offsetting receipts, which are recorded as negative budget authority and outlays in the budget, are not allocated to committees except where the budget resolution anticipates that new legislation will increase or decrease the level of offsetting receipts; in such cases, the increase or decrease is allocated to the authorizing committee of jurisdiction.

In addition to these procedures, the Senate has a further rule for entitlement programs that are funded through annual appropriation acts (such as Medicaid or veterans' pensions). In the Senate, budget authority and

outlays for annually appropriated entitlements are, under section 302, assigned both to the Appropriations Committee (the first basic rule above) and to the authorizing committees with jurisdiction over the particular entitlement programs. This is because the basic entitlement legislation, though not directly providing the budget authority and outlays, essentially "locks in" the levels that must be provided through the annual appropriation process.

In the House, this phenomenon is reflected through an allocation to authorizing committees of entitlement authority--an additional category beyond budget authority and outlays. This allocation includes amounts for both permanent and appropriated entitlements.

Tables B-1 and B-2 show the distribution of the baseline budget authority and outlay projections for 1983-1987 by committees with spending jurisdiction. About 50 percent of the baseline budget authority and outlays that are allocated to committees fall under the jurisdiction of the Appropriations Committees throughout the projection period. The House Ways and Means Committee is allocated approximately 40 percent of gross budget authority and outlays (before offsetting receipts are deducted), and the Senate Finance Committee is allocated about 45 percent of gross budget authority and outlays (before offsetting receipts and annually appropriated entitlements are deducted).

#### ALLOCATION BY AUTHORIZING JURISDICTION

Tables B-3 and B-4 provide a distribution of the CBO baseline budget authority and outlay projections for 1983-1987 by House and Senate committees with jurisdiction over the authorization (not appropriation) of funds for programs. Offsetting receipts are not allocated to committees under the conventions adopted by the Budget Committees.

This year's format for the allocation of baseline budget authority and outlays reflects one innovation: the elimination of all shared committee jurisdictions in the Senate and most shared committee jurisdictions in the House. In past years, the authorizing committee allocations for both Houses showed sole jurisdiction and shared jurisdiction categories--the shared jurisdiction category encompassing budget accounts funding activities authorized by laws over which more than one committee had jurisdiction.

At the request of the Budget Committees, CBO has eliminated all Senate and most House shared jurisdiction categories by assigning the spending occurring in accounts with multiple authorizing jurisdiction to only one committee or by dividing the account among committees as appropriate.

Because a number of House accounts continue to have shared authorizing jurisdiction, the total spending for shared jurisdiction accounts has been allocated to all committees with authorizing jurisdiction over these accounts. As a result, the sum of the individual House committee allocations shown in Table B-3 exceeds the total amount of baseline budget authority and outlays allocable to authorizing committees. The sum of the individual Senate authorizing committee jurisdiction allocations, on the other hand, equals the baseline spending totals.

The major amounts of authorized spending in the House of Representatives fall under the jurisdiction of the Ways and Means, Armed Services, and Post Office and Civil Service Committees. These three House committees have authorizing jurisdiction over three-quarters of the total amount of budget authority allocated to the committees shown in Table B-3. In the Senate, the principal authorizing committees are Finance, Armed Services, and Governmental Affairs. These three Senate committees have authorizing jurisdiction over 80 percent of the total budget authority allocated to the committees shown in Table B-4.

TABLE B-1. BASELINE BUDGET PROJECTIONS BY HOUSE COMMITTEES WITH SPENDING JURISDICTION (By fiscal year, in billions of dollars)

	1982 Base	Projections				
		1983	1984	1985	1986	1987
Budget Authority						
Appropriations Committee	450	501	539	581	612	651
Authorizing Committees						
Ways and Means	350	400	451	505	557	606
Post Office and Civil Service	43	46	49	53	58	60
Other	41	43	47	50	53	57
Subtotal (allocated to authorizing committees)	434	489	547	608	668	723
Offsetting Receipts (not allocated to committees)	<u>-113</u>	<u>-127</u>	<u>-138</u>	<u>-152</u>	<u>-165</u>	<u>-182</u>
Total	771	863	948	1,037	1,114	1,191
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Outlays						
Appropriations Committee	434	470	504	549	591	631
Authorizing Committees						
Ways and Means	349	400	453	498	543	593
Post Office and Civil Service	30	33	36	39	42	45
Other	40	33	34	37	42	43
Subtotal (allocated to authorizing committees)	419	466	523	574	627	681
Offsetting Receipts (not allocated to committees)	<u>-113</u>	<u>-127</u>	<u>-138</u>	<u>-152</u>	<u>-165</u>	<u>-182</u>
Total	740	809	889	971	1,052	1,130

NOTE: Jurisdiction corresponds to the budget resolution allocations of budget authority and outlays among committees pursuant to section 302 of the Congressional Budget Act.

TABLE B-2. BASELINE BUDGET PROJECTIONS BY SENATE COMMITTEES WITH SPENDING JURISDICTION (By fiscal year, in billions of dollars)

	1982 Base	Projections				
		1983	1984	1985	1986	1987
Budget Authority						
Appropriations Committee	450	501	539	581	612	651
Authorizing Committees						
Finance	396	452	503	561	617	670
Governmental Affairs	43	46	49	53	57	60
Other	76	80	86	91	97	102
Subtotal (allocated to authorizing committees)	515	578	638	705	771	832
Elimination of Double Counting <u>a/</u>	-81	-89	-91	-97	-103	-109
Offsetting Receipts (not allocated to committees)	<u>-113</u>	<u>-127</u>	<u>-138</u>	<u>-152</u>	<u>-165</u>	<u>-182</u>
Total	771	863	948	1,037	1,114	1,191
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Outlays						
Appropriations Committee	434	470	504	549	591	631
Authorizing Committees						
Finance	396	452	502	554	603	655
Governmental Affairs	30	33	36	39	42	45
Other	75	70	75	78	84	90
Subtotal (allocated to authorizing committees)	501	555	613	671	729	790
Elimination of Double Counting <u>a/</u>	-82	-89	-90	-97	-102	-108
Offsetting Receipts (not allocated to committees)	<u>-113</u>	<u>-127</u>	<u>-138</u>	<u>-152</u>	<u>-165</u>	<u>-182</u>
Total	740	809	889	971	1,052	1,130

NOTE: Jurisdiction corresponds to the budget resolution allocations of budget authority and outlays among committees pursuant to section 302 of the Congressional Budget Act.

a/ Annually appropriated entitlements allocated to both appropriations and authorizing committees.