

BUDGETARY IMPLICATIONS OF THE BALANCED BUDGET ACT OF 1997

SUMMARY AND INTRODUCTION

As part of a plan to balance the federal budget by 2002, the 105th Congress enacted and President Clinton signed two major pieces of legislation: the Taxpayer Relief Act of 1997 (H.R. 2014/Public Law 105-34) and the Balanced Budget Act of 1997 (H.R. 2015/Public Law 105-33). The Balanced Budget Act achieves \$127 billion in net deficit reduction over the 1998-2002 period. Gross savings of \$160 billion comprise:

- o \$112 billion from slowing the growth of the Medicare program;
- o \$21 billion from auctioning licenses to use portions of the electromagnetic spectrum;
- o \$7 billion from changes to Medicaid;
- o \$5 billion from increasing excise taxes on cigarettes and other tobacco products; and
- o \$15 billion from other spending reductions and tax increases.

These savings are partly offset by additional spending of \$33 billion:

- o \$20 billion for children's health insurance initiatives and
- o \$13 billion to mitigate the effects of last year's welfare reform law.

The act also extends the limits on discretionary spending and the pay-as-you-go procedures for direct spending and receipts, but these provisions do not directly alter the federal outlays or revenues. The summary table provides estimates of the act's budgetary effects by title.

SUMMARY TABLE
 DIRECT SPENDING AND REVENUE EFFECTS OF THE BALANCED BUDGET ACT OF 1997 (P.L. 105-33)
 (By fiscal year, in billions of dollars)

			1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998- 2002	1998- 2007
Title I.	Food Stamp Provisions	Outlays	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	1.5	2.8
Title II.	Housing and Related Provisions	Outlays	-0.1	-0.2	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-1.8	-4.2
Title III.	Communications and Spectrum Provisions	Outlays	0.0	-2.0	-3.3	-4.3	-11.8	-0.5	-1.0	-0.9	-0.8	-0.7	-21.4	-25.3
		Revenues	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>-3.0</u>	<u>3.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
		Deficit	0.0	-2.0	-3.3	-1.3	-14.8	-0.5	-1.0	-0.9	-0.8	-0.7	-21.4	-25.3
Title IV.	Medicare, Medicaid, and Children's Health Provisions	Outlays	-1.7	-12.3	-26.9	-19.2	-42.1	-42.8	-49.2	-57.0	-75.1	-60.7	-102.2	-386.8
		Revenues	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.4</u>	<u>1.7</u>	<u>3.3</u>
		Deficit	-2.0	-12.7	-27.2	-19.5	-42.4	-43.0	-49.4	-57.3	-75.4	-61.1	-103.8	-390.0
Title V.	Welfare and Related Provisions ^a	Outlays	3.2	3.6	0.4	4.6	1.7	1.8	1.6	1.6	1.2	1.0	13.5	20.8
		Revenues	<u>0.0</u>	*	*	*	*	*	*	*	*	*	*	*
		Deficit	3.2	3.6	0.4	4.6	1.7	1.8	1.6	1.6	1.2	1.0	13.5	20.8
Title VI.	Education and Related Provisions	Outlays	-0.2	-0.2	-0.2	-0.1	-1.1	*	-0.1	-0.1	-0.1	-0.1	-1.8	-2.1
Title VII.	Federal Retirement and Related Provisions	Outlays	-0.6	-0.6	-0.6	-0.6	-0.6	-0.1	*	*	*	*	-3.0	-3.2
		Revenues	<u>0.0</u>	<u>0.2</u>	<u>0.4</u>	<u>0.6</u>	<u>0.6</u>	<u>0.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1.8</u>	<u>1.9</u>
		Deficit	-0.6	-0.8	-1.0	-1.1	-1.2	-0.2	*	*	*	*	-4.8	-5.2
Title VIII.	Veterans and Related Provisions ^a	Outlays	-0.2	-0.5	-0.7	-0.6	-0.7	-0.3	-0.3	-0.3	-0.3	-0.3	-2.7	-4.2
Title IX.	Asset Sales, User Fees, and Miscellaneous Provisions	Outlays	*	-0.1	-1.8	1.7	-0.6	*	*	*	*	*	-0.7	-0.8
		Revenues	<u>0.0</u>	<u>0.0</u>	<u>1.2</u>	<u>1.7</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	<u>5.2</u>	<u>16.7</u>
		Deficit	*	-0.1	-3.0	*	-2.9	-2.3	-2.3	-2.3	-2.3	-2.3	-5.9	-17.5
Title X.	Budget Enforcement and Process Provisions	Outlays	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title XI.	District of Columbia Revitalization	Outlays	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.7	0.0	1.0
	Total	Outlays	0.5	-12.1	-33.0	-18.6	-55.4	-42.1	-49.2	-56.9	-74.9	-60.4	-118.6	-402.1
		Revenues	<u>0.4</u>	<u>0.6</u>	<u>1.9</u>	<u>-0.4</u>	<u>6.1</u>	<u>2.7</u>	<u>2.5</u>	<u>2.6</u>	<u>2.6</u>	<u>2.7</u>	<u>8.6</u>	<u>21.8</u>
		Deficit	0.2	-12.6	-35.0	-18.2	-61.5	-44.8	-51.7	-59.6	-77.6	-63.1	-127.2	-423.9

SOURCE: Congressional Budget Office.

NOTE: Numbers may not add to totals because of rounding.

* = Less than \$50 million.

a. Does not include fees that are required to be counted as offsets to future discretionary appropriations.