



United States Senate Budget Committee

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Appendix: Items Of Note From The Nine Appropriation Bills In H.R. 3671

A Three Bill Package

Last night, conferees signed the conference report on the Military Construction-Veterans' Affairs appropriations bill (H.R. 2055). The conference report provides only regular appropriations and war funding for 2012 for the 9 appropriations bills that have not yet been enacted. This bill provides \$915 billion in regular appropriations, and \$126 billion in appropriations for Overseas Contingency Operations (OCO or war).

The package also includes H.R. 3672, which provides disaster-designated appropriations for 2012 and a program integrity appropriation for Continuing Disability Reviews (CDRs) in the Supplemental Security Income (SSI) and disability insurance (DI) programs. Cap adjustments are available for those appropriations under the Budget Control Act, but some House members would prefer to offset their \$8.607 billion cost rather than finance them through an increase in the debt.

The offset for the disaster bill is contained in the third bill, a concurrent resolution (H. Con. Res. 94) to correct the enrollment of the bill to provide for an across-the-board cut of 1.83 percent of 2012 regular appropriations (excepting Defense and MilCon/VA). This would reduce spending by \$8.607 billion.

The House is expected to pass each measure. To force the Senate to vote on the offsets bill, the House rule governing floor consideration of the package instructs the House Clerk to hold the disaster bill at the desk if the Senate does not take a vote on the enrollment correction. When the Senate votes on the offsets—win or lose—the disaster bill will be sent to the Senate. If the Senate passes the disaster bill, it will be sent to the president without offsets.

Spending Is \$4 Billion Above Last Year If Disasters Are Not Offset

The regular annual appropriations in H.R. 2055, when added to the amounts provided in the Agriculture minibus (P.L. 112-55), total \$1,043 billion, the level of the statutory caps for 2012. Amounts provided for the security and nonsecurity categories are also at the level of the cap. Accordingly, appropriations will be “within budget” and points of order for exceeding the caps will not lie.

H.R. 3672 provides appropriations for disasters totaling \$8.1 billion and CDRs of \$483 million. When added to the amounts for disasters provided in the enacted minibus, disaster-designated appropriations total \$10.453 billion, leaving only \$799 million under the \$11.252 billion cap for any further disasters that might arise in the remaining 9 months of fiscal year 2012.

If the offsets bill does not become law, total non-war appropriations for 2012 will score at \$1,054 billion—about \$4 billion above the \$1,050 billion provided for last year. If the offset bill does

become law, however, non-war appropriations will score at \$1.045 billion—about \$5 billion below last year.

War Funds At President’s Request In Total—But Tilted Toward State

H.R. 2055 provides \$126.544 billion in OCO-designated appropriations, the same amount as the president’s February request. But, as shown in the table below, the bill shifts \$2.5 billion in OCO funds from the Defense subcommittee to the State-Foreign Operations subcommittee.

**Appropriations Conference Provides More
War Funds To State-Foreign Ops Than President’s Request**
(Fiscal Year 2012, \$ millions of budget authority)

	<u>Conference</u>	<u>Pres. Request</u>	<u>Conference +/- Request</u>
Defense	115,083	117,583	-2,500
State-Foreign Operations	11,203	8,703	2,500
Homeland (Coast Guard)	<u>258</u>	<u>258</u>	<u>0</u>
Total	126,544	126,544	0

Agencies Really Receive \$1,071 Billion For Discretionary Programs

The final deal on FY 2011 appropriations (reached in April of this year) included a number of gimmicks to achieve the scored total of \$1,050 billion. Chief among them were changes in mandatory programs (CHiMPs), which by themselves provided \$17.5 billion in offsets—creating the appearance of savings that, in nearly all cases, did not actually exist.

CHiMPs in H.R. 2055 provide a net reduction of FY 2012 budget authority of \$8.1 billion, but those CHiMPs actually increase outlays by \$234 million over 10 years. When the \$8.1 billion in CHiMPs in this bill are added to the \$9.1 billion in CHiMPs in the enacted minibus, total CHiMPs in 2012 are \$17.2 in budget authority—almost the same amount as used last year.

Excluding the impact of the CHiMPs, total discretionary appropriations for FY 2012 total \$1,071 billion. Again, this amount is \$4 billion above the prior year.

Significant CHiMPs in the H.R. 2055 include:

- \$6.4 billion from the Children’s Health Insurance Fund (rescission of unused bonus payments for states that exceed target enrollment levels of Medicaid eligible children that produces no outlay savings);
- \$950 million from the Treasury Forfeiture Fund, up from \$423 million in FY 2011 (one-year limit on Fund obligations that produces no outlay savings);
- \$400 million from start-up funding provided for the Consumer Operated and Oriented Plan (Co-Op) program that was created under Section 1322 of PPACA (rescission of unneeded mandatory appropriations that produces no outlay savings);

- \$500 million from student loan administration, which is used to finance increases in mandatory appropriations for the Pell Grant Program (no net budget authority savings in 2012); and
- \$10 million of the \$15 million mandatory appropriation provided to the Medicare Independent Payment Advisory Board (IPAB) in PPACA.

Additional details about each of nine appropriations bills bundled into the conference report follows:

Defense (Division A)

- Overseas Contingency Operations funding of \$115 billion is \$43 billion below amounts provided in FY 2011 and nearly \$3 billion below the president's request.
- Rescinds \$2.6 billion in regular appropriations and \$380 million in OCO-designated appropriations provided to the Department of Defense, largely from procurement accounts.

Energy and Water (Division B)

- Rescinds \$500 million from the Strategic Petroleum Reserve.
- Provides administrative funds for the Alternative Vehicle Manufacturing (ATVM) loan guarantee program, which Republicans have tried to eliminate.
- Includes a provision to block new light bulb energy efficiency standards.
- Includes provisions that block funding loans, contracts, and grants to recipients that have been convicted of a felony or if the recipient has unpaid federal tax liabilities.

Financial Services (Division C)

- Requires the Post Office to continue mail 6 days a week and prevents it from closing any post offices. The USPS has asked Congress for the authority to do both in order to save \$3 billion annually.
- Requires the IRS to institute and enforce policies that protect taxpayer info from identity theft. This may result in assigning taxpayers a pin number so that criminals can't steal an individual's tax refund. Finance has been promoting similar reforms for several years.
- Prohibits the Bureau of Engraving and Printing from redesigning the dollar bill.
- Authorizes Treasury's financial intelligence activities until the Intelligence Authorization Act becomes law.
- Prevents OMB from evaluating water resource projects conducted by the Secretary of the Army.
- Requires OMB to give the Appropriators estimates of obligated mandatory and discretionary funds being used to implement Dodd-Frank.
- Exempts the Universal Service Fund (USF) from the Anti-Deficiency Act for two years. The extension is usually for one year.
- Limits GSA spending on new construction and acquisition to \$50 million—a significant reduction from historical levels.
- Prohibits the use of funds from the Federal employee health benefits program for abortion except to protect the life of the mother or in cases of rape or incest.
- Prohibits expending any Federal funds to any corporation with unpaid taxes.
- Allows women to breastfeed in Federal buildings.

Homeland Security (Division D)

- Rescinds a total of \$204 million from unobligated funds and other funds still available after their transfer to DHS upon its creation.
- Extends the National Flood Insurance program by 6 months.
- Both CBP and ICE receive increases in total funding, despite the bill's decrease overall.
 - Allows CBP to sustain the highest level of staffing in its history.
 - Accommodates 34,000 ICE detention beds, the largest detention capacity in ICE's history.
- Operation Stonegarden will receive \$50 million from FEMA's state and local appropriation.
- No funds may be used to amend the oath of allegiance required under the Immigration and Nationality Act.
- Immigrants may not receive certain benefits unless eligibility is verified by legally-required background checks, completed and submitted to Citizenship and Immigration Services.

Interior/Environment (Division E)

- One policy rider related to EPA, which prohibits requirement of permits for stormwater runoff for Forest Service roads.
- Appears to make cuts directed at EPA Administrator's office and EPA operations and administrations.
- Has dedicated funding for approving oil and gas permits and expediting process.
- No notable policy riders for DOI and Forest Service.

Labor-HHS-Education (Division F)

- Provides \$3.5 billion for LIHEAP—\$1.2 billion less than last year
- Requires a report on non-federal funding sources for public broadcasting instead of federal funding.
- Continues the maximum Pell grant award at \$5,550. In addition, the bill makes reforms to the Pell grant program to reduce program costs in future years. These include changes to eligibility and duration of grants. CBO estimates these changes will reduce program costs by \$11 billion over the FY 2012–2021 period. The bill also creates a new \$3 billion funding stream to help pay for discretionary Pell in this year and in the future. The cost of this funding stream is offset both through the Pell reforms and changes to federal student loans.
- Prohibits the National Labor Relations Board from implementing electronic voting procedures, preserving the integrity of the secret ballot election.
- Provides \$5 million for abstinence education grants
- The Social Security administrative budget (limitation on expenses) is essentially level-funded (0.1 percent increase over FY 2011)
 - In March of this year, Commissioner Astrue informed Congress that budget constraints had forced the Social Security Administration to suspend publication of taxpayer Social Security Statements. These statements provide critical information to current workers about their future benefits and Social Security's inability to pay full benefits after 2036. The funding levels provided in this bill for SSA virtually ensure that SSA will be unable to reinstate these statements in FY 2012.
- Requires the Secretary to establish "a publicly accessible website to provide information" regarding funds spent in the Prevention and Public Health Fund created by Section 4002 of

PPACA. Grants over \$25,000 would have to be publicly identified within 5 days of award, and recipients would have to provide semi-annual reports on their activities. It also contains several prohibitions on grant funding from the Prevention and Public Health Fund from being used “for publicity or propaganda purposes,” or to fund the salaries of lobbyists. This section also includes a prohibition on Prevention Fund monies being used to promote tax increases or “the advocacy or promotion of gun control.”

- Prohibits funds in the bill, or from any trust fund, from being used to pay for abortion or for health benefits that cover abortion (includes exceptions for rape, incest and the life of the mother). Prohibits discrimination against health care entities that do not provide coverage of, or refer for, abortions.
- Prohibits funds from being used for research in which human embryos are created, destroyed, discarded, or put at risk.
- Prevents funding of needle exchange programs.

Legislative Branch (Division G)

- Appropriations for the Senate are reduced by 5 percent relative to last year, and by 11 percent relative to the request. This is in line with the reductions required by all legislative branch entities.

Military Construction and Veterans Affairs (Division H)

- Provides \$270 million in OCO funds for housing, logistical, and operations facilities in Afghanistan, Djibouti, and Bahrain. The president’s budget requested no funding for those purposes.
- The appropriation is offset by the rescission of an equal amount of OCO funds included in the FY 2010 MilCon bill.

State-Foreign Operations (Division I)

- Provides \$11.2 billion in OCO funds, \$2.5 billion more than the president’s request. These funds will be used for police training, counterterrorism activities, and humanitarian and refugee assistance. No OCO funds were provided in this bill in FY 2011.
- Rescinds \$514 million in previously enacted appropriations, as follows:
 - \$14 million from the Department of State’s Diplomatic and Consular programs;
 - \$400 million from the Export-Import Bank; and
 - \$100 million from the Economic Support Fund.

The Senate-reported measure includes rescissions totaling \$464 million from these accounts.

- It is worth noting that the State-Foreign Operations bill did not receive any war funding in FY 2011. However, Congress has provided \$118 billion for diplomatic, foreign aid, and training activities over the FY 2001–FY 2010 period.