

**INFORMED BUDGETEER:**

Summary of Committee Reported Resolution: Levels of Spending								
(\$ in Billions)								
		2000	2001	2002	2003	2004	2005	2001-2005
<b>Discretionary:</b>								
Defense	BA	292.6	306.8	310.0	316.4	324.0	332.3	1589.5
	OT	289.1	295.1	303.2	310.3	318.3	328.7	1555.5
Nondefense	BA	282.2	289.8	300.0	306.2	310.6	313.5	1520.1
	OT	322.5	327.6	337.4	342.4	344.0	346.6	1698.0
Subtotal	BA	574.8	596.6	610.1	622.6	634.6	645.8	3109.6
	OT	611.7	622.6	640.6	652.7	662.2	675.3	3253.5
Mandatory	OT	943.8	987.4	1037.0	1100.3	1169.2	1244.8	5538.8
Net Interest	OT	224.7	219.3	210.7	196.7	182.1	166.5	975.3
Total Outlays	OT	1780.1	1829.4	1888.3	1949.7	2013.5	2086.7	9767.6
Revenues		1944.3	2003.2	2071.4	2146.0	2225.0	2318.0	10763.5
Unified Surplus		164.1	173.8	183.1	196.2	211.5	231.3	995.9
On-Budget		11.2	8.1	1.0	1.1	2.8	6.5	19.5
Off-Budget		152.9	165.7	182.0	195.2	208.7	224.8	976.4
Summary of Committee Reported Resolution: Changes from SBC Baseline								
		2000	2001	2002	2003	2004	2005	2001-2005
<b>SBC Baseline:</b>								
Unified Surplus		179.4	192.4	236.7	273.0	314.7	357.7	1374.5
On-Budget		26.5	26.5	54.3	77.5	105.6	132.5	396.4
Off-Budget		152.9	165.9	182.4	195.5	209.0	225.2	978.0
Discretionary		8.6	-1.9	13.9	24.3	39.0	50.3	125.7
Mandatory		5.5	6.0	11.4	14.6	14.9	15.0	61.9
Net Interest		0.3	1.4	3.5	7.1	11.7	17.6	41.2
Tax Cuts (net)		-0.9	-13.2	-24.9	-30.8	-37.6	-43.4	-149.8
Total Change		-15.3	-18.6	-53.6	-76.8	-103.2	-126.4	-378.6
<b>Resolution Total:</b>								
Unified Surplus		164.1	173.8	183.1	196.2	211.5	231.3	995.9
On-Budget		11.2	8.1	1.0	1.1	2.8	6.5	19.5
Off-Budget		152.9	165.7	182.0	195.2	208.7	224.8	976.4

**BACK TO THE FUTURE**

- The Budget Resolution which was reported from the Senate Budget Committee last week covers a five-year period, 2001 to 2005. There has been much discussion about this particular feature of the resolution. Some contend that this is an anomaly, and in the past, resolutions always extended out for a ten year period.
- In fact, since the beginning of budget resolutions – over 25 years ago – there has been only one- 10 year budget resolution – last year’s FY 2000 resolution!
- Covering the recent past, since the FY 1990 budget resolution, the Committee has reported 12 resolutions including this year. Over that period there has been one-3 year, one-6 year, one-7 year, and one-10 year resolution. But there have been eight-5 year resolutions. A 5-year resolution is actually the norm, not a sinister election year scheme.

	Years Covered by Resolution Window	Years Covered by Reconciliation Instructions
FY 1990	3	FY 1990 Only
FY 1991	5	5
FY 1992	5	none
FY 1993	5	none
FY 1994	5	5
FY 1995	5	none
FY 1996	7	7
FY 1997	6	6
FY 1998	5	5
FY 1999	5	none
FY 2000	10	10
FY 2001	5	5

**HERE WE GO: FLOOR PROCEDURES**

- The Senate will begin debate on the Committee reported resolution this week. Good budgeteers will remember that there are special rules for the consideration of budget resolutions on the Senate floor.
- **Debate:** Once the budget resolution is before the Senate, debate on the resolution, amendments, motions, and appeals is limited to 50 hours, equally divided and controlled by the Majority and the Minority Leader, or their designees. The Managers may yield time from the 50 hours during the debate.
- Within the overall limit of 50 hours, debate on first degree amendments is limited to 2 hours and debate on second degree amendments, debatable motions and appeals is limited to 1 hour. Points of Order and other procedural motions against amendments are not in order prior to the expiration or yielding back of time on that amendment.
- **Points of Order:** The Congressional Budget Act subjects the budget resolution to points of order for various breaches of content prohibitions. Below is a list:

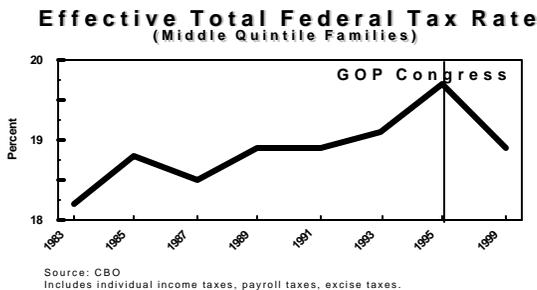
Section	If Resolution or Amendment:	Waiver
301 (g)	Is based on more than one set of economic assumptions;	Majority
301 (I)	Reduces the Social Security surplus;	3/5ths
305 (b)(2)	Is non-germane;	3/5ths
305 (d)	Is not mathematically consistent;	Majority
312 (b)	Exceeds the caps;	3/5ths

- **Amendments:** Amendments to the budget resolution must be germane. The Committee-reported resolution forms the basis for germaneness. Amendments to strike language, change dates or numbers, or sense of the Senate language whose subject is in the jurisdiction of the Budget Committee are considered to be per se germane. All other amendments are evaluated on a case by case basis. A vote of 3/5ths of the Senators is required to waive the germaneness requirement or to overturn the ruling of the Chair.

- Senate procedures generally provide that a single amendment may not amend the underlying measure in more than one place and an amendment that did so would be subject to a simple majority point of order. However, the Budget Act waives this prohibition for amendments to the budget resolution, if the changes are required to maintain the mathematical consistency of the budget resolution.
- **Miscellaneous Procedures:** A motion to further limit debate is in order but not debatable. A motion to recommit the budget resolution is in order if it instructs the Committee to report back in less than 3 days. Such a motion is debatable for 1 hour. The time is controlled by the mover and Majority manager.

### CHANGES IN FEDERAL TAX BURDEN

- The Washington Post ran a front page story recently which argued that the federal income tax burden has fallen to its lowest level in decades. The implicit message of this story was – ‘why do we need to cut taxes now at all’?
- Well, this story does not present the whole picture. It only looked at individual income taxes. It excluded other federal taxes that families must pay – payroll taxes, excise taxes and the pass-through effects of corporate taxes. These omissions are surprising, considering their large share of the family tax burden.
- When one does include these other taxes, a different story emerges. This can be seen from CBO’s series on effective tax rates for different family income groups. Middle income families have watched their effective total federal tax rate rise steadily from 1983 to 1995. The Clinton administration’s gasoline tax hike in 1993 played a role in the upward spurt in this rate in the early nineties.



- This rate only began to fall after 1995, when the GOP gained control of Congress and pushed for meaningful tax relief for families. However, it is important to note that middle income families still face rates that are at or above the level they were from 1983-1991. Thus, there is a need for further relief. With record surpluses accumulating, it seems hard to believe that some of this overpayment should not be returned to the taxpayers.

### DEFENSE HEALTH PROGRAM: BIG PROBLEMS, EVEN BIGGER COSTS

- For years, problems have been brewing in the Defense Department’s health care system for active duty service men and women, military retirees, and the dependents of both. The old “CHAMPUS” system has been replaced by “Tricare,” and many serious issues have developed.
- The families of military personnel have been losing access to medical care, and their out of pocket costs have been going up. Military retirees have been losing access to DoD sponsored medical treatment, and they assert that promises of lifelong medical care at no cost to them have been broken. DoD has been

underestimating its own costs under Tricare and has “punted” the added burden – typically \$300 to \$400 million per year – to Congress.

- The President’s 2001 budget contains some welcome changes:
  - < \$80 million is added to the DoD budget to eliminate co-pays for all active duty military families and to lower other out of pocket healthcare costs to military families who do not live near a military treatment facility.
  - < \$369 million is added for 2000 and \$348 million for 2001 to pay for a new in-house pharmacy benefit, to fully fund Defense Health Plan contract support costs, and new custodial care benefits.
- Unpaid contractor claims for healthcare already delivered are not funded in the President’s budget. To pay for these additional unbudgeted obligations, the House Appropriations Committee added \$854.5 million to the 2000 Supplemental the House passed last Wednesday and which the Senate may or may not take up.
- There’s more, much more. Various members of Congress have introduced bills which offer the Federal Employees Health Benefit Program (FEHBP) and other programs to military retirees, and dependents. In some cases 100% of the FEHBP costs would be assumed by the federal government, in other cases, the government would assume just the “normal” 72%.
- These bills are costly. A CBO cost estimate, just released this week, estimates the added costs of S. 2003, introduced by Senator Johnson and eleven others (both Democrats and Republicans) to be “about \$36 billion over the 2001-2005 period and ... about \$92 billion through 2010. The bill would save about \$1.2 billion in discretionary spending over the 2001-2005 period, assuming appropriations are reduced by the estimated amounts.” Other bills add additional programs and additional costs. CBO’s estimates will be available in the coming weeks.
- **In other words, based on the Committee-reported budget resolution, these bills would dip into the Social Security surplus.**
- A major part of the large costs in these bills are intended to keep a promise of free lifelong health care that many argue was made to military retirees, especially the ones who enlisted before 1956 when the old CHAMPUS military health care system was started. Congressional Research Service has researched the issue and released a report, “98-1006: Military Health Care: The Issue of ‘Promised’ Benefits”. The report states that there has been no documentation found which expresses such promises. Additionally, at least 3 recent court cases have rejected retiree claims that free care at medical facilities as a right or entitlement and that the current medical benefit structure does provide lifetime healthcare.
- Military families and retirees have articulated many concerns, which should be addressed. However, the issues may not be as simple as they first seem, and care must be taken to avoid excessive cost.

### BUDGET OR LATIN QUIZ?

- During the recent Budget Committee’s deliberations on the FY 2001 Budget Resolution, an amendment was accepted from Senators Grassley and Conrad that expressed the Sense of the Senate that the False Claims Act and the **qui tam** provisions of that Act are essential in combating fraud against the Medicare program.
- What does **qui tam** mean? Thanks to Bill Dauster with Senator Feingold the full response: **Qui tam** short for: Qui tam pro domino

rege quam pro si ipso in hac parte sequitur.

- The *Bulletin* asks again what does **qui tam** mean? Short version: “Who as well —.” Longer version: “Who sues on behalf of the King as well as himself.”