

# NEWS

## House Appropriations Committee

Chairman C.W. Bill Young (R-FL)

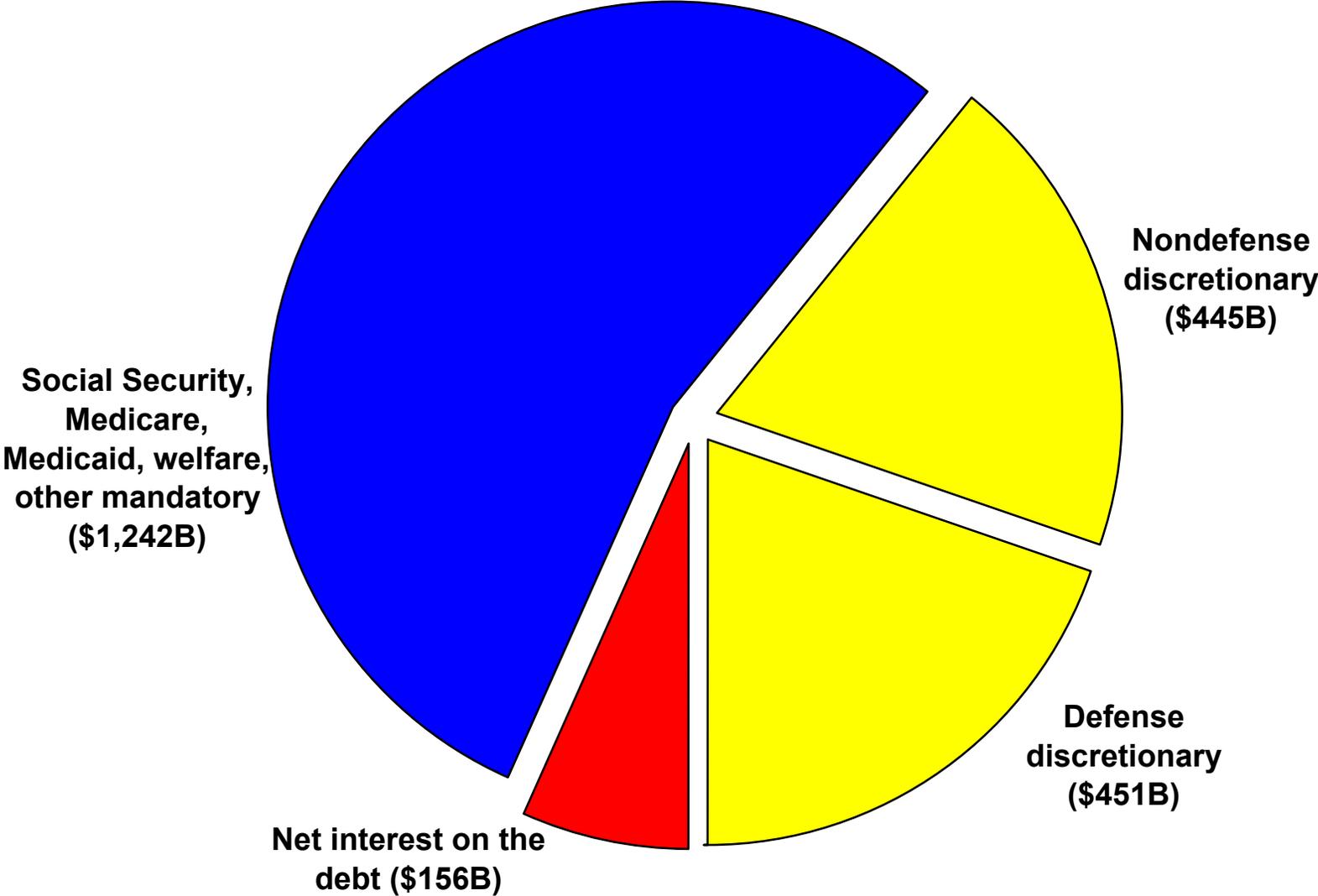
Website address: [www.house.gov/appropriations](http://www.house.gov/appropriations)

### *Budget Perspective*

- **Administration's Discretionary Target**—The President has proposed to limit discretionary spending to 4% and more specifically limit nondefense discretionary to 1% growth. The House Appropriations Committee can live with this target but we need to be realistic about the impact of this proposal.
  - Discretionary spending accounts for only one third of the \$2.3 trillion federal budget. *(Chart 1)*
  - When national defense and homeland security are excluded, discretionary spending totals only 17 % of the total budget, less than one fifth of the federal budget.
  - Even a freeze on non-defense discretionary spending will have a minimal impact on deficit, about \$3 billion in savings.(Chart 2) **In other words, solely targeting non-defense discretionary spending will not have a significant impact on the deficit.**
- **Administration Discretionary Spending Initiatives**—While the Administration proposed a 1% growth in non-defense discretionary, it has also proposed to increase significantly certain discretionary programs.
  - **International AIDS Initiative**--\$15 billion over the next five years, a 200% increase over current levels.
  - **NASA Mars Mission**--Full costs are unknown, but it is expected to be a multi-billion dollar proposal. Historically, NASA has chronically underestimated the price of its initiatives.
  - **Defense and Homeland Security**—The Administration's proposed growth in Defense and Homeland Security will necessitate reductions in other programs. **The biggest challenge for appropriators will be balancing Presidential budget promises with traditional Congressional priorities like Veterans Medical Care, Medical Research, Law Enforcement and Special Education.**
- **Member's Requests**--With 1% growth in non-defense discretionary, Members should have very low expectations for Congressional project funding especially in an election year.
- **Budget Resolution**—Last year's budget resolution proposed to limit the growth of discretionary spending to 3% and the Appropriations Committee complied. The Budget Resolution however assumed several billion dollars in politically popular spending over the budget request without paying for it. **This year's budget resolution should contain discretionary budget allocation with no assumptions, reserve funds or firewalls.**
- **Mandatory Spending**--Meaningful deficit reduction can only be accomplished by taking a hard look at mandatory spending.
  - **The biggest budgetary challenge facing the Congress this year will be how to reauthorize highway programs in a fiscally responsible manner.**
  - The **Administration's** own proposal for the reauthorization of TEA21 proposes to increase spending on Highway and other transportation programs by 13% over 6 years for a total of \$247 billion compared to \$218 billion in current levels.
  - **The Transportation and Infrastructure Committee's** has proposed a whopping 72% increase for the same programs or \$375 billion in total spending. **Any saving from discretionary cuts would be spent three times over by this proposal.** *(Chart 3)*
- **Conclusion**—Solely targeting non-defense discretionary spending will not have a significant impact on the deficit. The biggest challenge for appropriators will be reconciling Presidential budget promises with traditional Congressional priorities. This year's budget resolution should be gimmick free. The most important budgetary challenge will be how to address growth in mandatory programs particularly in the coming reauthorization of highways programs.

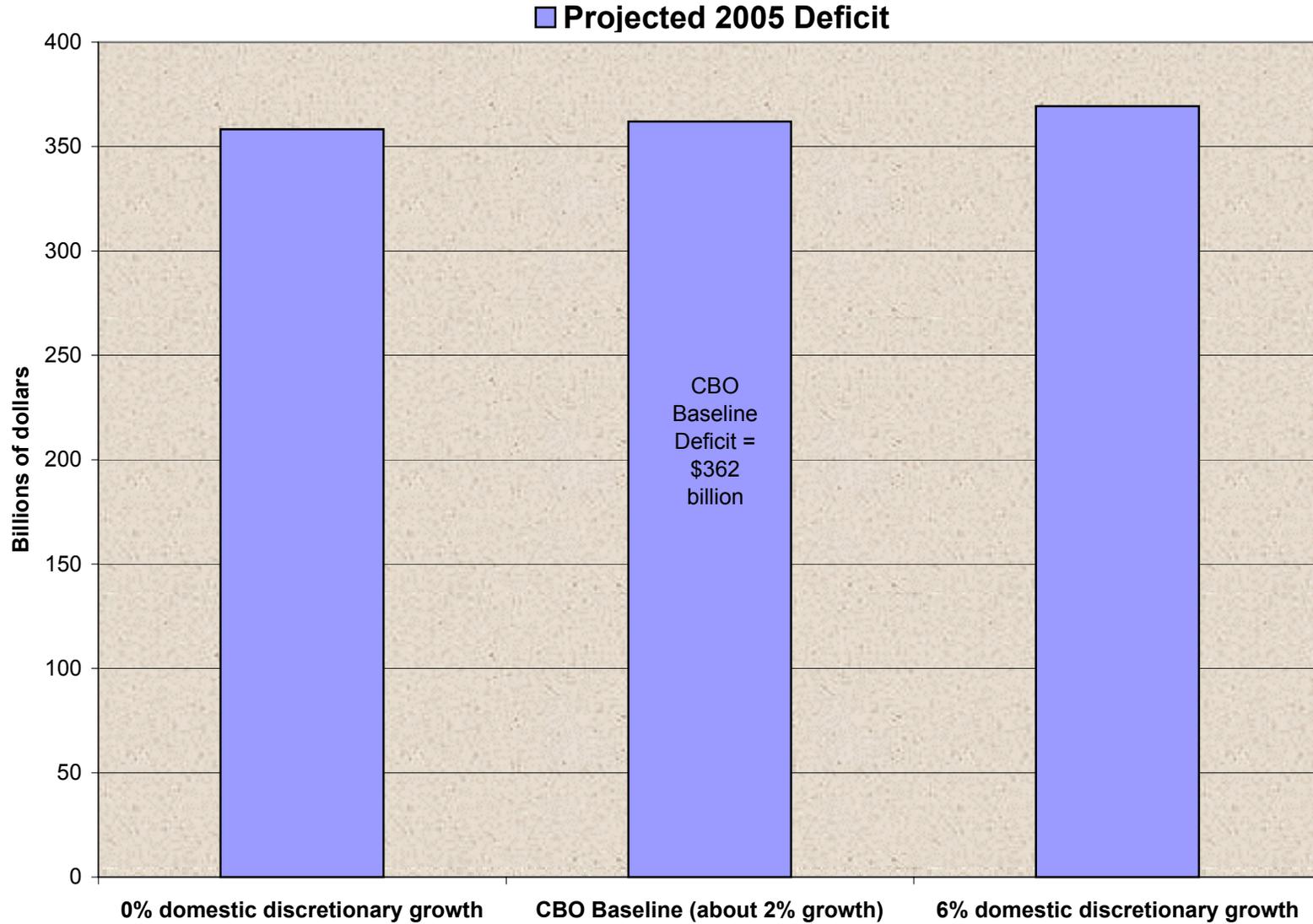
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# FY 2004 Federal Budget Outlays \$2.3 trillion



Source: CBO estimates from January 2004.

## How much will Constraining Domestic Discretionary Spending Save?



The deficit would still approach \$360 billion even with only 0% domestic discretionary growth.

**LARGE CUTS TO DOMESTIC DISCRETIONARY SPENDING HAVE ONLY A SMALL IMPACT ON THE OVERALL DEFICIT**

# HIGHWAY AND TRANSIT FUNDING TOTALS

(in billions of dollars)

