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CBO'S FINAL SEQUESTRATION REPORT
FOR FISCAL YEAR 1999

COMMUNICATION

FROM

THE DIRECTOR,
THE CONGRESSIONAL BUDGET OFFICE

TRANSMITTING

CBO'S FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 1999,
PURSUANT TO PUB. L. 101-508, SEC. 13101(a) (104 STAT. 1388-587)



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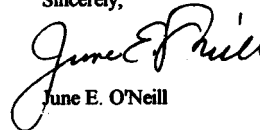
October 30, 1998

Honorable Newt Gingrich
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Pursuant to section 254 (b) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the Congressional Budget Office hereby submits its *Final Sequestration Report for Fiscal Year 1999* to the U.S. House of Representatives.

Sincerely,



June E. O'Neill

Enclosure

CC: Honorable Richard K. Arney
House Majority Leader

Honorable Richard A. Gephardt
House Democratic Leader

Honorable John R. Kasich
Chairman, House Committee on the Budget

Honorable John M. Spratt, Jr.
Ranking Minority Member, House Committee on the Budget

IDENTICAL LETTER SENT TO: Honorable Albert Gore, Jr.
President of the Senate

**FINAL SEQUESTRATION REPORT
FOR FISCAL YEAR 1999**

**A Congressional Budget Office
Report to the Congress and
the Office of Management and Budget
Pursuant to Section 254 of the Balanced
Budget and Emergency Deficit Control Act**

October 30, 1998

Final Sequestration Report for Fiscal Year 1999

The Congressional Budget Office (CBO) estimates that enacted discretionary spending exceeds the statutory limits on discretionary outlays for fiscal year 1999 by \$2,182 million in the defense category, \$665 million in the nondefense category, and \$3 million in the mass transit category. Outlays for the other two categories of discretionary spending—violent crime reduction and highways—as well as budget authority for all of the categories are within their respective caps, CBO estimates.

Discretionary outlays for 1999 will total an estimated \$581.3 billion—\$17.1 billion higher than the caps that CBO assumed in its August baseline. Since then, those caps have been increased by a total of \$14.2 billion as a result of enacted emergency spending and other appropriations that trigger adjustments under the Balanced Budget and Emergency Deficit Control Act. Even with those increases, however, discretionary outlays for all categories combined are estimated to exceed the adjusted caps by \$2.8 billion.

Based on those estimates, an across-the-board reduction, or sequestration, of approximately 1 percent would be required in the defense category, and a sequestration of about 0.5 percent would be required in the nondefense category. (The Balanced Budget and Emergency Deficit Control Act specifies that excess outlays in the mass transit category are counted as spending in the nondefense category.)

CBO's estimates are merely advisory, however; the Office of Management and Budget (OMB) has the final say in how sequestration procedures are applied. According to estimates by OMB, budget authority and outlays for all discretionary categories for fiscal year 1999 are within their respective limits, so no discretionary sequestration is required.

Legislation passed through the end of the second session of the 105th Congress that affected direct (mandatory) spending or receipts did not increase the on-budget deficit in 1998 or 1999. Thus, in CBO's view, no pay-as-you-go sequestration of mandatory spending is required in 1999.

Discretionary Sequestration Report

The Balanced Budget and Emergency Deficit Control Act (the Deficit Control Act) sets limits on discretionary spending and provides for across-the-board cuts—known as sequestration—if annual appropriations exceed those limits. The caps are in effect through fiscal year 2002.

The Deficit Control Act split discretionary spending for fiscal year 1998 into three categories:

defense, nondefense, and violent crime reduction. Separate limits apply to budget authority and outlays in each category. Starting in fiscal year 1999, two additional categories exist—for highway and mass transit outlays. Neither of those categories has a cap on budget authority.

For fiscal year 2000, the Deficit Control Act combines defense and nondefense spending into an overall discretionary category while retaining separate categories for violent crime reduction, highway, and mass transit spending. For fiscal years 2001 and 2002, the act folds violent crime reduction spending into the overall discretionary category, so the limits apply to highway spending, mass transit spending, and all other discretionary spending.

Discretionary Spending Limits for Fiscal Years 1998-2002

CBO's current estimates of the limits on discretionary spending are different from the ones it published in August in its previous sequestration report (the *Sequestration Update Report for Fiscal Year 1999*). Three adjustments are responsible for the change (see Table 1). First, CBO adjusted the spending limits to reflect technical differences between the limits in its sequestration update report and those in OMB's update report. Second, it increased the limits to account for emergency funds enacted or made available since OMB issued its update report. Third, it adjusted the caps to allow for increased spending in several areas, as specified by law: for continuing disability reviews in the Social Security program, U.S. payment of arrearages to international organizations, initiatives to improve compliance with the rules of the earned income tax credit (EITC), funding for the International Monetary Fund (IMF), and adoption assistance.

Technical Differences Between the Limits in CBO's and OMB's Update Reports. As noted above, OMB determines whether a sequestration is required to eliminate a breach of the limits on discretionary spending. Therefore, CBO uses the estimated limits in OMB's most recent sequestration report—in this case, the update report for fiscal year 1999 published in August—as the starting point for the adjustments it is required to make in this final sequestration report for 1999.

The limits in CBO's and OMB's August update reports differ for three reasons—all related to estimates of emergency spending in the fiscal year 1998 Supplemental Appropriations and Rescissions Act.

First, when CBO calculates emergency spending, it includes "contingent" emergency appropriations (which must first be made available by the President as emergency requirements before they can be spent). CBO counts those appropriations as emergency spending at the time they are enacted because the Congress does not need to take any further action to make them available. OMB, by contrast, does not include those appropriations until the President has released them as emergency requirements.

Because of that difference in treatment, CBO's estimate of nondefense emergency budget authority for 1998 was \$179 million higher than OMB's. Its estimates of additional nondefense outlays for emergencies were also higher for the same reason—by \$16 million for 1998, \$25 million for 1999, \$49 million for 2000, \$64 million for 2001, and \$19 million for 2002. Some of those emergency outlays are in the highway category; the others are in the general nondefense category.

Second, CBO and OMB differ in their interpretation of the effect of two rescissions contained in the Supplemental Appropriations and Rescissions Act. Those varying interpretations explain the remaining \$3 million difference between the two agencies' limits on nondefense budget authority for 1998 and a \$3 million difference in the limits on nondefense outlays. The two rescissions applied to funds originally appropriated in the Omnibus Consolidated Appropriations Act of 1997 for the Bureau of Land Management. OMB assumed that the two provisions rescinded emergency appropriations; it therefore reduced the spending caps by the amount of the rescissions. CBO assumed that the two rescissions applied to nonemergency appropriations and therefore did not require an adjustment to the spending caps.

Third, the two agencies have different estimates of the rate at which emergency funds provided in the act will be spent. Most of the difference involves two accounts—one in the defense discretionary category and the other in the nondefense discretionary category. CBO estimated that the more than \$1.8 billion in fund-

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Table 1.
CBO Estimates of Discretionary Spending Limits for Fiscal Years 1998-2002 (in millions of dollars)

	1998		1999		2000		2001		2002	
	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays
Total Discretionary Spending Limits in CBO's August Update Report	533,554	558,705	531,961	564,064	536,126	569,007	540,951	569,991	549,961	566,769
Defense Discretionary Category^a										
Spending limits in CBO's August update report	271,832	267,736	271,570	268,279	*	*	*	*	*	*
Adjustments										
Technical differences from OMB's August update report	0	1,343	0	-1,069	*	*	*	*	*	*
Emergency appropriations enacted since OMB's August update report	0	0	8,321	4,768	*	*	*	*	*	*
Spending limits as of October 30, 1998	271,832	269,079	279,891	271,976	*	*	*	*	*	*
Nondefense Discretionary Category^a										
Spending limits in CBO's August update report	256,222	286,136	254,591	264,457	*	*	*	*	*	*
Adjustments										
Technical differences from OMB's August update report	-182	129	0	483	*	*	*	*	*	*
Emergency appropriations enacted since OMB's August update report	0	0	13,123	8,452	*	*	*	*	*	*
Contingent emergency appropriations designated since OMB's August update report	8	0	0	6	*	*	*	*	*	*
Continuing disability reviews	0	0	355	320	*	*	*	*	*	*
Allowance for international armaments	0	0	1,014	513	*	*	*	*	*	*
ETTC compliance initiative	0	0	143	134	*	*	*	*	*	*
IMF funding	0	0	17,861	0	*	*	*	*	*	*
Adoption assistance	0	0	20	12	*	*	*	*	*	*
Spending limits as of October 30, 1998	256,048	286,265	287,107	274,377	*	*	*	*	*	*
Violent Crime Reduction Category^a										
Spending limits in CBO's August update report	5,500	4,833	5,800	4,963	4,500	5,554	*	*	*	*
Adjustments	0	0	0	0	0	0	*	*	*	*
Spending limits as of October 30, 1998	5,500	4,833	5,800	4,963	4,500	5,554	*	*	*	*

(Continued)

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Table 1.
Continued

	1998		1999		2000		2001		2002	
	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays
Overall Discretionary Category ^a										
Spending limits in CBO's August update report	*	*	*	*	531,826	534,217	540,951	538,571	548,981	534,068
Adjustments										
Technical differences from OMB's August update report	*	*	*	*	0	-243	0	-439	0	-371
Emergency appropriations enacted since OMB's August update report	*	*	*	*	0	4,649	0	1,686	0	971
Contingent emergency appropriations designated since OMB's August update report	*	*	*	*	0	2	0	0	0	0
Continuing disability reviews	*	*	*	*	0	35	0	0	0	0
Allowance for international arrangements	*	*	*	*	0	55	0	75	0	94
ETC compliance initiatives	*	*	*	*	0	8	0	1	0	0
Adoption assistance	*	*	*	*	0	8	0	0	0	0
Spending limits as of October 30, 1998	*	*	*	*	531,826	539,731	540,951	539,894	548,981	534,782
Highway Category										
Spending limits in CBO's August update report	*	*	d	21,994	d	24,475	d	26,230	d	26,982
Adjustment (Technical differences from OMB's August update report)	*	*	d	-17	d	-3	d	-4	d	-2
Spending limits as of October 30, 1998	*	*	d	21,977	d	24,472	d	26,226	d	26,980
Mass Transit Category										
Spending limits in CBO's August update report	*	*	d	4,401	d	4,761	d	5,190	d	5,709
Adjustments	*	*	d	0	d	0	d	0	d	0
Spending limits as of October 30, 1998	*	*	d	4,401	d	4,761	d	5,190	d	5,709
Total Discretionary Spending Limits as of October 30, 1998	533,380	560,177	572,798	577,698	536,126	573,518	540,951	571,310	548,981	567,461

SOURCE: Congressional Budget Office.

NOTE: * = not applicable; OMB = Office of Management and Budget; ETC = earned income tax credit; IMF = International Monetary Fund.

- This category is folded into the overall discretionary category after fiscal year 1998.
- This category is folded into the overall discretionary category after fiscal year 2000.
- This category comprises defense and nondefense spending in fiscal year 2000, plus violent crime reduction spending in 2001 and 2002.
- There are no limits on budget authority for the highway and mass transit categories. All of the spending in the highway category, and most of the spending in the mass transit category, is controlled by obligation limitations, which are not counted as budget authority.

ing for the Department of Defense's overseas contingency operations transfer account would result in outlays of \$363 million in 1998 and \$1,166 million in 1999. OMB, by contrast, estimated that outlays for that account would be \$1,352 million in 1998 and \$361 million in 1999. The disparity in the nondefense discretionary category resulted from the estimated spending rates for \$1.6 billion in additional funding for the Federal Emergency Management Agency's Disaster Relief Fund. CBO predicted no outlays from the additional funding in 1998 and 1999, then \$565 million in outlays in 2000, \$677 million in 2001, and \$358 million in 2002. OMB estimated outlays of \$640 million in both 1999 and 2000 and \$320 million in 2001.

Emergency Funding Made Available Since OMB's Update Report. As required by law, CBO has also adjusted the limits on discretionary spending to reflect emergency appropriations enacted since OMB's August update report. In October, the Congress and the President enacted the Omnibus Consolidated and Emergency Supplemental Appropriations Act, which includes emergency appropriations totaling more than \$21 billion in 1999 budget authority. More than one-third of that amount (\$8,321 million) is in the defense category; the remainder (\$13,123 million) is in the nondefense category. (The availability of some of those appropriations is contingent on their designation by the President as emergency requirements.)

Estimated outlays from those emergency appropriations total \$13,220 million in fiscal year 1999, \$4,649 million in 2000, \$1,686 million in 2001, and \$971 million in 2002. That spending required adjustments to the outlay caps for both the defense and nondefense categories for 1999 and for the overall discretionary category for 2000 through 2002.

In addition, CBO adjusted the limits on discretionary spending for contingent emergency appropriations that the President released after the publication of OMB's update report. That adjustment is necessary because CBO starts with the limits in OMB's previous report, and those limits (unlike CBO's) include adjustments only for such appropriations that have already been released by the President. Since August, the President has released \$8 million in 1998 contingent emergency appropriations for the Treasury's counterterrorism fund, which CBO estimates will raise non-

defense discretionary outlays by \$6 million in 1999 and overall discretionary outlays by \$2 million in 2000.

Other Adjustments to the Spending Limits. Under the Deficit Control Act, certain other appropriations trigger cap adjustments. Appropriations for continuing disability reviews, arrearages to international organizations, EITC compliance initiatives, IMF funding, and adoption assistance require an increase of more than \$19 billion in the limit on nondefense budget authority for 1999. Outlays from that budget authority are estimated to total \$979 million in 1999, \$106 million in 2000, \$76 million in 2001, and \$94 million in 2002. The 1999 outlays affect the cap for the nondefense category; outlays after 1999 increase the limits for overall discretionary spending. (Further details of those adjustments, required by section 251(b)(2) of the Deficit Control Act, are shown in Table 1.)

The appropriation bills for fiscal year 1999 also contain certain changes in mandatory programs. The effects of those changes in 1999 are reflected in the estimate of discretionary spending for that year. The effects of those changes in 2000 through 2002 will be reflected in cap adjustments in next January's sequestration preview report for fiscal year 2000. For example, language in the omnibus appropriations act accelerates the sale of District of Columbia pension fund assets held by the federal government. That sale will generate approximately \$2.4 billion in additional collections in 1999, CBO estimates, which are counted as an offset to 1999 appropriations. As a result of the accelerated sale of those assets in fiscal year 1999, collections in 2000, 2001, and 2002 will be reduced by approximately \$500 million each year, and CBO will lower the nondefense discretionary caps accordingly in its January 1999 preview report.

Compliance with the Discretionary Spending Limits

Discretionary new budget authority and outlays for fiscal year 1998 fell below their respective limits in both the defense and the nondefense categories and were at their respective limits in the violent crime reduction category (see Table 2). Section 251(a)(5) of the Deficit Control Act provides that if appropriations

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Table 2.
CSO Estimates of Discretionary New Budget Authority and Total Outlays for Fiscal Year 1998, by Category
(in millions of dollars)

	Budget Authority	Outlays
Defense Discretionary Appropriations		
Total from OMB's August Update Report	271,753	264,449
Limits as of October 30, 1998	271,832	269,079
Appropriations Over or Under (-) Limits	-79	-4,630
Nondefense Discretionary Appropriations		
Total from OMB's August Update Report	252,151	285,500
Contingent Emergency Appropriations Designated Since OMB's August Update Report	8	0
Total	252,159	285,500
Limits as of October 30, 1998	256,048	286,265
Appropriations Over or Under (-) Limits	-3,889	-765
Violent Crime Reduction Appropriations		
Total from OMB's August Update Report	5,500	4,833
Limits as of October 30, 1998	5,500	4,833
Appropriations Over or Under (-) Limits	0	0
Total Discretionary Appropriations		
Total Appropriations	529,412	554,782
Limits as of October 30, 1998	533,380	560,177
Appropriations Over or Under (-) Limits	-3,968	-5,395

SOURCE: Congressional Budget Office.

NOTES: The amounts shown here represent the 1998 appropriation bills, 1996 appropriations advanced in prior years, and outlays from prior year appropriations, including emergency appropriations.

OMB = Office of Management and Budget.

for the current year enacted after June 30 cause that year's spending limits to be breached, the limits for the following year are reduced by the amount of the breach. Because discretionary spending was either at or below the caps for fiscal year 1998, no adjustments to the spending limits for 1999 are necessary.

Congressional action on appropriation bills for fiscal year 1999 falls within the statutory limit for budget authority in each category, CBO estimates, but breaches the limit for outlays in the defense, nondefense, and mass transit categories (see Table 3). Discretionary spending exceeds the caps on outlays for 1999 by \$2,182 million in the defense category, \$665 million in the nondefense category, and \$3 million in the mass transit category. Based on those estimates, a sequestration of approximately 1 percent would be required in the defense category, and a sequestration of about 0.5 percent would be required in the nondefense category. (According to the Deficit Control Act, excess outlays in the mass transit category are counted as spending in the nondefense category.) However, OMB's estimates—which officially determine whether a sequestration will occur—show budget authority and outlays falling within the limits for all of the categories. As a result, no sequestration will be required.

Discretionary Outlays Flowing from Obligations Assumed in TEA-21

Section 8103 of the Transportation Equity Act for the 21st Century (TEA-21) specified obligation limitations (subject to adjustment) for both the highway and mass transit categories of discretionary spending. Section 251(b)(1)(D)(i) of the Deficit Control Act requires CBO to present a current estimate of the outlays for each category that would flow from those obligation limitations in its final sequestration report for fiscal year 1999. Table 4 presents that information.

Pay-As-You-Go Sequestration Report

The Deficit Control Act also contains a mechanism to ensure that any legislative changes in direct spending or receipts enacted since the Budget Enforcement Act

of 1997 and before 2003 do not increase the deficit. If legislative changes enacted through the end of a session of Congress increase the deficit (or reduce a projected surplus), a pay-as-you-go, or PAYGO, sequestration is required at the end of the session. Under that sequestration, mandatory programs (other than those specifically exempt) are cut to eliminate the increase. The PAYGO discipline applies to legislation enacted through 2002, but the sequestration procedure applies through 2006 to eliminate any increase in the deficit or decrease in a projected surplus caused by that legislation.

Both CBO and OMB are required to estimate the net change in the deficit that results from direct spending or receipt legislation. As with the discretionary spending limits, however, OMB's estimates determine whether a sequestration is necessary. CBO has therefore adopted the estimated effects of legislation from OMB's August update report as the starting point for this report. OMB estimated that legislation enacted between the time of its November 1997 final sequestration report for fiscal year 1998 and August 15, 1998, had a favorable effect of \$271 million on the net deficit in 1998. (The balance for 1998 in that OMB final report is not available to offset increases in mandatory spending or decreases in revenues in fiscal year 1999.) In addition, OMB estimated that legislation enacted between the time of the Budget Enforcement Act of 1997 and August 15, 1998, resulted in a \$368 million decrease in the on-budget deficit in 1999. That 1999 estimate excludes changes resulting from legislation enacted before the Budget Enforcement Act because the act removed all available balances from the PAYGO scorecard.

By CBO's estimate, legislation enacted since OMB's August report had no effect on the net deficit for 1998 and produced a \$394 million decrease in the on-budget deficit for 1999. When added to the amounts in OMB's report, the result is a favorable balance of \$271 million for 1998 and \$762 million for 1999 (see Table 5). (Those figures include the effect of all legislation on which the Congress completed action before its adjournment.) Thus, a PAYGO sequestration will not be required for 1999. However, CBO estimates that a sequestration will be required in 2000 unless direct spending or receipt legislation enacted in the next session of Congress reduces the combined 1999 and 2000 on-budget deficit by a total of \$436 million.

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Table 3.
CBO Estimates of Discretionary New Budget Authority and Total Outlays for Fiscal Year 1999,
by Category and Appropriation Bill (in millions of dollars)

	Budget Authority	Outlays
Defense Discretionary Appropriations		
Appropriation Bills		
Military Construction (P.L. 105-237)	8,450	9,185
Energy and Water Development (P.L. 105-245)	12,019	11,819
Defense (P.L. 105-262) ^a	250,349	247,041
Veterans Affairs and Housing and Urban Development and Independent Agencies (P.L. 105-276)	131	127
Omnibus Consolidated and Emergency Supplemental Appropriations Act, Fiscal Year 1999 (P.L. 105-277)	8,942	5,413
Emergency Spending Provided in the Fiscal Year 1998 Supplemental Appropriations and Rescissions Act	0	1,644
CBO Estimate of Total	279,891	275,229
Adjustment (To Reflect OMB's August Estimate of Emergency Appropriations Made Available in the Fiscal Year 1998 Supplemental Appropriations and Rescissions Act)	0	-1,069
Adjusted CBO Estimate of Total	279,891	274,160
Limits as of October 30, 1998	279,891	271,878
Appropriations Over or Under (-) Limits	0	2,182
Nondefense Discretionary Appropriations		
Appropriation Bills		
Energy and Water Development (P.L. 105-245)	8,889	8,853
Defense (P.L. 105-262)	27	27
Legislative Branch (P.L. 105-275)	2,350	2,321
Veterans Affairs and Housing and Urban Development and Independent Agencies (P.L. 105-276)	69,914	80,364
Omnibus Consolidated and Emergency Supplemental Appropriations Act, Fiscal Year 1999 (P.L. 105-277) ^b	205,772	182,934
Emergency Spending Provided in the Fiscal Year 1998 Supplemental Appropriations and Rescissions Act	0	254
Contingent Emergency Appropriations Designated Since OMB's August Update Report	0	6
CBO Estimate of Total	286,952	274,759
Adjustments		
To Reflect OMB's August Estimate of Emergency Appropriations Made Available in the Fiscal Year 1998 Supplemental Appropriations and Rescissions Act	0	483
To Account for Anticipated Release of Previously Appropriated Contingent Emergency Funds for Firefighting Assumed in CBO's Estimate	0	-200
Adjusted CBO Estimate of Total	286,952	275,042
Limits as of October 30, 1998	287,107	274,377
Appropriations Over or Under (-) Limits	-155	665
Violent Crime Reduction Appropriations		
Appropriation Bill		
Omnibus Consolidated and Emergency Supplemental Appropriation Act, Fiscal Year 1999 (P.L. 105-277)	5,798	4,951
CBO Estimate of Total	5,798	4,951
Limits as of October 30, 1998	5,800	4,953
Appropriations Over or Under (-) Limits	-2	-2

(Continued)

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Table 3.
Continued

	Budget Authority	Outlays
Highway Appropriations		
Appropriation Bill		
Omnibus Consolidated Emergency Supplemental Appropriations Act, Fiscal Year 1998 (P.L. 105-277)	c	21,885
Emergency Spending Provided in the Fiscal Year 1998 Supplemental Appropriations and Reversions Act	c	109
CBO Estimate of Total	c	21,994
Adjustment (To Reflect OMB's August Estimate of Emergency Appropriations Made Available in the Fiscal Year 1998 Supplemental Appropriations and Reversions Act)	c	-17
Adjusted CBO Estimate of Total	c	21,977
Limits as of October 30, 1998	c	21,977
Appropriations Over or Under (-) Limits	c	0
Mass Transit Appropriations		
Appropriation Bill		
Omnibus Consolidated and Emergency Supplemental Appropriations Act, Fiscal Year 1998 (P.L. 105-277) ^d	c	4,404
CBO Estimate of Total ^a	c	4,404
Limits as of October 30, 1998	c	4,401
Appropriations Over or Under (-) Limits	c	3
Total Discretionary Appropriations		
CBO Estimate of Total Appropriations ^a	572,641	581,337
Adjusted CBO Estimate of Total Appropriations ^a	572,641	580,534
Limits as of October 30, 1998	572,798	577,686
Appropriations Over or Under (-) Limits	-157	2,848

SOURCE: Congressional Budget Office.

NOTES: The amounts shown here represent the 1998 appropriation bills, 1999 appropriations advanced in prior years, and outlays from prior year appropriations, including emergency appropriations. The amounts reflect CBO's estimates of the bills as cleared by the Congress.

P.L. = Public Law; OMB = Office of Management and Budget.

- a. The outlays shown here are \$2,165 million higher than the estimate included in CBO's October 1, 1998, letter to OMB Director Lew because that estimate mistakenly included an outlay adjustment used for Congressional Budget Act purposes.
- b. The outlays shown here are \$4 million higher than the estimate included in CBO's October 27, 1998, letter to OMB Director Lew because the effect of one provision in the bill was mistakenly omitted from that estimate.
- c. There are no limits on budget authority for the highway and mass transit categories. All of the spending in the highway category, and most of the spending in the mass transit category, is controlled by obligation limitations, which are not counted as budget authority.
- d. Excludes \$1,136 million in budget authority for mass transit programs that is not subject to a limit.

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Table 4.
CBO Estimates of Discretionary Outlays Flowing from Obligations Assumed in
the Transportation Equity Act for the 21st Century (By fiscal year, in millions of dollars)

Category of Discretionary Spending	1998	1999	2000	2001	2002	2003
Highway	19,955	21,910	24,445	26,207	26,978	27,729
Mass Transit	<u>4,396</u>	<u>4,405</u>	<u>4,757</u>	<u>5,182</u>	<u>5,652</u>	<u>6,184</u>
Total	24,351	26,315	29,202	31,389	32,630	33,913

SOURCE: Congressional Budget Office.

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Table 5.
Budgetary Effects of Direct Spending or Receipt Legislation Enacted Since
the Budget Enforcement Act of 1997 (By fiscal year, in millions of dollars)

Legislation	1998	1999	2000	2001	2002	2003
Total from OMB's August Update Report ^a	-271	-368	-337	283	528	995
Legislation Enacted Since OMB's August Update Report						
Credit Union Membership Access Act (P.L. 105-219) ^b	0	6	16	27	40	54
Higher Education Amendments of 1998 (P.L. 105-244)	0	-220	655	710	700	700
Mammography Quality Standards Reauthorization Act of 1998 (P.L. 105-248) ^c	0	2	2	2	2	2
An act to make certain technical corrections in laws relating to Native Americans and for other purposes (P.L. 105-256) ^d	0	8	0	6	0	0
Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (P.L. 105-261) ^e	0	-17	-34	24	108	-27
Southern Nevada Public Land Management Act of 1997 (P.L. 105-263)	0	-50	-20	0	3	4
Travel and Transportation Reform Act of 1998 (P.L. 105-264)	0	0	1	3	3	3
Library of Congress Commemorative Coin Act (P.L. 105-268)	0	0	-6	5	0	0
Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, Fiscal Year 1999 (P.L. 105-276)	0	4	23	57	78	98
Omnibus Consolidated and Emergency Supplemental Appropriations Act, Fiscal Year 1999 (P.L. 105-277) ^f	0	-80	120	-1,051	826	179
Mount St. Helens National Volcanic Monument Completion Act (P.L. 105-279)	0	4	0	0	0	0
Department of State Special Agents Retirement Act of 1998 (H.R. 633)	0	0	1	1	1	1
Ricky Ray Hemophilia Relief Fund Act of 1998 (H.R. 1023)	0	5	4	3	3	2
An act to amend the Alaska Native Claims Settlement Act to make certain clarifications to the land bank protection provision (H.R. 2000)	0	-5	5	5	5	5
Federal Employees Life Insurance Improvement Act (H.R. 2675)	0	-7	-11	-12	-17	-21
Canadian River Project Prepayment Act (H.R. 3687)	0	-35	0	3	3	3
An act to authorize the Secretary of Agriculture to convey the administrative site for the Rogue River National Forest (H.R. 3796)	0	-2	1	1	0	0
William F. Goodling Child Nutrition Reauthorization Act of 1998 (H.R. 3874)	0	11	-8	-2	-2	-1
Veterans Programs Enhancement Act of 1998 (H.R. 4110)	0	10	5	5	5	4
Africa: Seeds of Hope Act of 1998 (H.R. 4263)	0	0	17	18	20	3
Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998 (H.R. 4558)	0	-26	-18	-18	-15	-16
Mississippi Sioux Tribes Judgment Fund Distribution Act of 1998 (S. 391) ^g	0	0	17	0	0	0
Ocean Shipping Reform Act of 1998 (S. 414)	0	-1	1	1	1	1
An act to amend the Land and Water Conservation Act of 1965 to allow National Park units that cannot charge an entrance or admission fee to retain other fees or charges (S. 1333)	0	0	0	0	0	1
Police, Fire, and Emergency Officers Educational Assistance Act of 1998 (S. 1525)	0	1	1	1	0	0
National Parks Omnibus Management Act of 1998 (S. 1693)	0	-8	-5	-7	-9	-12
An act to amend the Weir Farm National Historic site Establishment Act of 1990 (S. 1718)	0	5	0	0	0	0

(Continued)

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Table 5.
Continued

Legislation	1998	1999	2000	2001	2002	2003
An act to amend the Food Stamp Act of 1977 (S. 1733) Economic Development Administration and Appalachian Regional Development Reform Act of 1998 (S. 2364)	0	1	3	-1	-2	-2
	<u>0</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase or Reduction (-) in the Net Deficit	-271	-762	436	64	2,281	1,976

SOURCE: Congressional Budget Office.

NOTES: The following bills affected direct spending or receipts but did not increase or decrease the deficit by as much as \$500,000 in any year through 2002: Postal Employees Safety Enhancement Act (P.L. 105-241); National Wildlife Refuge System Volunteer and Community Partnership Enhancement Act of 1998 (P.L. 105-242); Nazi War Crimes Disclosure Act (P.L. 105-246); an act to correct a provision relating to termination of benefits for convicted persons (P.L. 105-247); Federal Employees Health Care Protection Act of 1998 (P.L. 105-266); Gallatin Land Consolidation Act of 1998 (P.L. 105-267); Border Smog Reduction Act of 1998 (H.R. 8); Thomas Alva Edison Commemorative Coin Act (H.R. 678); Miles Land Exchange Act of 1998 (H.R. 1021); Commercial Space Act of 1998 (H.R. 1702); Money Laundering and Financial Crimes Strategy Act of 1998 (H.R. 1756); an act for the relief of Mai Hoa "Jasmin" Saiehi (H.R. 1794); an act for the relief of Mercedes Del Carmen Quiroz Martinez Cruz (H.R. 1834); an act for the relief of Nuratu Okarewaju Abeke Kadiri (H.R. 1949); an act to authorize the Secretary of the Interior to provide assistance to the National Historic Trails Interpretive Center in Casper, Wyoming (H.R. 2166); Digital Millennium Copyright Act (H.R. 2281); Drive for Teen Employment Act (H.R. 2327); an act to amend the Rhinoceros and Tiger Conservation Act of 1994 to prohibit the sale, importation, or exportation of products labeled as containing substances derived from rhinoceros or tigers (H.R. 2807); Granite Watershed Enhancement and Protection Act of 1998 (H.R. 2886); Advisory Council on California Indian Policy Extension Act of 1998 (H.R. 3069); an act to approve a governing international fishing agreement between the United States and the Republic of Poland, and for other purposes (H.R. 3461); Protection of Children from Sexual Predators Act of 1998 (H.R. 3494); Utah Schools and Lands Exchange Act of 1998 (H.R. 3830); an act to authorize the Automobile National Heritage Area in the State of Michigan, and for other purposes (H.R. 3910); an act to make available to the Ukrainian Museum and Archives the USIA television program "Window on America" (H.R. 4083); Identity Theft and Assumption Deterrence Act (H.R. 4151); Irish Peace Process Cultural and Training Program Act of 1998 (H.R. 4293); Oregon Public Lands Transfer and Protection Act of 1998 (H.R. 4326); District of Columbia Courts and Justice Technical Corrections Act of 1998 (H.R. 4566); Iraq Liberation Act of 1998 (H.R. 4655); an act to extend into fiscal year 1999 the visa processing period for diversity applicants whose visa processing was suspended during fiscal year 1998 due to embassy bombings (H.R. 4821); National Cave and Karst Research Institute Act of 1997 (S. 231); an act to extend energy conservation programs under the Energy Policy and Conservation Act through September 30, 2002 (S. 417); Dutch John Federal Property Disposition and Assistance Act of 1998 (S. 890); Veterans Employment Opportunities Act of 1998 (S. 1021); Centennial of Flight Commemoration Act (S. 1397); Fish and Wildlife Revenue Enhancement Act of 1998 (S. 2094); Arches National Park Expansion Act of 1998 (S. 2106); Coast Guard Authorization Act of 1998 (S. 2204); Women's Progress Commemoration Act (S. 2285); International Anti-Bribery and Fair Competition Act of 1998 (S. 2375); an act to provide for the development of a management plan for the Woodland Lake Park tract in Apache-Sitgreaves National Forest in the State of Arizona reflecting the current use of the tract as a public park (S. 2413); and an act to protect the sanctity of contracts and leases entered into by surface patent holders with respect to coalbed methane gas (S. 2500).

OMB = Office of Management and Budget; P.L. = Public Law.

- Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Enforcement Act of 1990, calls for a list of all bills enacted since the Budget Enforcement Act that are included in the pay-as-you-go calculation. Because the data in this table assume OMB's estimate of the total change in the deficit resulting from bills enacted through the date of its report, readers are referred to the list of those bills included in Tables 6 and 7 of the *OMB Sequestration Update Report to the President and Congress* issued on August 26, 1998, and in previous sequestration reports issued by OMB.
- The direct spending effects of this bill are excluded because they are related to guarantee commitments for deposit insurance, which are exempt from the pay-as-you-go procedures under the Balanced Budget and Emergency Deficit Control Act.
- Change in outlays and receipts.
- CBO estimates that the direct spending from this bill would be offset in subsequent years by the reduction in payments that would otherwise have to be made. CBO cannot predict the amount or timing of payments that would have been required if this bill had not been enacted.