

FINAL SEQUESTRATION REPORT
FOR FISCAL YEAR 2000

COMMUNICATION

FROM

THE DIRECTOR,
THE CONGRESSIONAL BUDGET OFFICE

TRANSMITTING

CBO'S FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2000,
PURSUANT TO 2 U.S.C. SEC. 904(b)



JANUARY 27, 2000.—Referred to the Committee on the Whole House on
the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

79-011

WASHINGTON : 2000



CONGRESSIONAL BUDGET OFFICE
U.S. CONGRESS
WASHINGTON, DC 20515

December 2, 1999

Honorable J. Dennis Hastert
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 2000* to the U.S. House of Representatives.

Sincerely,

A handwritten signature in dark ink, appearing to read 'D. Crippen'.

Dan L. Crippen

Enclosure

CC: Honorable Richard K. Armey
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 LETTERS SENT TO: Honorable Albert Gore, Jr.
President of the Senate

Honorable Jacob J. Lew
Director, Office of Management and Budget

**FINAL SEQUESTRATION REPORT
FOR FISCAL YEAR 2000**

**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**

December 2, 1999

Final Sequestration Report for Fiscal Year 2000

The Balanced Budget and Emergency Deficit Control Act of 1985 (the Deficit Control Act) requires the Congressional Budget Office (CBO) to issue a final sequestration report 10 days after the end of a Congressional session. This report reflects activity affecting the discretionary spending caps and pay-as-you-go (PAYGO) balances through the end of the first session of the 106th Congress.

According to CBO's estimates, discretionary spending for fiscal year 2000 in the overall discretionary, highway, and mass transit categories exceeds the limits estimated in this report.¹ In the overall discretionary category—which includes defense and nondefense discretionary spending—budget authority is \$6,726 million higher and outlays are \$15,235 million higher. In the highway and mass transit categories, outlays will exceed their limits by \$770 million and \$568 million, respectively. (There are no limits on budget authority for the highway and mass transit categories.) Budget authority for the violent crime reduction category is within its cap, and outlays in

that category are \$6 million below their limit. CBO estimates that spending for all categories combined will exceed the adjusted caps on budget authority by \$6,726 million and on outlays by \$16,567 million.

Based on those estimates, an across-the-board reduction, or sequestration, of approximately 4 percent of budget authority would be required in the overall discretionary category.² No sequestration in the other categories of discretionary spending would be required. (The Deficit Control Act specifies that excess outlays in the highway and mass transit categories are counted as spending in the overall discretionary 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. Preliminary information from OMB indicates that its estimates show budget authority and outlays for all discretionary categories for fiscal year 2000 to be within their respective limits. Thus, the President is unlikely to order a discretionary sequestration.

Legislation passed through the end of the first session of the 106th Congress that affected direct spending or receipts did not reduce the on-budget

1. These amounts do not include funding and offsets provided in H.R. 3425. That act made miscellaneous appropriations for the fiscal year ending September 30, 2000, and for other purposes and is referred to in this report as the miscellaneous appropriation act. It was enacted by reference in Public Law 106-113 (H.R. 3194), an act that made consolidated appropriations for the fiscal year ending September 30, 2000, and for other purposes (referred to as the consolidated appropriation act). Section 1001(a) of P.L. 106-113 specifies that the spending effects of H.R. 3425 be treated as direct spending. Without that specification, CBO would have treated some of those changes as discretionary spending or offsets to discretionary spending, and net discretionary budget authority and outlays in 2000 would have been \$1 billion and \$4 billion lower, respectively.

2. Without the specification in section 1001(a) of the consolidated appropriation act that provisions contained in the miscellaneous appropriation act be treated as direct spending, the required sequestration in the overall discretionary category would be 3 percent.

December 2, 1999

FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2000 2

surplus in 1999 or 2000. Thus, in CBO's view, no PAYGO sequestration of mandatory spending is required in 2000.

Discretionary Sequestration Report

The Deficit Control Act sets limits on discretionary spending and provides for sequestration if annual appropriations exceed those limits. The caps are in effect through 2002. By law, they are adjusted each year to account for the enactment of emergency appropriations, funding for certain specified activities, and changes in budgetary concepts and definitions.

Under the Deficit Control Act, discretionary spending is split into categories. The categories change over the 1999-2002 period. For 1999, discretionary spending comprised five categories: defense, nondefense, violent crime reduction, highway, and mass transit. Separate limits applied to budget authority and outlays in the first three categories; the caps for the highway and mass transit categories applied only to outlays. For 2000, the act combines defense and nondefense spending into an overall discretionary category but retains separate categories for violent crime reduction, highway, and mass transit spending. For 2001 and 2002, it folds violent crime reduction spending into the overall discretionary category, so the limits for those years apply to highway spending, mass transit spending, and all other discretionary spending.

CBO's Estimates of the Discretionary Spending Limits for Fiscal Years 1999-2002

CBO's current estimates of the limits on discretionary spending are different from those published in August in its previous sequestration report, the *Sequestration Update Report for Fiscal Year 2000* (see Table 1). Three adjustments are responsible for the change. 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: 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), adoption assistance, and an increase in the budget authority caps for 2000 provided by the consolidated appropriation act.

Adjustments to Incorporate OMB's Most Recent Estimates of the Caps. As noted above, OMB determines whether a sequestration is required to eliminate a breach of the discretionary spending caps. CBO's estimates are merely advisory. To prepare its reports, CBO starts by adjusting the estimated caps in its most recent sequestration report (in this case, the August update report) for differences from the equivalent OMB report. CBO then updates OMB's figures for enacted legislation and other activity that affects the caps.

The limits in CBO's and OMB's August update reports differ for two reasons, both of which relate to estimates of emergency spending. First, CBO and OMB use different approaches to estimate the amount of emergency spending. Second, the two agencies have different estimates of the rate at which emergency funds will be spent.

Emergency appropriations can be either regular or contingent appropriations. Regular emergency appropriations are designated as emergencies by the Congress and the President when they are enacted. In their subsequent sequestration reports, OMB and CBO adjust the discretionary spending caps by the amount of regular emergency funds provided since the previous reports.

By contrast, contingent appropriations designated in law by the Congress as emergencies become available only when the President also designates them as emergencies and releases them. The limits on discretionary spending must also be adjusted to reflect those amounts, but CBO and OMB do so at different times. CBO includes such appropriations in its cap adjustments in the next sequestration report because no further action by the Congress is needed to make the funds available. OMB does not make its

adjustments until the President has released the contingent emergency amounts. That timing difference is the primary reason that the two agencies often report different spending limits in their sequestration reports. Additional differences in the estimated limits on outlays occur because CBO and OMB estimate that emergency funds, once they are available, will be spent at different rates.

As a result of those technical differences, CBO's estimate of defense emergency budget authority for 1999 was \$1,776 million higher than OMB's, and its estimate of additional defense outlays for emergencies was \$1,184 million lower. CBO's estimate of nondefense emergency spending in 1999 was \$217 million higher in budget authority and \$884 million lower in outlays.

The estimates in the two agencies' update reports also differed for 2000 through 2002. CBO's estimates of the caps reflected contingent emergency funding for defense in 2000 provided in the 1999 Emergency Supplemental Appropriations Act, as well as releases of other contingent emergency funding that were not included in OMB's estimates. CBO's estimates for the overall discretionary category were higher than OMB's for 2000, by \$1,881 million in budget authority and \$3,929 million in outlays. CBO's estimates of outlays for 2001 and 2002 were also higher for the same reasons. To be consistent with OMB's most recent determinations of the amounts of the discretionary caps, CBO has adjusted its estimates of the caps to eliminate all of those differences.

Adjustments to Reflect Emergency Funding Made Available Since OMB's Last Report. As required by law, OMB and CBO adjust the caps on discretionary spending to reflect emergency appropriations made available since OMB's August update report. To date, 2000 appropriation action includes \$28,959 million in emergency budget authority in the overall discretionary category.³ Included in those funds is \$8,699 million that the President has already released

to provide emergency relief for farmers. Another \$7,200 million is for defense; the remaining \$13,060 million provides funding to assist with recovery from natural disasters, conduct the 2000 census, implement the Wye River peace agreement, and for other purposes (including Head Start, Department of Defense operations and maintenance, and departmental management expenses of the Department of Health and Human Services).

CBO estimates that outlays from those emergency appropriations will total \$19,525 million in fiscal year 2000, \$5,922 million in 2001, and \$2,004 million in 2002. The outlay caps for the overall discretionary category have been adjusted accordingly.

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 the President has already released. Since the beginning of fiscal year 2000, the President has released \$922 million in contingent emergency appropriations for operations in Kosovo and preparations for the Year 2000. CBO estimates that those releases will raise discretionary outlays by \$806 million in 2000.

Other Adjustments to the Spending Limits. Two other types of adjustments affect the discretionary caps. First, under the Deficit Control Act, certain other appropriations trigger cap adjustments. Appropriations for continuing disability reviews, arrearages to the United Nations and other international organizations, EITC compliance initiatives, and adoption assistance require an increase of \$997 million in the limit on overall discretionary budget authority for 2000. (Further details on those adjustments, required by section 251(b)(2) of the Deficit Control Act, are shown in Table 1.) Second, Public Law 106-113 raised the budget authority cap for 2000 by 0.2 percent—an estimated increase of \$1,065 million.

Caps on Highway and Mass Transit Spending. As noted above, separate caps apply to outlays for specified highway and mass transit programs. The highway category does not have caps on budget authority because all of its spending is controlled by the obli-

3. The 1999 Emergency Supplemental Appropriations Act (P.L. 106-31) designated advance appropriations of \$1,881 million for 2000 as emergency funding. As of the date of this report, emergency funding for 2000 totals \$30,840 million in budget authority and \$26,783 million in estimated outlays, including \$7,258 million in outlays from prior-year appropriations.

gation limitations set in appropriation bills, which do not count as budget authority. Spending for mass transit is controlled by a combination of appropriations and obligation limitations, but that category has no statutory limit on budget authority either. The estimates of the highway caps in this report are the same as those contained in OMB's August update report for 1999 through 2002.

Compliance with the Discretionary Spending Limits

By OMB's estimates, discretionary budget authority and outlays for fiscal year 1999 fell below their respective limits in all of the discretionary categories (see Table 2). Section 251(a)(5) of the Deficit Control Act provides that if appropriations for the current year (fiscal year 1999 in this report) 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 OMB's estimates indicate that discretionary spending will be below the caps for fiscal year 1999, no adjustments to the spending limits for 2000 are necessary.

CBO estimates that discretionary spending for fiscal year 2000 exceeds the statutory limits for budget authority and outlays in the overall discretionary, highway, and mass transit categories but falls within the limits for both in the violent crime category (see Table 3). Discretionary spending in the overall discretionary category exceeds the caps on budget authority for 2000 by \$6,726 million and on outlays by \$15,235 million. Outlays in the highway and mass transit categories exceed their limits by \$770 million and \$568 million, respectively. The Deficit Control Act requires that outlays in excess of the limits for the highway and mass transit categories—a total of \$1,338 million for this report—be assigned to the overall discretionary category. As a result, the total outlays exceed the limits in that category by \$16,573 million. Based on that estimate, a sequestration of approximately 4 percent in budget authority would be required in the overall discretionary category. However, preliminary information from OMB indicates that its estimates show budget authority and outlays falling within the limits for all of the categories. Because OMB's estimates officially determine

whether a sequestration is required, the President is unlikely to order a sequestration.

The miscellaneous appropriation act, which was enacted by reference in the consolidated appropriation act (P.L. 106-113), included provisions that will result in about \$7 billion in net receipts and spending offsets—among them a shift in a pay date for military and civilian personnel and an across-the-board cut of 0.38 percent. CBO would have classified over \$4 billion of that as changes to discretionary spending in 2000 except for section 1001(a) of P.L. 106-113. That provision specified that those spending changes be designated as direct spending (see Table 4). If the act had not made that specification, CBO would have treated those amounts as discretionary spending, and the required sequestration would have been about 3 percent.

Pay-As-You-Go Sequestration Report

The Deficit Control Act also contains a mechanism to ensure that the cumulative net effect of legislative changes in direct spending or receipts enacted since the Budget Enforcement Act of 1997 and before 2003 do not reduce the surplus or increase the deficit. That mechanism is the pay-as-you-go sequestration. If all legislative changes during that period that affect direct spending or receipts reduce a projected surplus or increase a projected deficit, a PAYGO sequestration is required at the end of the session. Under the sequestration, mandatory programs (other than those specifically exempt) are cut sufficiently to eliminate any negative effect on the deficit or surplus for that year. The PAYGO discipline governs legislation enacted through 2002, but the sequestration procedure applies through 2006 to eliminate any projected increase in the deficit or decrease in the surplus in years beyond 2002.

Both CBO and OMB must estimate net changes in annual surpluses or deficits that result from legislation that changes direct spending or receipts. But as with the discretionary spending limits, OMB's estimates determine whether a sequestration is necessary. CBO therefore uses the estimated effects of legisla-

December 2, 1999

FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2000 5

tion from OMB's August sequestration update report as its starting point for this report. In August, OMB estimated that legislation enacted since the Budget Enforcement Act resulted in a \$2,911 million PAYGO balance for 2000. That estimate excludes changes resulting from legislation enacted before the Budget Enforcement Act, because that act eliminated all balances from the PAYGO scorecard.

According to CBO's estimates, legislation enacted between the publication of OMB's August report and December 2 (the date of this update report) has increased the PAYGO balance for 2000 by \$6,831 million (see Table 4 for details). When those amounts are added to the figures in OMB's update report, the result is a favorable PAYGO balance of \$9,742 million for 2000.⁴ Therefore, CBO estimates that no PAYGO sequestration is necessary in 2000.

Section 1001(b) of P.L. 106-113, the consolidated appropriation act, prohibits OMB from including on the PAYGO scorecard any estimates of

changes in direct spending or receipts that result from the enactment of that legislation, including bills enacted by reference. Section 1001(c) further directs OMB to remove any PAYGO balances on January 3, 2000. Accordingly, OMB's final sequestration report for 2000, which will be issued after this CBO report, will not include the PAYGO effects of either the consolidated appropriation act or the other bills that it enacts by reference. OMB's preview report for 2001, which will be issued next February, will show zero PAYGO balances for 2000 through 2005.

As of August 25, OMB showed net PAYGO savings totaling almost \$2.2 billion over the 2001-2004 period. Since then, however, the Congress has passed two bills that will significantly increase direct spending and lower revenues during those years. CBO estimates that during that period, the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (H.R. 3426) will cost \$14.9 billion and the Ticket to Work and Work Incentives Improvement Act of 1999 (H.R. 1180) will cost \$15.6 billion. Several other acts will have much smaller effects—either costs or savings—on direct spending or revenues. In total, CBO projects that under sections 1001(b) and (c) of P.L. 106-113, over \$35 billion in costs will be eliminated from the PAYGO scorecard for fiscal years 2001 through 2004.

4. Section 1001(a) of the consolidated appropriation act (P.L. 106-113) directs that spending offsets included in the miscellaneous appropriation act (H.R. 3425) be considered as mandatory. In the absence of that requirement, CBO would have classified over \$4 billion of the changes made by H.R. 3425 as offsets to discretionary spending. In either case, no PAYGO sequestration would be necessary.

December 2, 1999

FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2000 6

Table 1.
CBO Estimates of Discretionary Spending Limits for Fiscal Years 1999-2002 (In millions of dollars)

	1999		2000		2001		2002	
	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays
Total Discretionary Spending Limits in CBO's August Update Report	584,106	581,823	538,152	579,748	541,332	573,806	550,390	568,305
Defense Discretionary Category ^a								
Spending limits in CBO's August update report	288,354	274,548	*	*	*	*	*	*
Adjustments								
Technical differences from OMB's August update report	<u>-1,776</u>	<u>1,184</u>	*	*	*	*	*	*
Spending limits as of December 2, 1999	286,578	275,732	*	*	*	*	*	*
Nondefense Discretionary Category ^a								
Spending limits in CBO's August update report	289,952	275,930	*	*	*	*	*	*
Adjustment (Technical differences from OMB's August update report)	<u>-217</u>	<u>884</u>	*	*	*	*	*	*
Spending limits as of December 2, 1999	289,735	276,814	*	*	*	*	*	*
Violent Crime Reduction Category ^b								
Spending limits in CBO's August update report	5,800	4,953	4,500	5,554	*	*	*	*
Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	*	*	*	*
Spending limits as of December 2, 1999	5,800	4,953	4,500	5,554	*	*	*	*

(Continued)

December 2, 1999

FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2000 7

Table 1.
Continued

	1999		2000		2001		2002	
	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays
Overall Discretionary Category ^a								
Spending limits in CBO's August update report	*	*	533,652	545,503	541,332	542,699	550,390	536,258
Adjustments								
Technical differences from OMB's August update report	*	*	-1,881	-3,929	-8	-864	-8	-506
Emergency appropriations enacted since OMB's August update report	*	*	28,959	19,525	427	5,922	91	2,004
Contingent emergency appropriations designated since OMB's August update report	*	*	922	806	0	467	0	150
Continuing disability reviews	*	*	405	353	0	52	0	0
Allowance for international arrearages	*	*	428	13	0	13	0	13
EITC compliance initiatives	*	*	144	146	0	7	0	7
Adoption assistance	*	*	20	12	0	8	0	0
Cap increase ^d	*	*	1,065	0	0	0	0	0
Spending limits as of December 2, 1999	*	*	563,714	562,429	541,751	548,304	550,473	537,926
Highway Category								
Spending limits in CBO's August update report	e	21,991	e	24,574	e	26,219	e	26,663
Adjustment (Technical differences from OMB's August update report)	e	0	e	0	e	0	e	0
Spending limits as of December 2, 1999	e	21,991	e	24,574	e	26,219	e	26,663
Mass Transit Category								
Spending limits in CBO's August update report	e	4,401	e	4,117	e	4,888	e	5,384
Adjustments	e	0	e	0	e	0	e	0
Spending limits as of December 2, 1999	e	4,401	e	4,117	e	4,888	e	5,384
Total Discretionary Spending Limits as of December 2, 1999	582,113	583,891	568,214	596,674	541,751	579,411	550,473	569,973

SOURCE: Congressional Budget Office.

NOTE: * = not applicable; OMB = Office of Management and Budget; EITC = earned income tax credit.

a. This category is folded into the overall discretionary category after fiscal year 1999.

b. This category is folded into the overall discretionary category after fiscal year 2000.

c. This category comprises defense and nondefense spending in fiscal year 2000, plus violent crime reduction spending in 2001 and 2002.

d. The consolidated appropriation act (P.L. 106-113) provided an increase of 0.2 percent in the statutory limit on budget authority specified by the Deficit Control Act for the discretionary category in 2000.

e. 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.

December 2, 1999

FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2000 8

Table 2.
Comparison of OMB's Estimate of Spending with the Discretionary Limits for Fiscal Year 1999
(In millions of dollars)

	Budget Authority	Outlays
Defense Discretionary Appropriations		
Estimated Spending from OMB's August Update Report	286,572	274,475
Limits as of December 2, 1999	286,578	275,732
Appropriations Over or Under (-) Limits	-6	-1,257
Nondefense Discretionary Appropriations		
Estimated Spending from OMB's August Update Report	289,298	274,964
Limits as of December 2, 1999	289,735	276,814
Appropriations Over or Under (-) Limits	-437	-1,850
Violent Crime Reduction Appropriations		
Estimated Spending from OMB's August Update Report	5,797	4,946
Limits as of December 2, 1999	5,800	4,953
Appropriations Over or Under (-) Limits	-3	-7
Highway Category		
Estimated Spending from OMB's August Update Report	a	21,568
Limit as of December 2, 1999	a	21,991
Appropriations Over or Under (-) Limits	a	-423
Mass Transit Category		
Estimated Spending from OMB's August Update Report	a	3,942
Limit as of December 2, 1999	a	4,401
Appropriations Over or Under (-) Limits	a	-459
Total Discretionary Appropriations		
Estimated Spending from OMB's August Update Report	581,667	579,895
Limits as of December 2, 1999	582,113	583,891
Appropriations Over or Under (-) the Limits	-446	-3,996

SOURCE: Congressional Budget Office.

NOTES: The amounts shown here represent the 1999 appropriation bills, 1999 appropriations advanced in previous years, and outlays from prior-year appropriations, including emergency appropriations.

OMB = Office of Management and Budget.

a. 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.

December 2, 1999

FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2000 9

Table 3.
CBO Estimates of Discretionary New Budget Authority and Total Outlays for Fiscal Year 2000, by Category and Appropriation Act (In millions of dollars)

	Budget Authority ^a	Outlays ^a
Overall Discretionary		
Appropriation Acts		
Agriculture, Rural Development, Food and Drug Administration and Related Agencies (P.L. 106-78)	22,687	22,741
Commerce, Justice, State, and the Judiciary (H.R. 3421) ^b	33,623	31,463
Defense (P.L. 106-79)	269,425	267,832
District of Columbia (H.R. 3194)	437	402
Energy and Water Development (P.L. 106-60)	21,280	21,002
Foreign Operations (H.R. 3422) ^b	15,316	13,258
Interior (H.R. 3423) ^b	14,902	14,857
Labor, HHS, Education (H.R. 3424) ^b	85,881	85,786
Legislative Branch (P.L. 106-57)	2,457	2,487
Military Construction (P.L. 106-52)	8,374	8,775
Transportation and Related Agencies (P.L. 106-69)	12,480	14,707
Treasury and General Government (P.L. 106-58)	13,603	14,588
Veterans Affairs, Housing and Urban Development and Independent Agencies (P.L. 106-74)	71,856	83,695
An act making miscellaneous appropriations for the year ending September 30, 2000, and for other purposes (H.R. 3425) ^c	<u>0</u>	<u>0</u>
CBO Estimate of Total Appropriations	572,321	581,593
Adjustment ^d	-1,881	-3,929
Adjusted CBO Estimate of Total Appropriations	570,440	577,664
Limits as of December 2, 1999	563,714	562,429
Appropriations Over or Under (-) Limits	6,726	15,235
Violent Crime Reduction		
Appropriation Acts		
Commerce, Justice, State, and the Judiciary (H.R. 3421) ^b	4,216	5,265
Labor, HHS, Education (H.R. 3424) ^b	152	154
Treasury and General Government (P.L. 106-58)	<u>132</u>	<u>129</u>
CBO Estimate of Total Appropriations	4,500	5,548
Limits as of December 2, 1999	4,500	5,554
Appropriations Over or Under (-) Limits	0	-6

(Continued)

December 2, 1999

FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2000 10

Table 3.
Continued

	Budget Authority	Outlays
Highway		
Appropriations in Transportation and Related Agencies Act (P.L. 106-69)	e	25,344
CBO Estimate of Total Appropriations	e	25,344
Limits as of December 2, 1999	e	24,574
Appropriations Over or Under (-) Limits	e	770
Mass Transit		
Appropriations in Transportation and Related Agencies Act (P.L. 106-69)	e	4,685
CBO Estimate of Total Appropriations	e	4,685
Limits as of December 2, 1999	e	4,117
Appropriations Over or Under (-) Limits	e	568
All Categories		
Adjusted CBO Estimate of Total Appropriations ^d	574,940	613,241
Limits as of December 2, 1999	568,214	596,674
Appropriations Over or Under (-) Limits	6,726	16,567

SOURCE: Congressional Budget Office.

NOTE: P.L. = public law; HHS = Health and Human Services.

- a. The amounts shown here represent the 2000 appropriation bills, 2000 appropriations advanced in previous years, and outlays from prior-year appropriations, including emergency appropriations. The amounts reflect CBO's estimates of the bills as cleared by the Congress.
- b. Enacted by reference in P.L. 106-113, an act making consolidated appropriations for fiscal year 2000.
- c. Under section 1001(a) of P.L. 106-113, amounts in H.R. 3425 that CBO would normally have treated as discretionary appropriations are classified as pay-as-you-go. Those amounts are included in the estimates of the budgetary effects of direct spending and receipt legislation (see Table 4).
- d. These amounts reflect an adjustment to remove various technical estimating differences, including the estimated effect of Presidential releases of emergency funds provided by the Congress contingent on his designating such funds as emergencies. Those amounts are not included in the estimated caps.
- e. 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.

December 2, 1999

FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2000 11

Table 4.
Budgetary Effects of Direct Spending or Receipt Legislation Enacted Since the Budget Enforcement Act of 1997 (By fiscal year, in millions of dollars)

Legislation	1999	2000	2001	2002	2003	2004
Total Pay-As-You-Go Balances in OMB's August 1999 Update Report ^a	58	-2,911	-830	-175	-1,115	-35
Laws Enacted Since OMB's Update Report						
National Defense Authorization Act for Fiscal Year 2000 (P.L. 106-65) ^b	0	-97	-10	29	-25	-36
Department of Defense Appropriations Act for Fiscal Year 2000 (P.L. 106-79)	0	-13	0	0	0	0
An act to provide for the conveyance of certain property from the United States to Stanislaus County, CA (P.L. 106-82)	0	0	0	5	0	0
Gramm-Leach-Bliley Act (P.L. 106-102) ^b	0	-35	-41	-31	-28	-31
Veterans Millennium Health Care and Benefits Act (P.L. 106-117)	0	-4	289	343	414	137
Miscellaneous Appropriations for Fiscal Year 2000 (H.R. 3425) ^{b,c,d}	0	-7,839	6,596	-337	-60	-45
Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (H.R. 3426) ^c	0	1,161	5,800	4,200	2,900	2,000
Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Year 2000 and 2001 (H.R. 3427) ^c	0	130	-71	30	30	30
Intellectual Property and Communications Omnibus Reform Act of 1999 (S. 1948) ^c	0	-15	-87	-85	-86	-44
An act to direct the Secretary of Agriculture to convey to the city of Sisters, Oregon, a certain parcel of land for use in connection with a sewage treatment facility (S. 416)	0	1	0	0	0	0
Ticket to Work and Work Incentives Improvement Act of 1999 (H.R. 1180) ^b	0	-97	2,899	8,089	2,404	2,210
Foster Care Independence Act of 1999 (H.R. 3443)	0	-22	24	-15	-1	14
An act to require the Secretary of the Treasury to mint coins in conjunction with the minting of coins by the Republic of Ireland in commemoration of the millennium of the discovery of the New World by Leif Ericson (H.R. 3373)	0	-1	-5	0	2	1
Total	0	-6,831	15,394	12,228	5,550	4,236
Resulting Pay-As-You-Go Balances	58	-9,742	14,564	12,053	4,435	4,201
Adjustment Pursuant to Section 1001(b) of an Act Making Consolidated Appropriations for Fiscal Year 2000 (P.L. 106-113) ^e	0	6,563	-12,238	-3,808	-2,784	-1,941
Adjusted Pay-As-You-Go Balances as of December 2, 1999 ^f	58	-3,179	2,326	8,245	1,651	2,260

a. Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, calls for a list of all of the bills 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 7 and 8 of OMB's sequestration update report to the President and the Congress, issued on August 25, 1999, and in previous sequestration reports issued by OMB.

b. Change in outlays and receipts.

c. Enacted by reference in P.L. 106-113, an act making consolidated appropriations for fiscal year 2000.

d. Under section 1001(a) of P.L. 106-113, these amounts are to be treated as changes to direct spending or receipts resulting from legislation enacted by reference in that act. The amounts exclude \$531 million in disaster assistance that was designated as an emergency.

e. Section 1001(b) of P.L. 106-113 directs the Director of OMB to exclude from pay-as-you-go estimates any changes in direct spending or receipts resulting from legislation enacted by reference in that act.

f. Section 1001(c) of P.L. 106-113 instructs the Director of OMB to change any pay-as-you-go balances to zero on January 3, 2000.

(Continued)

December 2, 1999

FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2000 12

Table 4.
Continued

SOURCE: Congressional Budget Office.

NOTES: OMB = Office of Management and Budget; P.L. = public law; SCHIP = State Children's Health Insurance Program.

Pay-as-you-go balances appear as negative numbers on the scorecard when cumulative direct spending reductions and revenue increases exceed cumulative spending increases and revenue reductions. Changes that increase pay-as-you-go balances appear as negative numbers. Changes that decrease balances appear as positive numbers.

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 2004:

- An act to extend through the end of the current fiscal year certain expiring Federal Aviation Administration authorizations (P.L. 106-59);
- An act to reauthorize the Congressional Award Act (P.L. 106-63);
- An act to direct the Secretaries of Agriculture and Interior to convey certain lands in San Juan County, New Mexico, to San Juan College (P.L. 106-66);
- An act to extend for nine additional months the period for which chapter 12 of title 11, United States Code, is reenacted (P.L. 106-70);
- An act to amend the Revised Organic Act of the Virgin Islands to provide for greater fiscal autonomy consistent with other United States jurisdictions and for other purposes (P.L. 106-84);
- Nursing Relief for Disadvantaged Areas Act of 1999 (P.L. 106-95);
- An act to amend the Export Apple and Pear Act to limit applicability of the act to apples (P.L. 106-96);
- History of the House Awareness and Preservation Act (P.L. 106-99);
- An act to permit the children of federal employees who are not employees of the legislative branch to enroll in the House of Representatives Child Care Center (P.L. 106-100);
- An act to amend the Immigration and Nationality Act to extend for an additional two years the period for admission of an alien as a nonimmigrant under section 101(a)(15)(S) of such act and to authorize appropriations for the refugee assistance program under chapter 2 of title IV of the Immigration and Nationality Act (P.L. 106-104);
- Federal Financial Assistance Management Improvement Act of 1999 (P.L. 106-107);
- An act to direct the Secretary of the Interior to convey certain lands to the county of Rio Arriba, New Mexico (P.L. 106-114);
- An act to clarify certain boundaries on maps relating to the Coastal Barrier Resources System (P.L. 106-116);
- Veterans' Compensation Cost-of-Living Adjustment Act of 1999 (P.L. 106-118);
- An act to direct the Secretary of the Interior to make corrections to a map relating to the Coastal Barrier Resources System (S. 574);
- Four Corners Interpretive Center Act (S. 28);
- Chippewa Cree Tribe of the Rocky Boy's Reservation Indian Reserved Water Rights Settlement and Water Supply Enhancement Act of 1999 (S. 438);
- Intelligence Authorization Act for Fiscal Year 2000 (H.R. 1555);
- Motor Carrier Safety Improvement Act of 1999 (H.R. 3419);
- An act to amend chapter 30 of title 39, United States Code, to provide for the nonapplicability of certain deceptive matter relating to sweepstakes, skill contests, facsimile checks, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes (S. 335);
- An act to amend the Immigration and Nationality Act to provide that an adopted alien who is less than 18 years of age may be considered a child under such act if adopted with or after a sibling who is a child under such act (H.R. 2886);
- An act to amend title 18, United States Code, to punish the depiction of animal cruelty (H.R. 1887);
- An act to improve protection and management of the Chattahoochee River National Recreational Area in the State of Georgia (H.R. 2140);
- Terry Peak Land Transfer Act of 1999 (H.R. 2079);
- Father Theodore M. Hesburgh Congressional Gold Medal Act (H.R. 1932);
- Export Enhancement Act of 1999 (H.R. 3361);
- An act for the relief of Suchada Kwong (H.R. 322).