

INFORMED BUDGETEER: THE FINAL DOMENICI EDITION**Christmas/ Hanukkah Price Index**

Item	2001	2002	Unit/Source
Gold	\$273.80 (12/12/01)	\$342.83 (12/20/02)	\$ per troy oz. Engelhard Industrial Bullion
Silver	\$4.52	\$4.66	\$ per troy oz. Engelhard Industrial Bullion
Frankincense Oil -Oman	\$41.45	\$42.72	\$ per oz. Aroma Land
Myrrh Oil -Somolia	\$68.01	\$70.08	\$ per oz. Aroma Land
Lamp Oil	\$6.90	\$10.90	8 day supply, 32 oz. Nowell's Inc.

**BUDGET BULLETIN: THE DOMENICI ERA AS
THE BUDGET COMMITTEE LEADER
COMES TO AN END.**

With the start of the 108th Congress, Senator Pete V. Domenici steps down as the longest serving Chairman of the Senate Budget Committee. A member of the Committee since 1975, one year after its formation, Domenici has been the only Republican Chairman in the Committee's history, holding that position for 12½ years, and the Ranking Member role for nine years. At the beginning of his tenure on the Committee, Senator Domenici served with its first Democratic Chairman, Edmund Muskie and then Muskie's brief successor, Senator Hollings, in 1980. Domenici first became the Committee's Chairman in 1981, remaining in that position through 1986. He regained his role as Chairman from 1995 through May 2001. Over the years he has served as the Committee's Ranking Member to three Democratic Chairmen: Senators Chiles, Sasser and Conrad.

Senator Domenici has either been Budget Committee Chairman or Ranking Member for more than three-quarters of the Committee's 28-year existence. Senate Republican Conference rules adopted in 1996 restricted Chairmanships and Ranking Memberships to six years from 1997 forward. Therefore, unless changed in the future, Domenici will forever hold the distinction as the longest-serving Republican Chairman and Ranking Member of the U.S. Senate Budget Committee.

Over the period Domenici has been at the epicenter of federal budgeting. He has participated in the adoption of 26 concurrent budget resolutions, 27 Senate-passed resolutions, 26 Committee-reported resolutions, and 17 major budget reconciliation bills, three of which were vetoed. Conservatively estimated, he has taken over 1,000 votes during Senate floor debate on budget resolutions and countless additional votes on motions to waive the Budget Act when enforcing the budgets he helped craft.

As Chairman or Ranking Member Senator Domenici has worked with over eight OMB Directors, beginning with David Stockman in 1981 through Mitch Daniels today. All five of the CBO Directors in that institution's history has called him – "Mr. Chairman" – beginning with the first Director, Alice Rivlin, through Dan Crippen today.

He joined Senators Gramm, Rudman and Hollings in 1985 to offer the first major reforms to the 1974 Budget Act. He was in the forefront guiding fiscal policy through the dark days of the stock market crash in the fall of 1987 that led to a major budget summit agreement in November 1987. Later he directed and guided the Senate in the budget summit of 1990, (the (in)famous Andrews Air Force Base Summit) which resulted in the Budget Enforcement Act of 1990 and has remained the basis of fiscal discipline through its expiration on September 30 of this year. The pinnacle of his budget leadership occurred in 1997 with the historic Bipartisan Balanced Budget Agreement. Along the way, he innovated special budget areas, working with Senator McCain to craft a line-item veto law (later ruled unconstitutional); and helping to craft the Credit Reform Act of 1990 and the Unfunded Mandates Reform Act of 1995.

From January 1991 through 1997, Senator Domenici served as the co-chair with Senator Sam Nunn on the Strengthening of America Commission, organized by the Center for Strategic and International Studies. The Commission's focus on deficit reduction, tax reform, and increased investment for a strong industrial base served as model for many recommendations later incorporated in the 1997 Balanced Budget Agreement.

When Senator Domenici joined the new Budget Committee in 1975, federal revenues measured as a share of the economy represented about 18% of GDP. Coincidentally, federal revenues today represent 18% of GDP. When Senator Domenici joined the Budget Committee in 1975, federal spending measured as a share of the economy represented 21.3% of GDP. Today federal spending represents 19.5% of GDP. So in 1975, the federal government was experiencing a deficit of 3.4% of GDP; in 2002 a deficit of only 1.5% was recorded. But along the way, with many ups and downs, twists and turns, four consecutive years of budget surpluses were recorded while he was Chairman in 1998, 1999, 2000 and 2001 – the first surpluses since 1957 and the first 4 years of consecutive surpluses since the 1920's.

Senator Domenici rode the congressional budget roller coaster to its heights with the 1997 Bipartisan Balanced Budget Agreement, and he has seen it through the valleys in 1998 when no budget resolution conference agreement was reached and 2002 when the Senate failed to even consider a budget.

But the highs and lows, the victories and defeats, and the myriad challenges of the last 20 years, demanding as they may have been, may pale in comparison to the combined demographic and economic challenges of the next 20 years.

It may be fitting, therefore, that the gavel of the Republican Budget Committee chairmanship turns to a Boomer- Sooner. Senator Nickles will be charged with helping to shore up fiscal policy against the force of an onrushing demographic tsunami. It may be some comfort to Senator Nickles, that Senator Domenici will remain as a senior statesman and valued member of the Committee to provide guidance, advice, and institutional memory along the way.

THANK YOU: DR. DAN THE MAN

- Along with all the changes coming to the budget world with the new year and the new Congress, one departure must not go without the *Bulletin's* mention. Dr. Dan Crippen, the fifth Director of the Congressional Budget Office, will leave that office on January 3, 2003, with the end of his four-year appointment.
- Dr. Crippen has led CBO at a time of fiscal gyrations and economic uncertainties. He has provided the Congress with thousands of bill cost estimates and hundreds of policy briefs. As is the levy placed on all CBO Directors, the message from the Director was not always appreciated by those receiving it.
- Under Dr. Crippen's leadership, the agency developed and refined independent long-term modeling and launched a series of major policy briefs focusing on the changes that demographics will have on the federal budget just over the horizon.
- Maintaining CBO's independence in the ever changing political environment of Capitol Hill has been a continuous challenge for the Director. From time to time even the *Bulletin* was probably too quick to highlight differences of opinion over how a cost estimate may have been developed. But in the end, Dr. Crippen maintained his dedication to the goals of CBO to provide objective and impartial analyses on major legislation coming before the Congress. Even the *Bulletin* could not ask for more than this.
- On the occasion of Dr. Dan Crippen's departure from CBO, the *Bulletin* salutes the fifth Director and wishes him continued success for the future.

**CBO ESTIMATES OF CURRENT RATE COMPARED TO
THE PRESIDENT'S BUDGET REQUEST AND
SENATE CURRENT STATUS FOR FY 2003
(BA, \$ in Billions)**

Subcommittee	President's Request ^a	Senate Current Status ^b	Current Rate with Supplementals ^c	Current Rate less one time Items ^d
Agriculture	17.053	17.980	17.153	17.068
CJS	40.835	43.475	43.672	43.298
Defense	0.574	0.574	0.560	0.560
Nondefense	40.261	42.901	43.112	42.738
Defense	366.470	354.830	354.830	354.830
DC	0.379	0.517	0.607	0.407
Energy and Water	25.528	26.300	25.344	25.344
Defense	15.860	15.935	15.170	15.170
Nondefense	9.668	10.365	10.174	10.174
Foreign Ops	16.450	16.350	16.607	16.607
Interior	18.953	19.336	19.200	19.200
Labor, HHS	130.989	134.432	128.366	127.102
Legislative	3.405	3.438	3.262	3.262
Mil Con	9.663	10.499	10.499	10.499
Transportation ^e	20.397	21.300	24.118	21.776
Defense	0.340	0.340	0.440	0.440
Nondefense	20.057	20.960	23.678	21.336
Treasury-Postal	17.960	18.501	18.496	17.955
VA-HUD	92.415	92.934	95.687	85.885
Defense	0.144	0.144	0.153	0.153
Nondefense	92.271	92.790	95.534	85.732
Total	760.497	759.892	757.841	743.233
Defense	393.051	382.322	381.652	381.652
Nondefense	367.446	377.570	376.189	361.581

Source: CBO; SBC Republican Staff

^a The President's FY 2003 Budget Request includes all budget amendments transmitted through Nov. 18, as well as the effects of the 2002 Supplemental Appropriations Act for Further Recovery from Response to Terrorist Attacks on the U.S. (P.L. 107-206).

^b The Defense (P.L. 107-248) and Mil-Con (P.L. 107-249) Appropriations bills for FY 2003 have been enacted. The Legislative Branch Appropriations Bill for FY 2003 has been passed by the Senate. The remaining ten FY 2003 bills have been reported by the Senate Appropriations Committee.

^c The supplementals include funding in Division B of the 2002 Department of Defense and Emergency Supplemental Appropriations Act (P.L. 107-117) and the 2002 Supplemental Appropriations Act for Further Recovery from and Response to Terrorist Attacks (P.L. 107-206).

^d One time spending items include New York response and recovery, nonrecurring expenses for the smallpox vaccine purchase and the national pharmaceutical stockpile, HHS facilities security, embassy construction in Kabul and Dushanbe, and emergency planning and security costs for DC.

^e Includes mass transit budget authority of \$1.445 billion.

**A LITTLE IMMEDIATE BUDGET BUSINESS FOR THE
NEW CONGRESS: HAPPY NEW YEAR!**

- The returning 108th Congress will immediately be confronted with an expiring continuing funding resolution (CR) for FY 2003 appropriations on January 11. Eleven of the 13 regular appropriation bills for the current fiscal year are now funded under this current CR (all bills except for the Defense and Military Construction appropriations bills).
- CBO estimates of current rate funding for all appropriation bills total \$757.8 billion assuming the FY 2002 supplemental bills are included in the calculation, or \$743.2 billion assuming supplemental bills less one time items, such as New York response and recovery funding last year. (See table above.)
- Compared to the last action of the U.S. Senate, and including the two defense related appropriation bills that have become law, total funding for FY 2003 would be \$759.9 billion. The President's request for FY 2003, adjusted downward for \$10 billion in defense spending that was not provided in the two defense related appropriation bills is estimated to be \$750.5 billion.

- Therefore, one could look at the glass as either half empty or half full. To reach the President's request, based on CBO scoring of the CR less one-time items, the new Congress could add \$7.3 billion to the current CR, or, alternatively, the Senate could reduce its current status funding (i.e. the Senate-reported appropriation bills) by \$9.4 billion.

- Nothing has ever been simple in the budget scoring world: the President's OMB estimates that the current rate for the CR less one-time funding items is not \$743.2 billion, but rather \$737.6 billion, or \$5.6 billion lower than the CBO estimate. Result: using the OMB numbers, the new Congress could add \$12.9 billion to the CR and still meet the \$750.5 billion Presidential request. But if Congress were to add \$12.9 billion to the current CR, scored by CBO, appropriations for FY 2003 would top \$756.1 billion. What a welcome to the world of congressional budgeting for new Senators!

**THE LAST BULLETIN
UNDER SENATOR DOMENICI'S CHAIRMANSHIP**

This will be the last *Budget Bulletin* under the direction of Chairman Domenici. The *Bulletin* began in 1991. With this last one for 2002, nearly 360 *Bulletin* editions have been printed and distributed. The *Bulletin's* mailing list today is over 600, along with over 100 hits a week for the *Bulletin* on the Committee's Web site.

The *Bulletin* was never meant to be political or partisan, it was meant to be informative to the cadre of budgeteers who follow the process on Capitol Hill. It was always meant to be an "inside the Capitol" budget-geeky information document – translating the arcane rules of the Budget Act and crystalizing the many numbers into a simple presentation. When we were not always successful in that endeavor, the *Bulletin's* survival over these last 11 years sometimes hung on a telephone call from Chairman Domenici to the Staff Director recommending an apology from the *Bulletin* when its bluntness sometimes offended members of the Senate. In the end, the *Bulletin's* success, measured by those who miss it and call on the infrequent occasions it did not keep to its usual schedule, was only because of the dedicated Budget Committee staff over the years who made it work.

The outgoing management is heartened to hear that the incoming Chairman and his staff plan to continue the *Bulletin*.

The Twelve Days of Christmas

-- Price List --

Item	2001	2002
A Partridge	\$15	\$15
A Pear tree	\$125	\$88
Two Turtle Doves	\$58	\$58
Three French Hens	\$15	\$15
Four Calling Birds	\$316	\$316
Five Golden Rings	\$375	\$383
Six Geese-a-laying	\$150	\$150
Seven Swans Swimming	\$3,500	\$2,100
Eight Maids Milking	\$41	\$41
Nine Ladies Dancing	\$4,019	\$4,108
Ten Lords Leaping	\$3,770	\$3,921
Eleven Pipers Piping	\$1,615	\$1,615
Twelve Drummers Drumming	\$1,749	\$1,749
TOTAL as sung	\$62,935	\$54,932

Source: PNC Advisors