



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 24, 1999

### **H.R. 853**

### **Comprehensive Budget Process Reform Act of 1999**

*As ordered reported by the House Committee on Rules on June 23, 1999*

#### **SUMMARY**

H.R. 853 would make a number of changes to the process used to develop, analyze, and control the federal budget. Only one provision of the bill—the automatic continuing resolution—would affect direct spending. CBO estimates that the administrative costs of implementing the proposed changes in the budget process would largely affect discretionary programs and would total about \$2 million annually, assuming appropriation of the necessary amounts. The budgetary procedures established by the bill could further alter budgetary outcomes, but any additional changes in spending or receipts would depend on future legislation.

To avoid future government shutdowns, the bill would put in place an automatic continuing resolution beginning in fiscal year 2000 that would take effect if the Congress and the President fail to agree on regular or temporary appropriation bills by October 1 of each fiscal year. The appropriation for each project or activity would be the lower of the previous year's appropriated level or the annualized level provided in the most recent continuing resolution if the regular bill for that year did not become law. By providing an automatic funding source for 2000 that would take effect without further legislative action, H.R. 853 would provide direct spending authority, and pay-as-you-go procedures would apply to the bill. CBO estimates that enacting H.R. 853 would provide budget authority of about \$566 billion in 2000, resulting in outlays of \$338 billion in 2000 and \$571 billion over the 2000-2004 period. By itself, the bill would not provide any new funding for 2001 or beyond.

H.R. 853 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on the budgets of state, local, or tribal governments.

## **DESCRIPTION OF THE BILL'S MAJOR PROVISIONS**

H.R. 853 would change the budget process by:

- Converting the budget resolution into a measure that would become law;
- Creating a reserve fund for emergency spending;
- Establishing new requirements for the review and reauthorization of federal programs;
- Shifting the budgeting for federal insurance programs from a cash to an accrual basis;
- Providing for automatic continuing appropriations;
- Modifying pay-as-you-go rules to permit a tax cut or new direct spending up to the level of projected on-budget surpluses;
- Establishing a lock-box that would allow reductions in total discretionary spending if an individual appropriation bill is amended to reduce spending; and
- Requiring additional reporting on long-term budgetary trends.

## **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 853 is shown in the following table. For the purposes of this estimate, CBO assumes the bill will be enacted by the end of fiscal year 1999. The costs of this legislation fall within multiple budget functions.

### **BASIS OF ESTIMATE**

#### **Direct Spending**

H.R. 853 would provide funding for fiscal year 2000 for projects and activities funded in 1999 appropriation acts. The appropriation provided for each project or activity would be the amount sufficient to continue funding for that project and activity at the level of operations provided in 1999 appropriation acts. Upon enactment of an applicable regular appropriation bill or a continuing resolution for 2000, the appropriation for a project or activity provided by H.R. 853 would no longer be available.

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004

**CHANGES IN DIRECT SPENDING**

Estimated Budget Authority	566	0	0	0	0
Estimated Outlays <sup>a</sup>	338	131	60	30	12

**CHANGES IN SPENDING SUBJECT TO APPROPRIATION**

Authorization Level					
Specified	1	1	1	1	1
Estimated	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Total	2	2	2	2	2
Estimated Outlays	1	2	2	2	2

a. Outlays include amounts for transportation programs that are controlled by annual obligation limitations set in appropriation acts. Such limitations are not considered budget authority.

Because scorekeeping guidelines adopted by the Congress and the Administration require that estimates of a bill not take into account possible future legislation, and no regular appropriation bills or continuing resolution for 2000 have been enacted, CBO estimates the effect that H.R. 853 would have if no appropriation bills providing funding for 2000 are enacted. In addition, though H.R. 853 would provide funding for discretionary programs, budget authority provided by law other than appropriation acts is defined as direct spending for purposes of budget enforcement. (If the same provisions were enacted in an appropriation bill, the resulting spending would be considered discretionary.)

CBO estimates that continuing projects and activities funded in 1999 appropriations acts would require new budget authority of about \$566 billion in 2000. (This figure does not include almost \$10 billion already enacted as advance appropriations for 2000.) CBO estimates that the new budget authority for 2000 would result in outlays of \$338 billion in 2000 and about \$571 billion over the 2000-2004 period.

H.R. 853 also would establish an automatic continuing resolution at the previous year's level in the absence of regular appropriations for a given year. Because the appropriations for 2001 (and beyond) provided by H.R. 853 are contingent on future appropriation bills, H.R. 853 by itself would not provide any new funding for 2001 or any subsequent years. Under the provisions of H.R. 853, however, enactment of an appropriation bill for a given year would trigger appropriations for the following year to continue the projects and activities funded for the preceding fiscal year in the appropriation acts.

## Spending Subject to Appropriation

Title V would change the budgetary treatment of federal insurance from a cash to an accrual basis. To allow the Office of Management and Budget (OMB), CBO, and the various agencies with operating responsibilities for insurance programs sufficient time to develop, test, and revise the models needed to implement the change, the bill would provide a lengthy transition, delaying full implementation until fiscal year 2006. H.R. 853 would authorize the appropriation of \$600,000 for each fiscal year 2000 through 2005 for OMB and the 11 agencies responsible for administering the insurance programs affected by title V.

In addition, the bill would impose other new requirements on OMB and on Congressional staff, including the General Accounting Office, CBO, the budget committees, and the appropriations committees. CBO estimates these costs would total about \$1 million annually, assuming appropriation of the necessary amounts.

## PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. The bill would not affect governmental receipts.

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	By Fiscal Year, in Billions of Dollars					
	1999	2000	2001	2002	2003	2004
Changes in outlays	0	338	131	60	30	12
Changes in receipts			Not applicable			

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## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 853 contains no intergovernmental mandates as defined in UMRA and would impose no costs on the budgets of state, local, or tribal governments.

## **PREVIOUS CBO ESTIMATE**

On June 23, 1999, CBO prepared a cost estimate for H.R. 853, as ordered reported by the House Committee on the Budget on June 17, 1999. The Rules Committee deleted procedures in title II allowing emergency spending in excess of amounts in the proposed reserve fund.

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