FUNCTION 920: ALLOWANCES

FUNCTION SUMMARY

Function 920 usually displays the future budgetary effects of proposals that cannot be easily distributed across other budget functions (but no data on actual spending are recorded here). In past years, Function 920 has included total savings or costs from proposals to change federal employee pay, procurement procedures, or overhead in federal agencies.

The BBA made no assumptions for this function.

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SPENDING SUMMARY
($ billions)

		1998	1999	2000	2001	2002	2003
Chairman's	BA	--	-0.4	-1.1	-2.7	-3.8	-5.4
Mark	OT	--	-1.4	-3.6	-2.9	-7.0	-5.0
BBA	BA	--	--	--	--	--	--
	OT	--	--	--	--	--	--
Freeze	BA	--	--	--	--	--	--
Baseline	OT	--	--	--	--	--	--
Chairman's Mark compared to:							
BBA	BA	--	-0.4	-1.1	-2.7	-3.8	-5.4
	OT	--	-1.4	-3.6	-2.9	-7.0	-5.0
Freeze	BA	--	-0.4	-1.1	-2.7	-3.8	-5.4
Baseline	OT	--	-1.4	-3.6	-2.9	-7.0	-5.0

DESCRIPTION OF CHAIRMAN'S MARK

The Chairman's Mark assumes reductions (that would occur in most other functions) in discretionary spending resulting from:

- Limiting the number of political appointees to 2,300, saving $0.2 billion over the next five years;

- Repealing the Davis-Bacon and the Service Contract Acts beginning in 2000, saving $6.3 billion in BA and $5.0 billion in outlays over the 2000-2003 period.

In addition, the Mark assumes a reserve totaling $12.3 billion in BA for emergencies over the next five years (similar to the President's budget, except the President only had a reserve for 1999; the Mark assumes roughly $2 billion to $3 billion per year). Typically, Administration and congressional budgets have no made assumptions for emergencies even though supplementals end up being enacted every year that provide funds for emergencies that year.

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The Mark for Function 920 also includes the program reductions assumed to offset the increased outlays resulting from the the Senate-passed reauthorization of the **Intermodal Surface Transportation Efficiency Act (ISTEA**). These offsets include the following :

- The President proposed to reverse the VA General Counsel decision to extend compensation to veterans with smoking-related illnesses and dependents of deceased veterans. This policy saves $10.5 billion over five years.

- The reform of welfare administrative costs could be coordinated between three programs: TANF, Food Stamps, and Medicaid. This proposal would save $3.6 billion over 1999 through 2003. This is similar to the President's proposal for Medicaid and Food Stamps administration.

- The President also recommends reducing spending for the Social Services Block Grant (Title XX) by $3.1 billion over five years. The President's budget notes that some services provided by the block grant could be provided directly by State or local government or through other federal programs. The Chairman's Mark acknowledges a FY 1998 Appropriations Committee conclusion that the Administration on Children Youth and Families could not provide them with any information relating to the effectiveness of the program in meeting its stated objectives.

- The President requests an increase in the FHA guaranteed loan ceiling to $227,150, which would bring in an additional $1.0 billion in fee receipts over five years.

- The total authorization for the Commodity Credit Corporation automated data processing could be set at $0.2 billion, and the Market Access Program (MAP) could be eliminated. These two proposals would save $0.1 billion in 1999 and $0.4 billion over five years.

- Increase premiums, currently 6 basis points, charged to brokers of Ginnie Mae securities by 3 basis points, allowing them to retain 41 basis points in fees, yielding $0.2 billion in higher receipts over five years and reducing the excess profits of the securities brokers.

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