

Federal Budget Rules: How the Basics Apply to Low-Income Programs

Shirley L. Ruhe

That school breakfast program you counted on in the southern part of the state was suddenly pulled out of the Child Nutrition Program. The expansion of your inner-city Head Start program was held back because of a lack of budgetary resources. Your representatives denied responsibility for these decisions, saying that the budget rules made them do it. What are these federal budget rules, and how, specifically, do they affect funding levels for low-income programs at the state level?

In 1974 the Congressional Budget Impoundment and Control Act was enacted in response to public criticism that Congress had lost control of federal spending programs. This act required Congress to adopt a budget plan each spring before it could consider any money bills. The budget resolution was intended to force discussion and setting of priorities in an overall budgetary context, similar to the executive budget policy document. In the 25 years since its passage, the Budget Act and its subsequent modification have dramatically altered the way Congress writes its budget. In fact, the Budget Act rules have often influenced the individual policy decisions that Congress is able to make within the set budget parameters.

The new budget procedural and enforcement rules that grew out of the Budget Act have complicated the decisionmaking process, forcing all federal programs to compete with each other for funding within the overall plan.

As a result, programs for low-income groups can be restricted under pay-as-you-go (or "pay-go") rules, must compete as part of an appropriations "302" allocation, may be sequestered, and are subject to a number of other budget constraints. Those procedures will be described later in more detail.

The fiscal year (FY) 1998 federal budget totaled \$1.7 trillion. Of this total, \$950 billion was spent on mandatory programs to which people or governments are entitled without yearly appropriations action, \$289 billion was for domestic discretionary programs, \$269 billion was for national defense, and \$244 billion was for paying interest on the national debt. Of the \$289 billion allocated for domestic discretionary programs, \$64 billion went to low-income programs; of the \$950 billion for mandatory programs, \$211 billion was directed to low-income or "means-tested" programs. When originally enacted, the budget rules set up different enforcement procedures for discretionary programs and for mandatory programs but with the same purpose—to force Congress to set priorities and, as time went on, to control the growth of spending.

The budget rules established in 1974 have changed the focus of debate from policy considerations to budget questions, often making it difficult to implement desirable policy reforms.

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302(a) and 302(b) Allocation Process

The Budget Act requires Congress to adopt a budget resolution plan that sets overall

dollar levels for spending and taxes and a resulting deficit/surplus total, forcing priority decisions within these numbers. The budget resolution contains numbers for at least five years, although the Appropriations Committees act for only one year at a time. The total for discretionary programs assumed in the plan is assigned to the House and Senate Appropriations Committees for the next fiscal year. The discretionary programs currently receive about 32 percent of the total federal budget of \$1.7 trillion, 16 percent for all domestic discretionary programs and 16 percent for defense (see figure 1). The Appropriations Committees are responsible for funding the thousands of discretionary programs, each of which must receive a yearly appropriation in order to spend federal money. There are over 50 low-income programs in this category, including Head Start; the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the Low-Income Home Energy Assistance Program; older Americans community service employment; public and Indian housing; and Chapter I compensatory education.¹

The discretionary total assigned to the Appropriations Committees is

called a 302(a) allocation; it was \$545 billion for FY 1998. This number serves as a limit on total Appropriations Committee discretionary spending. Each Appropriations Committee is required to subdivide its 302(a) allocation total among its 13 subcommittees, which have identical jurisdiction in the House and the Senate. The resulting subcommittee totals, called 302(b) subdivisions, limit subcommittee spending in the same way that the 302(a) total allocation limits full committee spending. A member of Congress can raise a point of order against a subcommittee bill that exceeds its 302(b) limits. Congress can then vote on whether to sustain the point of order and stop the bill or waive the point of order and allow the bill to be considered. This procedure has kept appropriations bills within set limits since the Budget Act was enacted in 1974.

Discretionary Caps and Sequestration

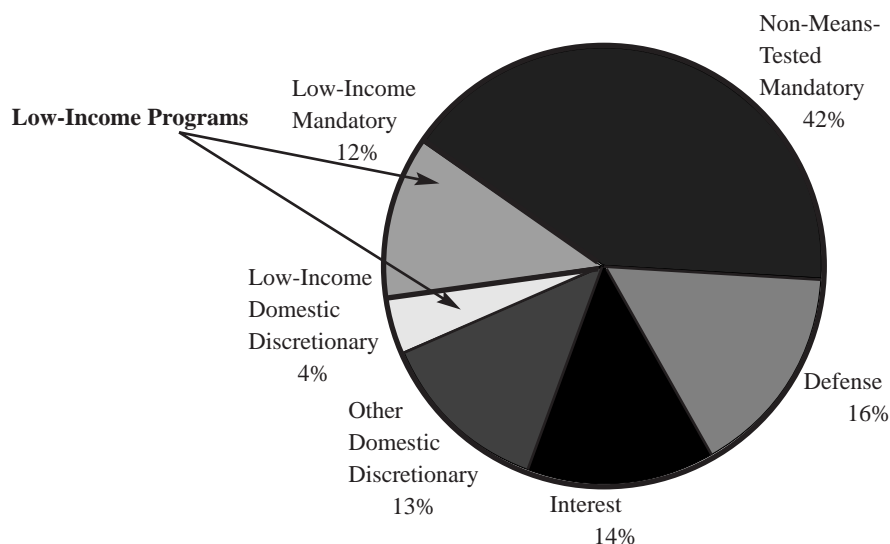
The 1990 Budget Enforcement Act (BEA) went a step further and set an enforceable statutory cap on discretionary spending under the Appro-

priations Committee total.² If the total for discretionary programs is exceeded, an automatic sequestration is required to bring total Appropriations Committee spending back into compliance with the budget resolution. These discretionary caps held through 1997, but the Balanced Budget Act for 1998 raised them by \$9.1 billion more than had been assumed in the 1993 agreement for FY 1998.

Sequestration is necessary only if total spending is greater than was anticipated under the budget resolution, thereby pushing the Appropriations Committee's total funding over its cap. If this occurs, all other discretionary low-income programs are sequestered across the board by the percentage needed to bring the total back to the capped level. Only one lasting sequestration has ever been imposed under the BEA; it was for such a small amount that it had no discernible impact on the programs.³

Discretionary low-income programs are spread among 5 of the 13 appropriations subcommittees.⁴ The Labor, Health and Human Services, and Education Subcommittee has jurisdiction over half (49.9 percent) of discretionary low-income spending.

Figure 1
Low-Income Programs in the Federal Budget
FY 1998



Source: Based on the Congressional Budget Office's August 1998 *Economic and Budget Outlook: An Update*.
Note: Total does not add to 100 percent due to rounding. "Other Domestic Discretionary" includes international spending.

Table 1
Appropriations Bills That Include Low-Income Programs, FY 1998

Labor, Health and Human Services, and Education Appropriations Bill

| | |
|---|-----------------------|
| Low-Income Programs | \$32.0 billion |
| Other Programs | \$44.9 billion |
| Discretionary Subcommittee Total | \$76.9 billion |

| Low-Income Programs | Other Programs |
|--|--|
| <p><i>Education</i>, including Compensatory Education for the Disadvantaged, Education Support Services for Homeless Children and Youth, Homeless Adult Literacy Grants, student financial assistance (Pell Grants and other), Head Start, higher education (TRIO programs), and Indian Education</p> <p><i>Employment and Training</i>, including adult training grants; youth training grants; Job Corps; Summer Youth Employment; Native Americans, migrant and seasonal workers, and homeless job training; opportunity areas for youth; and homeless veterans</p> <p><i>Health Programs</i>, including consolidated health centers, maternal and child health, childhood immunizations, family planning, Healthy Start, homeless mental health, and the National Health Service Corps</p> <p><i>Other</i>, including Child Care Block Grants, child welfare services, Community Services Block Grants, homeless services grants, refugee assistance, runaway and homeless youth, abandoned infants assistance, and Volunteers in Service to America (VISTA)</p> <p><i>Low-Income Home Energy Assistance</i></p> | <p><i>Education</i>, including impact aid, school improvement, arts in education, literacy initiative, bilingual and immigrant education, special education, vocational and adult education, education research and statistics, education technology, library services, construction, and Corporation for National and Community Service</p> <p><i>Employment and Training</i>, including dislocated worker assistance, veterans' employment, school-to-work, community service employment, older Americans, one-stop career centers, and apprenticeship services</p> <p><i>Health Programs</i>, including Health Resources and Services Administration programs for health professions, Ryan White Comprehensive AIDS Resources Emergency Act, family planning, rural health research, Centers for Disease Control and Prevention programs for AIDS and tuberculosis, breast cancer screening, National Institutes of Health funding, and substance abuse and mental health services</p> <p><i>Violent Crime Reduction Programs</i>, including battered women, runaway youth, and domestic violence</p> <p><i>Administration on Aging</i>, including frail elderly in-home services, nutrition, and the Alzheimer's initiative</p> <p><i>Salaries and Expenses</i> for the Pension and Welfare Benefits Administration, the Employment Standards Administration, the Occupational Safety and Health Administration, the Mine Safety and Health Administration, the Bureau of Labor Statistics, and departmental management</p> <p><i>Veterans Employment and Training</i>, including disabled veterans' outreach program and local veterans' employment program</p> |

Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Bill

| | |
|---|-----------------------|
| Low-Income Programs | \$25.6 billion |
| Other Programs | \$43.3 billion |
| Discretionary Subcommittee Total | \$68.9 billion |

| Low-Income Programs | Other Programs |
|--|--|
| <p><i>Section 8</i>, including contract renewals, amendments to Section 8 contracts, relocation assistance (tenant-based certificates and vouchers, displaced nonelderly disabled families), assistance for property disposition, and prevention of tenants displacement caused by prepayment of mortgages</p> | <p><i>Veterans Benefits Administration</i>, including the Native American Veteran Housing Loan Program account, and administrative expenses for the Veterans Housing Benefit Program and the Vocational Rehabilitation Loans Program</p> |

Table 1 continued
Appropriations Bills That Include Low-Income Programs, FY 1998

Veterans Affairs, Housing and Urban Development, and Independent Agencies
Appropriations Bill continued

| Low-Income Programs | Other Programs |
|--|---|
| <p>Public Housing, including public housing development, operating subsidies for public housing, modernization of existing public housing (set-asides for economic development and supportive services, tenant opportunity program, and technical assistance), revitalization of severely distressed public housing (set-asides for technical assistance, demolition, and replacement and revitalization of obsolete public housing for the elderly), and public housing drug and crime elimination grants (set-asides for new antidrug measures and combating violent crime in public and assisted housing, such as Operation Safe Home and technical assistance grants)</p> <p>Indian Housing, including Native American housing block grants (set-asides for technical assistance, cost of guaranteed notes, and other obligations), development of public housing for Indians, and guaranteed loan costs</p> <p>Special Needs Housing, including elderly housing and housing for disabled people</p> <p>Housing for People with AIDS, including Home Investment Partnership Program (HOME) housing grants (set-asides for housing counseling and the secondary loan market demonstration), homeless assistance grants, and emergency food and shelter</p> <p>Rural Housing, including rural housing insurance loan subsidies, rural rental housing assistance, and other rural housing programs</p> <p>Other housing, including housing counseling, Youthbuild program, lead-based paint hazard reduction, preserving existing housing investment, Homeownership and Opportunity for People Everywhere (HOPE) grants, national housing demonstration, congregate services, flexible subsidy fund, public housing service coordinators, Section 8 service coordinators, Section 202 service coordinators, and family self-sufficiency coordinators</p> <p>Housing-related programs, including empowerment zones and enterprise communities, brownfields redevelopment initiative, national community development initiative, Community Development Financial Institutions Fund, and Community Development Block Grants (set-asides for Economic Development Initiative, rural and Indian housing and economic development demonstration, Section 108 guaranteed loans, home-ownership zones, bridges-to-work, Habitat for Humanity, neighborhood initiatives program, neighborhood development program, childhood development program, National Community Development Initiative, housing counseling, lead-based paint hazard, self-sufficiency supportive services, tenant opportunity program, Housing Assistance Council, Native Americans, Native American Indian Housing Council, Housing Opportunity Program Extension, Community Outreach Program, Section 107 grants, capacity building for community development, and affordable housing)</p> | <p>Veterans Medical Care, including medical and prosthetic research, general operating expenses, national cemetery system, construction projects, and the parking revolving fund</p> <p>Environmental Protection Agency, including science and technology (Superfund), environmental programs and management, the Office of the Inspector General, the Leaking Underground Storage Tank Trust Fund, oil spill response, state and tribal assistance grants, and the Council on Environmental Quality</p> <p>Federal Emergency Management Agency, including disaster relief and the emergency food and shelter program</p> <p>National Aeronautics and Space Administration, including human space flight, science, aeronautics and technology, mission support, and the Office of the Inspector General</p> <p>National Science Foundation, including research and related activities, major research equipment, education, and human resources</p> <p>Other Independent Agencies, including the American Battle Monuments Commission, the Chemical Safety and Hazard Investigations Board, the Consumer Product Safety Commission, and the Court of Veterans Appeals</p> <p>Selective Service System</p> <p>Neighborhood Reinvestment Corporation</p> <p>Miscellaneous housing programs</p> |

Table 1 continued
Appropriations Bills That Include Low-Income Programs, FY 1998

Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill

| | |
|---|-----------------------|
| Low-Income Programs | \$4.1 billion |
| Other Programs | \$9.7 billion |
| Discretionary Subcommittee Total | \$13.8 billion |

| Low-Income Programs | Other Programs |
|--|---|
| <p><i>Nutrition</i>, including the Commodity Assistance Program; the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); and the needy family program</p> | <p><i>Agriculture Buildings and Facilities and Rental Payments</i>, including hazardous waste management; the Economic Research Service; the National Agricultural Statistics Service; the Agricultural Research Service; the Cooperative State Research, Education, and Extension Service; the Agricultural Marketing Service; and the Farm Service Agency</p> <p><i>Conservation Programs</i>, including watershed surveys and planning, resource conservation and development, and forestry incentives</p> <p><i>Food and Drug Administration</i></p> <p><i>Grain Inspection, Packers, and Stockyards Administration</i></p> |

Interior Appropriations Bill

| | |
|---|-----------------------|
| Low-Income Programs | \$2.1 billion |
| Other Programs | \$11.7 billion |
| Discretionary Subcommittee Total | \$13.8 billion |

| Low-Income Programs | Other Programs |
|--|--|
| <p><i>Weatherization Assistance</i>, including rural and Indian housing and economic development demonstration</p> | <p><i>Bureau of Land Management</i>, including management of lands and resources, Central Hazardous Materials Fund, payments in lieu of taxes, and range improvement</p> <p><i>Fish and Wildlife Service</i>, including resource management, the Natural Resource Damage Assessment Fund, the National Wildlife Refuge Fund, and the Rhinoceros and Tiger Conservation Fund</p> <p><i>National Park Service</i>, including operation of the national park system, the Historic Preservation Fund, and the Land and Water Conservation Fund</p> <p><i>United States Geological Survey, Minerals Management Service</i>, including oil spill research and land acquisition</p> <p><i>Bureau of Indian Affairs</i></p> <p><i>Forest Service</i>, including state and private forestry, national forest system, and wildland fire management</p> <p><i>Fossil Energy Research and Development</i>, including alternative fuels production, energy conservation, and economic regulation</p> <p><i>Smithsonian Institution</i>, also including the National Gallery of Art, the National Endowment for the Arts, and the Institute of Museum and Library Services</p> |

Table 1 continued
Appropriations Bills That Include Low-Income Programs, FY 1998

Commerce, Justice, State, and Judiciary Appropriations Bill

| | |
|---|-----------------------|
| Low-Income Programs | \$0.3 billion |
| Other Programs | \$31.0 billion |
| Discretionary Subcommittee Total | \$31.2 billion |

| Low-Income Programs | Other Programs |
|---|--|
| <p><i>Legal Services for the Poor</i></p> | <p><i>Department of Justice Programs</i>, including the United States Parole Commission, radiation exposure compensation, inter-agency law enforcement, the Federal Bureau of Investigation, the Drug Enforcement Administration, the Immigration and Naturalization Service, the federal prison system, the Office of Justice Programs, and community-oriented policing services</p> <p><i>Department of Commerce and Related Agencies</i>, including trade and infrastructure development, the International Trade Commission, export administration, the Economic Development Administration, the Minority Business Development Agency, economic and information infrastructure and statistical analysis, the Bureau of the Census, the U.S. Patent and Trademark Office, the National Institute of Standards and Technology, and the National Oceanic and Atmospheric Administration</p> <p><i>The Judiciary</i>, including the Supreme Court of the United States, the United States Court of Appeals, and the Federal Judicial Center</p> <p><i>Department of State and Related Agencies</i>, including diplomatic and consular programs, security and maintenance of United States missions, emergencies in the diplomatic and consular service, international organizations and conferences, the Arms Control and Disarmament Agency, and the U.S. Information Agency.</p> <p><i>Related Agencies</i>, including the Maritime Administration, the Commission on Civil Rights, the Commission on Immigration Reform, the Equal Employment Opportunity Commission, the Small Business Administration, and the Securities and Exchange Commission</p> |

Note: Some minor programs omitted. Any discrepancy in totals is due to rounding.

Another major share, 39.9 percent, is the responsibility of the Veterans Affairs, Housing and Urban Development, and Independent Agencies Subcommittee. Jurisdiction for 6.4 percent belongs to the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee; 3.3 percent to the Interior Subcommittee; and 0.5 percent to the Commerce, Justice, State, and Judiciary Subcommittee.

In FY 1998 the Labor, Health and Human Services, and Education Appropria-

tions Bill allocated \$76.9 billion for its discretionary total, with low-income programs accounting for \$32 billion.⁵ This subcommittee's jurisdiction also includes popular programs such as the National Institutes of Health, the Ryan White Comprehensive AIDS Resources Emergency Act, the Occupational Safety and Health Administration, special education, and job training. This means that the subcommittee's low-income programs compete for funding not only with one another but also with other

key programs not specifically targeted to low-income populations.

The Veteran's Affairs, Housing and Urban Development, and Independent Agencies Appropriations Bill for FY 1998 allocated \$68.9 billion for its discretionary total, of which \$25.6 billion was earmarked for low-income programs.⁶ Low-income housing programs compete with other popular programs such as the National Science Foundation, Superfund and other environmental programs, and

veterans' medical care. (Table 1 compares low-income programs by appropriations subcommittee with the other programs in the same subcommittee's jurisdiction.)

It is difficult to generalize on any competitive funding advantage that may exist for low-income programs based on their placement in a particular subcommittee. Political pressures, presidential initiatives, public opinion, and restrictive spending caps can affect competition for funds in any given year, but low-income discretionary programs are sometimes cut to fund a more popular or pressing need. For example, the 1998 Transportation Equity Act for the 21st Century (TEA 21) increased highway funding by \$15 billion; part of this increase was funded through cuts in social services block grants (Title XX).

Pay-Go Rules

The budget resolution also specifies spending estimates for entitlements and other mandatory programs, such as Medicaid, Temporary Assistance for Needy Families, the Food Stamp program, and the Supplemental Security Income (SSI) program. Total spending for low-income entitlement programs was slightly over \$200 billion in FY 1998. The major programs in this category are the Medicaid, Food Stamp, SSI, Family Support, Child Nutrition, and Earned Income Tax Credit programs, as well as the newly enacted Children's Health Insurance Program.⁷

Entitlement programs are established by law and continue unchanged unless Congress passes new laws. By contrast, discretionary programs must receive an appropriation every year, or they cease functioning. Even while entitlement laws remain unchanged, however, spending can vary, because changes in economic activity change the number eligible for a program or change benefit levels when benefits are indexed for inflation or depend on the recipient's income. The budget process does not attempt to control changes in spending that are due to economic events or other technical factors that are independent of changes in the law. Legislated changes in spending are constrained by pay-go rules.

Starting in 1990, the Budget Enforcement Act required that any new or liberalized entitlement or any decrease in taxes be balanced by a reduction in another entitlement or an increase in taxes for five years.⁸ The Office of Management and Budget uses a pay-go scorecard to keep track of these changes in mandatory programs and taxes, ensuring that there is no increase in the deficit from the net total of all these changes. At the end of the year, the scorecard must show that all liberalizations and tax cuts are matched by equal mandatory decreases or tax increases. While the House budget rules do not require that the increases and cuts be included in the same legislation, the politics of passage have generally dictated that a link be established between the increased spending or reduced taxes and a legislative vehicle containing the offset to pay for it. The Senate has a similar rule, which is enforced by point of order.⁹ Both the House and Senate use budget resolutions to allocate the authority to liberalize entitlements to individual committees, but they often refuse to allow net liberalizations.

The landmark welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), made major changes in mandatory low-income programs that involved applying the pay-go budget rules. But PRWORA involved an unusual application of pay-go rules, because the bill was not a liberalization. Instead, it produced a net savings of \$54.2 billion over seven years.¹⁰ The legislation included relatively small increases over seven years of \$3.8 billion for family support payments, \$232 million for foster care, and \$203 million for the maternal and child health services block grant, but these increases were dwarfed by the large savings from cuts in eligibility for both the Food Stamp program (\$23.3 billion) and SSI (\$22.7 billion), as well as over \$2 billion each from the Child Nutrition Program, the Social Services Block Grant program, and the Earned Income Tax Credit program. Although the savings PRWORA produced could have been used to offset increased spending in other entitle-

ment programs, Congress was intent on moving toward a balanced budget agreement and a substantial reduction of the federal budget deficit.

A better example of a direct pay-go tradeoff took place in with the 1998 Agriculture Research Authorization (PL 105-185), in which \$1.9 billion was cut from the Food Stamp program to fund three mandatory programs in nearly equal amounts: crop insurance; a new agricultural research entitlement; and restored food stamp benefits for the elderly, children, and disabled legal aliens.¹¹ The \$1.9 billion in Food Stamp program reductions came from a cut of \$1.7 billion in state administrative costs and a \$200 million from reduction in funds for state training of food stamp recipients.

The pay-go rule often complicates the policymaking process. For instance, in April 1994 there were bipartisan staff discussions about reauthorizing the Child Nutrition Program. The goal was to combine the federal school breakfast and lunch programs, eliminating the different eligibility requirements, excessive paperwork, and complicated reporting requirements.¹² This consolidation was generally considered to be better government policy. But the Congressional Budget Office (CBO) staff indicated that if these obstacles were eliminated, more children would participate in the breakfast program, increasing its costs. Under the pay-go rules, these costs would need to be offset by cuts in other programs. No deal could be struck on legislation.

Likewise, in 1998 Oregon was promoting a demonstration initiative that would merge its child nutrition programs into one comprehensive program to reduce unnecessary paperwork and repetitive administrative efforts at all levels of government.¹³ State officials spent months in meetings at the state level and in discussions with federal agency and congressional officials to find ways to write legislation that does not violate the pay-go rules. This ongoing issue is complicated by state and local costs and rules for administrative savings, but the basic problem remains: how to help more hungry kids, eliminate red tape, and reduce administrative costs within budget scoring rules that restrict policy choices.

Behind the basic budget law is a substructure of complicated and sometimes conflicting procedures and guidelines. Every increase has to be paid for by a decrease somewhere else, but while certain trade-offs are permitted under the budget rules, others are prohibited. One of the rules that was critical in focusing the 1998 congressional budget debate allows pay-go tradeoffs between taxes and entitlements (both mandatory programs) but not between entitlements or taxes and discretionary programs (which must be appropriated every year). This means that a cut in Medicaid could be used to pay for a tax cut, but a cut in Head Start could not.

Early in 1998, House Ways and Means Committee Chairman Bill Archer (R-TX) said that current budget rules would impede congressional efforts to enact a net tax reduction bill that year: "All of those rules were put into place when you had a deficit and should no longer apply now that there is a surplus."¹⁴ Because prohibiting mandatory/discretionary trade-offs makes it more difficult for Congress to find the offsets needed for an election-year tax cut, the Speaker and others suggested changing this rule. In fact, the House budget resolution contained a Sense of the Congress resolution that if a reconciliation bill were to be considered it "should permit discretionary savings to be used to offset tax cuts."¹⁵

While the budget rules have influenced and sometimes even dictated legislative policy choices, Congress has also found ways around the budget rules when needed. In 1995, when Congress considered H.R. 1327, tax reform legislation, language in Section 1009(f) stated that either the House or Senate Budget Committee could report legislation lowering the discretionary caps. If either committee reported such legislation, the *discretionary* change would be redefined and treated as *mandatory legislation* decreasing the deficit. This allowed the legislation to proceed, eliminating procedural obstacles to the bill's consideration by effectively declaring that discretionary spending was mandatory spending. Practically speaking, this meant that cuts in any discretionary program could be used

to pay for tax cuts but that increases in discretionary programs could not be paid for with tax increases. In other words, Congress changed the rules on an ad hoc basis for the tax reform legislation to achieve the desired outcome.

Another prohibited budget trade-off was included in the FY 1999 presidential budget. The president's proposal used \$65.5 billion in tobacco fees (a revenue) to fund a series of discretionary initiatives for education, research, and several other small programs. But because the budget rules prohibit the revenue/discretionary tradeoff to pay for education and research, budget committee chairmen argued that the president's proposals had exceeded the statutory budget caps.

Certain conditions, dictated by budget scorekeeping rules, may permit mandatory and discretionary program trade-offs. An extensive body of scorekeeping rules was included in the conference report of the Budget Enforcement Act of 1990 to act as guidelines to carry out the budget statute. These rules are not in the statute but were developed in conjunction with the law to ensure that uniform criteria applied to scoring of legislation against the congressional budget resolution plan. The rules are so extensive that several different budget rules can apply to scoring of various parts of the same legislation. The complexity of the budget process and the vast array of federal programs can mean that sometimes these rules conflict or have unintended results.

An example of this conflict occurred in the 1998 Senate Agriculture Appropriations Bill, which added \$24 million for the WIC program. Since the cost of the WIC program would have put the appropriations subcommittee on agriculture over its 302(b) allocation total, the subcommittee paid for the discretionary increase in WIC with a reduction in the mandatory school lunch program, which is under the jurisdiction of the Agriculture Committee. This bill was passed in a large package of amendments on the Senate floor; the amendments were not widely debated and seem largely to have escaped attention. This should have been a viola-

tion of the pay-go rule prohibiting tradeoffs between mandatory and discretionary spending. However, a scorekeeping rule, the so-called "fingerprint rule," also applies to this situation.

Appropriations Committees' jurisdiction covers only appropriations changes for discretionary or mandatory programs, while authorizing committees are responsible for legislating changes in basic program statutes. However, the fingerprint rule says that, if an appropriations bill makes a change in an underlying statute for a mandatory program (within the jurisdiction of an authorizing committee), the Appropriations Committee gets scored with the credit or the debit resulting from the change. In this case the rule isn't perfect; it solves one problem but creates another. The rule was originally established to ensure that each committee was held responsible for the full scope of its actions, but in this case it allowed the Appropriations Committee to circumvent the pay-go rule and permitted one committee to raid another's jurisdiction.

Conclusion

The federal budget rules and procedures were established in 1974 to encourage Congress to set priorities for the entire federal budget at the beginning of the year and to fit the subsequent tax and spending actions within these parameters. While the rules were successful in establishing a new system of budget decisionmaking, they have also made federal policymaking more complex. These budget rules have changed the focus of debate from policy considerations to budget questions, often making it difficult to implement desirable policy reforms.

Notes

1. The list of discretionary low-income programs used for this analysis was provided by the Center on Budget and Policy Priorities in Washington, D.C. See table 1.
2. PL 101-508, *The Budget Enforcement Act of 1990*, Section 251.
3. *Ibid.*
4. *Ibid.*

5. H. Rpt. 105-302, House Appropriations Subcommittee Allocations for FY 1998.

6. *Ibid.*

7. Congressional Budget Office (CBO). *The Economic and Budget Outlook for Fiscal Years 1999-2008 Update*. July 15, 1998.

8. PL 101-508, *The Budget Enforcement Act of 1990*, Section 252.

9. Section 202 of H. Con. Res. 67 sets up a 10-year test for pay-go in the Senate, based on CBO scoring for the first year, the sum of the first 5 years, and the sum of the second 5 years.

10. CBO cost estimate of the pay-go effects of H.R. 3734, August 9, 1996.

11. PL 105-185, the Agricultural Research, Extension, and Education Reform Act of 1998.

12. Institute for Educational Leadership Policy Exchange—sponsored bipartisan staff discussions in 1995, including House and Senate authorizing committee staff and the CBO analyst, to discuss policy options and budget rules as they applied to child nutrition.

13. Meetings with Joyce Benjamin, Assistant Superintendent of Public Instruction, State of Oregon, March 18, 1998, and April 30, 1998.

14. Bureau of National Affairs. *Tax Budget and Accounting*. Washington, DC: Bureau of National Affairs, February 5, 1998.

15. H. Con. Res. 284, Section 11, "Sense of Congress on Budgetary Rules and Tax Cuts," added in Rules Committee, June 3, 1998.

About the Author

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This series is a product of Assessing the New Federalism, a multi-year project to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs and their effects. In collaboration with Child Trends, the project studies child and family well-being.

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