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Executive Summary

No. 1262 March 18, 1999

TIME TO HOLD THE LINE ON SPENDING CAPS

PETER SPERRY

The budget framework agreed to by the chairmen of the House and Senate Budget Committees of the 106th Congress rests on three central pillars:

- Committing 100 percent of the off-budget surplus to Social Security;
- Maintaining the agreed-on spending caps contained in the Balanced Budget Act (BBA) of 1997; and
- Using on-budget surpluses, when they become available, for tax relief.

These congressional leaders wisely stated their commitment to maintaining fiscal discipline by restricting discretionary spending to the levels in the BBA. These annual spending caps represented a historic turning point in federal fiscal policy and fiscal accountability, and they must be maintained. Unfortunately, in periods of budget surpluses, the President and Congress easily can be tempted to spend more tax dollars simply because they are available. This year, the Clinton Administration and some Members of Congress again are suggesting spending levels that would break the BBA. Not only would this make a mockery of an agreement supposedly etched in stone—and further increase public cynicism about Washington's true intentions—but it would also risk a surge of red ink and budget crises in the future.

To be sure, concerns about the ability of the U.S. Department of Defense to deal with today's military concerns and foreign commitments have increased pressure to exceed previous spending plans. A larger defense budget, however, can and should be achieved by making reductions in other programs, in order to keep the spending caps intact. Although there is near-universal recognition of the need to increase defense spending, domestic programs are healthy and do not need additional funding. There are indications in the world economy that current budget surpluses may be as ephemeral as spare change found on the sidewalk; it would be foolish for Congress to make long-term commitments based on short-term prosperity. Abandoning spending caps and increasing domestic spending beyond BBA levels is a recipe for chaos—

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undercutting public confidence and risking an increase in the public debt.

The strong spending limits of the BBA produced the current budget surpluses, and equally strong spending limits will be required to protect them. While making spending decisions for FY 2000, Congress should keep in mind the following key points:

1. Discretionary spending caps are credited by the Congressional Budget Office (CBO) with eliminating deficits and producing surpluses;
2. Failure to protect current surpluses will cause federal debt held by the public to exceed 100 percent of gross domestic product by 2033, according to the CBO;
3. All major decision makers, including President Bill Clinton, have agreed on the need to increase spending on defense and national security areas; and
4. Increases in defense expenditures can and should be offset with reductions in domestic spending.

Today, the economy is strong and most domestic government programs have little need of increased taxpayer support. Instead of raiding the surplus for redundant or unneeded domestic programs, Congress should take advantage of these economic good times to:

- **Concentrate** on investing in the country's long-term defense needs while reducing spending on wasteful, unnecessary, new or expanded domestic programs;
- **Reaffirm** clearly the distinction of responsibilities among the federal, state, and local governments by devolving to the states programs that are better administered at the local level, such as education, community law enforcement, environmental protection and enforcement, land use planning, and social services;
- **Amend** the rules in both House and Senate to allow Members to make points of order against individual line items within appropriations bills; and
- **Reconfirm** Congress's commitment to "hard" spending caps and budget process rules that focus on setting priorities and keeping spending under control.

Although the current budget surpluses provide the illusion that fiscal discipline no longer is necessary, CBO projections clearly indicate this is not the case. Congress must choose between going down in history as the Congress that secured the federal government's financial health beyond this generation, or the Congress that squandered the largest surplus in U.S. history.

—Peter Sperry is Budget Policy Analyst in The Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.

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Wisely, the chairmen of the House and Senate Budget Committees in the 106th Congress have stated their commitment to maintaining fiscal discipline and restricting discretionary spending to the levels stipulated in the Balanced Budget Act (BBA) of 1997. These annual spending caps represented a historic turning point in federal fiscal policy and fiscal accountability. President Bill Clinton and the leaders of both parties in Congress declared at the time that such spending caps at last would force Congress to set clear priorities for federal spending and assess both the need for new programs and the justification for continuing old ones.

That pressure needs to be maintained. Experience shows that spending caps can provide a measure of fiscal discipline during periods of deficit. During periods of budget surpluses, however, Presidents and Congresses may be tempted to spend more taxpayer money simply because it is available. This year, the Clinton Administration and some congressional leaders again are considering spending levels that would break the caps in the BBA. Not only would doing so make a mockery of an agreement that supposedly was etched in stone—and increase public cynicism about Washington's true intentions—but it also would risk a surge of red ink and budget crises in the future. The reason: Adding new programs during good economic times sharply increases the possibility of a deficit when the economy slows.

To be sure, concerns about the ability of the U.S. Department of Defense to deal with today's military concerns and foreign commitments has increased pressure on Congress to exceed its previous spending plans. Because national security is the first priority of the federal government, necessary increases in defense spending must be accommodated.

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Congress can and should achieve a larger defense budget by making reductions in other programs to keep intact the spending caps of the BBA. To the extent that any new domestic program is a priority, it should be funded by achieving savings in less important programs or by terminating outdated or failed programs. There are numerous candidates for such consideration. To abandon spending caps and increase domestic spending beyond the levels that were agreed on in the BBA, however, will

Table 1 B1262

Caps on Discretionary Outlays, Assuming Compliance with the Balanced Budget Act (by Fiscal Year, in Billions of Current Dollars)

	Actual 1998	1999	2000	2001	2002
Defense	$270	$275	a	a	a
Domestic and International	257	268	a	a	a
Violent Crime Reduction	4	5	$6	a	a
Highways	19	22	26	$28	$28
Mass Transit	4	5	5	5	6
Overall Discretionary*	—	—	538	541	535
Total	$554	$575	$574	$573	$568

Note: Estimated caps are based on those published in CBO's *Sequestration Preview Report for Fiscal Year 2000* (included in the Appendix), modified by small technical adjustments.
a. After these caps expire, this amount is now reflected in the "Overall Discretionary" category.
* In 2000 through 2002, this category comprises Defense and Domestic and International discretionary spending.
Source: Congressional Budget Office, *Economic and Budget Outlook: Fiscal Years 2000–2009*, January 1999.

prove a recipe for chaos—further undercutting public confidence in the federal government and risking a rise in public debt.

THE CBO CREDITS DISCRETIONARY SPENDING CAPS WITH DEFICIT ELIMINATION

A recently released Congressional Budget Office (CBO) report, *Economic and Budget Outlook: Fiscal Years 2000–2009*, points out that:

> Since 1991, dollar caps set by the Balanced Budget and Emergency Deficit Control Act have restricted spending for discretionary programs. Those caps appear to have played a key role in controlling the deficit.[1]

For fiscal year (FY) 1999, the 1991 Deficit Control Act, as amended by the BBA, splits discretionary spending into five categories: defense, non-defense, violent crime reduction, highways, and mass transit. In the first three categories, separate limits apply to budget authority and outlays, whereas in the latter two categories, the caps apply only to outlays (see Table 1). Budget authority always precedes actual outlays, with a short lag for fast-spending activities (such as meeting payrolls or directly providing services) and a longer lag for slow-spending activities (such as procuring weapons or building roads and other components of infrastructure). When the caps on spending restrict both budget authority and outlays, the more stringent of the two prevails.

For FY 2000, the Deficit Control Act combines defense and non-defense spending into an overall discretionary category while retaining separate categories for spending on violent crime reduction, highways, and mass transit. For FY 2001 and FY 2002, the act groups spending for violent crime reduction under the overall discretionary cap, so only three categories will remain.

Under the statutory limits on discretionary spending, outlays will stay almost constant in dollar terms between FY 1999 and FY 2002. If this fiscal discipline is maintained, the CBO projects financial health, including surplus revenues, through FY 2009 (see Table 2).

1. Congressional Budget Office, *Economic, and Budget Outlook: Fiscal Years 2000–2009*, January 1999, p. 4-4.

Table 2 B1262

CBO Baseline Budget Projections, Assuming Compliance with the Discretionary Spending Caps (by Fiscal Year, in Billions of Current Dollars)

	Actual 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Outlays												
Discretionary Spending	554	575	574	573	568	583	598	614	630	646	663	680
Mandatory Spending	939	982	1,028	1,086	1,141	1,210	1,280	1,365	1,425	1,511	1,609	1,708
Offsetting Receipts	-84	-80	-81	-87	-99	-95	-98	-103	-108	-114	-121	-127
Net Interest	243	231	218	207	195	183	170	156	140	123	104	85
Total Outlays	1,651	1,707	1,739	1,779	1,806	1,881	1,951	2,032	2,086	2,166	2,255	2,346
On-budget	1,335	1,388	1,409	1,437	1,453	1,515	1,572	1,639	1,678	1,741	1,813	1,882
Off-budget	317	320	330	343	353	366	379	393	409	425	442	464
Deficit (-) or Surplus	70	107	131	151	209	209	234	256	306	333	355	381
On-budget Deficit (-) or Surplus	-29	-19	-7	6	55	48	63	72	113	130	143	164
Off-budget Surplus	99	127	138	145	153	161	171	183	193	204	212	217
Debt Held by the Public	3,720	3,630	3,515	3,378	3,183	2,989	2,770	2,529	2,237	1,917	1,574	1,206

Note: The projection assumes that discretionary spending will equal the statutory caps on such spending in 2000 through 2002 and will increase at the rate of inflation thereafter.
Source: Congressional Budget Office, *Economic and Budget Outlook: Fiscal Years 2000–2009*, January 1999.

BENDING BUDGET RULES TODAY WILL CAUSE PAIN IN OUTYEARS

Congress already has bypassed the spending caps once, which means cuts will be needed in the future to keep spending under control. In FY 1999, discretionary spending is expected to comprise one-third of total outlays, or $575 billion—$21 billion over the 1998 level. According to the CBO,

> As a result of emergency appropriations provided in last year's Omnibus Consolidated and Emergency Supplemental Appropriations Act and other funding enacted in that and other appropriation bills, discretionary outlays are expected to climb by almost 4 percent in 1999 (after rising by less than 1 percent in 1998). *To comply with the caps in the Deficit Control Act, discretionary outlays will have to decline in each of the next three years, shrinking from $575 billion in 1999 to $568 billion in 2002.* Even if none of the funding that was designated as emergency spending (or that was provided for the International Monetary Fund) in 1999 is repeated next year and other appropriations are held to the same level in 2000 as was provided in 1999, discretionary spending will exceed the total allowed under the caps by an estimated $10 billion in budget authority and $13 billion in outlays.[2]

The long-term impact of setting aside the spending caps will undermine efforts to reduce the public debt. The CBO's long-term projections are

2. *Ibid.*, p. S-8 (emphasis added).

not optimistic under ideal circumstances. If fiscal discipline is abandoned now, there is likely to be a huge buildup of public debt:

> The long-term projections indicate that debt held by the public, driven by continued budget surpluses, will fall below zero by 2012. Within about 20 years, however, debt will again rise to positive levels and will reach 100 percent of GDP [gross domestic product] before 2060.... Both sets of long-term projections depend on maintaining surpluses in the near term. If spending increases eliminated the surpluses projected for the next 10 years, the outlook would be significantly worse—in those circumstances, CBO projects, debt would rise above 100 percent of GDP by 2033.[3]

QUESTIONABLE REASONS FOR BUSTING THE CAPS

Last year, Congress resisted efforts to bust the budget caps until intransigence on the part of the Clinton Administration had backed it against the "wall" of the end of the fiscal year and the concomitant perceived need to avoid a government shutdown in an election year. This year, various congressional leaders already are indicating their willingness to remove the caps. Advocates of increased spending have advanced several "urgent" reasons to set aside the caps, but none of these are reasons to abandon fiscal discipline.

The three most frequently mentioned reasons for busting the spending caps are to increase spending on (1) defense; (2) K–12 education programs; and (3) technology research programs. Even if these were worthy reasons to waver in fiscal discipline, which they are not, there is no need to ignore the agreed-on spending caps in order to fund these programs.

The Need for Increased Defense Spending

A strong case can and has been made for increased levels of defense spending.[4] The Clinton Administration's request for National Defense Discretionary funds for FY 2000 is $281.59 billion, an 8 percent reduction from President Ronald Reagan's final budget request of $303.95 billion for FY 1990.[5]

Despite a record number of foreign deployments in support of Operations Other Than War, military discretionary spending under President Bill Clinton has risen only 7.4 percent, slower than the 8.8 percent increase in domestic discretionary spending during the same period.[6] The Joint Chiefs of Staff have asked for an additional $150 billion over five years, and even President Clinton has acknowledged the need to increase defense spending by $110 billion over six years.[7] Increased defense spending, however, can and should be offset with reductions in domestic spending.[8]

No Need for Increased Domestic Spending

Domestic spending has reached record levels. The Clinton Administration's budget for FY 2000 projects domestic discretionary spending to reach

3. *Ibid.*, p. 2-14.
4. See Stuart M. Butler, Ph.D., and Kim R. Holmes, Ph.D., eds., *Agenda '99: A New Vision for America* (Washington, DC: The Heritage Foundation, 1998), chapter 17. See also James H. Anderson, Ph.D., "Putting Muscle in Clinton's Proposed Defense Hike," Heritage Foundation *Backgrounder* No. 1244, January 25, 1999.
5. Office of Management and Budget, "Historical Tables," *Budget of the United States Government, Fiscal Year 2000,* Table 8.9, pp. 142 and 144.
6. *Ibid.*
7. Anderson, "Putting Muscle in Clinton's Proposed Defense Hike," p. 1.
8. A detailed proposal for doing this is contained in Scott A. Hodge, ed., *Balancing America's Budget: Ending the Era of Big Government* (Washington, DC: The Heritage Foundation, 1997).

$252.1 billion.[9] Total domestic discretionary spending under President Clinton has risen 8.8 percent[10] in actual dollars, despite a booming economy that has alleviated the need for many government services. The President now is proposing several new programs in FY 2000, as well as the expansion of existing programs, including:

- $1.4 billion to hire 100,000 new teachers;
- $22 billion for school construction;
- $600 million for afterschool programs;
- $50 million to place new Directors of Drug and Violence Prevention Programs in at least half of all middle schools;
- Increasing the 21st Century Research Fund by $1.2 billion;
- Increasing basic research funding by $727 million; and
- Appropriating an additional $3.6 billion for global climate change research.[11]

President Clinton's budget for FY 2000 identifies 63 domestic subfunctions, 31 of which are slated for funding increases that are greater than the 1.7 percent rate of inflation reflected in the consumer price index (see the Appendix).[12] The result of these increases in spending. The CBO estimates that implementing the Clinton Administration's budget would bust the caps on discretionary spending by $33 billion,[13] thereby hastening the day in which the federal debt held by the public will exceed 100 percent of GDP.

Education Spending. The arguments for spending increases on educational programs are flimsy. *First,* there is no evidence that simply increasing spending will improve education. The key to improving education is not how much money is spent, but the manner in which it is spent.[14] *Second,* although schools are a state and local responsibility, discretionary funding for the U.S. Department of Education has increased by 34.5 percent under the Clinton Administration, and it is estimated to reach $32.79 billion in FY 2000.[15] *Third,* recent studies indicate that the most likely result of increasing federal spending on education will be that even more funds would go into the bureaucracy at the federal Department of Education and not reach the classroom.[16] At the same time, state, county, and city governments are running record surpluses, collectively totaling $74 billion over the past four years, that allow many of them to address their local needs directly, including education needs, while even cutting taxes.[17]

9. "Historical Tables," *Budget of the United States Government,* Table 8.9, p. 144.
10. *Ibid.* (Based on subtracting the FY 1994 figure from the FY 2000 figure, and then dividing the result by the FY 1994 figure.)
11. Office of Management and Budget, "Budget," *Budget of the United States Government, Fiscal Year 2000,* pp. 64, 68, 108, and 117.
12. "Historical Tables," *Budget of the United States,* Table 3.2, pp. 54, 59, 64.
13. Congressional Budget Office, *An Analysis of the President's Budgetary Proposals for Fiscal Year 2000: A Preliminary Report,* March 3, 1999, p. 4.
14. Stuart M. Butler, Ph.D., "The Folly of an Education Spending Race," Heritage Foundation *Backgrounder* No. 1258, February 24, 1999.
15. "Historical Tables," *Budget of the United States Government,* Table 5.4, p. 98.
16. See Nina H. Shokraii, "Education Dollars Are Spent Best in the Classroom, Not on Bureaucracy," Heritage Foundation *Backgrounder* No. 1193, June 16, 1998; and Christine L. Olson, "How Congress Can Ensure That More Education Dollars Reach the Classroom," Heritage Foundation *Executive Memorandum* No. 496, October 9, 1997, and "U.S. Department of Education Financing of Elementary and Secondary Education: Where the Money Goes," Heritage Foundation *F.Y.I.* No. 126, December 30, 1996.

Technology Research Spending. The arguments for increasing federal funding for basic civilian technology research are less compelling. The Clinton Administration's budget for FY 2000 projects outlays for General Science and Basic Research to reach $6.3 billion, an increase of 10 percent over FY 1999 and 38.8 percent over the first six years under the Clinton Administration.[18] Meanwhile, outlays for defense research programs are estimated to be $34.5 billion in FY 2000, a reduction of 6 percent from FY 1999 levels and 7 percent from FY 1994.[19]

Studies show, however, that, as the federal government spends more on research and development, the private sector spends less; in other words, federal spending is more a substitute for private-sector spending than an addition to it.[20] Moreover, technology-based industries hardly are in need of taxpayer dollars to fund their research. Of the *Forbes* list of the 400 wealthiest people in the United States, the 38 who derive their wealth from software and technology presumably could afford to continue investing in high-tech research and development programs. Each of these individuals has a net worth of more than $1.8 billion.[21] The companies they own have a market capitalization of over $1 trillion. Such firms do not need taxpayer funds for their research.

INCREASES IN DEFENSE BUDGETS SHOULD BE OFFSET BY REDUCTIONS IN WASTEFUL DOMESTIC PROGRAMS

Many people in Washington, D.C., agree that the strong spending limits laid down by Congress in the BBA produced the current budget surpluses, and equally strong spending limits will be required to protect them. Unfortunately, some lawmakers in both parties have indicated a desire, or at least their willingness, to allocate part of the surplus to increase spending on domestic programs, particularly education and technology research. This makes little sense. Today, the economy is strong, and most domestic government programs have little need of increased taxpayer support.

Instead of raiding the surplus for new or expanded domestic programs, Congress should take advantage of these economic good times to:

- **Concentrate** on investing in the country's short- and long-term defense needs, while reducing spending on wasteful, unnecessary, new or expanded domestic programs;
- **Reconfirm** clearly the commitment to "hard" spending caps and budget process rules that focus funding on setting priorities and keeping spending under control in order to reduce public debt and cut taxes;
- **Reaffirm** the distinction of responsibilities among the federal, state, and local governments by devolving to the states programs related to education, community law enforcement, environmental enforcement, land use planning, and social services, which are better administered at a local level; and
- **Amend** the rules in both House and Senate to allow Members to make points of order against individual line items within appropriations bills. Although such points of order may serve as little more than speed bumps, they at least will highlight unnecessary spending and even may prevent the most egregious earmarks from becoming legislation. Today, Members can raise points of order against proposed unfunded legislative mandates, pursuant to the

17. Michael Flynn, "$74 Billion Windfall/Surplus Revenue in the States," American Legislative Exchange Council *The State Factor,* Vol. 24, No. 5 (December 1998).
18. "Historical Tables," *Budget of the United States Government,* Table 3.2, p. 54.
19. *Ibid*.
20. Angela Antonelli, "Results Act Hands Congress Five Reasons to Pull the Plug on the Department of Energy," Heritage Foundation *Backgrounder* No. 1191, June 16, 1998, Table 5, p. 9.
21. "By the Numbers," *Forbes,* October 12, 1998, p. 4.

Unfunded Mandates Reform Act of 1995. Points of order force Congress to deliberate unfunded mandates more carefully with better information, resulting in fewer new mandates.

Congress can keep spending levels within the caps established in the BBA by identifying and eliminating waste and duplication within existing programs. Congress should use the following strategies to preserve these caps.

Cutting or Eliminating Unauthorized Programs

Currently, 118 unauthorized programs continue to receive funding. Some of these programs may deserve continued support; but many of them would not stand up to the light of a reauthorization hearing. Many appear to have survived because they are too small to attract congressional oversight; but cumulatively they account for $102 billion in spending in FY 1999.[22] For examples, in FY 1999,[23] such programs include:

1. the Department of Agriculture's Global Climate Change Program ($56 million);
2. the Department of Commerce's Aquaculture Program ($1 million);
3. the National Endowment for the Arts /National Endowment for the Humanities ($208 million);[24]
4. a laundry list of 78 programs whose funding is hidden so well that even the CBO cannot give an exact estimate of how much they receive. The CBO merely notes that these programs receive funding through an appropriation to a larger account;[25] and
5. the Agency for International Development (AID) ($7 billion).[26]

Terminating Obsolete and Failing Programs

As highlighted in *Balancing America's Budget: Ending the Era of Big Government*, published by The Heritage Foundation in 1997,[27] some highly questionable programs include:

1. the Agency for International Development;
2. the International Space Station;
3. Energy Supply Research and Development Programs;
4. Amtrak;
5. Community Development Block Grant Program;
6. Economic Development Administration;
7. the Department of Agriculture's Rural Development Programs; and
8. AmeriCorps.

Slowing the Growth of Rapidly Expanding Programs

While total domestic discretionary spending has risen by 8.8 percent under President Clinton, discretionary spending for some favored agencies has far outstripped even that level of growth.[28] Recommendations for trimming these programs are spelled out in *Balancing America's Budget*.[29] The

22. Congressional Budget Office, *Unauthorized Appropriations and Expiring Authorizations*, January 8, 1999.

23. *Ibid.;* see especially the Appendix.

24. Laurence Jarvik, Ph.D., "Ten Good Reasons to Eliminate Funding for the National Endowment for the Arts," Heritage Foundation *Backgrounder* No. 1110, April 29, 1997.

25. Congressional Budget Office, *Unauthorized Appropriations and Expiring Authorizations.*

26. Hodge, *Balancing America's Budget: Ending the Era of Big Government*, p. 75.

27. *Ibid*.

28. "Historical Tables," *Budget of the United States Government*, Table 5.4, p. 98.

29. Hodge, *Balancing America's Budget: Ending the Era of Big Government.*

percentage increase in spending for these agencies from FY 1994 to FY 2000 is included in parentheses:

1. the Department of Justice (94.3 percent);
2. the Department of Commerce (84 percent);
3. the Department of Education (34.5 percent);
4. the Department of Health and Human Services (26 percent);
5. Legislative Branch Expenditures (15.5 percent);
6. the Department of Interior (13.9 percent);
7. Veterans Affairs (12 percent); and
8. International Assistance Programs (11 percent).

The increase in discretionary spending by these agencies has exceeded not only inflation, but need and common sense as well. At the very least, Congress should limit their rates of growth. If the 33 domestic subfunctions for which President Clinton is requesting funding increases were held to FY 1999 levels, spending in FY 2000 would be reduced by $39 billion. Merely restricting the growth of these programs to 2 percent as an inflation adjustment would reduce spending in FY 2000 by about $30 billion (see the Appendix). Either reduction would bring FY 2000 discretionary spending under the spending caps established in the BBA.

CONCLUSION

Although there are no clear reasons that the federal government should expand its domestic activities, there are many reasons that it should not. One key reason is that there are indications in the world economy that the current budget surpluses may be as ephemeral as spare change found on the sidewalk; it would be foolish to make long-term commitments based on short-term prosperity.

Funding decisions based on the current availability of revenue without a demonstrated public need will tend to expand government activity to satisfy every special interest group, regardless of how marginal. In the process, the federal government intrudes deeper into the private lives of citizens and establishes, in times of plenty, programs that will need to be funded or cut in subsequent economic downturns.

While deliberating spending decisions for FY 2000, Congress should be mindful of the following key points:

- Discretionary spending caps are credited by the CBO with eliminating deficits and producing surpluses;
- The CBO projects that the failure to protect the current surpluses will cause the federal debt held by the public to exceed 100 percent of GDP by 2033;
- All major decision makers, including President Clinton, have agreed on the need to increase investment in national security; and
- Increases in defense expenditures can and should be offset with reductions in domestic spending.

Although the current budget surpluses provide the illusion that fiscal discipline no longer is necessary, CBO projections clearly indicate this is not the case. Congress must choose between becoming the Congress that secured the federal government's financial health beyond this generation or the Congress that squandered the largest surplus in U.S. history.

—Peter Sperry is Budget Policy Analyst in The Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.

APPENDIX:
ADMINISTRATION-PROPOSED INCREASES IN SELECTED SUBFUNCTIONS, FY 1999–FY 2000

If these 33 domestic subfunctions for which President Clinton is requesting funding increases were held to FY 1999 levels, spending in FY 2000 would be reduced by $39 billion. Merely restricting the growth of these programs to 2 percent as an inflation adjustment still would reduce spending in FY 2000 by about $30 billion. Either reduction would bring FY 2000 spending within the caps established in the Balanced Budget Amendment of 1997.

	FY 1999 (Millions)	FY 2000 (Millions)	Percent Increase	Dollar Increase
150 International Affairs				
151 Int'l Development & Humanitarian Asst.	$5,714	$6,084	6.48%	$370
153 Conduct of Foreign Affairs	4,617	5,058	9.55%	441
250 General Science, Space, and Tech.				
251 General Science and Basic Research	5,738	6,316	10.07%	578
270 Energy				
272 Energy Conservation	560	722	28.93%	162
276 Energy Info., Policy, and Regulation	201	220	9.45%	19
300 Natural Resources and Environment				
302 Conservation & Land Management	5,074	5,463	7.67%	389
304 Pollution Control & Abatement	6,855	7,552	10.17%	697
306 Other Natural Resources	2,926	3,266	11.62%	340
350 Agriculture				
352 Agricultural Research & Services	3,044	3,102	1.91%	58
370 Commerce & Housing Credit				
372 Postal Service	964	1,997	107.16%	1,033
376 Other Advancement of Commerce	5,647	9,175	62.48%	3,528
400 Transportation				
401 Ground Transportation	28,333	31,056	9.61%	2,723
402 Air Transportation	10,559	11,090	5.03%	531
403 Water Transportation	3,502	4,103	17.16%	601
500 Education, Employment & Social Services				
501 Elementary, Secondary, and Voc. Ed.	16,989	20,102	18.32%	3,113
503 Research & General Education Aids	2,448	2,792	14.05%	344
504 Training & Employment	7,941	8,675	9.24%	734
505 Other Labor Services	1,108	1,246	12.45%	138
506 Social Services	17,532	18,893	7.76%	1,361
550 Health				
551 Health Care Services	126,190	134,242	6.38%	8,052
552 Health Research & Training	14,681	16,098	9.65%	1,417
600 Income Security				
603 Unemployment Compensation	25,178	28,151	11.81%	2,973
604 Housing Assistance	28,376	29,606	4.33%	1,230
605 Food & Nutrition Assistance	35,271	36,205	2.65%	934
609 Other Income Security	75,731	79,713	5.26%	3,982
700 Veterans Benefits & Services				
705 Other Veterans Benefits & Services	1,148	1,188	3.48%	40
750 Administration of Justice				
752 Federal Litigative & Judicial Activities	7,030	7,951	13.10%	921
753 Federal Correctional Activities	3,402	3,562	4.70%	160
754 Criminal Justice Assistance	3,529	5,573	57.92%	2,044
800 General Government				
801 Legislative Functions	2,214	2,421	9.35%	207
802 Executive Direction & Management	548	626	14.23%	78
804 Gen. Property & Records Management.	553	618	11.75%	65
805 Central Personnel Management	153	164	7.19%	11
808 Other General Government	1,232	1,424	15.58%	192
Total	454,988	494,454	8.67%	39,466

Source: Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2000,* "Historical Tables," Table 3.2.