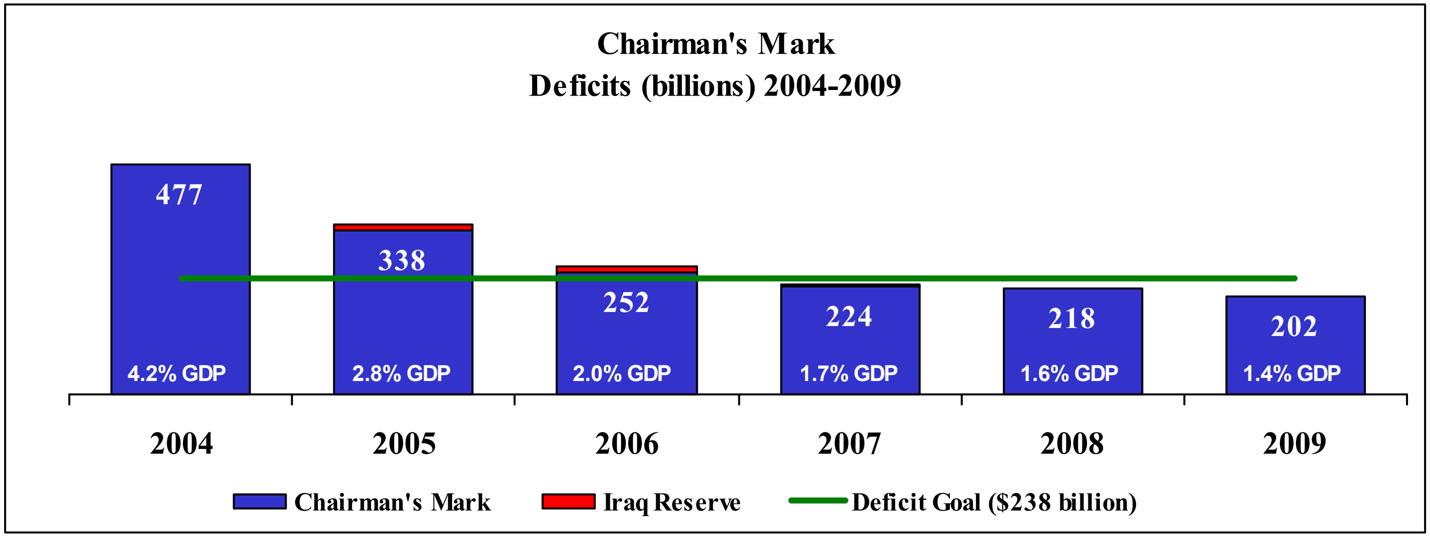
Chairman's Mark 2005 Budget

Prepared by
the U.S. Senate
BUDGET COMMITTEE

March 3, 2003

CHAIRMAN'S MARK
FY2005 BUDGET RESOLUTION

OVERVIEW



The Chairman's Mark for the fiscal year 2005 Congressional Budget Resolution takes the first steps toward reducing federal budget deficits that have reached unacceptable levels by slowing the growth of discretionary spending, eliminating wasteful mandatory spending, and preventing economically damaging tax increases.

The Chairman's Mark reaches the President's goal of cutting the deficit in half - by 2006 as a percentage of GDP and by 2007 in nominal terms - and maintains declining deficits throughout the 2005-2009 budget window.

Reducing Budget Deficits

- The Chairman's Mark cuts the deficit from $477 billion in 2004 to $338 billion in 2005. Deficits would continue to fall each year until reaching $202 billion in 2009. Stronger economic growth, or lower levels of spending, would result in even lower deficits.

- Relative to the size of the economy, deficits under the Chairman's Mark would fall from 4.2 percent of GDP in 2004 to 1.4 percent of GDP in 2009.

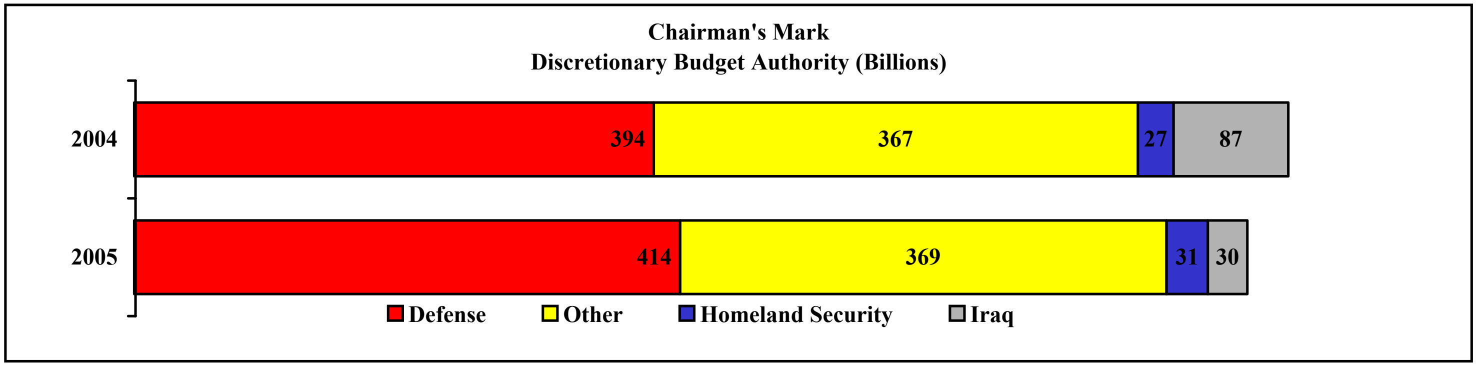
Slowing the Growth of Spending

- **Discretionary Spending:** The Chairman's Mark provides $814 billion in discretionary budget authority for 2005, a 3.3-percent increase over last year (not including supplemental spending). The Chairman's Mark is consistent with the discretionary spending limits included in the fiscal year 2004 Budget Resolution.

- Although the Chairman's Mark assumes specific levels of discretionary spending authority for defense, homeland security, and other discretionary programs, the Senate Appropriations Committee receives only an aggregate allocation from the Budget Resolution and is not required to follow these assumptions when providing allocations to its subcommittees.

- The Chairman's Mark assumes a freeze for most spending programs at 2004 spending levels, with increases for high-priority programs (including defense, education, and veterans) and reductions for low-priority, one-time or expired programs. The Chairman's Mark provides a contingency fund of up to $30 billion for 2005 to fund ongoing military operations in Iraq and Afghanistan.

BA in Billions	2004	2005	Growth	
Defense	394	414	+20	(5.1%)
Homeland	27	31	+ 4	(15.2%)
Other	367	369	+ 2	(0.4%)
TOTAL	788	814	+26	(3.3%)
Iraq/Afghanistan	87	30		



- **Mandatory Spending:** The Chairman's Mark proposes a $4.6 billion net reduction in mandatory spending programs over five years. Mandatory spending (excluding net interest & Social Security) would still grow from $753 billion in 2004 to $980 billion in 2009.

- Within the net reduction in mandatory spending, the Chairman's Mark assumes increases for higher education reauthorization, an energy bill, and the outlay costs associated with extending expiring tax provisions. The Chairman's Mark also assumes mandatory spending reductions targeted at waste, fraud, and abuse and containing the cost of unsustainable programs.

- The Chairman's Mark instructs the Senate Finance Committee to produce net mandatory spending reductions of at least $3 billion from 2005-2009. While the Chairman's Mark assumes specific policies related to waste and overpayments in Medicaid, the Earned Income Credit, and other programs to achieve these savings, the Finance Committee may include savings from any programs within its jurisdiction.

Preventing Tax Increases

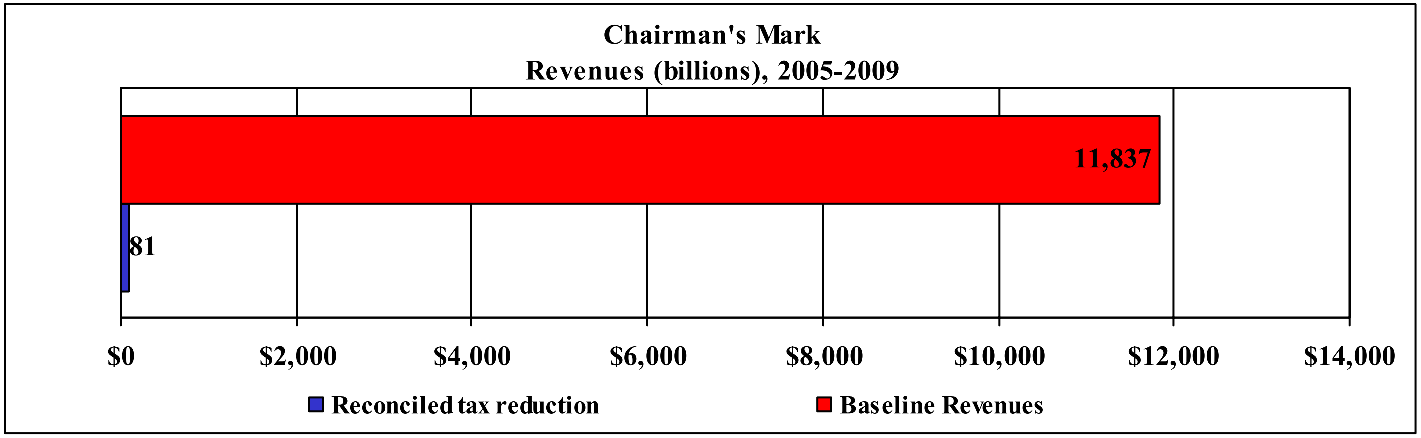
- The Chairman's Mark includes tax policy assumptions focused on preventing economically damaging tax increases on working families.

- The Chairman's Mark proposes to extend personal tax relief currently scheduled to expire at the end of 2004, including the $1,000-per-child tax credit, 10 percent income tax bracket expansion, and marriage penalty relief. The Chairman's Mark assumes a revenue loss of $80.6 billion from 2005-2009 for these proposals, and directs the Senate Finance Committee to produce a reconciliation bill to facilitate their enactment.

- The Chairman's Mark also assumes, but does not reconcile, $23 billion in revenue loss associated with the permanent extension of certain provisions of current tax law scheduled to expire in 2008 and 2010. The Chairman supports these extensions and has assumed their impact even though most occur in years beyond the budget window and legislation to implement them is unlikely to be considered this year.

- The Chairman's Mark also assumes $23 billion in revenue loss associated with the President's proposal to extend temporary relief from the Alternative Minimum Tax (AMT). The Chairman notes that since Congress last passed legislation to permanently fix the AMT (vetoed by President Clinton in 1999), its impact has been managed on a temporary basis. The Chairman intends to work closely with the President and the Senate Finance Committee to develop a permanent solution to this problem.

- The Chairman's Mark also assumes that Congress will act to close tax loopholes identified by the President and by the tax-writing committees, including a proposal to shut down abusive leasing transactions between U.S. corporations and tax-exempt entities (so-called "SILO" transactions). The Chairman's Mark assumes that the revenue raised by closing loopholes and reducing fraud would be available to offset tax relief provisions that have been recommended by the President and supported by the Committee, such as the proposal to allow individuals to deduct the cost of high deductible health plans, as well as many proposals that are being considered by Congress.



Enforcing Budget Discipline

- The Chairman's Mark builds upon the budget discipline included in last year's Budget Resolution by establishing enforceable caps on discretionary spending for 2005 and 2006. The spending caps are set at levels consistent with the Chairman's Mark discretionary spending assumptions, and are enforced with a 60-vote point of order. The Chairman's Mark continues a 60-vote point of order against advance appropriations that exceed current levels.

- The Chairman's Mark assumes continued budget enforcement under existing mechanisms for nondefense emergency spending and pay-as-you-go.

Other Budget Priorities

- Education for the Disadvantaged: The Chairman's Mark provides $13.3 billion in 2005 for Title I grants to Local Education Agencies (LEAs) - the largest component of No Child Left Behind. This $1.0 billion (8.1 percent) increase over 2004 would fund services to disadvantaged students and improvements for low-performing schools. At this level, funding for Title I grants would be $4.6 billion (52 percent) greater than in 2001.

- Special Education: The Chairman's Mark increases funding for Part B Grants to States for individuals with disabilities by $1.0 billion in each of the next two years. Four consecutive $1.0 billion increases will have raised the Federal share of average per pupil expenditures to nearly 20 percent, the highest level of Federal support ever provided to disabled children. With 2005 funding at $11.1 billion, funding for Part B Grants would have increased $4.7 billion (75 percent) since 2001.

- Homeland Security: The Chairman's Mark provides the full amount of the President's request for homeland security spending to secure the nation's borders, train and equip first responders, protect critical infrastructure, guard against bio-terrorism, and improve intelligence analysis and coordination. The Chairman's Mark fully supports the President's $3.6 billion request for first responders. Since 2001, Congress has appropriated close to $15 billion (or $20 billion including programs outside the Department of Homeland Security) for state and local first responders. The Chairman notes with concern reports about misuse of money provided to states and localities under this program and supports policies to ensure these funds are being properly spent.

- Veterans Medical Care: The Chairman's Mark proposes $29.1 billion for veteran's medical care, an increase of $1.4 billion or 5 percent over 2004. Veterans medical care spending has grown by 100 percent since 1993 and 42 percent since 2001.

SUMMARY OF CHAIRMAN'S MARK FOR FY 2005: LEVELS OF SPENDING

($ BILLIONS)

		2004	2005	2006	2007	2008	2009	2005-09
Discretionary:								
Defense	BA	459.098	413.894	442.552	452.698	463.712	475.591	2248.447
	OT	451.844	441.658	437.278	437.733	447.772	459.166	2223.607
% change (BA) *			-9.8%	6.9%	2.3%	2.4%	2.6%	3.5%
Nondefense	BA	416.389	400.212	409.705	415.161	418.846	424.201	2068.124
	OT	443.203	446.710	458.332	462.045	464.136	466.795	2298.018
% change (BA) *			-3.9%	2.4%	1.3%	0.9%	1.3%	1.5%
Subtotal	BA	875.487	814.106	852.257	867.859	882.558	899.792	4316.571
	OT	895.047	888.368	895.610	899.778	911.908	925.961	4521.625
% change (BA) *			-7.0%	4.7%	1.8%	1.7%	2.0%	2.5%
Mandatory	OT	1244.893	1295.195	1353.280	1428.637	1510.553	1597.602	7185.267
Net interest	OT	154.858	179.862	218.753	253.467	275.866	291.781	1219.730
Total outlays		2294.798	2363.425	2467.643	2581.882	2698.327	2815.343	12926.621
% change *			3.0%	4.4%	4.6%	4.5%	4.3%	4.5%
Revenues		1817.359	2025.152	2215.503	2358.354	2480.081	2613.154	11692.244
% change *			11.4%	9.4%	6.4%	5.2%	5.4%	6.6%
Unified deficit/surplus		-477.439	-338.273	-252.140	-223.528	-218.246	-202.189	-1234.377
On-budget		*-638.235*	*-512.264*	*-445.118*	*-431.880*	*-442.197*	*-440.283*	*-2271.741*
Off-budget		*160.796*	*173.991*	*192.977*	*208.352*	*223.950*	*238.094*	*1037.364*
Unified Deficit/Surplus % of GDP		-4.2%	-2.8%	-2.0%	-1.7%	-1.6%	-1.4%	
Debt Held by the Public		4,385	4,737	5,002	5,238	5,469	5,685	
Debt Subject to Limit		7,436	8,048	8,617	9,170	9,733	10,297	
2005 Iraq/Afghanistan Reserve	BA	0.000	30.000	0.000	0.000	0.000	0.000	30.000
	OT	0.000	14.904	11.169	3.048	0.585	0.135	29.841
Unified Surplus/Deficit (-) incl. Reserve		-477.439	-353.177	-263.309	-226.576	-218.831	-202.324	-1264.218

* In 2005-09 column, percentage reflects average annual growth.

SUMMARY OF CHAIRMAN'S MARK FOR FY 2005: LEVELS OF SPENDING

(as a % of Gross Domestic Product)

	2004	2005	2006	2007	2008	2009	2005-09
Gross Domestic Product in billions of dollars	11,469	12,091	12,682	13,236	13,862	14,519	66,389
Total Spending	20.0%	19.5%	19.5%	19.5%	19.5%	19.4%	19.5%
Total Revenues	15.8%	16.7%	17.5%	17.8%	17.9%	18.0%	17.6%
Unified Surplus/Deficit (-)	-4.2%	-2.8%	-2.0%	-1.7%	-1.6%	-1.4%	-1.9%
On-budget	-5.6%	-4.2%	-3.5%	-3.3%	-3.2%	-3.0%	-3.4%
Off-budget	1.4%	1.4%	1.5%	1.6%	1.6%	1.6%	1.6%
Debt Held by the Public	38.2%	39.2%	39.4%	39.6%	39.5%	39.2%	

CHAIRMAN'S MARK FOR FY 2005
Discretionary Totals (excl. 2004 emergency supplemental)
($ billions)

Function		2004	2005	Difference	% Change
050	BA	393.951	413.894	19.943	5.1%
National Defense	OT	419.482	417.402	-2.080	-0.5%
150	BA	26.875	30.497	3.622	13.5%
Int'l Affairs	OT	28.491	28.710	0.219	0.8%
250	BA	23.338	23.648	0.310	1.3%
Science, Space, Technology	OT	22.221	23.041	0.820	3.7%
270	BA	3.597	3.707	0.110	3.1%
Energy	OT	3.345	3.797	0.452	13.5%
300	BA	30.276	29.999	-0.277	-0.9%
Natural Resources, Environment	OT	29.624	29.157	-0.467	-1.6%
350	BA	5.595	5.371	-0.224	-4.0%
Agriculture	OT	5.460	5.558	0.098	1.8%
370	BA	-0.773	-1.931	-1.158	N/A
Commerce, Housing Credit	OT	-0.676	-0.583	0.093	N/A
400	BA	23.610	23.826	0.216	0.9%
Transportation	OT	63.805	66.192	2.387	3.7%
450	BA	15.346	13.210	-2.136	-13.9%
Community, Regional Development	OT	16.183	15.150	-1.033	-6.4%

500	BA	78.008	81.068	3.060	3.9%
Education, Training, Employment	OT	77.048	77.235	0.187	0.2%
550	BA	51.847	53.400	1.553	3.0%
Health	OT	49.216	48.699	-0.517	-1.1%
570	BA	3.849	3.690	-0.159	-4.1%
Medicare	OT	3.826	3.746	-0.080	-2.1%
600	BA	44.594	46.381	1.787	4.0%
Income Security	OT	53.008	51.353	-1.655	-3.1%
650	BA	4.134	4.249	0.115	2.8%
Social Security	OT	4.154	4.264	0.110	2.6%
700	BA	29.252	30.428	1.176	4.0%
Veterans Benefits, Services	OT	28.049	29.530	1.481	5.3%
750	BA	37.055	36.909	-0.146	-0.4%
Administration of Justice	OT	35.524	36.889	1.365	3.8%
800	BA	17.613	15.760	-1.853	-10.5%
General Government	OT	18.198	15.820	-2.378	-13.1%
920	BA	0.000	0.000	0.000	
Allowances	OT	0.000	0.000	0.000	
950	BA	0.000	0.000	0.000	
Undistributed Offsetting Receipts	OT	0.000	0.000	0.000	
Total	BA	788.167	814.106	25.939	3.3%
	OT	856.958	855.960	-0.998	-0.1%
Defense	BA	393.951	413.894	19.943	5.1%
	OT	419.482	417.402	-2.080	-0.5%
Nondefense	BA	394.216	400.212	5.996	1.5%
	OT	437.476	438.558	1.082	0.2%

CHAIRMAN'S MARK 2005: AGGREGATE AND FUNCTION LEVELS
($ billions)

Function		2004	2005	2006	2007	2008	2009	2005-09
050 - National Defense	BA	463.604	415.257	445.708	456.148	467.482	479.494	2264.089
	OT	452.946	444.033	440.563	441.290	451.419	463.058	2240.363
Discretionary	BA	459.098	413.894	442.552	452.698	463.712	475.591	2248.447
	OT	451.844	441.658	437.278	437.733	447.772	459.166	2223.607
Mandatory	BA	4.506	1.363	3.156	3.450	3.770	3.903	15.642
	OT	1.102	2.375	3.285	3.557	3.647	3.892	16.756
150 - International Affairs	BA	43.657	30.140	34.658	35.301	35.658	35.714	171.471
	OT	29.317	33.779	32.471	31.287	31.303	31.805	160.645
Discretionary	BA	48.653	30.497	33.902	34.530	34.872	34.914	168.715
	OT	34.122	36.775	34.914	33.857	33.788	34.275	173.609
Mandatory	BA	-4.996	-0.357	0.756	0.771	0.786	0.800	2.756
	OT	-4.805	-2.996	-2.443	-2.570	-2.485	-2.470	-12.964
250 - General Science, Space and Technology	BA	23.377	23.678	25.412	26.269	26.499	26.547	128.405
	OT	22.310	23.152	24.863	25.613	25.914	26.095	125.638
Discretionary	BA	23.338	23.648	25.382	26.238	26.468	26.515	128.251
	OT	22.221	23.041	24.755	25.573	25.883	26.064	125.317
Mandatory	BA	0.039	0.030	0.030	0.031	0.031	0.032	0.154
	OT	0.089	0.111	0.108	0.040	0.031	0.031	0.321
270 - Energy	BA	2.353	2.793	2.762	2.781	2.501	2.082	12.919
	OT	0.084	1.154	1.653	1.214	0.601	0.718	5.340
Discretionary	BA	3.597	3.707	3.736	3.698	3.640	3.607	18.388
	OT	3.345	3.797	3.905	3.761	3.694	3.627	18.784
Mandatory	BA	-1.244	-0.914	-0.974	-0.917	-1.139	-1.525	-5.469
	OT	-3.261	-2.643	-2.252	-2.547	-3.093	-2.909	-13.444
300 - Natural Resources and Environment	BA	32.340	32.777	32.767	32.742	32.695	33.457	164.437
	OT	30.462	30.917	32.853	32.962	32.796	33.420	162.947
Discretionary	BA	30.276	29.999	29.760	29.581	29.519	29.489	148.347
	OT	29.624	29.157	29.824	29.632	29.494	29.394	147.500
Mandatory	BA	2.064	2.778	3.007	3.161	3.176	3.968	16.090
	OT	0.838	1.760	3.029	3.330	3.302	4.026	15.447
350 - Agriculture	BA	20.221	21.847	24.090	25.003	24.864	25.834	121.638
	OT	18.772	21.077	22.858	23.814	23.743	24.894	116.386
Discretionary	BA	5.595	5.371	5.603	5.629	5.667	5.699	27.969
	OT	5.460	5.558	5.495	5.522	5.554	5.640	27.769
Mandatory	BA	14.626	16.476	18.487	19.374	19.197	20.135	93.669
	OT	13.312	15.519	17.363	18.292	18.189	19.254	88.617
370 - Commerce and Housing Credit	BA	14.673	5.643	5.241	6.241	6.036	6.326	29.487
	OT	10.340	0.767	-0.247	0.499	-0.750	-0.734	-0.465
Discretionary	BA	-0.773	-1.931	-1.077	0.549	0.772	1.387	-0.300
	OT	-0.676	-0.583	-1.846	0.550	0.663	1.079	-0.137
Mandatory	BA	15.446	7.574	6.318	5.692	5.264	4.939	29.787
	OT	11.016	1.350	1.599	-0.051	-1.413	-1.813	-0.328
370 on-budget	**BA**	**17.173**	**7.743**	**8.041**	**9.141**	**9.336**	**9.826**	**44.087**
	OT	**12.840**	**2.867**	**2.553**	**3.399**	**2.550**	**2.766**	**14.135**
Discretionary	**BA**	**-0.773**	**-1.931**	**-1.077**	**0.549**	**0.772**	**1.387**	**-0.300**
	OT	**-0.676**	**-0.583**	**-1.846**	**0.550**	**0.663**	**1.079**	**-0.137**
Mandatory	**BA**	**17.946**	**9.674**	**9.118**	**8.592**	**8.564**	**8.439**	**44.387**
	OT	**13.516**	**3.450**	**4.399**	**2.849**	**1.887**	**1.687**	**14.272**
400 - Transportation	BA	69.197	69.985	70.923	71.428	71.760	72.241	356.337
	OT	65.741	68.390	70.998	72.207	72.571	72.597	356.763
Discretionary	BA	23.713	23.826	24.740	25.178	25.476	25.919	125.139

Function		2004	2005	2006	2007	2008	2009	2005-09
	OT	63.888	66.208	68.745	70.031	70.287	70.527	345.798
Mandatory	BA	45.484	46.159	46.183	46.250	46.284	46.322	231.198
	OT	1.853	2.182	2.253	2.176	2.284	2.070	10.965
450 - Community and Regional Development	BA	16.732	13.612	13.422	13.591	13.719	13.890	68.234
	OT	16.673	14.943	14.994	14.061	13.558	13.653	71.209
Discretionary	BA	15.622	13.210	13.289	13.456	13.665	13.834	67.454
	OT	16.183	15.219	15.377	14.465	13.947	14.088	73.096
Mandatory	BA	1.110	0.402	0.133	0.135	0.054	0.056	0.780
	OT	0.490	-0.276	-0.383	-0.404	-0.389	-0.435	-1.887
500 - Education, Training, Employment	BA	89.519	97.587	95.222	95.536	95.766	96.076	480.186
	OT	86.478	88.251	92.835	93.625	94.165	94.592	463.469
Discretionary	BA	78.008	81.068	81.733	81.806	81.948	82.040	408.594
	OT	77.048	77.235	80.802	81.392	81.750	81.897	403.077
Mandatory	BA	11.511	16.519	13.489	13.730	13.818	14.036	71.592
	OT	9.430	11.016	12.033	12.233	12.415	12.695	60.392
550 - Health	BA	241.824	250.617	254.677	267.998	286.815	307.860	1367.967
	OT	239.620	246.061	255.590	267.752	286.525	305.533	1361.461
Discretionary	BA	51.847	53.400	50.534	50.833	51.283	53.774	259.824
	OT	49.216	48.699	50.794	50.659	50.922	51.192	252.266
Mandatory	BA	189.977	197.217	204.143	217.165	235.532	254.086	1108.143
	OT	190.404	197.362	204.796	217.093	235.603	254.341	1109.195
570 - Medicare	BA	269.580	287.513	322.517	361.999	386.753	412.922	1771.704
	OT	268.771	288.654	322.035	362.277	386.795	412.515	1772.276
Discretionary	BA	3.849	3.690	4.245	4.185	4.211	4.231	20.562
	OT	3.826	3.746	4.138	4.174	4.212	4.231	20.501
Mandatory	BA	265.731	283.823	318.272	357.814	382.542	408.691	1751.142
	OT	264.945	284.908	317.897	358.103	382.583	408.284	1751.775
600 - Income Security	BA	329.194	337.676	343.050	347.950	361.365	371.217	1761.258
	OT	335.998	341.940	346.480	350.598	363.369	372.738	1775.125
Discretionary	BA	44.594	46.381	49.047	49.733	50.551	51.415	247.127
	OT	53.008	51.353	53.033	53.246	53.721	54.019	265.372
Mandatory	BA	284.600	291.295	294.003	298.217	310.814	319.802	1514.131
	OT	282.990	290.587	293.447	297.352	309.648	318.719	1509.753
650 - Social Security	BA	498.229	518.927	539.968	565.261	593.413	625.303	2842.872
	OT	496.549	517.162	537.781	562.891	590.760	622.359	2830.953
Discretionary	BA	4.134	4.249	4.352	4.477	4.617	4.762	22.457
	OT	4.154	4.264	4.335	4.457	4.594	4.738	22.388
Mandatory	BA	494.095	514.678	535.616	560.784	588.796	620.541	2820.415
	OT	492.395	512.898	533.446	558.434	586.166	617.621	2808.565
650 on-budget	**BA**	**13.396**	**15.214**	**16.779**	**18.269**	**20.218**	**22.229**	**92.709**
	OT	**13.396**	**15.214**	**16.779**	**18.269**	**20.218**	**22.229**	**92.709**
Discretionary	**BA**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	OT	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Mandatory	**BA**	**13.396**	**15.214**	**16.779**	**18.269**	**20.218**	**22.229**	**92.709**
	OT	**13.396**	**15.214**	**16.779**	**18.269**	**20.218**	**22.229**	**92.709**
700 - Veterans Benefits and Services	BA	61.450	70.245	68.092	66.102	69.216	69.774	343.430
	OT	60.113	69.015	67.532	65.725	69.023	69.548	340.843
Discretionary	BA	29.252	30.428	30.469	30.518	30.571	30.626	152.613
	OT	28.049	29.530	29.964	30.195	30.438	30.441	150.568
Mandatory	BA	32.198	39.817	37.623	35.584	38.645	39.148	190.817
	OT	32.064	39.485	37.568	35.530	38.585	39.107	190.275
750 - Administration of Justice	BA	41.191	41.241	39.490	40.099	40.870	41.206	202.906
	OT	39.612	40.595	40.156	40.342	40.783	41.150	203.026

Function		2004	2005	2006	2007	2008	2009	2005-09
Discretionary	BA	37.071	36.909	38.272	39.025	39.856	40.258	194.320
	OT	35.537	36.891	38.554	39.041	39.829	40.256	194.571
Mandatory	BA	4.120	4.332	1.218	1.074	1.014	0.948	8.586
	OT	4.075	3.704	1.602	1.301	0.954	0.894	8.455
800 - General Government	BA	23.938	17.516	17.639	17.750	17.332	17.402	87.639
	OT	24.651	17.546	17.413	17.501	17.108	16.985	86.553
Discretionary	BA	17.613	15.760	15.718	15.724	15.731	15.731	78.664
	OT	18.198	15.820	15.543	15.489	15.360	15.326	77.538
Mandatory	BA	6.325	1.756	1.921	2.026	1.601	1.671	8.975
	OT	6.453	1.726	1.870	2.012	1.748	1.659	9.015
900 - Net Interest	BA	154.858	179.862	218.753	253.467	275.866	291.781	1219.730
	OT	154.858	179.862	218.753	253.467	275.866	291.781	1219.730
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	154.858	179.862	218.753	253.467	275.866	291.781	1219.730
	OT	154.858	179.862	218.753	253.467	275.866	291.781	1219.730
900 on-budget	**BA**	**240.471**	**270.020**	**316.940**	**361.401**	**394.588**	**422.245**	**1765.194**
	OT	**240.471**	**270.020**	**316.940**	**361.401**	**394.588**	**422.245**	**1765.194**
Discretionary	**BA**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	OT	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Mandatory	**BA**	**240.471**	**270.020**	**316.940**	**361.401**	**394.588**	**422.245**	**1765.194**
	OT	**240.471**	**270.020**	**316.940**	**361.401**	**394.588**	**422.245**	**1765.194**
920 - Allowances	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
950 - Undistributed Offsetting Receipts	BA	-58.497	-63.873	-71.938	-75.244	-77.222	-77.364	-365.641
	OT	-58.497	-63.873	-71.938	-75.244	-77.222	-77.364	-365.641
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	-58.497	-63.873	-71.938	-75.244	-77.222	-77.364	-365.641
	OT	-58.497	-63.873	-71.938	-75.244	-77.222	-77.364	-365.641
950 on-budget	**BA**	**-47.233**	**-52.505**	**-59.848**	**-62.437**	**-63.482**	**-62.725**	**-300.997**
	OT	**-47.233**	**-52.505**	**-59.848**	**-62.437**	**-63.482**	**-62.725**	**-300.997**
Discretionary	**BA**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	OT	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Mandatory	**BA**	**-47.233**	**-52.505**	**-59.848**	**-62.437**	**-63.482**	**-62.725**	**-300.997**
	OT	**-47.233**	**-52.505**	**-59.848**	**-62.437**	**-63.482**	**-62.725**	**-300.997**
Total	BA	2337.440	2353.043	2482.453	2610.423	2731.387	2851.762	13029.068
	OT	2294.798	2363.425	2467.643	2581.882	2698.327	2815.343	12926.621
Discretionary	BA	875.487	814.106	852.257	867.859	882.558	899.792	4316.571
	OT	895.047	888.368	895.610	899.778	911.908	925.961	4521.625
Mandatory	BA	1461.953	1538.937	1630.196	1742.564	1848.829	1951.970	8712.497
	OT	1399.751	1475.057	1572.033	1682.104	1786.419	1889.383	8404.997
Total on-budget	**BA**	**1951.984**	**1952.955**	**2072.341**	**2187.071**	**2293.954**	**2397.291**	**10903.613**
	OT	**1911.022**	**1965.102**	**2059.719**	**2160.901**	**2263.547**	**2363.817**	**10813.085**
Discretionary	**BA**	**871.353**	**809.857**	**847.905**	**863.382**	**877.941**	**895.030**	**4294.114**
	OT	**890.893**	**884.104**	**891.275**	**895.321**	**907.314**	**921.223**	**4499.237**
Mandatory	**BA**	**1080.631**	**1143.099**	**1224.436**	**1323.690**	**1416.013**	**1502.261**	**6609.499**
	OT	**1020.129**	**1080.999**	**1168.443**	**1265.580**	**1356.233**	**1442.594**	**6313.849**
Revenues		1817.359	2025.152	2215.503	2358.354	2480.081	2613.154	11692.244
Revenues on-budget		**1272.787**	**1452.838**	**1614.601**	**1729.021**	**1821.350**	**1923.534**	**8541.344**

Function		2004	2005	2006	2007	2008	2009	2005-09
Surplus/Deficit (-)		-477.439	-338.273	-252.140	-223.528	-218.246	-202.189	-1234.377
On-budget		*-638.235*	*-512.264*	*-445.118*	*-431.880*	*-442.197*	*-440.283*	*-2271.741*
Off-budget		*160.796*	*173.991*	*192.977*	*208.352*	*223.950*	*238.094*	*1037.364*
NOTES AND MISCELLANEOUS INFO:								
Revenues		1817.359	2025.152	2215.503	2358.354	2480.081	2613.154	11692.244
On-budget		*1272.787*	*1452.838*	*1614.601*	*1729.021*	*1821.350*	*1923.534*	*8541.344*
Off-budget		*544.572*	*572.314*	*600.902*	*629.333*	*658.731*	*689.620*	*3150.900*
Spending								
On-budget	BA	1951.984	1952.955	2072.341	2187.071	2293.954	2397.291	10903.613
	OT	1911.022	1965.102	2059.719	2160.901	2263.547	2363.817	10813.085
Off-budget	BA	385.456	400.088	410.112	423.351	437.434	454.470	2125.455
	OT	383.776	398.323	407.925	420.981	434.781	451.526	2113.536
2005 Iraq/Afghanistan Reserve	BA		30.000					30.000
	OT		14.904	11.169	3.048	0.585	0.135	29.841
Unified Surplus/Deficit (-) incl. Reserve		-477.439	-353.177	-263.309	-226.576	-218.831	-202.324	-1264.218

ECONOMICS

The Chairman's Mark is based upon economic projections of the Congressional Budget Office.

As the 108th Congress convened in January 2003, the risk of a second economic downturn was a very real concern. In December 2002, the economy shed 211,000 non-farm payroll jobs, and oil prices increased more than $3 a barrel. The growth of output also decelerated to 1.3 percent in the final quarter of 2002, less than half the rate of the prior period. The economic outlook was further clouded by the uncertainty of a potential war in Iraq and the specter of deflation. However, the fortuitous timing of the President's tax cuts combined with an accommodative monetary policy laid the foundation for the current economic recovery.

Turbulent Times

Firms were concerned that fearful consumers would shy away from spending due to uncertainty about how the war in Iraq would affect the economy and, as a result, curtailed hiring. Already buffeted by higher energy prices and facing the prospect of additional job losses, consumers' confidence declined. The Conference Board's Consumer Confidence Index declined 19.3 points between December 2002 and March 2003, the sixth largest three-month decline in the last ten years. Most economists agreed that the downside risks to economic growth far outweighed the possibility of an unexpected increase. Even as late as May 2003, the Blue Chip survey indicated that 64 percent of economists believed the risks to their economic forecasts were more likely to the downside.

Recent Developments

The geopolitical risks associated with the War in Iraq have abated with the successful conclusion of major combat operations. The threat of deflation also appears to be waning. Real Gross Domestic Product (GDP) increased at a 4.1 percent annualized pace in the fourth quarter of 2003, registering its ninth consecutive gain. Over the last five months, the economy created more than a quarter of a million new jobs. In addition, the Conference Board's consumer confidence index is 22.5 points higher than at this same point a year ago. And although consumer price growth remains subdued, producer prices for finished goods increased 4.0 percent in December.

The President's tax cuts clearly supported last year's economic turnaround. According to Wachovia's Economic Group, manufacturing sentiment increased more than 28 percent after the introduction of the President's tax cuts. The Institute for Supply Management surveys more than 400 purchasing and supply executives about a wide range of business decisions, which reflect changes in economic activity. Average monthly retail sales growth was more than twice as high as the average rate of increase between January 2000 and May 2003. As anticipated, the powerful incentives engendered in the Jobs and Growth Tax Relief Reconciliation Act of 2003 also contributed to the turnaround in the stock market. The combined market capitalization of the NYSE and the NASDAQ increased from $11.1 trillion in February 2003 to $15.5 trillion in January, an increase of more than 40 percent.

The Forecast

CBO and Blue Chip both forecast GDP growth exceeding 4.5 percent this year, which would register the largest calendar year increase in ***Real GDP*** since 1984. The Administration forecasts a slightly less frenetic pace of around 4.4 percent, and continues to trail CBO and the private sector in the near-term. All three decelerate to a more moderate trend growth rate in the medium term.

As a result of faster economic growth, CBO, OMB and Blue Chip all forecast that the ***unemployment rate*** declines by at least 0.2 percentage points this year. OMB is the most optimistic, forecasting an unemployment rate of 5.6 percent, before converging with CBO in 2007. Over the medium-term, CBO and OMB projections place the unemployment rate on a glide path towards its ten-year average. Blue Chip's projection of unemployment remains slightly higher on average throughout the six-year horizon.

Inflation is anticipated to decelerate into next year before trending higher in 2005. CBO also revised its longer-term view of inflation, shaving 0.2 percentage points off the rate of growth. Though differing in its path, OMB's forecast of annual average inflation between 2004 and 2009 matches CBO's exactly at 2.0 percent. Blue Chip's projection of inflation reverts back to its ten year average of 2.4 percent after 2007.

CBO and OMB's forecasts both indicate a moderate increase in short- and long-term ***interest rates*** consistent with a more robust economy this year. CBO and OMB both forecast a 0.3 and 0.6 percentage point increase in short- and long-term rates, respectively. Only Blue Chip's near-term forecast of three-month bills differs, rising 0.1 percentage point less than CBO and OMB's forecast to 1.2 percent this year. If these forecasts are correct, interest rates would increase by less than they did during the 1994 recovery.

Both CBO and OMB forecast ***taxable income shares*** to rise, reaching their peak in 2005 before steadily declining throughout the remainder of the projection. Steadily declining corporate profits as a share of GDP largely accounts for the overall downward trend in taxable income after 2005 for both projections. Wages and salaries falls slightly this year in both forecasts, then rises steadily to reach its plateau in 2007, albeit not enough to offset the decline in corporate profits as a share of GDP. Interestingly, CBO and OMB project nontaxable shares of income in the form of employer-sponsored health care and pension contributions to rise significantly through 2009.

After the Administration first ***estimated surpluses*** for 2002-2011 in April 2001, the actual economic downturn experienced since then, combined with the Administration's latest economic outlook, have resulted in a deterioration of the surplus projection by $0.4 trillion in 2004 and by $2.9 trillion for 2002-2009, including associated interest costs. For CBO, changes to its economic outlook from its comparable 2001 baseline have reduced the 2004 surplus projection by $0.4 trillion and the 2002-11 surplus projection by $3.2 trillion. The economic changes referred to above also include the impact of technical re-estimates.

Despite economic assumptions in line with CBO and the private sector, OMB estimates a 2004 ***baseline budget deficit*** of $527 billion versus CBO's estimate of $477 billion. Most of the discrepancy is attributable to different assumptions about how much tax revenue will be generated by a given level of economic output. However, considering the difficulty in forecasting revenue changes accurately, OMB also made an additional $35 billion downward adjustment over 2004 and 2005 to correct for uncertainty.

Sensitivity to Economic Changes

There is uncertainty in any economic forecast. In its latest outlook, CBO looked at the possible impact of lower economic growth on its budget projections. If the growth rate of real GDP is 0.1 percentage point lower than expected starting in 2004, the total 2005-2014 budget deficit would be $236 billion higher. According to similar analysis by OMB, a reduction in the real GDP growth rate of 1 percentage point would increase the 2004-2009 deficits by $186.7 billion. However, it is important to note that there are risks to both the upside and downside, not just the downside, as some have suggested.

ECONOMIC PROJECTIONS COMPARISON
(Calendar Years)

	2003	2004	2005	2006	2007	2008	2009
% Change (Year to Year):							
Nominal GDP Growth							
Administration*	4.8	5.7	4.9	5.0	5.1	5.2	5.2
CBO*	4.8	5.9	5.3	4.7	4.5	4.7	4.7
Blue Chip*	4.8	6.0	5.4	5.2	5.1	5.3	5.3
Real GDP Growth							
Administration	3.1	4.4	3.6	3.4	3.3	3.2	3.1
CBO	3.2	4.8	4.2	3.2	2.7	2.8	2.8
Blue Chip	3.1	4.6	3.7	3.2	3.1	3.2	3.2
Consumer Price Index							
Administration	2.3	1.4	1.5	1.8	2.1	2.4	2.5
CBO	2.3	1.6	1.7	2.0	2.2	2.2	2.2
Blue Chip	2.3	1.6	2.0	2.3	2.4	2.4	2.4
GDP Price Index							
Administration	1.6	1.2	1.3	1.5	1.7	2.0	2.0
CBO	1.6	1.1	1.1	1.5	1.8	1.9	1.9
Blue Chip	1.6	1.4	1.6	1.9	1.9	2.0	2.0
Annual Rate:							
Unemployment							
Administration	6.0	5.6	5.4	5.2	5.1	5.1	5.1
CBO	6.0	5.8	5.3	5.0	5.1	5.2	5.2
Blue Chip	6.0	5.7	5.4	5.4	5.3	5.3	5.2
Three-Month T-Bill							
Administration	1.0	1.3	2.4	3.3	4.0	4.3	4.4
CBO	1.0	1.3	3.0	4.0	4.6	4.6	4.6
Blue Chip	1.0	1.2	2.5	3.7	3.9	4.1	4.1
Ten-Year T-Note							
Administration	4.0	4.6	5.0	5.4	5.6	5.8	5.8
CBO	4.0	4.6	5.4	5.5	5.5	5.5	5.5
Blue Chip	4.0	4.6	5.3	5.5	5.6	5.6	5.6

Share of GDP:								
Corporate Profits								
	Administration	7.7	8.5	10.8	9.9	9.4	9.2	9.1
	CBO	7.7	8.1	10.8	10.6	10.1	9.7	9.3
Wage and Salaries								
	Administration	46.4	46.1	46.6	46.9	47.2	47.2	47.2
	CBO	46.3	45.9	46.1	46.2	46.4	46.4	46.5

*President=s FY 2005 Budget; CBO=s AEconomic and Budget Outlook: Fiscal Years 2005 - 2014@; Blue Chip February 2004 Economic Indicators for 2004 and 2005, Blue Chip October 2003 Economic Indicators for 2006-2009.

REVENUES
FY2005 BUDGET RESOLUTION

Federal revenues are taxes and other collections from the public that result from the government's sovereign or governmental powers. Federal revenues include individual income taxes, corporate income taxes, social insurance taxes, excise taxes, estate and gift taxes, customs duties and miscellaneous receipts (which include deposits of earnings by the Federal Reserve System, fines, penalties, fees for regulatory services, and others).

Under current law, federal tax collections are projected to total $11.8 trillion over the next five years. For 2004, total revenues are projected to be 15.8 percent of GDP, far below the post-World War II average of 17.9 percent. Over the projection period, 2005-2009, total baseline revenues are projected to average 17.8 percent of GDP (back to the long-term historical average).

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Revenues	1817.4	2025.2	2215.5	2358.4	2480.1	2613.2

The Chairman's Mark assumes total revenues of $11.7 trillion over the next five years, $0.1 trillion less than baseline, climbing from 15.8 percent of GDP this year to 18 percent of GDP by 2009.

The Chairman's Mark assumes that the accelerated tax relief provisions in the 2003 Jobs and Growth Tax Relief Reconciliation Act (JGTRRA) that expire at the end of 2004 ($1,000 child credit, marriage penalty relief and 10 percent income tax bracket expansion) are permanently extended. The Mark assumes that the repeal of the death tax is accelerated by one year to 2009. The Mark reconciles the Finance Committee for a reduction in revenues consistent with these changes through 2009 (the scope of the budget resolution). The Finance Committee is instructed to report legislation to reduce revenues by $80.6 billion over the 2005-2009 period.

The Chairman's Mark assumes, but does not reconcile, another $22.7 billion in tax relief over five years; this reflects making permanent: the JGTRRA dividends and capital gains tax rate structures, the 2001 Economic Growth and Tax Relief Reconciliation Act marginal rate reductions, estate tax repeal, education incentives, modifications of pension plans, and other incentives for families and children (adoption tax credit, employer-provided child care tax credit, and dependent care tax credit).

The Chairman's Mark assumes $23.1 billion in tax relief for the President's proposal for a one-year extension of the alternative minimum tax exemption amount and the treatment of personal credits under the AMT. The Mark assumes $15 billion in tax relief related to energy policy legislation. The Mark also assumes the revenue impact of medical malpractice reform.

The Chairman's Mark assumes that Congress will act to close tax loopholes identified by the President and by the tax-writing committees. For example, the Chairman's Mark assumes revenue from the President's proposal to increase disclosure of tax shelters and increase penalties for failure to disclose those shelter arrangements, from the President's proposal to shut down abusive leasing transactions between U.S. corporations and tax-exempt entities (so-called "SILO" transactions), and from the Finance Committee's proposal to shut down Enron-related tax shelters. The Chairman's Mark assumes that the revenue raised by closing loopholes and reducing fraud (such as in the Earned Income Credit, see function 600) is available to offset tax relief provisions that have been recommended by the President and supported by the Committee, such as the proposal to allow individuals to deduct the cost of high deductible health plans, as well as many proposals that are being considered by Congress.

FUNCTION 050: NATIONAL DEFENSE
FY2005 BUDGET RESOLUTION

Department of Defense-Military
Atomic energy defense activities
Defense-related activities

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	463.6	415.3	445.7	456.2	467.5	479.5
Outlays	452.9	444.0	440.6	441.3	451.4	463.1

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $413.9 billion in BA and $441.7 billion in outlays for 2005. This represents a decrease of $45.2 billion in BA (-9.8 percent) and $10.2 billion in outlays (-2.3 percent) from the 2004 level, factoring in $65.1 billion in BA provided in the 2004 Emergency Supplemental for military operations in Iraq and Afghanistan. When this funding is excluded the Mark for 2005 represents an increase of $19.9 billion in BA (5.1 percent) above the 2004 level.

To address the ongoing costs of military operations in Iraq and Afghanistan, the Mark includes a $30 billion reserve for supplemental appropriations. This "war reserve" is described in the Enforcement Title. When the war reserve is included, the Mark for function 050 represents an increase of $49.9 billion in BA (12.7 percent) above the 2004 level.

In 2006 the Mark provides the BA level requested by the President. After 2006 the Mark provides discretionary growth commensurate with inflation. The Chairman notes that defense-spending levels are dependent upon many factors and could be higher or lower than the amounts provided.

Mandatory

The Chairman's Mark assumes no mandatory increases or decreases in this function.

FUNCTION 150: INTERNATIONAL AFFAIRS
FY2005 BUDGET RESOLUTION

International development and humanitarian assistance
International security assistance
Conduct of foreign affairs
Foreign information and exchange activities
International financial programs

CHAIRMAN'S MARK

($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	43.7	30.1	34.7	35.3	35.7	35.7
Outlays	29.3	33.8	32.5	31.3	31.3	31.8

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $30.5 billion in BA and $36.8 billion in outlays for 2005. This represents a decrease of $18.2 billion in BA (-37.3 percent) and in increase of $2.6 billion in outlays (7.7 percent) from the 2004 level, factoring in $21.8 billion in BA provided in the 2004 Emergency Supplemental for international affairs activities (including $19.4 billion for international relief and reconstruction activities in Iraq – $983 million for the Coalition Provisional Authority and $18.4 billion for Iraq reconstruction). When this funding is excluded the Mark for 2005 represents an increase of $3.6 billion in BA (13.5 percent).

The Mark includes the following specific assumptions:

- The Mark fully funds all but two programs in the President's budget request, including:
  - $1,061 million for the International Development Association

- $401 million for the Peace Corps
- $1,185 million for Public Law 480 Title II Grants
- $410 million for Assistance for Eastern Europe and the Baltic States
- $1,308 million for the Sustainable Development Assistance Prorgram
- $1,450 million for the Global HIV/AIDS Initiative
- $550 million for Assistance for the Independent States of the Former Soviet Union
- $1,420 million for Child Survival and Disease Programs
- $415 million for Nonproliferation, Antiterrorism, Demining, and Related Programs
- $4,958 million for the Foreign Military Financing Program
- $2,520 million for the Economic Support Fund
- $4,285 million for Diplomatic and Consular Programs
- $1,539 million for Embassy Security, Construction, and Maintenance
- $650 million for Contributions for International Peacekeeping Activities
- $1,194 million for Contributions for International Organizations
- $1,034 million for Foreign Information and Exchange Activities, and
- $167 million for International Financial Programs

- The Mark provides $1.5 billion for the Millennium Challenge Corporation (MCC) in 2005. Congress provided $1 billion for the MCC in 2004, and the President requested $2.5 billion for the MCC in 2005. Many details and procedures remain to be worked out before the disbursement of previously provided funds can commence. The State Department expects to identify candidate countries and begin receiving proposals later this year with first disbursements not expected until late summer. The Chairman believes it would be best to first establish operating procedures and a solid track record for this new government corporation before scaling up the program as rapidly as in the President's request.

- The Mark provides none of the $100 million requested for an Emergency Fund for Complex Foreign Crises. In the last two years the Administration has requested similar authority and funding four times. Congress did not act on any of these requests. As Congress did not provide funds when previously requested, the Chairman's Mark does not include the requested funds.

<u>Mandatory</u>

The Chairman's mark assumes no mandatory increases or decreases in this function.

FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY
FY2005 BUDGET RESOLUTION

General science and basic research
Space flight, research, and supporting activities

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	23.4	23.7	25.4	26.3	26.5	26.5
Outlays	22.3	23.2	24.9	25.6	25.9	26.1

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $23.6 billion in BA and $23.0 billion in outlays for 2005. This represents an increase of $310 million in BA and $820 million in outlays from the 2004 level. The Mark includes the following specific assumptions:

- For NASA, $15.6 billion, a 1.4-percent increase over 2004. While the Mark supports the President's vision for exploration and discovery, the current budget situation necessitates slower implementation. The resolution assumes fully funding the President's request for NASA in 2006 and beyond.

- For the Department of Energy Office of Science, the Mark rejects the President's requested cut, and instead assumes an additional $38 million (1.1 percent) above the 2004 level.

FUNCTION 270: ENERGY
FY2005 BUDGET RESOLUTION

Energy supply
Energy conservation
Emergency energy preparedness
Energy information, policy, and regulation

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	2.4	2.8	2.8	2.8	2.5	2.1
Outlays	0.1	1.2	1.7	1.2	0.6	0.7

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $3.7 billion in BA and $3.8 billion in outlays for 2005. This represents an increase of $0.1 billion in BA and $0.5 billion in outlays from the 2004 level. The Chairman's Mark includes the following specific assumptions:

- The Chairman's Mark includes $1 billion for non-defense Environmental Management, which is $86 million more than last year. There is also $7.0 billion for Defense Environmental Management, which is the same as the President's request and $365 million more than last year in function 050. This Mark does not assume that any of this funding will be delayed until legal uncertainties regarding high level nuclear waste are resolved.

- The Mark does not assume the President's cuts to Fossil Energy Research and Development, and instead funds the program at $673 million which is the same as last year.

- The Mark assumes $834 million for Energy supply which is the same as the President's request and $81 million more than last year's level.

Mandatory

- The Chairman's Mark includes a reserve fund for an energy bill totaling $261 million in FY 2005, $1.5 billion over 5 years and $1 billion over 10 years. This includes provisions dealing with renewable energy, oil and gas, coal, electricity, energy tax incentives, and ethanol.

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT
FY2005 BUDGET RESOLUTION

Water resources
Conservation and land management
Recreational resources
Pollution control and abatement
Other natural resources

CHAIRMAN'S MARK

($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	32.3	32.8	32.8	32.7	32.7	33.5
Outlays	30.5	30.9	32.9	33.0	32.8	33.4

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $30.0 billion in BA and $29.2 billion in outlays for 2005. This represents a decrease of $0.3 billion in BA and $0.5 billion in outlays from the 2004 level. The Chairman's Mark includes the following specific assumptions:

- The Mark does not accept the Administration's cuts to the Corps of Engineers and instead assumes $4.4 billion, which is the same level of funding as last year. This includes $1.4 billion for operation and maintenance and $1.6 billion for construction.

- The Mark assumes $8.6 billion for the Environmental Protection Agency. This includes $4 billion for State and Tribal Assistance Grants, which is the same as last year, plus an additional $65 million for the new clean school bus program. This level also includes the President's request of $1.4 billion for Superfund, which is an increase of $138 million or 11 percent from last year.

- The Chairman's Mark assumes $907 million for fire suppression within the Forest Service and Department of the Interior. This is the same as the President's request and $117 million more than was spent last year after adjusting emergency funding out of the 2004 level. In addition, the Mark includes language that will allow up to $500 million in additional funds for wildfire suppression to be appropriated without penalty if the 10-year average is appropriated in the Interior Appropriations bill. In addition the Chairman supports the establishment of cost containment measures for fire suppression.

- The Mark does not accept the Administration's cuts to State and Private Forestry, and instead assumes $429 million, the same level of funding as last year. The Committee recognizes the important role that these programs play in order to implement cooperative forestry across federal, state and private lands.

- The Committee supports continued funding of programs within the expired Conservation Spending Caps.

- The Mark assumes $100 million for Pacific Coastal Salmon Recovery. This is an $11 million increase over last year's level and the same as the President's request.

- The Mark assumes that $410 million from mandatory Farm Bill conservation programs will be used as discretionary offsets in 2005.

Mandatory

- The Chairman's Mark assumes the President's proposal allowing the Park Service to change rental payments to the city of San Francisco for the Hetch Hetchy Dam in Yosemite National Park.

- The Mark assumes a technical correction to the baseline that will allow technical assistance for the Conservation Reserve Program and the Wetlands Reserve Program to come out of mandatory Agriculture funds as was intended in 2002 Farm Bill.

FUNCTION 350: AGRICULTURE
FY2005 BUDGET RESOLUTION

Farm income stabilization
Agricultural research and services

CHAIRMAN'S MARK

($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	20.2	21.9	24.1	25.0	24.9	25.8
Outlays	18.8	21.1	22.9	23.8	23.7	24.9

<u>Discretionary</u>

The Chairman's Mark assumes discretionary spending in this function would total $5.4 billion in BA and $5.6 billion in outlays for 2005. This represents a decrease of $0.2 billion in BA and $0.1 billion in outlays from the 2004 level. The Chairman's Mark includes the following specific assumptions:

- The Chairman's Mark assumes an increase of $294 million in budget authority from last year's level for activities related to homeland security, a 94-percent increase over last year. This includes a $115 million increase for the Agriculture Research Service to provide for the acceleration of the completion of the animal research lab in Ames, Iowa.

- The Mark assumes an increase of $85 million over last year for activities to respond to the discovery of Bovine Spongiform Encephalopathy (BSE) in the United States and Canada. Of this increase, $50 million is in this function for the Animal and Plant Health Inspection Service. The remaining $35 million increase is for the Food Safety Inspection Service and appears in function 550.

- The Mark assumes $105 million for PL 480 Title I funding. This is the same as last year, but $15 million over the President's request.

- The Mark did not accept any of the Administration's proposed user fees for this function.

- The Mark assumes $260 million in discretionary savings by blocking funding for the Initiative for Future Agriculture and Food Systems. This proposal was enacted in the 2004 Agriculture Appropriations Bill.

Mandatory

The Chairman's Mark assumes no mandatory increases or decreases in this function.

FUNCTION 370: COMMERCE AND HOUSING CREDIT
FY2005 BUDGET RESOLUTION

Mortgage credit
Postal Service
Deposit insurance
Other advancement of commerce

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	14.7	5.6	5.2	6.2	6.0	6.3
Outlays	10.3	0.8	-0.2	0.5	-0.8	-0.7

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total -$1.9 billion in BA and -$0.6 billion in outlays for 2005 (several activities in this function are funded by offsetting collections that exceed the level of spending). The Chairman's Mark includes the following specific assumptions:

- All the President's requested increases for conducting the decennial census (45 percent), for strengthening the Securities and Exchange Commission (12.4 percent), and for making homeland security investments in the Department of Commerce (4.6 percent).

- The President's budget proposes to eliminate the Advanced Technology Program (ATP) in the Department of Commerce because private investors are better able than the federal government to decide which research efforts should be funded. The U.S. venture capital markets are the best developed in the world, do an effective job of funding new ideas, and focus on many of the same research areas as the ATP. Venture capital funds have grown enormously since the ATP was conceived. Therefore, this proposal is reflected in the Chairman's Mark.

- The President's budget proposes to terminate payments of tariffs (collected under antidumping or countervailing duty orders) over to affected industries. Before 2001, these tariffs were deposited in and retained by the Treasury. Since then, the tariffs have become mandatory payments, which the World Trade Organization ruled as breaking international trade agreements. This proposal is assumed in the Mark, saving $1.45 billion in budget authority in 2005.

Mandatory

The Chairman's Mark assumes no mandatory increases or decreases in this function.

FUNCTION 400: TRANSPORTATION
FY2005 BUDGET RESOLUTION

Ground transportation
Air transportation
Water transportation
Other transportation

CHAIRMAN'S MARK

($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	69.2	70.0	70.9	71.4	71.8	72.2
Outlays	65.7	68.4	71.0	72.2	72.6	72.6

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $23.8 billion in BA and $66.2 billion in outlays for 2005. This represents an increase of $0.1 billion in BA and $2.3 billion in outlays from the 2004 level.

- The Chairman's Mark reflects the President's full request for the homeland security activities in this function (a 13.2-percent increase over 2004).

Mandatory

- Last month, the Senate passed a surface transportation bill for highways and transit (S. 1072 – SAFETEA). That bill exceeded the level allowed by the FY2004 Budget Resolution by $36 billion in contract authority over 2004-2009. In addition, the bill would increase the deficit by spending a net of $29 billion (over the next six years) more than the highway trust fund revenues that would be collected under current law. The Administration has informed Congress that the President would veto S. 1072 as passed by the Senate. In light of this unequivocal veto threat, the Chairman's Mark reflects the President's request for surface transportation contract authority (with related outlays on the discretionary side of the budget) for the next five years, as it is more likely to be enacted into law. As in the 2004 Budget Resolution, the Chairman's Mark includes a mechanism by which these initial levels could be increased if legislation is considered by the Senate that would levy and deposit net new transportation user fee revenues (which are not already being collected by the federal government under current law) into the Highway Trust Fund.

- The President's proposal for the transportation reauthorization bill is $256 billion (in terms of the figures usually discussed, this includes both contract authority as well as an authorization of $8 billion in discretionary budget authority for transit programs for 2004-2009). This is a 17-percent increase over the levels enacted in the previous authorization bill (TEA-21), which was $218 billion for 1998-2003. In contrast, S. 1072 totals at least $318 billion (including discretionary budget authority for transit), which is a 46-percent increase over TEA-21 and is 24 percent more than the President's request.

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT
FY2005 BUDGET RESOLUTION

Community development
Area and regional development
Disaster relief and insurance

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	16.7	13.6	13.4	13.6	13.7	13.9
Outlays	16.7	14.9	15.0	14.1	13.6	13.7

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $13.2 billion in BA and $15.2 billion in outlays for 2005, a decrease of $2.4 billion in BA and $1.0 billion in outlays from the 2004 level. The Chairman's Mark includes the following specific assumptions:

- For the Office of Domestic Preparedness, the Chairman's Mark fully supports the President's proposal for first responders and assumes $3.6 billion to ensure that they are properly trained and equipped. This includes $500 million for assistance to firefighters and $500 million for state and local law enforcement antiterrorism activities. Since 2001, Congress has appropriated close to $15 billion (or $20 billion if programs outside the Department of Homeland Security are included) for state and local first responders. The Chairman notes with concern reports about misuse of money provided to states and localities under this program and supports policies to ensure these funds are being properly spent.

- The Chairman's Mark assumes $3.0 billion in 2005 for disaster relief activities. This level is consistent with the average annual cost of (non-terrorist) disaster events over the past five years. This includes $2.2 billion in new BA, as well as money left over from prior years. This $2.2 billion in new money represents an increase of $384 million, or 21.7 percent, over the 2004 level.

- The Chairman's Mark supports the pre-disaster mitigation grant program that helps communities prevent, rather than react to, disasters. The Mark assumes $169 million for the program, an amount equal to last year's level.

- The Chairman's Mark assumes continuation of the Community Development Block Grant Program (CDBG), but proposes to target CDBG entitlement grants to lower income communities.

Mandatory

- The views and estimates letter from the Chairman of the Senate Banking Committee signals the Committee's intent to focus on addressing repetitive loss properties under the National Flood Insurance Program (NFIP). The Chairman's Mark assumes a savings proposal that would deny federal flood insurance for certain repeatedly flooded properties. Under the proposal, the savings would be $90 million in 2005, $960 million over 5 years, and $2.5 billion over 10 years. The NFIP currently insures roughly 45,000 repeatedly flooded properties, representing about 1 percent of all policies in force but accounting for a much larger share of annual flood losses.

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES
FY2005 BUDGET RESOLUTION

Elementary, secondary, and vocational education
Higher education
Research and general education aids
Training and employment
Other labor services
Social services

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	89.5	97.6	95.2	95.5	95.8	96.1
Outlays	86.5	88.3	92.8	93.6	94.2	94.6

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $81.1 billion in BA and $77.2 billion in outlays for 2005. This represents an increase of $3.1 billion (3.9 percent) in BA and $0.2 billion in outlays from the 2004 level. The Mark includes the following specific assumptions:

- Consistent with the President's proposals, the increases assumed in the Chairman's Mark would bring our Nation's overall investment in elementary and secondary education to nearly $500 billion, surpassing spending on our national defense and exceeding per-pupil education spending of every other nation except Switzerland.

- The budget includes $13.3 billion in 2005 for Title I grants to Local Education Agencies (LEAs) - the largest component of the No Child Left Behind Act. The $1.0 billion (8.1 percent) increase over 2004 would fund services to disadvantaged students and improvements for low-performing schools. At this level, funding for Title I grants would be $4.6 billion (52 percent) greater than in 2001.

- The Chairman's Mark would increase funding for Part B Grants to States for individuals with disabilities by $1.0 billion in each of the next two years. This marks the fourth consecutive $1.0 billion increase, which cumulatively have raised the Federal share of average per pupil expenditures to nearly 20 percent, the highest level of Federal support ever provided to disabled children. With 2005 funding at $11.1 billion, funding for Part B Grants would reflect an increase of $4.7 billion (75 percent) since 2001.

- The Chairman's Mark does not incorporate any of the President's program terminations. However, we support the President's effort to eliminate duplicative and unproductive programs and encourage the Appropriations Committees to carefully examine these proposals to maximize efficient use of taxpayer dollars during this challenging budget cycle.

- For Pell Grants, the Chairman's Mark assumes a $0.8 billion increase, which matches the President's request of $12.8 billion in order to fully fund a $4,050 maximum award. The Mark also incorporates a scoring rule, (somewhat similar to the President's proposal) to equalize the scoring treatment of budget authority and outlays for the Pell Grant program.

- Currently, the administrative expenses of the Federal Direct Student Loan Program receive a permanent mandatory appropriation. No other federal credit program has such a mandatory appropriation for administrative expenses. Instead, they are subject to annual review by the Appropriations committee. The Chairman's Mark, consistent with the President's proposal, assumes shifting the $795 million in mandatory spending for these administrative expenses (Sec. 458) to an annual discretionary appropriation.

Mandatory

- The Chairman's Mark provides a reserve fund to facilitate consideration of the Higher Education Reauthorization. This fund provides the Health, Education, Labor and Pensions (HELP) Committee with $5.0 billion through 2009. These funds may be used to increase student loan limits, reduce borrower origination fees or maintain the existing variable rate interest structure for Stafford loans after 2006. In addition, $3.7 billion in BA only is provided to eliminate the current Pell Grant shortfall. In recent years, this shortfall has grown dramatically due to insufficient appropriations. The program may not continue to be financially viable unless this shortfall is addressed.

FUNCTION 550: HEALTH
FY2005 BUDGET RESOLUTION

Medicaid/SCHIP
National Institutes of Health
Health Resources and Services
Centers for Disease Control and Prevention

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	241.8	250.6	254.7	268.0	286.8	307.9
Outlays	239.6	246.1	255.6	267.8	286.5	305.5

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $53.4 billion in BA and $48.7 billion in outlays for 2005. This represents an increase of $1.6 billion in BA and a decrease of $0.6 billion in outlays from the 2004 level. The Chairman's Mark includes the following specific assumptions:

- The Omnibus Appropriations Bill of 2003 completed the planned five-year doubling of the NIH budget from $13.7 billion in 1998 to $27.1 billion in 2003. The Chairman's Mark includes an additional increase in 2005, bringing the total NIH funding to $28.7 billion. The Mark assumes $1.7 billion for NIH biodefense efforts, an increase of 7.4 percent over 2004.

- The Chairman's Mark also assumes a $35 million increase in food safety and inspections at USDA. These funds will help USDA detect and prevent BSE (mad cow disease) as well as help detect bioterrrorism.

- The Chairman's Mark also includes two one-year changes in Medicaid to offset 2005 discretionary spending. The first is a reduction in the federal medical assistance percentage (FMAP) for information systems from a 90-percent to 75-percent federal share. The second is a reduction in federal reimbursement for the administrative costs of Medicaid to reflect the share assumed in the Temporary Assistance to Needy Families (TANF) block grant and prohibit states from using TANF funds to pay those costs in 2005.

Mandatory

- The Chairman's Mark provides for a one-year extension of the QI1 program, under which Medicaid pays the Medicare Part B premium for low-income beneficiaries.

- The Chairman's Mark recognizes that the Temporary Assistance for Needy Families (TANF) reauthorization is likely this year, and that the reauthorization will be paid for with spending reductions and not increase the deficit.

- The Chairman also notes that there is great potential for savings in the Medicaid program due to waste and abuse in the system. The Chairman's Mark includes reconciliation instructions for the Finance Committee to report legislation that reduces mandatory spending. That legislation may include policies achieving savings in Medicaid or other programs.

FUNCTION 570: MEDICARE
FY2005 BUDGET RESOLUTION

Medicare

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	269.6	287.5	322.5	362.0	386.8	412.9
Outlays	268.8	288.7	322.0	362.3	386.8	412.5

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $3.7 billion in BA and $3.7 billion in outlays for 2005. This represents a decrease of $0.2 billion in BA and $0.1 billion in outlays from the 2004 level. The Chairman's Mark includes the following specific assumptions:

- The Chairman's Mark assumes three relatively minor changes proposed by the President to offset discretionary spending. These are user fees relating to claims, a change to the Medicare secondary payer (MSP), and a change in durable medical equipment. These proposals save approximately $1 billion over the next five years.

FUNCTION 600: INCOME SECURITY
FY2005 BUDGET RESOLUTION

General retirement and disability insurance
Federal employee retirement and disability
Unemployment compensation
Housing assistance
Food and nutrition assistance
Other income security

CHAIRMAN'S MARK

($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	329.2	337.7	343.1	348.0	361.4	371.2
Outlays	336.0	341.9	346.5	350.6	363.4	372.7

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $46.4 billion in BA and $51.4 billion in outlays for 2005. This represents an increase of $1.8 billion in BA and $1.7 billion in outlays from the 2004 level. The Chairman's Mark includes the following specific assumptions:

- The Chairman's Mark incorporates the President's funding proposal for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). The mark provides $4.8 billion in 2005, an increase of $175 million from 2004, or 3.8 percent.

- The Chairman's Mark assumes the President's funding level for the Low Income Home Energy Assistance Program (LIHEAP). The Mark assumes $2 billion in 2005, a $112 million (6 percent) increase.

- The Chairman's Mark assumes the President's proposed funding level of $2.1 billion for discretionary payments to the States for the Child Care Development and Block Grant Program. This represents a $13 million increase from 2004.

- Under the Chairman's Mark, sufficient budget authority and outlays are provided to renew all utilized section 8 housing contracts. The Mark does not reflect the Administration's block grant proposal (consistent with Congressional action in 2004 appropriations on a similar proposal in 2004 budget request). The Chairman's Mark assumes the President's proposal to discontinue remaining funding in 2004 for revitalization of severely distressed public housing (HOPE VI) because the program has achieved its goal of demolishing 100,000 severely distressed public housing units by 2003.

Mandatory

- The Chairman's Mark recognizes that TANF reauthorization is likely this year, and that the reauthorization will be paid for with spending cuts and not increase the deficit.

- The Chairman's Mark also assumes aspects of the President's proposal to enhance Child Support Enforcement collections. These efforts will increase collections and direct more of the support collected to children and families.

- The Chairman's Mark recognizes that the Child Nutrition program is likely to be reauthorized this year, and assumes $11.7 billion for these programs in 2005. This represents an increase of $464 million, or 4 percent. The Chairman's Mark also assumes $232 million over 2005 – 2009 for the continued cost of excluding certain military housing allowances from income when determining eligibility for free and reduced-price school meals, and allowing for-profit child care centers to participate in the Child and Adult Care Food Program (CACFP).

- The Chairman's Mark assumes the President's proposal for an administrative fee for non-TANF child support collections of at least $500, saving $199 million over 5 years.

- The Chairman's Mark assumes the President's funding level of $28.3 billion for the Food Stamp program in 2005, a $36 million increase.

- The Chairman's Mark incorporates the Administration's plan to change the Federal Employee Compensation (FECA) benefit structure and reform proposal.

- The Chairman's Mark assumes $18 billion in additional outlays (over five years) that are related to the President's proposal to extend the $1,000 child credit and marriage penalty relief.

- The Mark assumes savings from reform of the Earned Income Credit (EIC). The cost of the EIC has skyrocketed in recent years due to program expansions, fraud, and errors, with total program costs growing from $6.6 billion in 1990 to nearly $36 billion in 2003. IRS and GAO estimate that over-claim rates on 1999 tax returns were about 30 percent. The Finance Committee is reconciled to reduce outlays over five years, which could be accomplished by repealing the childless benefit or requiring more recipients to receive the benefits in their paychecks.

FUNCTION 650: SOCIAL SECURITY
FY2005 BUDGET RESOLUTION

CHAIRMAN'S MARK

($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	498.2	518.9	540.0	565.3	593.4	625.3
Outlays	496.6	517.2	537.8	562.9	590.8	622.4

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $4.2 billion in BA and $4.3 billion in outlays for 2005. This represents an increase of 2.8 percent or $0.1 billion in BA.

Mandatory

- The Mark assumes the President's proposal to close an existing loophole which allows former state and local employees to receive their public pension and Social Security benefits even though they did not pay Social Security taxes. The Mark assumes the President's proposal to improve the reporting of non-covered pension income through pension administrators for state and local pensions sharing information with the Social Security Administration.

FUNCTION 700: VETERANS BENEFITS AND SERVICES
FY2005 BUDGET RESOLUTION

Income security for veterans
Veteran's education, training and rehabilitation
Hospital and medical care for veterans
Veterans housing
Other veteran's benefits and services

CHAIRMAN'S MARK

($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	61.4	70.3	68.1	66.1	69.2	69.8
Outlays	60.1	69.0	67.5	65.7	69.0	69.6

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $30.4 billion in BA and $29.5 billion in outlays for 2005. This represents an increase of 4 percent or $1.2 billion in BA and 5.3 percent or $1.5 billion in outlays from the 2004 level. The Chairman's Mark includes the following specific assumptions:

- The Chairman's Mark proposes $29.1 billion in total funding for VA medical programs**.** This includes $27.1 billion in budget authority and $2 billion in offsetting collections from the Medical Care Collections Fund (MCCF). This is an increase of 5 percent percent, or $1.4 billion, over the 2004 enacted level. VA Medical Care spending has grown by 100 percent since 1993 and 42 percent since 2001.

- The Chairman's Mark does not include the President's reduction in Medical and Prosthetic Research.

- The Chairman's Mark does not assume the President's proposal to establish a new $250 enrollment fee for priority level 7 and 8 veterans or to increase the insurance and prescription drug co-payments for Priority 7 and 8 veterans from $7 to $15.

Mandatory

- The Chairman's Mark assumes a 1.3-percent cost of living adjustment for Compensation benefits that is due in 2005 under current law. After the adjustment, total mandatory spending in this function is projected to be $39.8 billion in 2005, an increase of 23.6 percent or $7.6 billion over the 2004 enacted level. Mandatory spending includes funding for Veterans Compensation, Pensions, insurance funds and readjustment programs.

- The Chairman's Mark assumes the President's proposal to restore the original interpretation of section 1110 of title 38 of the U.S. Code. This section prohibits veterans from receiving disability compensation for alcohol or drug abuse which arises secondarily from a service connected disability. In February 2001 the U.S. Court of Appeals decided that section 1110 did not preclude compensation for alcohol or drug abuse arising secondarily from a service-connected disability. If this legislation were enacted it would save $9 million in 2005 and $95 million over the 2005 – 2009 period.

FUNCTION 750: ADMINISTRATION OF JUSTICE
FY2005 BUDGET RESOLUTION

Federal law enforcement activities
Federal litigative and judicial activities
Federal correctional activities
Criminal justice assistance

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	41.2	41.2	39.5	40.1	40.9	41.2
Outlays	39.6	40.6	40.2	40.3	40.8	41.2

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $37.0 billion in BA and $36.9 billion in outlays for 2005, a decrease of $0.2 billion in BA and an increase of $1.4 billion in outlays from the 2004 level. The Chairman's Mark includes the following specific assumptions:

- The Chairman's Mark assumes a total of $4.6 billion in this function for the Federal Bureau of Investigation (FBI), an increase of $519 million or 12.8 percent over the 2004 level. Another $495 million is assumed for the FBI in the defense function of the federal budget. Overall, the budget for the FBI is $5.1 billion. The Mark concurs with the President's proposal to dramatically increase the agency's funding in order to fulfill the FBI's primary mission of preventing further terrorist attacks in America. A large portion of the funding increases will go to improve the FBI's intelligence capabilities, counterterrorism investigations, and combating cybercrime.

- The Chairman's Mark includes $1.7 billion for a restructured account entitled Justice Assistance. The Mark concurs with the President's proposal to consolidate many duplicative grant programs within the Department of Justice in order to achieve better effectiveness. Programs from the State and Local Law Enforcement Assistance account, the Juvenile Justice account, and the Community Oriented Policing Services (COPS) account are combined under Justice Assistance in the Chairman's Mark. Some highlights of this new Justice Assistance account include a $509 million Justice Assistance Grant Program, the $176 million DNA Initiative, the Southwest Border Prosecution Initiative, and funding for bulletproof vests.

- For the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Chairman's Mark assumes a level of $868 million, which represents an increase of $41 million or 5 percent above the 2004 level.

- The Chairman's Mark assumes $4.6 billion for the salaries and expenses of the Bureau of Customs and Border Protection (CBP), an increase of $207 million or 4.7 percent above the 2004 level. The increase in funding will enhance border patrol surveillance and technology, continue the Container Security Initiative, and support the purchase of radiation detection equipment.

Mandatory

- The Chairman's Mark assumes the extension of two types of Customs User Fees, yielding $784 million in 2005, $7.6 billion over 5 years, and $18.6 billion over 10 years.

FUNCTION 800: GENERAL GOVERNMENT
FY2005 BUDGET RESOLUTION

Legislative functions
Executive direction and management
Central fiscal operations
General property and records management
Central personnel management
General purpose fiscal assistance
Other general government
Deductions for offsetting receipts

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	23.9	17.5	17.6	17.8	17.3	17.4
Outlays	24.7	17.5	17.4	17.5	17.1	17.0

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total $15.8 billion in BA and $15.8 billion in outlays for 2005. The Chairman's Mark includes the following specific assumptions:

- The Chairman's Mark assumes that $1.4 billion provided for election reform programs in 2004 is not continued in the budget. To date, appropriations for election reform are essentially at the level projected by the authorizing bill, totaling just over $3.0 billion. The disbursement of these funds has been significantly delayed while awaiting the formation of the Election Assistance Commission (EAC), which is responsible for the oversight and disbursement of the federal grants to the states. The EAC was formed earlier this year and it is attempting to distribute these funds before the fall elections. The Mark does assume

$40 million for the Election Assistance Commission.

Mandatory

- Under current law, there is a significant drop in mandatory spending from 2004 to 2005. This decrease is due to $5.0 billion in state assistance provided as one-time funds for 2004 by the Jobs and Growth Tax Relief and Reconciliation Act of 2003.

- The Chairman's Mark assumes an adjustment to the current fee structure for the National Indian Gaming Commission, which regulates and monitors gaming operations on Indian lands. Since 1998, the Commission has been prevented from collecting additional annual fees from gaming operations to cover the costs of its oversight responsibilities. The assumed restructuring of fees would allow the Commission to adjust its activities to the growth in the Indian gaming industry.

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS
FY2005 BUDGET RESOLUTION

Employer share, employee retirement (on-budget)
Employer share, employee retirement (off-budget)
Rents and royalties on the Outer Continental Shelf
Sale of major assets
Other undistributed offsetting receipts

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	-58.5	-63.9	-71.9	-75.2	-77.2	-77.4
Outlays	-58.5	-63.9	-71.9	-75.2	-77.2	-77.4

Mandatory

- The Chairman's mark assumes the President's proposal to extend the authority of the Federal Communications Commission to auction spectrum, which would otherwise expire at the end of 2007.

DEBT LEVELS
FY2005 BUDGET RESOLUTION

Gross federal debt (and the associated debt subject to limit) is comprised of debt issued to government accounts as well as debt held by the public. Debt held by the public is issued by the government to raise cash, and is the most meaningful measure of debt in terms of its relationship to the economy. Debt held by government accounts reflects one part of the government borrowing from another part, and involves no cash transactions with the public. It is used to track money flows relating to specific trust fund programs, such as, Social Security.

Debt held by the public reached 109 percent of GDP during the heavy borrowing time of World War II, and it took nearly another two decades before debt held by the public fell to its post-war average of 41.5 percent of GDP.

CHAIRMAN'S MARK
($ Billions)

	2004	2005	2006	2007	2008	2009
Debt Held by the Public	4385.3	4736.5	5002.0	5238.4	5469.3	5684.6
Debt Subject to Limit	7435.7	8048.1	8617.1	9169.9	9732.8	10296.7

Under the Chairman's Mark, debt held by the public rises to $5,684.6 billion in 2009, or 39 percent of GDP, below the post-war average. Debt subject to limit, a broader measure of debt (which includes debt held by government accounts), is projected to be $7,435.7 billion at the end of 2004. The current statutory debt limit is $7,384 billion; the statutory limit may therefore have to be increased sometime before the end of this fiscal year. The Chairman's Mark includes reconciliation instructions to the Finance Committee to report legislation to increase the statutory debt limit by $664.13 billion, an amount projected to be sufficient to carry the federal government through 2005.

ENFORCEMENT
FY2005 BUDGET RESOLUTION

The Chairman's Mark provides for a number of enforcement mechanisms and special rules for the consideration of legislation.

Title III: Reserve Funds and Adjustments

In general, a reserve fund (or discretionary adjustment) permits the Chairman of the Committee on the Budget to increase the section 302 allocation and other appropriate levels set out in this resolution (including, in some cases, the discretionary spending limits) once certain conditions have been met. The authority to make these adjustments is solely within the discretion of the Chairman and may be made when the committee of jurisdiction reports a measure that satisfies all the conditions set out in the reserve fund.

Subtitle A: Reserve funds

Section 301: Reserve fund for health insurance for the uninsured

The Chairman's Mark provides a deficit neutral reserve fund for the period of fiscal years 2005 through 2009 for legislation that addresses access to health care services and health insurance for the uninsured. The Chairman of the Committee on the Budget may adjust the applicable allocations and aggregates to accommodate this legislation so long as the total cost of the legislation does not increase the deficit for FY 2005 or for the sum of FY 2005 through 2009. The adjustment may be made only if the Committee on Finance or the Committee on Health, Education, Labor and Pensions reports a bill that provides health insurance for the uninsured (including a measure providing for tax deductions for the purchase of health insurance or other measures) or that increases access to health insurance through lowering costs - -provided that any such measure does not increase the costs of current health insurance coverage.

Section 302: Reserve fund for higher education

The Chairman's Mark provides additional resources to the Committee on Health, Education, Labor and Pensions for reauthorization of the Higher Education Act. The mechanism will make available an additional $1 billion for fiscal year 2005 and $5 billion for fiscal years 2005 through 2009 for reauthorization of the Higher Education Act of 1965. This section also makes available an additional $3.7 billion for FY 2005 in budget authority only in order to permit the authorizing committee to rectify an accumulated short fall in the federal Pell Grant account.

Section 303: Reserve fund for energy legislation

The Chairman's Mark provides a mechanism to make additional resources available for a measure that sets out a national energy policy (including a bill, joint resolution, amendment, motion, or conference report), which is predominately within the jurisdiction of the Committee on Energy and Natural Resources. Such measure may also include revenue reductions. Unlike most reserve funds, this one is not dependent upon the committee of jurisdiction reporting new legislation. Section 303 is intended to facilitate the consideration of S. 2095, the Energy Policy Act, or a similar measure in any number of different procedural situations.

Regardless of the procedural posture in which such a measure comes before the Senate, the Chairman of the Committee on the Budget may make adjustments to committee allocations and relevant budgetary aggregates provided that the cost of the measure does not exceed $261 million in new budget authority and $221 million in outlays for FY 2005 and $1.5 billion in new budget authority and $1.5 billion in outlays for FY 2005 through 2009 and the revenue reductions do not exceed $1.8 billion for FY 2005 and $15.1 billion for FY 2005 through 2009. Note that these revenue reductions are assumed in the Chairman's Mark and thus section 303 does not provide any authority for changing the revenue aggregate. Rather, it makes the maximum revenue reduction a condition of making the spending related adjustments.

Subtitle B: Adjustments with respect to discretionary spending

Section 311: Adjustment for surface transportation

The Chairman's Mark provides a mechanism (reinforcing the intent of a comparable mechanism in the 2004 Budget Resolution) to make additional contract authority and outlay allocations available to the relevant committees for highway and transit programs for the reauthorization of and appropriation for surface transportation programs, provided that the reauthorization (by virtue of a title reported by the Committee on Finance) makes available new net resources for the highway trust fund that offset the resulting outlays – without increasing the deficit.

Section 312: Adjustment for supplemental appropriations for activities in Afghanistan and Iraq

The Chairman's Mark provides a mechanism to make available to the Committee on Appropriations additional resources for supplemental appropriations for military activities in Iraq and Afghanistan. This mechanism requires that the President transmit a budget request for such funds and limits the adjustment to $30 billion in new budget authority for FY 2005 or the President's request – whichever is lower. This mechanism is intended to accommodate incremental expenditures associated with ongoing military operations in Iraq and Afghanistan.

Section 313: Adjustment for emergency fire suppression activities

The Chairman's Mark provides a mechanism to make available up to $500 million per year in additional resources to the Committee on Appropriations for supplemental appropriations for fire suppression activities for FY 2004 through 2006. Such additional resources will only be made available if the regular appropriation for that year has been enacted and is not less than the 10-year average for those accounts and the severity of the fire season necessitates providing additional funding in a timely manner.

The Mark permits the Chairman of the Committee on the Budget to adjust the discretionary spending limits, the committee allocation and other appropriate budgetary aggregates by not more than $400 million each year for FY 2005 and 2006 for the Forest Service and not more than $100 million each year for FY 2005 and 2006 for the Department of the Interior. With respect to FY 2004, the 10-year average has already been appropriated in the regular 2004 appropriations bills. If additional resources are required for fire suppression in FY 2004, rather than making an adjustment to the FY 2004 levels, the Chairman has the authority to hold harmless a measure that provides up to $400 million for the Forest Service and up to $100 million for the Department of the Interior for fire suppression activities.

These funds can be made available on any appropriations bill, amendment, joint resolution or conference report, and are only available for fire suppression. The Chairman's Mark anticipates that the Forest Service and Department of Interior will work with Congress to develop cost containment measures for fire suppression operation and encourages the Forest Service and Department of the Interior to report to Congress how the funds above the 10-year average were used.

Title IV: Budget Enforcement

Section 401: Restriction on advance appropriations in the Senate

The Chairman's Mark once again includes language limiting the use of advance appropriations. This restriction was first included in the FY 2001 budget resolution and was included and revised in the FY 2002 and FY 2004 resolutions as well. The Chairman's Mark continues to limit advance appropriations to an annual limit of $23.158 billion with respect to both the FY 2005 and 2006 appropriations bills and to those programs that are listed in the statement of managers accompanying the conference report on the budget resolution. The Mark also continues the exception for advances with respect to the Corporation for Public Broadcasting.

The list of permissible advances in the respective appropriations bill is as follows:

Accounts Identified for Advance Appropriations

Interior
Elk Hills

Labor, HHS
Corporation for Public Broadcasting
Employment and Training Administration
Education for the Disadvantaged
School Improvement
Children and Family Services (Head Start)
Special Education
Vocational and Adult Education

Transportation, Treasury
Payment to Postal Service

Veterans, HUD
Section 8 Renewals

Section 402: Emergency Legislation

Section 402 of the Chairman's Mark is virtually identical to section 502(c) of the 2004 resolution, which sets out the Senate's rule with respect to emergency legislation. Subsection (a) states the general purpose for the rule and subsection (b) sets out the rule as it is applied in the House of Representatives and thus is appropriately not addressed in the Chairman's Mark. The only change to the current Senate rule in subsection (c) is of a technical nature and makes clear that the adjustment authority provided in this section is applicable to all budget resolutions, not just the 2004 resolution. The following is a review of the history of this provision.

In general, the Senate's emergency rule addresses two issues with respect to emergency spending: the ability to designate spending as an emergency and the restatement of the Senate point of order with respect to the use of that designation.

The authority to designate spending as an "emergency" existed as a part of the statutory discretionary spending limits and the pay-as-you-go rules set out in sections 251 and 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. The purpose of the designation was to create a “safety valve” for unexpected, emergency expenditures with respect to sequestration, which served as the enforcement mechanism for the caps and PAYGO. With the expiration of section 251 on September 30, 2002 and the de facto expiration of section 252 (by virtue of setting the scorecard to zero for all fiscal years), section 502 of the 2004 resolution reestablishes the authority of the Senate to designate spending and revenue changes as an emergency. In doing so, the resolution codifies the criteria used in the definition of an emergency and requires committee reports and statements of managers to justify the use of emergency designations using these criteria. The criteria are as set out in subsection (c)(3)(B).

If an item of discretionary spending is accompanied by an emergency designation, the discretionary spending limit and the allocation to the Committee on Appropriations (as well as all other levels in the most recently adopted budget resolution) will be held harmless for the costs associated with that spending. If a revenue reduction or mandatory spending increase is accompanied by an emergency designation, then the committee allocation and the Senate’s pay-go scorecard will also be held harmless accordingly (again, as well as all other appropriate levels in the resolution).

Section 402 of the Chairman’s Mark restates (with a technical correction) the Senate’s emergency designation point of order. This point of order was first included in the FY 2000 budget resolution. This point of order allows any member to question the use of an emergency designation while the bill, amendment or conference report containing the designation is before the Senate (except for defense appropriations). Once the point of order is made, it requires 60-votes to waive the point of order and keep the designation. If the motion to waive is not successful, the designation would be removed from the measure and the spending item would remain and in all likelihood making the bill (or amendment) subject to a Budget Act point of order, which would also require 60-votes to overcome. The removal of the designation is accomplished by the same method as provided for in the Byrd Rule (section 313 of the Congressional Budget Act of 1974).

Section 403: Discretionary spending limits in the Senate

Section 504 of the 2004 budget resolution set out discretionary spending limits for fiscal years 2003, 2004, and 2005. These limits are enforced in the Senate with a 60-vote point of order. The limits set out with respect to fiscal year 2005 are applicable to this Chairman’s Mark. Therefore, as is evident in the text of the Mark, the limits in the Mark comply with this requirement.

It is the intention of the Chairman that the Committee-Reported Resolution will similarly comply with the limits set out in section 504. Section 504 will also apply to the consideration of amendments offered during debate of the Committee-Reported Resolution on the floor of the Senate. Therefore, any amendment that would increase the permissible level of discretionary spending set out in the reported-resolution would also be subject to a 60-vote point of order.

Section 402 of the Chairman's Mark sets out congressional discretionary spending limits for the first two years covered by this budget resolution (FY 2005 and 2006) with respect to both budget authority and outlays. Since the advent of statutory discretionary spending limits in 1990, a majority of budget resolution conference reports have included language dealing with "congressional caps"[1].

The Chairman's Mark provides that the following amounts will be the discretionary spending limits:

> For fiscal year 2005: $812.773 billion in new budget authority and $818.285 billion in outlays for the discretionary category; $33.393 billion in outlays for the highway category, and $1.488 billion in new budget authority and $6.726 billion in outlays for the transit category, for a total of $814.261 billion in new budget authority and $858.404 billion in outlays.
>
> For fiscal year 2006: $852.257 billion in new budget authority and $884.266 billion in outlays for the discretionary category. The Chairman's mark sets out only one unified category for 2006.

The Chairman's Mark also provides for a number of so-called cap adjustments. The cap adjustments permit the Chairman of the Committee on the Budget to increase the discretionary spending limit, the section 302(a) allocation to the Committee on Appropriations, and any other appropriate levels in the resolution if an appropriations bill provides additional resources for the programs specified in the adjustment. The Mark provides that spending and allocations may be adjusted for: (1) surface transportation programs, (2) supplemental appropriations for the war in Iraq and Afghanistan and (3) fire suppression.

These discretionary spending limits will once again be enforced by a 60-vote point of order on two fronts: (1) there will be a point of order against the FY 2006 budget resolution if it exceeds the limits for that year set in this resolution (or against any revision to the FY 2005 resolution that does so) and (2) there will be a point of order against any appropriations bill that causes any of the discretionary limits to be exceeded.

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[1]See: section 12(b) of H. Con. Res.64 (103rd Cong.) the FY 1994 Concurrent Resolution on the Budget; section 24 of H. Con. Res. 218 (103rd Cong.) the FY 1995 Concurrent Resolution on the Budget; Section 201 of H. Con. Res. 67 (104th Cong.) the FY 1996 Concurrent Resolution on the Budget; Section 301 of H. Con. Res. 178 (104th Cong.) the FY 1997 Concurrent Resolution on the Budget; Section 201 of H. Con. Res. 84 (105th Cong.) the FY 1998 Concurrent Resolution on the Budget (all establishing multiyear caps); Section 206 of H. Con. Res. 290 (106th Cong.) the FY 2001 Concurrent Resolution on the Budget; Section 203 of H. Con. Res. 83 (107th Cong.) the FY 2002 Concurrent Resolution on the Budget (both providing a mechanism to accommodate an increase to the current year's statutory cap).

Section 404: Scoring Rules

Section 403 includes a number of "scorekeeping rules." Pursuant to section 312(a) of the Congressional Budget Act, the Chairmen of the Committees on the Budget of the House and Senate are responsible for determining the costs of legislative proposals in their respective chambers. From time to time, new scoring issues arise as Congress responds to various fiscal needs. The rules set forth in this section will serve as guidance to the Chairman of the Committee on the Budget, and the Senate as a whole, in evaluating the cost of legislative proposals and applying the budgetary discipline set out in budget resolutions and the Congressional Budget Act of 1974.

Subsection (a) -- Pell Grants

Section 404 (a) is a scoring rule (somewhat similar to the President's proposal) intended to equalize the scoring treatment of budget authority and outlays for the Pell Grant program.

Subsection (b) – Bioshield

Section 404(b) sets out a scoring rule with respect to possible changes in the availability of funding already provided for Project Bioshield. The Bioshield program was proposed in the President's FY 2004 budget as a new mandatory program. The FY2004 budget resolution contained a "reserve fund" in the Senate in order to accommodate the spending for this new proposal. In the absence of authorization language, the Bioshield program was funded, in its entirety, in the FY 2004 appropriations act for the Department of Homeland Security. Full funding (for the period requested by the President) was accomplished by means of an advance appropriation. This provision provided budget authority as follows: $0.890 billion in new budget authority for FY 2004, $2.528 billion in new budget authority for FY 2005 and $2.175 billion in new budget authority for FY 2009. The amounts for 2005 and 2009 are advance appropriations and were in violation of section 501 of the 2004 budget resolution which set a limit on advance appropriations. Section 501 contains both a dollar limit for FY 2005 and an exclusive list of programs for which permissible advances may be made. The Bioshield advance violated both the dollar limitation and program list. This new scoring rule provides that any legislative change in the availability of these funds (such as a recission) will not be scored for the purposes of budgetary enforcement. Consequently recissions of budget authority will not be available as an offset for spending on other programs.

Section 405: Adjustments to reflect changes in concepts and definitions

Section 405(a) of the Chairman's Mark is virtually identical to section 508 of the 2004 budget resolution. It provides that upon enactment of legislation that changes funding of an existing program from discretionary to mandatory (or vice versa) the Chairman of the Committee on the Budget will adjust the levels in this budget resolutions (including the discretionary spending limits) to reflect such a change.

Section 405(b) of the Mark provides a similar rule for reported legislation that addresses changes in the nature of offsetting receipts from the Power Marketing Administration.

Section 406: Application and effect of changes in allocations and aggregates

The Chairman’s Mark retains language from previous resolutions clarifying the process for implementing any adjustment made pursuant to the reserve funds and discretionary adjustments and the status of these adjusted levels. It further clarifies that the Budget Committee determines scoring for purposes of points of order.

Section 407: Rulemaking authority

The Chairman’s Mark includes language identical to section 222 of the FY 2002 budget resolution which simply states Congress’ authority to legislate rules of procedure for either chamber.

Title V: Sense of the Senate Provisions

Section 501: Sense of the Senate on the budget process

Section 502: Sense of the Senate on bipartisan commissions

Section 503: Sense of the Senate on a study regarding interest costs

Section 504: Sense of the Senate on Medicare costs

Section 506: Pay parity

Additional budget process and enforcement items

The Chairman's Mark notes that a number of provisions from previous budget resolutions remain in effect. For the convenience of the Senate, they are set out below.

I. Sense of the Senate amendments not germane on floor.

One provision (section 204) of the FY 2001 resolution (H. Con. Res. 290 (106th Cong. 2nd Sess.) remains in effect. It is discussed and set out below:

Section 204: Mechanisms for Strengthening Budgetary Integrity (see subsection (g) regarding precatory amendments).

The intent of subsection (g) was discussed on page 74 of the conference report – explaining the Senate amendment - for the FY 2001 resolution. The conference adopted the Senate language with a minor modification. Page 74 provides in pertinent part:

> Section 210(g) of the Senate amendment provides guidance for interpreting the germaneness requirement found in section 305(b)(2) of the Budget Act. Section 305 requires that all amendments offered on the floor to a budget resolution or a reconciliation bill must be germane to the underlying legislation and is enforced by a 60-vote point of order in the Senate. The Senate amendment states that an amendment will be considered not germane if it contains only precatory (non-binding) language. This is designed to place a 60-vote hurdle with respect to what is commonly referred to as a "sense of the Senate" amendment. Note that it is not meant to preclude the inclusion of "purpose" or "findings" language that is part of an otherwise substantive amendment.

The minor modification adopted by the conferees was the addition of the word "predominately" before "precatory" to make clear that otherwise substantive provisions would not be subject to 60-vote discipline. The text of subsection (g) is set out below:

> *Section 204 Mechanisms for Strengthening Budgetary Integrity***.**
>
> *. . . (g) PRECATORY AMENDMENTS. – For purposes of interpreting section 305(b)(2) of the Congressional Budget Act of 1974, an amendment is not germane if it contains predominately precatory language.*

Two provisions (sections 503 and 505) from the FY 2004 resolution (H. Con. Res. 95, 108th Cong. 1st Sess.) remain in effect in the Senate. They are set out or described below.

II. 60-vote points of order through the end of FY 2008

Section 503: Extension of supermajority enforcement

This section of the 2004 resolution extended for 5 years (until September 30, 2008) the 60-vote requirement for waivers and appeals with respect to those Budget Act points of order. This requirement expired on September 30, 2002 (and was temporarily extended through April 15, 2003 in S. Res. 304, 106th Congress).

III. Senate's pay-go point of order

Section 505: Pay-as-you-go point of order in the Senate

This section of the 2004 resolution revised and extended the Senate's pay-as-you-go point of order. The original pay-as-you-go point of order first appeared in the FY 1994 budget resolution. The previous version expired in its entirety on September 30, 2002. The point of order was revised and extended in S. Res. 304 (107th Congress) through April 15, 2003. S. Res 304 included a new provision of the pay-as-you-go rule making the rule applicable to mandatory spending in appropriations bills in order to prevent the exploitation of the fact that there were no limits on discretionary spending for FY 2003 due to the expiration of the discretionary spending limits and the lack of an FY 2003 budget resolution.

The pay-as-you-go point of order included in the 2004 resolution did not retain the expanded application to appropriation bills set out in S. Res. 304. Rather it resembles the previous versions of the rule with one change: it will apply on a post-budget resolution policy basis. To accomplish this, a scorecard will be maintained by the Chairman of the Committee on the Budget that will set out the total level of change to the deficit assumed by the most recently adopted budget resolution. Subsequent legislation will be measured against these balances.

The full text of the current pay-as-you-go point of order is set out below:

SEC. 505. PAY-AS-YOU-GO POINT OF ORDER IN THE SENATE.

*(a) Point of Order.*_

(1) In general._It shall not be in order in the Senate to consider any direct spending or revenue legislation that would increase the on-budget deficit or cause an on-budget deficit for any one of the three applicable time periods as measured in paragraphs (5) and (6).

(2) Applicable time periods._For purposes of this subsection, the term ``applicable time period'' means any 1 of the 3 following periods:

(A) The first year covered by the most recently adopted concurrent resolution on the budget.

(B) The period of the first 5 fiscal years covered by the most recently adopted concurrent resolution on the budget.

(C) The period of the 5 fiscal years following the first 5 fiscal years covered in the most recently adopted concurrent resolution on the budget.

(3) Direct-spending legislation._For purposes of this subsection and except as provided in paragraph (4), the term ``direct-spending legislation'' means any bill, joint resolution, amendment, motion, or conference report that affects direct spending as that term is defined by, and interpreted for purposes of, the Balanced Budget and Emergency Deficit Control Act of 1985.

*(4) Exclusion._For purposes of this subsection, the terms ``direct-spending legislation'' and ``revenue legislation'' do not include_*

(A) any concurrent resolution on the budget; or

(B) any provision of legislation that affects the full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of enactment of the Budget Enforcement Act of 1990.

*(5) Baseline._Estimates prepared pursuant to this section shall_*

(A) use the baseline surplus or deficit used for the most recently adopted concurrent resolution on the budget as adjusted for any changes in revenues or direct spending assumed by such resolution; and

(B) be calculated under the requirements of subsections (b) through (d) of section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 for fiscal years beyond those covered by that concurrent resolution on the budget.

(6) Prior surplus._If direct spending or revenue legislation increases the on-budget deficit or causes an on-budget deficit when taken individually, it must also increase the on-budget deficit or cause an on-budget deficit when taken together with all direct spending and revenue legislation enacted since the beginning of the calendar year not accounted for in the baseline under paragraph (5)(A), except that direct spending or revenue effects resulting in net deficit reduction enacted pursuant to reconciliation instructions since the beginning of that same calendar year shall not be available.

(b) Waiver._This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

(c) Appeals._Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the bill or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

(d) Determination of Budget Levels._For purposes of this section, the levels of new budget authority, outlays, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

(e) Sunset._This section shall expire on September 30, 2008.