



CENTER ON BUDGET AND POLICY PRIORITIES

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April 13, 2001

THE MYTH OF THE 4 PERCENT APPROPRIATIONS INCREASE A Closer Look Shows the Bush Budget Cuts Domestic Appropriations

On April 11, the Center on Budget and Policy Priorities released *The Myth of the 4 Percent Spending Increase*. This report evaluates the President's claim that his fiscal year 2002 budget proposes a four percent increase in funding for appropriated programs, a claim the media have generally taken at face value. However, this four percent figure applies to *total* discretionary (i.e., non-entitlement) funding, not to domestic discretionary programs. Most of that increase is devoted to defense, international affairs, and a new "emergency reserve" for major natural disasters. Funding for domestic appropriated programs would increase only 1.5 percent and would be \$9 billion below the level the Congressional Budget Office says is needed just to keep pace with inflation.

The full report can be viewed at
<http://www.cbpp.org/4-9-01bud.htm>

The Center's report, which relies on CBO's re-estimates of the President's budget (which CBO provided in March to the House and Senate Budget Committees), as well as the budget numbers OMB released on April 9, finds that:

- Ongoing domestic programs would *appear* to receive an average increase of 2.1 percent (\$6.3 billion) for 2002. Once inflation is taken into account, this is a decrease.
- Furthermore, this \$6.3 billion in domestic increases is overstated because of budget gimmicks Congress employed last fall to make the 2001 appropriation for domestic programs look smaller than it really is. (For example, \$2.1 billion of the \$4.6 billion increase the White House claims it is requesting in funding for the Education Department represent funds appropriated by the previous Congress and signed into law by the previous President. The Office of Management and Budget acknowledged this in the budget book it issued February 28; the budget book notes that the correct figure for the education increase the Bush Administration is seeking is \$2.5 billion, rather than the \$4.6 billion figure.) This overstatement is partially offset by an understatement of transportation increases, for technical reasons. The actual funding increase that the Bush budget contains for ongoing domestic appropriated programs in 2002 is 1.5 percent.
- A funding increase of 1.5 percent in 2002 is less than is needed to offset the costs of inflation. The Congressional Budget Office has developed a budget baseline that shows the costs of maintaining fiscal year 2001 appropriations into fiscal year 2002 and subsequent years, correcting for gimmicks and adjusting for inflation. The overall level of funding that President Bush has proposed for ongoing domestic discretionary programs is below CBO's "baseline" by \$9 billion in 2002 and \$50 billion over the ten-year period from 2002 to 2011. Thus, the President's budget does not limit the growth of domestic spending — it *cuts* domestic programs.
- Governor Bush, when running for president, agreed that the "honest" way to measure spending growth is by adjusting not only for inflation, but also for population growth. By that standard, President Bush's budget reduces funding for ongoing domestic appropriated programs by \$12 billion (3.4 percent) in 2002 and by a total of \$246 billion over ten years.