

Revised November 16, 2007

A TALE OF TWO BILLS: The Labor-HHS-Education and Defense Appropriations Bills

by Richard Kogan

President Bush has said he will veto the appropriations bill that funds the Departments of Labor, Health and Human Services, and Education for the coming fiscal year, while he plans to sign the bill funding the Department of Defense.

The Administration says the funding Congress provides in the Labor-HHS-Education bill is “irresponsible” and “excessive” and has sought to portray it as part of a congressional plan that constitutes “runaway spending.”

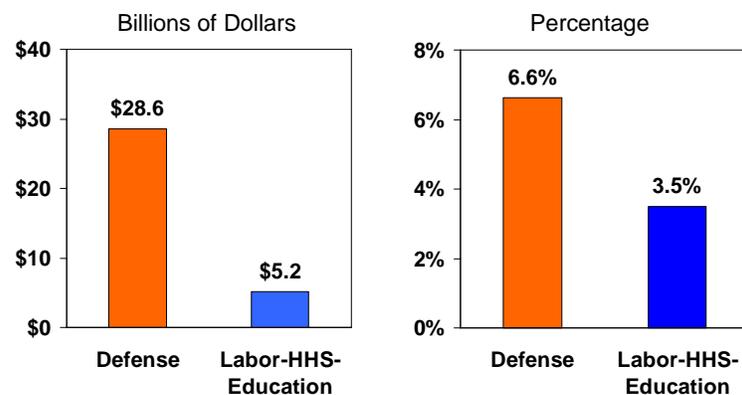
This short analysis finds these claims to be misleading or inaccurate. In contrast, the Administration’s main complaint about Defense funding is that the large increase Congress provides is not large enough.

Given the hefty increase in defense funding (which is for defense programs and activities unrelated to Iraq, Afghanistan, or the “war on terror”) and the far more modest increase in Labor-HHS-Education funding, the President’s choice to veto only the bill that is smaller and growing more slowly strongly suggests that his objections to the Labor-HHS-Education bill should not be characterized as being based on “fiscal discipline.” Another clear indication that fiscal discipline is not the Administration’s main budgetary objective is its insistence that the \$51 billion cost of extending relief from the Alternative Minimum Tax for one year *not* be paid for — and thus be deficit financed. These positions suggest the President’s budget disputes with Congress are about how his priorities differ from Congressional priorities, not about fiscal responsibility.

This analysis makes five points.

One of These Bills Constitutes “Runaway Spending” and Will Be Vetoed. The President Will Sign the Other.

Increase relative to 2007 level adjusted for inflation



- The Administration wants to cut programs funded under the Labor-HHS-Education bill by \$6.7 billion, or 4.5 percent, below existing funding levels for these programs, adjusted only for inflation. Congress, in contrast, would increase funding by \$5.2 billion, or 3.5 percent.ⁱ (See Table 1.) The Administration never mentions that the President’s veto is designed to force reductions in programs funded by this bill.ⁱⁱ

Table 1: Administration Would Cut Labor-HHS-Education Funding While Congress Increases It; But They Would Both Increase Pentagon Funding Substantially More. 2008 funding relative to the CBO baseline (i.e., to the 2007 level adjusted only for inflation)

	CBO	Bush	Congress
L-HHS-Ed (billions)	147.6	140.9	152.8
\$ change		-6.7	+5.2
% change		-4.5%	+3.5%
Defense (billions)	430.8	462.9	459.3
\$ change		+32.1	+28.6
% change		+7.5%	+6.6%

Two Ways to Present Discretionary Funding Totals in the Labor-HHS-Education Bill

The Center on Budget and Policy Priorities concludes that the Labor-HHS-Appropriations bill would increase funding by \$5 billion over current levels while the President would cut \$7 billion; Congress and the President are thus \$12 billion apart. Others have said that Congress would increase funding by \$6 billion and the President would cut it by \$4 billion, making them \$10 billion apart. *Both sets of figures are accurate.* They differ because of two choices made in presenting the figures.

- First, we choose to compare the President’s request and the congressional bill to the current level of funding (funding for 2007) *as adjusted for inflation*, i.e., relative to the CBO baseline. (See Column A in the table.) The alternative approach, shown in column B, compares 2008 funding to 2007 funding *without* accounting for inflation.
- Second, we choose to display the congressional funding level for 2008 as \$2 billion higher than some others do — as \$152.8 billion (Column A) rather than \$150.8 billion (Column B). Our figures include a \$2 billion increase in funds that are technically provided as advance appropriations for 2009 but that go to programs such as education grants, whose 12-month “program year” spans the end of fiscal year 2008 and the beginning of fiscal year 2009. In such programs, advance funding for 2009 and regular funding for 2008 are effectively equivalent, because they both would be used in the same “program year.” Accordingly, we treat the increase in advance 2009 funding as though it were an increase in 2008 funding.

Labor-HHS-Education funding: two portrayals
(in billions of dollars)

	A	B
2007 level		144.8
2007 level adjusted for inflation (CBO baseline)	147.6	
Bush level for 2008 (CBO estimate)	140.9	140.9
Congressional level for 2008	152.8	150.8
Bush’s reduction from 2007 level	-6.7	-3.8
Congress’s increase to 2007 level	+5.2	+6.0
Difference: Congress vs Bush	11.9	9.8

Notes: excludes emergencies. May not add due to rounding.

- For the Department of Defense, the Administration wants to increase funding by \$32 billion or 7.5 percent while Congress provides an increase of \$29 billion or 6.6 percent. None of this Defense funding is to prosecute the wars in Iraq and Afghanistan or the “global war on terror.” The Administration has requested \$196 billion for these wars for 2008, which Congress will address in other legislation.
- One might ask why a \$5 billion increase for education, health research, and job training is “excessive” and constitutes “runaway spending” but a \$29 billion (or \$32 billion) increase for defense activities *unrelated* to the war does not.
- When inflation and population growth are *both* taken into account, the funding Congress would provide for the Labor-HHS-Education programs is actually *below* the average levels for fiscal years 2002 through 2006, which the President signed in each of those years. (See Table 2.) Thus, the President is vetoing a bill that will cost \$5 billion *less* in real population-adjusted terms than the average level for the Labor-HHS-Education bills he signed for 2002 through 2006, when his party controlled Congress.ⁱⁱⁱ This casts doubt on the Administration’s characterization of the funding for the current bill as “excessive” and “irresponsible.”

Table 2: Labor-HHS- Education Funding Will Fall Below 2002-2006 Levels Even Under Congress’ Plan, While Pentagon Funding Will Rise 2008 funding relative to the average 2002-2006 level, adjusted for inflation and population

	02-06 avg.	Bush	Congress
L-HHS-Ed (billions)	157.5	140.9	152.8
\$ change re 02-06		-16.6	-4.8
% change re 02-06		-10.6%	-3.0%
Defense (billions)	418.6	462.9	459.3
\$ change re 02-06		+44.3	+40.8
% change re 02-06		+10.6%	+9.7%

In contrast with the Labor-HHS-Education programs, Congress is increasing funding for the Pentagon by almost \$41 billion, relative to its 2002-2006 level adjusted for inflation and population growth, while the President wants a still larger increase.

- The Administration *might* have argued that cutting education, health, and job training programs by \$6.7 billion is necessary because of overall budget constraints, and that these programs have a lower priority than other needs (such as increased funding for the Pentagon, the costs of the wars, and the costs of the 2001 and 2003 tax cuts — the tax cuts will cost more than \$250 billion in 2008 alone). But the Administration has never made such an argument, perhaps in part because it does not wish to acknowledge that the President would actually *cut* education, health, and other programs. The Administration has instead asserted that the funding increases Congress seeks for these programs are *inherently* “excessive” and constitute “runaway spending” — assertions that have little merit, as the figures in this analysis indicate.

Programs Funded by the Labor-HHS-Education Appropriations Bill

The bill funds such programs as Head Start, child care, Title 1 education for the disadvantaged, special education, vocational education, Pell Grants, the National Institutes of Health, the Center on Disease Control, community health centers, maternal and child health grants, rural health programs, the low-income home energy assistance program, the community services block grant, job training and the Job Corps, and mine safety.

ⁱ Notes on data used in this analysis. All amounts in this analysis are for “discretionary,” or non-entitlement, programs funded by the Labor-HHS-Education appropriations bill for the coming year, fiscal year 2008. The figures for 2002 through 2006 exclude supplemental and emergency funding, e.g., for Katrina relief in 2005 and 2006. The existing (2007) funding levels, adjusted for inflation, are from the Congressional Budget Office; they are “CBO’s 2007 March baseline.” Finally, our figures for the congressional funding levels for 2008 include almost \$2 billion that is technically provided as an advance appropriation for 2009 but that goes to programs such as education grants, whose 12-month “program year” spans the end of fiscal year 2008 and the beginning of fiscal year 2009. In such programs, advance funding for 2009 or regular funding for 2008 are effectively equivalent, because they both would be used in the same “program year.” Accordingly, we treat the increase in advance 2009 funding as though it were an increase in 2008 funding.

ⁱⁱ For a more detailed analysis of the dispute over the Labor-HHS-Education appropriations bill, see Center on Budget and Policy Priorities, Labor-HHS-Education Bill — What’s At Stake, at <http://www.cbpp.org/11-8-07bud.pdf>.

ⁱⁱⁱ The Labor-HHS-Education appropriations bill for 2002 was enacted in the fall of 2001, when Senator Jim Jeffords of Vermont had left the Republican party to become an independent, giving control of the Senate to the Democrats for one year (by a margin of 50-49-1).