

Highlights of the FY 2002 Budget Agreement

May 2, 2001

TAXES:

- A \$1.35 trillion bipartisan tax cut – the largest tax cut in decades.
 - FY 2001 - \$100 billion
 - FY 2002-2011 - \$1.25 trillion
 - One reconciliation bill with a Senate Finance Committee reporting date of May 17, 2001.

DISCRETIONARY SPENDING:

- Provides for a reasonable, yet limited growth rate in discretionary spending for FY 2002 of 4.9%.
 - House passed level was \$661 billion (Same as the President's budget request) (4%)
 - This total included \$5.6 billion in emergency spending
 - Senate passed level was \$688 billion. (8%)
 - Conference Report level is as follows:
 - \$661.6 billion – base appropriations for FY 2002
 - + \$ 5.0 billion – emergency spending
 - \$ 666.6 billion – total discretionary spending (4.98%)
 - This is \$5.6 billion over the President's request - all of which will be available for non-defense discretionary spending.
 - The conference report also allows for an increase in FY 2002 discretionary spending to provide for additional resources for defense once the President's strategic review of the Pentagon is complete and submitted to Congress.
- The conference report contains various enforcement mechanisms on advance appropriations and emergency spending.

MEDICARE:

- Provides up to \$300 billion over the next 10 years for Medicare modernization and prescription drugs.

AGRICULTURE:

- Provides for \$5.5 billion in FY 2001 and \$7 billion in FY 2002 resulting in a total of \$79 billion in new mandatory spending for emergency agriculture payments and reauthorization of the Freedom to Farm Bill.