

APPROPRIATIONS ALERT

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TRANSPORTATION-HOUSING AND URBAN DEVELOPMENT APPROPRIATIONS CONFERENCE REPORT INVITING ANOTHER VETO (H.R. 3074)

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The conference report on Transportation-Housing and Urban Development [THUD] appropriations exceeds the President's budget request by \$3.0 billion (6.3 percent), setting up another veto confrontation over fiscal year 2008 spending. The measure's \$50.9 billion in net new budget authority [BA] (excluding transportation obligation limitations) also represents an increase of \$3.4 billion above the discretionary non-emergency level for 2007. In addition, the agreement violates the Congressional Budget Act in two ways: it technically breaches its allocation of BA; and it applies an "emergency" spending designation, thereby encroaching on the jurisdiction of the Budget Committee. The violations will not impede consideration of the bill, however, because the rule for floor debate waives Budget Act points of order.

Key points about the measure include the following:

- ***Adds to the Majority's Bloated Spending Plan.*** The \$3.0-billion increase over the President is part of the Democrats' total discretionary spending goal of \$954 billion for 2008. They have described this as "only" \$21 billion more than the administration's \$933 billion recommendation; but that one-year increase gets permanently built into government spending, and continues growing each year, leading to a total increase of *\$204 billion by 2012*. The President has pledged to veto any spending bills that would cause total appropriations to exceed his request.

The measure also violates section 302(f) of the Budget Act, by causing the Appropriations Subcommittee on Transportation-HUD to breach its current 302(b) level by \$243 million in BA. In recent years, however, appropriators have not always filed revised allocations for conference reports – so the violation is technical in nature.

- ***Worsens the Highway Trust Fund Shortfall.*** The conference report accelerates the insolvency of the Highway Account of the Highway Trust Fund, now estimated to be about \$4.0 billion by the end of 2009, according to both the Office of Management and Budget [OMB] and the Congressional Budget Office. It sets highway obligation limitations \$1.6 billion above the base levels authorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users [SAFETEA-LU]. Specifically:
 - It increases spending levels by \$631 million above the President for highway programs, based on new estimates of receipts flowing into the Highway Trust

Fund, as required by the revenue aligned budget authority [RABA] mechanism enacted in SAFETEA-LU. The President's budget proposed to withhold this increase as a down-payment toward preserving the solvency of the Highway Account of the trust fund.

Moreover, some \$340 million in RABA funds are diverted and earmarked for approximately 392 new surface transportation projects – all of which are granted a 100-percent Federal cost share.

- The report adds another \$1 billion in new highway obligation limitations for additional bridge funding. This translates into approximately \$690 million in new outlays over fiscal years 2008 and 2009, based on Budget Committee scoring, bringing the Highway Account closer to exhaustion.
- ***Includes Emergency Funding.*** The conference report includes \$195 million in emergency-designated general funds for the Minnesota I-35 bridge reconstruction and repair project. To date, the U.S. Department of Transportation has administratively released \$184 million in emergency highway funds to address these needs.

The provision also violates the Budget Act, because emergency designations fall under the Budget Committee's jurisdiction. As noted, however, the rule waives Budget Act points of order against the conference report.

- ***Relies on Budget Gimmicks.*** As reported, the conference bill relies on about \$5.0 billion in rescissions of BA that allow higher discretionary spending, most of which does not result in any outlay savings or reduce the deficit. Among these rescissions are:
 - More than \$3.0 billion in highway program contract authority, a form of mandatory budget authority. Because obligation limitations – which control actual spending – are not also reduced, there are no actual outlay savings in any year.
 - A sum of \$1.3 billion in BA for the Housing Certificate Fund; but again, the rescission yields no outlay savings in any year.
- ***Reduces Transparency.*** The conference report restricts access to budget justification documents. Beginning with the President's 2008 budget, the Office of Management and Budget [OMB] for the first time required all Federal agencies to make their budget justifications available to the public within two weeks of the President's budget submission (see OMB Circular A-11 22.6). But a general provision in the conference report denies access to these documents to anyone other than the House and Senate Appropriations Committees until four months, or 119 days, after the President's budget is submitted to Congress. *The restriction applies both to the public and to other committees of Congress.* No explanation is provided for limiting access to these documents, which are prepared with taxpayer dollars and provide detailed explanations of Federal agency budget requests.