



July 27, 2011

Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

Dear Mr. Leader:

The Congressional Budget Office has estimated the impact on the deficit of the Budget Control Act of 2011, as proposed in the Senate on July 25, 2011.¹ The legislation would:

- Establish caps on discretionary spending through 2021, including separate caps on new funding for war-related activities,
- Allow for certain amounts of additional spending for “program integrity” initiatives aimed at reducing the amount of improper benefit payments and enhancing compliance with tax laws,
- Extend and expand authority to auction licenses for parts of the electromagnetic spectrum,
- Make changes to the Pell Grant and student loan programs,
- Reduce certain payments to agricultural producers,
- Increase the debt limit by \$2.7 trillion,
- Reinstate and modify certain budget process rules, and
- Create a joint Congressional committee to propose further deficit reduction.

In total, if appropriations in the next 10 years are equal to the caps on discretionary spending and the maximum amount of funding is provided for the program integrity initiatives, CBO estimates that the legislation would reduce budget deficits by about \$2.2 trillion between 2012 and 2021 relative to CBO’s March 2011 baseline adjusted for subsequent appropriation action.

1. The legislation was introduced as an amendment to S. 1323, a bill to express the sense of the Senate on shared sacrifice in resolving the budget deficit.

Discretionary Caps

Most of the estimated savings from enacting and implementing the Budget Control Act of 2011 would result from imposing caps on discretionary appropriations—both for funding related to the wars in Afghanistan and Iraq and similar activities (sometimes referred to as overseas contingency operations, or OCO) as well as for all other discretionary funding. The caps on appropriations of new budget authority excluding war-related funding start at \$1,045 billion in 2012 and reach \$1,228 billion in 2021. Those caps would not apply to certain amounts of additional spending for “program integrity” initiatives, for which the act would allow upward adjustments to the caps by specified amounts. For 2012 and 2013, separate caps for “security” and “nonsecurity” budget authority would be in effect; from 2014 on, only one cap would apply to total non-war funding. The legislation also would impose caps of \$127 billion for 2012 and \$450 billion over the 2013-2021 period on budget authority for operations in Afghanistan and Iraq and for similar activities.

In Table 1, CBO compares estimated spending under the caps to projections of discretionary spending in its March 2011 baseline, adjusted to incorporate the effect of full-year appropriations for 2011, which were enacted after that baseline was completed. In CBO’s baseline projections, appropriations for discretionary programs are assumed to grow each year with inflation from the amounts provided for the most recent year. The March baseline, as adjusted, incorporates reductions in projected spending resulting from appropriation actions that occurred after the March baseline had been prepared. In particular, the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10) established discretionary funding levels for the current year.

Relative to the adjusted March baseline, proposed budget authority—excluding funding for OCO—would be nearly \$840 billion lower and outlays about \$750 billion lower over the 2012-2021 period (see Table 1). CBO applied an average aggregate rate of spending to the specified reductions in budget authority to estimate outlays for 2012 and beyond. The projected reductions in outlays are smaller than the projected reductions in budget authority because outlays generally lag behind budget authority (and thus some of the savings from the caps would occur beyond the 10-year budget window) and because some budget authority never results in outlays.

The bill also would impose separate caps on appropriations for the wars in Afghanistan and Iraq and for similar activities, which would reduce budget authority by \$1.2 trillion and outlays by \$1.0 trillion relative to the adjusted March baseline. The legislation specifies a total cap on such appropriations for the 2013-2021 period but does not specify a cap for each year; for this estimate, CBO assumes that the \$450 billion would not necessarily be limited to operations in Afghanistan and Iraq and would be evenly distributed between 2013 and 2021 in the amount of \$50 billion each year. That funding

path is illustrative since the use of \$450 billion over the nine-year period could vary significantly from that average.

The legislation also provides for another adjustment to the overall spending cap in each fiscal year to account for amounts provided by the Congress and designated for disaster relief. That adjustment would be calculated based on average amounts previously provided for that purpose. However, the bill does not define disaster spending, and therefore CBO could not incorporate this adjustment in its projections of spending.

Program Integrity Initiatives

The Budget Control Act of 2011, as proposed in the Senate, includes four program integrity initiatives aimed at identifying and reducing overpayments of federal benefits and increasing compliance with tax laws. As proposed on July 25, 2011, the legislation's program integrity provisions for the Department of Labor and the Internal Revenue Service are not specified in a way that would assure budgetary savings, in CBO's view, so CBO has not included such savings in this analysis. If funding is ultimately provided for the other program integrity initiatives, their net budgetary effects would consist of an increase in discretionary spending from that funding, coupled with some savings in the direct spending programs that provide those benefits.

The bill would allow adjustments to the discretionary caps that would permit additional appropriations to:

- The Social Security Administration (SSA) to conduct continuing disability reviews of beneficiaries of the Disability Insurance (DI) and Supplemental Security Income (SSI) programs and redeterminations (of the eligibility criteria other than disability) of SSI beneficiaries;
- The Health Care Fraud and Abuse Control Account (HCFAC), which supports activities to reduce waste, fraud, and abuse in Medicare, Medicaid, and the Children's Health Insurance Program (CHIP);
- The Department of Labor for in-person reemployment and eligibility assessments and improper payment reviews for the unemployment insurance program; and
- The Internal Revenue Service (IRS) for activities to improve tax compliance.

The bill provides that the annual discretionary funding caps would be adjusted by the amounts appropriated for program integrity activities, subject to a specified limit for each year on the amount of discretionary appropriations that would count toward that adjustment. However, CBO's baseline already includes some funding for program

integrity activities. Accordingly, CBO's estimates of savings from program integrity activities are based on the differences between total funding under the bill (assuming the maximum possible cap adjustment) and the spending in CBO's baseline—rather than the total amount of the cap adjustments.

For Congressional scorekeeping purposes, the savings from funding increases for program integrity would not be counted as an offset to direct spending, pursuant to Congressional scorekeeping guidelines published in the conference report for the Balanced Budget Act of 1997 (P.L. 105-33). Specifically, Scorekeeping Rule 3 states that “entitlements and other mandatory programs... will be scored at current law levels ... unless Congressional action modifies the authorization legislation.” In other words, even though additional discretionary funding for the administration of such programs might lead to budgetary savings (from reduced benefit payments), such savings are not counted as reductions in direct spending for scorekeeping purposes.

Social Security Administration. The annual discretionary funding caps would be adjusted by the amount by which funds appropriated for the SSA program integrity activities for a year exceed a specified level of funding that rises from \$758 million for fiscal year 2012 to \$963 million for fiscal year 2021. The maximum such adjustment would itself rise from \$237 million for fiscal year 2012 to \$924 million for fiscal year 2021. If the Congress were to appropriate the maximum amounts eligible for the cap adjustment related to SSA funding (\$15.5 billion over the 2012-2021 period), spending for such activities would be about \$5.5 billion above CBO's baseline. Based on the \$5.5 billion increase, CBO estimates that benefit outlays for DI, SSI, Medicare, and Medicaid would fall by nearly \$3 billion over the 2012-2016 period and by about \$13.7 billion over the 2012-2021 period (see Table 2).

Health Care Fraud and Abuse Control. The bill also would establish adjustments to the discretionary spending limits for funds appropriated to HCFAC for both program integrity activities and certain oversight activities. The discretionary caps would be adjusted by the full amount of the annual appropriation for those activities, subject to a limit on the amount of discretionary funds that would count toward the cap adjustment.² That limit would increase from \$581 million for fiscal year 2012 to \$807 million for fiscal year 2021. If the Congress were to appropriate those amounts (just over \$7 billion over the 2012-2021 period), spending would exceed the amounts in CBO's baseline by about \$3 billion. CBO assumes that about three-quarters of that increase would be

2. The Health Care Fraud and Abuse Control Account is funded with both mandatory funds (about \$14 billion over the 2012-2021 period) and appropriated funds (\$311 million for fiscal year 2011, with funding for subsequent years assumed in the baseline to be adjusted for inflation). As drafted, the discretionary spending limits could be adjusted by the total amount of funding—mandatory and discretionary—provided for HCFAC. The estimate assumes that the adjustment of those spending limits would reflect only the amount of discretionary funding appropriated for HCFAC. Including the mandatory funding in the adjustment of the discretionary spending limits could increase those limits by an additional \$14 billion over the 2012-2021 period.

directed to program integrity activities, with the remainder funding other oversight activities. On that basis, CBO estimates that benefit outlays for Medicare, Medicaid, and CHIP would fall by \$1.0 billion over the 2012-2016 period and by about \$2.8 billion over the 2012-2021 period.

Unemployment Insurance. The bill would allow appropriations above the discretionary caps in each year from 2012 through 2021 (totaling \$245 million over that period) to help identify improper payments of unemployment compensation. However, the bill would not ensure a base of sufficient funding for administering the unemployment insurance program; thus, any potential benefits of the additional funding could be offset by increased error rates that would probably occur if adequate administrative funding were not provided. Therefore, CBO does not estimate any reduction in unemployment benefits from increased spending under the cap adjustments as specified in the bill.

Internal Revenue Service. Tax-enforcement activities of the IRS are funded through two budget accounts, the enforcement appropriation and the operations support appropriation. Achieving additional tax revenues during the coming decade by increasing those activities would require additional funding for those two budget accounts, over and above their 2011 funding plus adjustments for anticipated inflation. In 2011 those two IRS accounts received appropriations of about \$9.1 billion.

The President's 2012 budget proposes to increase IRS appropriations by \$13 billion above baseline amounts over the next decade to fund initiatives to enhance tax compliance. CBO and the staff of the Joint Committee on Taxation (JCT) estimate that proposed increase in IRS appropriations would lead to revenue collections about \$42 billion above CBO's baseline projections over the 2012-2021 period.³

Under this bill, the annual discretionary funding caps would be adjusted by the amount by which funds appropriated for IRS tax compliance activities for a year exceed a specified level of funding that rises from \$5.2 billion for fiscal year 2012 to \$6.7 billion for fiscal year 2021. The maximum such adjustment would itself rise from \$715 million for fiscal year 2012 to \$2.4 billion for fiscal year 2021. However, the base amounts for tax enforcement activities specified in the bill are less than the baseline amounts for the two budget accounts that fund those activities. (The operations support account also funds activities other than tax enforcement.) As a result, even if the base amounts specified in the bill are appropriated, there is no assurance that the amounts available for enforcement activities would be at least equal to the amounts projected in CBO's

3. See Congressional Budget Office, Additional Information on the Program Integrity Initiative for the Internal Revenue Service in the President's Budgetary Proposals for Fiscal Year 2012 (June 23, 2011). See: <http://www.cbo.gov/doc.cfm?index=12260>

baseline. Therefore, CBO has not included estimated savings for this initiative in this analysis.

Changes in Direct Spending

Enacting title II would reduce net direct spending (including increases in offsetting receipts) by \$24 billion over the next 10 years. The three subtitles would:

- Extend and expand authority to auction licenses for use of parts of the electromagnetic spectrum and provide for spending some of the receipts from those auctions. On net, CBO estimates those provisions would reduce direct spending by \$13.1 billion over the 2012-2021 period.
- Amend the Higher Education Act of 1965 to appropriate additional funds for the Pell Grant program and eliminate subsidized student loans for graduate students. CBO estimates that, on net, those changes would increase direct spending by \$9.9 billion over the 2012-2016 period but reduce direct spending by \$75 million over the 2012-2021 period.
- Reduce payments to agricultural producers based on the portion of historical acreage eligible for government payments, yielding net savings of an estimated \$11.1 billion over the 2012-2021 period.

Spectrum Auctions and Related Spending. Subtitle A of title II would modify existing law regarding federal management of the electromagnetic spectrum. It would extend and expand the Federal Communications Commission's (FCC's) authority to auction licenses to use the radio spectrum and would authorize agencies to spend some of those receipts for new purposes. CBO estimates that enacting this subtitle would reduce net direct spending by \$13.1 billion over the 2012-2021 period. The projected savings reflect an estimated increase in offsetting receipts from FCC auctions of \$24.5 billion and an increase in direct spending of \$11.4 billion.

The estimated increase in offsetting receipts (\$24.5 billion) results primarily from provisions that would permanently extend the FCC's auction authority, establish a statutory framework for what are known as "incentive auctions" (in which private firms would voluntarily relinquish some or all of their spectrum rights in exchange for a payment from the FCC), and expand the FCC's authority to auction licenses for frequencies used for certain satellite services.

The increase in spending would occur because subtitle A would authorize spending some auction receipts to be spent for activities related to a public safety network; allow federal agencies to increase and accelerate spending of auction receipts for costs related to the

reallocation of spectrum from federal to commercial use; and appropriate \$300 million for certain research and development activities. In addition, provisions in this subtitle transferring 10 megahertz of spectrum from commercial to public safety uses would reduce expected receipts from future auctions. In total, CBO estimates that those provisions would cost \$11.4 billion over the 2012-2021 period.

Pell Grants and Student Loans. Subtitle B of title II would directly appropriate \$10.5 billion for fiscal year 2012 and \$7.5 billion for fiscal year 2013 for Pell grants. Those funds would be used to supplement funding for the portion of the Pell Grant program that is funded through annual discretionary appropriations. CBO estimates that this provision would increase direct spending by \$18.0 billion over the 2012-2015 period (with no impact on outlays after 2015).

Beginning July 1, 2012, subtitle B would eliminate the interest subsidy on subsidized student loans for graduate students while a borrower is in school, in the post-school grace period, and during any authorized deferment period. The current annual and cumulative loan limits for unsubsidized loans would be adjusted to permit students to borrow additional funds in the unsubsidized loan program. CBO projects that, over the 2012-2021 period, the provision would shift approximately \$125 billion in loan volume from the subsidized to the unsubsidized loan program. As required under the Federal Credit Reform Act of 1990, most of the costs of the federal student loan programs are estimated on a net-present-value basis.⁴ Because borrowers would be responsible for the interest accrued on those loans while in school, CBO estimates that this provision would reduce direct spending by \$8.2 billion over the 2012-2016 period and \$18.1 billion over the 2012-2021 period.

Payments to Agricultural Producers. Under current law, agricultural producers receive assistance from the federal government, known as direct payments, that are based on a portion (85 percent) of the historical acreage they planted and the crop yield for certain commodities. CBO estimates those payments will total about \$49 billion over the next decade. Subtitle C of title II would reduce the portion of acreage used to calculate direct payments to 59 percent. CBO estimates this provision would reduce net spending by \$11.1 billion over the next decade, including its effects on other agricultural income support programs.

4. Under credit reform, the present value of all loan-related cash flows is calculated by discounting those expected cash flows to the year of disbursement, using the rates for comparable maturities on U.S. Treasury borrowing. (For example, the cash flow for a two-year loan is discounted using the Treasury rate for a two-year zero-coupon note.)

Other Provisions

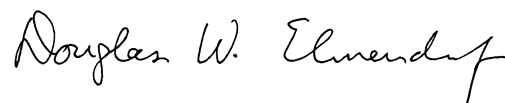
The legislation includes other provisions that would not have any direct budgetary effects. It would raise the debt limit by \$2.7 trillion to \$16.994 trillion. In addition, the bill would establish procedures for enforcing the caps on discretionary spending and establish a Congressional committee on deficit reduction charged with a goal of reducing the deficit to 3 percent of gross domestic product or less.

Overall Budgetary Impact of the Legislation

In total, if appropriations in the next 10 years are equal to the caps on discretionary spending and the maximum amount of funding is provided for the program integrity initiatives, CBO estimates that the legislation would reduce budget deficits by about \$2.2 trillion between 2012 and 2021 relative to CBO's March 2011 baseline adjusted for subsequent appropriation action (see Table 3). Savings in discretionary spending would amount to nearly \$1.8 trillion, mandatory spending would be reduced by \$41 billion, and the savings in interest on the public debt because of the lower deficits would come to \$375 billion. (CBO's cost estimates for legislation do not ordinarily include effects on debt service costs, but CBO provides such estimates, when requested, for broad budget plans.)

I hope this information is useful to you. If you wish further details on this analysis, we will be pleased to provide them.

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf". The signature is written in a cursive, flowing style.

Douglas W. Elmendorf
Director

Attachments

cc: Honorable Mitch McConnell
Republican Leader

Table 1.**Projected Savings from Discretionary Caps as Specified in the Budget Control Act of 2011, as Proposed in the Senate on July 25, 2011**

(By fiscal year, in billions of dollars)

			Projections of Discretionary Spending										Total, 2012-2021
			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
(a)	CBO's March 2011 Baseline	BA	1,266	1,290	1,318	1,346	1,377	1,413	1,450	1,488	1,526	1,565	14,038
		OT	1,344	1,356	1,371	1,391	1,420	1,446	1,475	1,517	1,556	1,594	14,472
(b)	Change from Incorporating Final 2011 Appropriations	BA	-17	-17	-18	-18	-18	-18	-19	-19	-19	-20	-183
		OT	-2	-8	-11	-12	-13	-14	-15	-15	-16	-16	-122
(c)=(a)+(b)	CBO's March 2011 Baseline Incorporating Final 2011 Appropriations	BA	1,248	1,272	1,300	1,328	1,359	1,394	1,431	1,469	1,507	1,545	13,855
		OT	1,342	1,348	1,360	1,379	1,407	1,432	1,460	1,502	1,540	1,578	14,349
(d)	Funding for Operations in Afghanistan and Iraq and Similar Activities	BA	161	164	167	170	173	177	180	184	188	192	1,756
		OT	76	131	153	163	169	172	175	180	184	187	1,589
(e)=(c)-(d)	CBO's March 2011 Baseline Incorporating Final 2011 Appropriations and Excluding Funding for Operations in Afghanistan and Iraq and for Similar Activities	BA	1,087	1,109	1,134	1,159	1,186	1,218	1,251	1,285	1,319	1,353	12,099
		OT	1,267	1,217	1,207	1,216	1,238	1,260	1,285	1,323	1,357	1,391	12,760
Proposed Discretionary Caps on Budget Authority													
(f)	All Discretionary Programs Except Operations in Afghanistan and Iraq and Similar Activities ^a	BA	1,045	1,047	1,068	1,089	1,111	1,134	1,156	1,180	1,204	1,228	11,262
		OT	1,243	1,171	1,149	1,151	1,167	1,182	1,198	1,225	1,250	1,274	12,009
(g)	Operations in Afghanistan and Iraq and Similar Activities ^b	BA	127	50	50	50	50	50	50	50	50	50	577
		OT	64	72	58	52	50	50	50	50	50	50	545
Effect of Proposed Discretionary Caps Relative to the Adjusted March 2011 Baseline													
(h)=(f)-(e)	All Discretionary Programs Except Operations in Afghanistan and Iraq and Similar Activities	BA	-42	-62	-66	-70	-75	-84	-95	-105	-115	-125	-837
		OT	-24	-46	-58	-65	-71	-78	-87	-97	-107	-117	-751
(i)=(g)-(d)	Operations in Afghanistan and Iraq and Similar Activities	BA	-35	-114	-117	-120	-123	-127	-130	-134	-138	-142	-1,179
		OT	-12	-58	-95	-111	-118	-122	-126	-130	-134	-138	-1,044

SOURCE: Congressional Budget Office.

NOTES: The calculations above do not include any adjustments for program integrity initiatives.

Components may not sum to totals because of rounding.

BA = budget authority; OT = outlays.

a. CBO calculated outlays for 2012 to 2021 by assuming an average aggregate spendout rate for all discretionary spending. Outlays include spending from appropriations in years before 2012 for operations in Afghanistan and Iraq and for similar activities.

b. The Budget Control Act of 2011 does not specify year-by-year caps for budget authority related to funding for operations in Afghanistan and Iraq and for similar activities; instead, it provides a cap adjustment of \$450 billion for the 2013-2021 period. For illustrative purposes, CBO assumed that the funding would be divided equally among the nine years.

Table 2.
Estimated Effects of Program Integrity Initiatives in the Budget Control Act of 2011, as Proposed in the Senate on July 25, 2011
 (By fiscal year, in millions of dollars)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Total, <u>2012-2021</u>
Cap Adjustments in the Legislation (Subject to Appropriation)^a											
SSA ^b											
Budget Authority	237	390	559	774	778	804	831	860	890	924	7,047
Outlays	204	352	525	732	762	800	825	854	884	917	6,855
HCFAC ^b											
Budget Authority	581	610	640	672	706	725	745	765	786	807	7,037
Outlays	511	607	636	668	702	723	743	763	783	804	6,940
Unemployment Insurance ^c											
Budget Authority	10	15	19	24	28	28	29	30	31	31	245
Outlays	8	14	18	23	27	28	29	30	31	31	237
IRS ^c											
Budget Authority	715	1,281	1,639	2,016	2,465	2,447	2,421	2,383	2,371	2,361	20,099
Outlays	644	1,224	1,603	1,978	2,420	2,449	2,424	2,387	2,372	2,362	19,863
Total											
Budget Authority	1,543	2,296	2,857	3,486	3,977	4,004	4,026	4,038	4,078	4,123	34,428
Outlays	1,366	2,197	2,783	3,401	3,911	4,000	4,020	4,033	4,070	4,114	33,895
Non-Scorable Effects on Direct Spending Outlays											
SSA ^d	-60	-309	-558	-831	-1,205	-1,547	-1,847	-2,190	-2,456	-2,674	-13,677
HCFAC	-63	-139	-218	-302	-326	-340	-350	-356	-357	-356	-2,807
Total	-123	-448	-775	-1,133	-1,531	-1,887	-2,197	-2,546	-2,813	-3,030	-16,484
Memorandum:											
Changes in Outlays for Program Integrity Activities above Baseline ^e											
SSA	180	293	442	626	634	651	654	660	664	668	5,472
HCFAC	225	267	281	297	314	317	318	317	316	314	2,967
Total	405	560	723	923	948	968	972	977	980	982	8,439

SOURCE: Congressional Budget Office.

NOTES: SSA = Social Security Administration; HCFAC = Health Care Fraud and Abuse Control Account; IRS = Internal Revenue Service.
 Components may not sum to totals because of rounding.

- These amounts reflect the cap adjustments (budget authority) specified in the legislation.
- Some of the amounts specified for SSA and HCFAC are already assumed in CBO's baseline. Therefore, only part of the cap adjustment reflects potential new spending for program integrity activities over and above the amounts projected in CBO's baseline.
- CBO has not estimated any effects on direct spending or revenues from these cap adjustments, because the legislative language does not assure baseline levels of spending on program integrity activities and administration of the unemployment insurance program.
- The legislation does not allocate the proposed spending increases among the different activities. CBO assumed spending would be allocated in the same proportions as under the President's budget request. In that case, the spending proposed in this legislation would not exceed baseline spending for SSI redeterminations in any year or for SSI continuing disability reviews in fiscal years 2020 or 2021.
- CBO used the amounts below for its estimate of effects on direct spending. CBO did not estimate effects for the unemployment insurance and IRS provisions.

Table 3.**Effect on the Deficit of the Budget Control Act of 2011, as Proposed in the Senate on July 25, 2011,
Relative to CBO's March 2011 Baseline, Adjusted to Reflect Enactment of 2011 Appropriations**

(By fiscal year, in billions of dollars)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Total, <u>2012-2021</u>
Discretionary Spending											
Establishment of caps											
All Discretionary Programs Except Operations in Afghanistan and Iraq and Similar Activities	-24	-46	-58	-65	-71	-78	-87	-97	-107	-117	-751
Operations in Afghanistan and Iraq and Similar Activities	<u>-12</u>	<u>-58</u>	<u>-95</u>	<u>-111</u>	<u>-118</u>	<u>-122</u>	<u>-126</u>	<u>-130</u>	<u>-134</u>	<u>-138</u>	<u>-1,044</u>
Subtotal, establishment of caps	-36	-105	-153	-175	-189	-200	-213	-227	-241	-255	-1,795
Program integrity ^a	<u>1</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>34</u>
Subtotal	-34	-103	-150	-172	-185	-196	-209	-223	-237	-251	-1,761
Mandatory Spending ^b											
Program integrity	0	0	-1	-1	-2	-2	-2	-3	-3	-3	-16
Pell grants	4	8	5	0	0	0	0	0	0	0	18
Other education	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-18
Spectrum provisions											
Extend and expand FCC auction authority	0	0	-1	-3	-5	-5	-4	-3	-2	-2	-25
Spending for spectrum activities	<u>2</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>11</u>
Subtotal, spectrum	2	2	0	-3	-3	-3	-3	-2	-1	-1	-13
Agricultural programs	<u>0</u>	<u>-2</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-11</u>
Subtotal, mandatory spending	5	6	1	-6	-7	-8	-8	-8	-7	-8	-41
Debt Service	0	-2	-7	-15	-25	-37	-50	-64	-79	-96	-375
Total Effect on the Deficit ^c	-30	-99	-156	-193	-218	-241	-267	-295	-323	-354	-2,176

SOURCE: Congressional Budget Office.

NOTES: All of the changes to mandatory spending would be counted for Congressional scorekeeping purposes other than the program integrity initiatives. The changes to discretionary spending and debt service would not be counted for scorekeeping purposes.

FCC = Federal Communications Commission.

Components may not sum to totals because of rounding.

a. These amounts reflect the cap adjustments (budget authority) specified in the legislation. Some of the amounts specified are already assumed in CBO's baseline. Therefore, only part of the cap adjustment reflects potential new spending for program integrity activities over and above the amounts projected in CBO's baseline. The amounts of potential new spending above baseline are shown in Table 2.

b. In addition, the Joint Select Committee on Deficit Reduction could spend existing funds upon startup near the end of fiscal year 2011; CBO estimates that would constitute an increase in direct spending of less than \$500,000 in 2011.

c. Negative numbers indicate a reduction in the deficit.