

Report for Congress

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Appropriations for FY2003: Labor, Health and Human Services, and Education

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Appropriations are one part of a complex federal budget process that includes budget resolutions, appropriations (regular, supplemental, and continuing) bills, rescissions, and budget reconciliation bills. The process begins with the President's budget request and is bound by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations.

This report is a guide to one of the 13 regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the House and Senate Labor, Health and Human Services, and Education Appropriations Subcommittees. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

This report is updated as soon as possible after major legislative developments, especially following legislative action in the committees and on the floor of the House and Senate.

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Appropriations for FY2003: Labor, Health and Human Services, and Education

Summary

This report tracks the enactment by the 107th Congress of the FY2003 appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies (L-HHS-ED). This Act provides discretionary funds for three federal departments and related agencies. The report summarizes L-HHS-ED discretionary funding issues, but not authorization or entitlement issues.

On February 4, 2002, the President submitted the FY2003 budget request to the Congress. The L-HHS-ED request is \$130.9 billion for discretionary programs; the comparable FY2002 amount was \$127.3 billion, enacted primarily through **P.L. 107-116**. In the House, the President's L-HHS-ED request was introduced as **H.R. 5320** on September 4, 2002, without committee markup; the Senate Appropriations Committee reported its L-HHS-ED bill, **S. 2766**, on July 22, 2002. A series of continuing resolutions is providing interim FY2003 appropriations.

U.S. Department of Labor (DOL): DOL discretionary appropriations were \$12.4 billion in FY2002; \$11.5 billion is requested for FY2003. A decrease of \$0.5 billion is requested for job training programs under the Workforce Investment Act.

U.S. Department of Health and Human Services (DHHS): DHHS discretionary appropriations were \$56.7 billion in FY2002; \$59.4 billion is requested for FY2003. Increases are requested of \$3.7 billion for the National Institutes of Health, \$130 million for Head Start, and \$130 million for Safe and Stable Families. An initial \$184 million is requested for the Health Facilities Construction Consolidation Initiative. A decrease of \$368 million is proposed for Health Professions, \$422 million less for the Centers for Disease Control and Prevention, \$300 million less for the Low-Income Home Energy Assistance Program, and \$137 million less for the Public Health and Social Service Emergency Fund. The request would eliminate the \$312 million Health Care and Other Facilities program.

U.S. Department of Education (ED): ED discretionary appropriations were \$48.9 billion in FY2002; \$50.2 billion is proposed for FY2003. Increases are requested of \$1.0 billion each for Title I Part A Grants to Local Educational Agencies and for Individuals with Disabilities Education Act (IDEA) Part B Grants to States. An additional \$0.5 billion is requested for Pell Grants, in addition to an FY2002 supplemental of \$1.3 billion. An increase of \$100 million is requested for Reading First. The new Charter Schools Facilities Initiative would be funded at \$100 million. Decreases would include the elimination of the \$163 million Rural Schools program, \$749 million less for Fund for the Improvement of Education (FIE), and \$142 million less for the Fund for the Improvement of Postsecondary Education (FIPSE).

Related Agencies: Discretionary appropriations for related agencies were \$9.2 billion in FY2002; \$9.7 billion is requested for FY2003. Increases are requested of \$351 million for Administrative Expenses at the Social Security Administration, and \$68 million more for the Corporation for National and Community Service.

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Indian Education	Roger Walke	DSP	7-8641
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Student loans	Adam Stoll	DSP	7-4375
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21 st Century Community Learning Centers	Gail McCallion	DSP	7-7758
Vocational and Technical Education	Richard N. Apling	DSP	7-7352
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Corporation for Public Broadcasting	Glenn McLoughlin	RSI	7-7073
Library Services	Gail McCallion	DSP	7-7758
Museum Services	Susan Boren	DSP	7-6899
National Labor Relations Board	Gail McCallion	DSP	7-7758
National Labor Relations Board, legal issues	Jon Shimabukuro	ALD	7-7990
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Supplemental Security Income	Jennifer Lake	DSP	7-0620

Division abbreviations: ALD = American Law; DSP = Domestic Social Policy; and RSI = Resources, Science, and Industry.

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Appropriations for FY2003: Labor, Health and Human Services, and Education

Most Recent Developments

*The FY2003 appropriations process began when the President submitted the FY2003 budget request to Congress on February 4, 2002. On September 4, 2002, Appropriations Committee Chairman Young introduced a bill, **H.R. 5320**, that is reportedly identical to the President's FY2003 request for Labor, Health and Human Services, and Education (L-HHS-ED) Appropriations, but the House Appropriations Committee has not yet marked up or reported any bill. The Senate Appropriations Committee marked up and reported its FY2003 bill, **S. 2766**, on July 22, 2002.*

*In related action, a series of four continuing resolutions, — **P.L. 107-229 (H.J.Res. 111)**, as amended — is providing temporary FY2003 funding through November 22, 2002. Earlier, the House passed an FY2003 congressional budget resolution, **H.Con.Res. 353**, on March 20, 2002. The Senate Budget Committee reported its resolution, **S.Con.Res. 100**, on March 22, but the full Senate has not yet acted on it. Additional FY2002 supplemental appropriations have been enacted through **P.L. 107-206 (H.R. 4775)**, which was signed into law August 2, 2002.*

Status

Table 1 tracks the key legislative steps that are necessary to enact the FY2003 L-HHS-ED Appropriations Act.

Table 1. Legislative Status of Labor, Health and Human Services, and Education Appropriations, FY2003

Subcommittee markup		House Report	House passage	Senate Report	Senate passage	Conference Report	Conference report approval		Public law
House	Senate						House	Senate	
— ^a	7/16/02 uc ^b	—	—	S. 2766, S.Rept. 107-216 uc	—	—	—	—	— ^c

Note: uc = unanimous consent.

^aThe **House** L-HHS-ED Appropriations Subcommittee began hearings on FY2003 appropriations on February 13, 2002. Without Committee markup, House Appropriations Committee Chairman Young introduced the President's FY2003 L-HHS-ED request as a bill, **H.R. 5320**, on September 4, 2002.

^b The **Senate** L-HHS-ED Appropriations Subcommittee began hearings on FY2003 appropriations on February 28, 2002.

^c A **series of four FY2003 continuing resolutions, P.L. 107-229 (H.J.Res. 111)**, as amended, is providing temporary funding for existing L-HHS-ED programs since October 1, 2002.

FY2002 L-HHS-ED Appropriations were enacted in several stages. Initial FY2002 appropriations were provided by a series of eight continuing resolutions — **P.L. 107-44**, as amended. Regular FY2002 L-HHS-ED Appropriations were enacted through **P.L. 107-116 (H.R. 3061, H.Rept. 107-342, January 10, 2002)**. Additional L-HHS-ED appropriations were enacted through the FY2002 anti-terrorism supplemental **P.L. 107-117 (H.R. 3338, H.Rept. 107-350, January 10, 2002)**, an Act that also included the Department of Defense Appropriations for FY2002. Further FY2002 supplemental appropriations for some L-HHS-ED programs were enacted through **P.L. 107-206 (H.R. 4775, H.Rept. 107-593, August 2, 2002)**. For legislative details, see *Related Legislation*, page 38.

DATA NOTE: In this report, data on FY2002 appropriations and the FY2003 budget request are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee, with the exception that data from the Senate bill S. 2766 are based on S.Rept. 107-216 (July 22, 2002); other exceptions are noted where relevant. The FY2002 appropriations include amounts from **P.L. 107-117**, the Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002 (enacted January 10, 2002), but do not yet include amounts from **P.L. 107-206**, the 2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States (enacted August 2, 2002). In most cases data represent net funding for specific programs and activities and take into account current and forward funding and advance appropriations; however, all data are subject to additional budgetary scorekeeping. Except where noted, budget data refer only to those programs within the purview of the L-HHS-ED appropriations bill, and not to all programs within the jurisdiction of the relevant departments and agencies.

Summary and Key Issues

This report describes the President's proposal for FY2003 appropriations for L-HHS-ED programs, as submitted to the Congress February 4, 2002, and the congressional response to that proposal. It compares the President's FY2003 request to the FY2002 L-HHS-ED amounts. It tracks legislative action and congressional issues related to the FY2003 L-HHS-ED appropriations bill, with particular attention paid to discretionary programs. In addition, the report summarizes activities related to the annual budget process, such as the congressional budget resolution, continuing resolutions, and supplemental appropriations (see *Related Legislation*, page 38). However, the report does not follow specific funding issues related to mandatory L-HHS-ED programs — such as Medicare or Social Security — nor will it follow the authorizing legislation necessary prior to funding some of the President's initiatives. For a glossary of budget terms, see *Appendix A: Terminology*, page 43. For a discussion of the jurisdiction of the L-HHS-ED bill, see *Appendix B: Scope of the L-HHS-ED Bill*, page 44. For a separate description of terrorism funding, see *Appendix C: Terrorism Funding in the L-HHS-ED Bill*, page 47.

The L-HHS-ED bill typically is one of the more controversial of the 13 regular appropriations bills, not only because of the size of its funding total and the scope of its programs, but also because of the continuing importance of various related issues, such as restrictions on the use of federal funds for abortion and stem cell research. This bill provides most of the discretionary funds for three federal departments and several related agencies including the Social Security Administration (SSA). Of the 13 annual appropriations bills, the L-HHS-ED bill is the largest single source of discretionary funds for domestic federal programs; the Defense bill is the largest source of discretionary funds among all federal programs. For FY2002, the L-HHS-ED bill accounted for \$124.6 billion (17.9%) and the Defense bill accounted for \$320.5 billion (46.0%) of the estimated \$696.5 billion total for all federal discretionary budget authority, as reported in *Budget of the United States Government Fiscal Year 2003*, Table S-8. This section summarizes the larger funding changes proposed for L-HHS-ED and related issues such as funds for anti-terrorism activities, earmarks for specific projects, 302(b) allocations, and advance appropriations. Later sections will provide additional details for each L-HHS-ED department.

Program Level and Current Year Appropriations

Table 2 summarizes the L-HHS-ED appropriations for FY2003, including both discretionary and mandatory appropriations.

Table 2. Summary of L-HHS-ED Appropriations
(\$ in billions)

Type of budget authority	FY2002 enacted ^a	FY2003 request	FY2003 House	FY2003 Senate	FY2003 conference
Discretionary appropriations					
Program level: current bill for any year	\$127.3	\$130.9	—	\$136.8	—
Current year: current year from any bill	126.1	131.4	—	134.1	—
Advances for future years (from the current bill)	19.3	19.3	—	21.5	—
Advances from prior years (from previous bills)	18.8	19.2	—	19.2	—
Scorekeeping adjustments	-0.7	0.6	—	-0.4	—
Current year discretionary and mandatory funding					
Discretionary	126.1	131.4	—	134.1	—
Mandatory	272.8	289.5	—	N/A	—
Total current year	398.9	420.9	—	N/A	—
Grand total of funding for L-HHS-ED bill, any year					
Grand total any year	\$410.9	\$417.8	—	\$432.5	—

Source: Amounts are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee, except that Senate data are based on S.Rept. 107-216. Data are given only for programs included in the L-HHS-ED appropriations bill.

Note: Both FY2002 and FY2003 mandatory amounts are estimates that are subject to adjustments after the close of their respective fiscal years. “N/A” means not available.

^a The FY2002 amounts are based on P.L. 107-116 and P.L. 107-117, but not P.L. 107-206.

Table 2 shows various aggregate measures of FY2002 enacted and FY2003 proposed L-HHS-ED appropriations, including discretionary program level, current year, and advance appropriations, as well as scorekeeping adjustments.

- ! **Program level appropriations** reflect the total discretionary appropriations in a given bill, regardless of the year in which they will be spent, and therefore include advance funding for future years. *Unless otherwise specified, appropriations levels in this report refer to program level amounts.*
- ! **Current year appropriations** represent discretionary appropriations in a given bill for the current year, plus discretionary appropriations for the current year that were enacted in prior years. Current year discretionary appropriations are similar to the amount counted for the 302(b) allocations ceilings (discussed later, page 9).
- ! **Advance appropriations** are funds that will not become available until after the fiscal year for which the appropriations are enacted – for example, funds included in the FY2003 Act that cannot be spent until FY2004 at the earliest (discussed later, page 10).
- ! **Scorekeeping adjustments** are made to account for special funding situations; the Congressional Budget Office (CBO) monitors these adjustments.

Because appropriations may consist of mixtures of budget authority enacted in various years, two summary measures are frequently used — program level appropriations and current year appropriations. How are these measures related? For an “operational definition,” program level funding equals (a) current year, plus (b) advances for future years, minus (c) advances from prior years, and minus (d) scorekeeping adjustments. **Table 2** shows these amounts, along with current year funding for mandatory programs and some grand totals for the L-HHS-ED bill.

Other FY2002 Discretionary Estimates. The two estimates for FY2002 L-HHS-ED discretionary appropriations that are shown in **Table 2** — \$127.3 billion for program level and \$126.1 billion for current year appropriations — are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee. Several other estimates exist that may differ because of scorekeeping and other definitional distinctions. The Office of Management and Budget (OMB) estimated the FY2002 L-HHS-ED discretionary total to be \$124.6 billion (*Budget of the United States Government Fiscal Year 2003*, Table S-8). The FY2002 L-HHS-ED conference report table in H.Rept. 107-342 (page 228) shows \$123.4 billion as the current year discretionary total. The CBO keeps track of discretionary appropriations for each Appropriations Subcommittee bill, and shows the total regular and emergency amount for L-HHS-ED in “CBO’s Current Status of Discretionary Appropriations,” available at [<http://www.cbo.gov/>]. According to the CBO, the FY2002 L-HHS-ED discretionary total is \$127.2 billion for the House and the Senate (downloaded November 1, 2002). The CBO amounts include supplemental

appropriations and rescissions; however, CBO data may reflect legislation that has been reported or passed only by the House or the Senate, and do not necessarily distinguish amounts actually enacted.

Terrorism and Homeland Security Assistance

One of the key issues of L-HHS-ED appropriations in the past year has been the level of funding for activities that relate to preparing for and responding to terrorism. Several L-HHS-ED programs, particularly those dealing with bioterrorism, address these needs directly. For the most part, these programs would be transferred to the proposed Department of Homeland Security (DHS) under the proposal submitted to the Congress by the President on June 18, 2002. Other L-HHS-ED programs, such as emergency grants for dislocated workers, are available to provide assistance in response to many kinds of emergencies, including terrorism. Both types of programs were in place prior to the terrorist attacks of September 11, 2001; the funding for both types of programs has been augmented since that date. Annual L-HHS-ED terrorism funding levels are as follows.

- ! For FY2003, the President has proposed \$4.3 billion for L-HHS-ED terrorism activities, mostly for U.S. Department of Health and Human Services (DHHS) programs that prevent, or respond to, bioterrorism, including public health and hospital preparedness.
- ! On June 18, 2002, the President proposed the transfer of two current clusters of DHHS activities to DHS: (1) civilian biodefense research programs, with an FY2003 request of \$2.0 billion; and (2) chemical, biological, radiological, and nuclear response assets, with an FY2003 request of \$2.1 billion.
- ! On March 20, 2002, the President proposed further FY2002 emergency supplemental appropriations that would include an additional \$750 million for dislocated worker programs at the U.S. Department of Labor (DOL), and an FY2002 rescission of \$50 million from DHHS programs.
- ! For FY2002, regular appropriations provided \$0.2 billion for anti-bioterrorism activities. Subsequent supplemental appropriations provided an additional \$2.8 billion for DHHS, primarily for bioterrorism and response programs, and another \$220 million for DOL, primarily for emergency worker compensation programs. A rescission of \$75 million was also enacted that reduced previously enacted funding for National Institutes of Health (NIH) facilities and L-HHS-ED administrative expenses.
- ! For FY2001, \$291 million was enacted before the terrorist attacks of September 11, 2001, primarily for DHHS bioterrorism programs. After the attacks, an additional \$126 million supplemental was enacted for DHHS programs for health-related needs in disaster areas and \$29 million for DOL programs for temporary jobs to clean up after the disaster.

For funding details for specific L-HHS-ED terrorism programs, see *Appendix C: Terrorism Funding in the L-HHS-ED Bill*, page 47.

Other Assistance Available for Emergencies. Some L-HHS-ED programs are designed with enough flexibility that their funds might be used to respond to emergencies. For example, the National Emergency Grants under the DOL Dislocated Workers program, or the Low-Income Home Energy Assistance Program (LIHEAP) or the Social Services Block Grant (SSBG) programs administered by DHHS might be available for such situations. In addition, other L-HHS-ED programs automatically address some types of emergency needs, as in the case of the DOL Unemployment Compensation program, which provides financial assistance for those suddenly finding themselves unemployed.

Earmarks for Specific Projects

The earmarking of funds for specific projects in appropriations bills has become an issue of contention between the Administration and the Congress, and the issue extends to L-HHS-ED projects. In some instances, L-HHS-ED appropriations are earmarked for specific recipients or locations, either in the public law or in the conference report. For the most part, the authorizing statute gives the general purpose for such earmarks, such as “projects for the improvement of postsecondary education,” but subsequently an appropriations act or conference report designates specific recipients by means of earmarks. Such designations usually bypass standard administrative procedures for an agency’s competitive distribution of awards. For FY2002, P.L. 107-116 (conference report H.Rept. 107-342) included an estimated 1,600 earmarks for specific projects for which an estimated \$1.0 billion was appropriated. As shown in **Table 2**, the FY2002 L-HHS-ED appropriation was \$411.1 billion in aggregate, and represented \$126.3 billion for current year discretionary funds. These earmarks therefore represent 0.2% of the L-HHS-ED total – and 0.8% of the discretionary total – in FY2002. The President proposed the elimination of congressional earmarks in appropriations for each of the past two years, but the Congress has continued this practice. The President again proposed the abolition of earmarks in the FY2003 budget.

Funding Changes Proposed by the President

With regard to the President’s FY2003 budget, the issues in the early stages of the appropriations process generally relate to proposed funding changes. The summary below notes changes proposed for discretionary budget authority of at least \$100 million compared to the L-HHS-ED appropriations for FY2002. Viewing this list by itself should be done with caution, since the relative impact of a \$100 million funding change to a \$500 million program (a 20% increase or decrease) is greater than a \$100 million change to a \$5 billion program (a 2% increase or decrease). Later on in this report, the discussions for budgets of individual departments include tables to compare the FY2003 request with the FY2002 funding for many of the major programs in the L-HHS-ED bill. Overall, \$130.9 billion in discretionary appropriations at the program level is requested for L-HHS-ED, a 2.8% increase over the FY2002 amount of \$127.3 billion.

- ! For DOL programs, a reduction of \$0.5 billion is requested for job training programs authorized by the Workforce Investment Act of 1998 (WIA). Overall, \$11.5 billion in discretionary appropriations

is requested for DOL, a 7.3% decrease compared to the FY2002 amount of \$12.4 billion.

- ! For DHHS programs, the largest discretionary funding change (in absolute terms) is a requested increase of \$3.7 billion for NIH. An increase of \$114 million is requested for Community Health Centers; however, the \$120 million Community Access Program would be eliminated. Other increases include \$130 million additional for Head Start and \$130 million more for Safe and Stable Families. An initial \$184 million is requested for the Health Facilities Construction Consolidation proposal. Requested decreases include a \$368 million reduction for Health Professions; \$422 million less for the Centers for Disease Control and Prevention (CDC); \$300 million less for the Low-Income Home Energy Assistance Program (LIHEAP); and a \$137 million reduction for the Public Health and Social Services Emergency Fund (PHSSEF). The request would eliminate the \$312 million Health Care and Other Facilities program. Overall, \$59.4 billion in discretionary appropriations is requested for DHHS, a 4.8% increase over the FY2002 amount of \$56.7 billion.
- ! For U.S. Department of Education (ED) programs, the two largest discretionary changes (in absolute terms) would be a \$1.0 billion increase each for Title I Part A Grants to Local Educational Agencies (LEAs) for the Education of the Disadvantaged and the Individuals with Disabilities Education Act (IDEA) Part B Grants to States. An additional \$0.5 billion is requested for Pell Grants, along with a \$1.3 billion FY2002 supplemental. The maximum award under Pell Grants would be \$4,000, the same as for FY2002. Other major increases include \$100 million more for the Reading First programs, and \$100 million for a new Charter Schools Facilities Initiative. Decreases would include elimination of the \$163 million Rural Schools program; a \$749 million decrease for Fund for the Improvement of Education (FIE); and \$142 million less for the Fund for the Improvement of Postsecondary Education (FIPSE). Discretionary funding of \$932 million is requested to support the creation of a new unified discretionary account for the administration of federal student aid programs. This proposal would be offset in part by a \$797 million reduction obtained through a reclassification of certain mandatory funds for student aid administrative activities. Overall, \$50.2 billion in discretionary appropriations is requested for ED, a 2.7% increase over the FY2002 amount of \$48.9 billion.
- ! For the related agencies, the budget includes proposed increases of \$351 million additional for the SSA Limitation on Administrative Expenses. Overall, \$9.7 billion in discretionary appropriations is requested for related agencies, a 5.4% increase over the FY2002 amount of \$9.2 billion.

House Legislative Action

On September 4, 2002, Rep. C. W. Bill Young, Chairman of the House Appropriations Committee, introduced **H.R. 5320**, a bill to provide FY2003 appropriations for L-HHS-ED programs in the exact same amounts proposed by the President in the FY2003 budget request. To date, the House Appropriations Committee has neither marked up nor voted on H.R. 5320.

Senate Legislative Action

The L-HHS-ED Subcommittee of the Senate Appropriation Committee held a markup session on its version of the FY2003 L-HHS-ED bill on July 16, 2002, and reported favorably to the full Committee. The Senate Appropriations Committee reported the bill, **S. 2766, S.Rept. 107-216**, on July 22, 2002.

Senate Committee Highlights. Overall, the FY2003 Senate bill, as reported by the Senate Appropriations Committee, would provide program level discretionary appropriations of \$136.8 billion for L-HHS-ED programs. The comparable amount requested by the President is \$130.9 billion; the FY2002 amount was \$127.3 billion prior to the enactment of **P.L. 107-206**, which provided additional FY2002 supplemental appropriations of nearly \$1.0 billion.

- ! For DOL programs, the Senate bill would provide \$0.7 billion more than the FY2003 request for WIA programs. Overall, the Senate bill would provide \$12.4 billion in discretionary appropriations for DOL, \$0.9 billion more than requested and the same as the FY2002 amount.
- ! For DHHS programs, the Senate bill would provide NIH with an increase of \$3.7 billion, the same as requested in the FY2003 budget. The bill would provide \$243 million more than the request for Health Professions; \$161 million more for Ryan White AIDS Programs; \$620 million more for the CDC; \$300 million more for LIHEAP; and \$202 million more for Head Start. The Community Access Program would be funded at \$120 million, the same as in FY2002; no funds were requested. Overall, the Senate bill would provide \$61.6 billion in discretionary appropriations for DHHS, \$2.2 billion more than requested and \$4.9 billion more than the FY2002 amount.
- ! For ED programs, the Senate bill would provide \$500 million more than the FY2003 request for Title I Part A Grants. A Struggling Schools Improvement Grants Initiative would receive first year funding of \$100 million; no funds are requested. The Senate bill would provide \$250 million more than the FY2003 request for Teacher Quality; \$792 million more for FIE programs; and \$317 million more for Pell Grants. The maximum award under Pell Grants would be increased to \$4,100, an amount that is \$100 more than requested or provided in FY2002. The Senate bill would not

support the President's proposal to unify the mandatory part of federal student aid program administration, and would provide no funds for Charter School Facilities. Rural Education would be funded at \$175 million; no funds are requested. Overall, the Senate bill would provide \$53.2 billion in discretionary appropriations for ED, \$3.0 billion more than requested and \$4.3 billion more than the FY2002 amount.

- ! For related agencies, the Senate bill would provide appropriations at approximately the level requested by the President for FY2003. Overall, the Senate bill would provide \$9.7 billion in discretionary appropriations, the same as the request and \$0.5 billion more than the FY2002 amount.

302(a) and 302(b) Allocation Ceilings

The maximum budget authority for annual L-HHS-ED appropriations is usually determined through a two-stage congressional budget process. In the first stage, the Congress agrees to overall spending totals in the annual concurrent resolution on the budget. Subsequently, these amounts are allocated among committees, usually through the statement of managers for the conference report on the budget resolution. These amounts are known as the **302(a) allocations**. They include the discretionary totals available to the House and Senate Appropriations Committees for enactment in annual appropriations. The House and the Senate considered budget resolutions for FY2003, **H.Con.Res. 353** and **S.Con.Res. 100**, but they have not yet reached an agreement. For legislative details, see *Related Legislation*, page 38; for procedural information, see CRS Report 98-721, *Introduction to the Federal Budget Process*; and for a discussion of possible alternative actions if the Congress fails to agree to a budget resolution, see CRS Report RL31443, *The "Deeming Resolution": A Budget Enforcement Tool*.

In the second stage of the process, the appropriations committees allocate the 302(a) discretionary funds among their subcommittees for each of the 13 annual appropriations bills. These amounts are known as the **302(b) allocations**. These allocations must add up to no more than the 302(a) discretionary allocation, and form the basis for enforcing budget discipline, since any bill reported with a total above the ceiling is subject to a point of order. The 302(b) allocations can and do get adjusted during the year as the various appropriations bills progress toward final enactment. Despite the lack of a House-Senate agreement on the FY2003 budget resolution, the initial 302(b) allocations for the FY2003 L-HHS-ED appropriations bills have been announced by the appropriations committees, as shown in **Table 3**. Comparable amounts for FY2002 and the President's FY2003 budget are also shown. Subject to scorekeeping considerations, 302(b) allocations are similar to current year discretionary appropriations. Both the 302(a) and the 302(b) allocations regularly become contested issues in their own right.

**Table 3. 302(b) Discretionary Allocations
for L-HHS-ED Programs**

(budget authority in billions of dollars)

FY2002 enacted comparable	FY2003 request comparable	FY2003 House allocation	FY2003 Senate allocation	FY2003 conference comparable
\$126.1	\$131.4	\$129.9	\$134.1	—

Source: The House FY2003 allocation is based on the House Appropriations Committee report, H.Rept. 107-567 (July 11, 2002); the Senate FY2003 allocation is based on the Senate Appropriations Committee press release of August 5, 2002. The comparable FY2002 enacted appropriations and the FY2003 budget request data are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee. The FY2002 amount is based on P.L. 107-116 and P.L. 107-117, but does not include funds enacted by P.L. 107-206, which provided nearly \$1.0 billion more for L-HHS-ED activities.

Note: Under current scorekeeping provisions, advance appropriations that were enacted as part of the FY2002 appropriations are counted in FY2003 or later, and any advance appropriations enacted as part of the FY2003 appropriations would be counted in FY2004 or later.

Advance Appropriations

Advance appropriations occur when funding enacted in one fiscal year cannot be spent until a subsequent fiscal year (see CRS Report RS20441, *Advance Appropriations, Forward Funding, and Advance Funding*). For example, P.L. 107-116, which enacted FY2002 L-HHS-ED appropriations, provided \$380 million for the Corporation for Public Broadcasting (CPB) for use in FY2004. The enactment of advance appropriations can be undertaken to meet several objectives. These include the provision of long-term budget information to agencies and other recipients, such as state and local educational systems, to enable better planning of future program activities and personnel levels. The more contentious aspect of advance appropriations, however, is that they avoid the 302(a) and 302(b) allocation ceilings for the current year. However, such funding must be counted in the year in which it first becomes available, thereby using up ahead of time part of what will be counted against the allocation ceiling in future years. For an example of the impact of advance appropriations on program administration, see the discussion below in the section on ED (page 28).

The FY1999 and FY2000 annual L-HHS-ED appropriations bills provided significant increases in advance appropriations for discretionary programs. From FY2000 to FY2002, these amounts stabilized at approximately \$19 billion, or about 15% of the current L-HHS-ED discretionary appropriations. For FY2002, the President's budget proposed the elimination of advance appropriations for federal discretionary programs, including those for L-HHS-ED programs. The Congress rejected that proposal, and continued such funding instead. For FY2003, the President's request would maintain advance appropriations for L-HHS-ED programs at the current level; the Senate Appropriations Committee bill, as reported, would increase advance appropriations to \$21.5 billion. In general, the House-passed version of the FY2003 budget resolution would maintain advance appropriations only

for programs currently receiving such appropriations; see §301 of **H.Con.Res. 353**. Annual amounts from FY1998 to the present are as follows:

- ! FY1998, \$4.0 billion;
- ! FY1999, \$8.9 billion;
- ! FY2000, \$19.0 billion;
- ! FY2001, \$18.8 billion;
- ! FY2002, \$19.3 billion, as enacted by P.L. 107-116;
- ! FY2003 request, \$19.3 billion; and
- ! FY2003 Senate, as reported, \$21.5 billion.

Major Funding Trends

The L-HHS-ED appropriations bills combine mandatory and discretionary funds; however, the Appropriations Committees fully control only the discretionary funds. Mandatory funding levels for programs included in the annual appropriations bills are modified through changes in the authorizing legislation. These changes typically are accomplished through the authorizing committees and combined into large, omnibus reconciliation bills. **Table 4** shows the trend in discretionary budget authority under the L-HHS-ED appropriations for FY1998 through FY2002.

Table 4. L-HHS-ED Discretionary Funding Trends from FY1998
(budget authority in billions of dollars)

Type of funds	FY1998	FY1999	FY2000	FY2001	FY2002 estimate ^a
L-HHS-ED discretionary	\$81.1	\$89.5	\$87.1	\$110.5	\$124.6
L-HHS-ED discretionary in estimated FY2002 dollars	\$87.7	\$95.5	\$91.1	\$112.9	\$124.6
L-HHS-ED % of all federal discretionary funds ^b	15.3%	15.4%	14.9%	16.4%	17.4%
L-HHS-ED % of total federal budget authority	4.8%	5.0%	4.8%	5.6%	6.0%
Total federal discretionary	\$529.6	\$581.9	\$584.4	\$671.9	\$717.8
Total federal budget authority	\$1,692.3	\$1,776.7	\$1,825.0	\$1,959.7	\$2,085.0
GDP deflator	1.0339	1.0474	1.0690	1.0937	1.1177

Source: Federal totals and the GDP deflator are based on the *Budget of the United States Government Historical Tables Fiscal Year 2003*, Tables 5.2, 5.4, and 10.1. The L-HHS-ED discretionary budget authority amounts are based on the *Budget of the United States Government* from various years, and therefore may not be completely comparable from year to year.

^a Estimates are based on FY2002 appropriations enacted as of the submission of the FY2003 budget request in February 2002; they do not include any supplemental appropriations and rescissions for L-HHS-ED and other bills that were enacted later in FY2002.

^b Discretionary funds include both defense and non-defense activities.

Total L-HHS-ED discretionary funds increased by 53.6% during this 5-year period. The 5-year increase is reduced to an estimated 42.1% after adjustment for inflation by use of the Gross Domestic Product (GDP) deflator. When compared to all federal discretionary budget authority, the L-HHS-ED portion increased from 15.3% share of the federal total in FY1998 to an estimated 17.4% in FY2002. When compared to all federal budget authority, both discretionary and nondiscretionary (mandatory), the L-HHS-ED portion of the federal total increased during this period from 4.8% in FY1998 to an estimated 6.0% in FY2002.

World Wide Web Sites

General information on budget and appropriations may be found at these web sites. Specific L-HHS-ED agency sites are listed in relevant sections of this report.

House Committees

[<http://www.house.gov/appropriations>]

[<http://www.house.gov/budget/>]

Senate Committees

[<http://www.senate.gov/~appropriations/>]

[<http://www.senate.gov/~budget/>]

Congressional Budget Office (CBO)

[<http://www.cbo.gov>]

Congressional Research Service (CRS)

[<http://www.crs.gov/products/appropriations/apppage.shtml>]

General Accounting Office (GAO)

[<http://www.gao.gov/>]

Government Printing Office (GPO)

[<http://w3.access.gpo.gov/usbudget/index.html>]

Office of Management & Budget (OMB)

[<http://www.whitehouse.gov/OMB/budget/index.html>]

[<http://www.whitehouse.gov/OMB/legislative/sap/index.html>]

U.S. Department of Labor

The FY2003 budget proposal for discretionary appropriations at the U.S. Department of Labor (DOL) is \$11.5 billion, \$0.9 billion (7.3%) less than the FY2002 appropriations of \$12.4 billion, as shown in **Table 5**. As reported, the Senate bill, S. 2766, would provide \$12.4 billion in discretionary appropriations.

Table 5. Department of Labor Discretionary Appropriations
(\$ in billions)^a

Funding	FY2001 enacted ^b	FY2002 request	FY2002 House	FY2002 Senate	FY2002 conference
Appropriations	\$12.4	\$11.5	—	\$12.4	—

Source: Amounts are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee; Senate data are based on S.Rept. 107-216.

^a The amounts shown represent only discretionary programs funded by the L-HHS-ED appropriations bill; appropriations for mandatory programs are excluded.

^b The FY2002 amounts are based on P.L. 107-116 and P.L. 107-117, but not P.L. 107-206.

Mandatory DOL programs included in the FY2002 L-HHS-ED bill were funded at \$2.2 billion, and consist of the Black Lung Disability Trust Fund (\$1.0 billion), Federal Unemployment Benefits and Allowances (\$0.5 billion), Advances to the Unemployment Insurance and Other Trust Funds (\$0.4 billion), Energy Employees Occupational Illness Fund (\$0.1 billion), and Employment Standards Administration Special Benefits programs (\$0.1 billion).

Key Issues

President's Request. The President's FY2003 budget request for DOL focuses on job training programs. Reductions are proposed for some of these programs, including some that are receiving supplemental funds that were provided in response to the terrorist attacks of September 11, 2001. Discretionary changes of at least \$100 million requested for DOL programs under the President's FY2003 budget include the following:

- ! A reduction of \$505 million is requested for programs authorized by the Workforce Investment Act of 1998 (WIA), which was funded at \$5.5 billion in FY2002. Regarding specific WIA programs, \$127 million less is requested for Youth Training, funded at \$1.1 billion in FY2002; \$180 million less is proposed for Youth Opportunity Grants, funded at \$225 million in FY2002; and \$232 million less is requested for Other Federally Administered WIA programs, funded at \$346 million in FY2002. Other Federally Administered programs include Migrant and Seasonal Farmworkers (\$80 million in FY2002) — a program proposed for elimination in the request — as well as Pilot and Demonstration programs (\$130 million in FY2002), for which \$35 million is requested.

- ! Emergency Expenses for Workers Compensation Programs, which were provided \$175 million under the P.L. 107-117 FY2002 Supplemental, would receive no funding under the FY2003 request.

Senate Bill, as Reported. For DOL programs, the FY2003 Senate bill differs in several respects from the President's budget request.

- ! WIA programs would be funded at \$5.6 billion, \$657 million more than the FY2003 request and \$152 million more than the FY2002 amount. Youth Training would receive \$1.1 billion, \$127 million more than requested and the same as the FY2002 amount. Dislocated Worker Assistance would receive \$1.5 billion, \$133 million more than requested and the same as in FY2002 after adjusting for rescissions (see note b for Table 6). Youth Opportunity Grants would be funded at \$225 million, \$180 million more than requested and the same as the FY2002 amount. Two other WIA programs, for which no funds were requested, would be continued at their FY2002 funding levels — Migrant and Seasonal Farmworkers (\$80 million) and the Responsible Reintegration of Youthful Offenders (\$55 million).

CRS Products

- CRS Report RL31501, *Child Labor in America: History, Policy, and Legislative Issues*, by William G. Whittaker.
- CRS Report 97-724, *Ergonomics in the Workplace: Is it Time for an OSHA Standard?*, by Edward Rappaport.
- CRS Report 97-536, *Job Training Under the Workforce Investment Act: An Overview*, by Ann Lordeman.
- CRS Report RL31336, *Older Americans Act: Programs and Funding*, by Carol O'Shaughnessy.
- CRS Report RL31277, *Temporary Programs to Extend Unemployment Compensation*, by Jennifer E. Lake.
- CRS Report RS21078, *Trade Adjustment Assistance for Workers: Legislation in the 107th Congress*, by Paul J. Graney.
- CRS Report 95-742, *Unemployment Benefits: Legislative Issues in the 107th Congress*, by Celinda M. Franco.
- CRS Report RS20244, *The Workforce Investment Act: Training Programs Under Title I at a Glance*, by Ann Lordeman.

World Wide Web Sites

U.S. Department of Labor

[<http://www.dol.gov>]

[http://www.dol.gov/_sec/budget2003/overview-toc.htm]

[http://www.dol.gov/_sec/budget2003/tables.htm#budgetauth]

[http://www.dol.gov/_sec/media/congress/2132002ec.htm]

Detailed Appropriations Table

Table 6 shows the appropriations details for offices and major programs of DOL.

Table 6. Detailed Department of Labor Appropriations
(\$ in millions)

Office or major program	FY2002 enacted ^a	FY2003 request	FY2003 House	FY2003 Senate	FY2003 conference
<i>Employment and Training Administration (ETA)</i>					
Training and Employment Services (TES), Workforce Investment Act (WIA) Adult Training Grants to States	950	900	—	950	—
WIA Youth Training	1,128	1,001	—	1,128	—
WIA Dislocated Worker Assistance ^b	1,372	1,383	—	1,549	—
–Dislocated Worker Assistance, State Grants (non-add)	1,129	1,106	—	1,239	—
–Dislocated Worker Assistance, Secretary’s Reserve (non-add)	243	277	—	310	—
WIA Job Corps	1,459	1,532	—	1,519	—
WIA Youth Opportunity Grants (YOG)	225	45	—	225	—
WIA other federally administered programs	346	114	—	261	—
WIA subtotal in TES	5,480	4,975	—	5,632	—
TES, Other	5	1	—	1	—
Community Service Employment for Older Americans	445	440	—	450	—
Worker Compensation Programs Emergency Expenses	175	0	—	0	—
Federal Unemployment Benefits and Allowances, Trade Adjustment and NAFTA Activities (mandatory)	416	13	—	416	—
State Unemployment Insurance and Employment Service Operations (SUI/ESO) Unemployment Compensation	2,792	2,728	—	2,651	—
SUI/ESO Employment Service	847	826	—	847	—
SUI/ESO One-Stop Career Centers	120	113	—	113	—
SUI/ESO Work Incentives Grants	20	20	—	20	—
SUI/ESO subtotal	3,779	3,687	—	3,631	—
Advances to Unemployment Trust Fund and other funds (mandatory)	464	463	—	463	—
ETA Program Administration	161	172	—	178	—
ETA subtotal	10,925	9,751	—	10,771	—
Pension and Welfare Benefits Administration	111	117	—	114	—
Pension Benefit Guaranty Corporation (PBGC) Administration	12	13	—	13	—
PBGC program level (non-add)	190	193	—	193	—

Office or major program	FY2002 enacted ^a	FY2003 request	FY2003 House	FY2003 Senate	FY2003 conference
<i>Employment Standards Administration (ESA)</i>					
ESA Salaries and Expenses	370	294	—	384	—
ESA Special Benefits (mandatory)	121	163	—	163	—
ESA Energy Employees Occupational Illness Fund (mandatory)	136	105	—	105	—
ESA Black Lung Disability Trust Fund (mandatory)	1,035	1,035	—	1,035	—
ESA subtotal	1,663	1,597	—	1,687	—
Occupational Safety and Health Administration (OSHA)	443	437	—	470	—
Mine Safety and Health Administration (MSHA)	254	254	—	262	—
Bureau of Labor Statistics	475	498	—	498	—
Office of Disability Employment Policy	38	47	—	47	—
Departmental Management, International Labor Affairs	148	55	—	148	—
Departmental Management, Veterans Employment and Training	213	210	—	218	—
Departmental Management, Other	294	326	—	308	—
Departmental Management subtotal	655	591	—	674	—
TOTALS, DEPARTMENT OF LABOR					
Total appropriations ^c	14,577	13,301	—	14,537	—
Current year: FY2003	12,113	10,842	—	12,074	—
Advance year: FY2003	2,463	2,463	—	2,463	—

Source: Amounts are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee; Senate data are based on S.Rept. 107-216.

^a The FY2002 amounts are based on P.L. 107-116 and P.L. 107-117, but not P.L. 107-206.

^b The actual FY2002 appropriation for Dislocated Worker Assistance was \$1,549 million and not \$1,372 million; the difference is a rescission from FY2001 appropriations that was enacted through P.L. 107-20, but implemented in FY2002; the rescission was \$177.5 million, which consisted of \$110.0 million for State Grants and \$67.5 million for the Secretary's Reserve.

^c Appropriations totals include discretionary and mandatory funds, and may be subject to additional scorekeeping and other adjustments.

U.S. Department of Health and Human Services

The FY2003 budget proposal for discretionary appropriations at the U.S. Department of Health and Human Services (DHHS) is \$59.4 billion, \$2.7 billion (4.8%) more than the FY2002 appropriations of \$56.7 billion, as shown in **Table 7**. As reported, the Senate bill, S. 2766, would provide \$61.6 billion in discretionary appropriations.

**Table 7. U.S. Department of Health and Human Services
Discretionary Appropriations**
(\$ in billions) ^a

Funding	FY2002 enacted ^b	FY2003 request	FY2003 House	FY2003 Senate	FY2003 conference
Appropriations	\$56.7	\$59.4	—	\$61.6	—

Source: Amounts are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee; Senate data are based on S.Rept. 107-216.

^a The amounts shown represent discretionary programs funded by the L-HHS-ED appropriations bill; appropriations for mandatory programs are excluded, as are DHHS discretionary amounts that are funded in other appropriations bills.

^b The FY2002 amounts are based on P.L. 107-116 and P.L. 107-117, but not P.L. 107-206.

Mandatory DHHS programs included in the FY2002 L-HHS-ED bill were funded at \$248.7 billion, and consist primarily of Grants to States for Medicaid (\$153.7 billion), Payments to Medicare Trust Funds (\$82.0 billion, virtually all for Part B Supplementary Medical Insurance), Foster Care and Adoption (\$6.6 billion), and Social Services Block Grant (\$1.7 billion).

Key Issues

President's Request. The President's FY2003 budget request for DHHS would focus increased support primarily for medical research, with smaller increases for selected health care and early childhood development programs. At the same time, it would reduce funding for programs for health professions, health care facilities, disease control and prevention, and home energy assistance for low-income people. Discretionary spending changes of at least \$100 million are requested for the following programs.

- ! An increase of \$3.7 billion is requested for the National Institutes of Health (NIH), which was funded at \$23.5 billion in FY2002, to support activities that maintain and improve health through medical science. This is the largest increase in discretionary funds (in terms of absolute dollars) in the FY2003 L-HHS-ED budget request. The FY2003 request would complete a 5-year effort by the Congress to double the size of NIH funding, from \$13.6 billion in FY1998 to \$27.2 billion in FY2003 (see CRS Issue Brief IB10100, *Federal Research and Development Funding: Fiscal Year 2003*).

- ! An additional \$114 million is proposed for Community Health Centers, which was funded at \$1.3 billion in FY2002; however, the \$120 million Community Access Program, which provides the uninsured with safety-net access to health care, would be eliminated.
- ! A decrease of \$368 million is requested for the Health Professions program, funded at \$663 million in FY2002.
- ! The Health Care and Other Facilities program, funded at \$312 million in FY2002, would be eliminated; funds for this program are earmarked for construction and renovation projects for designated recipients.
- ! A decrease of \$422 million is requested for the Centers for Disease Control and Prevention (CDC); \$4.3 billion was provided for FY2002 for the prevention and control of diseases, injuries, and disabilities. The decrease is due primarily to a one-time buildup in FY2002 of vaccines and other pharmaceuticals to combat bioterrorism threats.
- ! A decrease of \$300 million is proposed for the Low-Income Home Energy Assistance Program (LIHEAP); \$1.7 billion was appropriated for FY2002. The LIHEAP Emergency Allocation of \$300 million would be level funded.
- ! An additional \$130 million is requested for Head Start, funded at \$6.5 billion in FY2002.
- ! An additional \$130 million is requested for the discretionary portion of the Promoting Safe and Stable Families program; \$70 million in discretionary funds was provided for FY2002.
- ! The Public Health and Social Services Emergency Fund (PHSSEF) would be reduced by \$137 million; this account was funded at \$2.4 billion in FY2002, primarily for bioterrorism and emergency response programs.
- ! An initial \$184 million is requested for the Health Facilities Construction Consolidation proposal, which would eventually combine funding from several DHHS accounts into a single fund for health facilities construction.

Senate Bill, as Reported. For DHHS programs, the FY2003 Senate bill differs in several respects from the President's budget request.

- ! Health Professions would receive \$243 million more than the FY2003 request, but \$125 million less than the FY2002 amount of \$663 million.
- ! Ryan White AIDS Programs would receive \$161 million more than the request and the FY2002 amount of \$1.9 billion.
- ! The Community Access Program would receive \$120 million, the same as in FY2002; no funds were requested.
- ! The CDC would receive \$620 million more than the request and \$198 million more than the FY2002 level of \$4.3 billion.
- ! LIHEAP would receive \$300 million more than the request, and the same as the FY2002 amount of \$1.7 billion.
- ! Head Start would receive \$202 million more than the request and \$332 million more than the FY2002 amount of \$6.5 billion.

- ! The Senate bill would not provide any funds for the \$184 million Health Facilities Construction Consolidation proposed in the FY2003 budget.

Bioterrorism Preparedness. The President's FY2003 budget request proposes \$4.3 billion for DHHS bioterrorism preparedness programs and activities. Of this amount, \$2.3 billion would be provided through the PHSSEF, and \$2.0 billion through other accounts, primarily those for NIH. The request includes funds for strengthening the federal medical and public health response capacity, upgrading CDC's facilities, improving state and local public health preparedness, developing vaccines and maintaining the National Pharmaceutical Stockpile (NPS), preparing the nation's hospitals, expanding FDA's regulatory oversight of drugs and other biological products, and securing facilities to conduct critical scientific work. For additional information, see *Appendix C: Terrorism Funding in the L-HHS-ED Bill*, page 47, and CRS Report RL31263, *Public Health Security and Bioterrorism Preparedness and Response Act (P.L. 107-188): Provisions and Changes to Preexisting Law*.

For FY2002, DHHS received \$3.0 billion to improve bioterrorism preparedness at the federal, state, and local levels. The FY2002 L-HHS-ED Appropriations Act, P.L. 107-116, included \$243 million for anti-bioterrorism activities, and the FY2002 Anti-Terrorism Supplemental, P.L. 107-117, provided an additional \$2.8 billion as part of the \$20 billion anti-terrorism emergency spending package. P.L. 107-117 allocated the anti-bioterrorism funding under several broad categories, including \$593 million for the NPS, \$512 million to purchase smallpox vaccine, \$865 million for state and local health departments, \$135 million to upgrade hospital capacity, \$100 million to upgrade CDC's facilities and capacity, and \$155 million for NIH research and lab construction. In addition, the DHHS Food and Drug Administration (FDA) — regularly funded under the Agriculture Appropriations Act — received \$151 million for FDA lab security, vaccine approval, and food safety.

Abortion: Annual Funding Restrictions. L-HHS-ED appropriations acts regularly contain restrictions that limit — for one year at a time — the circumstances under which federal funds can be used to pay for abortions. The Congress has not actually amended these restrictions since FY1999. However, given the perennial volatility of this issue, it may be revisited at any time during consideration of FY2003 L-HHS-ED appropriations. From FY1977 to FY1993, abortions could be funded only when the life of the mother was endangered. Restrictions on appropriated funds, popularly referred to as the Hyde Amendments, generally apply to all L-HHS-ED funds. Medicaid is the largest program affected. The 103rd Congress modified the provisions to permit federal funding of abortions in cases of rape or incest. The FY1998 L-HHS-ED Appropriations Act, P.L. 105-78, extended the Hyde provisions to prohibit the use of federal funds to buy managed care packages that include abortion coverage, except in the cases of rape, incest, or life endangerment. For FY1999, the FY1998 Hyde Amendments were continued, along with a clarification to ensure that the restrictions apply to all trust fund programs (namely, Medicare) funded by the FY1999 L-HHS-ED Appropriations Act, P.L. 105-277, as well as an assurance that Medicare + Choice plans cannot require the provision of abortion services. The FY2000, FY2001, and FY2002 L-HHS-ED Appropriations Acts have repeated without change the FY1999 funding restrictions. Current provisions can be

found in §508 and §509 of the FY2002 L-HHS-ED Appropriations Act, P.L. 107-116. For additional information, see CRS Issue Brief IB95095, *Abortion: Legislative Response*.

Embryonic Stem Cell Research: Funding Restrictions. On August 9, 2001, President Bush announced a decision to use federal funds for research on human embryonic stem cells for the first time, but limited the funding to “existing stem cell lines.” Embryonic stem cells have the ability to develop into virtually any cell in the body, and may have the potential to treat medical conditions such as diabetes and Parkinson’s disease. The use of stem cells, however, frequently raises difficult ethical and social issues regarding embryo and fetal tissue research. An FY1996 appropriations continuing resolution, P.L. 104-99 (§128), prohibited NIH funds from being used for the creation of human embryos for research purposes or for research in which human embryos are destroyed. From FY1997 through FY2002, annual appropriations acts extended the prohibition to all L-HHS-ED funds, but the NIH is the agency primarily affected. The restriction, originally introduced by Representative Jay Dickey, has not changed significantly since it was first enacted. However, given the potential volatility of this issue, it may also be revisited at any time during consideration of the FY2003 L-HHS-ED appropriations. The current provision can be found in §510 of the FY2002 L-HHS-ED appropriations, P.L. 107-116. For additional information, see CRS Report RL31015, *Stem Cell Research* and CRS Report RL31358, *Human Cloning*.

CRS Products

CRS Issue Brief IB95095, *Abortion: Legislative Response*, by Karen J. Lewis, *et. al.*
CRS Report RL30731, *AIDS Funding for Federal Government Programs: FY1981-FY2003*, by Judith A. Johnson.

CRS Report 98-476, *AIDS: Ryan White CARE Act*, by Judith A. Johnson and Paulette C. Morgan.

CRS Report RL31225, *Bioterrorism: Summary of a CRS/National Health Policy Forum Seminar on Federal, State, and Local Public Health Preparedness*, by Robin J. Strongin, Contractor, and C. Stephen Redhead, Coordinator.

CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Alice Butler and Melinda Gish.

CRS Report RL30944, *Child Care Issues in the 107th Congress*, by Melinda Gish.

CRS Report RL30894, *Child Welfare: The Promoting Safe and Stable Families Program*, by Emilie Stoltzfus and Karen Spar.

CRS Report RS20124, *Community Services Block Grants: Background and Funding*, by Karen Spar and M. Ann Wolfe.

CRS Report RS21160, *The Developmental Disabilities Act: Programs and Funding*, by Sidath V. Panangala.

CRS Report 97-757, *Federal Health Centers Program*, by Sharon Kearney.

CRS Issue Brief IB10100, *Federal Research and Development Funding: Fiscal Year 2003*, coordinated by John Dimitri Moteff.

CRS Report RL30952, *Head Start: Background and Funding*, by Alice Butler and Melinda Gish.

CRS Report RL31358, *Human Cloning*, by Judith A. Johnson.

CRS Report 94-211, *The Low-Income Home Energy Assistance Program (LIHEAP)*, by Emilie Stoltzfus.

- CRS Report 97-350, *Maternal and Child Health Block Grant*, by Sharon Kearney.
- CRS Report RL30483, *Medical Research Funding: Summary of a CRS Seminar on Challenges and Opportunities of Proposed Large Increases for the National Institutes of Health*, by John K. Iglehart, Contractor, and Pamela W. Smith, Coordinator.
- CRS Report RL31058, *Medicare Structural Reform: Background and Options*, by Jennifer O’Sullivan, *et. al.*
- CRS Report RL31336, *Older Americans Act: Programs and Funding*, by Carol O’Shaughnessy.
- CRS Report RL31263, *Public Health Security and Bioterrorism Preparedness and Response Act (P.L. 107-188): Provisions and Changes to Preexisting Law*, by C. Stephen Redhead *et al.*
- CRS Report RS20873, *Reducing Teen Pregnancy: Adolescent Family Life and Abstinence Education Programs*, by Carmen Solomon-Fears.
- CRS Report 94-953, *Social Services Block Grants (Title XX of the Social Security Act)*, by Melinda Gish.
- CRS Report RL31015, *Stem Cell Research*, by Judith A. Johnson.
- CRS Report 97-1048, *The Title X Family Planning Program*, by Sharon Kearney.
- CRS Electronic Briefing Book, *Welfare Reform*,
[\[http://www.congress.gov/brbk/html/ebwlf1.shtml\]](http://www.congress.gov/brbk/html/ebwlf1.shtml).
- CRS Issue Brief IB93034, *Welfare Reform: An Issue Overview*, by Vee Burke.

World Wide Web Sites

U.S. Department of Health and Human Services

[\[http://www.hhs.gov\]](http://www.hhs.gov)

[\[http://www.hhs.gov/budget/\]](http://www.hhs.gov/budget/)

[\[http://www.hhs.gov/budget/document.htm\]](http://www.hhs.gov/budget/document.htm)

Detailed Appropriations Table

Table 8 shows the appropriations details for offices and major programs of DHHS.

Table 8. Detailed Department of Health and Human Services Appropriations
(\$ in millions)

Office or major program	FY2002 enacted^a	FY2003 request	FY2003 House	FY2003 Senate	FY2003 conference
<i>Public Health Service (PHS)</i>					
Health Resources and Services Administration (HRSA), Community Health Centers	1,344	1,458	—	1,534	—
HRSA National Health Service Corps	153	193	—	189	—
HRSA Health Professions	663	295	—	538	—
HRSA Maternal and Child Health Block Grant	732	732	—	755	—
HRSA Abstinence Education	10	73	—	40	—
HRSA Ryan White AIDS Programs	1,911	1,911	—	2,072	—
HRSA Family Planning (Title X)	265	265	—	285	—
HRSA Health Care and Other Facilities	312	0	—	0	—
HRSA Community Access Program	120	0	—	120	—
HRSA Vaccine Injury Compensation (mandatory)	82	86	—	86	—
HRSA, Other	574	445	—	649	—
HRSA subtotal	6,166	5,458	—	6,268	—
Centers for Disease Control and Prevention (CDC) ^b	4,296	3,874	—	4,494	—
National Institutes of Health (NIH) ^c	23,456	27,170	—	27,193	—
Substance Abuse and Mental Health Services Administration (SAMHSA) Mental Health Block Grant	433	433	—	433	—
SAMHSA Substance Abuse Block Grant	1,725	1,785	—	1,795	—
SAMHSA, Other	978	975	—	1,010	—
SAMHSA subtotal	3,136	3,193	—	3,238	—
Agency for Healthcare Research and Quality (AHRQ)	3	0	—	203	—
AHRQ program level (non-add)	299	250	—	309	—
PHS subtotal	37,057	39,695	—	41,396	—
<i>Centers for Medicare and Medicaid Services (CMS)</i>					
Medicaid Grants to States (mandatory)	153,721	158,692	—	163,951	—
Payments to Medicare Trust Funds (mandatory)	81,979	81,463	—	81,463	—
CMS Program Management	2,432	2,508	—	2,571	—
CMS subtotal	238,132	242,663	—	247,985	—

Office or major program	FY2002 enacted ^a	FY2003 request	FY2003 House	FY2003 Senate	FY2003 conference
<i>Administration for Children and Families (ACF)</i>					
Family Support Payments to States (mandatory)	4,008	2,878	—	4,037	—
Low Income Home Energy Assistance Program (LIHEAP)	1,700	1,400	—	1,700	—
LIHEAP Emergency Allocation	300	300	—	300	—
Refugee and Entrant Assistance	460	453	—	453	—
Child Care and Development Block Grant (CCDBG)	2,100	2,100	—	2,100	—
Social Services Block Grant (Title XX) (mandatory)	1,700	1,700	—	1,700	—
Head Start	6,538	6,668	—	6,870	—
Child Welfare Services	292	292	—	292	—
Developmental Disabilities	141	141	—	150	—
Community Services Block Grant	650	570	—	653	—
Violent Crime Reduction	142	142	—	149	—
Other Children and Family Services Programs	665	780	—	750	—
Rescission of mandatory funds	-21	0	—	0	—
Promoting Safe and Stable Families (PSSF) (mandatory)	305	305	—	305	—
PSSF (discretionary)	70	200	—	200	—
Foster Care and Adoption Assistance (mandatory)	6,640	4,855	—	6,601	—
ACF subtotal	25,689	22,784	—	26,259	—
Administration on Aging (AOA)	1,348	1,341	—	1,384	—
Office of the Secretary, Public Health and Social Service Fund	2,432	2,295	—	2,256	—
Retirement Pay and Medical Benefits, Commissioned Officers (mandatory)	242	0	—	251	—
Health Facilities Construction Consolidation Proposal	0	184	—	0	—
Office of the Secretary, Other	445	460	—	453	—
TOTALS, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Total appropriations ^d	305,344	309,423	—	319,984	—
Current year: FY2002	254,488	308,023	—	263,877	—
Advance year: FY2003	50,856	1,400	—	56,107	—

Source: Amounts are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee; Senate data are based on S.Rept. 107-216.

^a The FY2002 amounts are based on P.L. 107-116, and P.L. 107-117, but not P.L. 107-206.

^b The Veterans Affairs and Housing and Urban Development (VA-HUD) Appropriations Act provides additional funding for CDC — \$78 million in FY2002.

^c The VA-HUD Appropriations Act provides additional funding for NIH — \$81 million in FY2002.

^d Appropriations totals include discretionary and mandatory funds, and may be subject to additional scorekeeping and other adjustments.

U.S. Department of Education

The FY2003 budget proposal for discretionary appropriations at the U.S. Department of Education (ED) is \$50.2 billion, \$1.3 billion (2.7%) more than the FY2002 appropriations of \$48.9 billion, as shown in **Table 9**. As reported, the Senate bill, S. 2766, would provide \$53.2 billion in discretionary appropriations.

Table 9. Department of Education Discretionary Appropriations
(\$ in billions)^a

Funding	FY2002 enacted ^b	FY2003 request	FY2003 House	FY2003 Senate	FY2003 conference
Appropriations	\$48.9	\$50.2	—	\$53.2	—

Source: Amounts are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee; Senate data are based on S.Rept. 107-216.

^a These amounts represent only discretionary programs funded in the L-HHS-ED appropriations bill; appropriations for mandatory programs are excluded.

^b The FY2002 amounts are based on P.L. 107-116 and P.L. 107-117, but not P.L. 107-206, which included a \$1.0 billion supplemental for Pell Grants.

A single mandatory ED program is included in the L-HHS-ED bill; the Vocational Rehabilitation State Grants program was funded at \$2.5 billion in FY2002.

Key Issues

President's Request. The amount of federal support for education has been a priority of both the Congress and the White House in recent years, and the FY2003 budget request for ED would increase federal funds for both elementary and secondary education programs and for assistance at the postsecondary level. Discretionary spending changes of at least \$100 million are requested by the President for the following programs.

- ! An increase of \$1.0 billion is requested for the Title I Part A Grants to Local Educational Agencies (LEAs) program, which was funded at \$10.4 billion in FY2002.
- ! An additional \$100 million is requested for Reading First programs, funded at \$975 million in FY2002.
- ! \$100 million is requested for a new Charter Schools Facilities Initiative.
- ! An additional \$1.0 billion would be provided for Special Education Part B Grants to States program under IDEA, funded at \$7.5 billion in FY2002.
- ! An increase of \$549 million is requested for the \$10.3 billion Pell Grant program that provides aid to low- and middle-income undergraduate students. The proposed maximum award would be left at the FY2002 level of \$4,000. In addition, the President's

FY2003 budget included a separate request for an FY2002 supplemental appropriation of \$1.3 billion for Pell Grants. These funds would be offset by the cancellation of an equal amount of FY2002 appropriations for programs or projects that were not included in the President's FY2002 request.

- ! The FY2003 request includes a proposal for \$932 million to support the creation of a new unified discretionary account for the administration of federal student aid programs. This amount would be offset in part by a savings of \$797 million through the reclassification of certain mandatory funds for student aid administrative activities.

Along with the increases proposed above, the President's budget would decrease or terminate funding for several programs.

- ! Rural Education funding would be eliminated; the FY2002 amount was \$163 million.
- ! The Fund for the Improvement of Education (FIE) would be reduced by \$749 million; \$833 million was provided in FY2002.
- ! The Fund for the Improvement of Postsecondary Education (FIPSE) would be decreased by \$142 million; the program was funded at \$181 million in FY2002.

Senate Bill, as Reported. For ED programs, the FY2003 Senate bill differs in several respects from the President's budget request.

- ! Title I Part A Grants would receive \$500 million more than the FY2003 request and \$1.5 billion more than the FY2002 amount of \$10.4 billion.
- ! A Struggling Schools Improvement Grants Initiative would receive first year funding of \$100 million; no funds are requested.
- ! Teacher Quality would receive \$250 million more than the request and the FY2002 amount; the program was funded at \$2.9 billion in FY2002.
- ! No funds would be provided for Charter School Facilities, and none were provided in FY2002; \$100 million is requested.
- ! Rural Education would receive \$12 million more than the FY2002 amount of \$163 million; no funds are requested.
- ! FIE programs would receive \$792 million more than the request and \$43 million more than the FY2002 amount of \$833 million.
- ! Pell Grants would be funded at \$317 million more than the request and \$866 million more than the FY2002 amount of \$10.3 billion (prior to the \$1.0 billion supplemental enacted through **P.L. 107-206**, August 2, 2002); the Senate bill would increase the maximum award to \$4,100, which is \$100 more than the requested award and the FY2002 maximum award of \$4,000.
- ! The Senate bill would reject the President's proposal to fund mandatory administrative activities on a discretionary basis.

Pell Grants. The funding level for Pell Grants has been a continuing issue. The program provides assistance to undergraduate students based on financial need. Aggregate program costs depend largely on the maximum award and the number of student recipients. The maximum award is currently set when appropriations are enacted, often well before the start of the program year. The number of student awards, however, cannot be determined until the final award is claimed; this final accounting takes place after most decisions have been made on the following year's appropriations. Funding shortfalls for Pell Grants are not new; the Senate Appropriations Committee states that shortfalls have occurred in 6 of the past 12 years (S.Rept. 107-156, p. 75, May 29, 2002).

Appropriations for Pell Grants make funds available for 2 full fiscal years to provide administrative flexibility regarding potential shortfalls and surpluses. Under this provision, a shortfall in one fiscal year can be reimbursed with funds obtained from the following fiscal year; similarly, a surplus can be carried forward and used in the following year. Currently, some FY2002 funds are needed to make up a projected FY2001 shortfall, for which a final accounting has begun at the start of FY2003. FY2002 funds used for the FY2001 shortfall will not be available to make awards for the 2002-2003 academic year. As the Congress considers the amount needed for FY2003 appropriations for Pell Grants, it must consider not only the projected size and number of awards for the 2003-2004 academic year, but also the sufficiency of FY2002 appropriations needed for the current 2002-2003 academic year and the estimated FY2001 shortfall as well.

For FY2003, the President requests \$10.9 billion for Pell Grants, with a \$4,000 maximum award. As reported, the FY2003 Senate bill would provide \$11.2 billion, with a \$4,100 maximum award. The President requested an FY2002 supplemental appropriation of \$1.3 billion for Pell Grants (for details, see *Budget of the United States Government Appendix, Fiscal Year 2003*, pages 1195-97). An FY2002 supplemental of \$1.0 billion was enacted as part of **P.L. 107-206**, which brought the FY2002 appropriations total to \$11.3 billion. The FY2002 maximum award was \$4,000. An ED Budget Service table of September 26, 2002, shows a projected FY2003 shortfall of \$1.4 billion under either the President's or the Senate's proposals. These ED estimates include the need to use \$0.8 billion of FY2003 appropriations to fund a projected FY2002 shortfall. Cost estimates for FY2003 and FY2002, and possibly FY2001, are subject to change.

Student Aid Program Administration. The President's FY2003 budget proposes the consolidation of the administration of federal student aid programs into a new unified discretionary account. If enacted, this account would combine the following: (1) administrative funds for the Direct Loan (DL) program that support loan origination, servicing, and collection; (2) account maintenance fees for the Federal Family Education Loan (FFEL) program guaranty agencies; (3) other funds that partially support administrative activities for the FFEL program; and (4) other ED personnel and operational funds related to student aid program administration. These funds are currently provided through a disparate set of mandatory, discretionary, and subsidy accounts. The proposal would switch the DL program administrative funds, which are currently mandatory appropriations, to discretionary appropriations. Similarly, account maintenance fees which partially support FFEL program guaranty agencies would cease to be mandatory appropriations and would

become discretionary appropriations. Much of the financing of FFEL program administrative costs, however, would continue to be done through mandatory subsidy payments to lenders. The Higher Education Act (HEA) provisions that provide the underlying statutory authority for these funds would have to be changed to accommodate this proposal. For additional information on the cost, financing, and design of the FFEL and DL programs, see CRS Report RL30048, *Federal Student Loans: Program Data and Default Statistics*, and CRS Report RL30656, *The Administration of Federal Student Loan Programs: Background and Provisions*.

IDEA Part B Grants to States. The IDEA is the major federal program providing assistance to states and school districts to help them fulfill their constitutional obligation to provide a free appropriate public education to children with disabilities. In 1975, the Congress authorized state payments up to a maximum amount of 40% of the national average per-pupil expenditure (APPE) times the number of children with disabilities ages 3 and above that each state serves. The rationale for this formula was the assumption that the education of children with disabilities cost twice the national APPE — 100% more than the “average” child — and the maximum federal share of the extra cost would be 40%. Appropriations have never been sufficient to reach the 40% level. Some view this deficiency as a promise made that has not yet been kept. Achieving the 40% funding level for FY2002 for Part B grants would take an estimated \$18.2 billion, whereas the FY2002 appropriation was \$7.5 billion, the equivalent of 16.5% of the current APPE times the number of children served. An additional appropriation of \$10.7 billion would have been necessary to provide the 40% authorized maximum for FY2002. In addition, funding requirements for maximum grants are likely to grow in the future, as increases are anticipated for both the APPE and the number of children with disabilities served. The latter may increase in part as a result of medical advances that have resulted in more medically fragile children surviving to school age and receiving a public education. For additional information, see CRS Report 97-433, *Individuals with Disabilities Education Act: Full Funding of State Formula*.

Forward Funding and Advance Appropriations. Many of the larger ED programs have either authorization or appropriations provisions that allow funding flexibility for school program years that differ from the federal fiscal year. For example, many of the elementary and secondary education formula grant programs receive appropriations that become available for obligation to the states on July 1 of the same year as the appropriations, and remain available through the end of the following fiscal year. That is, FY2003 appropriations for some programs became available for obligation to the states on July 1, 2003, and will remain available for a 15-month period until September 30, 2004. This budgetary procedure is popularly known as “forward” or “multi-year” funding, and is accomplished through funding provisions in the L-HHS-ED appropriations bill.

Forward funding in the case of elementary and secondary education programs was designed to allow additional time for school officials to develop budgets in advance of the beginning of the school year. For Pell Grants for undergraduates, however, aggregate program costs for individual students applying for postsecondary educational assistance cannot be known with certainty ahead of time. Appropriations from one fiscal year primarily support Pell Grants during the following academic year, that is, the FY2003 appropriations will be used primarily to support the 2003-

2004 academic year. Unlike forward funded programs, however, the funds for Pell Grants remain available for obligation for 2 full fiscal years. Thus, if cost estimates turn out to be too low, funds may be borrowed from the following year's appropriations, or conversely, if the estimates are too high, the surplus may be obligated during the following year.

An **advance appropriation** occurs when the appropriation is provided for a fiscal year beyond the fiscal year for which the appropriation was enacted. In the case of FY2002 appropriations, funds normally would have become available October 1, 2001, under regular funding provisions, but did not become available until July 1, 2002, under the forward funding provisions discussed above. However, if the July 1, 2002 forward funding date were to be postponed for obligation by 3 months — until October 1, 2002 — the appropriation would be classified as an “advance appropriation” since the funds would become available only in a subsequent fiscal year, FY2003. For example, the FY2002 appropriation was \$10.4 billion for Title I Part A Grants to LEAs for the Education of the Disadvantaged. This amount includes not only forward funding of \$3.2 billion (available July 1, 2002), but also an advance appropriation of \$7.2 billion (available October 1, 2002). Like forward funding, advance appropriations are accomplished through provisions in the annual appropriations bill.

What is the impact of these changes in funding provisions? At the program or service level, relatively little is changed by the 3-month delay in the availability of funds, since most expenditures for a standard school year occur after October 1. At the appropriations level, however, a significant technical difference occurs because forward funding is counted as part of the current fiscal year, and is therefore fully included in the current 302(b) allocation for discretionary appropriations. Under federal budget scorekeeping rules, an advance appropriation is not counted in the 302(b) allocation until the following year. In essence, a 3-month change from forward funding to an advance appropriation for a given program allows a one-time shift from the current year to the next year in the scoring of discretionary appropriations. For additional information on budget enforcement procedures, see CRS Report 98-720, *Manual on the Federal Budget Process*.

CRS Products

- CRS Report RL31487, *Education for the Disadvantaged: Overview of ESEA Title I-A Amendments Under the No Child Left Behind Act*, by Wayne Riddle.
- CRS Report RL31315, *Education of Limited English Proficient and Recent Immigrant Students: Provisions of the No Child Left Behind Act of 2001*, by Jeffrey J. Kuenzi.
- CRS Report RL31353, *Educational Research, Statistics, and Evaluation: Legislation in the 107th Congress*, by Paul M. Irwin.
- CRS Report RL30448, *Even Start Family Literacy Programs: Background and Reauthorization Issues*, by Gail McCallion and Wayne Riddle.
- CRS Report RL31128, *Funding for Public Charter School Facilities: Federal Policy Under ESEA*, by David P. Smole.
- CRS Issue Brief IB10097, *The Higher Education Act: Reauthorization Status and Issues*, by James B. Stedman.

- CRS Report RL30075, *Impact Aid: Status and Overview of 2000 Reauthorization and 2001 Amendments*, by Richard N. Apling.
- CRS Report 97-433, *Individuals with Disabilities Education Act: Full Funding of State Formula*, by Richard N. Apling.
- CRS Report RS20366, *Individuals with Disabilities Education Act (IDEA): Overview of Major Provisions*, by Richard Apling and Nancy Lee Jones.
- CRS Report RL31460, *Individuals with Disabilities Education Act (IDEA): State Grant Formulas*, by Richard N. Apling.
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- CRS Electronic Briefing Book, *K-12 Education*,
[\[http://www.congress.gov/brbk/html/ebedd1.shtml\]](http://www.congress.gov/brbk/html/ebedd1.shtml)
- CRS Report RL31284, *K-12 Education: Highlights of the No Child Left Behind Act of 2001 (P.L. 107-110)*, by Wayne Riddle.
- CRS Report RL30834, *K-12 Teacher Quality: Issues and Legislative Action*, by James B. Stedman.
- CRS Report RL31241, *Reading First and Early Reading First: Background and Funding*, by Gail McCallion.
- CRS Report RL31378, *Rehabilitation Act: Programs and Funding*, by Sidath V. Panangala.
- CRS Report RS20375, *Rural Education: Legislative Initiatives*, by James B. Stedman and Richard N. Apling.
- CRS Report RS20532, *The Safe and Drug-Free Schools and Communities Act: Reauthorization and Appropriations*, by Edith Fairman Cooper.
- CRS Issue Brief IB98035, *School Choice: Current Legislation*, by David P. Smole.
- CRS Report RS20171, *School Facilities Infrastructure: Background and Legislative Proposals*, by Susan Boren.
- CRS Report RL31240, *21st Century Community Learning Centers in P.L. 107-110: Background and Funding*, by Gail McCallion.

World Wide Web Sites

U.S. Department of Education Home Page

- [\[http://www.ed.gov/index.jsp\]](http://www.ed.gov/index.jsp)
- [\[http://www.ed.gov/offices/OUS/budget.html\]](http://www.ed.gov/offices/OUS/budget.html)
- [\[http://www.ed.gov/offices/OUS/Budget03/index.html\]](http://www.ed.gov/offices/OUS/Budget03/index.html)
- [\[http://www.ed.gov/offices/OUS/budnews.html\]](http://www.ed.gov/offices/OUS/budnews.html)
- [\[http://www.ed.gov/offices/OUS/Budget03/03testimony/index.html\]](http://www.ed.gov/offices/OUS/Budget03/03testimony/index.html)

Detailed Appropriations Table

Table 10 shows the appropriations details for offices and major programs of ED.

Table 10. Detailed Department of Education Appropriations
(\$ in millions)

Office or major program	FY2002 enacted ^a	FY2003 request ^b	FY2003 House	FY2003 Senate	FY2003 conference
<i>Office of Elementary and Secondary Education (OESE)</i>					
Total Elementary and Secondary Education Act (non-add)	21,945	22,002	—	24,287	—
Title I Part A Education for the Disadvantaged, Grants to LEAs	10,350	11,350	—	11,850	—
Struggling Schools Initiative	0	0	—	100	—
Even Start	250	200	—	250	—
Reading First	975	1,075	—	1,075	—
Education for the Disadvantaged, Other	772	760	—	812	—
Impact Aid	1,144	1,141	—	1,201	—
School Improvement (SI), Teacher Quality	2,850	2,850	—	3,100	—
SI Innovative Education Block Grant	385	385	—	385	—
SI Educational Technology	785	723	—	792	—
SI 21 st Century Community Learning Centers	1,000	1,000	—	1,090	—
SI Safe and Drug-Free Schools	654	644	—	654	—
SI Magnet Schools	110	110	—	110	—
SI Charter Schools	200	200	—	200	—
SI Charter Schools Facilities	0	100	—	0	—
SI State Assessments	387	387	—	397	—
SI Rural Education	163	0	—	175	—
SI Fund for the Improvement of Education (FIE)	833	84	—	876	—
School Improvement, Other	470	301	—	525	—
Indian Education	120	122	—	122	—
English Language Acquisition and Enhancement (Bilingual and Immigrant Education)	665	665	—	740	—
<i>Office of Special Education and Rehabilitative Services (OSERS)</i>					
IDEA Special Education, Part B, Grants to States	7,529	8,529	—	8,529	—
IDEA Special Education, Other	1,144	1,159	—	1,167	—
Vocational Rehabilitation State Grants (mandatory)	2,481	2,616	—	2,533	—
Rehabilitation Services, Other	464	386	—	430	—
Special Institutions for Persons With Disabilities	166	160	—	169	—
<i>Office of Vocational and Adult Education (OVAE)</i>					
Perkins Vocational Education	1,321	1,307	—	1,322	—
Adult Education	591	591	—	591	—
Incarcerated Youth Offenders	22	0	—	25	—

Office or major program	FY2002 enacted ^a	FY2003 request ^b	FY2003 House	FY2003 Senate	FY2003 conference
<i>Office of Student Financial Assistance Programs (OSFAP)</i>					
Pell Grants, maximum award (in dollars, non-add)	4,000	4,000	—	4,100	—
Pell Grants ^{a, b}	10,314	10,863	—	11,180	—
Supplemental Educational Opportunity Grants	725	725	—	725	—
Federal Work-Study	1,011	1,011	—	1,011	—
Federal Perkins Loans, Capital Contributions	100	100	—	100	—
Federal Perkins Loans, Loan Cancellations	68	68	—	73	—
Leveraging Educational Assistance Partnership (LEAP)	67	0	—	73	—
Loan Forgiveness for Child Care	1	1	—	1	—
Federal Family Education Loans, Administration	49	0	—	0	—
<i>Office of Postsecondary Education (OPE)</i>					
Aid for Institutional Development	439	454	—	465	—
Fund for the Improvement of Postsecondary Education (FIPSE)	181	39	—	76	—
Federal TRIO Programs	803	803	—	833	—
GEAR UP	285	285	—	295	—
Higher Education, Other	323	302	—	317	—
Howard University	237	237	—	237	—
College Housing and Academic Facilities Loans, Administration	1	1	—	1	—
<i>Office of Educational Research and Improvement (OERI)</i>					
Research and Statistics	386	433	—	393	—
Multi-year Grants	58	0	—	53	—
Departmental Management	542	539	—	539	—
Student Aid Administration Costs	0	932	—	105	—
Student Aid Reclassification Proposal	0	-797	—	0	—
TOTALS, DEPARTMENT OF EDUCATION					
Total Appropriations ^{a, b, c}	51,422	52,841	—	55,698	—
Current year: FY2003	36,411	37,830	—	38,443	—
Advance year: FY2004	15,011	15,011	—	17,255	—

Source: Amounts are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee; Senate data are based on S.Rept. 107-216.

^a The FY2002 amounts are based on P.L. 107-116 and P.L. 107-117, but not P.L. 107-206, which included an FY2002 supplemental appropriations of \$1.0 billion for Pell Grants, and is not yet shown in the table.

^b The FY2003 budget of February 4, 2002, included an FY2002 supplemental request of \$1,276 million for Pell Grants, which is not shown in the table.

^c Appropriations totals include discretionary and mandatory funds, and may be subject to additional scorekeeping and other adjustments.

Related Agencies

The FY2003 budget proposal for discretionary appropriations for L-HHS-ED Related Agencies is \$9.7 billion, \$0.5 billion (5.4%) more than the FY2002 appropriations of \$9.2 billion, as shown in **Table 11**. As reported, the Senate bill, S. 2766, would provide \$9.7 billion in discretionary appropriations.

Table 11. Related Agencies Discretionary Appropriations
(\$ in billions)^a

Funding	FY2002 enacted ^b	FY2003 request	FY2003 House	FY2003 Senate	FY2003 conference
Appropriations	\$9.2	\$9.7	—	\$9.7	—

Source: Amounts are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee; Senate data are based on S.Rept. 107-216.

^a These amounts represent only discretionary programs funded by the L-HHS-ED appropriations bill; appropriations for mandatory programs are excluded, as are related agency discretionary appropriations that are funded in other appropriations bills.

^b The FY2002 amounts are based on P.L. 107-116 and P.L. 107-117, but not P.L. 107-206.

Mandatory programs for related agencies included in the FY2002 L-HHS-ED bill were funded at \$30.3 billion, including \$29.4 billion for the Supplemental Security Income (SSI) program, \$0.4 billion for the Special Benefits for Disabled Coal Miners program, and \$0.4 billion for payments to the Social Security Trust Fund.

Key Issues

President's Request. The President's FY2003 budget for related agencies would change discretionary spending by at least \$100 million for only one program.

- ! An additional \$351 million is proposed for the SSA Limitation on Administrative Expenses, which was funded at \$4.6 billion in FY2002.

A smaller increase of \$68 million is proposed for the Corporation for National and Community Service (CNCS) programs, including an additional \$50 million to expand service opportunities for seniors under special volunteer programs; FY2002 funding for CNCS was \$328 million. For the Corporation for Public Broadcasting (CPB), \$395 million is requested in FY2005 advance funding, an increase of \$15 million; \$380 million has been enacted for FY2004, and \$365 million for FY2003.

Senate Bill, as Reported. For related agencies, the FY2003 Senate bill has few significant differences from the President's budget request. The largest difference is that the Senate bill would provide \$10 million for the Special Volunteer Programs at the Corporation for National and Community Service (CNCS), an amount that is \$45 million less than requested but \$5 million more than the FY2002

amount of \$5 million. In total, CNCS funding would be \$15 million less than requested but \$53 million more than in FY2002.

CRS Products

- CRS Report RS20287, *Arts and Humanities: Background on Funding*, by Susan Boren.
- CRS Report RL30186, *Community Service: A Description of AmeriCorps, Foster Grandparents, and Other Federally Funded Programs*, by Ann Lordeman and Alice D. Butler.
- CRS Report RL31320, *Federal Aid to Libraries: The Library Services and Technology Act*, by Gail McCallion.
- CRS Report RS21246, *National and Community Service: Reauthorization of the National and Community Service Act of 1990 and the Domestic Volunteer Service Act of 1973*, by Ann Lordeman.
- CRS Report RS20548, *Public Broadcasting: Frequently Asked Questions*, by Bernevia McCalip.
- CRS Report RS20408, *Railroad Retirement and Unemployment Benefits: A Fact Sheet*, by Rachel W. Kelly.
- CRS Electronic Briefing Book, *Social Security*, at [<http://www.congress.gov/brbk/html/ebssc1.shtml>].
- CRS Report RS20165, *Social Security and Medicare "Lock Box,"* by David Stuart Koitz et al.
- CRS Report 98-422, *Social Security and the Federal Budget: What Does Social Security's Being "Off Budget" Mean?*, by David Stuart Koitz.
- CRS Issue Brief IB98048, *Social Security Reform*, by Geoffrey Kollmann and Dawn Nuschler.
- CRS Report 94-486, *Supplemental Security Income (SSI): A Fact Sheet*, by Jennifer E. Lake.
- CRS Report RS20419, *VISTA and the Senior Volunteer Service Corps: Description and Funding Levels*, by Ann Lordeman.

World Wide Web Sites

Note: Not all of the L-HHS-ED related agencies have web sites, and not all web sites include FY2003 budget information.

Armed Forces Retirement Home

[<http://www.afrh.com>]

Corporation for National and Community Service

[<http://www.cns.gov>]

[<http://www.cns.gov/news/factsheets/fy03budget.html>]

Corporation for Public Broadcasting

[<http://www.cpb.org>]

Federal Mediation and Conciliation Service

[<http://www.fmcs.gov>]

Institute of Museum and Library Services

[<http://www.imls.gov>]

[<http://www.imls.gov/whatsnew/current/020402.htm>]

Medicare Payment Advisory Commission

[<http://www.medpac.gov/>]

National Commission on Libraries and Information Science

[<http://www.nclis.gov/>]

[<http://www.nclis.gov/news/FY2003.Appropriations.Testimony.pdf>]

[<http://www.nclis.gov/news/FY2003AppropriationsJustification.pdf>]

National Council on Disability

[<http://www.ncd.gov/>]

National Education Goals Panel

[<http://www.negp.gov/>]

National Labor Relations Board

[<http://www.nlr.gov>]

Railroad Retirement Board

[<http://www.rrb.gov>]

[<http://www.rrb.gov/BFO/Justbudgettoc03.htm>]

Social Security Administration

[<http://www.ssa.gov>]

[<http://www.ssa.gov/budget/2003bud.html>]

United States Institute of Peace

[<http://www.usip.org>]

Detailed Appropriations Table

Table 12 shows the appropriations details for offices and major programs of the L-HHS-ED related agencies.

Table 12. Detailed Related Agencies Appropriations
(\$ in millions)

Office or major program	FY2002 enacted ^a	FY2003 request	FY2003 House	FY2003 Senate	FY2003 conference
Armed Services Retirement Home	71	67	—	67	—
<i>Corporation for National and Community Service (CNCS)^b</i>					
Volunteers in Service to America (VISTA)	85	94	—	99	—
Special Volunteer Programs	5	55	—	10	—
National Senior Volunteer Corps	206	213	—	238	—
Program Administration	32	34	—	34	—
CNCS subtotal	328	396	—	381	—
Corporation for Public Broadcasting (CPB), 2-Year Advance	380	395	—	395	—
CPB current year (non-add)	350	365	—	365	—
CPB Digitalization Program	25	25	—	50	—
Federal Mediation and Conciliation Service	40	41	—	41	—
Federal Mine Safety and Health Review Committee	7	7	—	7	—
Institute of Museum and Library Services (IMLS) ^c	225	210	—	214	—
–Museum Services (non-add)	27	29	—	29	—
–Library Services (non-add)	198	181	—	185	—
Medicare Payment Advisory Commission	8	8	—	9	—
National Commission on Libraries and Information Science	1	0	—	1	—
National Council on Disability	3	3	—	3	—
National Education Goals Panel	< 0.5	0	—	0	—
National Labor Relations Board	227	233	—	243	—
National Mediation Board	11	11	—	11	—
Occupational Safety and Health Review Commission	9	10	—	10	—
Railroad Retirement Board	241	228	—	228	—

Office or major program	FY2002 enacted ^a	FY2003 request	FY2003 House	FY2003 Senate	FY2003 conference
<i>Social Security Administration (SSA)</i>					
SSA Payments to Social Security Trust Fund (mandatory)	434	20	—	20	—
SSA Special Benefits for Disabled Coal Miners (mandatory)	441	397	—	397	—
SSA Supplemental Security Income (SSI) (mandatory)	29,440	32,162	—	32,170	—
SSA SSI, Discretionary	2,927	2,936	—	2,936	—
SSA Limitation on Administrative Expenses	4,649	5,000	—	5,000	—
SSA Office of Inspector General	75	83	—	83	—
SSA subtotal	37,966	40,598	—	40,606	—
United States Institute for Peace	15	16	—	17	—
TOTALS, RELATED AGENCIES					
Total appropriations ^d	39,558	42,249	—	42,284	—
Current year: FY2003	28,280	30,676	—	30,712	—
Advance year: FY2004	10,898	11,177	—	11,177	—
Advance year: FY2005	380	395	—	395	—

Source: Amounts are based on the June 24, 2002 unofficial staff table of the House Appropriations Committee; Senate data are based on S.Rept. 107-216.

^a The FY2002 amounts are based on 107-116 and P.L. 107-117, but not P.L. 107-206.

^b L-HHS-ED funds are provided only for CNCS Domestic Volunteer Service Act programs. In addition, the Veterans Affairs-Housing and Urban Development (VA-HUD) Appropriations Act provides funds for CNCS AmeriCorps Grants and other programs under the National Community Service Act — \$407 million in FY2002.

^c The IMLS amounts include **both** Library Services and Museum Services; however, \$27 million of the FY2002 amount shown was provided for Museum Services from the FY2002 VA-HUD Appropriations Act.

^d Appropriations totals include discretionary and mandatory funds, and may be subject to additional scorekeeping and other adjustments.

Related Legislation

Several proposals related to L-HHS-ED appropriations have been considered during the 2nd Session of the 107th Congress, including a series of FY2003 continuing resolutions, further FY2002 supplemental appropriations, the FY2003 budget resolutions, and proposals to create a new Department of Homeland Security.

FY2003 Continuing Resolution, P.L. 107-229 (H.J.Res. 111)

Since October 1, 2002, a series of continuing resolutions have extended appropriations for FY2003 on a temporary basis for most ongoing L-HHS-ED programs, including the costs of direct loans and loan guarantees. These resolutions are necessary because the regular FY2003 L-HHS-ED appropriations were not enacted by the start of FY2003. Funding under the continuing resolution is provided at a rate of operations not to exceed the “current rate,” under FY2002 conditions and program authority.¹ New initiatives are prohibited unless otherwise specifically authorized. For programs with high spend-out rates that normally would occur early in the fiscal year, special restrictions prohibit spending levels that would impinge on final funding decisions. For additional information, see CRS Report RL30343, *Continuing Appropriations Acts: Brief Overview of Recent Practices*.

- ! **1st Continuing Resolution, P.L. 107-229 (H.J.Res. 111)**, provided temporary appropriations for the period October 1 through **October 4, 2002**, as long as regular appropriations were not enacted sooner. Section 117 of the resolution extends funding through the entire first quarter of FY2003, through December 31, 2002, for the Temporary Assistance for Needy Families (TANF) and mandatory child care programs (these funds were originally provided in the 1996 welfare reform law). The resolution also extends the rules for transitional Medicaid through December 31, 2002; these rules provide coverage for up to one year for families moving from welfare to work. The resolution was passed by the House (roll call no. 423, 370-1) and the Senate (by unanimous consent) on September 26, 2002. It was signed into law by the President on September 30, 2002, as **P.L. 107-229**.
- ! **2nd Continuing Resolution, P.L. 107-235 (H.J.Res. 112)**, extended the provisions of P.L. 107-229 through October 11, 2002.
- ! **3rd Continuing Resolution, P.L. 107-240 (H.J.Res. 122)**, extended the provisions of P.L. 107-229 through October 18, 2002.

¹ The term “current rate” as used in a continuing resolution refers to the amount of money available for an activity during the previous fiscal year. This amount usually means the appropriations for the previous year with adjustments for any supplemental appropriations, rescissions, unobligated balances, and sometimes for advance appropriations provisions as well. One-time FY2002 funding for specific activities, including earmarks for specific projects, may be subject to exclusion when calculating the current rate for FY2003, under October 4, 2002 OMB instructions to federal agencies. As a result, the current rate will not necessarily correspond to the FY2002 amounts stated in this report.

- ! **4th Continuing Resolution, P.L. 107-244** (H.J.Res. 123), extended the provisions of P.L. 107-229 through November 22, 2002.

FY2002 Supplemental Appropriations, P.L. 107-206 (H.R. 4775)

On March 21, 2002, the President submitted to the Congress a request for an FY2002 supplemental appropriations for emergency funding in support of the war on terrorism, homeland security, and economic revitalization. The request included supplemental appropriations of \$700 million for L-HHS-ED programs. In addition, as part of the regular FY2003 budget, the President requested an FY2002 supplemental of \$1.3 billion for Pell Grants, with the amount to be offset by rescissions in FY2002 appropriations from other L-HHS-ED programs.

As passed by the House, **H.R. 4775** would have provided an additional \$1.3 billion for L-HHS-ED programs, including \$1.0 billion for Pell Grants. **H.R. 4775, H.Rept. 107-480**, was passed by the House May 24, 2002 (roll call no. 206, 280-136). The Senate amendment to the House bill would have provided \$1.8 billion for L-HHS-ED programs, including \$1.0 billion for Pell Grants. The Senate proposal incorporated the provisions of **S. 2551, S.Rept. 107-156**, as reported by the Senate Appropriations Committee. **H.R. 4775** was passed by the Senate on June 7, 2002 (roll call no. 145, 71-22).

The **H.R. 4775 conference agreement** provides \$1.0 billion for Pell Grants. An additional \$91.5 million would have been provided for other L-HHS-ED programs, primarily the Public Health and Social Services Emergency Fund (PHSSEF). However, the availability of the latter funds were made conditional on the funds being requested by the President; on August 13, 2002, the President announced that there would be no such request, thereby reducing the amount of appropriations available to be spent. The agreement also includes a rescission of \$75 million from existing FY2002 appropriations for NIH facilities and L-HHS-ED administration. No additional funds were provided for job training or dislocated worker programs. The **H.R. 4775 conference report, H.Rept. 107-593**, was agreed to by the House on July 23 (roll call no. 328, 397-32), and by the Senate July 25, 2002 (roll call no. 188, 92-7). **H.R. 4775** was signed into law by the President on August 2, 2002, as **P.L. 107-206**. For additional information on specific L-HHS-ED programs, see *Appendix C: Terrorism Funding in the L-HHS-ED, Bill*, page 47. For additional information on H.R. 4775, see CRS Report RL31404, *Supplemental Appropriations for FY2002: Combating Terrorism and Other Issues*.

FY2003 Budget Resolution, H.Con.Res. 353/S.Con.Res. 100

The concurrent resolution on the budget sets forth the congressional budget for FY2003. The House version of the resolution proposes federal budget levels for FY2004 through FY2007; the Senate version proposes budget levels for FY2004 through FY2012. The maximum for total discretionary spending is specified within the context of the budget resolution. As reported, the House version of the resolution would set an FY2003 limit of **\$759.1 billion** in discretionary spending, compared to **\$709.3 billion** enacted for FY2002 (H.Rept. 107-376, p. 70). The Senate-reported

version proposes a total FY2003 discretionary limit of **\$768.1 billion** (S.Rept. 107-141, p. 59). Typically, budget resolutions also specify the budget reconciliation process for the modification of mandatory spending limits and tax cut legislation, and set spending targets for functional categories of the budget. They may establish “reserve fund” mechanisms for activities such as Medicare or student loans, and may contain “sense of the Congress” declarations concerning programs such as Graduate Medical Education at Children’s Teaching Hospitals or mental health parity. Report language usually provides an outline of the funding assumptions made for selected programs that might be used to reach the spending targets. Actual FY2003 discretionary appropriations for specific departments, agencies, and programs, however, are determined only through the enactment of appropriations bills.

H.Con.Res. 353 (H.Rept. 107-376), was passed by the House on March 20, 2002 (roll call no. 79, 221-209). **S.Con.Res. 100 (S.Rept. 107-141)**, was reported by the Senate Budget Committee on March 22, 2002. For additional information, see CRS Issue Brief IB10102, *The Budget for Fiscal Year 2003*; also see CRS Report RL31443, *The “Deeming Resolution”: A Budget Enforcement Tool*.

Department of Homeland Security, H.R. 5005/S. 2452

On June 6, 2002, the President called for the creation of a Department of Homeland Security (DHS) to direct or coordinate federal activities related to domestic defense against terrorism. As proposed by the President, the new department would combine 22 activities currently conducted elsewhere, with a proposed FY2003 appropriation of \$37.7 billion. Two of the 22 components that would be transferred to DHS under the proposal are administered by DHHS: (1) emergency preparedness and response concerning chemical, biological, radiological, and nuclear response assets (\$2.1 billion requested for FY2003); and (2) chemical, biological, radiological, and nuclear countermeasures concerning civilian bio-defense research programs (\$2.0 billion requested for FY2003). The President’s proposal was introduced as **H.R. 5005** on June 24, 2002, by request, and referred to 12 Committees plus the new House Select Committee on Homeland Security. The bill was amended and reported, **H.Rept. 107-609, Part I**, by the House Select Committee on Homeland Security July 24, 2002, and passed the House July 26, 2002, by a vote of 295 to 132 (roll call no. 367). A Senate bill to create a DHS, **S. 2452, S.Rept. 107-175**, was reported by the Senate Committee Governmental Affairs on June 24, 2002, and a revised version of S. 2452 was ordered reported July 25, 2002.

Appropriations Action in the 107th Congress, First Session

Most FY2002 appropriations for L-HHS-ED activities were provided through **P.L. 107-116, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2002**, which was signed into law by the President on January 10, 2002 (H.R. 3061, conference report H.Rept. 107-342). For additional information, see CRS Report RL30103, *Appropriations for FY2002: Labor, Health and Human Services, and Education*. Other legislation in the first session related to L-HHS-ED appropriations included the following:

- ! **The FY2002 Anti-Terrorism Supplemental** — Division B, the Emergency Supplemental Act, 2002, of **P.L. 107-117 (H.R. 3338)**, the Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002 — transferred and allocated \$20 billion previously appropriated by **P.L. 107-38** (discussed below). Of the \$20 billion total, \$2.9 billion was allocated for L-HHS-ED activities in FY2002. The House amended and passed **H.R. 3338** on November 28, 2001 (roll call no. 458, 406-20). The Senate amended and passed H.R. 3338 on December 7, 2001 (by voice vote). The conference report, **H.Rept. 107-350**, was passed by the House (roll call no. 510, 408-6) and by the Senate (roll call no. 380, 94-2) on December 20, 2001. H.R. 3338 was signed into law by the President on January 10, 2002. For additional information, see CRS Report RL31173, *Combating Terrorism: Emergency Supplemental Appropriations — Distribution of Funds to Departments and Agencies*.
- ! **The FY2001 Anti-Terrorism Supplemental, P.L. 107-38 (H.R. 2888)** was the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States. It provided \$40 billion of emergency funds to respond to the attacks of September 11, 2001, assist its victims, and deal with “other consequences” of the attack. Not less than 50% of these funds must be spent on disaster recovery activities and assistance for New York, Virginia, and Pennsylvania. Of the total \$40 billion, \$20 billion could not be obligated until enacted in a subsequent emergency appropriations bill (see **P.L. 107-117**, above). The Director of OMB was required to submit quarterly reports to the Committees on Appropriations describing the use of supplemental funds beginning no later than January 2, 2002. Of the \$20 billion that does not require additional legislation, \$155 million was allocated for L-HHS-ED programs. On September 14, 2001, (1) the House passed **H.R. 2888** (roll call no. 341, 422-0); (2) the Senate passed the bill without amendment (by unanimous consent); and (3) the bill was sent to the White House. The bill was signed into law by the President on September 18, 2001.
- ! **The Supplemental Appropriations Act, 2001, P.L. 107-20 (H.R. 2216)**, provided \$6.5 billion in new budget authority primarily for the U.S. Department of Defense. For additional information, see CRS Report RL30995, *Supplemental Appropriations for FY2001: Defense Readiness and Other Programs*. L-HHS-ED provisions included: a net decrease of \$217.5 million for WIA training programs at DOL; \$300 million additional for the LIHEAP Emergency Allocation; \$161 million additional for Title I Part A Grants to LEAs for the Education of the Disadvantaged; and smaller increases for several L-HHS-ED programs, as well as amendments and technical corrections to other statutes. The House amended and passed **H.R. 2216** (H.Rept. 107-102) on June 20, 2001 (roll call no.176, 341-87). The Senate amended the House bill by inserting

the text of **S. 1077** (S.Rept. 107-33), as amended, on July 10, 2001 (roll call no. 228, 92-1). The conference report on H.R. 2216, **H.Rept. 107-148**, was passed by the House (roll call no. 256, 375-30) and by the Senate (by unanimous consent) on July 20, 2001. The bill was signed into law by the President on July 24, 2001.

- ! **Eight continuing resolutions** (CRS Report RL30343, *Continuing Appropriations Acts: Brief Overview of Present Practices*) provided temporary funding for L-HHS-ED programs in FY2002 prior to the enactment of P.L. 107-116 on January 10, 2002. The resolutions were as follows: P.L. 107-44, as amended by P.L. 107-48, P.L. 107-53, P.L. 107-58, P.L. 107-70, P.L. 107-79, P.L. 107-83, and P.L. 107-97.
- ! **H.Con.Res. 83**, the FY2002 budget resolution, sets forth for the Congress the annual levels for the federal budget through FY2011 (for additional information, see CRS Issue Brief IB10079, *The Budget for Fiscal Year 2002*). H.Con.Res. 83 (H.Rept. 107-26) was passed by the House March 28, 2001 (roll call no. 70, 222-205). The resolution was amended and passed by the Senate April 6, 2001 (roll call no. 86, 65-35). The conference report, H.Rept. 107-60, was agreed to by the House (roll call no. 104, 221-207) on May 9, and by the Senate (roll call no. 98, 53-47) on May 10, 2001.

Appendix A: Terminology

Note: Definitions are based on CRS Report 98-720, *Manual on the Federal Budget Process*.

Advance appropriation is budget authority that will become available in a fiscal year beyond the fiscal year for which the appropriations act is enacted; scorekeeping counts the entire amount in the fiscal year it first becomes available for obligation.

Appropriation is budget authority that permits federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. Appropriations represent the amounts that agencies may obligate during the period of time specified in the law. Annual appropriations are provided in appropriations acts; most permanent appropriations are provided in substantive law. Major types of appropriations are regular, supplemental, and continuing.

Budget authority is legal authority to incur financial obligations that normally result in the outlay of federal government funds. Major types of budget authority are appropriations, borrowing authority, and contract authority. Budget authority also includes the subsidy cost of direct and guaranteed loans, but excludes the portion of loans that is not subsidized.

Budget resolution is a concurrent resolution passed by both Houses of Congress, but not requiring the signature of the President, setting forth the congressional budget for at least 5 fiscal years. It includes various budget totals and functional allocations.

Discretionary spending is budget authority provided in annual appropriations acts, other than appropriated entitlements.

Entitlement authority is the authority to make payments to persons, businesses, or governments that meet the eligibility criteria established by law; as such, it represents a legally binding obligation on the part of the federal government. Entitlement authority may be funded by either annual or permanent appropriations acts.

Forward funding is budget authority that becomes available after the beginning of one fiscal year and remains available into the next fiscal year; the entire amount is counted or scored in the fiscal year it first becomes available.

Mandatory (direct) spending includes: (a) budget authority provided in laws other than appropriations; (b) entitlement authority; and (c) the Food Stamp program.

Rescission is the cancellation of budget authority previously enacted.

Scorekeeping is a set of procedures for tracking and reporting on the status of congressional budgetary actions.

Supplemental appropriation is budget authority provided in an appropriations act in addition to regular appropriations already provided.

Appendix B: Scope of L-HHS-ED Appropriations

The FY2002 budget authority for all federal programs was estimated to be \$2,085.0 billion, as shown in **Table B.1**. Of this amount, the departments and related agencies funded by the L-HHS-ED bill accounted for \$1,058.2 billion (50.8%).

Table B.1. Scope of the L-HHS-ED Bill, FY2002

(Estimated budget authority in billions of dollars)

Budget category	Estimated budget authority	Percent of federal budget
Total federal budget authority	\$2,085.0	100.0%
U.S. Department of Labor	59.4	2.8%
U.S. Department of Health and Human Services	468.5	22.5%
U.S. Department of Education	55.3	2.7%
Social Security Administration (On-budget)	44.7	2.1%
Social Security Administration (Off-budget)	428.8	20.6%
Other related agencies	1.5	0.1%
L-HHS-ED agency total	1,058.2	50.8%
L-HHS-ED bill, total current year funds	395.9	19.0%
L-HHS-ED bill, current year mandatory funds	272.5	13.1%
L-HHS-ED bill, current year discretionary funds	123.4	5.9%
Total federal discretionary funds	717.8	34.4%

Source: *Budget of the United States Government Historical Tables, Fiscal Year 2003*, Tables 5.2 and 5.4; and the L-HHS-ED conference report H.Rept. 107-342, which provides details for the FY2002 L-HHS-ED amounts under P.L. 107-116.

Note: For comparability, this table uses data from the February 2002 OMB budget documents and the FY2002 conference report of December 19, 2001; the data therefore do not include changes in scorekeeping, entitlements, or supplemental appropriations that may be made later during FY2002.

The estimated FY2002 appropriations for L-HHS-ED was \$395.9 billion in current year funds — \$123.4 billion in discretionary funds and \$272.5 billion in mandatory funds. The L-HHS-ED Appropriations Subcommittees generally have effective control only over the discretionary funds, which constitute 5.9% of the aggregate budget authority for all federal departments and agencies, and 11.7% of the total budget authority for L-HHS-ED departments and agencies.² What accounts for the remaining 88.3% (\$934.8 billion) of L-HHS-ED funds?

² The annual congressional budget resolution sets aggregate budget goals; House and Senate committees initiate and report legislation to achieve these targets. Typically, appropriations committees develop proposals to meet discretionary targets through appropriations bills. Likewise, authorizing committees develop proposals to meet mandatory targets; these proposals are often reported by separate authorizing committees and combined into a single, omnibus reconciliation bill.

First, some DOL, DHHS, and ED programs receive **automatic funding** without congressional intervention in the annual appropriations process; these programs receive funds from permanent appropriations and trust funds instead. These programs account for most of the difference between the L-HHS-ED bill total of \$395.9 billion and the agency estimated total of \$1,058.2 billion in FY2002. The major programs in this group include Unemployment Compensation, Medicare, Railroad Retirement, Temporary Assistance for Needy Families (TANF, the welfare assistance program), Student Loans, State Children’s Health Insurance, and Social Security benefits.³

Second, **mandatory programs** account for the difference between the L-HHS-ED total of \$395.9 billion and the subtotal of \$123.4 billion for discretionary funds in FY2002. Although annual appropriations are made for these programs — these are sometimes called “appropriated entitlements” — in general the amounts provided must be sufficient to cover program obligations and entitlements to beneficiaries. For these programs, as well as the programs funded through trust funds and permanent authorities, most changes in funding levels are made through amendments to authorizing legislation rather than through annual appropriations bills. Federal administrative costs for these programs typically are subject to annual discretionary appropriations, however. For L-HHS-ED agencies, these programs include Supplemental Security Income, Black Lung Disability payments, Foster Care and Adoption, the Social Services Block Grant, and Vocational Rehabilitation, as well as general (non-earmarked) fund support for Medicare and Medicaid.

Third, two DHHS agencies are fully funded in **other appropriations** bills, and four L-HHS-ED programs were partially funded in FY2002 by bills other than L-HHS-ED. FY2002 appropriations from other, non-L-HHS-ED sources are shown for each of these agencies and programs.

- ! The DHHS **Food and Drug Administration** is funded by the Agriculture Appropriations (\$1.4 billion in FY2002).
- ! The DHHS **Indian Health Service** is funded by the Interior Appropriations (\$2.8 billion).
- ! The **Corporation for National and Community Service (CNCS)** — which is funded under related agencies — is funded by L-HHS-ED for programs authorized under the Domestic Volunteer Service Act of 1973 (\$328 million); it also receives funds from the Veterans Affairs and Housing and Urban Development (VA-HUD) Appropriations for AmeriCorps and other programs authorized by the National Community Service Act (\$407 million).

³ The Social Security Administration (SSA) was separated from DHHS and established as an independent federal agency on March 31, 1995. Within the L-HHS-ED bill, however, the SSA merely was transferred from DHHS to “related agency” status. The operation of the Social Security trust funds is considered off-budget. Of the estimated \$1,058.2 billion total for L-HHS-ED departments and agencies in FY2002, the SSA accounted for \$473.5 billion, or 44.7% of the total. As shown in **Table B.1**, the SSA amount represents \$44.7 billion for designated on-budget activities and \$428.8 billion for off-budget activities.

- ! The **Institute of Museum and Library Services (IMLS)** is funded under L-HHS-ED for the Library Services and Technology Act programs of the Office of Library Services (\$198 million); it receives additional funds under the FY2002 Interior Appropriations for the Office of Museum Services (\$27 million). However, for FY2003, all IMLS activities will be funded in the L-HHS-ED bill.
- ! The **Centers for Disease Control and Prevention (CDC)** is primarily funded under L-HHS-ED (\$4.3 billion); it also receives funds under the FY2002 VA-HUD Appropriations for the Agency for Toxic Substances and Disease Registry (ATSDR) (\$78 million).
- ! The **National Institutes of Health (NIH)** is primarily funded under L-HHS-ED (\$23.5 billion); it receives additional funds under VA-HUD Appropriations for certain environmental health sciences activities (\$81 million).

Appendix C: Terrorism Funding in L-HHS-ED Appropriations

Several L-HHS-ED programs include activities that relate to preparing for and responding to terrorism. Many of these programs were in place prior to the terrorist attacks of September 11, 2001, but significant funding increases have been enacted since. An annual L-HHS-ED summary is given first, followed by descriptive details.

- ! For FY2003, the President proposes \$4.3 billion, mostly for U.S. Department of Health and Human Services (DHHS) programs that prevent, or respond to, bioterrorism, including public health and hospital preparedness.
- ! On June 18, 2002, the President proposed the transfer of two current clusters of DHHS activities to the Department of Homeland Security (DHS): (1) civilian biodefense research programs, with an FY2003 request of \$2.0 billion; and (2) chemical, biological, radiological, and nuclear response assets, with an FY2003 request of \$2.1 billion.
- ! On March 20, 2002, the President proposed an FY2002 emergency supplemental that would include an additional \$750 million for dislocated worker programs at the U.S. Department of Labor (DOL), and an FY2002 rescission of \$50 million from DHHS programs.
- ! For FY2002, regular appropriations provided \$0.2 billion for anti-bioterrorism activities and supplemental appropriations provided an additional \$2.8 billion for DHHS, primarily for bioterrorism and response programs, and another \$220 million for DOL, primarily for emergency worker compensation programs. A rescission of \$75 million was also enacted that reduced previously enacted funding for National Institutes of Health (NIH) facilities and L-HHS-ED administrative expenses.
- ! For FY2001, \$291 million was enacted before the terrorist attacks of September 11, 2001, primarily for DHHS bioterrorism programs; after the attacks, an additional \$126 million was enacted for DHHS programs for health-related needs in disaster areas and \$29 million for DOL programs for temporary jobs to clean up after the disaster.

Terrorism Funding, FY2003 Request

The President's FY2003 budget request proposes an increase in terrorism funding for some L-HHS-ED programs, primarily bioterrorism activities at DHHS. Under the request, \$4.3 billion of funding is requested for bioterrorism programs, as follows:

- ! \$1,637 million for Centers for Disease Control and Prevention (CDC) activities for state and local public health preparedness and the National Pharmaceutical Stockpile (NPS), among other activities, compared to FY2002 funding of \$2,298 million – the decrease is due primarily to a one-time buildup in FY2002 of vaccines and other pharmaceuticals to combat bioterrorism threats;

- ! \$618 million for Health Resources and Services Administration (HRSA) activities for hospital preparedness and infrastructure, compared to FY2002 funding of \$135 million;
- ! \$1,748 million for research and facilities security activities at the National Institutes of Health (NIH), compared to FY2002 funding of \$274 million; and
- ! \$150 million for the Office of the Secretary for the Office of Emergency Preparedness and the Office of Public Health Preparedness, compared to FY2002 funding of \$117 million.

In addition, the DHHS Food and Drug Administration (FDA) would be funded at \$159 million for food safety and vaccine approval, compared to \$158 million in FY2002. The FDA is regularly funded in the Agriculture Appropriations Act. For more information on bioterrorism programs, see CRS Report RL31263, *Public Health Security and Bioterrorism Preparedness and Response Act (P.L. 107-188): Provisions and Changes to Preexisting Law*.

On September 3, 2002, the President submitted a **supplemental FY2003 request** for \$1.0 billion that would fund some of the activities left unfunded by the rejection of the \$5.1 billion contingent FY2002 emergency appropriations that were enacted through P.L. 107-206 (discussed below). For L-HHS-ED activities, the new request includes an additional \$100 million for the CDC for the International Mother and Child HIV Prevention Initiative, along with an equal amount for the same initiative funded through the Agency for International Development.

Terrorism Funding, FY2002

Most FY2002 L-HHS-ED terrorism funding originates with the \$40 billion supplemental appropriations enacted by **P.L. 107-38**, the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States. Of this \$40 billion, the second \$20 billion could not be obligated until its allocation was specified in another appropriations act. The required specification was enacted through Division B of **P.L. 107-117**, the Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002. Of the \$20 billion requiring another appropriations act, **P.L. 107-117 (H.R. 3338, H.Rept. 107-350)** designated \$2.9 billion for L-HHS-ED activities. An estimated additional \$315 million was provided through the regular FY2002 L-HHS-ED Appropriations which were enacted by **P.L. 107-116**.

Note: Although enacted as FY2001 appropriations under P.L. 107-38, the second \$20 billion could not be obligated under P.L. 107-117 before FY2002, at the earliest, and most agencies appear to have counted these funds as if they were FY2002 appropriations.

Activities at DOL include \$220.1 million from the P.L. 107-117 Emergency Supplemental, as follows:

- ! \$32.5 million for Training and Employment Services for an Emergency Employment Clearinghouse for New York City;
- ! \$4.1 million for emergency expenses under the State Unemployment Insurance and Employment Service Operations (SUI/ESO) program;
- ! \$175.0 million for emergency expenses for Workers Compensation Programs;
- ! \$1.6 million for emergency expenses under the Pension and Welfare Benefits Administration (PWBA);
- ! \$1.0 million for emergency expenses at Occupational Safety and Health Administration (OSHA); and
- ! \$5.9 million for emergency expenses under DOL Departmental Management.

Activities at DHHS include \$2,666.8 million from the P.L. 107-117 Emergency Supplemental, as follows:

- ! \$12.0 million for the Centers for Disease Control and Prevention (CDC) for emergency services personnel and rescue and recovery personnel;
- ! \$140.0 million for the Public Health and Social Services Emergency Fund (PHSSEF) to support grants for health care related expenses and lost revenues directly attributable to the public health emergency resulting from September 11, 2001;
- ! \$2,504.3 million for the PHSSEF to support activities related to countering potential biological, disease, and chemical threats to civilian populations (these funds were subsequently allocated to specific DHHS accounts); and
- ! \$10.5 million for emergency expenses at the National Institute of Environmental Health Sciences at NIH.

Other L-HHS-ED activities funded by P.L. 107-117 include \$10.0 million for Project SERV (School Emergency Response to Violence) program at the U.S. Department of Education (ED); \$0.2 million for emergency expenses at the National Labor Relations Board (NLRB); and \$7.5 million for emergency expenses at the Social Security Administration (SSA).

Further FY2002 Emergency Funding. On March 20, 2002, the President proposed an FY2002 supplemental appropriation of \$27.1 billion for terrorism, defense, homeland security, and economic revitalization. Of this amount, \$750 million would have been for dislocated worker programs, mostly under Training and Employment Services programs at DOL. The proposal would have rescinded \$20 million for the Community Access Program to provide health care for the uninsured at the DHHS Health Resources and Services Administration (HRSA) and \$30 million for NIH construction projects that are not yet underway. In the President's FY2003 budget, an FY2002 supplemental of \$1.3 billion was requested for Pell Grants, with the additional funds to be offset by rescissions in FY2002 appropriations for other L-HHS-ED programs. For the President's request for Pell Grants, see *Budget of the United States Government Appendix, Fiscal Year 2003*, pp. 1195-1197; for program information, see the *Pell Grants* section of this report (page ?).

On May 24, 2002, the House passed **H.R. 4775**, the 2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States. With a **\$28.8 billion** total, the bill would provide \$300 million for job training programs under the Workforce Investment Act of 1998 (WIA) at DOL.⁴ At DHHS, \$1 million would be provided for the CDC for Disease Control, Research, and Training, and \$0.5 million for the Domestic Violence Hotline; a rescission of \$30 million would be made for NIH Buildings and Facilities. At ED, an additional \$1.0 billion would be provided for Pell Grants.

On June 7, 2002, the Senate amended and passed its version of **H.R. 4775**, the 2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States. With a **\$32.6 billion** total, the Senate version of the bill would provide \$400 million for WIA job training programs at DOL. At DHHS, \$315 million would be provided for the CDC for Disease Control, Research, and Training. A rescission of \$30 million would be made for NIH Buildings and Facilities; however, an additional \$72 million would be provided for emergency expenses for counter terrorism facilities at NIH. An additional \$90 million would be provided for the PHSSEF. At ED, an additional \$1.0 billion would be provided for Pell Grants. The Senate version of the bill would reduce by \$45 million FY2002 L-HHS-ED administrative expenses.

The **H.R. 4775 conference report, H.Rept. 107-593**, the 2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States, was passed by the House on July 23, and the Senate on July 24, 2002. Of the **\$30.0 billion** total (\$28.9 billion discretionary), the bill would provide \$90.0 million for the PHSSEF, \$1.0 million for the CDC, \$0.5 million for the Domestic Violence Hotline, and \$1.0 billion for Pell Grants. In addition, the bill would rescind \$30 million for NIH Buildings and Facilities and \$45 million for L-HHS-ED administrative expenses. The conference agreement included no funds for WIA job training or dislocated worker programs. H.R. 4775 was signed into law by the President on August 2, 2002, as **P.L. 107-206**.

Of the funding provided by **P.L. 107-206**, \$5.1 billion was designated as contingent emergency appropriations, available only if subsequently requested by the President. On August 13, 2002, the President announced the decision that these funds would not be requested, thereby reducing the total available from P.L. 107-206 to **\$24.9 billion**. This reduction includes funds for L-HHS-ED programs — the supplemental amounts of \$90.0 million for the PHSSEF, \$1.0 million for the CDC, and \$0.5 million for the Domestic Violence Hotline will **not** be available as a consequence of the President's decision. For additional information on P.L. 107-206, see CRS Report RL31406, *Supplemental Appropriations for FY2002: Combating Terrorism and Other Issues*.

⁴ H.R. 4775 amounts for the House bill, the Senate amendment, and the conference agreement are based on the July 24, 2002 unofficial staff table of the House Appropriations Committee.

Terrorism Funding, FY2001

Enacted prior to the September 11, 2001 terrorist attacks on the United States, regular FY2001 L-HHS-ED Appropriations for programs to prepare for or respond to terrorism totaled \$291 million for three programs at the U.S. Department of Health and Human Services (DHHS). The OMB summarized this information in its August 2001 report, *Annual Report to Congress on Combating Terrorism*, available at: [http://www.whitehouse.gov/omb/legislative/nsd_annual_report2001.pdf].

- ! The Centers for Disease Control and Prevention (CDC) received \$181 million for the Rapid Response and Advanced Technology Laboratory, which was established specifically for bioterrorism-related activities; the Laboratory Response Network, which provides containment and diagnostic capabilities for public health laboratories; and the National Pharmaceutical Stockpile, which was developed to ensure the availability of critical medical supplies and equipment;
- ! The National Institutes of Health (NIH) received \$50 million for conducting basic and applied research on likely bioterrorism chemical and biological agents; and
- ! The DHHS Office of the Secretary, Office of Emergency Preparedness (OEP), received \$60 million for managing the Metropolitan Medical Response System, which provides funds and technical assistance to local areas for coordinating emergency services, and the National Disaster Medical System, which, in partnership with other federal agencies, provides emergency medical care for mass casualties and other disasters.

Supplemental FY2001 Funding. On September 18, 2001, the President signed into law **P.L. 107-38**, the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States. The Act provided \$40 billion of FY2001 funds to respond to the terrorist attacks of September 11, 2001. Of the total \$40 billion, \$10 billion was available for obligation by the President immediately, \$10 billion was available for obligation following a 15-day notification of the Congress, and \$20 billion would be available for obligation only after the allocations were enacted in another emergency appropriations act. As noted previously, the second \$20 billion is sometimes counted by agencies as FY2002 appropriations.

Of the \$20 billion provided by **P.L. 107-38** that did not need additional legislation, \$155 million was distributed for L-HHS-ED programs, as follows:

- ! \$126 million for DHHS activities for health-related needs in areas affected by the disaster; and
- ! \$29 million for U.S. Department of Labor (DOL) activities, mostly for temporary jobs to assist the cleanup and restoration efforts in New York City.

For more information on terrorism, see CRS Report RL31173, *Terrorism Funding: Emergency Supplemental Appropriations — Distribution of Funds to Departments and Agencies*; and the CRS Electronic Briefing Book on Terrorism at [<http://www.congress.gov/brbk/html/ebter1.shtml>].