

# CRS Report for Congress

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## FY2004 Consolidated Appropriations Act: Reference Guide

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### Summary

Congress and the President brought action on the 13 regular appropriations acts for FY2004 to a close through the enactment of H.R. 2673, the Consolidated Appropriations Act for FY2004. The conference report on the bill was filed on November 25, 2003 (H.Rept. 108-401). The House agreed to the conference report, by a vote of 242-176, on December 8, 2003, and the Senate agreed to it, by a vote of 65-28, on January 22, 2004. President Bush signed the 455-page act into law on January 23 (P.L. 108-199; 118 Stat. 3 et. seq.).

The Consolidated Appropriations Act incorporated the remaining seven regular appropriations acts for the fiscal year (six were enacted into law in 2003). The measure included a requirement that nondefense spending be cut by 0.59% across the board, which was estimated to yield about \$2.8 billion in savings. A requirement that \$1.8 billion in defense spending be rescinded by September 30, 2004, was repealed by the Defense Appropriations Act for FY2005 (see Section 9003(c) of P.L. 108-287). In addition, the measure included requirements for two smaller spending cuts: (1) a 0.465% uniform cut applicable only to funding in the Commerce-Justice-State Appropriations portion of the measure (Division B), which was expected to yield \$188.7 million in savings; and (2) a \$50 million uniform cut applicable to administrative expenses of the Departments of Labor, Health and Human Services, and Education.

This report will not be updated.

In 2003, during the first session of the 108<sup>th</sup> Congress, the House and Senate cleared six of the 13 regular appropriations acts for FY2004 and President Bush signed them into law.<sup>1</sup> Congress and the President brought action on the remaining seven regular appropriations acts for FY2004 to a close in the second session through the enactment of

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<sup>1</sup> The FY2004 regular appropriations acts signed into law are (1) Legislative Branch, P.L. 108-83 (Sept. 30, 2003); (2) Defense, P.L. 108-87 (Sept. 30, 2003); (3) Homeland Security, P.L. 108-90 (Oct. 1, 2003); (4) Interior, P.L. 108-108 (Nov. 10, 2003); (5) Military Construction, P.L. 108-132 (Nov. 22, 2003); and (6) Energy and Water Development, P.L. 108-137 (Dec. 1, 2003).

a single bill, H.R. 2673, the Consolidated Appropriations Act for FY2004. The act, which first passed the House on July 14, 2003, and the Senate on November 6, initially provided appropriations only for the Department of Agriculture and related agencies. It was expanded at the conference stage to cover the other six regular appropriations acts (see the conference report, H.Rept. 108-401, November 25, 2003).

The House agreed to the conference report, by a vote of 242-176, on December 8, 2003. The Senate agreed to it, by a vote of 65-28, on January 22, 2004.

President Bush signed the 455-page act into law on January 23 (P.L. 108-199; 118 Stat. 3 et. seq.). Although the President did not make a statement upon signing the act, he did issue the following statement on January 22 (which is available at [<http://www.whitehouse.gov>]):

I am pleased that the Senate has passed the omnibus budget bill, which fulfills important commitments like AIDS relief, education and D.C. school choice, veterans health care, law enforcement, and other priorities.

This bill stays within the spending limits I proposed, which is necessary as we work to cut the deficit in half over the next five years. I will continue to work with the Congress to focus on priorities, cut wasteful spending, and be wise with the people's money. I look forward to signing this bill into law.

The Consolidated Appropriations Act for FY2004 provided \$328 billion in discretionary spending. In addition, \$492 billion in mandatory spending was provided, bringing the total spending in the act to \$820 billion.<sup>2</sup> Representative C. W. Bill Young, the chairman of the House Appropriations Committee, inserted detailed tables on the discretionary spending provided in the measure in the *Congressional Record* of December 8.<sup>3</sup>

An abbreviated listing of the contents of H.R. 2673 is provided in **Table 1**. The act was organized into eight divisions, with each of the first seven divisions (A through G) corresponding to one of the unfinished regular appropriations acts. The last division, Division H, pertained to "Miscellaneous Appropriations and Offsets." Citations are given to the pages of the *Congressional Record*, daily edition, vol. 149, no. 174 (November 25, 2003) where the legislative text of the conference report and the joint explanatory statement were provided.

In order to offset part of the costs of the act, Section 168 of Division H (Miscellaneous Appropriations and Offsets) required rescissions in both defense and nondefense spending.

Section 168(a) required that rescissions of \$1.8 billion be made in Defense appropriations, including unobligated balances made available in two prior appropriations

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<sup>2</sup> See the Nov. 25, 2003 press release of the House Appropriations Committee, "Highlights of the FY04 Consolidated Appropriations," available at [<http://appropriations.house.gov>].

<sup>3</sup> See pages H12768-H12812 in the *Congressional Record*, daily edition, vol. 149, no. 175 (Dec. 8, 2003).

acts, P.L. 107-38 (the emergency supplemental appropriations act enacted into law three days after the terrorist attacks of September 11, 2001) and P.L. 107-117 (the Defense Appropriations Act for FY2002). The subsection exempted from this requirement funds for disaster recovery and assistance for New York, Virginia, and Pennsylvania relating to the terrorist attacks provided in P.L. 107-38 (“by the seventh proviso under the heading ‘Emergency Response Fund’”). All rescissions were required to take effect no later than September 30, 2004, the last day of the fiscal year. Section 168(a) was repealed by Section 9003(c) of the Defense Appropriations Act for FY2005, which President Bush signed into law on August 5, 2004, as P.L. 108-287 (118 Stat. 951 et. seq.).

Pursuant to Section 168(a), the director of the Office of Management and Budget (OMB), in consultation with the House and Senate Appropriations Committees and the Secretary of Defense, was to have determined the amounts to be rescinded from each affected account. Further, the director was required to notify the Appropriations Committees 30 days prior to making the rescissions, indicating which programs, projects, and activities (PPAs) were to have been cut.

Section 168(b) required an across an across-the-board cut of 0.59% in all FY2004 appropriations, except for funding provided in the Defense and Military Construction Appropriations Acts and supplemental appropriations acts.<sup>4</sup> In addition, the cut applied to advance appropriations for FY2004 provided in prior appropriations acts and certain contract authority. According to the House Appropriations Committee, the 0.59% cut was estimated to yield about \$2.8 billion in savings.<sup>5</sup>

Rescissions made under the 0.59% across-the-board cut, unlike the defense rescissions, had to be made proportionately at the account and PPA level (Section 168(c)). Finally, the OMB director was required to submit a report to the House and Senate Appropriations Committees “specifying the account and amount of each rescission” made pursuant to the requirement for the across-the-board cut (Section 168(d)). The OMB report was due within 30 days after enactment of the Consolidated Appropriations Act.

The text of Section 168 is provided in **Appendix A**.

In addition, the act included two other requirements for much smaller uniform spending cuts. First, Section 638 of Division B imposed a 0.465% uniform cut on funding in the Commerce-Justice-State Appropriations portion of the measure.<sup>6</sup> This additional cut was expected to yield \$188.7 million in savings.<sup>7</sup> Like the 0.59% across-the-board cut for all discretionary appropriations, the 0.465% cut for Commerce-Justice-State appropriations had to be made proportionately at the account and PPA level.

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<sup>4</sup> Information on across-the-board spending cuts required by omnibus appropriations acts in FY2000, FY2001, and FY2003 is provided in CRS Report RL32153, *Across-the-Board Spending Cuts in Omnibus Appropriations Acts*, by Robert Keith.

<sup>5</sup> See the tabular material for Division H of the measure in the *Congressional Record*, daily edition, vol. 149, no. 175 (Dec. 8, 2003), p. H12812.

<sup>6</sup> The text of Section 638 is set forth in the *Congressional Record*, daily edition, vol. 149, no. 174 (Nov. 25, 2003), p. H12351.

<sup>7</sup> See the *Congressional Record*, daily edition, vol. 149, no. 175 (Dec. 8, 2003), p. H12784.

Second, Section 515(a) of Division E required a “pro rata” cut of \$50 million in administrative expenses for the Departments of Labor, Health and Human Services, and Education.<sup>8</sup> The Food and Drug Administration and the Indian Health Service were exempted from the cut by Section 515(b). The term “pro rata” was not defined in the section but presumably would have entailed uniform reductions at the account level.

On January 29, 2004, OMB issued Bulletin 04-02, *Guidance to Implementing Across-the-Board Reductions in the Consolidated Appropriations Act, 2004* (H.R. 2673). In Attachment F, the bulletin provided detailed instructions in how to calculate and apply the reductions, including the sequence to be followed when more than one reduction was applied to an account. On February 5, OMB issued Supplement 1 to the bulletin, which clarified certain items in Attachments F and G.

On March 4, 2004, OMB Director Joshua Bolten transmitted to the House and Senate Appropriations Committees the required report on the implementation of the 0.59% across-the-board spending cut. The required report on the \$50 million spending cut affecting administrative expenses for the Departments of Labor, Health and Human Services, and Education was transmitted by the OMB director on March 1.<sup>9</sup>

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<sup>8</sup> The text of Section 515 is set forth in the *Congressional Record*, daily edition, vol. 149, no. 174 (Nov. 25, 2003), p. H12397.

<sup>9</sup> The 2-page report of March 1 and the 20-page report of March 4 may be found on the OMB website at [<http://www.whitehouse.gov/omb/legislative/index.html>].

**Table 1. Contents of P.L. 108-199,  
the Consolidated Appropriations Act for FY2004**

Section/ Division	Content	Congressional Record Page Number	
		Legislative Text	Joint Explanatory Statement
Sec. 1	Short Title	H12323	—
Sec. 2	Table of Contents	H12323-12324	—
Sec. 3	References	H12324	—
Division A	Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Programs Appropriations	H12324-12335	H12445-12469
Division B	Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations	H12335-12352	H12469-12525
Division C	District of Columbia Appropriations	H12352-12360	H12525-12532
Division D	Foreign Operations, Export Financing, and Related Programs Appropriations	H12360-12383	H12532-12548
Division E	Labor, Health and Human Services, and Education, and Related Agencies Appropriations	H12383-12397	H12548-12660
Division F	Transportation and Treasury, and Independent Agencies Appropriations	H12397-12420	H12660-12704
Division G	Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations	H12420-12439	H12704-12743
Division H	Miscellaneous Appropriations and Offsets	H12439-12445	H12743-12746

**Source:** This contents listing is based on the conference report on H.R. 2673, H.Rept. 108-401 (Nov. 25, 2003).

**Note:** Page numbers refer to the *Congressional Record*, daily edition, vol. 149, no. 174 (Nov. 25, 2003).

**Appendix A. Text of the Defense Rescissions and  
0.59% Across-the-Board Spending Cut Provision in P.L. 108-199,  
the Consolidated Appropriations Act for FY2004  
(Division H, Section 168)**

Sec. 168 (a) Rescissions. — From unobligated balances of amounts made available in Public Law 107-38, and in Public Law 107-117, and in appropriations Acts for the Department of Defense, \$1,800,000,000 is hereby rescinded: *Provided*, That the Director of the Office of Management and Budget, after consultation with the Committees on Appropriations of the House and Senate and the Secretary of Defense, shall determine the amounts to be rescinded from each account that is to be so reduced: *Provided further*, That the rescissions shall take effect no later than September 30, 2004: *Provided further*, That the Director of the Office of Management and Budget shall notify the Committees on Appropriations of the House and Senate 30 days prior to rescinding such amounts: *Provided further*, That such notification shall include the accounts, programs, projects and activities from which the funds will be rescinded: *Provided further*, That this section shall not apply to any amounts appropriated or otherwise made available by the seventh proviso under the heading “Emergency Response Fund” in Public Law 107-38.

(b) Across-the-Board Rescissions. — There is hereby rescinded an amount equal to 0.59 percent of —

(1) the budget authority provided (or obligation limitation imposed) for fiscal year 2004 for any discretionary account in divisions A through H of this act and in any other fiscal year 2004 appropriation Act (except any fiscal year 2004 supplemental appropriation Act, the Department of Defense Appropriations Act, 2004, or the Military Construction Appropriations Act, 2004);

(2) the budget authority provided in any advance appropriation for fiscal year 2004 for any discretionary account in any prior fiscal year appropriation Act; and

(3) the contract authority provided in fiscal year 2004 for any program subject to limitation contained in any division or appropriation Act subject to paragraph (1).

(c) Proportionate Application. — Any rescission made by subsection (b) shall be applied proportionately —

(1) to each discretionary account and each item of budget authority described in such subsection; and

(2) within each such account and item, to each program, project, and activity (with programs, projects, and activities as delineated in the appropriation Act or accompanying reports for the relevant fiscal year covering such account or item, or for accounts and items not included in appropriation Acts, as delineated in the most recently submitted President’s budget).

(d) OMB Report. — Within 30 days after the date of the enactment of this section the Director of the Office of Management and Budget shall submit to the Committees on Appropriations of the House of Representatives and the Senate a report specifying the account and amount of each rescission made pursuant to subsection (b).