



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 20, 2002

The Honorable J. Dennis Hastert
Speaker of the House of
Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Enclosed are appropriations reports containing OMB cost estimates for P.L. 107-248, the Department of Defense Appropriations Act, 2003; P.L. 107-249, the Military Construction Appropriations Act, 2003; and detail on estimating differences with CBO. The OMB estimates were calculated in a manner consistent with scoring guidance provided in the Omnibus Budget Reconciliation Act of 1990.

Although key provisions of the Budget Enforcement Act of 1990, as amended, expired on September 30, 2002, OMB will continue to release reports to provide official and public notification of OMB scoring of enacted appropriations.

Sincerely,

A handwritten signature in black ink, appearing to read "M E Daniels Jr".

Mitchell E. Daniels, Jr.

Enclosure

Identical Letter Sent to The Honorable Richard B. Cheney



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Washington, D.C. 20515

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TABLE 1.
CBO ESTIMATES COMPARED TO OMB ESTIMATES
P.L. 107-248, DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2003
(in millions of dollars)

	FY 2003	
	BA	OL
CBO ESTIMATE, OTHER DISCRETIONARY SPENDING ¹	354,830	343,477
Scorekeeping Differences:		
Department of Defense:		
Military Personnel:		
<p>Each Military Personnel account includes language requiring a portion of its enacted appropriation to be paid to the Defense Military Retirement Fund, which is a mandatory program that provides compensation to severely disabled retirees. Although CBO and OMB have no overall BA difference for the total amount appropriated to these accounts, CBO and OMB have different estimates of these mandatory payments, resulting in the discretionary differences listed below.</p>		
Military Personnel, Marine Corps.....	2	-94
<p>See explanation under Military Personnel. OMB has lower estimates of outlays from new authority (-\$16 million) and lower estimates of outlays from prior-year authority (-\$78 million) than CBO.</p>		
Military Personnel, Navy.....	8	-116
<p>See explanation under Military Personnel. OMB has lower estimates of outlays from new authority (-\$36 million) and lower estimates of outlays from prior-year authority (-\$80 million) than CBO.</p>		
Military Personnel, Army.....	26	-354
<p>See explanation under Military Personnel. OMB has lower estimates of outlays from new authority (-\$216 million) and lower estimates of outlays from prior-year authority (-\$138 million) than CBO.</p>		
Military Personnel, Air Force.....	19	-169
<p>See explanation under Military Personnel. OMB has lower estimates of outlays from new authority (-\$114 million) and lower estimates of outlays from prior-year authority (-\$55 million) than CBO.</p>		
Operation and Maintenance:		
Operation and Maintenance, Defense-wide.....	-679	-354
<p>OMB scores the effects of Sec. 8135 in each of the Defense-wide accounts, while CBO scores the entire amount in two placeholder accounts. Section 8135 rescinds \$1.374 billion from funds made available in Titles II, III, and IV, and cuts an additional \$300 million from Titles III and IV, without specifying where these cuts should be taken. In addition, OMB scores \$8 million for Sec. 8021 (Indian Financing Act) in this account, while CBO scores these funds in a placeholder account. There is no actual difference between OMB and CBO in the scoring of Sec. 8021. OMB has lower estimates of outlays from new authority (-\$510 million) and higher estimates of outlays from prior-year authority (+\$156 million) than CBO.</p>		
Defense Health Program.....	1	44
<p>OMB and CBO agree that the budget authority difference is due to rounding. In addition, OMB has higher estimates of outlays from new authority (+\$308 million) and lower estimates of outlays from prior-year authority (-\$264 million) than CBO.</p>		
Procurement, Defense-wide.....	-579	-71
<p>OMB scores the effects of Sec. 8135 in each of the Defense-wide accounts, while CBO scores the entire amount in two placeholder accounts. In addition, OMB has lower estimates of outlays from new authority (-\$79 million) and higher estimates of outlays from prior-year authority (+\$8 million) than CBO.</p>		

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CBO ESTIMATES COMPARED TO OMB ESTIMATES
P.L. 107-248, DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2003
(in millions of dollars)

	FY 2003	
	BA	OL
Missile Procurement, Air Force	-1	-63
OMB and CBO agree that the budget authority difference is due to rounding. In addition, OMB has lower estimates of outlays from new authority (-\$7 million) and lower estimates of outlays from prior-year authority (-\$56 million) than CBO.		
Research, Development, Test, and Evaluation, Defense-wide	-408	-511
OMB scores the effects of Sec. 8135 in each of the Defense-wide accounts, while CBO scores the entire amount in two placeholder accounts. In addition, OMB has lower estimates of outlays from new authority (-\$336 million) and lower estimates of outlays from prior-year authority (-\$175 million) than CBO.		
Allowances:		
Other Legislation.....	-10	-10
CBO estimates \$10 million in travel card refunds that are made available by Section 8087 as BA to the Defense-wide O&M account. OMB does not estimate any travel card refunds, and therefore, does not score any impact from this provision.		
Placeholder Account.....	1,668	904
CBO scores \$8 million for the Indian Financing Act (Sec. 8021), and the reduction in Sec. 8135 in this account. OMB scores each of these provisions in individual accounts. In addition, CBO scores a rounding adjustment of -\$2 million in this account.		
Total, Scorekeeping Differences.....	47	-794
<u>Technical Outlay Estimating Differences:</u>		
OMB and CBO jointly review outlay rates each year to minimize differences in the outlay rates assumed for each account. Disagreements about outlay rates produce outlay differences for the following accounts:		
Reserve Personnel, Marine Corps.....	---	-18
OMB has lower estimates of outlays from new authority (-\$13 million) and lower estimates of outlays from prior-year authority (-\$5 million) than CBO.		
Reserve Personnel, Navy.....	---	-54
OMB has lower estimates of outlays from new authority (-\$1 million) and lower estimates of outlays from prior-year authority (-\$53 million) than CBO.		
National Guard Personnel, Army.....	---	-99
OMB has lower estimates of outlays from new authority (-\$87 million) and lower estimates of outlays from prior-year authority (-\$12 million) than CBO.		
Reserve Personnel, Army.....	---	-71
OMB has lower estimates of outlays from new authority (-\$37 million) and lower estimates of outlays from prior-year authority (-\$34 million) than CBO.		
Reserve Personnel, Air Force.....	---	-24
OMB has lower estimates of outlays from new authority (-\$14 million) and lower estimates of outlays from prior-year authority (-\$10 million) than CBO.		
National Guard Personnel, Air Force.....	---	-14
OMB has lower estimates of outlays from new authority (-\$19 million) and higher estimates of outlays from prior-year authority (+\$5 million) than CBO.		
Counter-terrorism and Operational Response Transfer Fund.....	---	20
OMB has higher estimates of outlays from prior-year authority (+\$20 million) than CBO.		
Drug Interdiction and Counter-Drug Activities.....	---	155
OMB has higher estimates of outlays from new authority (+\$350 million) and lower estimates of outlays from prior-year authority (-\$195 million) than CBO.		

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	FY 2003	
	BA	OL
Overseas Contingency Operations Transfer..... OMB has lower estimates of outlays from new authority (-\$3 million) and higher estimates of outlays from prior-year authority (+\$41 million) than CBO.	---	38
Former Soviet Union Threat Reduction Account..... OMB has higher estimates of outlays from new authority (+\$79 million) and lower estimates of outlays from prior-year authority (-\$7 million) than CBO.	---	72
Overseas Humanitarian, Disaster and Civic Aid..... OMB has lower estimates of outlays from new authority (-\$2 million) and lower estimates of outlays from prior-year authority (-\$15 million) than CBO.	---	-17
Operation and Maintenance, Marine Corps..... OMB has lower estimates of outlays from new authority (-\$7 million) and lower estimates of outlays from prior-year authority (-\$31 million) than CBO.	---	-38
Operation and Maintenance, Navy OMB has higher estimates of outlays from new authority (+\$156 million) than CBO.	---	156
Operation and Maintenance, Navy Reserve..... OMB has lower estimates of outlays from new authority (-\$13 million) and lower estimates of outlays from prior-year authority (-\$2 million) than CBO.	---	-15
Operation and Maintenance, Army..... OMB has higher estimates of outlays from prior-year authority (+\$101 million) than CBO.	---	101
Operation and Maintenance, Army National Guard..... OMB has higher estimates of outlays from new authority (+\$98 million) and lower estimates of outlays from prior-year authority (-\$79 million) than CBO.	---	19
Operation and Maintenance, Air Force..... OMB has higher estimates of outlays from new authority (+\$136 million) and lower estimates of outlays from prior-year authority (-\$445 million) than CBO.	---	-309
Operation and Maintenance, Air Force Reserve..... OMB has higher estimates of outlays from new authority (+\$7 million) and lower estimates of outlays from prior-year authority (-\$36 million) than CBO.	---	-29
Operation and Maintenance, Air National Guard..... OMB has lower estimates of outlays from new authority (-\$81 million) and higher estimates of outlays from prior-year authority (+\$52 million) than CBO.	---	-29
National Guard and Reserve Equipment..... OMB has lower estimates of outlays from prior-year authority (-\$10 million) than CBO.	---	-10
Defense Production Act Purchases..... OMB has higher estimates of outlays from new authority (+\$37 million) and higher estimates of outlays from prior-year authority (+\$10 million) than CBO.	---	47
Chemical Agents and Munitions Destruction..... OMB has higher estimates of outlays from new authority (+\$14 million) and lower estimates of outlays from prior-year authority (-\$67 million) than CBO.	---	-53
Procurement, Marine Corps..... OMB has lower estimates of outlays from new authority (-\$13 million) and lower estimates of outlays from prior-year authority (-\$58 million) than CBO.	---	-71
Aircraft Procurement, Navy..... OMB has lower estimates of outlays from new authority (-\$212 million) and lower estimates of outlays from prior-year authority (-\$292 million) than CBO.	---	-504

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	FY 2003	
	BA	OL
Weapons Procurement, Navy.....	---	-93
OMB has lower estimates of outlays from new authority (-\$45 million) and lower estimates of outlays from prior-year authority (-\$48 million) than CBO.		
Procurement of Ammunition, Navy and Marine Corps.....	---	10
OMB has higher estimates of outlays from new authority (+\$19 million) and lower estimates of outlays from prior-year authority (-\$9 million) than CBO.		
Shipbuilding and Conversion, Navy.....	---	-121
OMB has lower estimates of outlays from new authority (-\$172 million) and higher estimates of outlays from prior-year authority (+\$51 million) than CBO.		
Other Procurement, Navy.....	---	-281
OMB has lower estimates of outlays from new authority (-\$175 million) and lower estimates of outlays from prior-year authority (-\$106 million) than CBO.		
Aircraft Procurement, Army.....	---	-100
OMB has higher estimates of outlays from new authority (+\$57 million) and lower estimates of outlays from prior-year authority (-\$157 million) than CBO.		
Procurement of Weapons and Tracked Combat Vehicles.....	---	-12
OMB has lower estimates of outlays from new authority (-\$14 million) and higher estimates of outlays from prior-year authority (+\$2 million) than CBO.		
Procurement of Ammunition, Army.....	---	-20
OMB has higher estimates of outlays from new authority (+\$12 million) and lower estimates of outlays from prior-year authority (-\$32 million) than CBO.		
Other Procurement, Army.....	---	-121
OMB has lower estimates of outlays from new authority (-\$168 million) and higher estimates of outlays from prior-year authority (+\$47 million) than CBO.		
Aircraft Procurement, Air Force.....	---	-905
OMB has lower estimates of outlays from new authority (-\$52 million) and lower estimates of outlays from prior-year authority (-\$853 million) than CBO.		
Other Procurement, Air Force.....	---	231
OMB has higher estimates of outlays from new authority (+\$107 million) and higher estimates of outlays from prior-year authority (+\$124 million) than CBO.		
RDT&E, Navy.....	---	-137
OMB has higher estimates of outlays from new authority (+\$42 million) and lower estimates of outlays from prior-year authority (-\$179 million) than CBO.		
RDT&E, Army.....	---	-220
OMB has lower estimates of outlays from new authority (-\$151 million) and lower estimates of outlays from prior-year authority (-\$69 million) than CBO.		
RDT&E, Air Force.....	---	-117
OMB has lower estimates of outlays from new authority (-\$11 million) and lower estimates of outlays from prior-year authority (-\$106 million) than CBO.		
National Defense Sealift Fund.....	---	168
OMB has lower estimates of outlays from new authority (-\$350 million) and higher estimates of outlays from prior-year authority (+\$518 million) than CBO.		
Working Capital Funds.....	---	-976
OMB has lower estimates of outlays from new authority (-\$5,514 million) and higher estimates of outlays from prior-year authority (+\$4,538 million) than CBO.		
Pentagon Reservation Maintenance Revolving Fund.....	---	-42
OMB has lower estimates of outlays from prior-year authority (-\$42 million) than CBO.		

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	FY 2003	
	BA	OL
General Transfer Authority Outlay Allowance.....	---	35
OMB has lower estimates of outlays from new authority (-\$315 million) and higher estimates of outlays from prior-year authority (+\$350 million) than CBO.		
Intelligence Community Management.....	---	11
OMB has lower estimates of outlays from new authority (-\$14 million) and higher estimates of outlays from prior-year authority (+\$25 million) than CBO.		
Other technical outlay estimating differences.....	---	26
Total, Differences.....	---	-4,205
OMB ESTIMATE, OTHER DISCRETIONARY SPENDING	354,877	339,272

SUMMARY

CBO TOTAL, DEFENSE ¹.....	354,830	343,477
TOTAL DIFFERENCES.....	47	-4,205
OMB TOTAL, DEFENSE	354,877	339,272

¹ CBO's estimates are based on CBO data received by OMB on 10/22/02.

TABLE 2.
CBO ESTIMATES COMPARED TO OMB ESTIMATES
P.L. 107-249, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2003
(in millions of dollars)

	FY 2003	
	BA	OL
<u>OTHER DISCRETIONARY APPROPRIATIONS</u>		
CBO ESTIMATE, OTHER DISCRETIONARY SPENDING ¹	10,499	10,071
<u>Scorekeeping Differences:</u>		
Department of Defense:		
Military Construction, Defense-wide.....	1	-6
Budget authority difference is due to rounding. OMB has higher estimates of outlays from new authority (+\$6 million) and lower estimates of outlays from prior-year authority (-\$12 million) than CBO.		
Military Construction, Air Force	-1	14
Budget authority difference is due to rounding. OMB has lower estimates of outlays from new authority (-\$10 million) and higher estimates of outlays from prior-year authority (+\$24 million) than CBO.		
Military Construction, Air Force Reserve	-1	5
Budget authority difference is due to rounding. OMB has higher estimates of outlays from new authority (+\$2 million) and higher estimates of outlays from prior-year authority (+\$3 million) than CBO.		
<u>Technical Outlay Estimating Differences:</u>		
Department of Defense:		
Military Construction:		
Base Realignment and Closure.....	---	-148
OMB has higher estimates of outlays from new authority (+\$27 million) and lower estimates of outlays from prior-year authority (-\$175 million) than CBO.		
NATO Security Investment Program.....	---	94
OMB has higher estimates of outlays from new authority (+\$79 million) and higher estimates of outlays from prior-year authority (+\$15 million) than CBO.		
Military Construction, Navy	---	-23
OMB has lower estimates of outlays from new authority (-\$1 million) and lower estimates of outlays from prior-year authority (-\$22 million) than CBO.		
Military Construction, Army	---	68
OMB has higher estimates of outlays from new authority (+\$16 million) and higher estimates of outlays from prior-year authority (+\$52 million) than CBO.		
Family Housing:		
Family Housing, Defense-wide.....	---	-14
OMB has lower estimates of outlays from prior-year authority (-\$14 million) than CBO.		
Family Housing Construction, Army.....	---	-25
OMB has lower estimates of outlays from new authority (-\$4 million) and lower estimates of outlays from prior-year authority (-\$21 million) than CBO.		
Family Housing Construction, Navy and Marine Corps.....	---	-15
OMB has lower estimates of outlays from new authority (-\$1 million) and lower estimates of outlays from prior-year authority (-\$14 million) than CBO.		
Family Housing Operation and Maintenance, Air Force.....	---	-28
OMB has lower estimates of outlays from new authority (-\$12 million) and lower estimates of outlays from prior-year authority (-\$16 million) than CBO.		
Homeowners Assistance Fund.....	---	-11
OMB has lower estimates of outlays from prior-year authority (-\$11 million) than CBO.		
Family Housing Improvement Fund.....	---	11
OMB has higher estimates of outlays from new authority (+\$1 million) and higher estimates of outlays from prior-year authority (+\$10 million) than CBO.		
Other Technical Outlay Estimating Differences.....	---	19
TOTAL DIFFERENCES.....	-1	-59
OMB ESTIMATE, OTHER DISCRETIONARY SPENDING.....	10,498	10,012

¹ CBO's estimates are based on CBO data received by OMB on October 22, 2002.

TABLE 3.
ENACTED APPROPRIATIONS AS OF NOVEMBER 20, 2002
(in millions of dollars)

TOTAL DISCRETIONARY SPENDING

	<u>FY 2003</u>	
	BA	Outlays
Amount Previously Enacted ¹	---	9,835
Amount Provided in P.L. 107-248, the 2003 Department of Defense Appropriations Act.....	354,877	339,272
Amount Provided in P.L. 107-249, the 2003 Military Construction Appropriations Act.....	10,498	10,012
Total Enacted Discretionary Spending.....	365,375	359,119

¹ Reflects FY 2003 outlays resulting from P.L. 107-206, the 2002 Supplemental Appropriations Act for Further Recovery From and Response to Terrorist Attacks on the United States.