

Out-Year Discretionary Spending in the 1997 Budget

March 8, 1996

- The President's 1997 budget saves \$297 billion by cutting discretionary programs steadily from 1998 through 2002, helping to reach balance in 2002 under CBO economic assumptions.
- Overall, to reach the \$297 billion, the budget calls for a freeze in non-defense discretionary spending from 1997 through 2000.
- The President has consistently supported a set of investments in education and training, children's programs, the environment, technology and research, and law enforcement.
 - This budget projects that most of the programs in these areas will grow by inflation from 1998 through 2002.
- Protecting these investments and still achieving \$297 billion in savings requires across-the-board cuts in remaining programs that reach 22 percent in 2000, which implies real changes in the role of government.
 - We recognize, however, that it is not realistic to make program-by-program decisions now for the year 2000.
 - Annual budgets will require us to make these detailed policy decisions on the basis of a current assessment of national needs.
- These cuts are most severe in 2000 -- after which our trigger mechanism allows more discretionary spending in 2001 and 2002 if our economic assumptions turn out to be right and we have made significant progress in reducing the deficit.
- We will need to give the same annual scrutiny to protected programs as to those that the budget cuts over the seven-year window.
 - The 1997 budget and appropriations process will only lock in funding for 1997; placing programs in the protected category does not set their funding levels six years in advance.
 - We will still need to make tough decisions every year about which programs are important and effective enough to protect while other activities are cut back.